



**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 15 August 2022**  
**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 15 August 2022**  
**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 – 23 May 2022

***Recommendation***

*That the minutes of the Audit Committee meeting held on 23 May 2022 as supplied, be confirmed as an accurate record of the proceedings of that meeting.*

**4. PRESIDING MEMBER'S OPENING REMARKS**

**5. DELEGATION OF AUTHORITY**

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

**6. DECLARATION OF CONFLICT OF INTEREST BY MEMBERS OF THE COMMITTEE**

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

- 7.1. 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.*

**8. OFFICER REPORTS**

- 8.1. Draft Asset Management Plan CWMS 2023 – 2032
1. *That the report be received and noted.*
  2. *To recommend the draft Asset Management Plan – Community Wastewater Management System 2023 – 2032 to Council for consultation.*
- 8.2. End of Financial Year Update  
*The Audit Committee resolves that the report be received and noted*
- 8.3. Debtors Report  
*The Audit Committee resolves that the report be received and noted*
- 8.4. Placement of Council's Insurance Portfolio  
*The Audit Committee resolves that the report be received and noted*
- 8.5. Risk Management Plan Update  
*That the Audit Committee resolves that the report be received and noted*
- 8.6. Internal Audit Quarterly Update
3. *That the report be received and noted*
  4. *To receive and note the Recruitment and Retention Internal Audit Report as contained in Appendix 1*
  5. *To receive and note the Economic Development Plan Implementation Internal Audit Report as contained in Appendix 2*
  6. *To recommend to Council to adopt the revised Strategic Internal Audit Plan v1.11a as contained in Appendix 3.*
- 8.7. Audit Action Implementation Status
1. *That the report be received and noted*
  2. *To note the implementation status of Internal and External Audit actions*
- 8.8. Q4 Performance Report  
*The Audit Committee resolves that the Quarterly Council Performance Report– Q4 2021-22 be received and noted*

- 8.9. Service Review Report – Civil Services
1. *To receive and note this report*
  2. *To receive and note the Service Review 2021-22 – Civil Service Maintenance Function Report, as contained in Appendix 1.*
  3. *To receive and note the Service Review 2021-22 – Civil Service Maintenance Function – draft Action Plan, containing the Service Review recommendations, management responses and agreed actions, as contained in Appendix 2*
  4. *To note that that the implementation status of the agreed actions will be reported to Council on a biannual basis, nominally March and August*
- 8.10. Policy Review - Procurement Report
1. *That the report be received and noted*
  2. *To recommend to Council the adoption of the Draft Procurement Policy as detailed in Appendix 1.*
- 8.11. Policy Review – Disposal of Assets
1. *That the report be received and noted.*
  2. *The Draft Disposal of Assets Policy be recommended to Council for consideration.*

**9. QUESTIONS WITHOUT NOTICE**

**10. CONFIDENTIAL ITEMS**

Nil

**11. NEXT MEETING**

The next Audit Committee meeting will be held at 6.30pm on Monday 17 October 2022 at 63 Mount Barker Road, Stirling.

**12. CLOSE MEETING**

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE  
MINUTES OF MEETING  
MONDAY 23 MAY 2022  
63 MT BARKER ROAD STIRLING**

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

Cr Malcolm Herrmann	Presiding Member
Peter Brass	Independent Member
Natalie Johnston	Independent Member
Cr Leith Mudge	Council Member

**In Attendance:**

Andrew Aitken	Chief Executive Officer
Lachlan Miller	Executive Manager Governance & Performance
James Sinden	Manager Information Services
Mike Carey	Manager Financial Services
Phil Mattingly	Team Leader ICT
Steven Watson	Governance and Risk Coordinator Minute Taker

**Guests in Attendance:**

Tim Muhlhausler - Apology	Galpins
Juliano Fretias	Galpins

**1. COMMENCEMENT**

The meeting commenced at 6.30pm.

**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.

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE  
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63 MT BARKER ROAD STIRLING**

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**2. APOLOGIES/LEAVE OF ABSENCE**

**2.1. Apology**

David Moffatt

**2.2. Leave of Absence**

Nil

**2.3. Absent**

Nil

**3. MINUTES OF PREVIOUS MEETINGS**

**3.1. Audit Committee Meeting – 20 April 2022**

Moved Peter Brass  
S/- Natalie Johnston

**AC26/22**

**That the minutes of the Audit Committee meeting held on 20 April 2022 as supplied, be confirmed as an accurate record of the proceedings of that meeting.**

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

In accordance with the Audit Committee Terms of Reference, the Committee has no delegated decision-making powers. The Recommendations in **Item(s) 7.4, 7.5, 7.7** are to be submitted to Council for consideration.

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

Nil

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE  
MINUTES OF MEETING  
MONDAY 23 MAY 2022  
63 MT BARKER ROAD STIRLING**

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

**6.1. External Audit Interim Letter – Galpins**

Moved Peter Brass  
S/- Cr Leith Mudge

**AC27/22**

The Audit Committee thanked Galpins for their presentation.

<b>Carried</b>
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Leave of the meeting was sought and granted to bring Item 7.1 forward.

**7.1 Internal Financial Controls & IT Entity Controls Review – Interim Management Letter**

Moved Cr Leith Mudge  
S/- Natalie Johnston

**AC28/22**

The Audit Committee resolves:

1. That the report be received and noted
2. Notes the communication received from Galpins from their Interim visit relating to the 2021-22 Financial Controls Review and the Management Responses to their findings from the Interim Audit, as contained in Appendix 1.
3. Notes the communication received from Galpins from their Interim visit relating to the 2021-22 IT Entity Level Controls Review and the Management Responses to their findings from the Interim Audit. As contained in Appendix 2.

<b>Carried Unanimously</b>
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**6.2. Corporate Services Directorate Risk Presentation**

This item was withdrawn and will be rescheduled to another Audit Committee meeting.

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE  
MINUTES OF MEETING  
MONDAY 23 MAY 2022  
63 MT BARKER ROAD STIRLING**

**6.3. Phil Mattingly, Team Leader ICT, Cyber Security Presentation – Exclusion of the Public**

Moved Natalie Johnston

S/- Peter Brass

AC29/22

Pursuant to section 90(2) of the *Local Government Act 1999* the Audit Committee (the Committee) orders that all members of the public, except:

- CEO, Andrew Aitken
- Executive Manager Governance & Risk, Lachlan Miller
- Manager Financial Services, Mike Carey
- Manager Information Systems, James Sinden
- Team Leader ICT, Phil Mattingly
- Governance & Risk Coordinator, Steven Watson

be excluded from attendance at the meeting for Agenda Item 6.3: (Phil Mattingly, Team Leader ICT, Cyber Security Presentation) in confidence.

The Committee is satisfied that it is necessary that the public, with the exception of Council staff in attendance as specified in (a) above, be excluded to enable the Committee to consider the report at the meeting on the following grounds:

Section 90(3)(e) of the *Local Government Act 1999*, the information to be received, discussed or considered in relation to this Agenda Item is matters affecting the security of the council, members or employees of the council, or council property, or the safety of any person, the disclosure of which could reasonably be expected to create an awareness of Council's cyber security vulnerabilities and potentially lead to exploitation of those vulnerabilities resulting in loss/damage to information, breach of confidentiality and service continuity disruption.

Accordingly, on this basis the principle that meetings of the Committee should be conducted in a place open to the public has been outweighed by the need to keep the information and discussion confidential.

<b>Carried</b>
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**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE  
MINUTES OF MEETING  
MONDAY 23 MAY 2022  
63 MT BARKER ROAD STIRLING**

**6.3.1. Phil Mattingly, Team Leader ICT, Cyber Security Presentation**

Moved Natalie Johnston

S/- Peter Brass

AC30/22

The Audit Committee thanked the Team Leader ICT for the presentation.

<b>Carried</b>
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**6.4. Action Report and Work Plan Update**

Moved Cr Malcolm Herrmann

S/- Cr Leith Mudge

AC31/22

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

<b>Carried Unanimously</b>
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**7. OFFICER REPORTS – DECISION ITEMS**

**7.1. Internal Financial Controls & IT Entity Controls Review – Interim Management Letter**

This item was considered earlier in the meeting.

**7.2. Internal Financial Controls Update**

Moved Peter Brass

S/- Natalie Johnston

AC32/22

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

<b>Carried Unanimously</b>
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**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE  
MINUTES OF MEETING  
MONDAY 23 MAY 2022  
63 MT BARKER ROAD STIRLING**

**7.3. End of Year Reporting Timetable 2021-22**

Moved Natalie Johnston

S/- Peter Brass

AC33/22

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

<b>Carried Unanimously</b>
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**7.4. 2021-22 Budget Review 3**

Moved Peter Brass

S/- Cr Leith Mudge

AC34/22

The Audit Committee resolves:

1. That the report be received and noted
2. To recommend to Council the proposed budget adjustments presented in Budget Review 3 which result in:
  - a. An increase in the Operating Surplus from \$1.546m to \$1.607m for the 2021-22 financial year.
  - b. Changes to Capital Works, reducing capital income by \$4.250m and reducing capital expenditure by \$146k for the 2021-22 financial year resulting in a revised capital expenditure budget for 2021-22 of \$21.836m.
  - c. An increase in Council's current Net Borrowing Result from \$2.572m to \$6.615m for the 2021-22 financial year as a result of the proposed operating and capital adjustments.

<b>Carried Unanimously</b>
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**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE  
MINUTES OF MEETING  
MONDAY 23 MAY 2022  
63 MT BARKER ROAD STIRLING**

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**7.5. Revised Draft Annual Business Plan 2022-2023**

Moved Cr Leith Mudge  
S/- Peter Brass

AC35/22

The Audit Committee resolves:

1. That the report be received and noted
2. To advise Council that the Committee has reviewed the revised draft *Annual Business Plan 2022-23 – May 2022* (ABP), as contained in Appendix 1, in terms of the assumptions underpinning the Plan, its consistency with the Strategic Management Plans and the adequacy of the plans in the context of maintaining financial sustainability and does not raise any significant concerns.

<b>Carried Unanimously</b>
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**7.6. Risk Management Plan Update**

Moved Natalie Johnston  
S/- Peter Brass

AC36/22

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

<b>Carried Unanimously</b>
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**7.7. Internal Audit Quarterly Report**

Moved Peter Brass  
S/- Cr Leith Mudge

AC37/22

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 v1.10a as contained in Appendix 1.

<b>Carried Unanimously</b>
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**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE  
MINUTES OF MEETING  
MONDAY 23 MAY 2022  
63 MT BARKER ROAD STIRLING**

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**8. CONFIDENTIAL ITEMS**

**8.1. Cyber Security Audit – Implementation Status**

This item was withdrawn.

**9. NEXT MEETING**

The next ordinary meeting of the Audit Committee will be held on Monday 15 August 2022 from 6.30pm at 63 Mt Barker Road, Stirling.

**10. CLOSE MEETING**

The meeting closed at 8.43pm.

**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 15 August 2022  
AGENDA BUSINESS ITEM**

**Item:** 7.2

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

**Subject:** Action Report and Work Plan

**For:** Information

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**SUMMARY**

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

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

The Audit Committee 2022 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 *2022 Action Report and Work Plan* be noted.**
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**1. 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 15 November 2021 meeting.

## 2. ANALYSIS

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

#### *Strategic Plan 2020-24 – A brighter future*

Goal 5	A Progressive Organisation
Objective O4	We actively represent our community
Priority O4.3	Attract and develop a diverse and capable elected body that represents, promotes and reflects the composition of the community
Priority O4.3	Advocate to, and exert influence with, our stakeholders on behalf of our community to promote the needs and ambitions of the region
Objective O5	We are accountable, informed, and make decisions in the best interests of the whole community
Priority O5.1	Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations
Priority O5.2	Make evidence-based decisions and prudently assess the risks and opportunities to our community before taking action.

The review by the Audit Committee of the Action Report and Work Plan is an important element of Council's commitment to open and transparent decision making which facilitates public accountability.

#### Action Report

There are five (5) completed items and two (2) outstanding items on the Audit Committee Action Report (**Appendix 1**) arising from previous Committee meetings. Commentary against the item is provided for the Committee's information.

#### Work Plan and Reporting Schedule

As per the 2022 Audit Committee Work Plan and Reporting Schedule (**Appendix 2**), the following items are detailed below are included in this meeting:

Item	Commentary	Month Scheduled
<b>Financial Reporting</b>		
Long Term Financial Plan (LTFP)		February
Annual Business Plan		April
Budget Review 1		November
Budget Review 2		February
Budget Review 3		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

<b>Internal Control and Risk Management</b>		
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	N/A	February (Biennial)
LGRS Risk Evaluation - Action Plan Review		May/November
<b>Internal Audit</b>		
Internal Audit quarterly update	Included in this meeting	February/May/ August/November
Internal audit reports		As Required
Implementation of internal audit actions progress report	Included in this meeting	February/August
Internal Audit Plan review		May
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
<b>Public Interest Disclosure</b>		
Public Interest Disclosure Policy review (replaces Whistle-blowers)		April 2024
Public Interest Disclosure Arrangements and Compliance	Nil reports made to date	May 2024
<b>Other Business</b>		
Audit Committee self-assessment review		November
Presiding Member's Report		November
Work Plan and Reporting Schedule		November
Audit Committee Meeting Dates		November
Debtors Report	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		August

Directors Presentation	The Office of the CEO presentation was scheduled for this meeting but has been deferred.	February/May/ August/November
Other Reports	As required	As Required

### 2022 Work Plan

There is no suggested changes to 2022 Audit Committee Work Plan (**Appendix 2**).

#### ➤ **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**

*Council Committees:* Not Applicable

*Council Workshops:* Not Applicable

*Council Committees:* Not Applicable

*Advisory Groups:* Not Applicable

*External Agencies:* Not Applicable

*Community:* Not Applicable

**3. OPTIONS**

The Audit 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).

**4. APPENDICES**

1. Audit Committee Action Report
2. 2022 Audit Committee Work Plan (v1.0)

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# **Appendix 1**

## *Audit Committee Action Report*

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**Audit Committee Action Report  
August 2022**

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)
24/05/2021	Audit Committee	AC33/21	Cyber Security Report - Period of Confidentiality	None declared	That the report, related attachments and the minutes of the Audit Committee and the discussion and considerations of the subject matter be retained in confidence until the control deficiencies are mitigated but no longer than 30 June 2023.	Terry Crackett	James Sinden	In Progress	5/08/2022	30/06/2023	The Local Government Cyber Security Framework (LGCSF) that was grant funded by the LGA and LGITSA (Local Government Information Technology South Australia) has been formally release and available to Councils for implementation.  Work progresses with Councils Cyber Security Plan working with consultants implementing the ISMS (Information Security Management System) aligned with the LGCSF. An update was also provided to the Audit Committee in May 2022 of the implementation progression status.
16/08/2021	Audit Committee	40/AC21	7.4.Audit Action Implementation Update	NIL	Administrative Action -Once appointed, the Director Corporate Services to invite Team Leader ICT to present at Audit Committee.	Terry Crackett	James Sinden	Completed	22/06/2022	30/04/2022	An update to the Audit Committee from the Team Leader ICT was provided in May 2022.
20/04/2022	Audit Committee	Administrative Action	7.4.B.Policy Review - Internal Audit	NIL	Can the program for internal audit be driven by Risk Management including consideration of risk appetite and risk tolerance.	Andrew Aitken	Steven Watson	Completed	17/05/2022	3/06/2022	Suggestions entered into the draft policy and report prepared for the 24 May 2022 Ordinary Meeting of Council.
23/05/2022	Audit Committee	AC28/22	Internal financial Controls & IT Entity Controls Review - Interim Management Letter	Nil	That the report be received and noted Notes the communication received from Galpins from their Interim visit relating to the 2021-22 Financial Controls Review and the Management Responses to their findings from the Interim Audit, as contained in Appendix 1. Notes the communication received from Galpins from their Interim visit relating to the 2021-22 IT Entity Level Controls Review and the Management Responses to their findings from the Interim Audit. As contained in Appendix 2.	Andrew Aitken	Lachlan Miller	Completed	22/06/2022	17/06/2022	No action required
23/05/2022	Audit Committee	AC34/22	2021-22 Budget Review 3	Nil	That the report be received and noted To recommend to Council the proposed budget adjustments presented in Budget Review 3 which result in: a. An increase in the Operating Surplus from \$1.546m to \$1.607m for the 2021-22 financial year. b. Changes to Capital Works, reducing capital income by \$4.250m and reducing capital expenditure by \$146k for the 2021-22 financial year resulting in a revised capital expenditure budget for 2021-22 of \$21.836m. c. An increase in Council's current Net Borrowing Result from \$2.572m to \$6.615m for the 2021-22 financial year as a result of the proposed operating and capital adjustments.	Terry Crackett	Mike Carey	Completed	14/06/2022	24/05/2022	BR3 presented and adopted by Council at its 24 May 2022 meeting.
23/05/2022	Audit Committee	AC35/22	Revised Draft Annual Business Plan 2022-2023	Nil	That the report be received and noted To advise Council that the Committee has reviewed the revised draft <i>Annual Business Plan 2022-23 – May 2022</i> (ABP), as contained in Appendix 1, in terms of the assumptions underpinning the Plan, its consistency with the Strategic Management Plans and the adequacy of the plans in the context of maintaining financial sustainability and does not raise any significant concerns.	Andrew Aitken	Lachlan Miller	Completed	8/08/2022	16/06/2022	Council considered and adopted the 2022-23 Annual Business Plan at its 26 June 2022 Ordinary meeting.
23/05/2022	Audit Committee	AC37/22	Internal Audit Quarterly Report	Nil	The Audit Committee resolves:That the report be received and noted To recommend to Council to adopt the revised Strategic Internal Audit Plan v1.10a as contained in Appendix 1.	Andrew Aitken	Lachlan Miller	In Progress	8/08/2022	26/07/2022	Item has not yet been considered by Council. Holding off pending the August 2022 Audit Committee review of the Plan.

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# **Appendix 2**

*2022 Audit Committee Work Plan (v1.0)*

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**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 15 August 2022  
AGENDA BUSINESS ITEM**

<b>Item:</b>	<b>8.1</b>
<b>Responsible Officer:</b>	<b>David Collins Manager Strategic Assets Infrastructure and Operations</b>
<b>Subject:</b>	<b>Draft Asset Management Plan – Community Wastewater Management System 2023 - 2032</b>
<b>For:</b>	<b>Decision</b>

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**SUMMARY**

To seek endorsement to Council by the Committee to undertake consultation on the *Draft Asset Management Plan - Community Wastewater Management System 2023 - 2032 "AMP"*.

Following an extensive review of the Community Wastewater Management System (CWMS) and the ongoing ownership and management by Council, it was determined by Council in January 2021 to retain these assets in public ownership by Council.

This AMP reflects the ongoing commitment and required investment to delivering the wastewater services to the communities of Kersbrook, Birdwood, Mount Torrens, Charleston, Woodside, Verdun and Golf Links Road in Stirling.

**RECOMMENDATION**

**The Audit Committee resolves:**

- 1. That the report be received and noted.**
  - 2. To recommend the draft *Asset Management Plan – Community Wastewater Management System 2023 – 2032* to Council for consultation.**
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**1. BACKGROUND**

The *Local Government Act 1999* S122 (1a)(b) requires councils to develop and adopt Asset Management Plans relating to the management and development of infrastructure and major assets for a period of at least ten years. Asset Management Plans should detail the proposed management, development and required expenditure relating to infrastructure and major assets.

The Council Infrastructure and Asset Management Plans that are considered part of the Strategic Management Plans of Council include:

- Roads – Adopted February 2021
- Footpaths– Adopted February 2021
- Kerb– Adopted February 2021
- Bridges – Adopted February 2022
- Drainage & Stormwater – initial data validation complete and flood studies on Aldgate Creek and the township of Balhannah will inform the AMP
- CWMS Infrastructure – Draft currently under consideration (This report)
- Buildings – External Condition audit currently underway that will be the basis for the updated AMP.
- Community Facilities (Playgrounds) – draft for Playgrounds being developed in 2022/23

Council is using the Institute of Public Works Engineering Australia (IPWEA) NAMS+ template models for AMP planning. As new data becomes available, the models are updated to keep them current. These implications are considered in the annual review of the *Long Term Financial Plan “LTFP”*.

Council continues to update, validate, and refine its asset data within the Confirm Enterprise Asset Management System. The base dataset has undergone a significant transformation in the past 4 years to a point where the confidence in the dataset is high. This is ultimately reflected in a higher level of confidence in the associated asset management planning and plans prepared.

In January 2021, Council determined to retain ownership and management of the CWMS Infrastructure following process to consider sale of the assets to the open market.

#### 18.2.1 CWMS Review – Confidential Item

Moved Cr Leith Mudge  
S/- Cr Chris Grant

21/21

Council resolves that:

1. the report be received and noted.
2. Council withdraws from the tender process with the consortium of councils thereby determining not to divest its Community Wastewater Management System Assets.
3. Council continues to own, operate and maintain the Community Wastewater Management Systems for the communities of Kersbrook, Birdwood, Mount Torrens, Woodside, Charleston, Verdun and Stirling (Golf Links Road).
4. Council, in deciding to retain the Community Wastewater Management System Assets, acknowledges the on-going review of the operational management of the system and risk profile that may result in changes to Council’s future operational management requirements.
5. the Chief Executive Officer writes to the Chief Executive Officers of both the City of Onkaparinga and Rural City of Murray Bridge to formally inform them of Council’s decision.

Carried Unanimously

This draft AMP reflects the new management structure and on-going investment in proactive maintenance and renewal of this critical community service.

## 2. ANALYSIS

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

#### *Strategic Plan 2020-24 – A brighter future*

Goal 1	Built Environment
Objective B4	Sustainable management of our built assets ensures a safe, functional and well serviced community
Priority B4.1	Ensure the long term management of the built form and public spaces occurs in consideration of the relevant financial, social and environmental management matters.
Goal 1	Built Environment
Objective B1	Our district is easily accessible for community, our businesses and visitors
Priority B1.5	Provide accessibility for the full range of users by ensuring Council's Road, footpath and trails network is adequately maintained and service levels for all users are developed and considered

The asset management planning and the associated processes have a direct linkage into providing assets and services to the community by appropriately funding and planning sustainable operations, maintenance, renewals and acquisitions over the period of the document.

Underpinned by *Asset Management Policy* – INF-03

### ➤ Legal Implications

#### *Local Government Act 1999*

#### Part 1 – Strategic Management Plans

#### Section 122,

- (1a) *A council must, in conjunction with the plans required under subsection (1), develop and adopt—*
- (b) *an infrastructure and asset management plan, relating to the management and development of infrastructure and major assets by the council for a period of at least 10 years*

The Community Waste Management System is considered a major asset and therefore the AMP would form part of the Strategic Management Plans of Council.



➤ **Risk Management Implications**

The consultation as part of the update of the AMP and linking to the LTFP will assist in mitigating the risk of:

*Insufficient long term funding allocations that may lead to a community expectation not being met, asset failure, regulatory breach and/or lack of financial sustainability*

Inherent Risk	Residual Risk	Target Risk
Extreme (3A)	Medium (3C)	Medium (3C)

➤ **Financial and Resource Implications**

The asset management planning process directly informs the LTFP of Council and therefore must be considered in each review. This report does not directly make changes to the financial or resources implications of Council as it is a draft for consultation.

However, should the current draft CWMS AMP be adopted the proposed AMP does include additional operational/ maintenance expenditure over and above the current LTFP allocation.

This is due to a number of factors, including:

The draft AMP is an assessment against what is in the current approved LTFP. The LTFP had assumed lower Consumer Price Index increases than have actually now occurred. Council has a number of contracts directly linked to the CPI and hence the AMP makes an adjustment for the actual CPI that has occurred.

The draft AMP displays the direct operational costs, and this draft AMP does include the change to the operation and maintenance of the pump station network (13 stations). From July 1, the pump stations are being managed as part of our new contract for the treatment plants and associated pump station infrastructure. Our current contractor, Trility, were successful in this new tender. The draft AMP reflects the new tender rates.

Previously, our internal staff managed our pump stations. Subsequently there was a percentage of time allocated for Civil Services to undertake the monitoring and associated management of this infrastructure. This indirect salary and overhead costs that do not show in the CWMS budget lines. These indirect costs are included as part of the cost base for the determination of the cost recovery from the customers. Therefore, these operational costs are now borne by the full Council rate base. This accounts for about \$ 20,000 of the increased direct costs in the draft AMP.

The draft AMP also better identifies the growth, even though quite modest, but then ensures that the necessary increase in operations and maintenance over the 10 years of the plan.

*Income*

The CWMS operates as a Water Entity under the *Water industry Act 2012*. As part of this operation, Council is able to recover the full costs of delivering the service. These fees are set in line with the Essential Services Commissioner of SA (ESCOSA) requirement to be in line with the National Water Initiative Pricing Principles (NWIPP)

Whilst the draft plan shows an overall increase of costs based on the above, this does not directly relate to the change in the CWMS fee paid by the customer. For example, that addition of growth adds customers to systems that will spread the costs across a greater customer base. In addition, as discussed above there is some movement between indirect and direct that has a net balance for the customer pricing consideration.

In addition, Council as part of the full cost recover is able to allow for a return on Capital. This is subject to a number of factors and a yearly calculation is undertaken. This calculation is in line with the Capital Asset Pricing Method (CAPM) and is a return against our Regulated Asset Base (RAB). This RAB is the current fair value of the CWMS assets.

The CAPM variables are shown in the table below.

Input	Amount	Source
Cost of debt	3.17%	AHC 2021 Financial Statements
Expected inflation	2.75%	Reserve Bank - Statement on Monetary Policy Feb 2022
Value of equity	\$415.6M	AHC 2021 Financial Statements
Value of debt	\$10.6M	AHC 2021 Financial Statements
Value of the AHC	\$426.2M	AHC 2021 Financial Statements
Nominal risk-free rate	2.39 %	Australian Government Bond 10 Year Yield, 11/3/2022 Bloomberg
Beta represents systematic risk	0.50	Assessed value
Expected market risk premium	6.00%	Generally accepted Market Risk Premium

The current market situation and the changes in these variables may have an impact on future CWMS fee setting to a greater extent than the changes in the draft CWMS AMP operations and maintenance.

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

The service is a monopoly service and as such the communities that access the wastewater service do not have an alternate service provision and hence a critical service for these areas.

➤ **Sustainability Implications**

Council continues to use treated wastewater from both its treatment facilities at Kersbrook and Birdwood for irrigation on ovals and grape vines. The AMP ensures that the operation, maintenance and renewal of this infrastructure will continue.

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

Consultation on the development of this report was as follows:

<i>Council Committees:</i>	Not Applicable
<i>Council Workshops:</i>	Not Applicable
<i>Advisory Groups:</i>	Not Applicable
<i>External Agencies:</i>	Not Applicable
<i>Community:</i>	Not Applicable

➤ **Additional Analysis**

No additional information or analysis.

**3. OPTIONS**

The Committee has the following options:

- I. Endorse the Draft Community Wastewater Management System Asset Management Plan 2023-2032 to Council for Consultation (Recommended)
- II. Not endorse the Draft Community Wastewater Management System Asset Management Plan 2023-2032 for consultation. (Not Recommended)

Should the Committee identify the need for substantial amendments to the Asset Management Plan, it is recommended that they be referred to staff for review to allow for analysis of the implications of the amendments, prior to the matter being brought back to the Council for further consideration

**4. APPENDIX**

- (1) *Draft Asset Management Plan – Community Wastewater Management System 2023 - 2032*

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# **Appendix 1**

*Draft Asset Management Plan –  
Community Wastewater Management System  
2023 - 2032*

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# ASSET MANAGEMENT PLAN

Community Wastewater Management System  
(CWMS) 2023 - 2032



<b>Document Control</b>	<b>CWMS Asset Management Plan</b>
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Document ID :

Rev No	Date	Revision Details	Author	Reviewer	Approver
Draft	2022	Draft for Consultation	D Collins/ K Pearson	D Collins/ C Marshall	Council

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The Institute of Public Works Engineering Australasia

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## **1.0 EXECUTIVE SUMMARY**

### **1.1 The Purpose of the Plan**

This Infrastructure Asset Management Plan (AM Plan) details information about Community Wastewater Management System (CWMS) infrastructure assets with actions required to provide an agreed level of service in the most cost-effective manner while outlining associated risks. The plan defines the services to be provided, how the services are provided and what funds are required to provide the required services over the 10 year planning period. The AM Plan will link to a Long-Term Financial Plan which typically considers a 10 year planning period.

### **1.2 Asset Description**

This plan covers the infrastructure assets that provide wastewater services to 7 township areas and 1850 customers.

Council operates a Community Wastewater Management System (CWMS) and associated infrastructure in Stirling, Verdun, Woodside, Charleston, Kersbrook, Birdwood and Mount Torrens. The Woodside, Charleston, Verdun and Stirling effluent is transferred to SA Water's network where SA Water provides the wastewater treatment and disposal path under a bulk discharge agreement with Council. SA Water treats Councils wastewater at the Bird in Hand, Hahndorf or Heathfield Wastewater Treatment Plant. Wastewater from Councils Birdwood, Mt Torrens and Kersbrook CWMS is treated at the Council owned wastewater treatment facilities at Birdwood and Kersbrook, which also provide recycled water supply to third party users as the primary disposal path for treated water.

All of Council's CWMS are septic tank effluent disposal schemes with septic tanks installed at each premises prior to the CWMS connection point, the septic tanks provide primary treatment and containment of solid matter prior to effluent discharge into the network. The septic tanks are installed and maintained by the private property owner. Commercial premises generating trade waste may also require further pre-treatment devices to ensure the protection of infrastructure, public and environmental health and the wastewater treatment process.

The Community Wastewater Management Scheme (CWMS) network comprises:

The Stirling CWMS consists of the following major components:

- 1.79 km of 100 mm diameter uPVC gravity drains
- 1.98 km of 50mm diameter uPVC rising mains
- 2 effluent pump stations
- 54 connections

The Verdun CWMS consists of the following major components:

- 2.2 km of 100 mm diameter uPVC gravity drains
- 2.21 km of 80mm diameter uPVC rising mains
- 2 effluent pump stations
- 45 connections

The Woodside CWMS consists of the following major components:

- 16.01 km of 100 mm diameter and 150 mm uPVC gravity drains

- 2.21 km of 80mm diameter uPVC rising mains
- 3 effluent pump stations
- 915 connections

The Charleston CWMS consists of the following major components:

- 3.6 km of 100 mm diameter uPVC gravity drains
- 2.35 km of 80 mm diameter uPVC rising mains
- 1 effluent pump stations (includes the lift pump station)
- 141 connections

The Kersbrook CWMS collection network consists of the following major components:

- 4.07 km of 100 mm and 150 mm diameter uPVC gravity drains
- 1.8 km of 100 mm diameter uPVC rising mains
- 1 effluent pump stations
- 171 connections

#### **Kersbrook Waste Water Treatment Facility (WWTF)**

The Kersbrook WWTF consists of the following major components

- 1 facultative lagoon (capacity 5184 m<sup>2</sup>)
- 4 storage/evaporative lagoons
- Associated pipework and valve infrastructure
- Recycled water storage tanks and irrigation pump shed

The Mt Torrens CWMS consists of the following major components:

- 4.11 km of 100 mm and 150 mm diameter uPVC gravity drains
- 5.21 km of 75 mm diameter uPVC rising mains
- 2 effluent pump stations
- 263 connections

The Birdwood CWMS collection network consists of the following major components:

- 1.69 km of 100 mm and 150 mm diameter uPVC gravity drains
- 3.06 km of 75 mm diameter uPVC rising mains
- 1 effluent pump station
- 402 connections

#### **The Birdwood Wastewater Treatment Facility (WWTF)**

The Birdwood WWTF consist of the following components

- Sequencing Batch Reactor (SBR) (includes balance and sludge tanks)
- Three storage/evaporation lagoons lined with HDP liner
- Tertiary Filtration and disinfection plant
- Separate Pump station for recycled water
- Recycled water infrastructure and associated pumps and pipework

Asset Groups	Replacement.
CWMS Filtration	\$ 314,510
CWMS Gravity Network	\$ 10,881,523
CWMS Irrigation Pump Station	\$ 281,889
CWMS Irrigation System	\$ 224,211
CWMS Network Pump Station	\$ 2,442,536
CWMS Pressure Network	\$ 1,817,014
CWMS Pump Station - Dam Overflow	\$ 19,266
CWMS SBR - WWTP	\$ 683,220
CWMS Treatment Lagoon-Evaporation	\$ 4,150,047
CWMS Treatment Lagoon-Oxidation	\$ 202,722

The above infrastructure assets have replacement value estimated at \$21,046,000 (June 2022)

### 1.3 Levels of Service

The allocation in the planned budget is sufficient to continue providing existing services at current levels for the 10 year planning period.

The main service consequences of the Planned Budget are:

- No increase in existing service levels to be provided

The current planned budget is considered sufficient to continue to provide the level of service that minimises disruption of services and meets our technical and regulatory obligations.

### 1.4 Future Demand

The factors influencing future demand and the impacts they have on service delivery are created by:

- Level of development within existing catchments
- Any change in land use that may place higher demands on the system
- Regulatory change

These demands will be approached using a combination of managing existing assets, upgrading existing assets and providing new assets to meet demand. Demand management practices may also include a combination of non-asset solutions, insuring against risks and managing failures.

- Update Council's water balance and system capacity models and review capacities
- Liaison with SA Water as the receiver of wastewater for Stirling, Verdun, Woodside, and Charleston
- Continue to liaise with the regulatory bodies regarding asset requirements to meet our obligations.

## **1.5 Lifecycle Management Plan**

### **1.5.1 What does it Cost?**

The forecast lifecycle costs necessary to provide the services covered by this AM Plan includes operation, maintenance, renewal, acquisition, and disposal of assets. Although the AM Plan may be prepared for a range of time periods, it typically informs a Long-Term Financial Planning period of 10 years. Therefore, a summary output from the AM Plan is the forecast of 10 year total outlays, which for the CWMS is estimated as is estimated as \$11,606,600 or \$1,160,660 on average per year

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## 1.6 Financial Summary

### 1.6.1 What we will do

- 1.6.2 Estimated available funding for the 10 year period is \$11,128,000 or \$1,112,800 on average per year as per the Long-Term Financial plan or Planned Budget. This is 95.88% of the cost to sustain the current level of service at the lowest lifecycle cost.
- 1.6.3 The infrastructure reality is that only what is funded in the long-term financial plan can be provided. The Informed decision making depends on the AM Plan emphasising the consequences of Planned Budgets on the service levels provided and risks.
- 1.6.4 The anticipated Planned Budget for CWMS Asset Group leaves a shortfall of \$ 47,860 on average per year of the forecast lifecycle costs required to provide services in the AM Plan compared with the Planned Budget currently included in the Long-Term Financial Plan. This is shown in the figure below.

### Forecast Lifecycle Costs and Planned Budgets

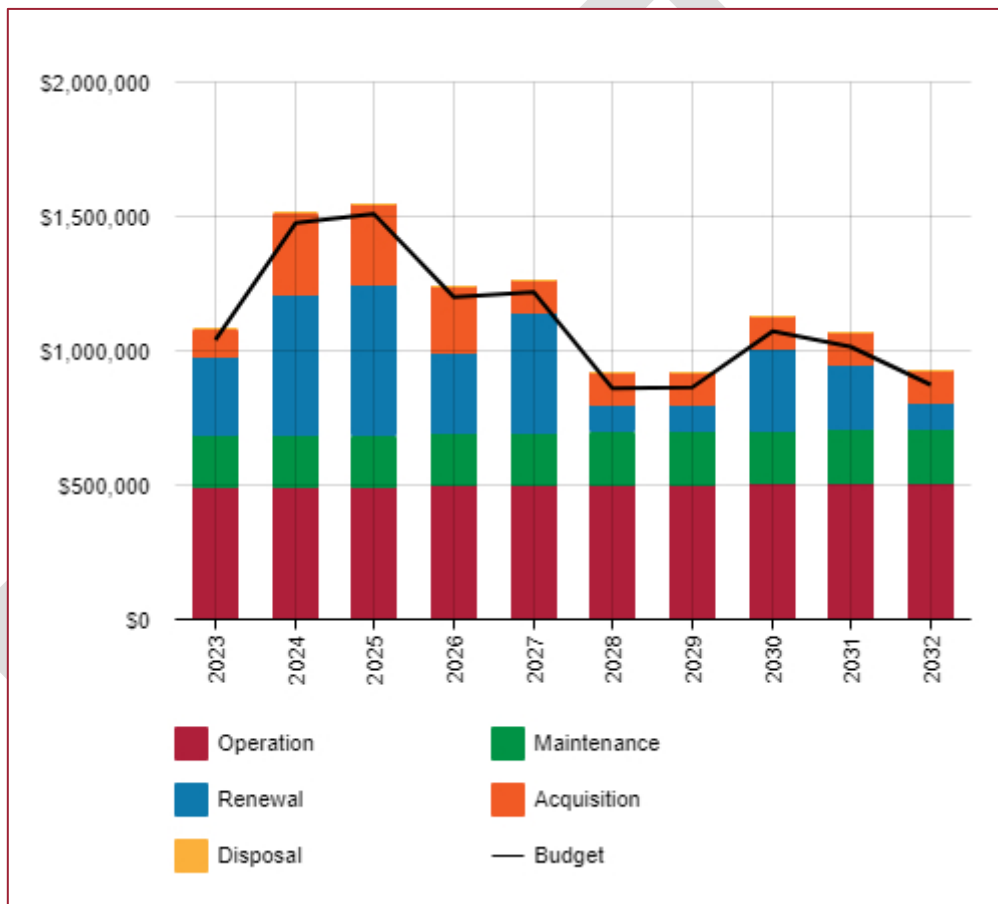


Figure Values are in current (2022) dollars.

We plan to provide services for the following:

- Operation, maintenance, renewal and acquisition of all CWMS assets to meet service levels set by Adelaide Hills Council in annual budgets. This includes pump out of septic tanks at 5 year intervals, management of treatment facilities at Birdwood and Kersbrook and associated pump stations via a maintenance contract, blockages and main repairs via a service agreement with Civil Services as an internal supplier. All regulatory fees and licences, utility costs, direct and indirect salaries to service customers, manage contracts, billing and accounts.

- Replacement/ Upgrade of key gravity mains in Woodside and Birdwood, replacement of within the 10 year planning period.
- Renewal of identify control cabinets/ panels/ pumps/ telemetry/ valves and other assets that have been identified for anticipated replacement over the 10 year planning period.

### 1.6.5 What we cannot do

We currently adopt a full cost recovery model currently for both operational and capital expenditure. Therefore, we currently are able to fund all the known maintenance and renewal from within this cost recovery.

### 1.6.6 Managing the Risks

There are risks associated with providing the service and being able to complete all identified activities and projects. We have identified our major risks and consider that our present budget levels are sufficient to continue to manage risks in the medium term.

The main risk consequences are:

- Power outages
- Stormwater infiltration
- Lack of irrigation pathway for recycled waste water

We will endeavour to manage these risks within available funding by:

- Investment in back up power generator for large CWMS pump stations and portable generators
- Investment in surge tanks and emergency pump out contractor on standby
- Third party irrigator agreements are current

## 1.7 Asset Management Planning Practices

Key assumptions made in this AM Plan are:

- Similar low level of growth demand will continue
- Gravity mains are in good condition given likely construction dates.
- Regulatory requirement do not change substantially

Assets requiring renewal are identified from either the asset register or an alternative method.

- The timing of capital renewals based on the asset register is applied by adding the useful life to the year of acquisition or year of last renewal,
- Alternatively, an estimate of renewal lifecycle costs is projected from condition modelling systems and may be supplemented with, or based on, operational and expert knowledge.

The Alternate Method was used to forecast the renewal lifecycle costs for this AM Plan.

This AM Plan is based on a reliable level of confidence information especially for all of our above ground assets. There is substantial operational knowledge from the Civil Services operational staff and long-time contractor associated with the treatment facilities at Birdwood and Kersbrook.

## 1.8 Monitoring and Improvement Program

The next steps resulting from this AM Plan to improve asset management practices are:

- Contractor Management of Pump Stations
- Yearly audit with contractor for treatment facilities to identify preventative maintenance and early intervention replacements that benefit whole of life costs
- Continue to monitor maintenance costs and identify anomalies and investigate interventions.
- Updated condition rating of active above ground visible assets

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## 2.0 Introduction

### 2.1 Background

This AM Plan communicates the requirements for the sustainable delivery of services through management of assets, compliance with regulatory requirements, and required funding to provide the appropriate levels of service over the planning period.

The AM Plan is to be read other planning documents. This should include the Asset Management Policy along with other key planning documents:

- Strategic Plan 2020 - 2024
- LTFP 2022\_23
- CWMS Service Charter

Asset Management is at a core level of maturity in the Organisation and on-going continuous improvement is required to ultimately maximise the life cycle costs associated with the delivery of services with the CWMS infrastructure assets.

The infrastructure assets covered by this AM Plan include all treatment facilities, lagoons, pump stations, gravity and pumping mains, tanks and control panels. For a detailed summary of the assets covered in this AM Plan refer to Table in Section 5.

These assets are used to provide waste water services from township properties in Kersbrook, Birdwood, Mt Torrens, Charleston, Woodside, Verdun and Golf Links Road in Stirling.

The infrastructure assets included in this plan have a total replacement value of \$21,046,000. (June 2022)

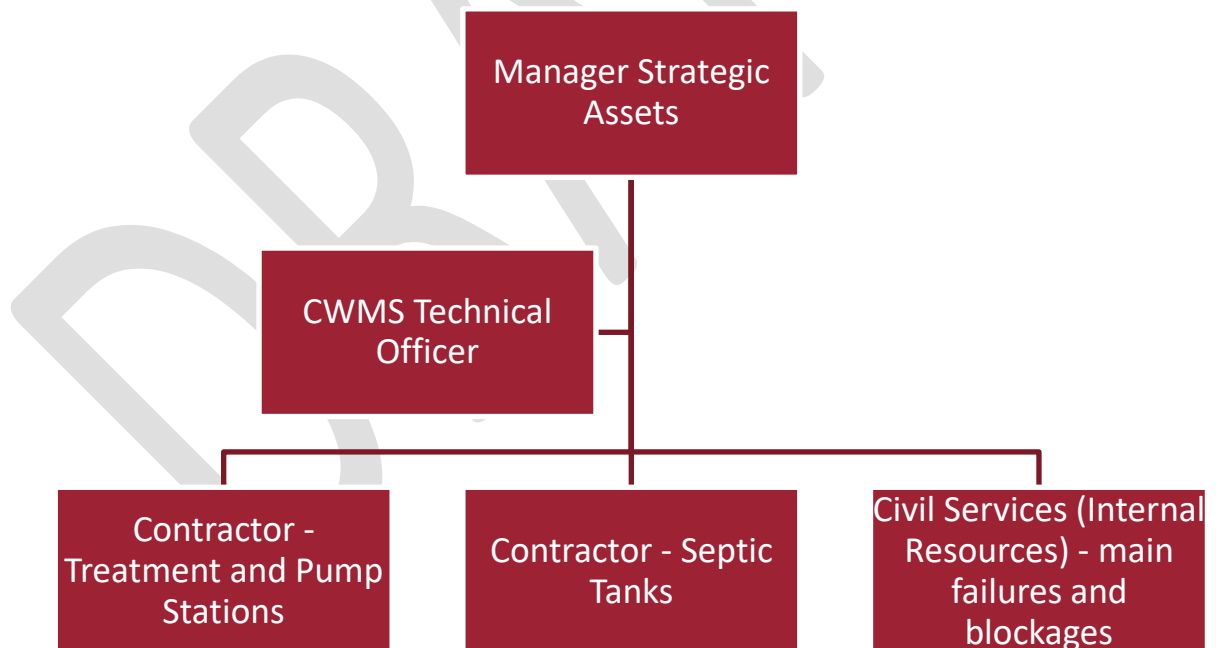


Key stakeholders in the preparation and implementation of this AM Plan are shown in Table 2.1.

**Table 2.1: Key Stakeholders in the AM Plan**

Key Stakeholder	Role in Asset Management Plan
Elected Members of Council	<ul style="list-style-type: none"> <li>Represent needs of community/shareholders,</li> <li>Allocate resources to meet planning objectives in providing services while managing risks,</li> <li>Ensure service sustainable.</li> </ul>
CEO and Executive Team	Ensure that sufficient resources are available to meet the regulatory and customer expectations.
CWMS Customers	Direct feedback on asset performance.
Office of Technical Regulator	Regulatory Partner
Essential Services Commissioner of South Australia	Regulatory Partner

Our organisational structure for service delivery from infrastructure assets is detailed below,



## 2.2 Goals and Objectives of Asset Ownership

Our goal for managing infrastructure assets is to meet the defined level of service (as amended from time to time) in the most cost effective manner for present and future consumers. The key elements of infrastructure asset management are:

- Providing a defined level of service and monitoring performance,
- Managing the impact of growth through demand management and infrastructure investment,

- Taking a lifecycle approach to developing cost-effective management strategies for the long-term that meet the defined level of service,
- Identifying, assessing and appropriately controlling risks, and
- Linking to a Long-Term Financial Plan which identifies required, affordable forecast costs and how it will be allocated.

Key elements of the planning framework are

- Levels of service – specifies the services and levels of service to be provided,
- Risk Management,
- Future demand – how this will impact on future service delivery and how this is to be met,
- Lifecycle management – how to manage its existing and future assets to provide defined levels of service,
- Financial summary – what funds are required to provide the defined services,
- Asset management practices – how we manage provision of the services,
- Monitoring – how the plan will be monitored to ensure objectives are met,
- Asset management improvement plan – how we increase asset management maturity.

Other references to the benefits, fundamentals principles and objectives of asset management are:

- International Infrastructure Management Manual 2015 <sup>1</sup>
- ISO 55000<sup>2</sup>

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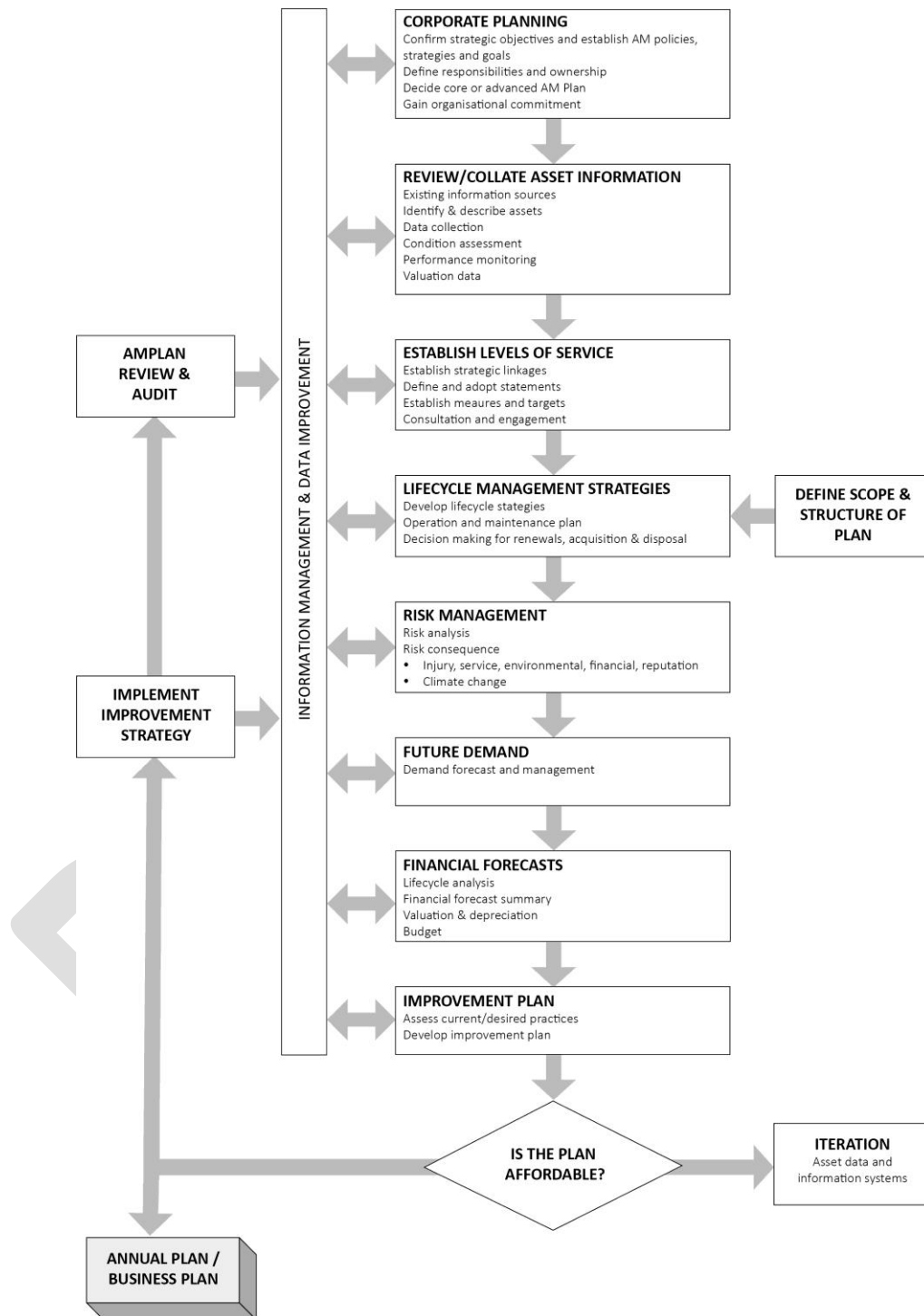
<sup>1</sup> Based on IPWEA 2015 IIMM, Sec 2.1.3, p 2 | 13

<sup>2</sup> ISO 55000 Overview, principles and terminology

A road map for preparing an AM Plan is shown below.

**Road Map for preparing an Asset Management Plan**

Source: IPWEA, 2006, IIMM, Fig 1.5.1, p 1.11



### 3.0 LEVELS OF SERVICE

#### 3.1 Customer Research and Expectations

This AM Plan is prepared to facilitate consultation prior to adoption of levels of service by the Elected Members of Council. Future revisions of the AM Plan will incorporate customer consultation on service levels and costs of providing the service. This will assist the Adelaide Hills Council and stakeholders in matching the level of service required, service risks and consequences with the customer's ability and willingness to pay for the service.

#### 3.2 Strategic and Corporate Goals

Strategic goals have been set by the Strategic Plan 2020 - 2024. The relevant goals and objectives and how these are addressed in this AM Plan are summarised in Table 3.2.

**Table 3.2: Goals and how these are addressed in this Plan**

Goal	Objective	How Goal and Objectives are addressed in the AM Plan
A functional BUILT ENVIRONMENT	Sustainable management of our built assets ensures a safe, functional and well serviced community	Provision of energy efficient and safe systems of effluent management
A prosperous ECONOMY	Provide local infrastructure to drive growth and productivity	Renewal and upgrade CWMS assets to account for increased demand and growth
A progressive ORGANISATION	Our organisation is financially sustainable for both current and future generations	Ensure renewal of assets and associated maintenance is based on current asset management plans which consider reviewed service level and whole of life costing

#### 3.3 Legislative Requirements

There are many legislative requirements relating to the management of assets. Legislative requirements that impact the delivery of the Community Waste Water service are outlined in Table 3.3.

**Table 3.3: Legislative Requirements**

Legislation	Requirement
Water Industry Act 2012	Water Industry Entity Licence
SA Public Health Act 2011 Regulations (Waste water) 2013	Legislative
Environment Protection Act 1993	Legislative Licence
Community Waste water Management Code 2013	Prescribed Code
Guidelines, Design Criteria and Standards for Community Waste water Management System Code (LGA)	Code of Practice/Guideline
SA Recycled Water Guidelines	Guideline
AS/NZS Plumbing and Drainage Code	Prescribed Code
Work Health & Safety Act 2012 and Regulations 2012	Legislative
Water Retail Code	Code of Practice

### 3.4 Customer Values

Service levels are defined in three ways, customer values, customer levels of service and technical levels of service

**Customer Values** indicate:

- what aspects of the service is important to the customer,
- whether they see value in what is currently provided and
- the likely trend over time based on the current budget provision

**Table 3.4: Customer Values**

Service Objective:			
Customer Values	Customer Satisfaction Measure	Current Feedback	Expected Trend Based on Planned Budget
CWMS enables the safe collection and disposal of domestic wastewater in accordance with Regulatory and Industry Standards	Customer requests, complaints and feedback	Minimal complaints, requests and feedback	No anticipated change

### 3.5 Customer Levels of Service

The community generally expect the Council will have the necessary infrastructure and operation and maintenance practices in place to manage Councils Community Wastewater Management System.

Levels of service relate to outcomes the customer receives in terms of quality, quantity, responsiveness and performance as provided by the asset. These are developed in line with Council’s strategic and corporate goals and legislative requirements

Customer Levels of Service are considered in terms of:

**Quality**            How good is the service what is the condition or quality of the service?

**Function**            Is it suitable for its intended purpose ....Does it meet users need??

**Capacity/Use**        Is the service over or under used?

**Responsiveness**    How responsive are Council to customer requests?

**Safety**                Does the service achieve appropriate levels of public and environmental safety?

In Table 3.5 under each of the service measures types (Condition, Function, Capacity/Use Responsiveness, safety) there is a summary of the performance measure being used, the current performance, and the expected performance based on the current budget allocation.

These are measures of fact related to the service delivery outcome (e.g. number of occasions when service is not available or proportion of replacement value by condition %'s) to provide a balance in comparison to the customer perception that may be more subjective.

**Table 3.5: Customer Level of Service Measures**

Type of Measure	Level of Service	Performance Measure	Current Performance	Expected Trend Based on Planned Budget
<b>Condition</b>	Provide efficient and suitable wastewater collection and disposal system	No. of requests relating to CWMS maintenance	Very few customer requests and acceptable compliance with all regulatory agencies	Continue to operate a well maintained service to existing and future customers
	<b>Confidence levels</b>	High	High	High
<b>Function</b>	The CWMS meets the needs of existing residents	Customer complaints	Low number of customer complaints received regarding CWMS	Expected to continue
	<b>Confidence levels</b>	High	High	High
<b>Capacity</b>	Provide appropriate capacity levels to meet customers present and future needs	New land and sub divisions are able to connect into existing infrastructure with minimal upgrade to capacity required.	Most land divisions are well tolerated and larger sub divisions may need additional pumps to support the increase in flows. Future capacity is considered when sewer mains are upgrades are planned	Existing capacity should be well tolerated as population within existing serviced townships not expected to increase significantly.
<b>Response</b>	Response time to customer requests and time taken to complete requests	Respond to requests in line with AHC Customer Service Framework	Most requests are responded to within 24 hours	Expected to continue
	<b>Confidence levels</b>	High	High	High
<b>Safety</b>	Provide CWMS service that is low risk to the public and environment	Ensure al safety and legislative requirements are met and complied with	Low number of overflow events relating to CWMS network and all recycled waste water irrigation is compliant with the regulatory agencies	Expected to continue
	<b>Confidence levels</b>	High	High	High

### 3.6 Technical Levels of Service

**Technical Levels of Service** – Technical Levels of Service support the Customer Levels of Service and are operational or technical measures of performance. These technical levels of service relate to the activities and allocation of resources to best achieve the desired customer outcomes and demonstrate effective performance.

Technical service measures are linked to the activities and annual budgets covering:

- **Acquisition** – the activities to provide a higher level of service e.g. upgrading the size of a gravity main or pump station to take additional waste water inflows
- **Operation** – the regular activities to provide services such as monitoring waste water treatment, energy usage and utility costs, contract management, licencing fees, SA Water treatment fees.
- **Maintenance** – the activities necessary to retain an asset as near as practicable to an appropriate service condition. Maintenance activities enable an asset to provide service for its planned life (e.g regular pump and valve servicing, pumping out of septic tanks, repairing failed main sections)
- **Renewal** – the activities that return the service capability of an asset up to that which it had originally provided (e.g. replacement of pumps and air valves)

Service and asset managers plan, implement and control technical service levels to influence the service outcomes.<sup>3</sup>

Table 3.6 shows the activities expected to be provided under the current 10 year Planned Budget allocation, and the Forecast activity requirements being recommended in this AM Plan.

**Table 3.6: Technical Levels of Service**

Lifecycle Activity	Purpose of Activity	Activity Measure	Current Performance*	Recommended Performance **
<b>TECHNICAL LEVELS OF SERVICE</b>				
<b>Acquisition</b>	Ensure continuity of service to customer and upgrade infrastructure to meet future needs	Limited number of service interruptions and ability to service new connections	Some townships service is vulnerable during storm events and increase in township infill has put pressure on capacity of gravity main	CWMS system should operate with minimal service interruptions due to power outages and sewerage mains should have adequate capacity for future township needs
	Targeted capital works to address capacity or other critical infrastructure	Increased back-up pump capacity	Only Woodside Pump Station has back-up power and pumping	Increase back-up capacity of pump station network.
		<b>Budget</b>	\$0	\$0
<b>Operation</b>	Provide a cost effective and efficient community waste water management	Monitor energy usage and number of pump failures and interruption's to service	Installation of solar panels at the Birdwood WWTP and current monitoring of energy usage.	The Operation activities we would like to do as per the Lifecycle Forecast

<sup>3</sup> IPWEA, 2015, IIMM, p 2|28.

Lifecycle Activity	Purpose of Activity	Activity Measure	Current Performance*	Recommended Performance **
	system to the community in line with regulatory responsibilities		Minimal interruption's to CWMS service.	
	Cleaning of septic tanks to protect Councils infrastructure and reduce blockages	Septic tanks are cleaned out once every 5 years	All septic tanks are pumped out once every 5 years	Development of trade waste management plan to management trade waste flows that can damage critical CWMS infrastructure
	Regular inspections of pumps and other WWTP infrastructure	Inspect and test control panels and operation of pumps	Weekly inspection of treatment plant and pump station undertaken.	This weekly inspection to continue.
	Treatment of waste water	Ensure treatment process are operational and chemicals are undertaken to meet water quality requirements	Water quality requirements met,	Consider installation of additional monitoring or treatment train to enhance intervention to have greater assurance of water quality
	Undertake testing of waste water in lagoon for disposal via recycled network	Undertake on-site sampling	On-site testing undertaken on weekly basis at treatment plants.	This testing to continue.
		<b>Budget</b>	\$	\$
<b>Maintenance</b>	Regular inspections of pumps and other WWTP infrastructure	Targeted maintenance including monthly inspections and cleaning of WWTP infrastructure and weekly visual inspections of CWMS Pump Stations	Quarterly servicing of CWMS pumps located at each pump station. Monthly visual inspections and cleaning of WWTP infrastructure.	Pumps stations and WWTP operate efficiently and effectively with minimal interruptions
	Undertake routine minor maintenance of treatment plant and pump station infrastructure	To ensure that identified minor maintenance is undertaken as identified and	Contractor to undertake reactive and routine maintenance of assets up to \$ 1000 per item. Report to council monthly on minor maintenance activities	Contractor to continue to reactively and proactively undertaken minor maintenance activities on a weekly basis as identified. Report to Council monthly with invoices for payment.



Lifecycle Activity	Purpose of Activity	Activity Measure	Current Performance*	Recommended Performance **
	Undertake reactive or identified major maintenance	To ensure that critical infrastructure continues to provide services.	Contractor to organise works for major maintenance activities (<\$ 1,000) after Confirmation with Council officers.	Continue to undertake
	Regular ground clearing and weed management	Weeds and grass cleared on a regular basis	WWTP are regularly maintained however pump stations are not included in regular weed maintenance	Include CWMS pump stations in weed management program
		<b>Budget</b>	\$185,000	\$185,900
<b>Safety</b>	Sampling of waste water from lagoons to meet Regulatory and safety requirements	Sampling occurs on monthly basis	Current sampling meets regulatory requirements	Expected to continue to meet these requirements
	Planned renewal if WHS risk is evident	Identified during routine inspections	Renewal occurs as and when required	Expected to continue
<b>Renewal</b>	Renewal of existing assets at an optimum time in their lifecycle	Monitor the performance and condition of CWMS infrastructure and maintain a 10 year capital works program that is renewed annually	Council as a 10 year capital works program based on useful life and performance	As and where required from visual inspections and capacity requirements
	Targeted capital works to address capacity or other critical infrastructure	Planned capital works	Capital works program	As and where required from visual and performance inspections
		<b>Budget</b>	\$283,300	\$283,300

Note: \* Current activities related to Planned Budget.

\*\* Expected performance related to forecast lifecycle costs.

It is important to monitor the service levels regularly as circumstances can and do change. Current performance is based on existing resource provision and work efficiencies. It is acknowledged changing circumstances such as technology and customer priorities will change over time.

## 4.0 FUTURE DEMAND

### 4.1 Demand Drivers

Drivers affecting demand include things such as population change, regulations, changes in demographics, climate change, technical changes, consumer expectations and economic factors.

### 4.2 Demand Forecasts

The present position and projections for demand drivers that may impact future service delivery and use of assets have been identified and documented.

### 4.3 Demand Impact and Demand Management Plan

The impact of demand drivers that may affect future service delivery and use of assets are shown in Table 4.3.

Demand for new services will be managed through a combination of managing existing assets, upgrading of existing assets and providing new assets to meet demand and demand management. Demand management practices can include non-asset solutions, insuring against risks and managing failures.

Opportunities identified to date for demand management are shown in Table 4.3. Further opportunities will be developed in future revisions of this AM Plan.

The township areas that are covered by the CWMS assets and services are within the Adelaide Watershed Policy zone. Therefore the opportunity for new development and additional demand on the system is limited. The majority of demand will come from in-fill development within existing township limits.

Council has identified key gravity mains for upgrades within Birdwood and Woodside that will deal with the previous year's growth and ensure that capacity remains for the expected future in-fill.

**Table 4.3: Demand Management Plan**

Demand driver	Current position	Projection	Impact on services	Demand Management Plan
Township In-fill	Known area of allowed development	Not expected to change	Nil	Investment in capacity upgrades of known constraints
SA Water requirements	Disposal path of effluent to SA Water treatment facilities	Greater quality control by SA Water	Costs could increase as waste may require additional treatment if trade waste not managed	Trade Waste Policy

### 4.4 Asset Programs to meet Demand

The new assets required to meet demand may be acquired, donated or constructed. Additional assets are discussed in Section 5.4. Acquiring new assets will commit the CWMS 2023 - 2032 to ongoing operations, maintenance and renewal costs for the period that the service provided from the assets is required. These future costs are identified and considered in developing forecasts of future operations, maintenance and renewal costs for inclusion in the long-term financial plan (Refer to Section 5).

### 4.5 Climate Change Adaptation

The impacts of climate change and the COVID 19 pandemic may have a significant impact on the assets we manage and the services they provide. In the context of the Asset Management Planning process climate change and the pandemic can be considered as both a future demand and a risk.

How climate change impacts on assets will vary depending on the location and the type of services provided, as will the way in which we respond and manage those impacts.<sup>4</sup>

The recent pandemic may also bring some challenges to asset management. The inability to source critical infrastructure due to supply chain delays and material shortages may make the CWMS system more vulnerable in the future.

As a minimum we consider how to manage our existing assets given potential climate change and pandemic impacts in our region.

Risk and opportunities identified to date are shown in Table 4.5.1

**Table 4.5.1 Managing the Impact of Climate Change on Assets and Services**

Climate Change Description	Projected Change	Potential Impact on Assets and Services	Management
Heat	Increased temperature and heat in region	Potential deterioration of HPDE liners in lagoons.]	Increased monitoring of impact and investigate treatments to sustain design expected life
Rain	Higher intensity storms	Capacity of system breached more often	Capacity upgrades proposed for known constraints – monitor flow meters

Additionally, the way in which we construct new assets should recognise that there is opportunity to build in resilience to climate change impacts. Building resilience can have the following benefits:

- Assets will withstand the impacts of climate change;
- Services can be sustained; and
- Assets that can endure may potentially lower the lifecycle cost and reduce their carbon footprint

Table 4.5.2 summarises some asset climate change resilience opportunities.

**Table 4.5.2 Building Asset Resilience to Climate Change**

New Asset Description	Climate Change impact These assets?	Build Resilience in New Works
Gravity Mains	Greater flow in system	Ensure capacity upgrades consider higher peak flows.
Back-up power supply	Greater power failure due to extreme heat/storms	Ensure vulnerable pump stations have access to diesel back-up generator
Solar panels installed at WWTP	Power failures	Less reliance on power and increases energy efficiency

The impact of climate change on assets is a new and complex discussion and further opportunities will be developed in future revisions of this AM Plan.

<sup>4</sup> IPWEA Practice Note 12.1 Climate Change Impacts on the Useful Life of Infrastructure

## 5.0 LIFECYCLE MANAGEMENT PLAN

The lifecycle management plan details how the CWMS 2023 - 2032 plans to manage and operate the assets at the agreed levels of service (Refer to Section 3) while managing life cycle costs.

### 5.1 Background Data

#### 5.1.1 Physical parameters

The assets covered by this AM Plan are shown in Table 5.1.1.

The asset are in the townships of Kersbrook, Birdwood, Mt Torrens, Charleston, Woodside, Verdun and Golf Links Road, Stirling. Pipe and pumps distribute wastewater from Kersbrook, Birdwood and Mt Torrens to Council's treatment facilities at Kersbrook and Birdwood (wastewater from Mt Torrens is pumped to the Birdwood treatment facility)

The remaining townships or areas of Charleston, Woodside, Verdun and Stirling are transferred to the SA Water network for treatment at their facilities. These includes Bird in Hand (Woodside and Charleston), Hahndorf (Verdun) and Heathfield (Stirling) SA Water treatment facilities.

**Table 5.1.1: Assets covered by this Plan**

Asset Category	Dimension	Replacement Value
CWMS Access Chamber	55.00	\$ 247,836.54
CWMS Access Platform	1.00	\$ 3,175.79
CWMS Aerator	1.00	\$ 52,929.95
CWMS Air Vent	4.00	\$ 99,236.39
CWMS Bore Pump	1.00	\$ 8,574.65
CWMS Bore Structure	1.00	\$ 12,703.19
CWMS Control Cabinet	3.00	\$ 107,394.86
CWMS Control Panel	20.00	\$ 527,854.23
CWMS Disinfectant Sample Point	2.00	\$ 5,293.00
CWMS Dosing Pump	4.00	\$ 15,349.66
CWMS Dosing Tank	2.00	\$ 1,693.76
CWMS Filtration	5.00	\$ 209,904.61
CWMS Flushing Point	864.00	\$ 573,469.54
CWMS Gantry	1.00	\$ 8,468.79
CWMS Instrumentation Sensor	19.00	\$ 84,889.09

CWMS Irrigation Pump Station	2.00	\$	-
CWMS Irrigation System	1.00	\$	147,251.12
CWMS Lagoon Liner	8.00	\$	1,462,158.10
CWMS Lagoon Structure	8.00	\$	556,674.86
CWMS Pipe	84,678.52 m	\$	8,174,063.17
CWMS Pipework & Fittings	20.00	\$	263,273.59
CWMS Pump	47.00	\$	332,196.23
CWMS Pump Stn - Dam Overflow	2.00	\$	6,605.66
CWMS Recycled Water Auto Valve	1.00	\$	9,633.25
CWMS Remote Monitoring	16.00	\$	83,566.47
CWMS Safety Shower	3.00	\$	6,351.60
CWMS Tank	16.00	\$	451,280.72
CWMS UV Disinfection System	1.00	\$	68,808.93
CWMS Valve	37.00	\$	123,935.65
CWMS Well Chamber	13.00	\$	260,817.39
CWMS-LL Access Chamber	44.00	\$	139,734.76
CWMS-LL Bore Structure	1.00	\$	8,468.79
CWMS-LL Dam Overflow	2.00	\$	9,485.04
CWMS-LL Lagoon Structure	8.00	\$	2,226,699.45
CWMS-LL Pipe	47,512.13 m	\$	3,937,744.43
CWMS-LL Tank	8.00	\$	250,676.30
CWMS-LL Well Chamber	13.00	\$	169,418.21

All figure values are shown in current day dollars.

Much of the initial CWMS System were built in the late 1970s and 1980s. Therefore the pipe network at its oldest is generally 40 to 50 years of age. As the townships have developed additional network has been added

as the townships expanded. The initial treatment facilities were simple lagoon systems. In the past 15 years investment into the treatment and disposal path of the treated waste water has been undertaken. This has included recycled water treatment and infrastructure and also enhanced treatment at the Birdwood site with the inclusion of a Sequencing Batch Reactor for primary treatment.

The more active asset components such as pumps and valves and similar have shorter service lives and are replaced on a more regular basis.

**5.1.2 Asset capacity and performance**

Assets are generally provided to meet design standards where these are available. However, there is insufficient resources to address all known deficiencies. Locations where deficiencies in service performance are known are detailed in Table 5.1.2.

**Table 5.1.2: Known Service Performance Deficiencies**

Location	Service Deficiency
Woodside Gravity Main (Jacaranda Drive to Pump Station 1)	Existing pipe does not meet technical capacity requirements
Birdwood Gravity Main (Lange Crescent to Church Street Pumps Station)	Existing pipe does not meet technical capacity requirements
Spring Street Pump Station	High level of infiltration and excessive pumping and greater risk of asset failure

The above service deficiencies were identified from internal operational knowledge.

**5.1.3 Asset condition**

Condition is currently monitored via a variety of on-site observations. This includes;

- weekly inspections of the pump stations by the contracted operator,
- detailed monthly testing of pumps and switchboards
- 6 monthly servicing of pumps if required
- Weekly visual and monthly cleaning inspections by operations and maintenance contractor at the Birdwood and Kersbrook treatment facilities.
- 5 yearly external independent condition audit as part of a revaluation of the asset base.

Condition is measured using a 1 – 5 grading system<sup>5</sup> as detailed in Table 5.1.3. It is important that a consistent approach is used in reporting asset performance enabling effective decision support. A finer grading system may be used at a more specific level, however, for reporting in the AM plan results are translated to a 1 – 5 grading scale for ease of communication.

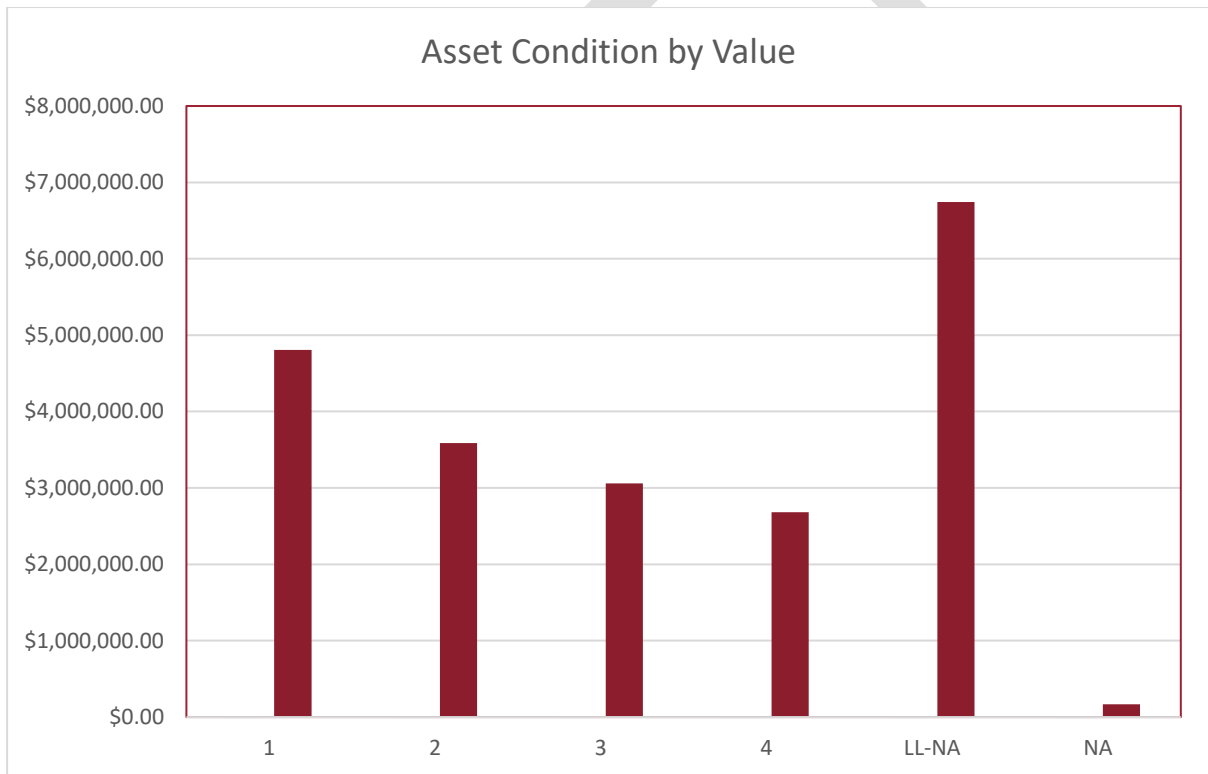
**Table 5.1.3: Condition Grading System**

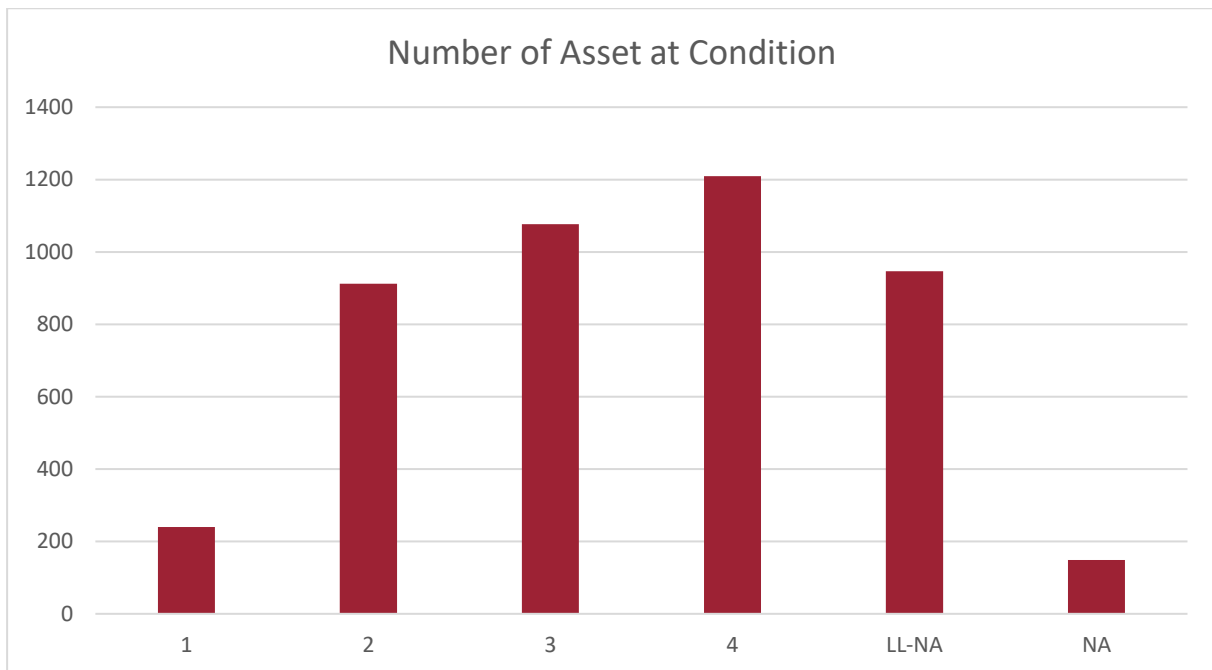
<sup>5</sup> IPWEA, 2015, IIMM, Sec 2.5.4, p 2|80.

Condition Grading	Description of Condition
1	<b>Very Good:</b> free of defects, only planned and/or routine maintenance required
2	<b>Good:</b> minor defects, increasing maintenance required plus planned maintenance
3	<b>Fair:</b> defects requiring regular and/or significant maintenance to reinstate service
4	<b>Poor:</b> significant defects, higher order cost intervention likely
5	<b>Very Poor:</b> physically unsound and/or beyond rehabilitation, immediate action required

The condition profile of our assets is shown in Figure 5.1.3.

**Figure 5.1.3: Asset Condition Profile**





The LL-NA column relates to Long Life assets such as the earthworks for the lagoons and as such with very long-life allocated these have not been given a subsequent condition. With these long-life components there is an associated short/ life component associate with these assets. In the example of the lagoon the liners are the shorter life assets that will be renewed several time over the life of the long-life asset component.

Whilst there is a significant number of asset showing as condition 4 (1207) in the asset register, the majority of these are gravity pipes, flushing points and connections (1167), on an age based assessment. As can be seen the overall value of these assets at condition 4 is about \$ 2.6m. This age based assessment from the previous revaluation in 2017 is possibly resulting in the condition profile being too conservative. Based on the operational knowledge of the network, that is, there are not a high number of reported significant defects across this assets type and hence there is not alignment between the condition and the actual operation of these assets. Therefore, the current condition rating will need review and this is considered to be a key improvement for the asset management plan.

Also, as many of these assets are long life assets, for example, the gravity main for instance at a condition 4 could have up to 20 years of remaining life.

All figure values are shown in current day (2022) dollars.

## 5.2 Routine Operations and Maintenance Plan

Operations include regular activities to provide services such as public health, safety and amenity. Examples of typical operational activities include asset inspections, water sampling and pipe cleaning.

Routine maintenance includes all actions necessary for retaining an asset as near as practicable to an appropriate service condition including regular ongoing day-to-day work necessary to keep assets operating. Examples of typical maintenance activities include pipe repairs, pump servicing and septic sludge removal.

Planned maintenance is repair work that is identified and managed through a maintenance management plan. This type of maintenance is usually scheduled and ongoing. Reactive maintenance is unplanned repair work that is not scheduled and usually undertaken as a priority as it may affect the service deliver to customers.

Specific higher value component maintenance is usually included planned for and undertaken as part of the capital works program. Examples of this include new CWMS control cabinets and replacement of effluent lagoon liners.

The trend in operations and maintenance budgets are shown in Table 5.2.1.



**Table 5.2.1: Maintenance Budget Trends (Actual Real \$\$ in Year)**

Year	Maintenance Budget \$
2018/19	\$ 1,043,514
2019/20	\$ 1,009,311
2020/21	\$ 1,121,313
2021/22	\$ 1,032,637
2022/23 (Proposed)	\$ 1,060,000

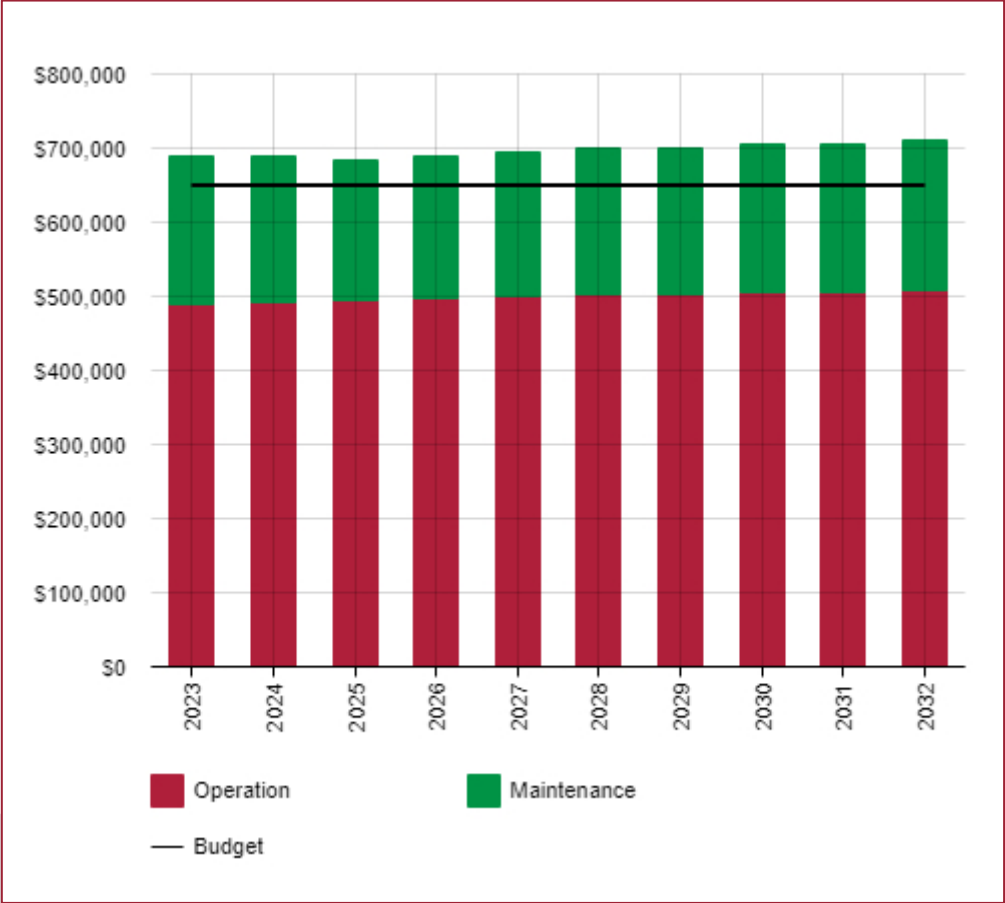
Maintenance budget levels are considered to be adequate to meet projected service levels, which may be less than or equal to current service levels. Where maintenance budget allocations are such that they will result in a lesser level of service, the service consequences and service risks have been identified and are highlighted in this AM Plan and service risks considered in the Infrastructure Risk Management Plan.

DRAFT

**Summary of forecast operations and maintenance costs**

Forecast operations and maintenance costs are expected to vary in relation to the total value of the asset stock. If additional assets are acquired, the future operations and maintenance costs are forecast to increase. If assets are disposed of the forecast operation and maintenance costs are expected to decrease. Figure 5.2 shows the forecast operations and maintenance costs relative to the proposed operations and maintenance Planned Budget.

**Figure 5.2: Operations and Maintenance Summary**



All figure values are shown in current day dollars.

The operational costs are reasonable constant and a significant amount of these costs are associated with salaries and contractors. The current contracts for the treatment facilities, pump stations and septic tank pumping are long term contract with price increases in line with CPI. There are also licensing fees and the effluent disposal costs into the SA Water network that are assumed to generally align with CPI increases going forward.

Council in liaison with our contractor is considering and repairing and maintaining assets on a monthly basis. A review of historic maintenance expenditure shows a decrease in this expenditure. The current level of maintenance expenditure provided for in the current budgets are considered appropriate given the regular investment in asset renewals for high use items such as pumps.

The current operating budgets will not allow for the council to fully meet its operational costs associated with acquisition and growth. In addition, the budget do not allow for the operational costs of undertaking asset condition revaluation by external parties.

### 5.3 Renewal Plan

Renewal is major capital work which does not significantly alter the original service provided by the asset, but restores, rehabilitates, replaces or renews an existing asset to its original service potential. Work over and above restoring an asset to original service potential is considered to be an acquisition resulting in additional future operations and maintenance costs.

Assets requiring renewal are identified from one of two approaches in the Lifecycle Model.

- The first method uses Asset Register data to project the renewal costs (current replacement cost) and renewal timing (acquisition year plus updated useful life to determine the renewal year), or
- The second method uses an alternative approach to estimate the timing and cost of forecast renewal work (i.e. condition modelling system, staff judgement, average network renewals, or other).

The typical useful lives of assets used to develop projected asset renewal forecasts are shown in Table 5.3. Asset useful lives were last reviewed on 30 June 2022.<sup>6</sup>

**Table 5.3: Useful Lives of Assets**

Asset (Sub)Category	Useful life
Gravity Pipes	80 years
Pumping Mains	80 years
Mono Pumps	10 – 15 years
Submersible Pumps	3 – 5 years
Control Panel/ Cabinet	30 years
Flushing Points/ Manholes	80 years
SBR Plant	50 years
Lagoons (liner)	30 years

The estimates for renewals in this AM Plan were based on the alternate method.

#### 5.3.1 Renewal ranking

Asset renewal is typically undertaken to either:

- Ensure the reliability of the existing infrastructure to deliver the service it was constructed to facilitate (e.g. size of pump to meet peak demand), or
- To ensure the infrastructure is of sufficient quality to meet the service requirements (e.g.

It is possible to prioritise renewals by identifying assets or asset groups that:

- Have a high consequence of failure,
- Have high use and subsequent impact on users would be significant,
- Have higher than expected operational or maintenance costs, and

<sup>6</sup> APV CWMS Revaluation 2017

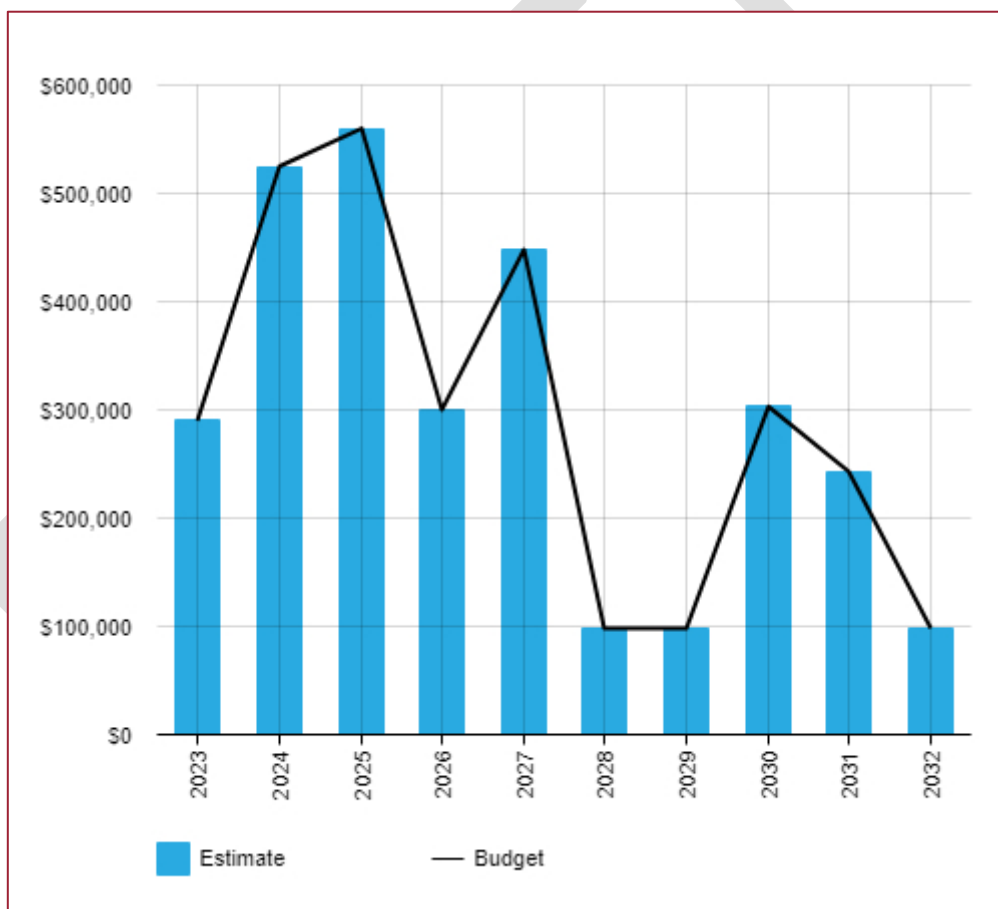
- Have potential to reduce life cycle costs by replacement with a modern equivalent asset that would provide the equivalent service.<sup>7</sup>

Council is continuing to monitor the asset maintenance costs and liaise with its contractors to ensure that operational performance is not being impeded by older failing infrastructure that has high maintenance costs. An example of this is a review of the age of submersible pumps when a failure occurs and a full replacement is undertaken where greater than 70% of the expected life of this pump has been exceeded. That is, many of our submersible pumps are relatively costs effective to undertake a full replacement as the costs associated with process to undertake maintenance of an existing pumps can be 30 – 40% of the costs of installing a new pumps outright.

#### 5.4 Summary of future renewal costs

Forecast renewal costs are projected to increase over time if the asset stock increases. The forecast costs associated with renewals are shown relative to the proposed renewal budget in Figure 5.4.1. A detailed summary of the forecast renewal costs is shown in Appendix D.

**Figure 5.4.1: Forecast Renewal Costs**



All figure values are shown in current day dollars.

The current proposed renewal costs align to the current available budgets. Council undertakes ongoing discussion with its operators on the condition of the assets to validate and determine the remaining useful life of assets. This is based on their age and subsequently any performance or additional maintenance requirement identified.

<sup>7</sup> Based on IPWEA, 2015, IIMM, Sec 3.4.5, p 3|97.

## 5.5 Acquisition Plan

Acquisition reflects are new assets that did not previously exist or works which will upgrade or improve an existing asset beyond its existing capacity. They may result from growth, demand, social or environmental needs. Assets may also be donated to the Council as part of land development.

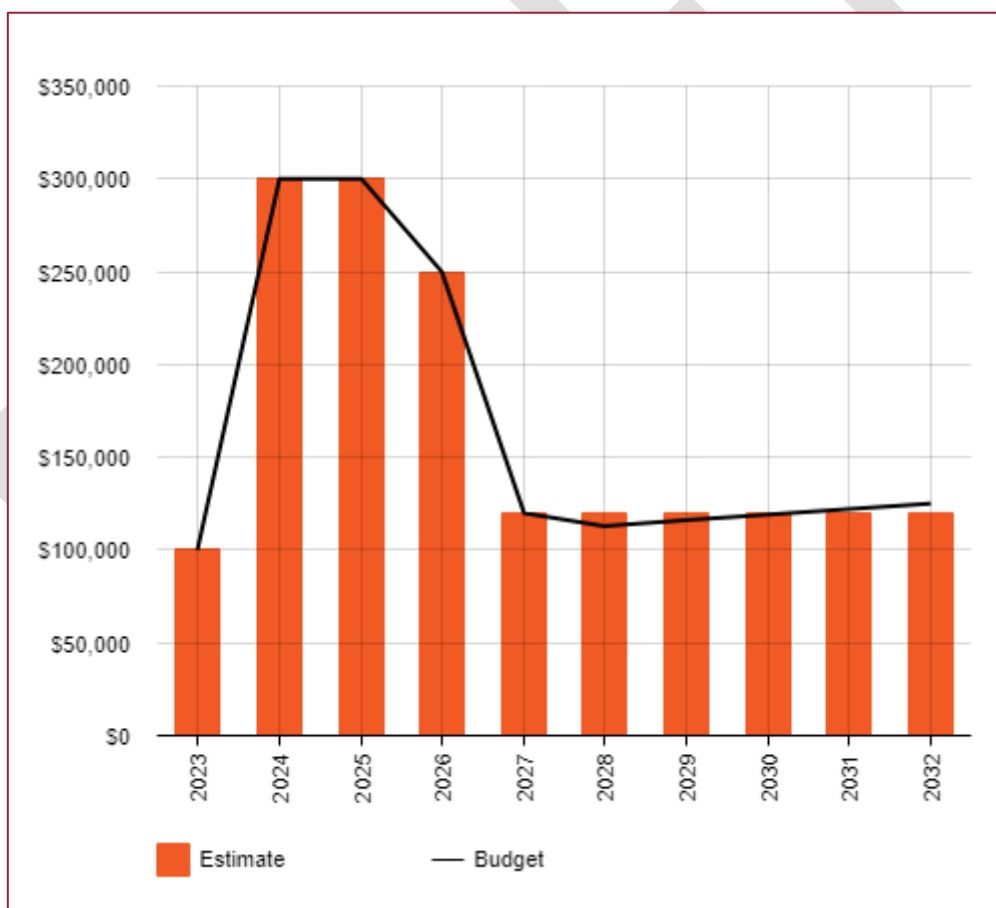
Council does not currently expect to expand its service delivery to its community. In 2022 Council considered the possibility of undertaking a CWMS expansion to the Townships of Summertown, Uraidla and Mylor. The Council determined not to progress with these systems at this time. Whilst a future Council may determine to revisit these potential township expansions no allowance has been made in this Asset Management Plan for acquisition of new assets.

Council has identified existing gravity mains in Woodside and Birdwood that will require capacity upgrades. This is due to their age and the additional in-fill and growth that has occurred in these townships since the original systems were installed.

### Summary of future asset acquisition costs

Forecast acquisition asset costs are summarised / summarized in Figure 5.5.1 and shown relative to the proposed acquisition budget.

**Figure 5.5.1: Acquisition (Constructed) Summary**

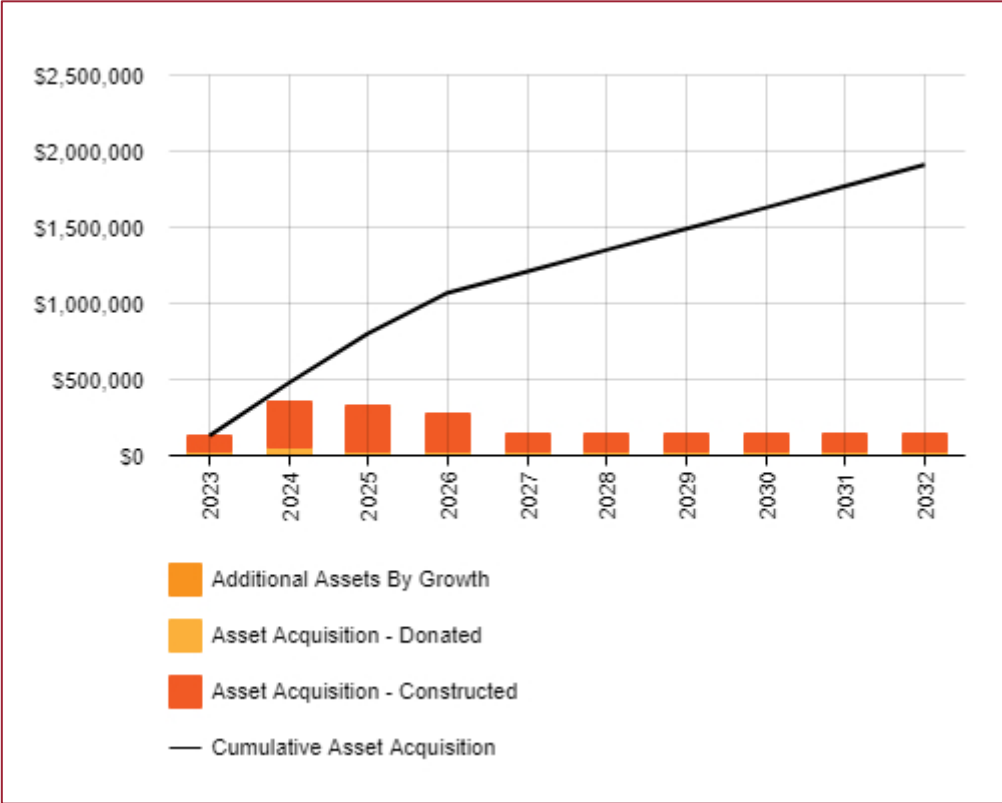


All figure values are shown in current day dollars.

When Council commits to new assets, they must be prepared to fund future operations, maintenance and renewal costs. They must also account for future depreciation when reviewing long term sustainability. When reviewing the long-term impacts of asset acquisition, it is useful to consider the cumulative value of the

acquired assets being taken on by the Entity. The cumulative value of all acquisition work, including assets that are constructed and contributed shown in Figure 5.5.2.

**Figure 5.5.2: Acquisition Summary**



All figure values are shown in current dollars.

Expenditure on new assets and services in the capital works program will be accommodated in the long-term financial plan, but only to the extent that there is available funding.

Whilst council has low growth in its available land there are still associated long term costs that result in these typically donated additional assets. The increase in operational costs may be somewhat dependent on where the growth occurs. That is, in Woodside and Charleston the additional land parcels will require additional SA Water fees for each allotment as part of the treatment process.

It should be noted that additional allotments do in some instances assist in the spreading of the cost base across additional customers, however the overall costs of delivering the services will cost more as more connections to the network occur.

Council has not included the potential growth from 2 major developments that may ultimately feed into the CWMS. These potential developments in Wick Winery Function Centre (Approved) and Stirling Golf Course redevelopment (Proposal). Should these developments eventuate then some changes to the acquisition summary and subsequent operations and maintenance changes would need to be updated in this plan.

**5.6 Disposal Plan**

Council is currently reviewing the woodlot irrigation at the Birdwood Waste Water Treatment Plant (WWTP) in relation to the on-going requirement or all or part of this irrigation network. The irrigation system was initially installed to provide a disposal path for the treated waste water from Birdwood and Mount Torrens from the WWTP. Since the installation of the woodlot irrigation system, disposal paths to the Oval and to a private dam for irrigation purposes have been established. The irrigation system has not been utilized for several years. Significant renewal and maintenance costs may not be required if this system in full or part can be

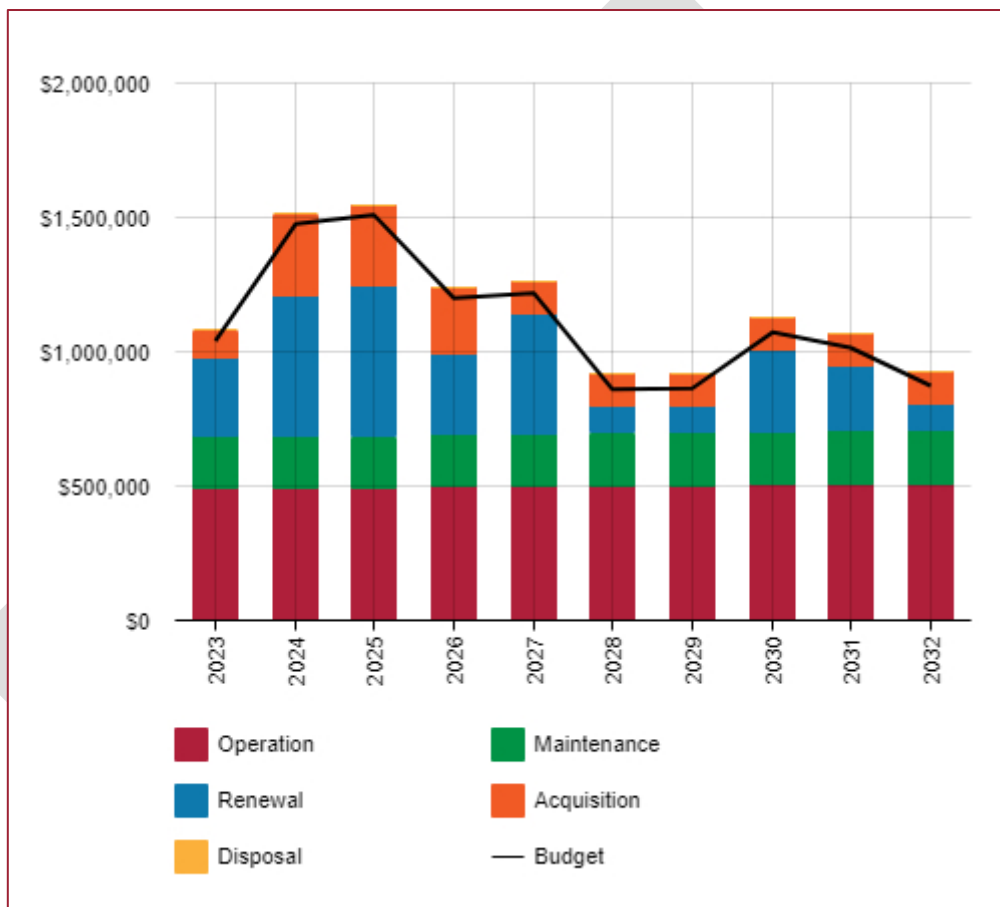
decommissioned. Whilst no allowance has been made in this version of the AMP for a decommissioning of this asset, investigations will be undertaken and any changes to this assets will be updated in future reviews of this document.

### 5.7 Summary of asset forecast costs

The financial projections from this asset plan are shown in Figure 5.7.1. These projections include forecast costs for acquisition, operation, maintenance, renewal, and disposal. These forecast costs are shown relative to the proposed budget.

The bars in the graphs represent the forecast costs needed to minimise the life cycle costs associated with the service provision. The proposed budget line indicates the estimate of available funding. The gap between the forecast work and the proposed budget is the basis of the discussion on achieving balance between costs, levels of service and risk to achieve the best value outcome.

**Figure 5.7.1: Lifecycle Summary**



All figure values are shown in current day dollars.

The available planned budget (currently adopted LTFP) is slightly less than what is considered necessary. The majority of the shortfall is associated with the operations and maintenance cycles, with additional direct costs for the operation and management of pumps stations being a component of the shortfall. The plan also includes additional funding for growth and acquisition associated operational and maintenance that was not previously modelled and subsequently considered in the planned budget. Given that the planned budget estimated a CPI of 2.5%, this updated draft AMP reflects the higher CPI and considers this in the actual required costs for the AMP.

## 6.0 RISK MANAGEMENT PLANNING

The purpose of infrastructure risk management is to document the findings and recommendations resulting from the periodic identification, assessment and treatment of risks associated with providing services from infrastructure, using the fundamentals of International Standard ISO 31000:2018 Risk management – Principles and guidelines.

Risk Management is defined in ISO 31000:2018 as: ‘coordinated activities to direct and control with regard to risk’<sup>8</sup>.

An assessment of risks<sup>9</sup> associated with service delivery will identify risks that will result in loss or reduction in service, personal injury, environmental impacts, a ‘financial shock’, reputational impacts, or other consequences. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, and the consequences should the event occur. The risk assessment should also include the development of a risk rating, evaluation of the risks and development of a risk treatment plan for those risks that are deemed to be non-acceptable.

### 6.1 Critical Assets

Critical assets are defined as those which have a high consequence of failure causing significant loss or reduction of service. Critical assets have been identified and along with their typical failure mode, and the impact on service delivery, are summarised in Table 6.1. Failure modes may include physical failure, collapse or essential service interruption.

**Table 6.1 Critical Assets**

Critical Asset(s)	Failure Mode	Impact
SBR Plant	Tank failure	Effluent not treated to appropriate level before ponds
Treatment/ Storage Lagoons	Structural wall failure or lagoon lining	Effluent discharge to water courses
Pump Stations	Pump failure	Waste water discharge to water course/stormwater
Recycled Waste Water irrigation Systems	Contract failures with third parties	Waste water discharge to watercourse

By identifying critical assets and failure modes an organisation can ensure that investigative activities, condition inspection programs, maintenance and capital expenditure plans are targeted at critical assets.

### 6.2 Risk Assessment

The risk management process used is shown in Figure 6.2 below.

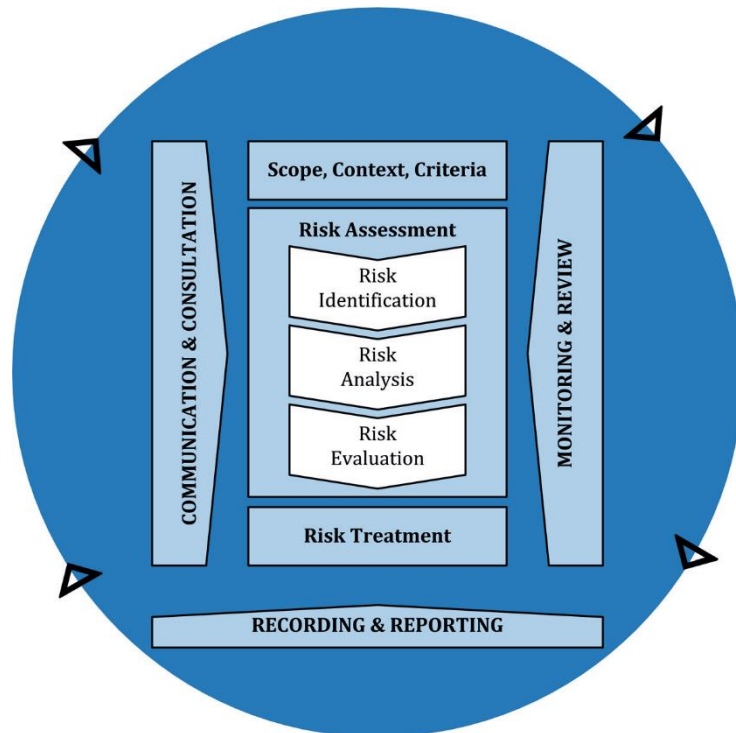
It is an analysis and problem-solving technique designed to provide a logical process for the selection of treatment plans and management actions to protect the community against unacceptable risks.

The process is based on the fundamentals of International Standard ISO 31000:2018.

<sup>8</sup> ISO 31000:2009, p 2

<sup>9</sup> REPLACE with Reference to the Corporate or Infrastructure Risk Management Plan as the footnote





**Fig 6.2 Risk Management Process – Abridged**  
 Source: ISO 31000:2018, Figure 1, p9

The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, development of a risk rating, evaluation of the risk and development of a risk treatment plan for non-acceptable risks.

An assessment of risks<sup>10</sup> associated with service delivery will identify risks that will result in loss or reduction in service, personal injury, environmental impacts, a ‘financial shock’, reputational impacts, or other consequences.

Critical risks are those assessed with ‘Extreme’ (requiring immediate corrective action) and ‘Major’ (requiring corrective action) risk ratings. The residual risk and treatment costs of implementing the selected treatment plan is shown in Table 6.2. It is essential that these critical risks and costs are reported to management and the Adelaide Hills Council elected

<sup>10</sup> REPLACE with Reference to the Corporate or Infrastructure Risk Management Plan as the footnote

**Table 6.2: Risks and Treatment Plans**

Service or Asset at Risk	What can Happen	Risk Rating	Risk Treatment Plan	Residual Risk *	Treatment Costs
CWMS pump station overflow or effluent line blockage	Discharge into water course/environment	Major	Installed high level alarms, upgraded CWMS pump stations with surge tanks and overflow dam. On call staff to manage overflows should they occur	Moderate	Pump out contractor on standby during storm events. Blockages attended to asap
CWMS pump station – pump failure due to power outages	Discharge into water course	Major	Regular servicing of pumps and renewal program. Back up and portable diesel generators	Moderate	Continue to Invest in backup generators at vulnerable sites
Treatment Lagoon Overflow	Discharge into environment/water course	Major	Third party agreements to supply recycled effluent to irrigators	Moderate	Continue to engage with current third party irrigators
Treatment Lagoon/Pump station overflow due to inadequate capacity	Discharge to Environment	Major	Future demand considerations/ renewal of infrastructure	Moderate	Identify areas where future increase in capacity is likely

Note \* The residual risk is the risk remaining after the selected risk treatment plan is implemented.

## 7.0 FINANCIAL SUMMARY

This section contains the financial requirements resulting from the information presented in the previous sections of this AM Plan. The financial projections will be improved as the discussion on desired levels of service and asset performance matures.

### 7.1 Financial Sustainability and Projections

#### 7.1.1 Sustainability of service delivery

There are two key indicators of sustainable service delivery that are considered in the AM Plan for this service area. The two indicators are the:

- asset renewal funding ratio (proposed renewal budget for the next 10 years / forecast renewal costs for next 10 years), and
- medium term forecast costs/proposed budget (over 10 years of the planning period).

#### Asset Renewal Funding Ratio

Asset Renewal Funding Ratio<sup>11</sup> 100.0%

The Asset Renewal Funding Ratio is an important indicator and illustrates that over the next 10 years we expect to have 100.0% of the funds required for the optimal renewal of assets.

The forecast renewal work along with the proposed renewal budget, and the cumulative shortfall, is illustrated in Appendix D.

#### Medium term – 10 year financial planning period

This AM Plan identifies the forecast operations, maintenance and renewal costs required to provide an agreed level of service to the community over a 10 year period. This provides input into 10 year financial and funding plans aimed at providing the required services in a sustainable manner.

This forecast work can be compared to the proposed budget over the first 10 years of the planning period to identify any funding shortfall.

The forecast operations, maintenance and renewal costs over the 10 year planning period is \$993,660 average per year.

The proposed (budget) operations, maintenance and renewal funding is \$946,300 on average per year giving a 10 year funding shortfall of \$47,360 per year. This indicates that 95.23% of the forecast costs needed to provide the services documented in this AM Plan are accommodated in the proposed budget. Note, these calculations exclude acquired assets.

- 7.1.2** Providing sustainable services from infrastructure requires the management of service levels, risks, forecast outlays and financing to achieve a financial indicator of approximately 1.0 for the first years of the AM Plan and ideally over the 10 year life of the Long-Term Financial Plan.

#### Forecast Costs (outlays) for the long-term financial plan

Table 7.1.3 shows the forecast costs (outlays) required for consideration in the 10 year long-term financial plan.

Providing services in a financially sustainable manner requires a balance between the forecast outlays required to deliver the agreed service levels with the planned budget allocations in the long-term financial plan.

Forecast costs are shown in 2022 dollar values.

**Table 7.1.2: Forecast Costs (Outlays) for the Long-Term Financial Plan**

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<sup>11</sup> AIFMM, 2015, Version 1.0, Financial Sustainability Indicator 3, Sec 2.6, p 9.

Year	Acquisition	Operation	Maintenance	Renewal	Disposal
2023	100000	490000	200000	290000	0
2024	300000	491300	196300	525000	0
2025	300000	494800	189800	560000	0
2026	250000	498000	193000	300000	0
2027	120000	500700	195700	448000	0
2028	120000	502100	197100	98000	0
2029	120000	503500	198500	98000	0
2030	120000	504900	199900	303000	0
2031	120000	506300	201300	243000	0
2032	120000	507700	202700	98000	0

## 7.2 Funding Strategy

The proposed funding for assets is outlined in the Entity's budget and Long-Term financial plan.

The financial strategy of the entity determines how funding will be provided, whereas the AM Plan communicates how and when this will be spent, along with the service and risk consequences of various service alternatives.

The cost to deliver the service and undertake the renewals over the 10 year period is used as the lower bound limit to set a base price to charge customers. Council determines the final annual service fee following the annual review of the operations and maintenance and subsequent fair value of asset and the return on capital over and above the lower bound limit. The service is funded directly by the customer through the annual service fee.

Whilst the recommendation of this AMP is to increase the operations and maintenance expenditure to meet the service requirement, this does not necessarily directly change by the same magnitude to the customer. Any change to the base cost does reset the lower bound limit for recovery of costs. However, the customer price is set at the upper bound limit that also includes indirect costs/ overheads and a return on the cost of capital of the fair value of the asset base.

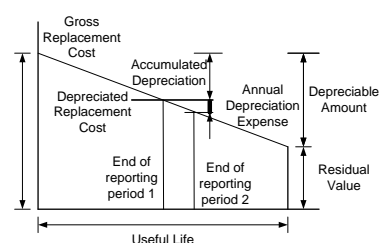
Council proposes to continue to fund its CWMS business on a full cost recovery model in line with the ESCOSA water pricing principles.

## 7.3 Valuation Forecasts

### 7.3.1 Asset valuations

The best available estimate of the value of assets included in this AM Plan are shown below. The assets are valued at Fair Value at replacement costs (2022) of existing service delivery;

Replacement Cost (Current/Gross)	\$21,065,000
Depreciable Amount	\$21,065,000
Depreciated Replacement Cost <sup>12</sup>	\$14,127,000
Depreciation	\$397,000



### 7.3.2 Valuation forecast

Asset values are forecast to increase as additional assets are added from service.

<sup>12</sup> Also reported as Written Down Value, Carrying or Net Book Value.

Additional assets will generally add to the operations and maintenance needs in the longer term. Additional assets will also require additional costs due to future renewals. Any additional assets will also add to future depreciation forecasts.

#### 7.4 Key Assumptions Made in Financial Forecasts

In compiling this AM Plan, it was necessary to make some assumptions. This section details the key assumptions made in the development of this AM plan and should provide readers with an understanding of the level of confidence in the data behind the financial forecasts.

Key assumptions made in this AM Plan are:

- Contract rates will increase by CPI over the term of the AMP
- No additional SA Water charges are included in the effluent disposal charge currently in place
- No changes to the regulatory environment that result in additional operational/ maintenance or capital
- Assumed that the passive (underground) assets are performing in a consistent and expected state based on the asset age.

#### 7.5 Forecast Reliability and Confidence

The forecast costs, proposed budgets, and valuation projections in this AM Plan are based on the best available data. For effective asset and financial management, it is critical that the information is current and accurate. Data confidence is classified on a A - E level scale<sup>13</sup> in accordance with Table 7.5.1.

**Table 7.5.1: Data Confidence Grading System**

Confidence Grade	Description
A. Very High	Data based on sound records, procedures, investigations and analysis, documented properly and agreed as the best method of assessment. Dataset is complete and estimated to be accurate $\pm 2\%$
B. High	Data based on sound records, procedures, investigations and analysis, documented properly but has minor shortcomings, for example some of the data is old, some documentation is missing and/or reliance is placed on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate $\pm 10\%$
C. Medium	Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data are available. Dataset is substantially complete but up to 50% is extrapolated data and accuracy estimated $\pm 25\%$
D. Low	Data is based on unconfirmed verbal reports and/or cursory inspections and analysis. Dataset may not be fully complete, and most data is estimated or extrapolated. Accuracy $\pm 40\%$
E. Very Low	None or very little data held.

The estimated confidence level for and reliability of data used in this AM Plan is shown in Table 7.5.2.

**Table 7.5.2: Data Confidence Assessment for Data used in AM Plan**

Data	Confidence Assessment	Comment
------	-----------------------	---------

<sup>13</sup> IPWEA, 2015, IIMM, Table 2.4.6, p 2 | 71.

Demand drivers	High	
Growth projections	Very High	The townships that are services by the CWMS are in the watershed protection zone so there is well known limitations on growth to some in-fill. Council has determined not to expand the CWMS to other townships.
Acquisition forecast	High	CWMS system capacity well understood and modelled – currently deficiencies have been included in plan
Operation forecast	High	Long term contracts in place for defined services
Maintenance forecast	High	Regular inspections and routine and cyclic maintenance in place
Renewal forecast - Asset values	Medium	2017 valuation and subsequent indices increase annually.
- Asset useful lives	Medium	Survey of remaining useful life required to validate current useful life assumptions
- Condition modelling	Medium	Modelling a combination of asset register and operational input and validation.
Disposal forecast	High	

The estimated confidence level for and reliability of data used in this AM Plan is considered to be High/ Medium Confidence Level.

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## 8.0 PLAN IMPROVEMENT AND MONITORING

### 8.1 Status of Asset Management Practices

#### 8.1.1 Accounting and financial data sources

This AM Plan utilises accounting and financial data. The source of the data is Finesse.

#### 8.1.2 Asset management data sources

This AM Plan also utilises asset management data. The source of the data is Confirm Enterprise Asset Management System

### 8.2 Improvement Plan

It is important that an entity recognise areas of their AM Plan and planning process that require future improvements to ensure effective asset management and informed decision making. The improvement plan generated from this AM Plan is shown in Table 8.2.

**Table 8.2: Improvement Plan**

Task	Task	Responsibility	Resources Required	Timeline
1	Document asset maintenance plan for treatment and pump stations	CWMS Technical Officer	Existing internal and Council Contractor	2022
2	Revaluation of asset and condition audit of above ground active assets	Manager Strategic Assets	External Valuer	2023
3	CCTV inspection of select underground services to validate condition assumptions of gravity and pressure network	Manager Strategic Assets	External specialized inspection company	2025
4	Consider real time monitoring of effluent treatment via 'Trility software'	Manager Strategic Assets	Contractor Trility	2022/23
5	Consider CCTV at treatment plant to have live feed to assess and management of alarm notification.	Manager Strategic Assets	Contractor Trility	2022/23
6	Update compliance plan to align with feedback from ESCOSA annual reporting.	CWMS Technical Officer	Existing	2022
7	Review and update trade waste policy to ensure disposal compliance reduce impact on assets	CWMS Technical Officer	Existing	2022/23
8	CCTV inspection of select underground services to validate condition assumptions of gravity and pressure network	Manager Strategic Assets	External specialized inspection company	2029
9				
10				

### 8.3 Monitoring and Review Procedures

This AM Plan will be reviewed during the annual budget planning process and revised to show any material changes in service levels, risks, forecast costs and proposed budgets as a result of budget decisions.

The AM Plan will be reviewed and updated annually to ensure it represents the current service level, asset values, forecast operations, maintenance, renewals, acquisition and asset disposal costs and planned budgets. These forecast costs and proposed budget are incorporated into the Long-Term Financial Plan or will be incorporated into the Long-Term Financial Plan once completed.

The AM Plan has a maximum life of 4 years and is due for complete revision and updating within 2 years of each Adelaide Hills Council election.

#### **8.4 Performance Measures**

The effectiveness of this AM Plan can be measured in the following ways:

- The degree to which the required forecast costs identified in this AM Plan are incorporated into the long-term financial plan,
- The degree to which the 1-5 year detailed works programs, budgets, business plans and corporate structures consider the 'global' works program trends provided by the AM Plan,
- The degree to which the existing and projected service levels and service consequences, risks and residual risks are incorporated into the Strategic Planning documents and associated plans,
- The Asset Renewal Funding Ratio achieving the Organisational target 90 – 110%.

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## 9.0 REFERENCES

- IPWEA, 2006, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australasia, Sydney, [www.ipwea.org/IIMM](http://www.ipwea.org/IIMM)
- IPWEA, 2015, 3rd edn., 'International Infrastructure Management Manual', Institute of Public Works Engineering Australasia, Sydney, [www.ipwea.org/IIMM](http://www.ipwea.org/IIMM)
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- IPWEA, 2020 'International Infrastructure Financial Management Manual', Institute of Public Works Engineering Australasia, Sydney
- IPWEA, 2018, Practice Note 12.1, 'Climate Change Impacts on the Useful Life of Assets', Institute of Public Works Engineering Australasia, Sydney
- IPWEA, 2012, Practice Note 6 Long-Term Financial Planning, Institute of Public Works Engineering Australasia, Sydney, <https://www.ipwea.org/publications/ipweabookshop/practicenotes/pn6>
- IPWEA, 2014, Practice Note 8 – Levels of Service & Community Engagement, Institute of Public Works Engineering Australasia, Sydney, <https://www.ipwea.org/publications/ipweabookshop/practicenotes/pn8>
- ISO, 2014, ISO 55000:2014, Overview, principles and terminology
- ISO, 2018, ISO 31000:2018, Risk management – Guidelines
- Strategic Plan 2020 – 2024,
- Annual Plan and Budget 2021\_22.

## 10.0 APPENDICES

### Appendix A Acquisition Forecast

#### A.1 – Acquisition Forecast Assumptions and Source

The acquisition relates to increase capacity of the old network that has since its initial construction has in sections reached capacity due to greater density of housing across the townships. The outer years reflect on-going investment to reduce the potential impact associated with power and pump failures and the risk of discharge to the environment.

#### A.2 – Acquisition Project Summary

The project titles included in the lifecycle forecast are included here.

Year	Project	\$ Estimate
2023	Church Street Backup	\$ 100,000.00
2024	Stage 1 jacaranda to Pump Station 1	\$ 300,000.00
2025	Stage 2 - Jacaranda to Pump Station 1	\$ 300,000.00
2026	Lange Crs to Church Street Pump Station	\$ 250,000.00
2027	Backup Power Charleston and Felix Street	\$ 120,000.00
2028	Capacity and Backup	\$ 120,000.00
2029	Capacity and Backup	\$ 120,000.00
2030	Capacity and Backup	\$ 120,000.00
2031	Capacity and Backup	\$ 120,000.00
2032	Capacity and Backup	\$ 120,000.00

#### A.3 – Acquisition Forecast Summary

*Table A3 - Acquisition Forecast Summary*

Year	Constructed	Donated	Growth
2023	100000	30000	0
2024	300000	50000	0
2025	300000	20000	0
2026	250000	20000	0
2027	120000	20000	0
2028	120000	20000	0
2029	120000	20000	0
2030	120000	20000	0
2031	120000	20000	0
2032	120000	20000	0

**Appendix B    Operation Forecast**

**B.1 – Operation Forecast Assumptions and Source**

There is an assumption that as the number of allotment increase additional operational costs will apply – this includes additional pump outs, costs to SA Water for treatment and similar direct costs associated with each new customer.

**B.2 – Operation Forecast Summary**

*Table B2 - Operation Forecast Summary*

Year	Operation Forecast	Additional Operation Forecast	Total Operation Forecast
2023	465000	650	495000
2024	465000	1750	490650
2025	465000	1600	492400
2026	465000	1350	494000
2027	465000	700	495350
2028	465000	700	496050
2029	465000	700	496750
2030	465000	700	497450
2031	465000	700	498150
2032	465000	700	498850



**Appendix C Maintenance Forecast**

**C.1 – Maintenance Forecast Assumptions and Source**

As the amount of customers increase it is considered that some additional maintenance will be required as the active components of the system such as pumps are working more to deal with the additional inflow and treatment.

**C.2 – Maintenance Forecast Summary**

*Table C2 - Maintenance Forecast Summary*

Year	Maintenance Forecast	Additional Maintenance Forecast	Total Maintenance Forecast
2023	185000	1300	185000
2024	185000	3500	186300
2025	185000	3200	189800
2026	185000	2700	193000
2027	185000	1400	195700
2028	185000	1400	197100
2029	185000	1400	198500
2030	185000	1400	199900
2031	185000	1400	201300
2032	185000	1400	202700



## Appendix D Renewal Forecast Summary

### D.1 – Renewal Forecast Assumptions and Source

The renewal plan is a combination of the most recent condition valuation audit of 2017 that is the basis for the asset register and then the operational knowledge of the internal civil service team that have managed the pump stations and also advice on current condition of assets from the treatment facilities contractor.

### D.2 – Renewal Project Summary

The project titles included in the lifecycle forecast are included here.

Year	Project	\$ Estimate
		\$
2023	Control cabinets	100,000.00
		\$
2023	Pump Renewals	60,000.00
		\$
2023	Lagoon Fencing	80,000.00
		\$
2023	Kersbrook Pond Rehabilitation	50,000.00
		\$
2024	Includes Woodside Gravity Stage 1	525,000.00
		\$
2025	Includes Woodside Gravity Stage 2	560,000.00
		\$
2026	Includes Birdwood Stage 1 Gravity	300,000.00
		\$
2027	Includes Stage 2 Gravity Main Birdwood	448,000.00
		\$
2028	General Renewal including Pumps	98,000.00
		\$
2029	General Renewal including Pumps	98,000.00
		\$
2030	Includes liner primary pond Birdwood	303,000.00
		\$
2031	includes secondary lagoon Birdwood	243,000.00
		\$
2032	General Renewal including Pumps	98,000.00

D.3 – Renewal Forecast Summary

Table D3 - Renewal Forecast Summary

Year	Renewal Forecast	Renewal Budget
2023	290000	290000
2024	525000	525000
2025	560000	560000
2026	300000	300000
2027	448000	448000
2028	98000	98000
2029	98000	98000
2030	303000	303000
2031	243000	243000
2032	98000	98000

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Table E3 – Disposal Activity Summary

Year	Disposal Forecast	Disposal Budget
2023	0	0
2024	0	0
2025	0	0
2026	0	0
2027	0	0
2028	0	0
2029	0	0
2030	0	0
2031	0	0
2032	0	0

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**Appendix F Budget Summary by Lifecycle Activity**

*Table F1 – Budget Summary by Lifecycle Activity*

Year	Acquisition	Operation	Maintenance	Renewal	Disposal	Total
2023	100000	465000	185000	290000	0	1040000
2024	300000	465000	185000	525000	0	1475000
2025	300000	465000	185000	560000	0	1510000
2026	250000	465000	185000	300000	0	1200000
2027	120000	465000	185000	448000	0	1218000
2028	113000	465000	185000	98000	0	861000
2029	116000	465000	185000	98000	0	864000
2030	119000	465000	185000	303000	0	1072000
2031	122000	465000	185000	243000	0	1015000
2032	125000	465000	185000	98000	0	873000

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**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 15 August 2022  
AGENDA BUSINESS ITEM**

**Item:** 8.2

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

**Subject:** 2021-22 End of Financial Year Update

**For:** Information

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**SUMMARY**

This report provides the Audit Committee with an update of Council's preliminary Operating Result before Capital for the 2021-22 financial year and the status of the preparatory work for the end of year audit.

The preliminary surplus result of \$2.369m is currently \$762k favourable to budget. The favourable operating result to budget is largely driven by the early receipt of Financial Assistance Grant funding in the order of \$687k together with some favourable variances in statutory fees with development income and user charges including cemetery income.

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 remediation provisioning, accounting for Council's subsidiaries' results as well as depreciation and other asset adjustments.

Administration presented an End of Financial Year reporting timetable to the Audit Committee on 23 May 2022 and remains confident that all significant preparatory work will be completed in advance of the final audit visit by Galpins scheduled for late September 2022.

**RECOMMENDATION**

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

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**1. 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 the 22 September 2022.

In relation to the 2021-22 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 23 August 2022 meeting.

As the report provides Council with a preliminary view of Council's financial performance to budget for the year ended 30 June 2022, 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 result and Statement of Financial Position 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 2022.

## 2. ANALYSIS

### ➤ 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 2021-22 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:

- Early receipt of nearly all of the 2022-23 Financial Assistance Grant in June 2022 offset by 50% of the 2021-22 Financial Assistance Grant which was received in June 2021 impacting Council's Operating Surplus in the order of \$687k
- \$1.649m relating to the Federal Government Local Roads and Community Grant Phase 2 and Phase 3 programs 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**

Consultation on the development of this report was as follows:

*Council Committees:* Not applicable.  
*Council Workshops:* Not applicable.  
*Advisory Groups:* Not applicable.  
*External Agencies:* Not applicable.  
*Community:* Not applicable.

➤ **Additional Analysis**

**Overall Preliminary Result compared to budget**

<b>\$'000</b>	<b>Actual 2021-22 \$'000</b>	<b>Budget 2021-22 \$'000</b>	<b>Variance Fav/(Unfav) \$'000</b>
Operating income	52,182	51,740	442
Operating expenditure	49,813	50,133	319
<b>Operating Surplus before Capital</b>	<b>2,369</b>	<b>1,607</b>	<b>762</b>

Council's preliminary Operating Surplus before Capital is \$2.369m which is \$762k favourable to Council's budget. There still will be further adjustments to occur as part of the finalisation of the statutory accounts.

The favourable operating result to budget is largely driven by some favourable income variances including cemetery income \$117k, development income \$96k, and the early receipt of Financial Assistance Grant funding in the order of \$687k 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 the Financial Assistance Grant 2021-22 LRCIP funding include:

- 2021-22 Local Roads and Community Infrastructure Program unfavourable variance of \$240k to budget due to timing of Phase 1, 2 and grants receipts compared to budget
- Gumeracha Court Resurfacing Grant totalling \$220k budgeted in 2021-22 that is currently being considered for accrual or to be carried forward

More significant expenditure variances to budget include:

- Favourable Operating Initiatives still to be expended and to be carried forward to 2022-23 totalling \$144k
- Favourable depreciation to budget of \$322k noting that asset capitalisation is still to be finalised
- Unfavourable increase in annual leave employee entitlements to budget in the order of 134k

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 and long service leave balances, adjustments for asset and rate debtor write-off, depreciation and Council's subsidiary results.

### Net Borrowings Position

Excluding leases, borrowings at 30 June 2022 were \$14.2m, represented by a fixed term interest only loan of \$5m and a short term drawdown facility drawn down to \$9.2m at year end. This compares with Council's budgeted borrowings at 30 June 2022 of \$18.3m which was based on borrowings at the end of the previous year of \$10.2m and budgeted borrowings for the 2021-22 financial year of \$8.1m.

\$'000	Actual June 22 \$'000	Budget June 22 \$'000	Variance \$'000	June 2021 Balances \$'000
Cash & Investments	3,216	637	2,579	199
Short term drawdown	(9,206)	(5,177)	(4,029)	(5,200)
Fixed Term Loans	(5,000)	(13,100)	8,100	(5,000)
<b>Total Borrowings</b>	<b>(14,206)</b>	<b>(18,277)</b>	<b>4,071</b>	<b>(10,200)</b>
<b>Net Position</b>	<b>(10,990)</b>	<b>(17,640)</b>	<b>6,650</b>	<b>(10,001)</b>

### Overall Capital Result

\$'000	Actual 2021-22 \$'000	Budget 2021-22 \$'000	Variance Fav/(Unfav) \$'000
Capital Income	2,770	3,492	(722)
Capital Expenditure	17,164	21,836	4,672
<b>Net expenditure - Capital projects</b>	<b>14,394</b>	<b>18,344</b>	<b>3,950</b>
Proposed Capital Expenditure Carry Forwards			(4,401)
Proposed Capital Income Carry Forwards			502
<b>Overall Capital Result - favourable</b>			<b>51</b>

The preliminary results show a capital spend of \$17.164m against a budget of \$21.836m. In comparing to budget, it is noted that there is an overall underspend of \$4.672m of which it is proposed to carry forward capital expenditure in the order of \$4.4m across approximately 60 projects.

As highlighted in the above table, overall, there is a small net savings on the 2021-22 Capital Works Program.

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 23 August 2022 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 the potential for some possibly significant end of year 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
- finalisation of long service leave balances
- finalisation of capitalisation of project costs, review of depreciation and capital work in progress write-off consideration
- 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 2022.

## **3. 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 2021-22 financial statements.

**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 15 August 2022  
AGENDA BUSINESS ITEM**

**Item:** 8.3

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

**Subject:** Debtors Report

**For:** Information

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#### **SUMMARY**

In accordance with the 2022 Work Plan a debtors report is provided to the Audit Committee for consideration.

This report covers the period ending 30 June 2022.

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

#### **RECOMMENDATION**

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

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#### **1. 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 2021 was presented to the Audit Committee on 14 February 2022.

## 2. ANALYSIS

### ➤ 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**

Consultation on the development of this report was as follows:

<i>Council Committees:</i>	Not applicable
<i>Council Workshops:</i>	Not applicable
<i>Advisory Groups:</i>	Not applicable
<i>External Agencies:</i>	Not Applicable
<i>Community:</i>	Not applicable

➤ **Additional 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 16 August 2021.

The impacts of the Cudlee Creek Bushfires and Covid-19 are still being felt within parts of the community. Council continues to support those affected through the updated *Rating Policy* and separate *Debt Recovery Policy* to provide guidance on financial hardship and emphasise a number of alternative arrangements available to ratepayers.

Alternative arrangements highlighted in the relevant policies include:

- 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 plan in place.

Following a two year pause, legal action and debt recovery follow up by Council's debt collection agency will recommence for the 2022-23 financial year, noting that the 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 five (5) year ends, summarised by category.

**Rate Debtor Comparison across Financial Years \$'000**

Debtors	June 2018	June 2019	June 2020	June 2021	June 2022
Rates General	\$1,476	\$1,499	\$1,846	\$1,918	\$2,209
Provision	-	\$222	\$342	\$352	\$434
	<b>\$1,476</b>	<b>\$1,278</b>	<b>\$1,503</b>	<b>\$1,566</b>	<b>\$1,775</b>
Rate Revenue	<b>\$35,513</b>	<b>\$37,186</b>	<b>\$38,649</b>	<b>\$40,264</b>	<b>\$41,602</b>
% Outstanding to Rates Raised	<b>4.4%</b>	<b>3.4%</b>	<b>3.9%</b>	<b>3.8%</b>	<b>4.3%</b>
Rates Postponed	\$75	\$95	\$129	\$128	\$150

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 four years.

Financial Year Ending	Prior to 2018-19 \$000s	2018-19 \$000s	2019-20 \$000s	2020-21 \$000s	2021-22 \$000s	Total \$000s
30 June 2022	\$516	\$79	\$216	\$434	\$963	\$2,209
30 June 2021	\$512	\$104	\$363	\$940	-	\$1,918
30 June 2020	\$538	\$157	\$1,102	-	-	\$1,846
30 June 2019	\$623	\$780	-	-	-	\$1,499

As can be seen from the above tables, current policy settings and an increased emphasis on ratepayers making more regular payments (not necessarily quarterly) has maintained balances outstanding at a manageable level.

**Update on Review of Properties Identified for Section 184 or 210 Action**

In accordance with section 184(1) of the *Local Government Act 1999*, if an amount payable by way of rates has been in arrears for three years or more the council may sell the property.

The Administration has identified a number of properties with rates in arrears by three years or more and is currently working with the Property team to consider potential sale options.

A number of these properties relate to either deceased estates or where rate notices have been unable to be delivered for many years.

	No	2020-21 Balance	2020-21 Provision		2021-22 Balance	2021-22 Provision
<b>Section 210 Public Road</b>	4	\$52,997	\$52,997	4	\$58,922	\$58,922
<b>Likely to be vested in Council</b>	1	\$42,417	\$42,417	1	\$46,480	\$46,480
<b>Sect 184/185</b>	5	\$78,520	\$78,520	10	\$195,740	\$195,740
<b>Rate Debts Fully provided</b>	10	\$173,934	\$173,934	15	\$301,142	\$301,142
<b>Sect 184/185/Other</b>	13	\$336,394	\$178,417	8	\$257,448	\$133,375
<b>TOTAL</b>	<b>23</b>	<b>\$510,328</b>	<b>\$352,351</b>	<b>23</b>	<b>\$558,590</b>	<b>\$434,517</b>

The above table has been updated to reflect the balances owing as at 30 June 2022 on these properties from the generation of 2021-22 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 by \$82k to \$434k to reflect an updated assessment of what proceeds, if any, can be achieved as a result of finalising action on these properties.

It is anticipated that action to progress to sale under S184 will be undertaken prior to the end of the 2022 calendar year after consultation with the property team.

There are currently three (3) properties identified as a S184 that could reasonably be offered to the market for sale. The value of rates outstanding as at 30 June 2022 is \$87,574.

Assessment	Locality	Rates Owning
1264	Cleland	\$39,730
1711	Uraidla	\$23,653
18752	Woodside	\$24,190

### **Sundry Debtors**

A summary of the Aged Debtors as at 30 June 2022 has been provided below with the total Sundry debtors outstanding totalling \$262,274.

To provide further information, the miscellaneous category has been broken down into the subcategories of AHBTC, Other Councils, Property, Sport and Recreation 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.

Description	TOTAL	<30 Days	<60 Days	<90 Days	<120 Days	<150 Days	>150 Days
AHBTC	26,095	26,095	0	0	0	0	0
Burial Fees	70,777	61,564	9,063	100	0	0	50
Fire Hazard Reduction	3,935	0	0	0	3,935	0	0
Food Premises Inspection	6,002	1,002	1,507	786	524	0	2,184
Grants Receivable	0	0	0	0	0	0	0
Miscellaneous (Other)	25,500	25,196	0	304	0	0	0
Other Councils	3,419	3,419	0	0	0	0	0
Private Works	799	0	799	0	0	0	0
Property	2,055	0	1,255	70	0	730	0
Road Rent	691	0	0	140	0	0	551
Sport & Recreation	123,000	123,000	0	0	0	0	0
<b>TOTAL: 30/6/2022</b>	<b>262,274</b>	<b>240,276</b>	<b>12,624</b>	<b>1,400</b>	<b>4,459</b>	<b>730</b>	<b>2,785</b>

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

Description	TOTAL	<30 Days	<60 Days	<90 Days	<120 Days	<150 Days	>150 Days
TOTAL: 31/12/2021	123,522	67,035	43,405	6,584	2,793	0	3,705
TOTAL: 30/6/2021	1,026,374	863,133	126,520	9,730	3,896	196	22,899
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 2022, the following points of clarification are provided:

- Burial fees are primarily within our current payment terms of 30 days.
- In accordance with S105J(9)(a) of the *Fire and Emergency Services Act 2005*, Council will send letters to the ten (10) Fire Hazard Reduction debtors to advise that they have fourteen (14) days in which to make payment before the debt will be attached to their properties as rate arrears.
- There were eight (8) food premises inspection debtors >150 days as at 30 June 2022 totalling \$2,184. Of these:
  - Seven (7) debtors are for small value debts of \$131 each which may be uneconomical to pursue but will be considered for referral to debt collection agency;
  - The largest (and oldest) debtor totalling \$1,265 remains with the debt collection agency. Efforts to serve notice on the debtor has been difficult due to an inability to locate them easily. A skip trace has been initiated previously but the debt remains unpaid.
- Contributions from Council to various hills sporting groups to undertake facility upgrades has been separately identified as a new group of debtors. All outstanding debts are within our current payment terms of 30 days. At this stage no follow up action is required as yet.

It is also noted that with the small amount of sundry debtors in total and the resultant amount > 90 days, consideration will be given to reporting sundry debtors annually similarly to Rate Debtors at the August Audit Committee meeting when the next Audit Committee Plan is prepared.

**3. OPTIONS**

The Audit Committee is limited to receiving this report.

**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 15 August 2022  
AGENDA BUSINESS ITEM**

**Item:** 8.4

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

**Subject:** Placement of Council's Insurance Portfolio 2022-2023

**For:** Information

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**SUMMARY**

To provide the Audit Committee with an overview of Council's insurance portfolio for 2022-2023

**RECOMMENDATION**

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

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**1. 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 Performance 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 Development Agreements and individual Employment Agreements, which provides a benefit to employees for up to two years for accident or illness, injury dependant.

### **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 Return to Work 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.

## **2. ANALYSIS**

### ➤ **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 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  
*External Agencies:* Not Applicable  
*Community:* Not Applicable

➤ **Additional Analysis**

The following provides a summary of the cost of Council’s insurance portfolio which increased approximately 2% 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 or not known at this time:

<b>Insurance Class</b>	<b>2019-20 ('000 excl GST)</b>	<b>2020-21 ('000 excl GST)</b>	<b>2021-22 ('000 excl GST)</b>	<b>2022-23 ('000 excl GST)</b>
LGA Workers Compensation Scheme	408 (27)	425 (358)	463 (397)	431 (0)
LGA Asset Mutual Fund	276 (34)	293 (19)	360 (14)	399 (7.5)
LGA Income Protection Fund	263 (0)	262 (0.5)	285 (9)	285 (0)
LGA Mutual Liability Scheme	303 (28)	312 (133)	327 (139)	344 (0)
Ad Hoc Hall Hirers	2	2.5	3.5	3.7
Roadside Stalls	4	1	1.1	1.3
Advisory Groups	5	5	3.2	3.6
Personal Accident (incl Elected Members)	2	2	2.1	2.2
Community Care Contractors	1	1	1	1.4
Journey	13	13.5	14	16.5
<b>TOTAL</b>	<b>1,277</b>	<b>1,317</b>	<b>1,460</b>	<b>1,488</b>

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

- Local Government Risk Services (LGRS) continued to advise 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, there is no known rebate provided at this time, and whilst there was an increase in declared salary and wages of 4.7% the premium decreased by 6.75% in 2022-23.
- The Asset Mutual Fund increased 11%, explained by the work undertaken to improve asset information provided to the Scheme.
- Income Protection remained steady with Nil (0%) increase, even with a 4.7% increase in declared salary and wages being advised.
- The Mutual Liability Scheme increased 5% explained by market conditions as advised by LGRS.
- Employee Journey increased 18% based claims history and market conditions. It is noted that this class of insurance premium has remained stable for many years previously.

**3. OPTIONS**

The Committee has the following options:

- I. To note the status of Council’s insurance portfolio for 2022-2023 as presented. (Recommended).
- II. To recommend additions or changes to the insurance portfolio. (Not Recommended)

**4. APPENDIX**

Nil

**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 15 August 2022  
AGENDA BUSINESS ITEM**

**Item:** 8.5

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

**Subject:** Risk Management Plan Update August 2022

**For:** Information

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**SUMMARY**

This report provides the Audit Committee with an update on Risk Management activities including the current status of the Strategic Risk Profile and Management Plan.

In relation to the Strategic Risk assessments, there has been the following change since the February 2022 assessment.

- Inherent Risk: Nil (0) Change
- Residual Risk: Medium residual risk is steady at 83%  
Low residual risk is steady at 8%
- Target Risk: Medium target risk is steady at 75%  
Low target risk is steady at 25%
- New Mitigation(s): Six (6) new mitigations
- Completed: Decrease from 64% (76) to 61% (78) with four (4) completed actions
- In Progress: Increase from 25% (24) to 32% (31)
- Not Commenced: Decrease from 11% (10) to 7% (7)

In relation to the Corporate Risk Framework, the SkyTrust Software Council uses for managing its WHS and other obligations has had its Corporate Risk Module populated with information from the previously used Strategic Risk Register spreadsheets. A copy of the *SkyTrust Strategic Risk Register* is at **Appendix 1**.

**RECOMMENDATION**

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

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## 1. 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**.

## 2. ANALYSIS

### ➤ 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.

➤ **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  
*External Agencies:* Not Applicable  
*Community:* Not Applicable

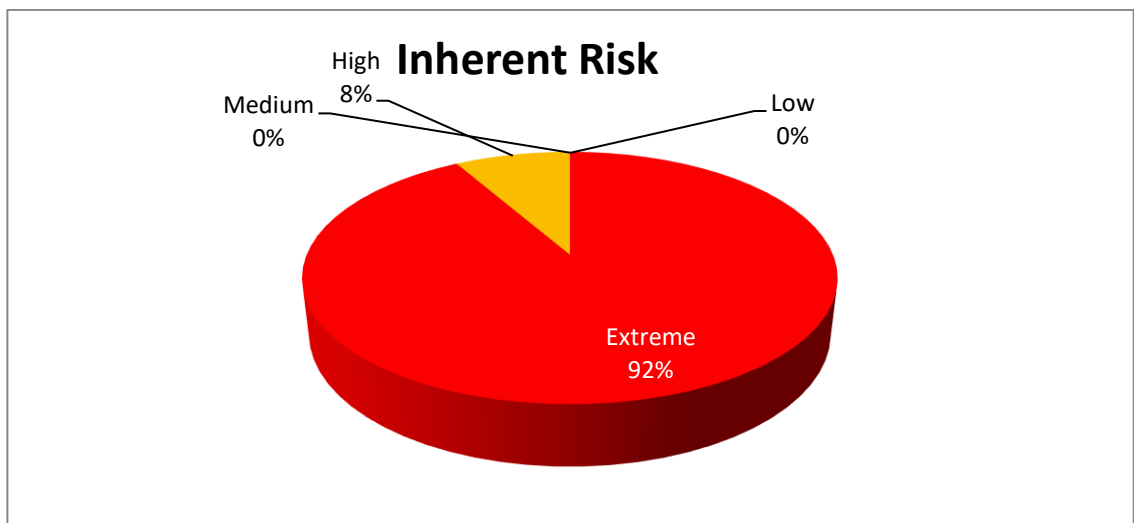
➤ **Additional Analysis**

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.

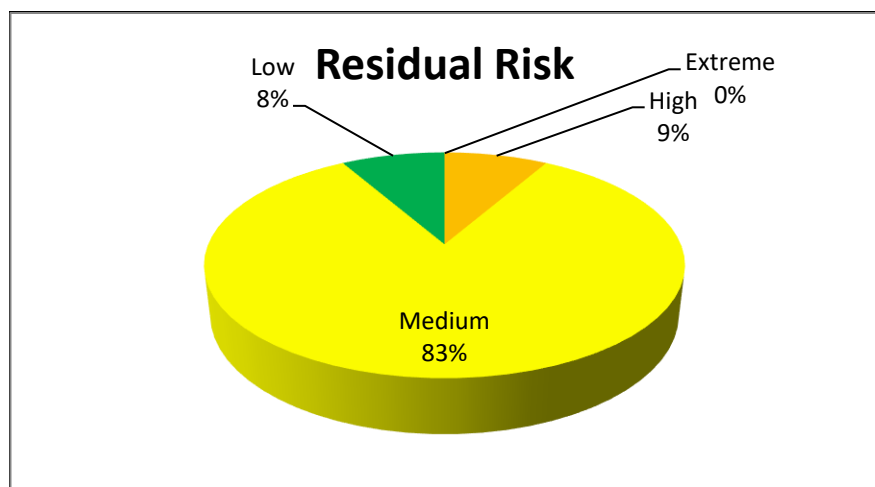
The Strategic Risks were recently reassessed and the following diagrams depict the Inherent, Residual and Target ratings.

There has been no change to the Inherent risk ratings from the May 2022 assessment.



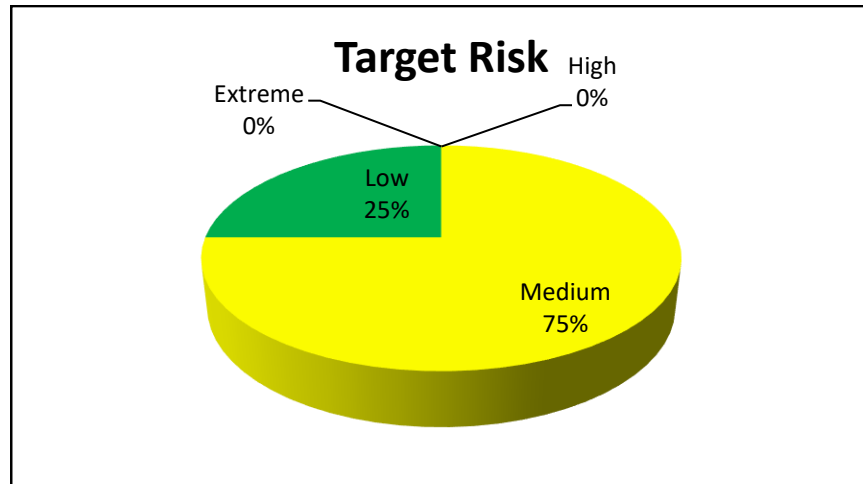
Officers regularly review their risks and mitigations, and the Residual Risk rating identifies the following changes since the May 2022 assessment:

- Medium residual risk is steady at 83%
- Low residual risk is steady at 8%



Officers regularly review their risks and mitigations, and the Target Risk rating identifies the following changes since the May 2022 assessment:

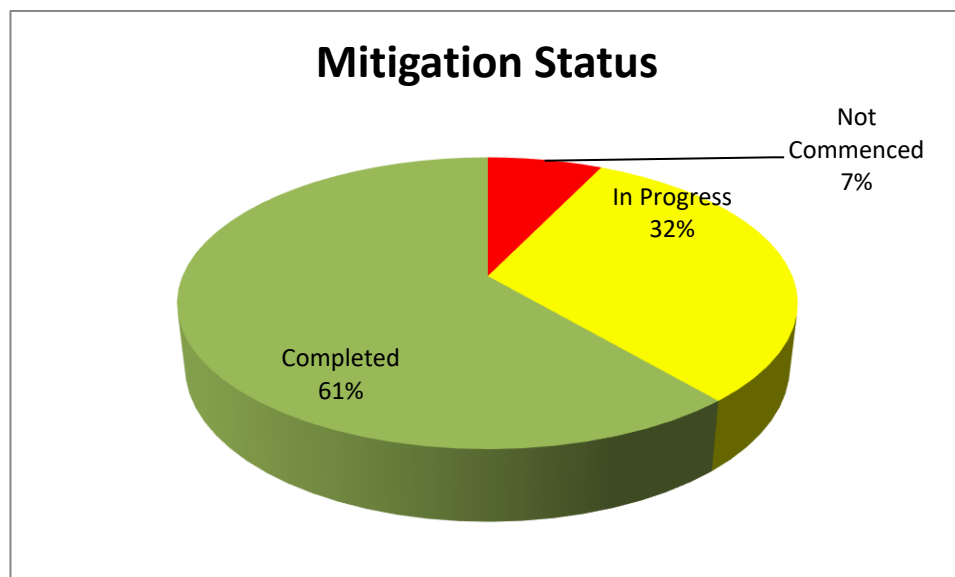
- Medium target risk is steady at 75%
- Low target risk is steady at 25%



The implementation of Mitigation Actions has been progressing steadily with increased new mitigations from risk owners undertaking their latest assessments in line with the 2022-23 Annual Business Plan adoption. The current status is as follows:

Status	November 2021	February 2022	May 2022	August 2022
<b>Completed</b>	57% (60 actions)	62% (73 actions)	64% (76 actions)	61% (78 actions)
<b>In Progress</b>	28% (29 actions)	26% (25 actions)	25% (24 actions)	32% (31 actions)
<b>Not Commenced</b>	15% (16 actions)	12% (12 actions)	11% (10 actions)	7% (7 actions)
<b>New Initiatives (in above totals)</b>	1 New Mitigation	Nil (0) New Mitigations	Nil (0) New Mitigations	Six (6) New Mitigations

This is shown diagrammatically below:





### Risk Management Framework

As identified through an action in the Strategic Risk Register, the Administration has continued to work on the Risk Management Framework. This process was held up somewhat until a suitable software solution could be sourced and trialled. This trial is occurring and whilst the Administration is in early learning, it is envisaged further development including the reporting elements will provide positive benefits, operating efficiencies and deliver a sound and robust risk management framework.

### **3. 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).

### **4. APPENDIX**

- (1) Strategic Risk Register – August 2022

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# **Appendix 1**

*Strategic Risk Register – August 2022*

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Risks From: Date Not Specified  
 Department: All  
 Team: All  
 Location/Project: All  
 Risk Assessment Type: Corporate  
 Risk Type: Strategic  
 Risk Category: Assets & Infrastructure, Clinical, Community Health & Wellbeing, Compliance, Cultural Heritage, Environment, Financial, Governance, Legal & Compliance, Growth & Prosperity, Information Technology, Other, People & Culture (Includes WHS), Service Delivery

Department	Risk ID	Risk Title	Date Added	Description	Responsible Person	Possible Risk Events	Possible Consequences	Initial Risk Score	Initial Risk Comments	Residual Risk Score	Residual Risk Comments	Date Last Modified	Risk Control Type	Control Details	Reviewer	Next Review Date	Last Review Date	Control Effectiveness
Adelaide Hills Council	170965	Strategic Risk	26/02/2021	Failure to exercise, perform and discharge the powers, functions and duties under legislation, contracts, leases and policies (PR)	Lachlan Miller	Cause: - 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)	Impact: - Legislative/contractual/lease/policy 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	21 (Extreme) (40) 84.00%	Council has obligations under many different legislative, policy and contractual instruments	9 (Medium) (30) 36.00%	Notwithstanding many controls in place, few are systematised and most are administrative controls which rely on the diligence/knowledge of the Council Officer.	7/08/2022		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, MIS 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.	Lachlan Miller	3/02/2023	7/08/2022	PARTIALLY EFFECTIVE (Designed Partially Adequately; Operating Partially Effectively)
Adelaide Hills Council	170963	Strategic Risk	26/02/2021	Failure to act as a representative, informed and responsible decision-maker in the interests of the community. (PR)	Lachlan Miller	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) - Failure to engage in sector-wide reform initiatives (CR81)	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.	22 (Extreme) (51) 88.00%	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.	9 (Medium) (30) 36.00%	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.	7/08/2022		CR2 (Poor representation arrangements which leads to decisions that are not made in the best interests of the community) - Provisions of Chap 3 of the LG Act regarding composition of councils and wards, mandated representation review, voluntary representation review, 2017 ER completed, Strategic Boundary Review report.	Lachlan Miller	3/02/2023	7/08/2022	PARTIALLY EFFECTIVE (Designed Partially Adequately; Operating Partially Effectively)
Adelaide Hills Council	170963	Strategic Risk	26/02/2021	Failure to act as a representative, informed and responsible decision-maker in the interests of the community. (PR)	Lachlan Miller	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) - Failure to engage in sector-wide reform initiatives (CR81)	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.	22 (Extreme) (51) 88.00%	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.	9 (Medium) (30) 36.00%	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.	7/08/2022		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, MIS Risk Register and advisory.	Lachlan Miller	3/02/2023	7/08/2022	PARTIALLY EFFECTIVE (Designed Partially Adequately; Operating Partially Effectively)
Adelaide Hills Council	170963	Strategic Risk	26/02/2021	Failure to act as a representative, informed and responsible decision-maker in the interests of the community. (PR)	Lachlan Miller	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) - Failure to engage in sector-wide reform initiatives (CR81)	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.	22 (Extreme) (51) 88.00%	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.	9 (Medium) (30) 36.00%	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.	7/08/2022		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, Byers and updates from LGA, legal providers and professional associations. Professional and experienced management team. Policies (Conduct, COPAMP, allowances, caretaker, Information Sessions, COPADM, PHS), delegations, agendas, minutes, T&O, COI/IAQ, Review of SA1, AGC, v43 subsidiary and external group fiduciary arrangements. By laws reviewed 2018. Council Resolution Update report shows COI declared.	Lachlan Miller	7/08/2023	7/08/2022	PARTIALLY EFFECTIVE (Designed Adequately; Operating Partially Effectively)
Adelaide Hills Council	170963	Strategic Risk	26/02/2021	Failure to act as a representative, informed and responsible decision-maker in the interests of the community. (PR)	Lachlan Miller	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) - Failure to engage in sector-wide reform initiatives (CR81)	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.	22 (Extreme) (51) 88.00%	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.	9 (Medium) (30) 36.00%	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.	7/08/2022		CR81 Failure to engage in sector-wide reform initiatives leading to the Adelaide Hills community not being adequately represented - Monitoring LGA circulars and other invitations to make submissions (OIG, ECCOSA, ECSA, consideration @ E1 and Council level, Membership on LG-related bodies	Lachlan Miller	7/08/2023	7/08/2022	PARTIALLY EFFECTIVE (Designed Adequately; Operating Partially Effectively)
Adelaide Hills Council	170963	Strategic Risk	26/02/2021	Failure to act as a representative, informed and responsible decision-maker in the interests of the community. (PR)	Lachlan Miller	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) - Failure to engage in sector-wide reform initiatives (CR81)	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.	22 (Extreme) (51) 88.00%	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.	9 (Medium) (30) 36.00%	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.	7/08/2022		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 P&O, COI provisions, informed and researched Council reports, public consultation policy and practices.	Lachlan Miller	3/02/2023	8/08/2022	PARTIALLY EFFECTIVE (Designed Partially Adequately; Operating Partially Effectively)
Adelaide Hills Council	170963	Strategic Risk	26/02/2021	Failure to act as a representative, informed and responsible decision-maker in the interests of the community. (PR)	Lachlan Miller	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) - Failure to engage in sector-wide reform initiatives (CR81)	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.	22 (Extreme) (51) 88.00%	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.	9 (Medium) (30) 36.00%	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.	7/08/2022		CR63 (Lack of effective strategic planning and resource allocation processes) - Suite of strategic management plans, strategic, business and project planning and budgeting processes, trained and experienced staff, Corporate Planning & Performance Reporting Framework, CR8A Coord role, Service Review Framework adopted. Council reports contain financial and resource implications.	Lachlan Miller	7/08/2023	7/08/2022	EFFECTIVE (Designed Adequately; Operating Effectively)
Adelaide Hills Council	170963	Strategic Risk	26/02/2021	Failure to act as a representative, informed and responsible decision-maker in the interests of the community. (PR)	Lachlan Miller	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) - Failure to engage in sector-wide reform initiatives (CR81)	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.	22 (Extreme) (51) 88.00%	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.	9 (Medium) (30) 36.00%	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.	7/08/2022		CR64 (Ineffective performance management and reporting processes leading to poor performance and/or loss of stakeholder confidence) - Budget reviewed annually 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 process; Ongoing training and development; Internal controls framework; Public Accounts Bulletin and Accounts Reconciliation Bulletin updated and adopted	Lachlan Miller	7/08/2023	7/08/2022	EFFECTIVE (Designed Adequately; Operating Effectively)
Adelaide Hills Council	170963	Strategic Risk	26/02/2021	Failure to act as a representative, informed and responsible decision-maker in the interests of the community. (PR)	Lachlan Miller	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) - Failure to engage in sector-wide reform initiatives (CR81)	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.	22 (Extreme) (51) 88.00%	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.	9 (Medium) (30) 36.00%	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.	7/08/2022		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, strengthened provisions in s58	Lachlan Miller	7/08/2023	7/08/2022	PARTIALLY EFFECTIVE (Designed Adequately; Operating Partially Effectively)
Adelaide Hills Council	170963	Strategic Risk	26/02/2021	Failure to act as a representative, informed and responsible decision-maker in the interests of the community. (PR)	Lachlan Miller	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) - Failure to engage in sector-wide reform initiatives (CR81)	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.	22 (Extreme) (51) 88.00%	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.	9 (Medium) (30) 36.00%	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.	7/08/2022		CR37 (Actions arising from Council resolutions not completed in a timely manner leading to a loss of stakeholder confidence) - Action List, Minutes, Council Resolution Update report. Council Member queries	Lachlan Miller	7/08/2023	7/08/2022	EFFECTIVE (Designed Adequately; Operating Effectively)
Adelaide Hills Council	170941	Strategic Risk	26/02/2021	Failure to manage, improve and develop the financial resources available to Council. (F)	Terry Crackett	Cause: - 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)	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.	24 (Extreme) (58) 96.00%		9 (Medium) (30) 36.00%		9/08/2022		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 process; Ongoing training and development; Internal controls framework; Public Accounts Bulletin and Accounts Reconciliation Bulletin updated and adopted	Terry Crackett	30/11/2022	16/05/2022	EFFECTIVE (Designed Adequately; Operating Effectively)
Adelaide Hills Council	170939	Strategic Risk	26/02/2021	Failure to manage, improve and develop the information resources available to the Council. (I)	Terry Crackett	Cause: - Business systems do not effectively support organisational needs - Poor information management practices (capture, use, storage, retrieval).	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.	23 (Extreme) (44) 92.00%		13 (Medium) (40) 52.00%		9/08/2022		Cyber Security Audit Completed and endorsed by Audit Committee Implementation plan developed for establishing a Cyber Security Plan Cyber Security Controls Enacted	Terry Crackett	1/01/2023	1/01/2022	Major reduction in risk
Adelaide Hills Council	170939	Strategic Risk	26/02/2021	Failure to manage, improve and develop the information resources available to the Council. (I)	Terry Crackett	Cause: - Business systems do not effectively support organisational needs - Poor information management practices (capture, use, storage, retrieval).	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.	23 (Extreme) (44) 92.00%		13 (Medium) (40) 52.00%		9/08/2022		ICT Business Continuity Systems established	James Sinden	1/01/2023	1/01/2022	EFFECTIVE (Designed Adequately; Operating Effectively)

Risks From: Data Not Specified  
 Department: All  
 Team: All  
 Location/Project: All  
 Risk Assessment Type: Corporate  
 Risk Type: Strategic  
 Risk Category: Assets & Infrastructure, Clinical, Community Health & Wellbeing, Compliance, Cultural Heritage, Environment, Financial, Governance, Legal & Compliance, Growth & Prosperity, Information Technology, Other, People & Culture (Includes WHS), Service Delivery

Department	Risk ID	Risk Title	Date Added	Description	Responsible Person	Possible Risk Events	Possible Consequences	Initial Risk Score	Initial Risk Comments	Residual Risk Score	Residual Risk Comments	Date Last Modified	Risk Control Type	Control Details	Reviewer	Next Review Date	Last Review Date	Control Effectiveness
Adelaide Hills Council	170930	Strategic Risk	26/02/2021	Failure to manage, improve and develop the information resources available to the Council. (F)	Terry Crackett	Cause: - Business systems do not effectively support organisational needs - Poor information management practices (capture, use, storage, retrieval).	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.	23 (Extreme (4A)) 82.00%		13 (Medium (4D)) 52.00%		9/08/2022		Information Services Team resourced in accordance with required structure (including 5 & FTE)	James Sinden	3/01/2023	1/01/2022	EFFECTIVE (Designed Adequately; Operating Effectively)
Adelaide Hills Council	170930	Strategic Risk	26/02/2021	Failure to manage, improve and develop the information resources available to the Council. (F)	Terry Crackett	Cause: - Business systems do not effectively support organisational needs - Poor information management practices (capture, use, storage, retrieval).	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.	23 (Extreme (4A)) 82.00%		13 (Medium (4D)) 52.00%		9/08/2022		ICT & IS Strategic Plan Developed (2017-2020)	James Sinden	3/01/2023	1/01/2022	Major reduction in risk
Adelaide Hills Council	170934	Strategic Risk	26/02/2021	Failure to manage, improve and develop the human resources available to the Council. (F)	Megan Sutherland	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	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; loss 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.	24 (Extreme (5A)) 96.00%	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.	12 (Medium (3C)) 48.00%	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.	9/08/2022		Volunteer Framework established and implemented Volunteer Policy Developed	Rebecca Shepherd	30/11/2022	5/08/2022	EFFECTIVE (Designed Adequately; Operating Effectively)
Adelaide Hills Council	170934	Strategic Risk	26/02/2021	Failure to manage, improve and develop the human resources available to the Council. (F)	Megan Sutherland	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	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; loss 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.	24 (Extreme (5A)) 96.00%	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.	12 (Medium (3C)) 48.00%	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.	9/08/2022		Leadership Framework Established and development opportunities undertaken	Megan Sutherland	1/12/2022	5/08/2022	PARTIALLY EFFECTIVE (Designed Adequately; Operating Partially Effectively)
Adelaide Hills Council	170934	Strategic Risk	26/02/2021	Failure to manage, improve and develop the human resources available to the Council. (F)	Megan Sutherland	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	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; loss 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.	24 (Extreme (5A)) 96.00%	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.	12 (Medium (3C)) 48.00%	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.	9/08/2022		OD Structure supported through trained and experienced staff	Megan Sutherland	1/12/2022	5/08/2022	INEFFECTIVE (Designed Inadequately; Operating Effectively)
Adelaide Hills Council	170934	Strategic Risk	26/02/2021	Failure to manage, improve and develop the human resources available to the Council. (F)	Megan Sutherland	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	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; loss 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.	24 (Extreme (5A)) 96.00%	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.	12 (Medium (3C)) 48.00%	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.	9/08/2022		Established Policies and Procedures Framework	Namh Milligan	28/02/2023	5/08/2022	INEFFECTIVE (Designed Adequately; Operating Ineffectively)
Adelaide Hills Council	170934	Strategic Risk	26/02/2021	Failure to manage, improve and develop the human resources available to the Council. (F)	Megan Sutherland	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	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; loss 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.	24 (Extreme (5A)) 96.00%	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.	12 (Medium (3C)) 48.00%	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.	9/08/2022		Established Position Descriptions for all roles:	Namh Milligan	1/12/2022	5/08/2022	EFFECTIVE (Designed Adequately; Operating Effectively)
Adelaide Hills Council	170934	Strategic Risk	26/02/2021	Failure to manage, improve and develop the human resources available to the Council. (F)	Megan Sutherland	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	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; loss 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.	24 (Extreme (5A)) 96.00%	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.	12 (Medium (3C)) 48.00%	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.	9/08/2022		WHS Management System in place (Committee, Reporting, SkyTrust, Policy & Procedures) Regular audits by LGAWCS	Lee Morrow	30/07/2023	5/08/2022	EFFECTIVE (Designed Adequately; Operating Effectively)
Adelaide Hills Council	170934	Strategic Risk	26/02/2021	Failure to manage, improve and develop the human resources available to the Council. (F)	Megan Sutherland	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	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; loss 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.	24 (Extreme (5A)) 96.00%	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.	12 (Medium (3C)) 48.00%	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.	9/08/2022		Enterprise Agreement Framework in place	Megan Sutherland	1/12/2023	5/08/2022	EFFECTIVE (Designed Adequately; Operating Effectively)
Adelaide Hills Council	170934	Strategic Risk	26/02/2021	Failure to manage, improve and develop the human resources available to the Council. (F)	Megan Sutherland	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	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; loss 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.	24 (Extreme (5A)) 96.00%	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.	12 (Medium (3C)) 48.00%	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.	9/08/2022		Recruitment Policies and Procedures in place	Namh Milligan	30/01/2023	5/08/2022	EFFECTIVE (Designed Adequately; Operating Effectively)
Adelaide Hills Council	170934	Strategic Risk	26/02/2021	Failure to manage, improve and develop the human resources available to the Council. (F)	Megan Sutherland	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	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; loss 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.	24 (Extreme (5A)) 96.00%	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.	12 (Medium (3C)) 48.00%	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.	9/08/2022		2022 Fair Treatment, Bullying & Grievance Policies and Procedures are established	Namh Milligan	30/06/2024	5/08/2022	EFFECTIVE (Designed Adequately; Operating Effectively)

Risks From: Date Not Specified  
 Department: All  
 Team: All  
 Location/Project: All  
 Risk Assessment Type: Corporate  
 Risk Type: Strategic  
 Risk Category: Assets & Infrastructure, Clinical, Community Health & Wellbeing, Compliance, Cultural Heritage, Environment, Financial, Governance, Legal & Compliance, Growth & Prosperity, Information Technology, Other, People & Culture (Includes WHS), Service Delivery

Department	Risk ID	Risk Title	Date Added	Description	Responsible Person	Possible Risk Events	Possible Consequences	Initial Risk Score	Initial Risk Comments	Residual Risk Score	Residual Risk Comments	Date Last Modified	Risk Control Type	Control Details	Reviewer	Next Review Date	Last Review Date	Control Effectiveness
Adelaide Hills Council	170933	Strategic Risk	26/02/2021	Failure to manage and develop public areas vested in, or occupied by the Council (F)	Terry Crackett	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	Increased cost to maintain infrastructure Reduced confidence in Council by the community Physical risks to staff and community when utilising facilities Disadvantage to AHC community over that of other areas Negative impact on community wellbeing	25 (Extreme) (54) 80.00%		15 (High) (5T) 60.00%		9/08/2022		CLMP Established: Nat : Dec 2024 Building Asset Management Plans Established: Nat: June 22 Sustainable funding for Asset Renewal and Mice 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 Strategy & 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 mice program: Kyle : 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	30/11/2022	1/08/2022	Moderate reduction in risk
Adelaide Hills Council	170851	Strategic Risk - Economy	26/02/2021	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	Cause: -- Inadequate provision for commercial development in the 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 -- Poor business sustainability in the face of economic challenges	Impact: -- 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 -- Impact on Council's reputation as being across economic issues and supporting sustainable development	17 (High) (3B) 68.00%	Inherent risk assessment considered impacts to both the local economy and the Council's reputation (as per consequences outlined above)	5 (Low) (2D) 20.00%	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.	1/08/2022		Current Economic Development Plan 2020-24 (adopted by Council Feb 21, replacing former Economic Development Strategy); Team of 2 FTE experienced and highly competent officers employed to deliver EDP and provide support to this risk area (the second FTE resourced by Council in 2020); Regular pattern of engagement with local business communities and stakeholder groups; Database containing contact details of all people operating businesses in the district, to enable e-communication (qly business newsletter and ad-hoc as required); Advisory Group exists for Primary Production Lands to ensure the views and needs of primary producers are understood and taken into account; Partnership with Mount Barker DC and SATC to fund Adelaide Hills Tourism, which is designed to help providers understand and leverage tourism opportunities; Annual subscription to Economy.id, which enables ready access to economic demographic data for the Council district, available for businesses and the public; Active participation in Adelaide Hills Business Support Network, comprising representatives of agencies providing business support services in the Hills.	David Waters	1/01/2023	1/08/2022	Major reduction in risk
Adelaide Hills Council	170817	Strategic Risk	26/02/2021	Failure to manage, develop, protect, restore, enhance and conserve the environment in an ecologically sustainable manner and to improve amenity. (F)	Peter Bice	Cause: - 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 expectations. - Ineffective natural resource management strategies and processes. - Poor environmental management practices. - Illegal dumping	Impact: - 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	22 (Extreme) (5C) 88.00%		13 (Medium) (4D) 52.00%		8/08/2022		- Biodiversity Strategy. - Water Management Plan - Biodiversity Advisory Group and Sustainability Advisory Group - Trained & qualified staff - Safe working procedures - Blue Marker sites - Spill kits - OHS - 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	1/03/2021	12/11/2020	
Adelaide Hills Council	170816	Strategic Risk	26/02/2021	Failure to take measures to protect the community from natural and other hazards (F)	Peter Bice	Cause: - 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 - Non-compliance with legislation - Insufficient budget - Ineffective planning and preparations	Impact: - 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 participate in the community - Decreased health and wellbeing across the community - Inability/difficulty for people of all socioeconomic backgrounds to live in the district - Unaffordable rates, fees and charges - Cultural disrespect - Inequality in access to community facilities and participation in social/sporting pursuits - Environmental and biodiversity impacts	24 (Extreme) (5B) 96.00%		13 (Medium) (4D) 52.00%	- 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 REDPlan 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 Plan 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&E 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	31/12/2022	29/12/2021	EFFECTIVE (Designed Adequately; Operating Effectively)			
Adelaide Hills Council	170815	Strategic Risk - Community Wellbeing	26/02/2021	Failure to provide for the welfare, well-being and interests of the community (F)	David Waters	Cause: - 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 community facilities - Inequality across the district in respect to support for community facilities	Impact: - 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 participate in the community - Decreased health and wellbeing across the community - Inability/difficulty for people of all socioeconomic backgrounds to live in the district - Unaffordable rates, fees and charges - Cultural disrespect - Inequality in access to community facilities and participation in social/sporting pursuits	24 (Extreme) (5B) 96.00%		9 (Medium) (3D) 36.00%	- Qualified staff making informed and evidence based decisions. - Regulatory responsibilities (environmental health) that incorporate inspection regimes, education and prosecution where necessary within a highly regulated environment. - 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 prescribing minimum consultation and engagement activities. - 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). - 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. - Volunteer Management Policy and Strategy. Well established and funded volunteer based programs. Little reliance on external funding. - Safe Environments Policy (for working with vulnerable people). AHC is now registered on the DHS system for suitability for work screening and all existing staff in prescribed positions have now been checked. - Commonwealth Home Support Program is subject to periodic audit by the funder (Commonwealth) to ensure service standards are being met and quality controls are in place. - Libraries Strategy (adopted 2022)	David Waters	10/11/2022	7/08/2022	Moderate reduction in risk			
Adelaide Hills Council	169143	Strategic Risk	19/02/2021	Failure to deliver projects, programs and services in accordance with plans (time, budget, quality)	Peter Bice	Cause: - 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	Impact: - 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 maintenance	21 (Extreme) (4B) 84.00%		9 (Medium) (3D) 36.00%	- 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	08/08/2022	1/09/2022	1/09/2021			
Adelaide Hills Council	169129	Strategic Risk	19/02/2021	Failure to provide appropriate infrastructure for the community (F)	Peter Bice	Cause: - Ageing infrastructure in need of renewal to remain fit for purpose and/or comply with legislation - Poor asset management regimes (data, reveals) - 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	Impact: - 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	21 (Extreme) (4B) 84.00%	210219 - Transferred from AHC Strategic Risk Assessment Excel Spreadsheet	13 (Medium) (4D) 52.00%	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	1/09/2022	12/11/2020	EFFECTIVE (Designed Adequately; Operating Effectively)			
Adelaide Hills Council	150009	Strategic Risk	15/09/2020	Failure to plan at the local and regional level for the future development and future requirements of the area. (F)	Melissa Bright	Cause: - 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	Impact: - 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-compliance with legislative responsibilities resulting in considerable liability exposure - Inconsistent and misdirected operations and service provision	21 (Extreme) (4B) 84.00%	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	5 (Low) (2D) 20.00%	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 objective, trained and experienced Council Assessment Panel in place to determine delegations to the Assessment Manager/staff and make decisions on complex development applications.	24/07/2022	- 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 - AHC 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	1/11/2021	9/08/2021	EFFECTIVE (Designed Adequately; Operating Effectively)	

**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 15 August 2022  
AGENDA BUSINESS ITEM**

**Item:** 8.6

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

**Subject:** Internal Audit Quarterly Report

**For:** Decision

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**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).

Progress over the last quarter has been steady with the two of the 2021-22 audits completed and the final reports are attached for the Committee's noting. The actions from these audits will be incorporated into the Committee's Audit Action Implementation Status process and reported at the next biannual report in February 2023.

Progress on other audits has been delayed due to resourcing constraints within the Governance Department due to leave accrual management and competing priorities and also broader COVID-related leave and auditee position changes.

**RECOMMENDATION**

**The Audit Committee resolves:**

- 1. That the report be received and noted**
  - 2. To receive and note the Recruitment and Retention Internal Audit Report as contained in Appendix 1**
  - 3. To receive and note the Economic Development Plan Implementation Internal Audit Report as contained in Appendix 2**
  - 4. To recommend to Council to adopt the revised Strategic Internal Audit Plan v1.11a as contained in Appendix 3.**
-

## 1. BACKGROUND

### General

The Audit Committee last received a quarterly report at its 23 May 2022 meeting. The report advised that steady progress was occurring in relation to the rollout of the Strategic Internal Audit Plan (SIAP) with one audit (Recruitment and Retention) in progress and another (Economic Development Plan Implementation) to commence in June 2022.

### Recruitment and Retention Internal Audit

The Recruitment and Retention Internal Audit was scheduled on the Strategic Internal Audit Plan (SIAP) to be undertaken in Q3 2021-22.

The overall objective of the audit was to provide the Council with assurance that risks associated with the recruitment and retention of people supporting council operations are effectively and efficiently managed through the application of robust internal controls. The completed audit report is at **Appendix 1**.

The scope of the internal audit focussed on the systems, processes and documentation in place for the recruitment and retention of council employees during the penultimate and current financial year (2020/21 and 2021-22). Scope exclusions were process for the retirement or termination of council employees.

The audit identified and documented a number of elements of good practice, it identified five (5) findings for recommendations for control improvements and three (3) other improvement opportunities. Management responses and actions have been developed in response to these findings.

Based on the internal audit work completed, documents inspected and interviews with key stakeholders, the auditors concluded that the control environment for Recruitment and Retention is **Marginal** as assessed utilising the Council's *Corporate Risk Management Guide*.

### Economic Development Plan Implementation Internal Audit

The Recruitment and Retention Internal Audit was scheduled on the Strategic Internal Audit Plan (SIAP) to be undertaken in Q4 2021-22.

The overall objective of the audit was to provide the Council with that the Prosperous Economy Goal in the *Strategic Plan 2020-24 – A brighter future* is being progressed via the implementation of the *Economic Development Plan 2020-24* (the ED Plan). The completed audit report is at **Appendix 2**.

The scope of the internal audit focussed on the ED Plan development and revision processes, determination of actions and initiatives, resourcing (physical and financial) of implementation and evaluation of outcomes against objectives..

The audit identified and documented a number of elements of good practice, it identified three (3) findings for recommendations for control improvements and five (5) other improvement opportunities. Management responses and actions have been developed in response to these findings.

Based on the internal audit work completed, documents inspected and interviews with key stakeholders, the auditors concluded that the control environment for Recruitment and Retention is **Marginal** as assessed utilising the Council’s *Corporate Risk Management Guide*.

## 2. ANALYSIS

### ➤ 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 2022-23 financial year 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

*External Agencies:* Not Applicable

*Community:* Not Applicable

SIAP Implementation Status

Progress against the SIAP has been slowed in recent months through a combination of extended leave within the Governance & Performance Team and also broader COVID-related leave and auditee position changes.

The project brief for the next audit, being Capital Works Programming and Delivery, is in progress and will shortly be in the procurement phase. Scoping has also commenced on the Treasury Management internal audit (Q1 – 2022-23)

The programmed review for AHBTC Divestment (Q4 – 2021/22) has needed to be deferred given recruitment actions in relation to the Manager Property Services role (key auditee). It have been rescheduled in the SIAP v 1.11a to nominally Q2 – 2022-23.

### 3. OPTIONS

The Committee has the following options:

- I. To receive and note this report (Recommended).
- II. To receive and note the *Recruitment and Retention Internal Audit Report* at Appendix 1 (Recommended)
- III. To receive and note the *Economic Development Plan Implementation Internal Audit Report* at Appendix 2 (Recommended)
- IV. To recommend to Council to adopt the revised SIAP v1.11a as contained in Appendix 3 (Recommended); or
- II. To identify an alternative course of action.

### 4. APPENDICES

- (1) *Recruitment and Retention Internal Audit Report*
- (2) *Economic Development Plan Implementation Internal Audit Report*
- (3) *Strategic Internal Audit Plan 2018/19 – 22/23 v1.11a*

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# **Appendix 1**

## *Recruitment and Retention Internal Audit Report*

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Where you want to be.



**August 2022**

## Adelaide Hills Council

### Recruitment and Retention Internal Audit Report

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

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➤ Advisors

➤ Accountants

➤ Auditors

9 August 2022

Lachlan Miller  
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Dear Lachlan

**Internal Audit Report – Recruitment and Retention**

Please find attached our report on the Recruitment and Retention for Adelaide Hills Council.

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

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

Yours sincerely



David Papa  
Partner

Enclosure

Version history	Date
Draft report issued	9/6/2022
Final report issued	9/8/2022
Final report Executive Management approval	
Final report Audit Committee presentation	

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**Inherent Limitations**

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

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

**Third Party Reliance**

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

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

## Executive summary

To fulfill the Goal of “A Progressive Organisation” set in *A Brighter Future: Council’s Strategic Plan 2020-24*, the Adelaide Hills Council (Council) aims that “We have the right people with the right knowledge and skills in the right jobs and they are supported and developed”. The Council committed in its Annual Report 2020-21 to continue to “support all staff through training, mentoring, coaching and development to enable the achievement of organisational and community goals”. Therefore, Council took the initiative to conduct this audit to ensure that the recruitment and retention of people are effectively and efficiently in place supporting Council operations.

The Council currently applies a decentralised recruitment approach of employees under enterprise development agreements with the Organisational Development (OD) Department and various Recruiting Managers/People Leaders<sup>1</sup> being responsible for the recruitment processes, including initiation, shortlisting, interview, pre-employment screening, and offer of employment, in addition to the appropriate authorisation from the Executive Leadership Team (ELT) and Chief Executive Officer. For details of the process, refer to Appendix 4.

It was advised that the Council will be implementing an eRecruitment solution to automate the relevant controls and streamline the recruitment processes. Through the audit, the need of using electronic signatures and electronic reference check questionnaire were identified via interviews with three Recruiting Managers/People Leaders and a sampling test of the process. We found that the manual printing, scanning and signing of the documents were still in place although the system, SharePoint, was available to reduce physical steps.

The relevant recruitment and retention risk was captured in the Corporate Strategic Risk Register, e.g., “Failure to manage, improve and develop the human resources available to the Council”. However, workforce data is fragmented and not easy for human resources decision makers to access, e.g., exit reasons, and employee value proposition. A more systematic and strategic approach to workforce planning would be supported by reliable data.

During the audit, we observed the following good practice:

- Job roles are defined, documented in Position Descriptions and reflective of responsibilities
- The outcomes of reference checks are documented in the CEO Preferred Candidate Memos
- OD is taking ownership of the employee recruitment process to ensure the appropriate authorisation (e.g., from Directors) is obtained, documentation is maintained, and medical assessment is complete
- A combination of procedures is used for recruitment, e.g., internal advertisement via Hills Hub, Council website, LinkedIn, SEEK and headhunting
- Annual and quarterly staff turnover data are prepared and reported through corporate performance reporting to Council and Audit Committee
- Training and development opportunities are supported by the Council as part of retention.

We also identified that Council’s Recruitment and Selection Policy should be updated to reflect the current requirements and guidance; members on the Interview Panel should declare a conflict of interest, and Director and Manager recruitment and retention procedure should be formalised and documented. For audit findings, improvement opportunities and key recommendations, refer to the table on the next page.

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

---

<sup>1</sup> People Leader is defined in Council’s Enterprise Development Agreement as follows, “means the person who is responsible for the day to day supervision of an employee as nominated by Council”.

Table of findings/improvement opportunities and key recommendations:

No.	Findings	Key Recommendations	Rating
1	Policy/Procedure Framework update	Management reviews and updates the Recruitment and Selection Policy (Policy) and Checklist to ensure currency and consistent requirements; and ensures the responsible officers are informed of the updated requirements.	Medium
2	Recruitment Panel	Management reviews and updates the Policy and Checklist to include the requirements of listing all members of the Recruitment Panel when the panel is assembled; and creates an appropriate form to record the panel members and consider a Conflict of Interest Declaration.	Medium
3	Consistent practice	Once the Policy and Checklist are updated, management ensures the requirements are understood by the relevant responsible officers and implemented consistently.	Low
4	Record keeping	Management enforces using the electronic forms and retaining records in Records Hub; and provides necessary training or other appropriate advocacy to raise digital literacy.	Low
5	Director and Manager retention and renewal procedure	Management ensures that regular performance reviews of Directors and Managers include the assessment and decision-making of their contract renewal. OD actively follows up with the Director and Manager contract renewal; and formalises the Director and Manager retention and renewal procedure in documentation.	Low
No.	Improvement Opportunities	Key Recommendations	
1	Electronic signature	Management applies electronic signature application.	n/a
2	Reference check	Management reviews the current Reference Check form to identify opportunities to streamline the process.	n/a
3	Data-driven Retention Strategy	Management collects relevant data to target high-risk and high-performing employees for appropriate retention efforts; collects relevant data to understand employee value proposition; and develops a data-driven post COVID-19 talent retention strategy.	n/a



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## Background

The Adelaide Hills Council (Council or AHC) has engaged Bentleys (SA) Pty Ltd (Bentleys) to conduct an internal audit project Recruitment and Retention in May 2022 in line with the Council's Strategic Internal Audit Plan.

## Audit objectives

The objective of this audit was to provide AHC with the assurance that risks associated with the recruitment and retention of people supporting council operations are effectively and efficiently managed through the application of robust internal controls.

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

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

## Audit scope

The scope of this internal audit focused on the systems, processes and documentation in place for the recruitment and retention of council employees during the penultimate and current financial year (2020-21 and 2021-22).

**Out of scope:** The scope of this project did not include the process for the retirement or termination of council employees.

## Audit approach

The following was included during the audit:

- Considering policies, procedures and guidelines in place to support recruitment and retention processes
- Meeting with management and staff responsible for supporting related processes
- Obtaining available data to perform high-level analysis of employee numbers, classifications and employment patterns
- Documenting current processes in place for the recruitment and ongoing retention of council employees (including the identification of internal controls)
- Agreeing selected internal controls to be tested on a sample basis
- Performing agreed testing of internal controls to determine whether controls are effective.

We conducted this audit in accordance with *the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors*. Our approach involved reviewing the process, procedures, policies and documentation which drive Recruitment and Retention. We also conducted interviewing key staff; observation, walkthrough and substantive testing where possible. For the documents accessed and consultation, refer to Appendix 3 for detailed information.

## Risk assessment and cause analysis

Key risks identified during the audit include:

Risks	Finding No.
Recruitment processes are not clear, consistent, timely and transparent.	1, 2, 3
Recruitment roles and responsibilities are not clearly documented and understood.	1, 3
Retention structures and processes are not clearly documented and implemented.	1, 5
Noncompliance with Section 125 of the <i>Local Government Act 1999</i> to have appropriate policies implemented and maintained.	1, 5
Fraudulent activities.	2, 4
Reputational damage.	2, 4
Loss or reduction in the ability to access records.	4
Compromised accountability and transparency.	4

Provided below is our view as to the main causes giving rise to the reported items:

- Low priority to document and/or update the policies as the responsible business unit Organisational Department was lack of resources previously
- Decentralised approach increased the opportunities for inconsistent practices
- Low acceptance of using electronic solutions, such as SharePoint and iPad, to reduce the physical elements in the employee recruitment process
- Slow embracement of innovative technological aids, such as DocuSign, to improve efficiency and effectiveness.

## Acknowledgment

We appreciate the assistance and cooperation received from the management and staff of the Adelaide Hills Council in completing this audit.

## Appendix 1 – Detailed findings and agreed action plan

Finding 1. Policy/Procedure Framework update	Risk Category	A,C,E
	Impact:	Minor
	Likelihood:	Possible
	Risk Rating:	Medium
Finding(s)		
<p>Council's Recruitment and Selection Policy (dated 2005) was overdue for review and update. Lack of current policy document has impacted transparency, relevancy and consistency of the practice across the organisation, although there is a Recruitment and Selection Checklist (Checklist) in use by Organisational Development (OD).</p> <p>The following was not captured in the Policy:</p> <ul style="list-style-type: none"> <li>All categories of employment, i.e.,                             <ul style="list-style-type: none"> <li>Directors or equivalents typically employed under fixed-term contracts with negotiable salaries</li> <li>Managers employed under individual employment contracts</li> <li>Employees (including office, depot, part-time or casual) employed under enterprise development agreements</li> </ul> </li> <li>Implementation strategy to suit the current needs to improve efficiency and effectiveness, i.e., decentralised approach, governance arrangements, roles and responsibilities, and technology solution, etc.</li> </ul> <p>The Checklist was recently reviewed and updated to reflect the current process, except for one step in Section 1. The Checklist required that "OD has up to 10 working days to review and will advise you (i.e., Recruiting Manager) when this has been completed", which is now redundant in practice as the work efficiency has already improved and a technology solution is applied (e.g., iPad or laptop).</p> <p>For details of the employee recruitment process and the gaps identified above, refer to Appendix 4.</p>		
Risk		
<ul style="list-style-type: none"> <li>Recruitment processes are not clear, consistent, timely and transparent</li> <li>Recruitment roles and responsibilities are not clearly documented and understood</li> <li>Retention structures and processes are not clearly documented and implemented</li> <li>Noncompliance with Section 125 of the <i>Local Government Act 1999</i> to have appropriate policies implemented and maintained.</li> </ul>		
Recommendation	Management Response and Agreed Action Plan	
<p>We recommend management:</p> <ul style="list-style-type: none"> <li>Review and update the Recruitment and Selection Policy and Checklist to ensure currency and consistent requirements</li> <li>Ensure the responsible officers are informed of the updated policy requirements.</li> </ul>	<p>OD Department agrees with the finding and will</p> <ol style="list-style-type: none"> <li>Update Recruitment and Selection Policy/Procedure.</li> <li>Update the Recruitment and Selection Checklist.</li> <li>Provide advice/training sessions as relevant to those across the organisation with responsibility for recruitment.</li> </ol>	
	Responsible Officer	Target Date
	1. OD Advisor	1. 28/2/2023
	2. OD Advisor	2. 30/9/2022
3. OD Department	3. 30/6/2023	

<b>Finding 2. Recruitment Panel</b>	<b>Risk Category</b>	<b>A,C,E</b>
	<b>Impact:</b>	<b>Minor</b>
	<b>Likelihood:</b>	<b>Possible</b>
	<b>Risk Rating:</b>	<b>Medium</b>
<b>Finding(s)</b>		
<p>The current employee recruitment process has good controls in place to facilitate independence and fairness of decision making, i.e., the Recruitment Panel (or called Interview Panel), made of three to four members from different areas within the Council and with gender balance. However, there was no list prepared or documented to reflect who was on the Recruitment Panel when the panel was assembled. Further, panel members were not required to sign off a Conflict of Interest Declaration or similar declaration. As such, there is a risk of conflicting activities and a lack of transparent decision making.</p> <p>For details of the employee recruitment process, refer to Appendix 4.</p>		
<b>Risk</b>		
<ul style="list-style-type: none"> <li>Recruitment processes are not clear, consistent, timely and transparent</li> <li>Fraudulent activities</li> <li>Reputational damage.</li> </ul>		
<b>Recommendation</b>	<b>Management Response and Agreed Action Plan</b>	
<p>We recommend management:</p> <ul style="list-style-type: none"> <li>Review and update the Recruitment and Selection Policy and Checklist to include the requirements of listing all members of the Recruitment Panel when the panel is assembled</li> <li>Create an appropriate form to record the panel members and consider a Conflict of Interest Declaration.</li> </ul>	<p>There is a capability in Records Hub to record Panel members against each recruitment, this is being used in an ad hoc manner.</p> <ol style="list-style-type: none"> <li>Ensure Recruitment Panel requirements are included in Policy/Procedure update.</li> <li>Create an appropriate way of collecting Conflict of Interest Declarations from panel members.</li> </ol>	
	<b>Responsible Officer</b>	<b>Target Date</b>
	1. OD Advisor	1. 29/2/2023
	2. OD Advisor	2. 29/2/2023

<b>Finding 3. Consistent practice</b>	<b>Risk Category</b>	<b>A,C,E</b>
	<b>Impact:</b>	<b>Insignificant</b>
	<b>Likelihood:</b>	<b>Possible</b>
	<b>Risk Rating:</b>	<b>Low</b>
<b>Finding(s)</b>		
<p>Sample testing of 10 new employees’ recruitment process for 2020-21 and 2021-22 found inconsistent practices due to out-of-date policy (Finding 1) and the current decentralised approach.</p> <p>Specifically, we found the following inconsistent practices:</p> <ul style="list-style-type: none"> <li>• All Recruitment and Selection Checklists sampled (100%) were not complete</li> <li>• All Position Descriptions sampled (100%) did not have OD’s sign-off</li> <li>• Six out of nine CEO Preferred Candidate Memos sampled (67%) had the OD Office Use Only section not complete</li> <li>• Five out of nine samples where relevant (56%) did not conduct a Training Needs Analysis</li> <li>• One out of nine CEO Preferred Candidate Memos sampled (11%) was not approved by Directors before OD.</li> </ul>		
<b>Risk</b>		
<ul style="list-style-type: none"> <li>• Recruitment processes are not clear, consistent, timely and transparent</li> <li>• Recruitment roles and responsibilities are not clearly documented and understood.</li> </ul>		
<b>Recommendation</b>	<b>Management Response and Agreed Action Plan</b>	
<p>We recommend management:</p> <ul style="list-style-type: none"> <li>• Once the Recruitment and Selection Policy and Checklist are updated, ensure the requirements are understood by the relevant responsible officers and implemented consistently.</li> </ul>	<p>We have a new HR system and there is a recruiting module we plan on implementing in Phase 2 (yet to begin).</p> <p>We expect between Records Hub and the HR Recruiting module that we will be able to improve and manage aspects of the recruitment process that should address some of these findings.</p> <ol style="list-style-type: none"> <li>1. Train Recruiting Managers on the requirements in the Recruitment and Selection Policy/Procedure and the Checklist.</li> <li>2. After HR system implementation, investigate how internal reviews of recruitment process and system use could be implemented to review compliance by recruiting managers.</li> </ol>	
	<b>Responsible Officer</b>	<b>Target Date</b>
	1. OD Dept	1. 30/6/2023
	2. OD Dept	2. 30/6/2024

Finding 4. Record keeping	Risk Category	A,C,E
	Impact:	Insignificant
	Likelihood:	Possible
	Risk Rating:	Low
Finding(s)		
<p>Sample testing of 10 new employees' recruitment process for 2020-21 and 2021-22 found that the record keeping was not ideal for us to validate the process.</p> <p>We were not provided with sufficient evidence in the following areas as there were no electronic copies retained in Records Hub. Further, the hard copies were not forwarded to the Information Management team for archive:</p> <ul style="list-style-type: none"> <li>• Interviewer Selection Report, including interview questions and selection criteria (except for one sample from Open Space Operations)</li> <li>• Evidence of shortlisting of candidates, e.g., panel meeting records, phone interviews, interview appointments, and emails with interview questions sent to candidates. All three Recruiting Managers/People Leaders interviewed advised that they revisited the Interviewer Selection Reports and rated candidates based on their performance during the interview and skills to finally select the preferred candidate</li> <li>• Reference check questions and notes of referees' answers (except for the one from Open Space Operations) although the outcomes are summarised in the CEO Preferred Candidate Memos.</li> </ul>		
Risk		
<ul style="list-style-type: none"> <li>• Loss or reduction in the ability to access records</li> <li>• Compromised accountability and transparency</li> <li>• Fraudulent activities</li> <li>• Reputational damage.</li> </ul>		
Recommendation	Management Response and Agreed Action Plan	
<p>We recommend management:</p> <ul style="list-style-type: none"> <li>• Enforce using the electronic forms and retaining records in Records Hub</li> <li>• Provide necessary training or other appropriate advocacy to raise the digital literacy.</li> </ul>	<p>Records Hub has enabled us to manage documents through the recruitment process more effectively. Use of Records Hub is relatively new and more improvements can be made.</p> <p>Again the new HR system recruiting module should assist with some of these aspects.</p> <ol style="list-style-type: none"> <li>1. Include in training sessions requirements around electronic forms and records to be retained in Records Hub and reduction of hard copy documents as best as possible. (Note: any hard copy documents must be scanned and added to the Records Hub file)</li> </ol>	
	Responsible Officer	Target Date
	1. OD Dept	1. 30/6/2023

<b>Finding 5.</b>	<b>Director and Manager retention and renewal procedure</b>	<b>Risk Category</b>	<b>A,C,E</b>
		<b>Impact:</b>	<b>Insignificant</b>
		<b>Likelihood:</b>	<b>Possible</b>
		<b>Risk Rating:</b>	<b>Low</b>
<b>Finding(s)</b>			
<p>The procedure has not yet been formalised and documented for the following two categories of employment, leading to deficiency in their contract renewal and retention:</p> <ul style="list-style-type: none"> <li>• Directors or equivalent are typically employed under fixed-term contracts in which salaries and conditions were negotiable via individual agreements</li> <li>• Managers are employed under individual employment contracts that were standard.</li> </ul> <p>In this audit, we sampled the contract renewal or recruitment of the CEO, a Director, and a Manager to validate their retention and renewal procedure. We found that the Manager sampled instigated the contract renewal process at the time of this audit on 25 May 2022 while his contract was about to expire in less than a month, (i.e., on 17 June 2022).</p> <p>As advised by the Executive Manager OD, the process in practice although not documented is as follows:</p> <ul style="list-style-type: none"> <li>• By the officer advising they would like a new contract according to their employment agreement clause and then Council (via the relevant Director/CEO) has to respond to that request under CEO advice</li> <li>• The approval to offer a contract is issued by the CEO and this process is coordinated by the Executive Manager (EM) OD</li> <li>• The EM OD issues a contract when she receives an approval email from the Director and CEO to extend the contract.</li> </ul>			
<b>Risk</b>			
<ul style="list-style-type: none"> <li>• Retention structures and processes are not clearly documented and implemented</li> <li>• Noncompliance with Section 125 of the <i>Local Government Act 1999</i> to have appropriate policies implemented and maintained.</li> </ul>			
<b>Recommendation</b>		<b>Management Response and Agreed Action Plan</b>	
<p>We recommend:</p> <ul style="list-style-type: none"> <li>• Management ensures regular performance reviews of Directors and Managers include the assessment and decision-making of their contract renewal</li> <li>• OD actively follows up with the Director and Manager contract renewal</li> <li>• OD formalises the Director and Manager retention and renewal procedure in documentation.</li> </ul>		<p>With regard to the finding above that the contract renewal for a Manager commenced at the time of the audit, this process had been worked on for some months prior to this.</p> <ol style="list-style-type: none"> <li>1. Document the process for performance review and contract renewal for those on Total Employment Cost (TEC) Contracts.</li> </ol>	
		<b>Responsible Officer</b>	<b>Target Date</b>
		1. Executive Manager OD	1. 30/3/2023



## Appendix 2 – Improvement opportunities

1. Electronic signature						
<b>Observation(s)</b>						
<p>We identified the needs of using electronic signatures from this audit via interviews with three People Leaders/Recruiting Managers and a sampling test of the process.</p> <p>We found that the manual printing, scanning and signing of the documents were still in place although the Records Hub system was available to reduce the physical steps.</p>						
<b>Opportunity(ies)</b>		<b>Management Response</b>				
<p>We recommend management:</p> <ul style="list-style-type: none"> <li>Apply electronic signature application, such as DocuSign.</li> </ul>		<p>AHC is currently exploring options for the use of electronic signatures within its application systems to improve workflow, ease of use and ensure compliance with records management practices.</p> <p>1. Work with Manager Information Services on electronic Signature Applications, such as DocuSign being reviewed for appropriateness for AHC and use across the business. (note: financial implications here so not a commitment to implement)</p>				
		<table border="1"> <thead> <tr> <th>Responsible Officer</th> <th>Target Date</th> </tr> </thead> <tbody> <tr> <td>1. Team Leader OD</td> <td>1. 30/6/2023</td> </tr> </tbody> </table>	Responsible Officer	Target Date	1. Team Leader OD	1. 30/6/2023
Responsible Officer	Target Date					
1. Team Leader OD	1. 30/6/2023					

## 2. Reference check

### Observation(s)

Recruiting Manager interview also found that the reference checks can sometimes be very time-consuming and also asking the same questions can sometimes make them frustrated.

The reference check normally involves two referees (refer to Appendix 4).

### Opportunity(ies)

We recommend management:

- Review the current Reference Check form to identify opportunities to streamline the process.

### Management Response

There are many benefits to speaking to a referee, including being able to clarify or ask to follow up questions on information provided.

1. Review and update the current Reference Check form.

### Responsible Officer

1. OD Advisor

### Target Date

1. 30/10/2022

### 3. Data-driven Retention Strategy

#### Observation(s)

Council’s annual and quarterly staff turnover rates are prepared and reported through corporate performance reporting to Council and Audit Committee. Although Council is still in the process of creating a Retention Strategy, the overarching trends of turnover may provide confidence in talent retention.

The Council’s annual turnover rates for the last three years (i.e., 2018-19, 2019-20, and 2020-21) were 8.33%, 8.29% and 8.68% respectively, which was consistent with the “unplanned turnover rate of 8.3% per annum in the sector” according to a 2018 report from the Australian Local Government Association (ALGA)<sup>2</sup>. Council’s turnover rate in the year to March 2022 was 5%, lower than the 9.5% turnover rate of the Australian workforce in the year to February 2022 according to the Australian Bureau of Statistics (ABS)<sup>3</sup>.

In our opinion, good turnover is to retain essential knowledge while having new people join the organisation. Council currently

- Lacks data to show the employee retention risk associated with the performance rating
- Had no employee survey or workshop to address issues and identify priorities (physically and mentally) from all levels of staff at least annually.

#### Opportunity(ies)

We recommend management:

- Collect relevant data to target high-risk and high-performing employees for appropriate retention efforts
- Collect relevant data to understand the employee value proposition
- Develop a data-driven post COVID-19 talent retention strategy.

#### Management Response

More recently we have discussed a range of possible surveys that could be used to gain current thoughts from employees. Cost, timing, what data and how it will be collected and used are all considerations.

More current practices show subject/point in time surveys, eg Pulse Surveys, on specific subject matter return responses that can be acted on more responsively, rather than surveys using a whole range of topics.

1. Review information needed for a Retention Strategy Policy/Procedure and how this will be obtained.
2. Develop a Retention Strategy Policy/Procedure.

Responsible Officer	Target Date
1. OD Dept	1. 30/6/2023
2. OD Advisor	2. 30/9/2023

<sup>2</sup> <https://blog.id.com.au/2019/housing-analysis/is-staff-turnover-a-challenge-at-your-council/> viewed 26 May 2022.

<sup>3</sup> <https://www.abs.gov.au/statistics/labour/jobs/job-mobility/latest-release#data-download> viewed 26 May 2022.

## Appendix 3 – Documents accessed and consultation

Documents provided by the Adelaide Hills Council and accessed include:

- Recruitment and Selection Policy dated 2005
- Recruitment and Selection Checklist and relevant various recruitment forms, including Position Description and CEO Preferred Candidate Memo
- Safe Environments Policy dated 2020
- Criminal and Relevant History Employment Screening Procedure dated 2020
- Reasonable Adjustment Policy and Procedure dated 2018
- Organisational Chart
- Current employee list and new starters in 2020-21 and 2021-22
- Annual Employee Turnover Rates from 2012-13 to 2021-22- and Quarterly Employee Turnover Rates from 2019-20 to 2021-22
- Instrument of Sub-delegation to Executive Manager Organisational Development
- Forms to validate the 10 samples recruitment process in 2020-21 and 2021-22
- Contracts and relevant documentation to validate the Director and Manager contract renewal process of the three samples.

We would like to extend our appreciation to the following individuals who participated in, and provided information during this internal audit review.

- Lachlan Miller, Executive Manager Governance & Performance
- Megan Sutherland, Executive Manager Organisational Development
- Niamh Milligan, Team Leader Organisational Development
- Karlee Cook, Organisational Development Advisor
- Nicole Budd, Coordinator Open Space Operations
- James Sinden, Manager Information Services
- Jess Sharkie, Team Leader Positive Ageing.

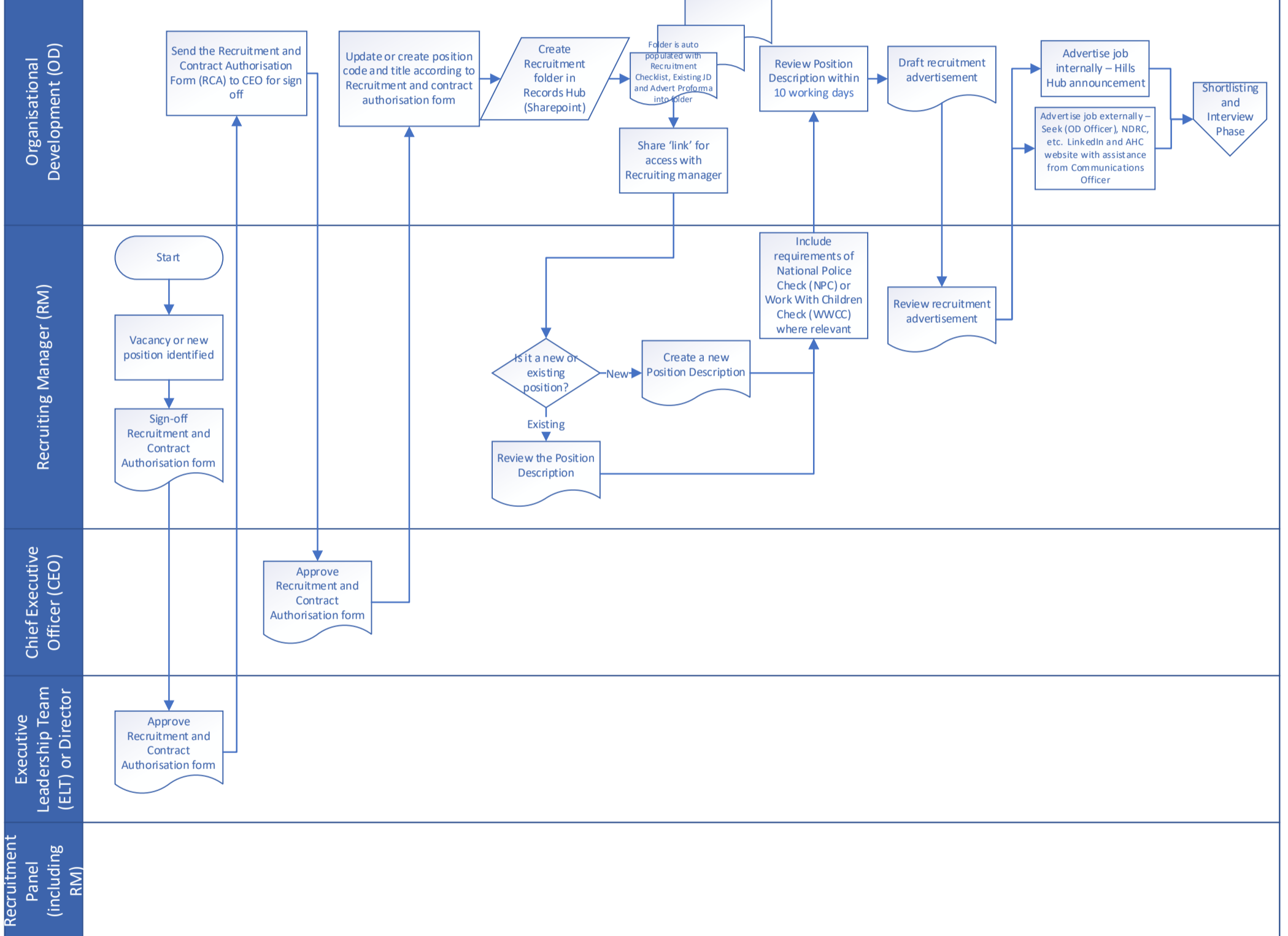
## Appendix 4 – Employee recruitment process map

The recruitment process of the employees under enterprise development agreements includes three phases as detailed below:



### AHC Recruitment Process Phase 1 – Initiation Phase

Confirmed per review of the Recruitment and Selection Checklist (s1 & s2), stakeholder discussion, sampling test

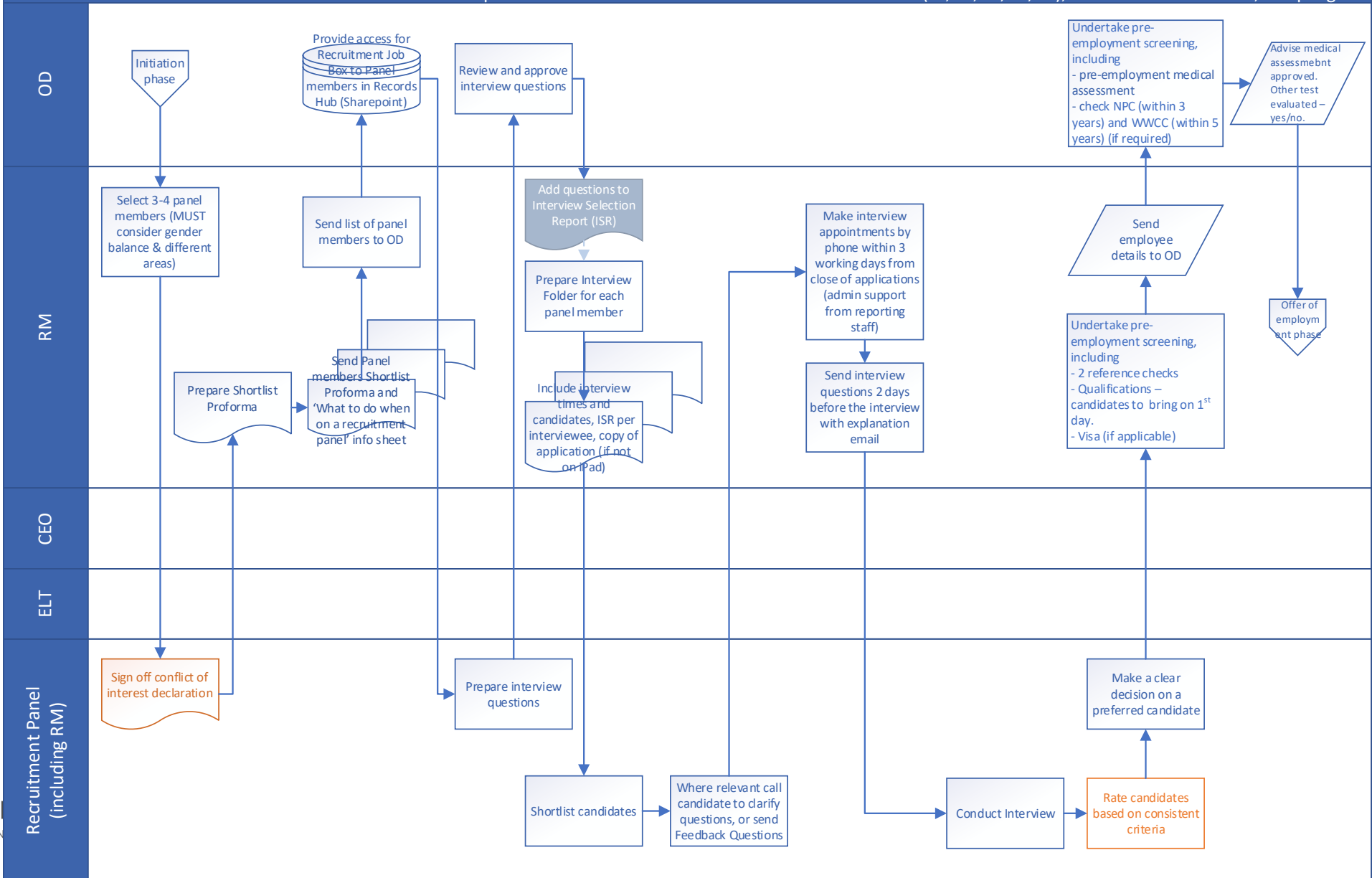


**Legend:**



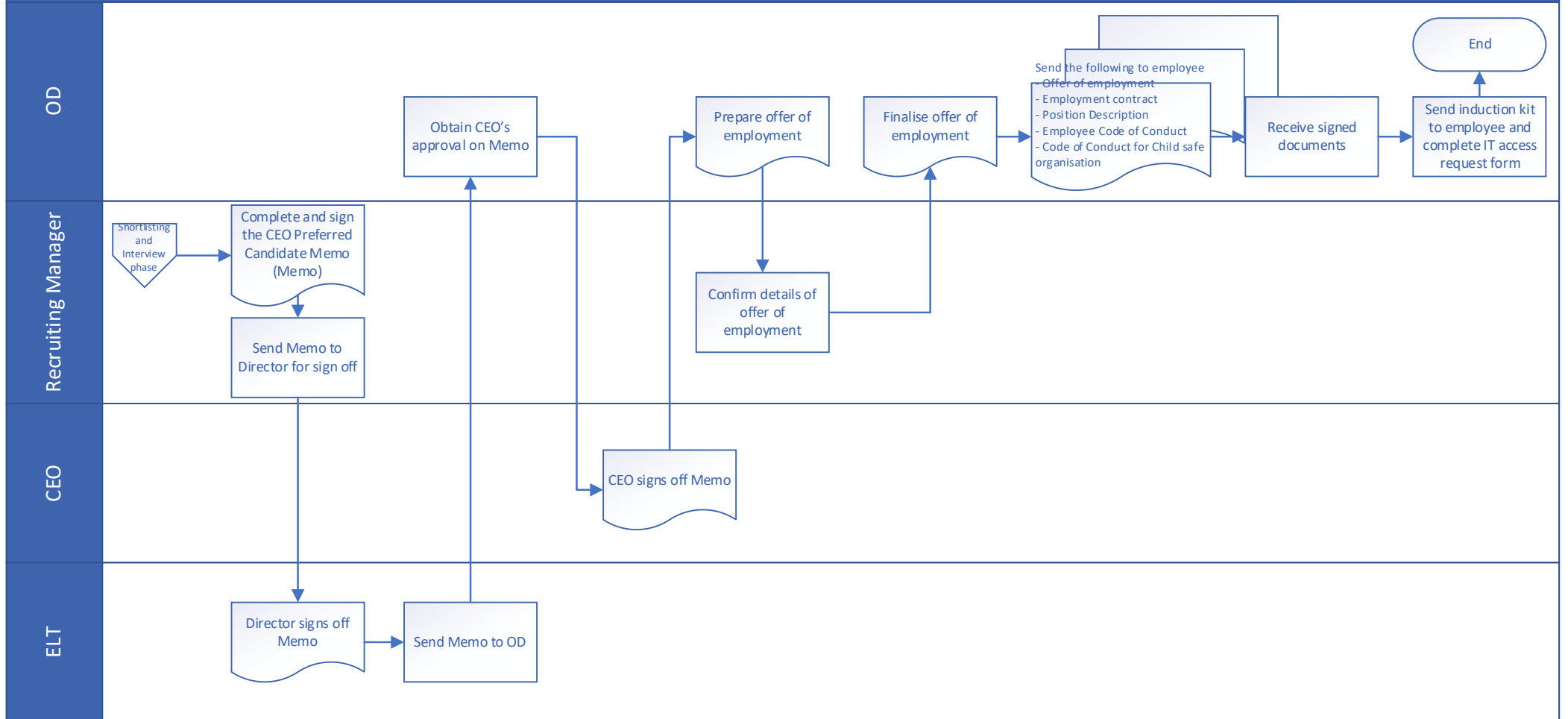
## AHC Recruitment Process Phase 2 – Shortlisting and Interview Phase

Confirmed per review of the Recruitment and Selection Checklist (s3, s4, s5, s6, s7), stakeholder discussion, sampling test



### AHC Recruitment Process Phase 3 – Offer of Employment Phase

Confirmed per review of the Recruitment and Selection Checklist (s7 & s8), stakeholder discussion, sampling test

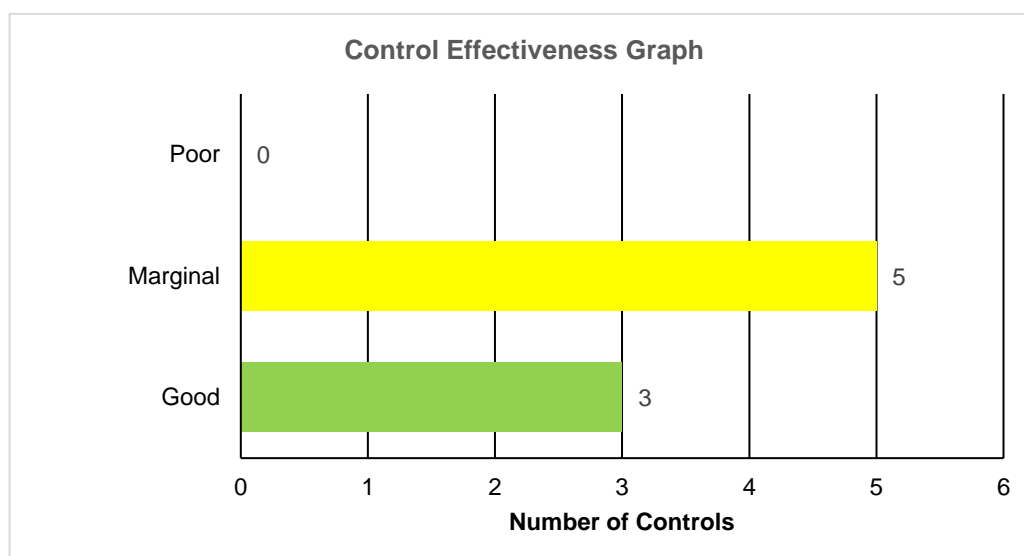


## Appendix 5 – Controls assessment

The control effectiveness assessment below is an indicator of the current state of the control environment within business operations and its ability to mitigate against the risk exposures.

Overall Controls Assessment <sup>(1)</sup>		
Good	Marginal	Poor

(1) Limited to audit scope and based on test results.



Key controls identified during the audit include:

No.	Control name	Control effectiveness
1	Policies and procedures	Marginal
2	Delegation and authorisation	Good
3	Segregation of duties	Good
4	Retention Strategy	Marginal
5	Employee Value Proposition (EVP)	Marginal
6	Recruitment management	Marginal
7	Monitoring and reporting	Good
8	Records management	Marginal

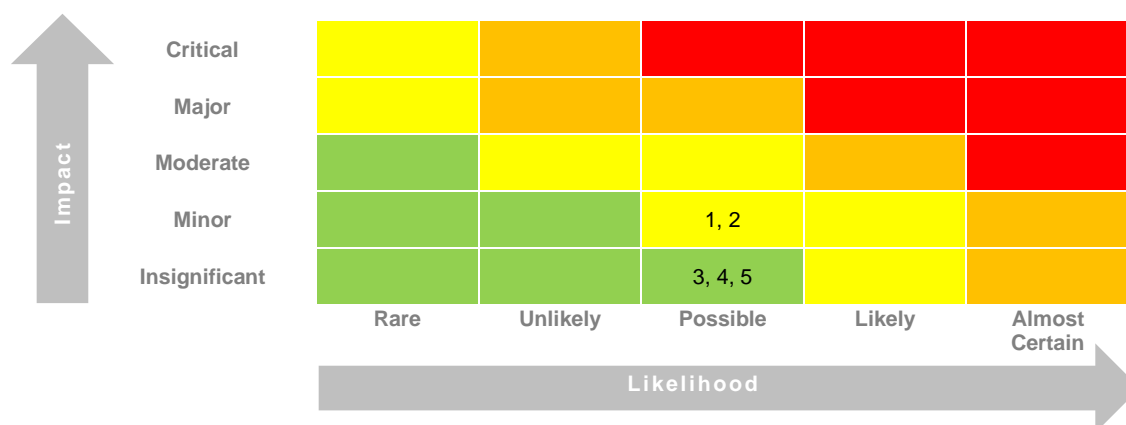
Control Assessment Table is as follows:

Control / Mitigating Factor	Description
I – Good	Systems and processes exist to effectively manage the risk and management accountability is assigned. There is a high proportion of systemised controls which are well documented and regular monitoring and review indicates high compliance with the process.
II – Marginal	Systems and processes exist which partially manage the risk. A combination of systemised and manual controls. Some improvement opportunities are possible but have not been achieved.
III – Poor	The system and processes for managing the risk are ineffective, have been subject to major change or are in the process of being implemented and their effectiveness cannot be confirmed.



## Appendix 6 – Risk assessment

Provided below is an audit assessment of the residual risk based on the Adelaide Hills Council risk framework in respect of the process reviewed, having regard to the issues identified by the audit.



The following details the framework for risk ratings developed by the Adelaide Hills Council to prioritise findings according to their relative significance depending on their impact to the process.

LIKELIHOOD	CONSEQUENCES				
	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic
A Almost Certain	Medium	High	Extreme	Extreme	Extreme
B Likely	Medium	High	High	Extreme	Extreme
C Possible	Low	Medium	Medium	High	Extreme
D Unlikely	Low	Low	Medium	Medium	High
E Rare	Low	Low	Low	Medium	High

The likelihood of a risk eventuating must be identified in the context of existing controls using the following as a reference:

LIKELIHOOD RATING	DESCRIPTION
A – Almost Certain	<i>Is expected to occur in most circumstances.</i> Greater than 90% chance that the event will occur in situations that the risk is present OR significant past history and considered most likely in the circumstances.
B – Likely	<i>Will probably occur in most circumstances.</i> About 30 - 90% chance that the event will occur in situations that the risk is present OR some past history and considered quite likely in the circumstances.
C – Possible	<i>Might occur at some time.</i> About 10 - 30% chance that the event will occur in situations that the risk is present OR some past history and considered possible in the circumstances.
D – Unlikely	<i>Could occur at some time.</i> About 3 - 10% chance that the event will occur in situations that the risk is present OR limited past history, but possible in some circumstances or occasionally.
E – Rare	<i>May occur in exceptional circumstances.</i> Less than 3% chance that the event will occur in situations where risk is present OR no past history and considered unlikely to occur (if ever).

### Measures of corporate risk consequence or impact

Where a risk has implications across a number of areas of impact, the highest rating should be used to determine the overall level of risk. However, each identified risk should be assessed from a mitigation/action.

	INTERNAL IMPACT					EXTERNAL IMPACT		
	Corporate Objectives (A)	Staff Welfare & Engagement (B)	Legal and Regulatory (C)	Finance & Assets (D)	Service Continuity (E)	Community, Social & Reputation (F)	Environment (G)	Economic (H)
1. Insignificant	No impact on the ability to achieve corporate objectives.	No injuries. No effect on staff morale.	Innocent procedural breach, evidence of good faith, little impact; Limited/normal insurance claims. Legal action highly unlikely.	Low financial impact - <2% of budget.	No material disruption. Small delays in routine needs/tasks for ½ day.	Isolated complaint without media attention. No impact on community confidence or wellbeing.	No environmental damage.	Minor shortfall relative to current forecasts.
2. Minor	Minor impairment in achieving corporate objectives.	First aid treatment. Minor effect on staff morale.	Breach of regulatory or legal obligations with no punitive actions. Internal breach of policy or procedure requiring internal investigation/ corrective action.	Minor financial impact - 2- < 5% of budget.	Short term temporary suspension. Minor impact in undertaking routine needs or tasks for 1 day or impact on multiple areas within Council.	One-off, localised adverse media event. Loss of confidence by localised community. Minor adverse impact on community wellbeing.	Minor environmental damage. Contamination - on-site release contained. Quick clean-up possible with slight, reversible damage to few species. "Nuisance" category under EPA met.	Individually significant but isolated areas of reduction in economic performance relative to current forecasts.
3. Moderate	Moderate impairment in achieving corporate objectives.	Medical treatment required moderate effect on staff morale.	Breach of regulatory or legal obligations with limited litigation. Internal breach of policy or procedure requiring external investigation.	Moderate financial impact - 5-<15% of budget.	Medium term temporary suspension of capability, moderate impact on stakeholders & routine needs or tasks for up to 1 to 7 days – backlog cleared by additional resources.	Sustained but localised adverse media attention. Limited short-term impact on community confidence. Moderate adverse impact on community wellbeing.	Moderate local impact on or off site requiring long term clean-up. "Material" category under EPA met. Some minor adverse effects to a few species that are short term and reversible.	Significant general reduction in economic performance relative to current forecasts.
4. Major	Major impairment in achieving corporate objectives.	Extensive injuries. Significant impact on staff morale.	Breach of regulatory or legal obligations with potential civil/criminal charges or protracted litigation.	Major financial loss - 15-< 30% of budget.	Prolonged suspension of work (major impact on stakeholders & routine task) for greater than 7 days.	Significant adverse media event. Significant and prolonged loss of community confidence. Major adverse impact on community wellbeing.	Major but reversible environmental damage. Full clean up difficult and expensive. "Serious" category under EPA met. Loss of habitat and migration of animal population, plants unable to survive, pollution requires physical removal.	Regional stagnation such that businesses are unable to thrive and employment does not keep pace with population growth.
5. Catastrophic	Permanent impairment in achieving corporate objectives.	Death related to work incident. Huge effect on staff morale.	Civil/criminal charges or serious litigation.	Huge financial exposure/impact – >30% of budget.	Indeterminate prolonged suspension of work; non Performance.	Significant sustained adverse media attention. Complete loss of community confidence and widespread outrage. Huge adverse impact on community wellbeing.	Catastrophic environmental damage. Full clean-up not possible. "Serious" category under EPA met. Death of animals in large numbers, destruction of flora species, air quality requires evacuation.	Regional decline leading to widespread business failure, loss of employment and hardship

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# **Appendix 2**

## *Economic Development Plan Implementation Internal Audit Report*

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Where you want to be.



**August 2022**

## Adelaide Hills Council

### Economic Development Plan Implementation Internal Audit Report

David Papa, Partner, Business Advancement & Assurance  
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9 August 2022

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Dear Lachlan

**Internal Audit Report – Economic Development Plan Implementation**

Please find attached our report on the Economic Development Plan Implementation for Adelaide Hills Council.

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

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

Yours sincerely



David Papa  
Partner

Enclosure

Version history	Date
Draft report issued	7/7/2022
Final report issued	9/8/2022
Final report Executive Management approval	
Final report Audit Committee presentation	

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**Inherent Limitations**

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

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

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## Executive summary

To fulfil the Goal of A Prosperous Economy, Council developed an Economic Development (ED) Plan to outline the “(Adelaide Hills) Council’s actions to support the development of our region’s economy and to deliver the objectives and priorities identified in the Strategic Plan”.

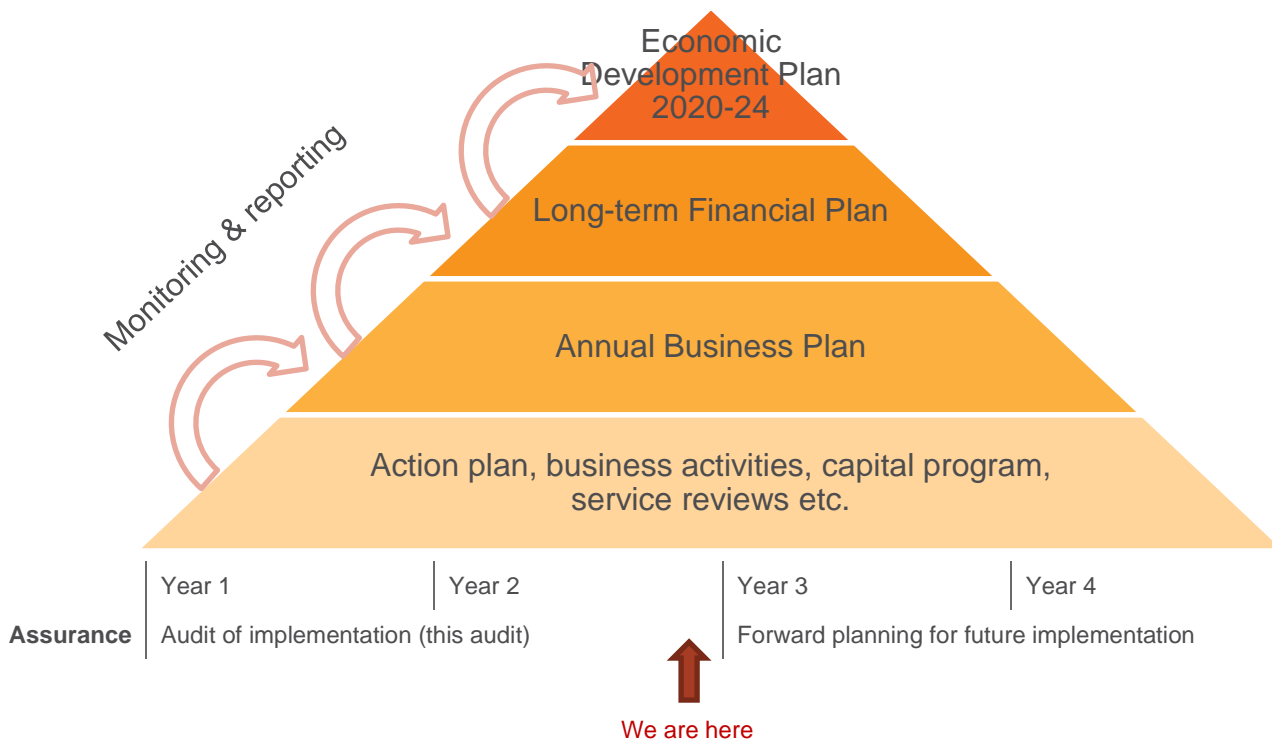
The ED Business Unit is responsible for tracking the action items in the ED Plan. However, in the last 12 months, this Business Unit had reduced resources, i.e., the normal two FTEs were reduced to one FTE, which impacted the reported items. The Manager ED has taken up the Acting Director Development and Regulatory Services role from 12 July 2021 to 8 July 2022. This role was initially for a short term of three months, and then got extended three times. The Acting Manager ED (with the substantive role of ED Officer) has been tracking the action items.

During the audit, we observed the following good practice:

- The ED Plan is well-aligned to the Strategic Plan 2020-24 – A brighter future and Annual Business Plans. The action items were designed to achieve the strategic goal of “A prosperous economy” and the associated strategic outcomes.
- Council effectively facilitates economic development via playing the roles of Advocate, Inform/Promote, Invest/Provide, etc as defined in the ED Plan.
- Council develops effective strategic partnerships with relevant stakeholders, which is essential for local economic development.
- An Economic Development Action List is developed and implemented to track the latest progress of the action items by the Acting Manager ED.
- Weekly discussion with the line manager, i.e., Director Community Capacity, is in place.
- Quarterly Council Performance Report includes the progress of the relevant key initiatives and prioritised action items.

For a summary of our understanding of the ED Plan implementation mechanism, refer to Figure 1 below.

Figure 1: Our understanding of the ED Plan implementation mechanism



We also observed the following challenges:

- Q3 2021-22 Council Reports indicated that two out of three Performance Indicators were not met, i.e., 85% of planning consents completed within statutory timeframes (currently 77%), and an average of 20 days for applications to be approved – building consent (currently 29). Although these two Performance Indicators were not directly under the responsibility of the ED Business Unit (but with the Planning, Assessment and Compliance Business Unit), they are aligned to the Economic Development Goal.

During this audit, we did sampling testing (see table below) to confirm that the status of all 16 samples was correct (100%).

Status	No. of action items	No. of action items sampled
Complete	13	4
Ongoing	44	10
High priority	1	-
Delayed	3	2
<b>Total</b>	<b>61</b>	<b>16</b>

Based on the internal audit work completed, documents inspected and interviews with key stakeholders, it is our view the control environment for the ED Plan Implementation is **Marginal** as assessed utilising the *Council's Corporate Risk Management Guide*. For audit findings, improvement opportunities and key recommendations, refer to the table below.

Table of findings/improvement opportunities and key recommendations:

No.	Findings	Key Recommendations	Rating
1	Formal tracking system of action items	Management formalises the tracking system of action items identified in the ED Plan; and ensures the resources are available to implement the formal tracking system, including escalation and record keeping.	Low
2	Design of actions	Management reviews and updates the action items in the ED Plan during the tracking and reporting processes to reflect the relevance and accuracy of the action items; and ensures the updated action items are completed within the timeframes and resources allocated.	Low
3	Regular review and update of ED Plan	Management conducts formal regular review and update of the ED Plan, at least on an annual basis or when any significant change occurs, to ensure the relevancy of the action items and adequate resources are identified and in place.	Low
No.	Improvement Opportunities	Key Recommendations	
1	Record keeping	Management uses SharePoint to track, record and monitor the actions of the ED Plan in a transparent environment where people can access and collaborate, the likelihood of errors is reduced, and version control is in place.	n/a
2	KPIs and milestones	Management collects relevant data to develop KPIs and milestones of action items in the ED Plan; and tracks the progress of the action items against the KPIs and milestones.	n/a
3	Reference or alignment with state and regional economic development priorities	Management makes sure the reference or alignment with state and regional economic development priorities are addressed in the ED Plan if the document is comprehensively reviewed and updated.	n/a
4	Types of actions	Management benchmarks against other regional councils to ensure common actions of the ED Plan are implemented, where possible.	n/a
5	Closure review of the ED Plan	Management undertakes a formal closure review of the ED Plan in the future before the commencement of the next Plan.	n/a



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## Background

The Adelaide Hills Council (Council or AHC) has engaged Bentleys (SA) Pty Ltd (Bentleys) to conduct an internal audit of Economic Development Plan Implementation in June 2022 in line with the Council's Strategic Internal Audit Plan.

## Audit objectives

The objective of this audit was to provide AHC with the assurance that the Prosperous Economy Goal in the Strategic Plan 2020-24 – A brighter future is being progressed via the implementation of the Economic Development Plan 2020-24 (the ED Plan).

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

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

## Audit scope

The scope of this internal audit focused on the ED Plan development and revision processes, determination of actions and initiatives, resourcing (physical and financial) of implementation and evaluation of outcomes against objectives.

## Audit approach

The following was included during the audit:

- Reviewing the ED Plan to identify objectives, actions, timelines and/or milestones
- Assessing the alignment among strategic documents to ensure resources (physical and financial) are available for implementation and forward planning
- Meeting with management and staff responsible for implementation, monitoring and reporting of the implementation of the ED Plan
- Obtaining available data and documentation to validate the progress of the implementation
- Performing agreed testing to determine whether the actions are implemented
- Evaluating whether the outcomes of the implementation support the fulfilment of the Prosperous Economy Goal in the Strategic Plan 2020-24 – A brighter future
- Identifying any gaps in implementation.

We conducted this audit in accordance with *the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors*. Our approach involved reviewing the process, procedures, policies and documentation which drive the ED Plan Implementation. We also conducted interviewing key staff; observation, walkthrough and substantive testing where possible. For the documents accessed and consultation, refer to Appendix 3 for detailed information.

## Risk assessment and cause analysis

Key risks identified during the audit include:

Risks	Finding No.
Action items identified in the ED Plan are not scheduled or responsibility allocated.	1, 2, 3
Action items identified in the ED Plan are not resourced (physical and financial).	1, 3
Action items in the ED Plan are not completed within the timeframes and resources allocated.	1, 3
Progress against the achievement of the ED Plan is not monitored and/or reported periodically.	1
Outcomes achieved are not evaluated against the objectives of the ED Plan.	1, 2

Provided below is our view as to the main causes giving rise to the reported items:

- In the last 12 months, the responsible ED Business Unit had reduced resources, i.e., the normal two FTEs were reduced to one FTE
- Robust data, especially at the municipality level, is still being collected and analysed for local economic assessments.

## Acknowledgment

We appreciate the assistance and cooperation received from the management and staff of the Adelaide Hills Council in completing this audit.

## Appendix 1 – Detailed findings and agreed action plan

Finding 1. Formal tracking system of action items	Risk Category	A,D,H
	Impact:	Minor
	Likelihood:	Unlikely
	Risk Rating:	Low
Finding(s)		
<p>The Economic Development Action List is in place to track the latest progress of the ED Plan action items (totalling 61) by the Acting Manager ED actively; however, the process was not a formal and systematic approach but on an ad hoc basis. As an outcome, the status was not up to date for all action items.</p> <p>The following gaps were identified:</p> <ul style="list-style-type: none"> <li>Methodology to track the implementation was not defined, such as verbal update, review of supporting evidence, and regular program meetings, etc.</li> <li>Escalation requirements and process were not addressed. The sampling test found that two actions of “Work with brand partners to define region's attributes” and “Investigate funding opportunities to support brand development and implementation” related to “Develop a regional identity” (against Outcome E4.1 – Develop a realistic, yet inspiring, collective vision to connect the region and its industries) were not followed up as these were initially assigned with the Manager ED and not prioritised during her absence. Further, there was no audit trail retained regarding the escalation of the postponement of these two actions.</li> </ul> <p>The reason for this finding was that the ED Business Unit was lack of resources.</p> <p>For details, refer to Appendix 4.</p>		
Risk		
<ul style="list-style-type: none"> <li>Action items identified in the ED Plan are not scheduled or responsibility allocated</li> <li>Action items identified in the ED Plan are not resourced (physical and financial)</li> <li>Action items in the ED Plan are not completed within the timeframes and resources allocated</li> <li>Progress against the achievement of the ED Plan is not monitored and/or reported periodically</li> <li>Outcomes achieved are not evaluated against the objectives of the ED Plan.</li> </ul>		
Recommendation	Management Response and Agreed Action Plan	
<p>We recommend management:</p> <ul style="list-style-type: none"> <li>Formalise the tracking system of action items identified in the ED Plan</li> <li>Ensure the resources are available to implement the formal tracking system, including escalation and record keeping.</li> </ul>	<ol style="list-style-type: none"> <li>Transfer actions in the existing spreadsheet Action List to a Sharepoint list which can keep track of changes and provide for easier tracking and monitoring of progress. Note: ELT determined more broadly to identify other functional strategies and plans which lend themselves to monitoring in this way.</li> <li>The team is expected to be back to normal resourcing levels in August 2022.</li> </ol>	
	Responsible Officer	Target Date
	Economic Development Officer	30 September 2022

<b>Finding 2. Design of actions</b>	<b>Risk Category</b>	<b>A,D,H</b>
	<b>Impact:</b>	<b>Minor</b>
	<b>Likelihood:</b>	<b>Unlikely</b>
	<b>Risk Rating:</b>	<b>Low</b>

**Finding(s)**

Testing of 16 samples found that two (12.5% of sampled) actions were not adequate to support the designed outcomes. Details as follows:

- Action of “Council develops a procurement register for local suppliers” (against Outcome E1.6 – More Adelaide Hills businesses are successful in winning work to supply goods and services to Local State and Australian Government) – The Procurement Register in SkyTrust was observed at the time of the audit. However, the Procurement Register did not include local suppliers’ information. Instead, under the Council’s procurement framework, Selection Criteria were in place, including consideration of local suppliers. The Procurement Coordinator advised that depending on the nature of the procurement, the weight percentage change accordingly.
- Action of “Community Halls and Sporting Facilities are maintained with the aim of generating income with communities where possible” (against Outcome E2.4 – Tourism and Community recreation infrastructure supports local businesses and economies) – The maintenance responsibilities are with the external management team of the Community Halls and Sporting Facilities although Council maintains an Asbestos Register and conducts annual inspection for compliance purposes, e.g., fire safety.
  - An example Annual Compliance Inspection Report was provided showing the building condition is Very Good (rated as 4 out of 5). However, there was no summary/register of all reports (approximately 50). Therefore, we did not have sufficient evidence to comment on whether all building conditions were good.

For details, refer to Appendix 4.

**Risk**

- Action items in the ED Plan are not completed within the timeframes and resources allocated
- Outcomes achieved are not evaluated against the objectives of the ED Plan.

<b>Recommendation</b>	<b>Management Response and Agreed Action Plan</b>	
We recommend management: <ul style="list-style-type: none"> <li>• Review and update the action items in the ED Plan during the tracking and reporting processes to reflect the relevance and accuracy of the action items</li> <li>• Ensure the updated action items are completed within the timeframes and resources allocated.</li> </ul>	Audit has identified some actions not completed due to other resourcing priorities over the last 12 months. <ol style="list-style-type: none"> <li>1. Undertake a review of the ED Plan, with revised priorities and timelines presented for Council’s consideration in the first half of 2023 (which will be when the existing plan is two years old).</li> <li>2. Delivery of action items will always be subject to resources being available. The team is expected to be back to normal levels of resourcing in August 2022.</li> </ol>	
	<b>Responsible Officer</b>	<b>Target Date</b>
	Manager Economic Development	June 2023

<b>Finding 3. Regular review and update of ED Plan</b>	<b>Risk Category</b>	<b>A,D,H</b>
	<b>Impact:</b>	<b>Minor</b>
	<b>Likelihood:</b>	<b>Unlikely</b>
	<b>Risk Rating:</b>	<b>Low</b>
<b>Finding(s)</b>		
There was no formal regular review and update of the ED Plan in place to ensure that the action items are all designed appropriately and practically to address the targeted outcomes and the latest changes are addressed, such as the lack of resources in the ED Business Unit.		
<b>Risk</b>		
<ul style="list-style-type: none"> <li>Action items identified in the ED Plan are not scheduled or responsibility allocated</li> <li>Action items identified in the ED Plan are not resourced (physical and financial)</li> <li>Action items in the ED Plan are not completed within the timeframes and resources allocated.</li> </ul>		
<b>Recommendation</b>	<b>Management Response and Agreed Action Plan</b>	
We recommend management: <ul style="list-style-type: none"> <li>Conduct formal regular review and update of the ED Plan, at least on an annual basis or when any significant change occurs, to ensure the relevancy of the action items and adequate resources are identified and in place.</li> </ul>	The Economic Development Plan was only adopted by Council in February 2021 and has a lifespan of four years. A mid-term formal review in early 2023 is considered appropriate and within the capacity of existing resourcing levels.	
	<b>Responsible Officer</b>	<b>Target Date</b>
	Manager Economic Development	June 2023

## Appendix 2 – Improvement opportunities

### 1. Record keeping

#### Observation(s)

Council Records and Information Management Policy (effective from 6 October 2020) outlines “the strategy required when managing any official record, in any format to ensure they are legally contained in an approved Council EDRMS (Electronic Data Records Management System) business system.” The Policy requires that the Council is committed to “ensuring public sector accountability and transparency”.

We understand that the Economic Development Action List is an Excel spreadsheet retained in Records Hub (approved EDRMS). However, there were risks associated with using an Excel spreadsheet, such as lack of transparency, vulnerability to human errors, and the chance of data getting deleted or lost.

#### Opportunity(ies)

We recommend management:

- Use SharePoint to track, record and monitor the actions of the ED Plan in a transparent environment where people can access and collaborate, the likelihood of errors is reduced, and version control is in place.

#### Management Response

Noted. Sharepoint will be used as recommended.

#### Responsible Officer

Economic Development Officer

#### Target Date

September 2022

## 2. KPIs and milestones

### Observation(s)

The current ED Plan covers four years period of time but did not have key performance indicators (KPIs) and milestones to measure whether the action items have achieved the designed outcomes as well as according to the timelines spreading across the years.

The reason was a lack of data on assessments of the local economy at the development stage of the ED Plan.

The following data Council has collected in the past few years for reporting purposes could be further developed into KPIs and milestones:

- Satisfaction Survey is in place every two to three years
- profile.id including Australian Bureau of Statistics data for consistent information to measure.
- Economy.id industry structure and industry sector profiles use a National Accounts regional econometric model developed by National Economics (NIEIR).

The Acting Manager ED also advised that milestones should be different for different projects, including big/major ones and routine/operational ones.

### Opportunity(ies)

We recommend management:

- Collect relevant data to develop KPIs and milestones of action items in the ED Plan
- Track the progress of the action items against the KPIs and milestones.

### Management Response

Very few, if any, actions in Economic Development will directly result in a noticeable shift in any key local economic indicators. The Council's role is in having a 'collective impact' with other agencies and representative organisations and thus it is difficult to link Council's actions with high level indicators like employment rates, gross regional product and housing affordability.

However, it is noted that the Council's Economic Development Plan should recognise higher level local economic indicators so Council can respond appropriately, and these will be documented in future revisions of the Plan.

#### Responsible Officer

Manager Economic Development

#### Target Date

June 2023



### 3. Reference or alignment with state and regional economic development priorities

#### Observation(s)

The current ED Plan did not make reference or alignment with state and regional economic development priorities although Council works closely with the State Government Agencies and Regional Development Australia.

For example, the State Government's top 10 economic priorities

(<https://www.ceda.com.au/NewsAndResources/News/Government-Regulation/SA-Premier-announces-top-10-economic-priorities>) include:

- “Unlocking the full potential of South Australia's resources, energy and renewable assets
- Premium food and wine produced in our clean environment and exported to the world
- A globally recognised leader in health research, ageing and related services and products
- The Knowledge State – attracting a diverse student body and commercialising our research
- South Australia – a growing destination choice for international and domestic travellers
- Growth through innovation
- South Australia – the best place to do business
- Adelaide, the heart of the vibrant state
- Promoting South Australia's international connections and engagement
- South Australia's small businesses have access to capital and global markets.”

#### Opportunity(ies)

We recommend management:

- Make sure the reference or alignment with state and regional economic development priorities are addressed in the ED Plan if the document is comprehensively reviewed and updated.

#### Management Response

Noted. More explicit links between actions and state and regional priorities will be made in the 2023 mid-term review.

#### Responsible Officer

Manager Economic Development

#### Target Date

June 2023

**4. Types of actions**

**Observation(s)**

In addition to the infrastructure and projects delivered by other business areas within the Council, the actions by the ED Business Unit to implement the ED Plan include:

- workshops and training
- networking event
- marketing and promotional materials.

It was observed that the action items were largely funded by the ED Business Unit operation budget, which is \$550K (2 FTEs) for 2021-22, 1% of the Council's budgeted Total Operating Expenditure of \$48,958K according to the Annual Business Plan 2021-22. The budget would be challenging to achieve one of the five strategic goals.

Going forward, where possible, Council should try the following common actions by other local councils to achieve better outcomes of local economic development:

- conferences and field days
- financial support for business and tourism associations
- festivals and other tourism support events.

**Opportunity(ies)**

We recommend management:

- Benchmark against other regional councils to ensure common actions of the ED Plan are implemented, where possible.

**Management Response**

Once salaries, other employment costs and commitments to partners like Regional Development Australia, Adelaide Hills Tourism and Stirling Business Association are taken into account, the Economic Development Team has a \$15,500 operating budget.

Suggestions noted. The Economic Development Officer participates in a regional forum of local government economic development officers where common interests and new ideas are shared.

The suggestions made in this audit will be considered in the 2023 mid-term review of priorities and timelines.

Responsible Officer	Target Date
Economic Development Officer	June 2023

**5. Closure review of the ED Plan**

**Observation(s)**

In the future when the ED Plan is completed and before commencement of the next Plan, a formal closure review should be in place to include

- Outcomes and objectives realisation
- Any action items not complete and/or outcomes not achieved, what are the reasons
- Lessons learnt for future Plan.

**Opportunity(ies)**

We recommend management:

- Undertake a formal closure review of the ED Plan in the future before the commencement of the next Plan.

**Management Response**

Noted. Will do.

**Responsible Officer**

Manager Economic Development

**Target Date**

Jan-Jun 2025

## Appendix 3 – Documents accessed and consultation

Documents provided by the Adelaide Hills Council and accessed include:

- Economic Development Plan
- Strategic Plan 2020-24 – A brighter future
- Annual Business Plan 2021-22 and 2020-21
- Long Term Financial Plan 2021-22 and 2020-21
- Annual Report 2020-21
- Quarterly Council Performance Reports Q1, Q2, and Q3 2021-22
- Major Project Updates and Gumeracha Main Street Upgrade on Council's website
- Tender Evaluation – Pricing Master
- Supplier Community Training 2021
- Your Business May 2022, February 2022, November 2021
- Hills Business Update May 2022, February 2022, November 2021
- Economic Development Network Notes May 2022
- Monthly Stirling Business Association meeting agenda and minutes from February to May 2022 and email communications
- Fabrik Concept Plan and budget
- Amy Gillett and Bushland Park Fund Deed and draft final report
- Annual Compliance Inspection Report/Outcomes July 2021 – an example
- Regular conversation with NBN
- Home Based Business Registrations
- Strategic Projects List.

We would like to extend our appreciation to the following individuals who participated in, and provided information during this internal audit review.

- Lachlan Miller, Executive Manager Governance & Performance
- David Waters, Director Community Capacity
- Brett Mayne, Acting Manager Economic Development
- James Greenfield, Procurement Coordinator
- Natalie Westover, Manager Property Services
- Renee O'Connor, Coordinator Sport and Recreation
- Kira-Marie Lavery, Corporate Planning & Performance Coordinator.

## Appendix 4 – Sample testing of ED Plan action items

The below is a summary of the action item samples reviewed in the audit:

Ref	Outcome	Actions	Council Role	When	Partners	Budget	Council Team	Status	Audit Testing	Finding #
1	E1.6 More Adelaide Hills businesses are successful in winning work to supply goods and services to Local State and Australian Government.	Council develops a procurement register for local suppliers.	Lead/Empower	Mid 2021	SBA, WCA, AHT, AHWR, APGA, AH procurement	BAU	Procurement Finance	Ongoing	Status: no change.  <i>Documentation/information reviewed:</i> <ul style="list-style-type: none"> <li>Selection Criteria, including consideration of local suppliers</li> <li>Internal communication/email correspondences with Procurement from May to October 2021. The communication was on a need basis, not a systematic approach.</li> </ul> <i>Discussed with:</i> Brett Mayne, Acting Manager Economic Development James Greenfield, Procurement Coordinator on Monday 20/6/2022.	Finding 1 Finding 2
2	E1.6 More Adelaide Hills businesses are successful in winning work to supply goods and services to Local State and Australian Government.	Workshops on tender writing and applying for supply contracts are held for local businesses.	Promote/Educate	First half 2021	SBA, WCA, AHT, AHWR, APGA, AH procurement	BAU	Procurement Finance	Complete	Status: no change.  <i>Documentation/information reviewed:</i> <ul style="list-style-type: none"> <li>Presentation and Attendance List included in the EngagementHQ Survey Response Report.</li> </ul> <i>Discussed with:</i> Brett Mayne, Acting Manager Economic Development on Monday 20/6/2022.	
3	E1.4 There is an increase in the number and sustainability of start up businesses.	Promote and facilitate connections to business start up support services.	Promote/Educate Facilitate/ Connect	Ongoing	DIS, Business SA	BAU	Eco Dev	Ongoing	Status: no change.  <i>Documentation/information reviewed:</i> <ul style="list-style-type: none"> <li>e-Newsletters and relevant dashboard reporting for the last 3 quarters, including November 2021, February 2022, May 2022</li> <li>Quarterly meeting with RDA (Regional Development Australia) for the last 3 times</li> <li>Meeting minutes and email correspondences regarding the communications with Stirling Business Association</li> <li>Communication evidence regarding Data Effects.</li> </ul> <i>Discussed with:</i> Brett Mayne, Acting Manager Economic Development on Monday 20/6/2022.	
4	E1.3 There is an increase in the number of Creative industries businesses linked to the Fabrik development and creating textile/fashion business ecosystem	Promote collaboration opportunities to industry partners and creative businesses.	Research Facilitate/Connect	2021-2022	Arts SA, RDA, DIS, TAFESA	BAU	Eco Dev Fabrik	Ongoing	Status: no change.  <i>Documentation/information reviewed:</i> <ul style="list-style-type: none"> <li>Planning and connection of business components done</li> <li>Fabrik budget built into the long term budget – Annual Business Plan (ABP) \$2M for 2021-22 and \$2M for 2022-23 and Long Term Financial Plan (LTFP). Concept Plans have been developed and Economic Impact Analysis undertaken. The Council has committed up to \$1.3m to undertake building works to establish the hub, plus ongoing operational funding of up to \$285,000 (net) each year.</li> </ul> <i>Discussed with:</i> Brett Mayne, Acting Manager Economic Development on Monday 20/6/2022.	
5	E2.4 Tourism and Community recreation infrastructure supports local businesses and economies.	Signage on the Amy Gillet Bikeway is upgraded to promote local towns and businesses.	Provide/Respond Funding Applicant/ Recipient	2021	SATC, Bike SA, WCA,	\$60,000 grant	Eco Dev, Civil	Ongoing	Status: no change.  <i>Documentation/information reviewed:</i> <ul style="list-style-type: none"> <li>Funding Deed</li> </ul>	

Ref	Outcome	Actions	Council Role	When	Partners	Budget	Council Team	Status	Audit Testing	Finding #	
									<ul style="list-style-type: none"> <li>Draft Final Report forwarded to CE for signoff.</li> </ul> <p><i>Discussed with:</i> Brett Mayne, Acting Manager Economic Development on Monday 20/6/2022.</p>		
6	E2.4	Tourism and Community recreation infrastructure supports local businesses and economies.	Community Halls and Sporting Facilities are maintained with the aim of generating income with communities where possible.	Owner/Custodian	ongoing	Community Sports Clubs	BAU	Open Space, Property	Ongoing	<p>Status: no change.</p> <p><i>Documentation/information reviewed:</i></p> <ul style="list-style-type: none"> <li>ABP for 2020-21 (p.16) and 2021-22 (p.18), including the playground projects</li> <li>Annual Compliance Inspection Report/Outcomes July 2021, including Community Halls and Sporting Facilities – An example Report was provided showing the building condition is Very Good (rated as 4 out of 5). However, there was no summary/register of all reports, approximately 50 reports. Therefore, we did not have sufficient evidence to comment on whether all building conditions were good.</li> <li>Internal communication/email correspondences with Facility Services from May to October 2021. The communication was on a need basis, not a systematic approach.</li> </ul> <p><i>Discussed with:</i> Brett Mayne, Acting Manager Economic Development on Monday 20/6/2022 Natalie Westover, Manager Property Services Renee O'Connor, Coordinator Sport and Recreation on Tuesday 21/6/2022 David Waters, Director Community Capacity on Tuesday 21/6/2022.</p>	Finding 1 Finding 2
7	E2.1	There is sufficient high quality broadband internet and phone communication services coverage across the region through fixed and mobile platforms to meet business's needs	Identify blackspots/service gaps and advocate for improvements to regional quality broadband internet and phone communication through fixed and mobile platforms to address these.	Research Advocate/Influencer	Late 2021	DIT, NBN Co, RDA,	BAU	Eco Dev Planning	Ongoing	<p>Status: no change.</p> <p><i>Documentation/information reviewed:</i></p> <ul style="list-style-type: none"> <li>Evidence of regular conversation with NBN</li> <li>Outcomes of conversation</li> <li>Current status.</li> </ul> <p><i>Discussed with:</i> Brett Mayne, Acting Manager Economic Development on Monday 20/6/2022.</p>	
8	E2.4	Free Camping facilities are provided within the Adelaide Hills region.	Investigate free camping opportunities and requirements within the Adelaide Hills.	Research Facilitate/Connect	mid 2021	Community Sports Clubs Carvan and Camping Association	BAU	Eco Dev, Property	Complete	<p>Status: no change.</p> <p><i>Documentation/information reviewed:</i></p> <ul style="list-style-type: none"> <li>Quarterly reporting for contents by the Acting Manager Economic Development</li> <li>Quarterly Council Performance Reports Q1, Q2, and Q3 2021-22.</li> </ul> <p><i>Discussed with:</i> Brett Mayne, Acting Manager Economic Development on Monday 20/6/2022 Kira-Marie Laverty, Corporate Planning &amp; Performance Coordinator.</p>	
9	E3.3	The Mainstreets of towns within Council are vital and active places that attract businesses and people.	Using consistent planning guidelines work with local businesses and developers to develop Mainstream Masterplans and attract investment.	Lead Regulate Support	2021	Attorney Generals Dept (Planning)	BAU	Planning	Ongoing	<p>Status: no change.</p> <p><i>Documentation/information reviewed:</i></p> <ul style="list-style-type: none"> <li>Gumeracha of mainstreet upgrade information on Council's website.</li> </ul> <p><i>Discussed with:</i> Brett Mayne, Acting Manager Economic Development on Monday 20/6/2022.</p>	

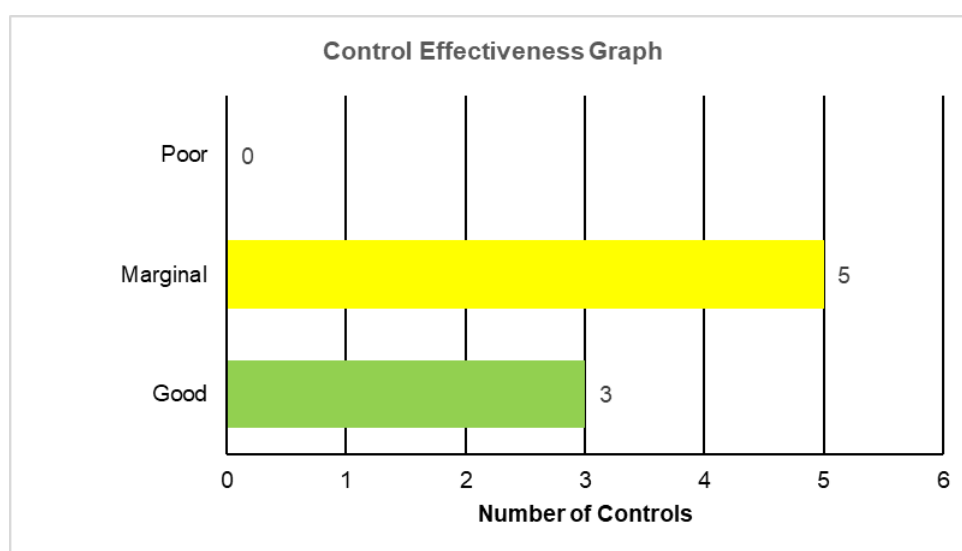
Ref	Outcome	Actions	Council Role	When	Partners	Budget	Council Team	Status	Audit Testing	Finding #
10	E3.4 Home based businesses in the Adelaide Hills are connected to and supported by Council	Promote the region as an attractive place to maintain a quality lifestyle while working or conducting business from home	Promote/Educate Facilitate/Connect	2022	DIS, Australian Govt Dept Industry, ATO, Small Business Commissioner, Business SA	BAU	Eco Dev	Ongoing	Status: no change.  <i>Documentation/information reviewed:</i> <ul style="list-style-type: none"> <li>Attendance List of the 3rd session scheduled for Thursday 23 June via EngagementHQ.</li> <li>E- Newsletter for promotion.</li> </ul> <i>Discussed with:</i> Brett Mayne, Acting Manager Economic Development on Monday 20/6/2022.	
11	E3.4 Home based businesses in the Adelaide Hills are connected to and supported by Council	Undertake a needs analysis of home based businesses to assess interest in receiving assistance.	Research	Late 2021	ABS, RDA, SBA, WCA, DIS	BAU	Eco Dev	Complete	Status: no change.  <i>Documentation/information reviewed:</i> <ul style="list-style-type: none"> <li>Survey results.</li> </ul> <i>Discussed with:</i> Brett Mayne, Acting Manager Economic Development on Monday 20/6/2022.	
12	E4.2 Regional opportunities are identified and implemented.	A list of Strategic Projects and priorities is developed to inform funding applications and legislative reform.	Lead/Support	2021	DIT, Attorney Generals Dept (Planning), PIRSA, MBDC, Community and Business Associations.	BAU	Property, Planning, Eco Dev	Ongoing	Status: no change.  <i>Documentation/information reviewed:</i> <ul style="list-style-type: none"> <li>Strategic Projects List.</li> </ul> <i>Discussed with:</i> Brett Mayne, Acting Manager Economic Development on Monday 20/6/2022 David Waters, Director Community Capacity on Tuesday 21/6/2022.	
13	E4.1 Develop a regional identity	Workshop with key stakeholders to gauge interest in developing a collective vision for the region.	Facilitate/Connect	2021	MBDC, SATC, State Promotions DTI, RDA	BAU	Eco Dev	Complete	Status: no change.  Workshop held late 2021.  <i>Discussed with:</i> Brett Mayne, Acting Manager Economic Development on Monday 20/6/2022.	
14	E4.1 Develop a regional identity	Prepare a scoping paper to identify potential brand partners and scopes out brand application and opportunity	Facilitate/Connect	2021	MBDC, SATC, State Promotions DTI, RDA	BAU	Eco Dev	Ongoing	Status: no change.  Work started with Adelaide Hills Tourism and Adelaide Hills Wine Region.  <i>Discussed with:</i> Brett Mayne, Acting Manager Economic Development on Monday 20/6/2022.	
15	E4.1 Develop a regional identity	Work with brand partners to define region's attributes	Lead/Empower Facilitate/Connect	2022	MBDC, SATC, State Promotions DTI, RDA	BAU	Eco Dev	Delayed	Status: no change.  Action was not followed up as these were initially assigned with the Manager ED and not prioritised during her absence in that last 12 months.  <i>Discussed with:</i> Brett Mayne, Acting Manager Economic Development on Monday 20/6/2022 David Waters, Director Community Capacity on Tuesday 21/6/2022.	Finding 1
16	E4.1 Develop a regional identity	Investigate funding opportunities to support brand development and implementation	Funding applicant/Recipient	2022	MBDC, SATC, State Promotions DTI, RDA	BAU	Eco Dev	Delayed	Status: no change.  Action was not followed up as these were initially assigned with the Manager ED and not prioritised during her absence.  <i>Discussed with:</i> Brett Mayne, Acting Manager Economic Development on Monday 20/6/2022 David Waters, Director Community Capacity on Tuesday 21/6/2022.	Finding 1

## Appendix 5 – Controls assessment

The control effectiveness assessment below is an indicator of the current state of the control environment within business operations and its ability to mitigate against the risk exposures.

Overall Controls Assessment <sup>(1)</sup>		
Good	Marginal	Poor

(1) Limited to audit scope and based on test results.



Key controls identified during the audit include:

No.	Control name	Control effectiveness
1	Strategic alignment	Good
2	Review and update	Marginal
3	Resource management	Marginal
4	Stakeholder engagement	Good
5	Monitoring and reporting	Marginal
6	Escalation and follow up	Marginal
7	Evaluation of outcomes against objectives	Good
8	Records management	Marginal

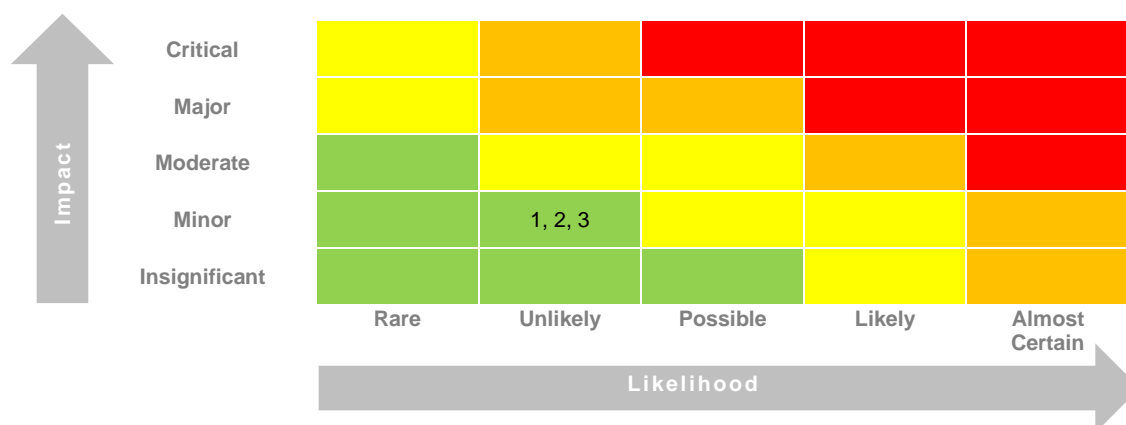
Control Assessment Table is as follows:

Control / Mitigating Factor	Description
I – Good	Systems and processes exist to effectively manage the risk and management accountability is assigned. There is a high proportion of systemised controls which are well documented and regular monitoring and review indicates high compliance with the process.
II – Marginal	Systems and processes exist which partially manage the risk. A combination of systemised and manual controls. Some improvement opportunities are possible but have not been achieved.
III – Poor	The system and processes for managing the risk are ineffective, have been subject to major change or are in the process of being implemented and their effectiveness cannot be confirmed.



## Appendix 6 – Risk assessment

Provided below is an audit assessment of the residual risk based on the Adelaide Hills Council risk framework in respect of the process reviewed, having regard to the issues identified by the audit.



The following details the framework for risk ratings developed by the Adelaide Hills Council to prioritise findings according to their relative significance depending on their impact to the process.

LIKELIHOOD	CONSEQUENCES				
	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic
A Almost Certain	Medium	High	Extreme	Extreme	Extreme
B Likely	Medium	High	High	Extreme	Extreme
C Possible	Low	Medium	Medium	High	Extreme
D Unlikely	Low	Low	Medium	Medium	High
E Rare	Low	Low	Low	Medium	High

The likelihood of a risk eventuating must be identified in the context of existing controls using the following as a reference:

LIKELIHOOD RATING	DESCRIPTION
A – Almost Certain	<i>Is expected to occur in most circumstances.</i> Greater than 90% chance that the event will occur in situations that the risk is present OR significant past history and considered most likely in the circumstances.
B – Likely	<i>Will probably occur in most circumstances.</i> About 30 - 90% chance that the event will occur in situations that the risk is present OR some past history and considered quite likely in the circumstances.
C – Possible	<i>Might occur at some time.</i> About 10 - 30% chance that the event will occur in situations that the risk is present OR some past history and considered possible in the circumstances.
D – Unlikely	<i>Could occur at some time.</i> About 3 - 10% chance that the event will occur in situations that the risk is present OR limited past history, but possible in some circumstances or occasionally.
E – Rare	<i>May occur in exceptional circumstances.</i> Less than 3% chance that the event will occur in situations where risk is present OR no past history and considered unlikely to occur (if ever).

### Measures of corporate risk consequence or impact

Where a risk has implications across a number of areas of impact, the highest rating should be used to determine the overall level of risk. However, each identified risk should be assessed from a mitigation/action.

	INTERNAL IMPACT					EXTERNAL IMPACT		
	Corporate Objectives (A)	Staff Welfare & Engagement (B)	Legal and Regulatory (C)	Finance & Assets (D)	Service Continuity (E)	Community, Social & Reputation (F)	Environment (G)	Economic (H)
1. Insignificant	No impact on the ability to achieve corporate objectives.	No injuries. No effect on staff morale.	Innocent procedural breach, evidence of good faith, little impact; Limited/normal insurance claims. Legal action highly unlikely.	Low financial impact - <2% of budget.	No material disruption. Small delays in routine needs/tasks for ½ day.	Isolated complaint without media attention. No impact on community confidence or wellbeing.	No environmental damage.	Minor shortfall relative to current forecasts.
2. Minor	Minor impairment in achieving corporate objectives.	First aid treatment. Minor effect on staff morale.	Breach of regulatory or legal obligations with no punitive actions. Internal breach of policy or procedure requiring internal investigation/ corrective action.	Minor financial impact - 2- < 5% of budget.	Short term temporary suspension. Minor impact in undertaking routine needs or tasks for 1 day or impact on multiple areas within Council.	One-off, localised adverse media event. Loss of confidence by localised community. Minor adverse impact on community wellbeing.	Minor environmental damage. Contamination - on-site release contained. Quick clean-up possible with slight, reversible damage to few species. "Nuisance" category under EPA met.	Individually significant but isolated areas of reduction in economic performance relative to current forecasts.
3. Moderate	Moderate impairment in achieving corporate objectives.	Medical treatment required moderate effect on staff morale.	Breach of regulatory or legal obligations with limited litigation. Internal breach of policy or procedure requiring external investigation.	Moderate financial impact - 5-<15% of budget.	Medium term temporary suspension of capability, moderate impact on stakeholders & routine needs or tasks for up to 1 to 7 days – backlog cleared by additional resources.	Sustained but localised adverse media attention. Limited short-term impact on community confidence. Moderate adverse impact on community wellbeing.	Moderate local impact on or off site requiring long term clean-up. "Material" category under EPA met. Some minor adverse effects to a few species that are short term and reversible.	Significant general reduction in economic performance relative to current forecasts.
4. Major	Major impairment in achieving corporate objectives.	Extensive injuries. Significant impact on staff morale.	Breach of regulatory or legal obligations with potential civil/criminal charges or protracted litigation.	Major financial loss - 15-< 30% of budget.	Prolonged suspension of work (major impact on stakeholders & routine task) for greater than 7 days.	Significant adverse media event. Significant and prolonged loss of community confidence. Major adverse impact on community wellbeing.	Major but reversible environmental damage. Full clean up difficult and expensive. "Serious" category under EPA met. Loss of habitat and migration of animal population, plants unable to survive, pollution requires physical removal.	Regional stagnation such that businesses are unable to thrive and employment does not keep pace with population growth.
5. Catastrophic	Permanent impairment in achieving corporate objectives.	Death related to work incident. Huge effect on staff morale.	Civil/criminal charges or serious litigation.	Huge financial exposure/impact – >30% of budget.	Indeterminate prolonged suspension of work; non Performance.	Significant sustained adverse media attention. Complete loss of community confidence and widespread outrage. Huge adverse impact on community wellbeing.	Catastrophic environmental damage. Full clean-up not possible. "Serious" category under EPA met. Death of animals in large numbers, destruction of flora species, air quality requires evacuation.	Regional decline leading to widespread business failure, loss of employment and hardship

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## **Appendix 3**

*Strategic Internal Audit Plan 2018/19 – 22/23 v1.11a*

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**Strategic Internal Audit Plan 2018/19 - 22/23**

Audit Engagement	Scope	Strategic/Corporate Risk Linkage	Insurance Mapping (coverage in BPI)	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.	No				Completed	
Budgetary Management	Focussing on financial planning, control and reporting. Relationship of budget with LTFP, legislative and regulatory compliance.	SR9c - Failure to manage, improve and develop the financial resources available to the Council.	Yes 2. Strategic Financial Planning, 2.2 Budgets					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.	Yes 4 Liabilities, 4.4 Employee Provisions 6. Expenses, 6.2 Payroll			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).	Depending on project					Q2 (AHBTC Divestment) - scoping
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.	Yes 6 Expenses, 6.1 Purchasing & Procurement 6 Expenses, 6.4 Credit Cards 7 External Services, 7.1 Contracting	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	Yes 3 Assets, 3.7 Fixed Assets 3 Assets 3.8 Project Costing				Q4 - scoping	
Treasury Management	Focussing 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.	Yes 3 Assets, 3.2 Banking 3 Assets, 3.3 Investments 4 Liabilities, 4.3 Borrowings					Q1 - scoping
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.	No			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	No					Q1
Economic Development Strategy Implementation	Focusing on the strategy development and revisions processes, determination of actions and initiatives, funding of strategy implementation and evaluation of outcomes against strategy objectives.	SR7 - Failure to promote the Council area and provide an attractive climate and locations for the development of business, commerce, industry and tourism.	No				Completed	
Training & Development Practices	Focusing on 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.	No					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.	Yes 7 External Services, 7.1 Contracting					Q4
<b>Number of Audits</b>							4	5

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
22/02/2022	Amended plan adopted by Council (Removal of internal financial control orientated audits)	1.9
17/05/2022	Status update for Audit Committee regarding 2022-23 projects	1.1
10/08/2022	Status update for Audit Committee regarding 2022-23 projects	1.11a

**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 15 August 2022  
AGENDA BUSINESS ITEM**

**Item:** 8.7

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

**Subject:** Audit Actions Implementation Update

**For:** Information

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**SUMMARY**

The implementation status of actions arising from previous Internal and External Audits is provided in **Appendix 1**.

Four (4) actions have been completed since the last implementation report (February 2022) to the Committee.

The Audit Action implement status related to the Cyber Security Audit was reported in confidence at the May 2022 meeting in conjunction with a presentation for staff and is not included in this report.

**RECOMMENDATION**

**The Audit Committee resolves:**

- 1. That the report be received and noted**
  - 2. To note the implementation status of Internal and External Audit actions.**
- 

**1. GOVERNANCE**

*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

*External Agencies:* Not Applicable

*Community:* Not Applicable

**2. BACKGROUND**

The 2022 Audit Committee Work Plan and Reporting Schedule provides for reports to the Audit Committee on a biannual basis (February and August) regarding the implementation status of actions arising from Internal and External Audits

The Audit Committee was last provided an update of outstanding actions at its 14 February 2022 meeting.

**3. ANALYSIS**

The status of the outstanding actions from Internal and External Audits is at **Appendix 1**.

Four (4) actions have been completed since the last implementation report to the Committee.

The Audit Action implement status related to the Cyber Security Audit was reported in confidence at the May 2022 meeting in conjunction with a presentation for staff and is not included in this report.

**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 2022

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# **Appendix 1**

*Audit Actions Implementation Status – August 2022*

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Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Due Date	Progress	Est. Completion Date	Comment
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.	Low	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	Completed	31/05/2022	The Travel Expenditure Policy was adopted by Executive on 7/7/2022.
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	30/09/2022	Identification of all critical functions completed. LGRS consultant has met with all Critical Function Plan (CFP) owners and drafted CFPs. These are being currently finalised with the CFP owners. Work has commenced on the BCP document to incorporate maximum acceptable outage (MAO) and CFP information. Expected draft BCP ready for consultation in mid September and finalisation at end of month.
2020/21 Galpins Audit Completion Report	1 - Employees with excessive annual leave balances	Finding: Audit identified eleven employees with annual leave balances in excess of 300 hours. Risk: Leave balances exceeding the allowable balances under the relevant EB. Staff not taking leave has financial implications as leave is paid at higher rates than it was accrued, and may lead to health safety and welfare issues.	Low	Implement strategies to systematically reduce excessive leave balances, and review monitoring procedures to ensure that employees do not accumulate excessive annual leave balances.	Leave Planners to be used annually to manage excessive leave balances. A draft procedure is to be completed to support the expectations and management of excessive leave.	Megan Sutherland	30/06/2022	In Progress	30/06/2023	As one of the savings strategies for 2022/2023 FY, work has already begun. People Leaders and employees are actively working on reducing high leave balances and for all employees to take their minimum 4 weeks annual leave in this FY.
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	30/06/2022	The new payroll system went live the week of 28/3/2022. A couple of factors are affecting the review of efficiencies being - the later implementation of the payroll system (initially expected an end of 2021 implementation) and we are also managing staff changes, including a change in payroll officer, with the new officer commencing end of August 2022. We continue to look at improved ways of working as we use and become more familiar with the system and it's functionality.
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	16/12/2022	In Progress	28/04/2023	Our new Payroll Officer commences end of Aug 2022. We continue to look at improved ways of working as we use and become more familiar with the system and it's functionality and continue to work with the Vendor to understand and improve our use of the system. Further review will take place later this year and into the new as the new Payroll Officer learns the system and role.
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	Completed	31/03/2022	The Leave Procedure has been reviewed, consulted and updated for Executive approval on 19/5/2021. A few couple of amendments were made and the final document was signed off on 30/6/2022.

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Due Date	Progress	Est. Completion Date	Comment
2021 - Bentleys - Payroll Function Internal Audit - May 2021	3	Records management	Low	We recommend management: <ul style="list-style-type: none"> <li>Document the record management requirements into policies and procedures and enforce the implementation.</li> </ul>	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	30/06/2023	In Progress	30/06/2023	Both the payroll and HR systems are live (HR only in the aspects that affect payroll). We have begun discussions on Employee Self Service (ESS), where the automated leave processes will be processed. We are currently reviewing the scope and timing of this phase. There is also a large change management process implementing this across the whole organisation, which will take some time after this process becomes live.
2021 - Bentleys - Payroll Function Internal Audit - May 2021	Improvement Opportunity 1	Leave management	Low	We recommend management: <ul style="list-style-type: none"> <li>Assess the adequacy and currency of the leave management policy process against the Council's operational needs.</li> </ul>	Council's Leave Management Policy is to be reviewed as will reporting against that policy.	Megan Sutherland	30/03/2022	Completed	30/03/2022	The Leave Procedure has been reviewed, consulted and updated for Executive approval on 19/5/2021. A few couple of amendments were made and the final document was signed off on 30/6/2022.
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 Asset Management Plan (AMP) adopted. Bridges AMP adopted in March 2022 Building condition audit commenced in August 2022 and AMP completed in 22/23. CWMS draft AMP presentation to Audit in August 2022 for comment. Safety Barrier, Retaining Wall, Bus Shelter operational asset plans have been peer reviewed and feedback being updated - not part of Strategic Management Plans as minor asset and not material. Maintenance is subsequently aligned to adopted AMP's.
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 Asset Management Plan (AMP) adopted. Bridges AMP adopted in March 2022 Building condition audit commenced in August 2022 and AMP completed in 22/23. CWMS draft AMP presentation to Audit in August 2022 for comment. Safety Barrier, Retaining Wall, Bus Shelter operational asset plans have been peer reviewed and feedback being updated - not part of Strategic Management Plans as minor asset and not material. Maintenance is subsequently aligned to adopted AMP's
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)	Karen Cummings	30/06/2022	In Progress	30/11/2022	Budget has been allocated in the 21/22FY to undertake building audits and valuations. Proposal is out for tender in early May and will be progressed with evaluation of tender submissions and then appointment of successful party to undertake the project. Estimated completion date has been revised to enable sufficient time for review to be undertaken. Sproutt Consulting has been engaged to undertake the building audits. These audits commenced on Wednesday 20/7/22. It is Sproutt's aim to have these audits completed by 30/9/2022 with the report and data to be received in October/November 2022.

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	2.2.2	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	Road Footpath and Kerb Asset Management Plan (AMP) adopted. Bridges AMP adopted in March 2022 Building condition audit commenced in August 2022 and AMP completed in 22/23. CWMS draft AMP presentation to Audit in August 2022 for comment. Safety Barrier, Retaining Wall, Bus Shelter operational asset plans have been peer reviewed and feedback being updated - not part of Strategic Management Plans as minor asset and not material Maintenance is subsequently aligned to adopted AMP's
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	30/09/2022	Identification of all critical functions completed. LGRS consultant has met with all Critical Function Plan (CFP) owners and drafted CFPs. These are being currently finalised with the CFP owners. Work has commenced on the BCP document to incorporate maximum acceptable outage (MAO) and CFP information. Expected draft BCP ready for consultation in mid September and finalisation at end of month.
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"> <li>• Information Security Policy</li> <li>• Access Management Policy</li> <li>• Change Management Procedure</li> <li>• Network Security Policy including passwords</li> <li>• Information management – classification and handling</li> <li>• Online services</li> <li>• Physical Access</li> <li>• Remote Access and telecommuting</li> </ul>	Implement Information Security Management System (ISMS)	James Sinden	28/02/2022	In Progress	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 was delayed due to the resignation of a key AHC Staff member responsible for the delivery of the project. After advertising for an Senior Cyber Security ICT Officer, Council was unable to find an appropriate candidate given there is considerable demand in the industry for these skillsets. An assessment of market conditions has occurred and the position will reviewed. In the short term a specialist contract resource will be used to progress some of these recommendations. The newly appointed Team Leader ICT has already introduced a formal ITIL Change Management process using the forms engine via the corporate website for both external vendors and internal ICT change control.

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Due Date	Progress	Est. Completion Date	Comment
										<p>Development of ICT Policy and implementation of an ICT Operations Manual planning has started and AHC Staff have been assisting with the development of a Local Government Cyber Security Framework that has been grant funded by the LGA and facilitated by LGITSA (Local Government Information Technology South Australia) and external consultants. A draft version of the framework is expected to be released shortly to the LG Sector for feedback. The implementation of the LGITSA Cyber Security Framework and associated work activity with consultants (CyberCX) has now commenced. As indicated above, delays were incurred due to resourcing an appropriately skilled Cyber Security Officer and the release of the LGITSA Cyber Security Framework to ensure alignment with the LG Sector in the implementation of Cyber Security Plans across the state. The development of policy/procedure documents has commenced, and a draft Information Security Manual and End User Security Procedure has been completed that will progress to adoption through the authorisation process.</p>
2021 Galpins Financial Controls Review Interim Management Letter May 2021	3.2	ICT Disaster Recovery Plan	Medium	<p>AHC should update the IT Disaster Recovery Plan with the date, review date, Recovery Team details and MAO for each application.</p> <p>We also recommend that any updates to the DRP make use of flowcharts and checklists which are considered more effective in an emergency situation.</p>	Update ICT Disaster Recovery Plan	James Sinden	31/12/2021	In Progress	30/06/2022	<p>The IT Disaster Recovery Plan has been amended with a Document Control section with date and version numbers.</p> <p>The implementation of an ISMS (Information Security Management System) is a part of the recently adopted Cyber Security Plan that was adopted at the June 2021 Council Meeting. Commencement was delayed due to the resignation of a key AHC Staff member responsible for the delivery of the project.</p> <p>From a technical perspective a network redesign project has been completed to improve network survivability in the event of Internet communication link failure, a key component to support Council's increasing reliance on Cloud services.</p> <p>A number of system projects are also underway and so the DR Plan will be reviewed and updated once those significant changes are implemented. Review of the ITIL Service Catalogue is also underway and will inform components of the DR Plan.</p>

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Due Date	Progress	Est. Completion Date	Comment
										MAO at an application level will be completed after the finalisation of the organisational BCP (Business Continuity Plan) that currently being progressed. The BCP is to provide MAO at a functional level that will then inform an agreed MAO at an application level. In the interim while the BCP is being developed, ICT can indicatively set an MAO at the application level until an agreed position is adopted. The Information Services department has indicatively set the MOA at an application level and updated the IT Disaster Recover Plan as agreed, however the organisational BCP that is used to confirm and inform the functional level is outstanding.
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	In Progress	30/06/2022	The implementation of an ISMS is a part of the recently adopted Cyber Security Plan adopted at the June 2021 Council Meeting. Commencement was delayed due to the resignation of a key AHC Staff member responsible for the delivery of the project. A review of the ICT and IS Strategic Plan is now underway progressing with the newly formed Strategic Reference Group (ISSRG). Work has commenced on a Draft Information Services Strategic Plan; however, consideration is being undertaken in incorporating this activity into a Corporate Services Plan. Work has progressed on the drafting of the new Information Services Strategic Plan with consultation occurring in July 2022 with ELT and is now progressing to finalisation.
2021-22 Financial Controls Review - Interim Management Letter - May 2022	2.1.1a - Footpath, Kerb and Retaining Wall	Assets requiring new revaluations and new condition assessments to ensure they are revalued with sufficient regularity	Medium	Ensure that assets using the revaluation model are revalued with sufficient regularity as required by Australian Accounting Standards.	Engage Confirm consultant to undertake condition revaluation of Footpath, Kerb and Retaining Wall in Confirm with updated condition ratings. To be completed early in 2022/23 financial year with revaluation as at July 2022.	David Collins	30/06/2023	In Progress	30/09/2022	External Valuer engaged to undertake condition revaluation with revaluation expected by end of August 2022.
2021-22 Financial Controls Review - Interim Management Letter - May 2022	2.1.1b - CWMS	Assets requiring new revaluations and new condition assessments to ensure they are revalued with sufficient regularity	Medium	Ensure that assets using the revaluation model are revalued with sufficient regularity as required by Australian Accounting Standards.	Engage consultant to undertake a condition audit of active (above ground) CWMS assets and condition revaluation as at July 2022.	David Collins	30/06/2023	Not Commenced		
2021-22 Financial Controls Review - Interim Management Letter - May 2022	2.1.1c - Roads	Assets requiring new revaluations and new condition assessments to ensure they are revalued with sufficient regularity	Medium	Ensure that assets using the revaluation model are revalued with sufficient regularity as required by Australian Accounting Standards.	Engage consultant to collect base road condition information for analysis in 22/23 and revaluation based on condition data from July 2023.	David Collins	30/06/2024	Not Commenced		
2021-22 Financial Controls Review - Interim Management Letter - May 2022	2.1.2a - CWMS AMP	Asset management plans overdue for adoption	Medium	Management works towards preparation and adoption of Buildings, CWMS, Stormwater and Playground asset management plans.	CWMS final draft AMP proposed for presentation to Audit in August 2022. Adoption proposed in 22/23 following consultation.	David Collins	30/06/2023	In Progress		Draft CWMS AMP presented to Audit Committee in August 2022 for comment.

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Due Date	Progress	Est. Completion Date	Comment
2021-22 Financial Controls Review - Interim Management Letter - May 2022	2.1.2b - Playgrounds AMP	Asset management plans overdue for adoption	Not Rated	Management works towards preparation and adoption of Buildings, CWMS, Stormwater and Playground asset management plans.	Draft Stormwater and Playground AMP's to be developed during 22/23 and adoption in 2023/24.	David Collins	30/06/2024	Not Commenced	30/06/2023	Not yet commenced
2021-22 Financial Controls Review - Interim Management Letter - May 2022	2.1.2c - Buildings AMP	Asset management plans overdue for adoption	Medium	Management works towards preparation and adoption of Buildings, CWMS, Stormwater and Playground asset management plans.	Building condition audit and revaluation out to tender April 2022 and to be included in the Building AMP in 22/23.	Karen Cummings	30/06/2023	In Progress	30/06/2023	Sproutt Consulting have been engaged to undertake the building audits. These audits commenced on Wednesday 20/7/22. It is Sproutt's aim to have these audits completed by 30/10/2022.
2021-22 Financial Controls Review - Interim Management Letter - May 2022	2.1.3	Asset maintenance plans not aligned with asset management plans	Medium	Ensure that maintenance schedules are developed in accordance with Asset Management Plans.	Managers with maintenance budget responsibility to develop asset maintenance plans for business area to ensure alignment with AMP outcomes.	David Collins	30/06/2024	In Progress		Road Footpath and Kerb Asset Management Plan (AMP) adopted. Bridges AMP adopted in March 2022 Building condition audit commenced in August 2022 and AMP completed in 22/23. CWMS draft AMP presentation to Audit in August 2022 for comment. Safety Barrier, Retaining Wall, Bus Shelter operational asset plans have been peer reviewed and feedback being updated - not part of Strategic Management Plans as minor asset and not material Assets Maintenance Plans are subsequently aligned to adopted AMP's.
2021-22 Financial Controls Review - Interim Management Letter - May 2022	2.2.1	A list of IT users with access to key finance modules in Open Office was not reviewed by Finance Management in 2021/22	Not Rated	Finance Management performs a formal review of a list of users with access to key finance modules in Open Office to ensure adequate segregation of duties in the finance system. Key areas of access that should be considered in this review include: - Banking - Rates - Accounts payable - Accounts receivable - Receipting - General ledger	Process now commenced for finance modules business systems owners to review IT users' access rights and provide appropriate changes to relevant Manager to review and initiate changes	Mike Carey	30/06/2022	In Progress	30/09/2022	The specific IT administration access rights to rates assessment and cashlink modules as raised by External Audit have now been reviewed and updated. In addition, administrator access to Procure (Accounts Payable), Accounts Receivable (Collect) and General Ledger (Finesse) have been reviewed and are considered appropriate. Review of users with enquiry access is now being undertaken with ICT to determine a streamlined process to address terminated employees at the application and sub module level noting that overall system access has already been removed.
2021-22 Financial Controls Review - Interim Management Letter - May 2022	2.2.2	Instances of manual journal entries not independently reviewed	Medium	Ensure that manual journal entries are independently reviewed.	All finance users will be reminded of the importance of ensuring all manual journals are independent reviewed.	Mike Carey	30/05/2022	Completed		
2021-22 Financial Controls Review - Interim Management Letter - May 2022	2.2.3	The Business Continuity Plan is overdue for review	Low	The Business Continuity Plan is updated.	Local Government Risk Services (LGRS) has been contracted to deliver their BCP development and implementation service. Function owners have completed their assessments 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) will be developed in conjunction with LGRS and these will be incorporated into the revised BCP.	Lachlan Miller	30/09/2022	In Progress	30/09/2022	Identification of all critical functions completed. LGRS consultant has met with all Critical Function Plan (CFP) owners and drafted CFPs. These are being currently finalised with the CFP owners. Work has commenced on the BCP document to incorporate maximum acceptable outage (MAO) and CFP information. Expected draft BCP ready for consultation in mid September and finalisation at end of month.

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Due Date	Progress	Est. Completion Date	Comment
2021-22 IT Entity Level Controls Review - May 2022	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"> <li>• Information Security Policy</li> <li>• Access Management Policy</li> <li>• Change Management Procedure</li> <li>• Network Security Policy including passwords</li> <li>• Information management – classification and handling</li> <li>• Online services</li> <li>• Physical Access</li> <li>• Remote Access and telecommuting</li> </ul>	The implementation of the LGITSA Cyber Security Framework and associated work activity with consultants (CyberCX) will see an alignment to this recommendation.  As indicated in the findings, delays were incurred due to resourcing an appropriately skilled Cyber Security Officer and the release of the LGITSA Cyber Security Framework to ensure alignment with the LG Sector in the implementation of Cyber Security Plans across the state.  <b>Action</b> : Implement an Information Security Management System (ISMS)	James Sinden	31/12/2022	In Progress		The development of policy/procedure documents has commenced working, and a draft Information Security Manual and End User Security Procedure has been completed that will progress to adoption through the authorisation process.
2021-22 IT Entity Level Controls Review - May 2022	3.2	ICT Disaster Recovery Plan	Medium	AHC should update the IT Disaster Recovery Plan with Recovery Team details and MAO for each application. The IT DRP should be updated once major system changes are implemented and the impact on the DRP are known. Consider opportunities for the use of flowcharts and checklists in future updates to the DRP.	The implementation of an ISMS (Information Security Management System) is currently being implemented and the ICT Disaster Recovery Plan has been amended with a Document Control section as requested including the date and version of the document. MAO at an application level will be completed after the finalisation of the organisational BCP (Business Continuity Plan) that currently being progressed. The BCP is to provide MAO at a functional level that will then inform an agreed MAO at an application level. In the interim while the BCP is being developed, ICT can indicatively set an MAO at the function level until an agreed position is adopted. <b>Action</b> : Set an indicative MAO at an application level in the ICT Disaster Recovery Plan	James Sinden	31/07/2022	In Progress		The Information Services department has indicatively set the MOA at an application level and updated the IT Disaster Recovery Plan as agreed, however the organisational BCP that is used to confirm and inform MOA the functional level is outstanding.
2021-22 IT Entity Level Controls Review - May 2022	3.3	ICT Governance- Revise ICT and IS Strategic Plan	Medium	Finalise the IS Strategic Plan.	Work has commenced on a Draft Information Services Strategic Plan; however, consideration is being undertaken in incorporating this activity into a Corporate Services Plan as indicated in the recommendations. <b>Action</b> : progress the development of strategic planning for the Information Services Department	James Sinden	30/09/2022	In Progress		Work has progressed on the drafting of the new Information Services Strategic Plan with consultation occurring in July 2022 with ELT and is now progressing to finalisation.
2021-22 IT Entity Level Controls Review - May 2022	3.4	ICT Risk Assessment	Not Rated	We support an ICT Risk Assessment being conducted, with CyberCX in accordance with the council's risk management framework, to identify additional ICT related risks to be added to the Corporate Risk Register.	Council is currently implementing an ISMS and a part of the program is the work associated with undertaking a ICT Risk Assessment. <b>Action</b> : Undertake an ICT Risk Assessment as a part of implementing the Council ISMS.	James Sinden	30/09/2022	In Progress		The development of a ICT Security Risk Register has been completed and is currently undergoing review before formalisation and adoption.

**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 15 August 2022  
AGENDA BUSINESS ITEM**

**Item:** 8.8

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

**Subject:** Quarterly Council Performance Report – Q4 2021-22

**For:** Information

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**SUMMARY**

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

A revised suite of corporate performance indicators and targets was developed in consultation with Council Members, the Strategic Leadership Team and relevant officers as part of the *2020-21 Annual Business Plan* process and have continued to be incorporated into the *Annual Business Plan 2021-22*. 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 2022 to 30 June 2022, and shows the performance against the corporate performance indicators as well as discussing key highlights aligned with the Strategic plan. This report does not show analysis of the full financial year, only those elements related to the fourth quarter. The full year analysis will be provided to Council in the *2021-22 Annual Report* scheduled for October/November 2022.

The purpose of this report is to inform the Audit Committee of Council's performance against the *Annual Business Plan 2021-22* 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 Quarterly Council Performance Report – Q4 2021-22 be received and noted.**

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**1. BACKGROUND**



### Quarterly Performance Reporting Regime

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. These indicators have continued to be used in the *Annual Business Plan 2021-22*.

A change has been made to the timing of reports for the 2021-22 financial year. Reports are now provided to Council and the Audit Committee at the next meeting directly following the end of the quarter.

Council resolved at the 28 September 2021 meeting to establish more visible and accessible reporting mechanisms on significant projects across the district. Part of this is to include this information in the Quarterly Council Performance reports.

### Quarter 4 2021-22 Report

The report was presented to Council at its 26 July 2022 Ordinary Council Meeting.

#### **13.1 Q4 2021-22 Council Performance Report**

**Moved Cr Malcolm Herrmann  
S/- Cr Kirsty Parkin**

**196/22**

**Council resolves that the report be received and noted.  
sss**

<b>Carried unanimously</b>
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## 2. ANALYSIS

### ➤ 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 *Annual Business Plan 2021-22*.

➤ **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

*External Agencies:* Not applicable

*Community:* Not applicable

➤ **Additional Analysis**

The Quarterly Council Performance Report for Q4 (**Appendix 1**) does not show analysis of the full financial year, only those elements related to the fourth quarter period (1 April to 30 June 2022). The full year analysis will be provided to Council in the *2021-22 Annual Report* scheduled for October/November 2022.

At the time of collating the original report for the 26 July 2022 Council Meeting, the preliminary financial figures were still being reconciled. The end of year financial summary will be presented at the August 2022 Ordinary Council meeting.

**3. OPTIONS**

As this is an information report, Council 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 within the ongoing reports.

**4. APPENDIX**

(1) *Quarterly Council Performance Report – Quarter 4, 2021-22*

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# **Appendix 1**

*Quarterly Council Performance Report – Quarter 4,  
2021-22*

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# Quarterly Council Performance Report

Quarter 4 – 1 April – 30 June 2022

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# 1. Executive Summary

Strategic Goal	Performance Indicators	Annual Business Plan Strategic Initiatives
 <b>Built Environment</b>	 2 of 5 Targets met or exceeded	 Completed (24) Deferred (4) Cancelled (1) Continuing in 22-23 (12)
 <b>Community Wellbeing</b>	 5 of 6 Targets met, N/A or exceeded	 Completed (10) Continuing in 22-23 (16)
 <b>Economy</b>	 4 of 5 Targets met or exceeded	 Completed (2) Continuing in 22-23 (3)
 <b>Natural Environment</b>	 5 of 6 Targets met or exceeded	 Completed (6) Continuing in 22-23 (5)
 <b>Organisation</b>	 6 of 8 Targets met or exceeded	 Completed (6) Continuing in 22-23 (5)

## Customer Service Standards

	<b>10</b>	Targets met or exceeded
	<b>4</b>	N/A or No Incidents reported
	<b>3</b>	Target not met

## Capital Performance

**\$4.3m** of infrastructure delivered

The primary focus of this quarter was on delivering and completing both renewal and new capital works projects, including major projects. Also commenced scoping of projects to be delivered next financial year.

## Highlights

- The consultation on the draft Annual Business Plan was conducted in May and Council received an outcomes report on the feedback received at its Special meeting in June. Adoption of the 2022-23 Annual Business Plan and Budget was at 28 June Council meeting.
- The cessation of the Public Health Emergency Declaration has resulted in the wind-back of some of the electronic participation protocols for official meetings for Council Members.
- AHC delivered a record Capital Works Program in both value and nature of projects delivered.
- Home Based Business Network has grown to achieve a sell-out with 28 businesses attending the most recent forum.
- Adelaide Hills Tourism held the inaugural Wellness Wander Weekend in April, with 85% of available tickets sold.
- Kaurna language session held with Council Members.
- A 'planning afternoon' was held with former mill workers to workshop ideas for interpreting the history of the former Lobethal Woollen mills at Fabrik.
- Development approval obtained for the Fabrik redevelopment.
- A new 3 year funding agreement with The Hut Community Centre was negotiated and approved by Council.

## Risk and Challenges

- COVID-19 continues to be a challenge for the organisation where impacts are seen on staffing and service provision for those areas and positions in Council that cant be worked from home.
- Project delivery in some areas continues to be effected by availability and increased cost pressures of contractors and materials due to COVID-19 impacts.
- The insurance placement for 2022-23 has been completed with increasing premiums being experienced due to the hardening global market.
- Extended procurement process required for the Fabrik redevelopment, including the need to re-scope and seek additional funding. Project still on track for completion by December 2023
- Increased costs driven by world events is placing considerable pressure on ensuring long term financial sustainability without the need for rate increases above community expectations. A detailed budget reform agenda is being implemented to minimize this risk.

## 2. Adelaide Hills Council Major Projects

### Heathfield Oval Change Rooms

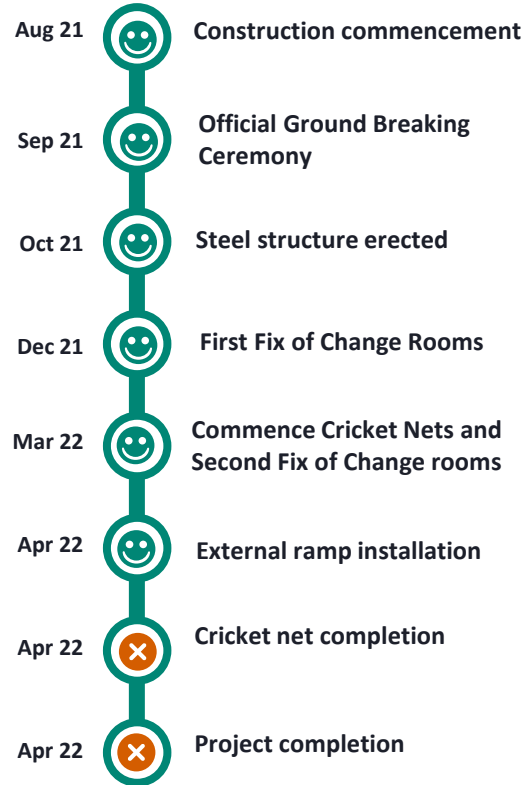
Constructing new change rooms for Heathfield Oval to provide compliant male/female and umpire change room facilities in accordance with South Australian Cricket Association standards.

#### Latest News

Construction of change room facilities was completed as per original construction schedule, with some minor defects being rectified.

COVID-19 and material / contractor shortages put the project under pressure but the contractor delivered on the main components on time. The exception remaining to be completed is a concertina wall upstairs which has a 16 week lead time and will be installed around October 2022.

The cricket net construction has progressed well. Completion is delayed due to change in scope. Completion is scheduled for mid-July.



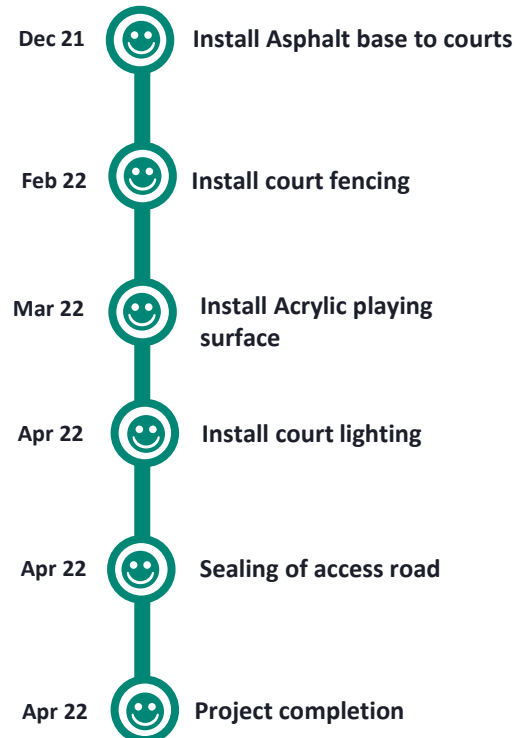
### Heathfield Sports Courts Redevelopment

The Heathfield Sports Courts Redevelopment is being constructed in partnership with the Department of Education and the State Government.

It aims to provide additional sporting facilities to the community, sports clubs as well as an improved amenity for the Heathfield High School.

#### Latest News

The major components of the Sports Courts and associated works are complete and they are now open to the public.





## Gumeracha Main Street Project

The Gumeracha Main Street Upgrade project will deliver a range of improvements, including underground power lines, a new storm water system, better pedestrian connectivity and a safer streetscape environment for Gumeracha's 'Village Heart'. This community streetscape project is delivered in close partnership with SA Power Networks, the Gumeracha Main Street Group and the Gumeracha Community Association.

### Latest News

The streetscape upgrade works are complete

The Department for Infrastructure and Transport (DIT) will reseal Albert Street by the end December 2022.



## FABRIK Development

The FABRIK Development Project will involve upgrading and enhancing the former Onkaparinga Woollen Mills site at Lobethal. The new building will provide an exciting and focused entry point to the site that will enable staff to promote the history of the site, the current uses and businesses within the location and then direct visitors to various buildings from a central location.

### Latest News

Council has approved and awarded the tender. A minor variation is being sought through the Development Approval process to reduce the scope of works in Building 21.

This project will continue into the next financial year.



# Lobethal Bushland Park Masterplan Implementation

Lobethal Bushland Park (LBP) Masterplan goals are:

- Biodiversity protection, conservation, restoration and enhancement
- To promote community health, wellbeing and education
- Maintain the 'local' feel of Lobethal Bushland Park whilst improving the function and amenity for all

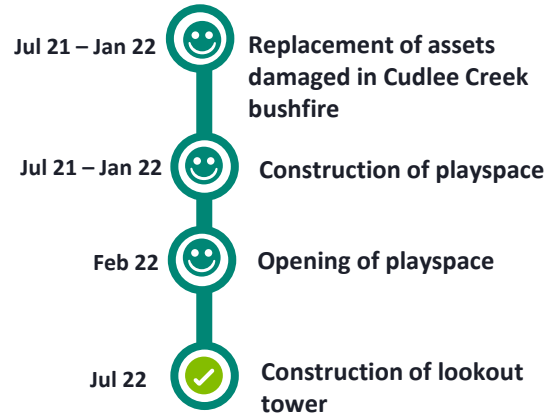
## Latest News

Replacement of infrastructure – Additional boardwalk has commenced and will be finished in the coming week. Additional park entry signage has been completed and installed.

Weed Management – all weed management for this year has been completed

Lookout Tower – Planning and approvals under the Native Vegetation Act for upgrade to existing Lookout Tower has been obtained. Approval has been granted by the Minister for Environment to undertake the activity in a Heritage Agreement. The tower is currently under construction and should be completed and available for public use in the coming weeks.












Play space - The Bushland Park Playspace is completed and was opened to the public on 24 February 2022.






# 3. Performance by Strategic Goal

## A functional Built Environment

### Highlights

-  **New and upgraded footpath program**
  - Projects completed at Churinga Rd, Aldgate; and North East Rd, Inglewood
-  **Aldgate Main Street amenity upgrade**
  - All concrete works completed, garden beds installed, and bitumen works scheduled. Final elements of works will be complete by mid-July
-  **Bridgewater Oval Drainage**
  - Works are now completed. This project has been a great example of collaboration between both Council & local clubs.
-  **Purchase of Electric Vehicles cars for fleet**
  - Six Hybrid vehicles delivered in 21-22 FY with two on order which have been added to next years program.
-  **Road Safety Program including co-contribution to Road Blackspot**
  - Detailed design completed, ready for construction in 2022-23 FY
-  **Crafrers Village Main Street Traffic Calming and Open Space Upgrades**
  - Works well underway, park works expected to be complete by mid-July.
  - Community engagement undertaken on the Crafer's sign with installed expected late-July
-  **Recreation Trails & Cycling Route Upgrades**
  - The final Trails & Cycling Routes Framework documents were endorsed at the 26 April 2022 Council meeting.
-  **Mount Lofty Gardens - Lampert Road Safety Upgrade**
  - Significant pedestrian safety improvements completed.
  - Scope was changed to focus on Piccadilly Rd due to potential conflict with Mount Lofty Botanical Gardens planned car park works on Sprigg Rd
-  **Playspace Audit**
  - The audit of play spaces is complete. Data will be used for upgrade programs & asset management plans, in line with the anticipated Play Space Framework.
-  **LED Public Lighting Installation - main road street lighting**
  - Aldgate and Summertown Main Street lights upgraded to LED.
  - Continued liaising with the Department of Infrastructure and Transport relating to the LED standards for existing Council lights on the arterial road network.
-  **Energy Upgrades, Battery & Efficiency Actions from new Carbon Management Plan**
  - Property and Sustainability Audit has commenced and will be undertaken over the next few months. The outcomes of this Audit will inform energy and water efficiencies for building facilities.

### Risks & Challenges

-  **Western Branch Creek erosion protection**
  - Boundary survey indicates conflict between fenced boundary and title boundary which will need to be worked through with the affected property owner before completion.
-  **Upper Sturt Road Walking Path**
  - The topography of the land and vegetation on the small road reserve between the private land and the Upper Sturt Road is not viable for a walking path to continue.
-  **Woodside Rec Ground - Driveway & Carpark Upgrade**
  - Funds were allocated this financial year and staff were able to work with the WRG Committee on a traffic master plan for the site during this time.
  - Contractor availability has not allowed the project to commence this financial year, so funding has been carried forward to 22/23.

## Risks & Challenges *Continued...*

- ➔ **Transition to the Planning, Development & Infrastructure Act (PDI Act)**
  - 96% of the project has been completed. The one remaining Policy requiring review is underway and will be completed in early 2022-23 FY.
  - The backup system being developed by AGD for access to data for business continuity during system outages has progressed and is expected to be released later in 2022.
- ➔ **Integration of Development Assessment Systems**
  - Project on hold waiting for the outcome of PlanSA system enhancements, including progression of Development Assessments Lite backup information system.

- ✓ **Parking and By-laws**
  - Council continued to patrol all high use parking areas including schools and shopping carparks, issuing 107 parking expiations.
  - Software provider issues impacted the total potential volume of expiations that could have been issued this quarter.
- ➔ **Woodside Recreation Ground - Masterplan progression**
  - Deferred due to lack of contractor availability.

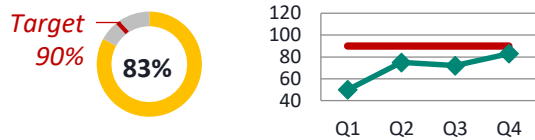
## Performance Indicators

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



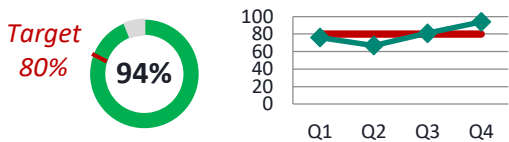
Delivery of the zone maintenance program has continued, with some competing priorities resulting in out-of-zone work.

### Delivery of capital works program



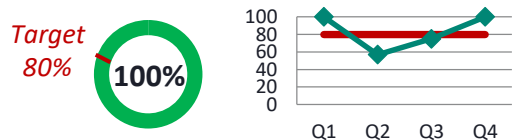
The majority of the capital works program has been completed, with some significant savings in footpaths, sealed and unsealed roads leading to an overall underspend.

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



66 out of the 70 compliance inspections undertaken in relation to alleged unlawful development were completed within the 5 business day target in this quarter.

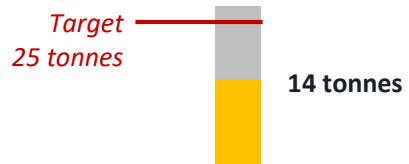
### Compliance inspections completed within 5 business days of development completion notification



Of the 91 inspections for quarter 4, only 12 inspections were as a result of notifications for completion of works. Of these 12 inspections 100% were carried out within 5 business days

Legend: ✓ = Target Met    ⚠ = Target not met

### Tonnes of recycled plastic content in products purchased by council



Pricing challenges due to COVID-19 impacts have affected our ability to achieve the 25 tonne goal.

## Progress on Strategic Initiatives from the Annual Business Plan

Project ID	Strategic Initiatives	Status
B1001	Recreation Trails & Cycling Route Upgrades	
B1003	New Bus Shelter Installation Program	
B1004	New and Upgrade Footpath Program	
B1006	Crafrers Village Main Street Traffic Calming and Open Space Upgrades	
B2001	Federation Park and Oval masterplan implementation	
B2002	Gumeracha Main street project - stage 2	
B2004	Gumeracha Main Street Stormwater	
B2005	Transition to the Planning, Development & Infrastructure Act (PDI Act)	
B2006	Local Heritage Grant Fund	
B2007	Integration of Development Assessment Systems	
B3001	Water reuse for Woodside recreation ground irrigation	
B3002	Implement irrigation systems (renewal / upgrades)	
B3005	Energy Upgrades, Battery & Efficiency Actions from new Carbon Management Plan	
B3006	LED Street lighting replacement	
B4006	Asset management – Additional System Licenses and Field Devices	
B4007	Asset Management Plans for Buildings	
B4009	Building Upgrades – minor	
B4011	Community Wastewater Management System Capacity Upgrades (Birdwood & Woodside gravity mains)	
B4014	Road Safety Program including co-contribution to Road Blackspot	
B4015	Installation of further Electric Vehicle charging stations	
B4016	Purchase of Electric Vehicles cars for fleet	
B4019	Aldgate Main Street amenity upgrade	
B4021	Merchants Rd slip repair	
B4022	Western Branch Creek erosion protection - design only.	

## Progress on Strategic Initiatives from the Annual Business Plan

Project ID	Strategic Initiatives	Status
B4023	Bushland Park lookout tower	
B4024	Bridgewater Oval Drainage	
B4025	Play space Audit	
B4026	Woodside Rec Ground - Driveway & Carpark Upgrade	
B4027	Woodside Recreation Ground - Masterplan progression	
B4028	Aldgate Bridgewater Crafers Stormwater Master Plan	
B4030	Mill Road, Lobethal - School Crossing	
B4031	Public Toilet Upgrades – Stirling, Aldgate and Bridgewater	
B4032	Mount Barker Road, Aldgate ' Park and Ride'	
B4033	Upper Sturt Road Walking Path	
B4034	Strathalbyn Rd - Service road Sealing	
B4035	Hunters Road - Amenity Upgrade	
B4036	Mount Lofty Gardens - Lampert Road Safety Upgrade	
B4037	Birdwood footpath from kindergarten to playground	
B4038	Bus Stop replacement - main street Stirling	
B4039	Civil Services Cadet engineer	
B4040	Crafers to Stirling Bikeway Stirling	

## Highlights

### **The Summit Community Centre Natural Amenity Space**

- Completed final set up of benches, planter boxes with lighting, seating and active space, which will be show cased during the open day on 26th August.

### **Reconciliation Action Plan (RAP) initiatives**

- Introduction to Kurna language and culture session with Elected Members presented by Jack Buckskin.
- Reconciliation Week activities included art workshop and movie screenings.

### **Aboriginal Cultural Development**

- Weaving workshops with Ngarrindjeri artist Cedric Varcoe were held at Fabrik Lobethal and Positive Ageing Centre. The event was sold out, and feedback indicated the event was meaningful and increased understanding of First Nations cultural practice, especially and Ngarrindjeri weaving.
- Consultation undertaken with First Nations community members to commission a locally made metal fire pit, incorporating Council's Reconciliation branding. This fire pit will be positioned on Fabrik's site and will be used for First Nations cultural gatherings.

### **Community Resilience and Readiness program**

- The Lenswood Community completed their Community Led Emergency Resilience workshops with the Australian Red Cross.
- Council continued to support the Adelaide Hills Community Action Bushfire Network, taking minutes and coordinating meetings. Various presentations were completed by various Adelaide Hills residents on bushfire and resilience topics.
- Collaborated with Breakthrough Mental Health, and coordinated a "Mates Meals and Mental health" evening in Lobethal and a "Women's Wisdom and Wellbeing" evening in Hahndorf.
- Secured grant funding which will be combined to establish the "Towards Community Led Resilience" program, which will run until March 2025.

### **Support for Small Community Events**

- The community is starting to plan more small events as restrictions are lifted, however some hesitancy remains around capacity with many volunteers on sick leave or in isolation due to COVID-19 or winter flu and virus impacts.
- We have supported a number of these events including the inaugural Small Acreage Field Day and the Centenary Celebrations of the Gumeracha Soldiers Memorial Hospital.

### **Regional Health Planning Initiatives**

- Minister endorsed Draft Regional Health Plan for public consultation
- Consultation planning undertaken – anticipated commencement in July
- Coordination of all 6 councils, to take updated plan for adoption during caretaker period (Sep/early Oct)
- Final plan on track to come into operation in October 2022.

### **Accessibility Planning**

- First meeting conducted of a group of new volunteer Access and Inclusion Advisers
- Completed the disability awareness induction module, to be delivered via Skytrust for all staff in July/August
- Access advise provided to project managers across organisation

### **Mylor BMX - Pump track at Sherry Park**

- Bike track works are now complete, however the weather has prevented the track from opening. It is anticipated the opening will be late July.
- Staff continue to work with stakeholders to address issues that are arising.

### **Art's and Heritage Hub**

- Fringe in the Hills was held on Mill Square during April after the event was postponed due to COVID-19 earlier in the year.
- Small group gatherings with a recovery focus, were held during this quarter, including a series of collaborations with Wellbeing SA that will continue in the new financial year.
- Six fee-paying skills development workshops and gatherings were also held

## Highlights

### ✓ Cemeteries

- Council resolved to progress with the establishment of a natural burial ground at Kersbrook, this will be undertaken in the 22-23 FY.
- Development of the shelter at the Stirling Cemetery has commenced with weather delaying its completion.
- Assessed the re-establishment of the rear access to the Stirling Cemetery, in conjunction with the Aldgate Valley Landcare Group.

### ✓ Communications and Events

- Held a Community Forum at Montacute on 31 May with 50 people in attendance and many ideas and issues discussed.
- Council's Flags Policy and Tributes for Commemorative Services Policy were reviewed and updated.
- Council supported Anzac Day services around the District and worked with Event organisers for the Adelaide Hills Rally and Adelaide Rally to assist them with community consultation activities around proposed road closures.
- Communication campaigns are in place for Council Elections, dog and cat registration and the introduction of cat registration fees, electronic rates notices and payment.
- Our digital community continued to grow with 25,000 e-newsletter recipients and Council's Facebook community exceeding 6000, LinkedIn over 3000 and Instagram nearing 3000.

### ✓ Public health

- The removal of many COVID-19 restrictions allowed the Environmental Health Team to return to more traditional roles.
- Wastewater applications are still higher than average, however the number of food premises has remained consistent.
- The new immunisation provider undertook the staff influenza vaccination program and public clinics are being well attended.

### ✓ Torrens Valley Community Centre

- With the easing of most restrictions full programming has resumed
- Regular ongoing programs have had good attendance, including many new faces.
- After declining volunteer numbers, there has been a focus on volunteer recruitment. In the last few months we have had four new volunteers join the team including drivers.

### ✓ Emergency Management

- Council attended a joint meeting of the Adelaide Hills Fleurieu Kangaroo Island & the Murray Mallee Joint Zone Emergency Management Committees.
- Attended a workshop and completed a survey into the review of the Local Government Functional Support Group Plan.
- Attended an information session on the forthcoming changes to the Australian Fire Danger rating System.

## Risks & Challenges

### The Summit Community Centre Natural Amenity Space

- Weather hindered the final stages with contractor work held up along with material delays. The final costs exceeded the original pre-COVID-19 estimates.

### Capital Divestment - Capital Cost

- Additional input and advice from AHC Engineering department being sought in relation to the stormwater infrastructure located on this site.
- Stormwater infrastructure is in poor condition and requires renewal. This is difficult to do while the buildings are occupied. Some further advice about how this might be achievable is being sought.

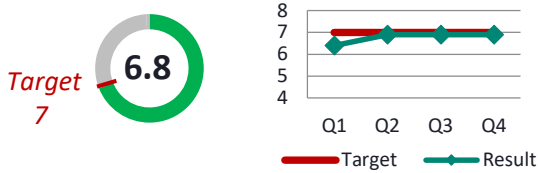


## Performance Indicators



### Positive ageing wellbeing score

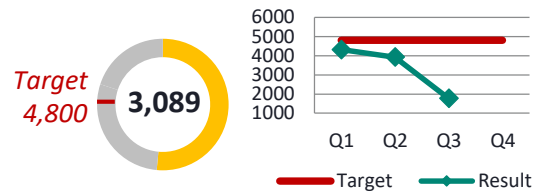
Average level of self-determined wellbeing of program participants reviewed in the quarter.



The wellbeing score has dipped slightly this quarter. The positive comments listed in the wellbeing report which these statistics are taken from have related to the social connection, people being supported to live in their own home and their own personal life view of gratitude/positivity.



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



The low result in volunteer hours reflect the impact of COVID on volunteers, however we are starting to see volunteers returning to roles.



### Attendance at programs, events and workshops at Fabrik Arts and Heritage Hub



### 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



No studios were available due to COVID restrictions (2021) and uncertainty of redevelopment starting dates



### Number of events and programs celebrating cultural diversity



## Progress on Strategic Initiatives from the Annual Business Plan

Project ID	Strategic Initiatives	Status
C1001	Accessibility Planning - Staffing	➔
C1002	Accessibility Planning materials	➔
C1003	Mylor BMX - Pump track at Sherry Park	➔
C1004	Gumeracha Library upgrades	➔
C1005	Stirling Region Skate Park	➔
C2003	The Summit Community Centre Natural Amenity Space	😊
C4001	Community Wellbeing Indicators - staffing	➔
C4002	Regional Health Planning Initiatives - Staffing	➔
C4004	Gumeracha Court Resurfacing – Federal Government Community Development Grant Funding	😊
C4006	Play Space Upgrades	😊
C4009	AHC contribution to Heathfield High School Sports Court Redevelopment	😊
C4017	Bridgewater Court Resurfacing	😊
C4018	Community Resilience and Readiness program	😊
C4019	Heathfield Oval Change room Upgrade	😊
C4020	Play space upgrades at Lobethal Bushland Park	😊
C5001	Reconciliation Action Plan (RAP) initiatives	➔
C5002	Aboriginal Cultural Centre development	➔
C6001	Fabrik activation - Capital	➔
C6002	Capital Divestment - Sales Revenue	➔
C6003	Capital Divestment - Capital Cost	➔
C6004	Activation Arts & Heritage Hub - Operating (Income)	➔
C6005	Activation Arts & Heritage Hub - Operating (Expenditure)	➔
C6006	Grow our involvement in the Women's Tour Down Under	😊
C6007	Support for Small Community Events	➔
C6009	Public Art (including Acquisition)	😊

## Highlights



### Expression of interest process related to the development of 'Free' Camping Sites

- A report was submitted to the April Council meeting recommending the two applications that had been submitted. Both applications were approved for funding to install an RV Dump Point. One of the applications was approved on condition that it receives Development Approval to allow Camping at the site. This Development Application is still be prepared by the applicant.
- It is planned to install the RV Dump Point at the other site before the end of October.



### Review and upgrade Council signage and branding

- Designs, production and installation quotes for the Stirling site are now ready for executive approval pending final feedback from a representative of the Royal Society for the Blind. These designs will form the basis of signage at other Council service centres.



### Planning and development

- There were 1201 planning consent applications and 447 building consent applications submitted to the Council between 1 July 2021 and 30 June 2022, with a combined total of 1648 applications. Of the 1372 applications that had assessment commenced, these had a development value of over \$182 million. Over 1199 applications have been determined during the year, with 841 planning consents determined and 358 building consents determined by the Council. The Council Assessment Panel has determined 30 of these decisions or 3.6% of the planning decisions. Of the planning consents determined 76.5% were made within statutory timeframes and of the building consents determined 87.4% were made within statutory timeframes. Combined overall 79.7% of planning and building consent decisions were within statutory timeframes during the year.



### UNESCO World Heritage Bid

- We have been working in collaboration with the City of Adelaide to explore the possibility of a joint World Heritage Bid. As a result it was recently agreed that the interim bid name should be 'Adelaide and its Rural Settlement Landscapes'.
- As part of our collaborative work we engaged World Heritage expert Duncan Marshall to provide further rationale for the joint bid. This work produced a single narrative for the combined bid which focused on the colonial planning model.
- Duncan's initial expert advice suggested that this nomination could satisfy three of the World Heritage criteria, noting that only one would need to be eventually satisfied to be eligible for World Heritage listing status.



### Business Workshop

- AHC hosted a third networking event for Home Based Businesses. This series of events is being held in response to information provided by the Business Survey undertaken in 2021. This event was very successful being a full house with 28 businesses and service providers being present. We have received very positive feedback from the businesses that attended the event.



### Amy Gillet Bikeway

- Council received funding under the Bushfire Recovery Fund to promote the Amy Gillett Bikeway and upgrade signage with activation of resting locations. The signage has been installed and the activation of sites at Gillman Rd and Charlestown is completed. A Tourism Map has also been developed and is available from businesses along the bikeway.

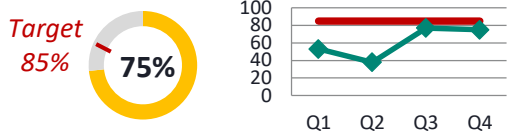


### Adelaide Hills Tourism Wellness Events

- Adelaide Hills Tourism has been supporting a focus on Wellness Tourism. They have facilitated a successful Wellness Weekend event promoting Adelaide hills Wellness Tourism and also hosted a Wellness Tourism conference.

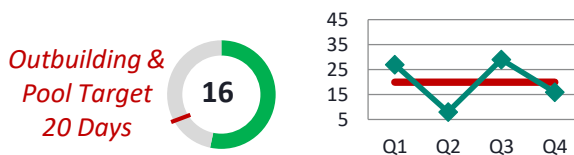
## Performance Indicators

### Percentage of planning consents completed within statutory timeframes



The Workload Analysis Reporting tool in the PlanSA Portal was released during Quarter 4. The report shows 234 Planning Decisions were made and 75% of these decisions were within statutory timeframes. There was an average assessment timeframe of 26.6 days during Quarter 4.

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

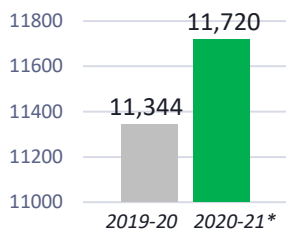


The Workload Analysis Reporting tool in the PlanSA Portal was released during Quarter 4. The data shows 76 Building Decisions were made for Building Consents with an average assessment timeframe of 16 days.

### Number of domestic day trips taken to AHC region



### Number of local jobs in AHC area compared to previous financial year



\*Most recent data available is for 2020-21 FY

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



There were three on-going Appeals in Quarter 4 with two determined. One decision of CAP was upheld during this Quarter and one matter was discontinued, with the remaining matter waiting on a determination by the Court.

⊖ = N/A – cant be assessed


Legend: ✓ = Target Met or N/A ⊖ = Target not met


## Progress on Strategic Initiatives from the Annual Business Plan


Project ID	Strategic Initiatives	Status
E1003	Undertake an expression of interest process related to the level of interest and viability of 'Free' Camping Sites in the district	😊
E2001	Review and upgrade Council signage and branding	➡
E2002	Place making program to shape, activate and coordinate community place making	😊
E4001	Additional Tree Safety Work required to support the Tour Down Under	➡
E4002	UNESCO World Heritage Bid	➡


## Highlights


-  **Heritage Agreements for land under Council's care and control**
  - Heathfield Stone Reserve rededicated for conservation purposes by Lands Title Office, now to be referred to as Heathfield Conservation Reserve.
  - Stock Road successfully entered into Heritage Agreement.
  - Heritage Agreement Applications lodged for Mi Mi and Heathfield Conservation Reserves.


-  **Local Climate Adaptations for landscape conservation**
  - The Stringybark investigation project is continuing into 2022-23 FY and fund requirements are unknown at this stage.
  - Funds this year have contributed to pest plant removal and bushfire mitigation due to a changing climate.

-  **Sustainability**
  - Education presentation and package was presented to reduce single-use plastics across the organisation.
  - Presented to ELT and Council Members to confirm Heathfield Depot as the preferred location for the first EV charging stations supplying Council owned EVs.
  - Continued to consolidate solar PV monitoring through Solar Analytics online platform.
  - Hosted an online solar PV panels and battery storage webinar for community members presented by Tandem Energy.
  - Identified open space areas for priority works to improve usability in a changing climate.
  - Commenced the sustainability audit for Council facilities and community halls to improve energy and water efficiency.


-  **Internal resourcing of Tree Team**
  - All 3 positions have been appointed and are now working, one Arboriculture Support officer and 2 Arboriculture Field Team Members.
  - An Elevated Work Platform truck has been ordered and expect delivery in the July.

-  **Resilient community facilities and open space including water fountains**
  - Shade structure has been installed and the intention is to continue to roll out climate change adaptation actions concurrently with the playground frameworks, priorities and open space upgrades.

-  **Fire Prevention**
  - The fire danger season is over and Council is now issuing burning permits for residents, with 201 burning permit related requests received so far.

-  **Waste**
  - Kerbside bin audits were completed in the Balhannah and Lenswood area.

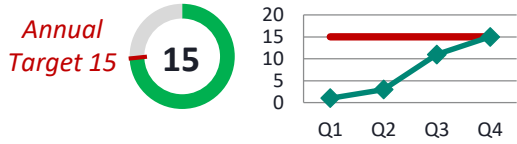
## Risks & Challenges

-  **Heritage Agreements for land under Council's care and control**
  - Carey Gully was denied as a heritage agreement site, but Council have appealed that decision as the site hosts a rare vegetation community of perched swamps with 3 species of conservation significance. Appeal currently under review by Native Vegetation Unit.

## Performance Indicators



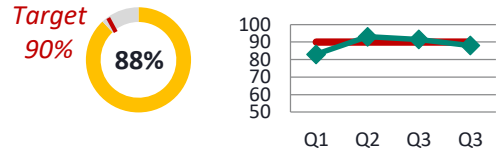
### No of sites completed in the Woody Weed Program



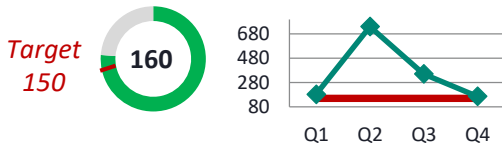
All sites scheduled have been completed for this Financial Year



### Percentage of nuisance and litter queries resolved



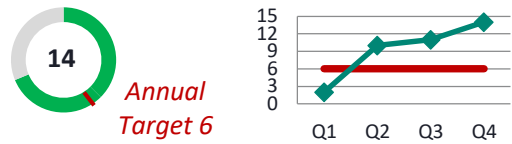
### Tonnes of green organics collected on Green organics days



Three drop off days were held at three sites, Heathfield, Gumeracha and Woodside. A total of 1190 drop offs were processed.



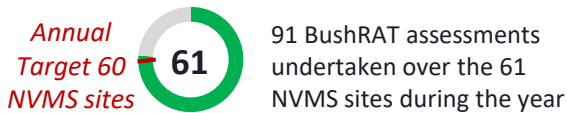
### Number of community education actions delivered – actioned vs planned



A display was provided at the Coventry Library for International Compost Awareness Week. A "Beyond The Kerb" bus tour to recycling facilities in Adelaide was experienced by AHC 26 residents. A Plastic Free July webinar was held including presenters from AHC, other Councils and businesses.



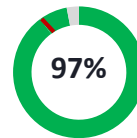
### Number of Native Vegetation Marker System (NVMS) BushRAT assessments completed



91 BushRAT assessments undertaken over the 61 NVMS sites during the year



### Fire Prevention Property inspections



Completed inspections on 12,241 private properties during the bushfire season and of those properties 369 private properties were issued a 105F notice.

Legend: = Target Met = Target not met

## Progress on Strategic Initiatives from the Annual Business Plan

Project ID	Strategic Initiatives	Status
N1003	Long Term Strategic Tree Planting Program	😊
N1004	Strategic Tree Planting - Avenue of trees	😊
N1005	Internal resourcing of Tree Team	😊
N2002	Heritage Agreements for land under Council's care and control	😊
N2003	Native Vegetation 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	➡
N2010	Post prescribed burn weed management	➡
N3001	Local Climate Adaptations for landscape conservation	➡
N3002	Resilient community facilities and open space including water fountains	➡
N5001	Undertake Kerbside Waste Audits	😊



## Highlights



### New council website and e-services

- An update on the renewed website features and benefits was made to Council members in a workshop on 17 May 2022.
- The new website was live as of the end of the 2021-22 FY, with further development during 2022-23.



### Heathfield Resource Recovery Centre (HRRC) - Concreting of Bays

- Project 95% completed. Final minor works to be completed in July 2022 due to some slight project delays.



### Update of Business Continuity Plan and implementation

- The development of Critical Function Plans (CFP) has commenced which are crucial to informing the recovery priorities of Council services and systems in the final Business Continuity Plan.



### Council Member Honour Boards

- A workshop was held with Council Members in April to explore options and preferences. A procurement process was undertaken and the Honour Boards have been ordered with delivery expected in early August



### Corporate Plan Review

- Development of the Corporate Capability Plan is continuing into the first quarter of the next financial year



### Resource to manage building & swimming pool compliance inspections

- The building team conducted 91 building inspections this quarter. This included 33 inspections of swimming pools and 9 inspections of commercial/industrial buildings



### Service Review Framework Development

- Fieldwork was completed and the consultant drafted the Service Review report in June, however it was unable to be reviewed and finalised with management responses and actions prior to the June Council meeting. The final report is scheduled for the July Council meeting.



### Local Government legislative reform proposals

- Council has responded to sector-wide consultations and lodged submissions in relation to the Elected Member Allowances, CEO Salaries, the Rates Oversight Scheme and Council Member Behavioural Standards.
- Minor adjustments have been made to policies and processes as LG reform legislative provisions have come into effect and with the cessation of the Public Health Emergency Declaration.



### Organisational Development & Work Health and Safety

- Completed an audit on our Recruitment and Retention processes
- Continued implementation of the new Payroll system and training of an interim Payroll officer.

## Risks & Challenges



### Develop or respond to Boundary Reform Proposals

- In April, Campbelltown City Council (CCC) lodged a Stage 2 submission with the Boundaries Commission. In early June, the Commission wrote to CCC advising that further information on the merits of the proposal were required to be submitted by 30 June.
- We will continue to monitor the outcomes of this decision.



### Cemetery mapping and imaging

- Drone imaging updated and available in new management system
- Delay in undertaking the memorial photos, now using an internal resource to progress this component.



### Cyber & Systems Security - Program Management

- Currently implementing the LGITSA Cyber Security Framework with a series of activities underway using internal and contractor resources.
- Due to the resignation of a key staff member earlier in the year in this program, delays were anticipated to carry over the project deliverables into the first quarter of 2022-23 FY



### Resource to manage Skytrust (WHS system) implementation

- The manual preparation of information and consultation with People Leaders has been undertaken. The process of adding the information to Skytrust will begin in the next financial year.
- Work has been a little delayed due to a number of changes in the team and the ongoing two system implementations.





## Performance Indicators

**Decisions (Council resolutions) considered in open Ordinary and Special Council meetings during the period**

Target 90%

**89.8%**

Council considered ten confidential item during the quarter.

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

Target 90%

**81.5%**

There were three ordinary and two special meetings in the quarter with three leaves of absence and ten apologies.

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

Target 100%

**100%**

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

Target 100%

**100%**

**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?"

Target +50

**+50**

NES score ranges from -100 to +100

An increase of 15 points from Q2. Customers are still finding contacting us by phone easier (+69) than when putting in a service request (+43). Although there was an overall increase for both

**Number of lost time injuries**

Annual Target **0** Actual **4**

**Employee Turnover**

Annual Target **7-15%** Actual **11.21**

This turnover is within the 7-15% annual target. This figure consists of people leaving for other jobs, a number of fixed term contracts ending, retirements and one deceased employee.

**Overall customer satisfaction**

Target 75%

**73%**

An increase of 5% since Q2, with an increase to customers who contact us by phone of 10% (85% satisfaction), and an increase of those who put in a service request of 6% (68% satisfaction). Our customers are still more satisfied with the instant connection of a phone call, than potentially extended and more involved service requests.

## 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	
O1003	Heathfield Resource Recovery Centre (HRRC) - Concreting of Bays	
O1004	Heathfield Resource Recovery Centre (HRRC) - Pedestrian movement safety upgrade	
O2001	New council website and e-services	
O2003	Customer experience improvement projects	
O2004	Customer Experience Training	
O2006	Cemetery mapping and imaging	
O3001	Service Review Framework Development	
O4003	Develop or respond to Boundary Reform Proposals	
O4004	Council Member Honour Boards	
O5001	Local Government legislative reform proposals	
O5003	Corporate Plan Review	
O5005	Resource to manage building & swimming pool compliance inspections	
O6002	Cyber & Systems Security - Program Management	

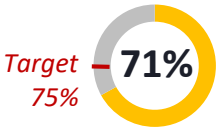
# 4. Q4 Customer service standards

## 5.1 General Customer Standards

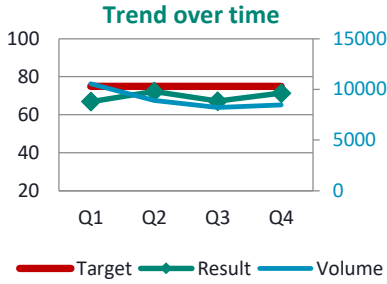
### Answering Incoming Phone Calls

Volume of calls = 8,479

Contact centre calls answered within 30 sec



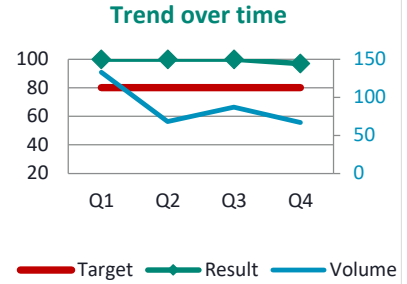
Although target not met, 76% of calls were answered within 45 seconds



### Updating Customer Details

Volume of updates = 67

Details updated within 5 days

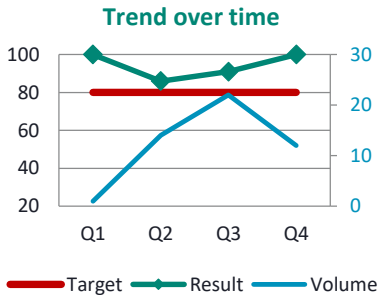


## 5.2 Service Specific Standards – Time Based Indicators

### New Event Applications

Volume of applications = 12

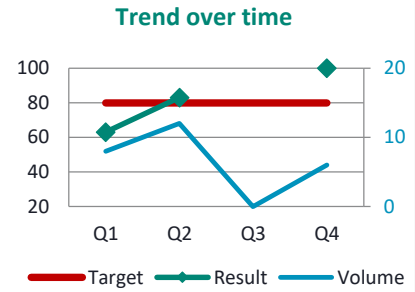
Acknowledgement of receipt within 5 days



### Illegal Burning Complaints

Volume of complaints = 6

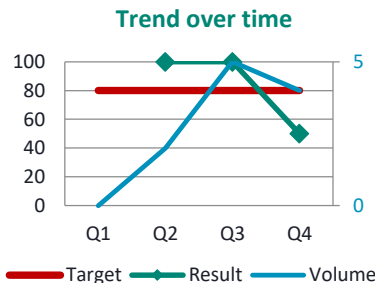
Investigated within 24 hours



### Health Complaints

Volume of complaints = 4

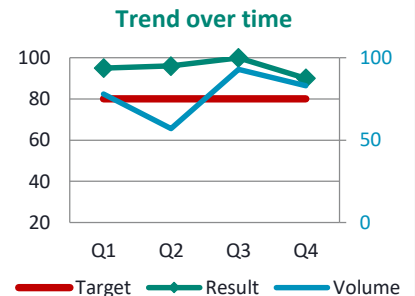
Investigated within 24 hours



### Illegally Dumped Rubbish

Volume of reports = 83

Rubbish removed within 3 days



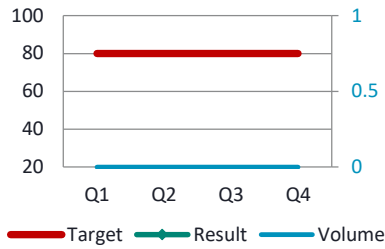
## Library Services

Volume of requests = 0

Response to requests to purchase materials within 10 days



Trend over time



## Dog Attacks

Volume of attack reports = 6

Response within 24 hours



Trend over time



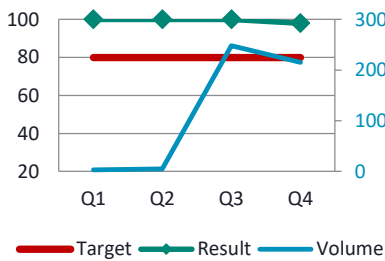
## Wasps

Volume of reports = 215

Investigate and action within 7 days



Trend over time



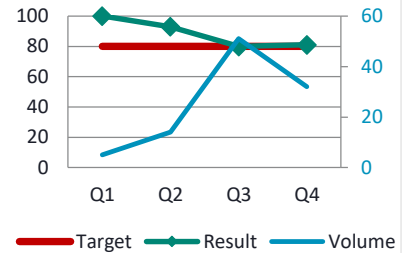
## Development Applications

Volume of applications = 32

Approval of fast track development applications within 28 days



Trend over time



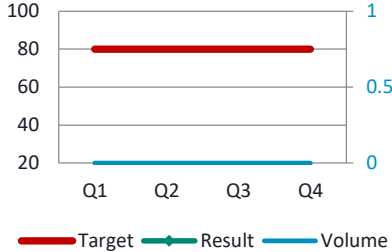
## Missed Bins

Volume of requests = 0

Missed bins collected within 2 days



Trend over time



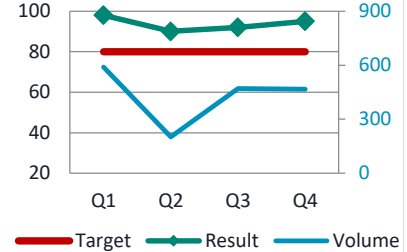
## Request for Bin Repair or Replacement

Volume of requests = 466

Requests actioned within 7 days



Trend over time



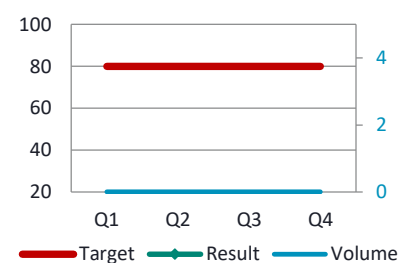
## Footpath Repairs - Hazardous

Volume of repairs = 0

Responded and made safe within 24 hours



Trend over time



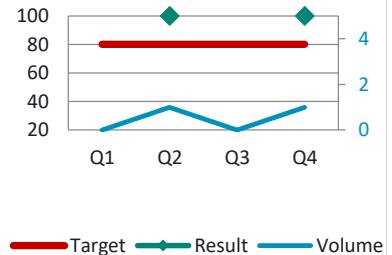
## Road Repairs - Hazardous

Volume of repairs = 1

Responded and made safe within 24 hours



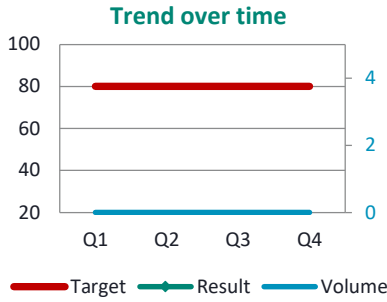
Trend over time



### Stormwater Repairs - Hazardous

Volume of reports = 0

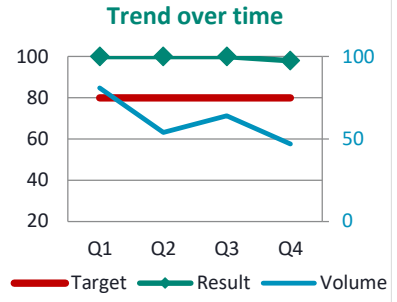
Responded and made safe within 24 hours



### Trees - Hazardous

Volume of reports = 47

Responded and made safe within 24 hours

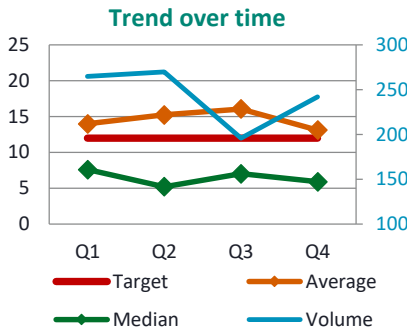
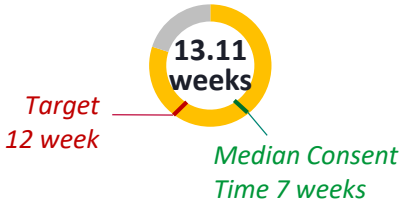


## 5.3 Service Specific Standards – Other Indicators

### Development Applications

Volume of planning consents = 242

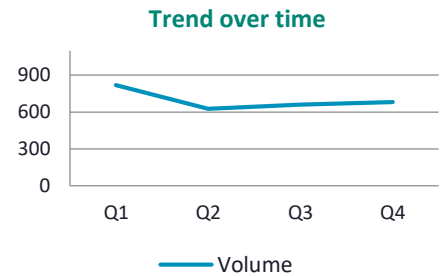
Average consent time from date of receipt



Average for Plan SA is 10.7 weeks with only 8 applications in the old system

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

Volume of new requests = 680



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

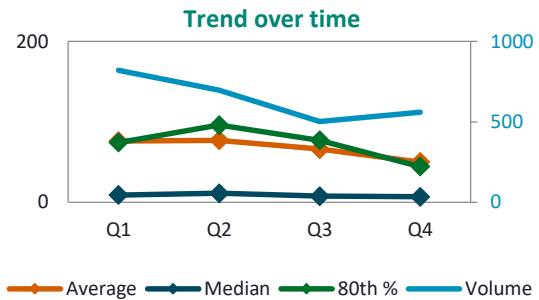
Volume of Requests = 560

Resolution time of requests

Average = 50 days

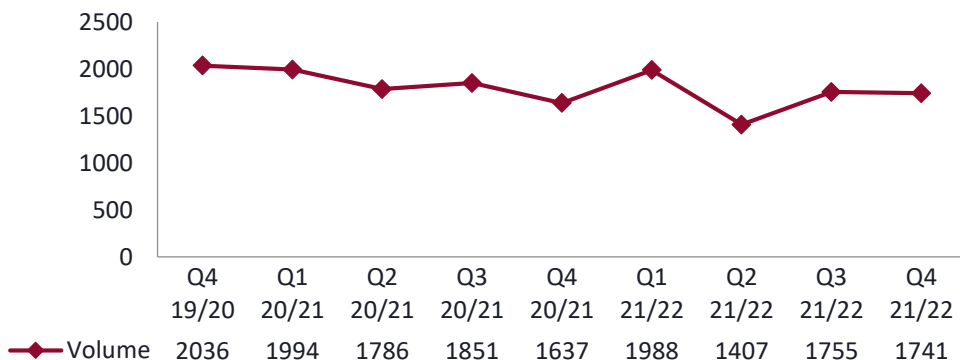
Median = 6.8 days

80th Percentile = 44.44 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



# 5. Capital Works Program

Quarter 4 of 2021-21 FY represents the completion of the 2021-22 Capital Works Program, with approximately \$4.3M of infrastructure delivered during this period.

The primary focus of this quarter has been on delivering and completing both renewal and new capital works projects, including major projects, as well as commencing scoping of projects to be delivered next financial year.

## Highlights

- The major upgrades were completed to the Heathfield High School netball courts, including new playing surface, retaining walls, board walk and lighting.
- The sealed roads renewal program was complete, including the incorporation of a large amount of recycled product into Council's road network.
- Amenity upgrades to Aldgate main street commenced and are work in progress.

## What's Next

- Close out of 2021/22 FY projects, including resolving any minor defects or omissions,
- Scoping and design of approved 2022/23 FY projects,
- Commence construction of approved 2022/23 FY renewal programs, utilising panel contracts.

## Financial Performance by Asset Category (preliminary numbers)

Asset Category	YTD Actuals \$'000s	YTD Budget \$'000s	YTD Var fav / (unfav) \$'000s	Annual Budget \$'000s
Bridges	184	280	97	280
Buildings	2,329	3,552	1,223	3,552
Cemeteries	17	94	77	94
CWMS	221	307	87	307
Footpaths	1,901	2,004	103	2,004
Guardrails	58	54	(3)	54
Kerbing	215	224	9	224
Local Roads & Community Infrastructure Program (LRCIP Phase 1)	113	103	(10)	103
Local Roads & Community Infrastructure Program (LRCIP Phase 2)	1,516	1,502	(14)	1,502
Other - Ret Walls, Str Furniture & Bus Stops	292	494	202	494
Roads	3,975	4,296	322	4,296
Sport & Recreation	3,791	4,048	257	4,048
Stormwater	610	823	213	823
Fleet	1,576	3,021	1,445	3,021
ICT	481	833	352	833
Library	4	15	11	15
Plant & Equipment	21	118	97	118
	<b>17,302</b>	<b>21,771</b>	<b>4,469</b>	<b>21,771</b>

# 6. Financial Performance

## **Overall Funding Statement as at 30 June 2022 (available in August 2022)**

At the time of collating this report, the preliminary financial figures were still being reconciled. The end of year financial summary will be presented at the August 2022 Ordinary Council meeting.



**Adelaide Hills**  
COUNCIL

#### MORE INFORMATION

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**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 15 August 2022  
AGENDA BUSINESS ITEM**

**Item:** 8.9

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

**Subject:** Service Review Report – Civil Services

**For:** Information

---

**SUMMARY**

Council has resolved to implement a *Service Review Framework* (the Framework) as part of the *Annual Business Plan 2021-22*. The Framework was adopted by Council at the 26 October 2021 meeting and provides Council with principles and guidelines for conducting an external Service Review to evaluate the adequacy, effectiveness and efficiency of the reviewed services.

The *Service Review Brief – Civil Services* was presented at the 25 January 2022 Council Meeting, and the consultant (Epic Projects & Consulting) was appointed and field work commenced in March 2022.

The purpose of this report is present the findings and recommendations of the Service Review as detailed in the *Service Review 2021-22 – Civil Service Maintenance Function Report (Appendix 1)* as well as the management responses and the *Service Review 2021-22 – Civil Service Maintenance Function – Management Response and draft Action Plan (Action Plan)* contained in **(Appendix 2)**. This is provided to the Audit Committee for their review in their capacity of providing advice to the Council on the adequacy and effectiveness of the systems and processes regarding financial management and reporting, internal control and risk management, internal audit and governance.

**RECOMMENDATION**

**The Audit Committee resolves:**

- 1. To receive and note this report**
  - 2. To receive and note the *Service Review 2021-22 – Civil Service Maintenance Function Report*, as contained in Appendix 1.**
  - 3. To receive and note the *Service Review 2021-22 – Civil Service Maintenance Function – draft Action Plan*, containing the Service Review recommendations, management responses and agreed actions, as contained in Appendix 2**
  - 4. To note that that the implementation status of the agreed actions will be reported to Council on a biannual basis, nominally March and August.**
-

## 1. BACKGROUND

Council has resolved to implement a *Service Review Framework* (the Framework) as part of the *Annual Business Plan 2021-22*. The Framework (**Appendix 3**) was adopted by Council at the 26 October 2021 meeting and provides Council with principles and guidelines for conducting an external Service Review to evaluate the adequacy, effectiveness and efficiency of the reviewed services. The current budget allocation is for one external Service Review to be conducted per annum.

A Council workshop was held on 16 November 2021 to discuss the criteria for determining the function schedule for Service Reviews over the next 3 years.

Based on the criteria, all functions were scored to provide the following 3 year schedule:

- Year 1 – Civil Services (maintenance)
- Year 2 - Open Space Operations
- Year 3 – Planning and Development

The *Service Review Brief – Civil Services* was presented at the 25 January 2022 Council Meeting.

### 12.7 Service Review Brief – Civil Services

Moved Cr Leith Mudge  
S/- Cr Malcolm Herrmann

12/22

Council resolves:

1. That the report be received and noted
2. To adopt the draft *Service Review Brief – Civil Services* as contained in *Appendix 1*
3. That the Chief Executive Officer be authorised to make minor changes to the draft *Service Review Brief – Civil Services* arising from the Council's consideration of the matter.

Carried unanimously
---------------------

Following the Request for Quote procurement process being undertaken in February 2022, the consultant (Epic Project and Consulting) was appointed, with field work commencing in March 2022.

The objective of the service review of the Civil Services Maintenance Function, was to facilitate efficiency, effectiveness, and appropriateness in service provision through the analysis of factors such as:

- Service clarity, replicability and quality
- Customer (internal or external) priorities, aspirations and experience
- Alignment to the Council's strategic intent
- Statutory obligations
- Process efficiency and saving opportunities
- Service delivery effectiveness and performance assessment

Review and analysis was undertaken over April and May 2022, with the findings and recommendations captured in the *Service Review 2021-22 – Civil Service Maintenance Function Report (Appendix 1)*.

The Director Infrastructure and Operations in conjunction with other key staff has prepared a Management Response to the Recommendations, and a draft Action Plan for consideration which is contained in **(Appendix 2)**.

The report was presented at the 26 July 2022 Ordinary Council Meeting where it was resolved:

**12.5 Service Review - Civil Services Maintenance**

Moved Cr Linda Green  
S/- Cr Leith Mudge

186/22

Council resolves:

1. That the report be received and noted
2. To receive and note the *Service Review 2021-22 – Civil Service Maintenance Function Report*, as contained in Appendix 1.
3. To adopt the *Service Review 2021-22 – Civil Service Maintenance Function – draft Action Plan*, containing the Service Review recommendations, management responses and agreed actions, as contained in Appendix 2
4. To note that that the implementation status of the agreed actions will be reported to Council on a biannual basis, nominally March and August.

Carried unanimously
---------------------

## 2. ANALYSIS

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

*Strategic Plan 2020-24 – A brighter future*

Goal	A Progressive Organisation
Objective O2	Our customers find it easier to interact and do business with Council and have an improved customer experience.
Priority O2.2	Modernise our services and enhance the customer experience by making service delivery faster, more convenient and more proactive.
Priority 2.4	Continuously strive to measure and improve performance and service delivery across all functions.
Objective O3	Our organisation is financially sustainable for both current and future generations
Priority O3.4	Assess the range and level of services undertaken to ensure they fulfil Council's legislative and strategic intent

Council also operates an Internal Audit Program which, while undertaking somewhat similar review activities, has as its main focus to evaluate the adequacy and effectiveness of the systems of internal control within the Council to manage risk.

The Internal Audit Program and this Framework are complementary but separate governance activities.

➤ **Legal Implications**

Section 8 of the *Local Government Act 1999* (the Act) sets out the principles that a council must act to uphold and promote observance in the performance of its roles and functions. The following principles are particularly relevant in the context of the Framework:

- (g) manage its operations and affairs in a manner that emphasises the importance of service to the community;
- (h) seek to ensure that council resources are used fairly, effectively and efficiently and council services, facilities and programs are provided effectively and efficiently;
- (i) seek to provide services, facilities and programs that are adequate and appropriate and seek to ensure equitable access to its services, facilities and programs;
- (ia) seek to balance the provision of services, facilities and programs with the financial impact of the provision of those services, facilities and programs on ratepayers;
- (j) achieve and maintain standards of good public administration;
- (k) ensure the sustainability of the council's long-term financial performance and position.

➤ **Risk Management Implications**

*Lack of effective strategic planning and resource allocation processes*

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

The Framework is a mitigation action in addition to the many controls that are already in place for this risk.

➤ **Financial and Resource Implications**

The Service Review was a funded initiative in the *Annual Business Plan 2021-22*. The funding of \$26,000 related directly to the cost of appointing an external consultant.

The Corporate Planning & Performance Coordinator coordinated the procurement, conduct and reporting of the Service Review.

There are further resource implications associated with the implementation of the Report recommendations as contained in the draft action plan in **Appendix 2**. Any financial implications arising from the Report recommendations will be raised as budget review items or future consideration items, as required.

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

Implementation of the Service Review Report recommendations will facilitate improvements to the customer satisfaction of the Civil Services Maintenance activities.

➤ **Sustainability Implications**

Implementation of the Service Review Report recommendations will facilitate improvements to the effectiveness and efficiency of the Civil Services Maintenance activities

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

Consultation on the development of this report was as follows:

*Council Committees:* The Service Review Framework was considered at the Audit Committee meeting on 18 October 2021 where it was resolved to recommend adoption of the Framework to Council.

*Council Workshops:* The Service Review Framework was discussed in the 26 March 2021 Annual Business Plan and Budget workshop. Following the adoption of the Framework, a further workshop was held on 16 November 2021 to discuss the criteria for determining the function schedule for Service Reviews over the next 3 years.

*Advisory Groups:* Not applicable

*External Agencies:* Not applicable

*Community:* Not applicable

The report and all included appendices were presented at the 26 July 2022 Council Meeting.

➤ **Additional Analysis**

This was the first Service review conducted utilising the framework (**Appendix 3**) and in addition to the observations and recommendations within the report (**Appendix 1**), there were learnings/observations that should be considered for potential improvements of future Service Reviews. These include:

- **Funding and Scope** - During the procurement phase of the Service Review, feedback was received from potential tenderers that the identified scope of the review precluded in depth analysis of the individual service offerings and that only a high-level review could be achieved within the timeframe and funding. If a more in-depth analysis of services is desired for future service reviews, narrower project scopes and/or additional funding will need to be considered.
- **Benchmarking** - In the course of the Service Review, the consultant contacted a number of councils (Mount Barker, Charles Sturt and Salisbury) to collect benchmarking data. While useful insights to those council's practices were provided by their maintenance function managers, these councils (like Adelaide Hills) did not have datasets available for benchmarking purposes. This insight will influence how future Service Reviews are scoped.

In accordance with clause 6.8 of the Services Review Framework (**Appendix 3**), Recommendations from the Service Review that are adopted in the Action Plan will be monitored in Council’s Audit Action Register and will be reported on a biannual basis to Audit Committee and Council (nominally March and August).

### **3. OPTIONS**

The Committee has the following options:

- I. To receive and note this report (Recommended).
- II. To receive and note the *Service Review 2021-22 – Civil Service Maintenance Function Report* at Appendix 1 (Recommended)
- III. To receive and note the *Service Review 2021-22 – Civil Service Maintenance Function – Management Response and draft Action Plan* at Appendix 2 (Recommended);
- IV. To note that that the implementation status of the agreed actions will be reported to Audit Committee and Council on a biannual basis, nominally March and August (Recommended); or

### **4. APPENDICES**

- (1) *Service Review 2021-22 – Civil Service Maintenance Function Report*
- (2) *Service Review 2021-22 – Civil Service Maintenance Function – Management Response and draft Action Plan*
- (3) *Service Review Framework*

---

# **Appendix 1**

*Service Review 2021-22 – Civil Service Maintenance  
Function Report*

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Adelaide Hills Council

Civil Service Maintenance Function

SERVICE REVIEW 21/22

---



20 July 2022



**EPIC**  
PROJECTS &  
CONSULTING

Epic Projects & Consulting

118 Halifax St. Adelaide  
admin@epicprojects.com.au  
0882233009



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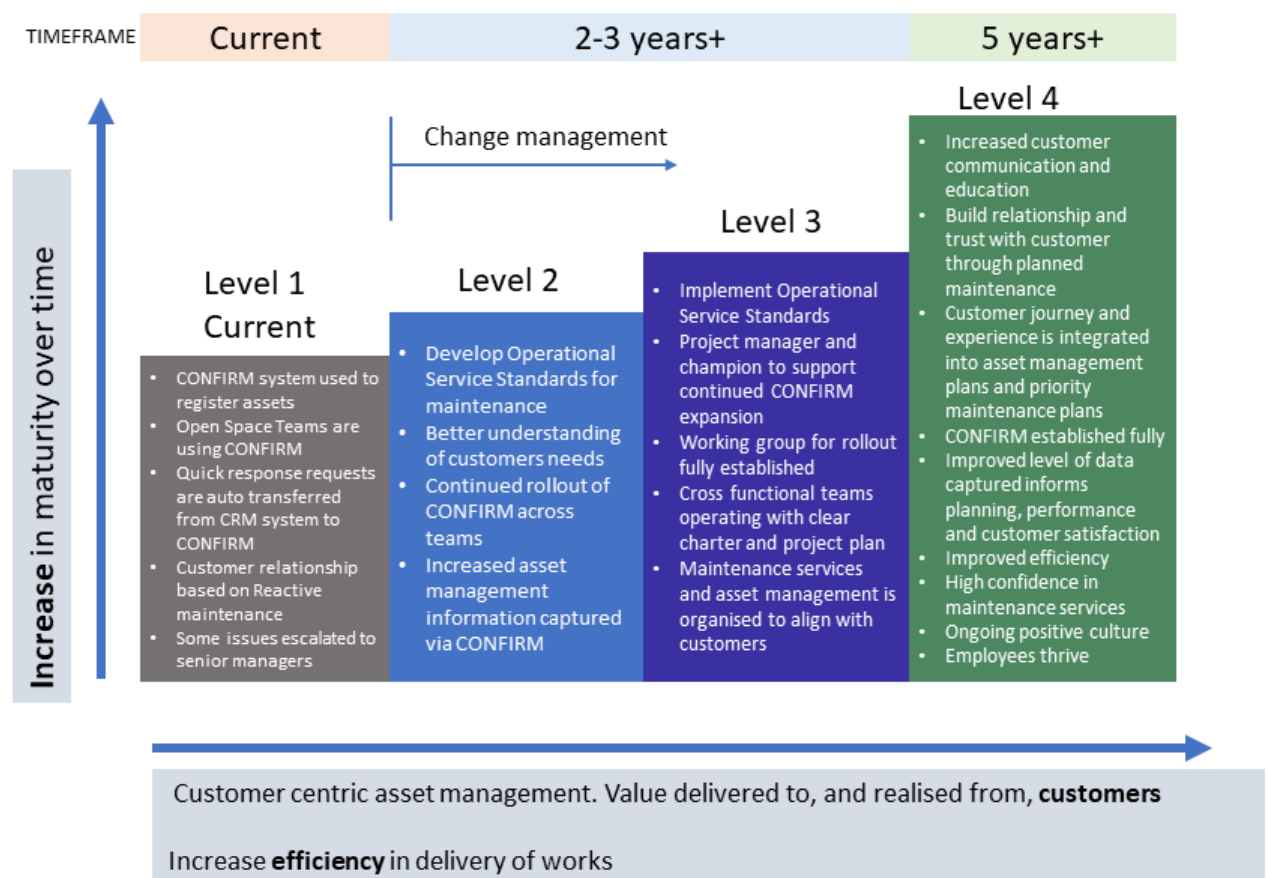
## Executive Summary

This report highlights recommendation from a service review of the Civil Service and Maintenance Function conducted over 2 months commencing in April 2022.

We found that the section consisted of a high achieving, positive culture and good teamwork that undertook high quality work. While the work delivered meets the customer’s needs, these improvements can promote improved communication with the Community with better targeted response and maintenance program bolstering effectiveness.

With a large geographic size, growing community expectations and assets decreasing in remaining life, the variable to improve efficiency comes down to more internal functioning of the that section in Council. Recognising Council has made significant improvements to date to get where they are, this report can assist to provide a clear vision to move forward, in line with the Corporate goals.

The service review offers recommendations around improvements to systems, process and workflow. This will encourage and support a continuous improvement culture and long term efficiency gains.



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Figure 1: Customer Centric journey as Civil Service’s Maturity increases

The key theme of this review and recommendations is the change management challenge for creating the environment and systems to support the skilled employees to deliver works with improved efficiency.

With increased maturity, the technical nature of managing the asset is interlinked with the customer centric asset management, all with a business/commercial approach. Moving from level 1 to 4 of the graphical representation of change process may take a number of years, and is assisted by the elements in the future steps that are already planned and/or in progress.

It is important to note that adding this value does not necessarily mean spending more. There are many initiatives recommended that utilising existing resources better or require reallocation of existing funding levels to key focus areas.

The following recommendations are suggested for the Civil Maintenance area:

Recommendation 1 - Develop prioritised program maintenance plans

Recommendation 2 – Develop an expanded operational service standard suite for maintenance activities

Recommendation 3 – Roll out of the CONFIRM system to Civil Service Maintenance

Recommendation 4 – Develop and promote cross functional teams working more closely together

Recommendation 5 – Improved Budgeting and Measuring Costs

Recommendation 6 – Improved Process for Section planning

Recommendation 7 – Reward and Recognition

Recommendation 8 – Continuous Improvement

Recommendation 9 – Customer Communication

These are discussed in more detail further in the document, along with the findings of the review.

## Introduction

Epic Projects and Consulting was engaged in March 2022 to undertake a service review of Civil Service and Maintenance Function (CSMF) of the Adelaide Hills Council.

A Service review looks at the efficiency and effectiveness of the service, how it meets customers' needs and the quality of service.

Service delivery review is a good opportunity to understand the service needs of local communities and customers, determine the effectiveness and efficiency of services, and improve the delivery of services which include local infrastructure, local public services and the performance of regulatory functions to local communities and stakeholders. The review can also help determining the cost effectiveness of funding and governance on the services provided to maximise the service performance.

It is part of the normal process in Local Government to make sure the service is relevant, responds to the changing needs of the customer and economic environment and provides value to the community. Section 26(1)(c)(i) of Local Government Act 1999 (SA) (the Act) requires that the Council should fulfil its function by using their resource efficiently and effectively, offer its community a reasonable range of services and reflect communities of interest.

### Objectives and Scope

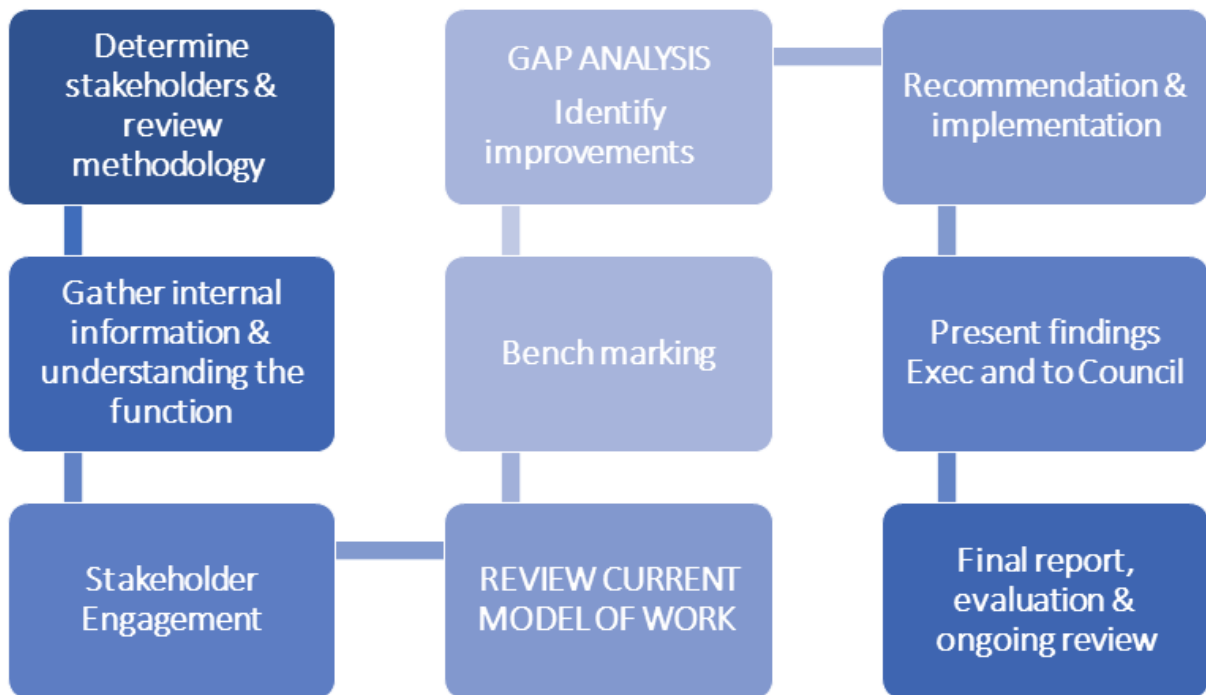
The objective of the Adelaide Hills Council service review of the Civil Services Maintenance Function, is to facilitate efficiency, effectiveness, and appropriateness in service provision through the analysis of factors such as:

- Service clarity, replicability and quality
- Customer (internal or external) priorities, aspirations and experience
- Alignment to the Council's strategic intent
- Statutory obligations
- Process efficiency and saving opportunities
- Service delivery effectiveness and performance assessment

The scope of the review was on the processes and systems used to conduct the services under the **Civil Services Maintenance Function**. The services include:

- Customer requests and reactive maintenance
- Zone maintenance program
- Street sweeping program
- Line marking program
- Storm water program

## Service Review Methodology



**Figure 2: Service Review Methodology Flow Chart**

As shown in Figure 2, the service review methodology was to:

- Meet with Council staff, set up term of reference, and determine internal and external stakeholders and the review methodology
- Develop the service review plan
- Gather information / Interview internal stakeholders. Gain a deeper understanding of the function and services provided
- Determine and agree on tools and templates
- Undertake process mapping
- Stakeholder consultation and engagement for more detailed analysis
- Tools and templates used to capture data and information
- Obtain feedback on processes, inputs & outputs, and quality
- Data Analysis including benchmarking, determine where the services sit in terms of outputs, cost, efficiency, effectiveness, quality, continuous improvement, customer satisfaction and wellbeing of staff
- Make recommendations of the review and implementation strategies and tactics
- Prepare the Report
- Present findings to Council and obtain feedback

We met and spoke with the following key Council Staff:

- Director of Infrastructure & Operations
- Executive Manager of Governance & Performance
- Manager of Civil Services
- Coordinator of Civil Services
- Manager of Strategic Assets
- Corporate Planning & Performance Coordinator
- Asset Management System Analyst
- Customer Experience Project Officer
- The two Works supervisors
- Held two workshops, one at each Depot, and open to all Staff to encourage idea sharing and involvement
- Group meeting was held with Information System, Asset Management, Operations and Customer Service representatives
- Initial feedback presentation was undertaken to executive management

External to Council

- Confirm account manager
- City of Salisbury – Operations Manager
- City of Charles Sturt - Senior Asset Manager
- Mount Barker Council – Operations Manager

**Limitations**

Some benchmarking was attempted, however, given the unique nature of the Council’s geography, topography and road network and location, direct comparison to other Councils was not possible. Future work can be undertaken once more data and information is gathered as recommended in this report.

**Prioritisation**

The level of priority assigned to the Recommendations was as below:

Priority	Description
High	Level of impact and sense of urgency to address is high
Medium	Level of Impact is high, however implementation may be less urgent or is reliant on other work being undertaken prior.
Low	Lower level of impact, urgency or for consideration in future, pending implementation outcomes of other recommendations

**Civil Service and Maintenance Function**

**Services and Function**

The section undertakes the services of maintenance and repairs and regular operational work for:

- Street Sweeping (contracted out),
- Line Marking (contracted out),
- Stormwater and Drainage infrastructure,
- Footpaths,
- Kerbing/ Concrete Works (contracted out),
- Unsealed Roads,
- Sealed Roads,
- Quick Response Services

The operating budget is approx. \$4.9 million, with \$1.2 million allocated for actual spend on material and repairs. The remainder is allocated to ongoing salaries, overheads and maintaining vehicles and equipment.

### **Organisational Structure**

Civil Service and Maintenance Function is managed by The Manager of Civil Services and has 39 employees including two supervisors and one coordinator. An organisational structure is supplied in *Appendix 1*.

There are two supervisors managing North and South Areas of the Council region respectively.

Staff are organised in work groups around function:

Programmed maintenance North	Programmed maintenance South
Sealed Road North	Sealed Road South
Skid steer North	Skid steer South

Teams are organised around location and there are Depots in Gumeracha and Heathfield. There is a stockpile site and yard at Woodside that helps with efficiency by reducing travel to the Depots when needed.

Some of the work staff live in the community of the Council and this helps develop a strong relationship with the work and community. We need this as a tangible benefit, contributing factor to the positive culture and high quality work undertaken and the pride in the work.

### **Operational Workflow and Customer Journey**

The workflow process map is provided in *Appendix 3*, showing how a customer query comes into the CRM system and progresses to a finalisation. Cases for maintenance in the CRM are manually processed by an administration officer who reads, prints and allocates the works. A paper copy of the enquiry or request is printed and then sorted by a works planner. The work supervisor needs to pick up the order from works planner in person and bring to the field to resolve the request. Once the request is settled, the work supervisor returns the copy of enquiry and reports to the Depots physically. The CRM case for each completed job is then closed off by the administration officer.

These manual processes in the workflow creates some office inefficiencies and a digital transformation process could remove excessive manual administration for better accuracy, data capture and efficiency. Further improvement can be made when the CRM system is integrated with CONFIRM and information and jobs requests are push through to staff on tablets / iPads.

## Zone Maintenance

Currently the district is divided into 6 zones as shown on the map provided in Appendix 2, to group works when working in a zone, dealing with customer requests. Zone work in done is a 2 week rotation cycle. Information in figure 3 is currently available on the website and there is also a zone grading map and program developed and available on the website.

• Sealed Roads Maintenance Program 2021/22	
Zone	
1	Kersbrook, Forreston, Cudlee Creek, Paracombe, Inglewood, Houghton <b>Fortnight Beginning:</b> <ul style="list-style-type: none"> <li>• 10/01/22</li> <li>• 21/02/22</li> <li>• 04/04/22</li> <li>• 16/05/22</li> </ul>
2	Birdwood, Gumeracha, Mount Torrens, Charleston, Lobethal, Woodside <b>Fortnight Beginning:</b> <ul style="list-style-type: none"> <li>• 24/01/22</li> <li>• 07/03/22</li> <li>• 18/04/22</li> <li>• 30/05/22</li> </ul>
3	Rostrevor, Woodforde, Teringie, Norton Summit, Cherryville, Ashton, Basket Range, Lenswood, Greenhill, Summertown, Uraidla, Carey Gully, Piccadilly <b>Fortnight Beginning:</b> <ul style="list-style-type: none"> <li>• 07/02/22</li> <li>• 21/03/22</li> <li>• 02/05/22</li> <li>• 13/06/22</li> </ul>
4	Balhannah, Oakbank, Verdun, Bridgewater, Aldgate <b>Fortnight Beginning:</b> <ul style="list-style-type: none"> <li>• 07/02/22</li> <li>• 21/03/22</li> <li>• 02/05/22</li> <li>• 13/06/22</li> </ul>
5	Crafers, Crafers West, Stirling, Upper Sturt <b>Fortnight Beginning:</b> <ul style="list-style-type: none"> <li>• 24/01/22</li> <li>• 07/03/22</li> <li>• 18/04/22</li> <li>• 30/05/22</li> </ul>
6	Heathfield, Mylor, Longwood, Scott Creek, Bradbury, Iron Bank <b>Fortnight Beginning:</b> <ul style="list-style-type: none"> <li>• 10/01/22</li> <li>• 21/02/22</li> <li>• 04/04/22</li> <li>• 16/05/22</li> </ul>

**Figure 3: Sealed Road Maintenance Program from AHC Website**

The Zone Maintenance system is an improvement to what was being done previously but there is still room for more improvement and advancement. If a customer request is not completed in the 2 week zone period, it will need to wait until next round in 8 weeks.

Currently the work predominately completed while in the maintenance zone is the CRM requests that have come through from the community (reactive works), while planned maintenance works are completed if there is time (proactive works). It will be more efficient to also do other planned works when in a location when the team is set up, based around priority programmed maintenance works. This program of works and its urgency should be determined by factors such as operational service standard, safety risk, technical asset management to prolong life of asset and community needs.

An improved proposed workflow would see the customer request linked back to this priority programmed maintenance works. This program of works would be an established list of priority, so



when a customer request is initiated, it can be checked against this list and communication can be given quickly to the customer on timing when work will be done and the reason to support any decisions. This can be tied into the zone plan or if urgent addressed sooner.

## General Context and Discussion

Adelaide Hills Council is a medium sized Council in population which is dispersed over a vast geographical area of 795km<sup>2</sup>. Naturally it doesn't have the budget or resources as large as some of the similar geographically sized metropolitan Councils. Challenges include relatively low rates/resident growth and a desire to keep rate increases very modest, which contributes to budget pressures, as well as increasing community expectations on level of services provided.

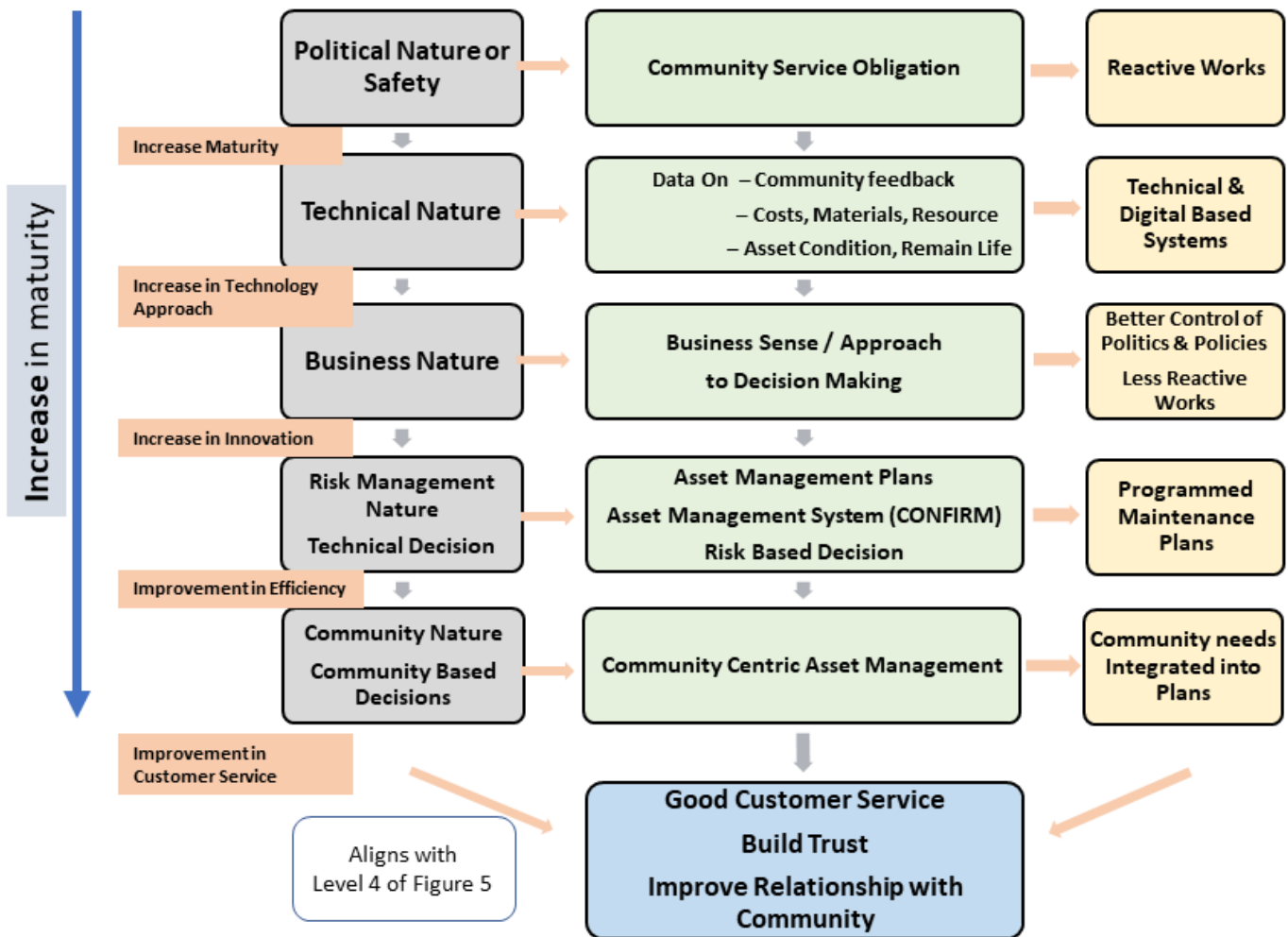
This creates the pressures and necessity to operate at a very effective level with all resources, in order to retain all the maintenance services to meet customer requests. The Council also faces challenges on road network with increased traffic loads. If the verges and shoulders are not maintained, this leads to further deterioration and impacts the remaining life of the asset.

The pressure of meeting community expectations and customer requests drives the majority of maintenance work conducted (Reactive Works).

Council has made significant progress to date to get where they are. The progress has been made to various degrees across all the key areas, such as customer services and asset management, and the commencement of an asset management system.

In undertaking this service review Epic Projects have developed models (Figures 4, 5 &6) specifically for Adelaide Hills Council based on the understandings of workflow. These models help to recognise where the section is currently, and where it can be in the future, noting gaps for recommendations.

### CUSTOMER & CIVIL SERVICES INTERFACE



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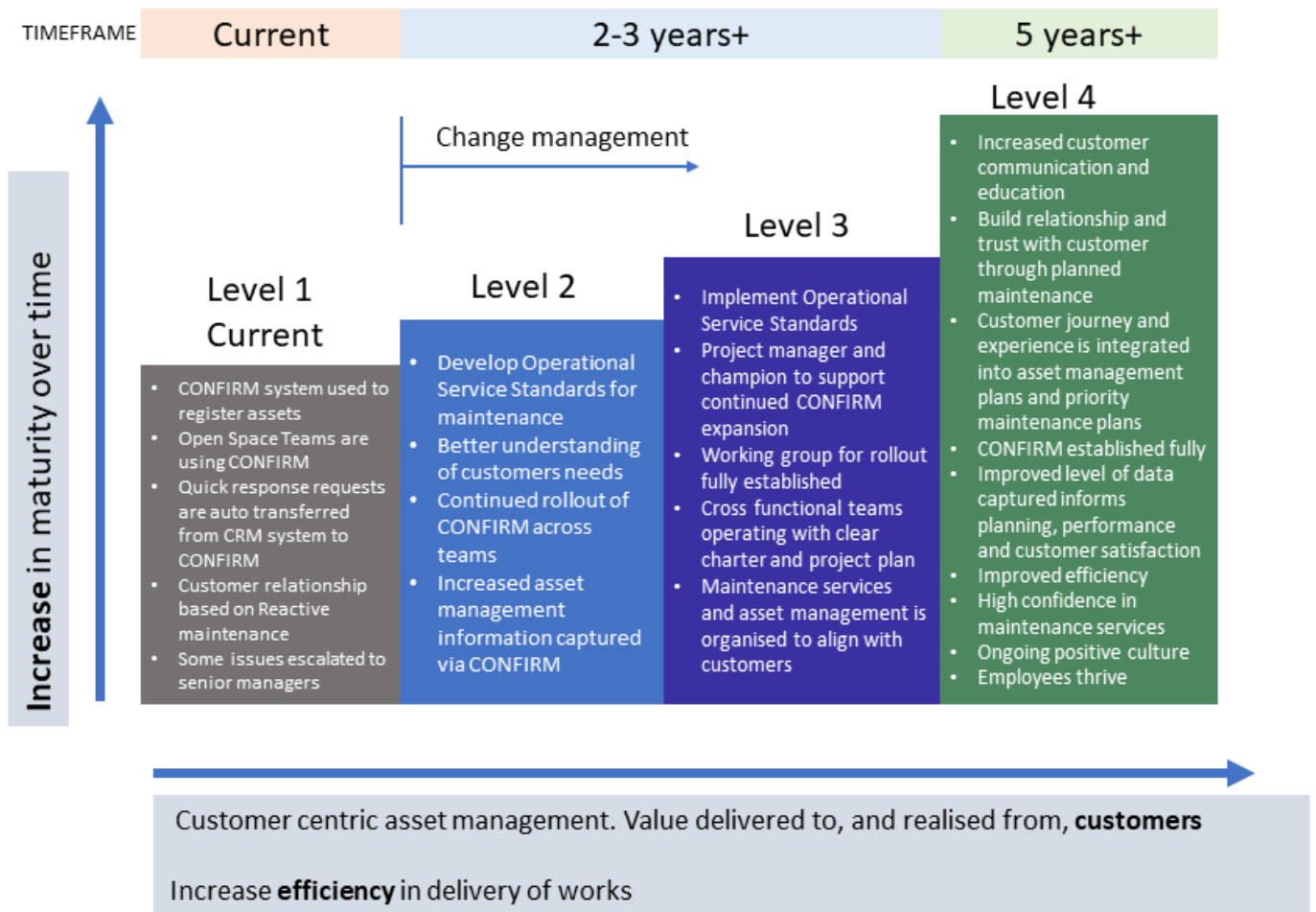
**Figure 4: Civil Service Interaction with Customer with increasing Maturity**

These models explain the change management and organisational development as the level of maturity and innovation increases, for instance, Adelaide Hills Council has elements in place for many of the aspects discussed across the full model, and is expected to make ongoing improvements in various areas of their business.

Competing pressure and lack of maturity in asset management and integration of technology and system, forces a more customer service obligation and the service to be prone to pressures of customer requests and reactive work. This can be inefficient due to workflow as programmed work can be suddenly disrupted to attend to an unplanned customer request. Sometimes these were not that urgent.

The model helps to demonstrate that Maintenance Services can operate differently over time as the level of maturity increases. Continued expansion of the rollout of CONFIRM, and digital workflow and innovation shifts the approach to be more data driven and customer focused. We can also

expect a more business and asset management focus targeting specific areas for a more programmed maintenance approach.



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**Figure 5: Customer Centric journey as Civil Service’s Maturity increases**

Epic Projects recommend the following measures should be undertaken:

- Ongoing rollout of CONFIRM,
- Continue data collection of cost and assets,
- Prepare operational service standards and prioritise programmed maintenance plans.

With increasing maturity and improved collection of information, a more business and risk-based approach is developed.

Council can also become better equipped and educated with other drivers including:

- Managing performance and feedback for strategy revision,
- Improving budget planning processes to drive better outcomes for the customer.

Measures can be more than CRM cases closed, but also drive section efficiency and understanding the road network better. Performance measure can relate more to what is being done in the field.

At maturity, innovation and technology are used to better address customer requests based on timing, risks and a priority maintenance program, and being able to communicate this to the Customer.

Community centric asset management can be integrated into decision making by adding value to the customer through education and understanding of their requirements. This is openly discussed with the customer, and this awareness builds trust with the community. This level of trust will help managing in managing customer expectations, reducing complaints and reducing reactive works. As a result, fewer complaints may be escalated through to the executive. This saves managers times and increases efficiency.

As shown in the Figure 5, currently Maintenance Services is at Level 1, with a good start to asset management, assets are registered in CONFIRM, Zone maintenance planning is in place and a CRM system is used for recording customer requests.

The maturity of the section increases over time along with the tight relationship between the customer and function, which creates both operating efficiency and a customer centric culture. The technical nature of managing the asset should be interlinked with the customer requirements

## Service Review Recommendation Summary

The key recommendations from the Civil Services Maintenance Function Service Review are listed below, along with a proposed priority for addressing the findings:

	Recommendation	H	M	L
1	Develop prioritised program maintenance plans	-	X	-
2	Develop an operational service standard suite for maintenance activities	X	-	-
3	Roll out of the CONFIRM system to Civil Service Maintenance	X	-	-
4	Develop and promote cross functional teams working more closely together	X	-	-
5	Improved Budgeting and Measuring Costs	-	-	X
6	Improved Process for Section planning	-	X	-
7	Reward and Recognition	-	X	-
8	Continuous Improvement	-	-	X
9	Customer Communication	-	X	-
	<b>Total</b>	<b>3</b>	<b>4</b>	<b>2</b>

## Planning of Maintenance Works

As shown in the models, AHC can mature in service provision by providing a more proactive programme based on risk and condition of assets. Operational efficiencies can be gained with priority programmed maintenance. This gives the ability to prioritise work on roads that extend the life of the asset and therefore reduces renewal costs over time.

Programming a higher level of proactive works can assist the section to become more efficient with travel to site and undertaking key works at the right timing and condition rating of the asset. Efficiency is also created as a range of works can be grouped and undertaken at the same time.

These plans will also assist with long term budgeting and assist to communicate with the community of upcoming works.

Development of these individual asset class Asset Maintenance Plans, complete with Levels of Service, will be required for each service currently being provided by the Civil Operations Team, in order of priority/ ease of development:

- a. Street Sweeping (update existing),
- b. Line marking,
- c. Stormwater,
- d. Footpaths,
- e. Unsealed and Sealed Roads

The program maintenance plans should be based on the condition & risk of the road or asset and have a link to detailed Asset Management Plans and the development of Maintenance Plans that reference the required Level of Service and Service Standards, for each asset class that Civil Services operate.

<b>Recommendation 1</b>		<b>M</b>
<b>Title</b>	<b>Prioritised program maintenance plans</b>	
<b>Description</b>	Develop risk-based and prioritised program maintenance plans for all road infrastructure, including footpaths and drains, to better balance the priorities of asset maintenance planning with customer service needs.	

## Operational Service Standards

Currently Adelaide Hills Council do not have a suite of maintenance service standard for operations beyond some urgent/safety guidelines. Service standards are important to better quantify acceptable level of service between do nothing options, immediate repair, or future repairs. They are also a good communication tool to use with customers in explaining the level of repair and timing Council may undertake. Without operational service standard, the extent of repair, timing, risks and costs, and future budgeting will be hard to justify.

Currently AHC has asset management plans well established and predominately used for lifecycle management of assets, financial forecasting and valuation depreciation.

Under these asset management plans there should be another iteration of plans relating to maintenance service standards, mentioned in Recommendation 1. The development of these service standards defines the level of maintenance service to be undertaken based on the condition and defect.

Example of this could be the depth of a pothole on a road and the location of that road. A 10mm pothole on a low traffic road could be attended to in say 2 weeks whereas 75mm pothole on main road undertaken within 48 hours.

This information sets the timing to do works, provides better control over reactive works and assists in communication with the customer by explaining when and why works should be carried out. This in turn promotes good commutation and customer service.

Recommendation 2		H
Title	<b>Develop service standard suite for maintenance activities</b>	
Description	Develop a reviewed set of operational service standards. The development of these service standards defines the level of maintenance service to be undertaken based on the condition and defect.	

## Asset management

Adelaide Hill Council is undertaking excellent work in the asset management area and with resources and time, the maturity in this area will move to a higher level of service or efficiency, at a rate that is decided and agreed.

We fully understand and appreciate the rollout of CONFIRM will take time and resources. However, work can be done with the current resources to setup the agreed parameters for CONFIRM.

Implementing the use of iPads or tablets in the field is going to take time and resources, so we predict that it's going to take another 12 months to fully implement in Civil Maintenance. Epic Projects would recommend a part time person assist the Asset Management System Analyst, over a 12-month period in rolling out CONFIRM. Future expansion of CONFIRM can be further developed based on future resources and budget.

It is critical that a start is made on the future expansion and rollout of CONFIRM and any other system improvements, so the progress can be maintained and keeps moving forward in line with corporate goals and strategic plans. Without technological improvements, there is a risk that Council may fall behind in this area, as compared to other metropolitan Councils who have a fully established asset management system in place for a number of years.

## CONFIRM and Digital Improvements

Currently civil services have no easily accessible data on how they are operating in the field, how much money was spent on asset, or time was spent against the asset. This can create issues in reporting, feedback and continuous improvement.

Efficiency on how the section operates cannot be qualified quantitatively. This is another important reason to use CONFIRM and in field devices because staff can report the time and costs for undertaking the project/repair and what material is used.

It can also help with customer feedback with photos of completed works. There is a potential that this information could be distributed to customer service or customers directly.

Recommendation 3		H
<b>Title</b>	<b>Roll out of CONFIRM system to Civil Service Maintenance</b>	
<b>Description</b>	<p>Continue the work to use CONFIRM to its full potential for better asset management:</p> <ul style="list-style-type: none"> <li>• recording and scheduling of works</li> <li>• capturing asset data and costs.</li> <li>• Improved data collection to enable reporting against Maintenance Plans and actual costs of service provided.</li> </ul> <p>This work should be ongoing and related to the corporate goals of progressive organisation, using technology, developing people and continuous improvement.</p> <p>The expansion of CONFIRM can integrate with the use of digital workflow improvement and the use of tablets on site. This can streamline the workflow practices and promote efficiency</p> <p>It is important to keep the rollout and improvements moving, even if it's small incremental ones, in line with whatever budget can be allocated. Initiatives like this can benefit from a driver and champion of the change management process, combined with leadership support</p>	

## Team Approach to Communication

With COVID-19 impacting all businesses and individuals, teams have not been able to work consistently on improvement projects like CONFIRM. These projects need talent from multiple sections cross the Council. These team can share ideas and find solutions or agree on the setup of system and procedures for future functions.

The teams would consist of representatives from Information Systems, Finance, HR, Asset Management, and Civil Maintenance together or as needed.

At the moment, staff are busy on their operational tasks and day to day function. CONFIRM rollout will demand time so there is a risk of competing actions and duties for staff.

Recommendation 4		H
Title	<b>Develop and promote cross functional teams cross working more closely together</b>	
Description	Develop and promote cross functional teams working together from various key departments to promote the development of innovative solution, and develop CONFIRM to its full potential.	

## Budget, Finance and Measuring Costs

Currently, Civil Service’s Budget is divided up into different services/asset classes, as follows:

- Bridges
- Bus shelters
- Footpaths
- Guardrails
- Kerb and gutters
- Retaining walls
- Sealed roads
- Unsealed roads
- Stormwater
  - General storm water
  - Street sweeping
- Traffic control
  - General traffic control devices
  - Line marking
  - Signs
  - Street lighting
- Waste managements
  - Illegal dumping
  - Dead animals

Previously we asked the staff to fill out a time sheet each day and indicate which of the above services they performed e.g. day one they may have written down the cost centre for storm water, day two they may have written down the cost centre for sealed roads, etc. This level of detail was not sufficient for decision making purposes e.g. Information was gathered on time spent on storm water, but what was needed was how much of that day were they doing open drain cleaning, pit repairs, laying new pipe etc. This created a lot of additional work for our payroll officer.

### Obtaining budget information needed

While CRM has some limited information related to customer requests, there are currently no mechanisms in CRM or any other systems/processes to record detailed information related to the



work field staff actioned and where. For example, Civil Services can quantify the amount the Council spent on sealed roads maintenance, but can't quantify how many potholes we repaired, how long it takes or how much it costs to repair a typical pot hole, nor can they say which roads we are spending a lot of maintenance effort on vs which ones we are not doing much maintenance on (beyond anecdotal feedback from the field staff).

### Budget pressures

Budget pressures relate to the increasing community expectations around services, especially with regard to increasing services such as street sweeping.

### Impacts of cost reductions

At the moment Civil Services standard is essentially the budget i.e. we do as much work as we can afford based on the budget provided. In this regard, any reduction in budget can be expected to be accompanied by a corresponding reduction in service.

Recommendation 5		L
<b>Title</b>	<b>Improved Budgeting and Measuring Costs</b>	
<b>Description</b>	<p>Improvements may be needed in the budgeting process to allow specific costs to be identified for the various maintenance activities. Measuring costs can help boost business case thinking and can assist in countering other pressures. This in turn, over time, creates efficiencies.</p> <p>Improved budgeting processes that allows more detailed costing related to Maintenance Plans will allow adjustments/reallocation of budgets to suit.</p> <p>Capturing data in CONFIRM will help all decision making in the future. It will also, promote cost efficiency and provide a basis to reviewing how well teams are currently operating, and where efficiency can be achieved by having measured data to compare.</p>	

## Strategic Management and Section Planning

Ultimately, the Civil Services Maintenance Function is delivering the Councils Corporate goals. The success of delivering this comes down to many factors and variables discussed below. In providing recommendation for the strategic review, we see many correlations with strategic management success factors and the gaps identified, and addressed in the recommendations.

The strategic management process involves analysis of customers and other key measures of data, finances or information for good decision making and feedback for strategy revision. It involves the continuous improvement loop and information sharing between staff and managers to create or change the corporate goals and objectives.

It also involves good strategy implementation. The success factor of the implementation process should be considered, and should ensure key staff are involved.

Some of the interrelated strategy implementation success factors are:

- Trained staff
- Happy empowered employees
- Good systems
- Culture of innovation
- Adequate resources, material and financial
- The right organisational structure
- A well formulated strategy
- Communication and commitment
- Control and Information systems
- A performance and feedback mechanism

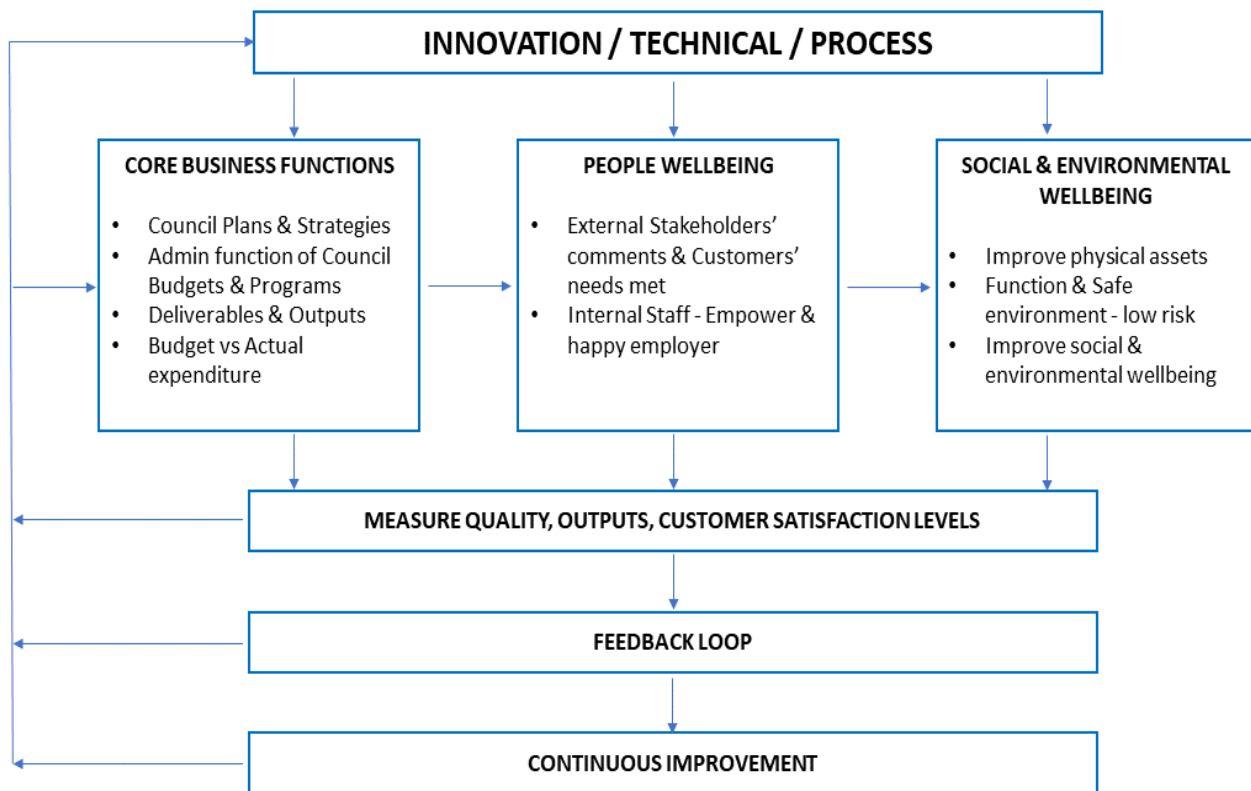
The implementation of corporate goals and organisation strategies requires a Section Plan detailed with allocated budgets to achieve them. This is currently not formally documented and could be improved.

Section Planning is a tier down from organisation strategies and is more detailed. Specific alignment of the section to the strategic objectives and corporate goals can help defining resources and budgets needed and the allocation of budget. All the above success factors need to be considered in the section plan.

Good section planning also provides an opportunity for staff to raise ideas for improvement and be part of section planning and decision making. It also provides an opportunity to reflect on how the section went and what can be improved and enables communication to senior managers on reporting criteria.

Recommendation 6		M
<b>Title</b>	<b>Improved Process for Section planning</b>	
<b>Description</b>	<p>An improved process for Section planning including Development of a Section Plan (or Team) to relate the Organisation’s Strategic Plan to day to day functions. Better documenting of these processes to assist communication on a regular basis between staff, managers and executive.</p> <p>A more formal strategic management processes that links the field operational person through the organisation to the executive and provide feedback monthly (or at regular interval).</p>	

## Culture and Talent



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**Figure 6: People, process and innovative systems, are interlinked to deliver community needs**

The Civil Services section consists of a high achieving, positive culture and good teamwork that undertakes high quality work.

The model in Figure 6 demonstrates interrelationship and interaction between staff, processes and system; the importance of measuring outputs, quality, customer satisfaction; and using the feedback loop for improvement.

AHC's talent and culture is interlinked to customers' needs, core business functions and providing a functional and safe environment through innovative processes and systems and an ongoing feedback reporting mechanism, as discussed in the previous section on strategic management.

All staff are essentially implementing the strategies of Council and they need to be trained to do their work. Recruitment of the right staff, adequate training, performance review, and having the right systems are important to delivering strategy.

Having the right people for the job and correct specifications are important. There is a flow on effect if you're not measuring outputs and tracking what the employees are doing on site as you are not checking how your employees are doing against a measuring datum for their performance.

Managing the employees in terms of their performance to achieve corporate goals is important and equally so is the reward system for work well done. Encouragement and feedback can also be given frequently to staff, which lets them know they are appreciated. In this area, staff undertake preventative maintenance work that is often not acknowledged as it's not a measured output, but their good work may have prevented several complaints if not done. Good work needs acknowledgement to promote job satisfaction and staff morale.

Feedback and reward should also be communicated about what is happening with the Civil Services Maintenance Function and good news should be promoted. This good news can be promoted through to the executive, internal newsletter or social media with photos and testimonials.

Recommendation 7		M
<b>Title</b>	<b>Reward and Recognition</b>	
<b>Description</b>	<p>Measure for employees' wellbeing, and provide recognition and rewards for work well done and related to the achievement of corporate goals. The Civil Services and Maintenance function do undertake preventative maintenance that can avert issues and customer complaints.</p> <p>We recommend promoting good news stories and good customer feedback within the organisation. Rewards can be low key such as a section BBQ on a 6 monthly basis where achievements can be recognised (subject to policy on funding these types of events).</p>	

## Continuous Improvement

When focusing on day to day operations and having no time for other initiatives, progress can't be realised. This is the same with allocating for existing budgets for this and continuous improvements. Key staff need to think about how they can work differently to find time to devote to the rollout of CONFIRM. If everyone is too busy with current operations continuous improvement just won't happen.

Not all innovation or continuous improvements needs to be an expense to the Council. When introducing new initiatives or making improvements, consider what can become redundant.

Recommendation 8		L
Title	<b>Continuous Improvement</b>	
Description	<p>Encourage continuous improvement and innovation initiatives across the organisation. Hold innovation workshops for staff, get ideas for the future and improvements. These can focus on efficiency, customer service, and lowering costs.</p> <p>Encouraging and promoting time for employees to put aside for continuous improvement can create efficiency in the short and long term.</p>	

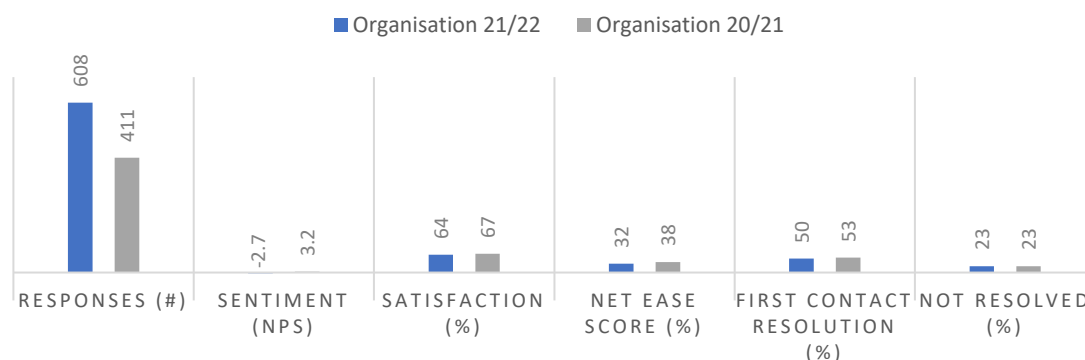
## Customer Service and Communication

Information was gathered from the Adelaide Hills Council Customer Experience area in regard to how they capture the data including number of responses, customer sentiment, customer satisfaction, the rate of first contact resolution, and the ease of the customer service system.

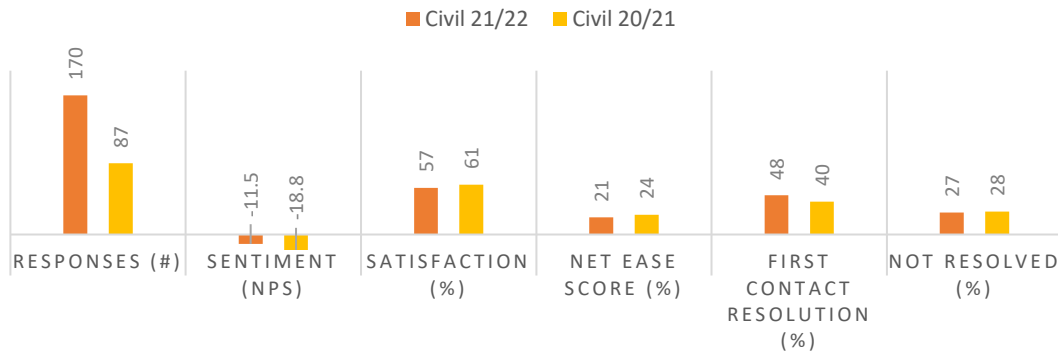
The below information is extracted from the Adelaide Hills Council survey system (Qualtrics). From these tables, we note that the Civil Maintenance area has decreased in customer satisfaction scores (67% to 51%) and Net Ease Scores (24% to 21%), but have improved their performance in overall Sentiment (-18.8 up to -11.5), first contact resolution (from 40% to 48%), and reduced the number of cases not resolved (28% to 27%).

Survey Date: (20/21: 1 March 2020 to 1 March 2021, 21/22: 1 March 2021 to 1 March 2022)

### 20/21 VS 21/22 CRM TREND (ORGANISATION)

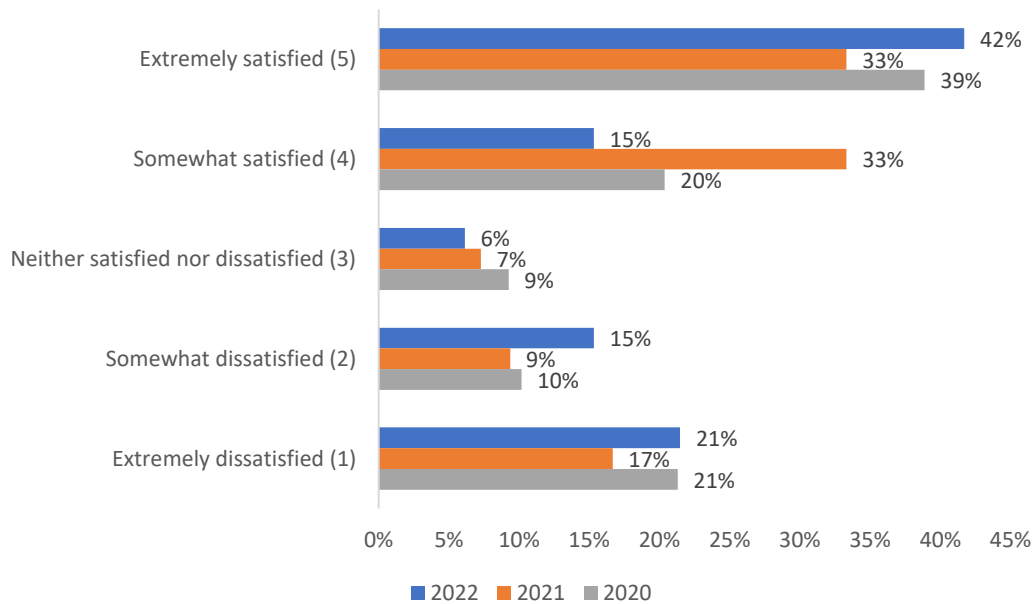


## 20/21 VS 21/22 CRM TREND (CIVIL)



### Overall Satisfaction (Civil Service Maintenance Function)

#### Overall Satisfaction (Civil) (2020-2022)



	2022	2021	2020
Mean Ratings	3.40	3.57	3.45
T2	57%	67%	59%

T2: aggregate percentage score of the top two scores for importance (i.e. Extremely satisfaction, Somewhat satisfied)

## Summary

Over 57% of respondents stated they are at least somewhat satisfied with the performance of Adelaide Hills Council Civil Services over the last 12 months. Compared to 2020-2021, there were significant decreases in satisfaction for Civil Services.

In the above charts, the Customer Satisfaction Score dropped from 61% to 57% in this financial year. The customers who rated for dissatisfaction have the following top comments:

- Lack of Communication
- Lack of follow up or response
- No feedback on progress
- Need timely response
- Request opened over 2 months, no feedback
- Insufficient information about what is happening

We do have positive feedback from customers as follows:

- Prompt attention and getting the work done so quickly in Bartholomew Avenue
- Did a great job on Hill Road
- Thanks for following up on the roadwork request
- Did a fantastic job of repairing the drainage issue
- Friendly and helpful staff

Further analyses have been conducted and attached in Appendix 5:

- Overall satisfaction of the Council
- Overall satisfaction of civil services among all services in the Council
- Overall satisfaction by each service delivery
- Method of contact
- Nature of enquiry
- Satisfaction Summary of Civil Services

Communication with the customer is essential. We recommend as much information as possible be available to the community on service standards and programmed works. This communication can be through newsletter, mail, website and regular open public information sessions. This information can be used to inform customer service staff and further bolster accurate communication transfer to the community.

Where possible collate similar trends or request to have answers to common queries collected in a database and be available to customer service staff and on the website.

Time can be wasted by staff in Civil Maintenance Function in chasing enquiries and resolving an issue that potentially could have been either resolved by frontline customer service staff, or in the case of missing information, could have been obtained in the discussion with the client.

A benefit and flow on to developing maintenance service standard is the training of staff and the development of tools and resources to inform/support staff. Customer service staff may then be able to resolve more queries at the time of the call, and this will minimise the number of CRM

queries being referred to the civil maintenance team for action, and increase the quality of information provided.

Time and efficiency can be gained by maintenance staff either with correct and full details or on related queries being sent to the correct department within AHC.

Civil Services has engaged a Depot Administration Officer concentrating on the Customer Service and related processes, so this improvement is in the process of being addressed.

Recommendation 9		M
<b>Title</b>	<b>Customer Communication</b>	
<b>Description</b>	<p>A common complaint from customers is the lack of communication about job progress. We recommend looking into the possibility of automating responses to the customers when work is about to happen and when completed. The key here is accuracy and it's better to handle this manually.</p> <p>Communication can also be through newsletter, mail, website and regular open public information sessions.</p> <p>Ongoing work to connect CRM to CONFIRM should continue to improve workflow and will be needed when digital workflow occurs.</p>	

## Conclusion

The Maintenance services provides a high quality, effective service that meets customers' needs in a reactive way. We found a number of recommendations that can be implemented over time to improve efficiency and will boost customer service and community relationships.

Generally, we found that the section consisted of a high achieving, positive culture that undertook high quality work and needs assistance to improve systems, process and work flow to create longer term efficiency. While the work currently being undertaken meets the customers needs these improvements will promote improved relationship and communication with the Community with better targeted response and maintenance program bolstering effectiveness.

While no forecast savings were able to be identified, it highlights the need to obtain better data and information on how the section operates. Until the section has moved up the maturity curve over time, and becomes more efficient based on the recommendations, cutting costs would negatively impact service delivered directly.

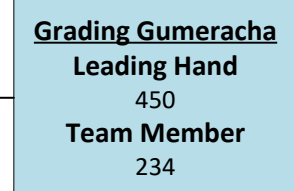
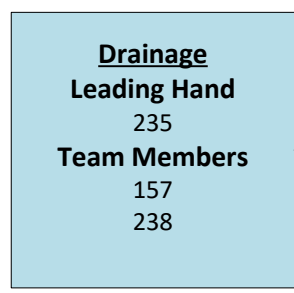
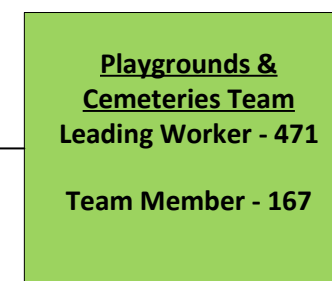
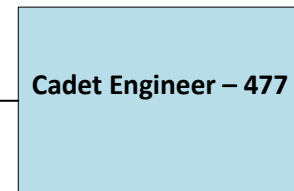
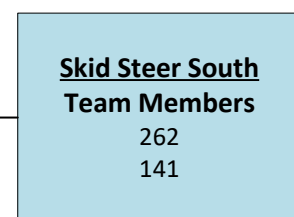
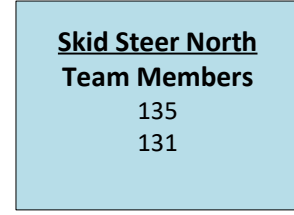
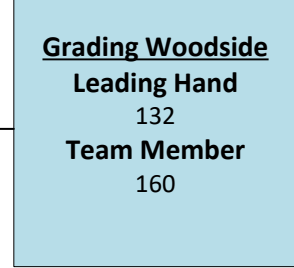
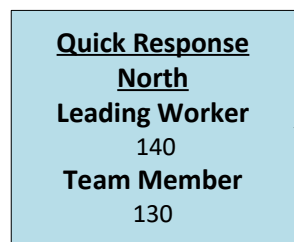
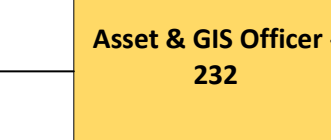
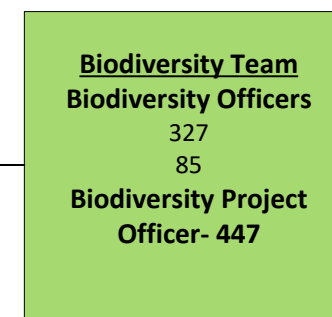
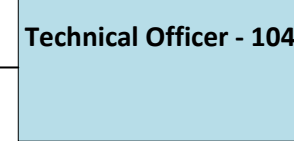
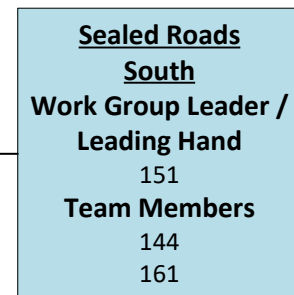
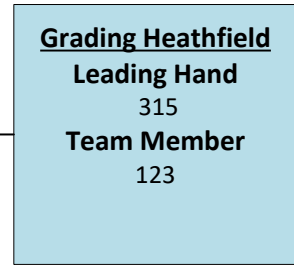
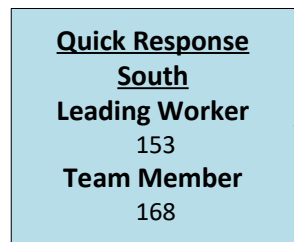
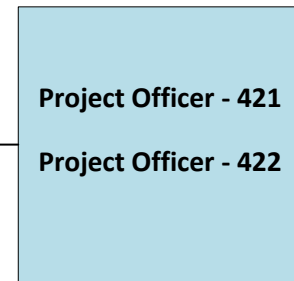
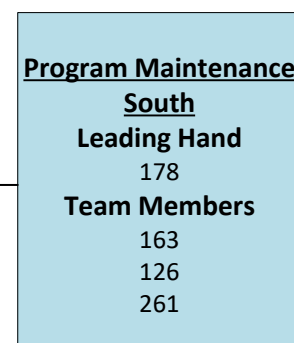
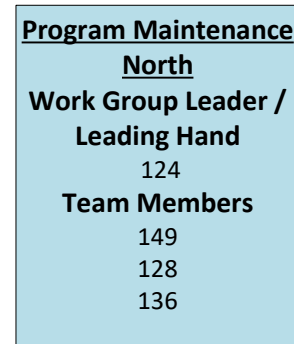
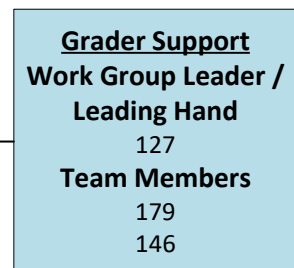
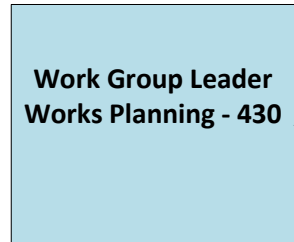
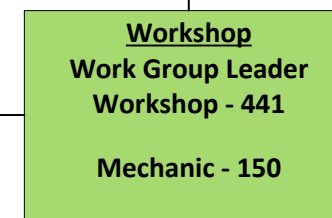
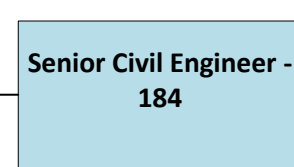
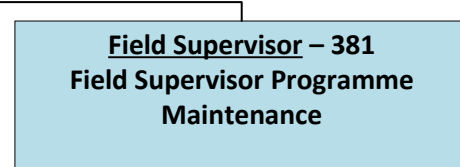
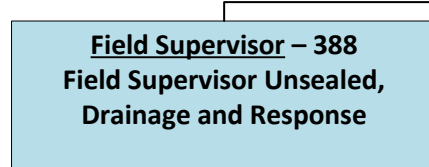
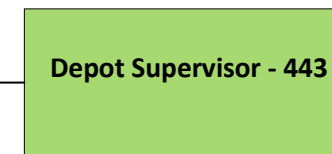
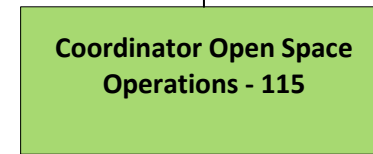
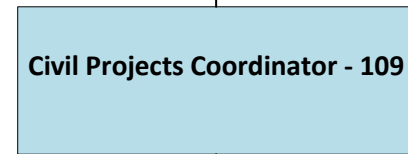
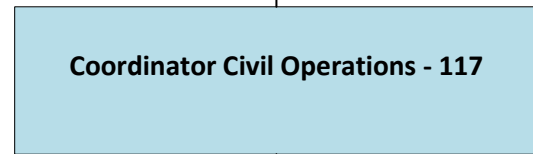
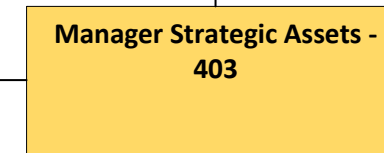
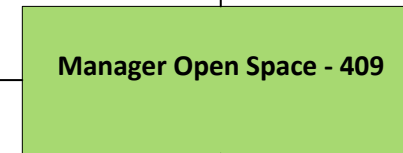
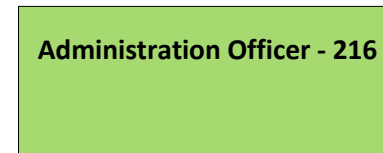
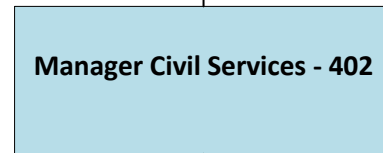
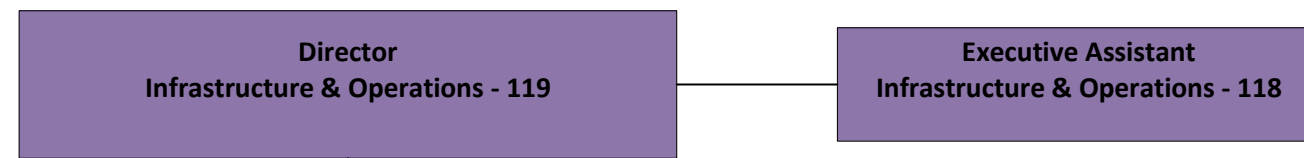
Overall, by addressing the recommendations, there's an opportunity to streamline work approaches that could lead to better and more specific data collection and analysis and therefore improve efficiency, use of existing resources and enhanced customer relationships.



## Appendix 1: Organisational Structure

**Adelaide Hills Council  
Organisational Chart  
Infrastructure & Operations**

Version: 21 – 4/5/2022



## Appendix 2: Zone Map



CITY OF  
PLAYFORD

THE  
BAROSSA  
COUNCIL

CITY OF TEA  
TREE GULLY

1

2

CAMPBELL-  
TOWN  
CITY  
COUNCIL

ADELAIDE  
HILLS  
COUNCIL

MID MURRAY  
COUNCIL

CITY OF  
BURNSIDE

3

CITY OF  
MITCHAM

4

CITY OF  
ONKAPA-  
RINGA

6

THE DC OF  
MOUNT BARKER

SCALE 1:10,000  
(For use as a general reference  
only. For precise measurements  
refer to the plans @ A4 page 4/14)

**LEGEND**

Works Maintenance Area by Number

- 1
- 2
- 3
- 4
- 5
- 6

Towns & Places by Size

- 1
- 2
- 3
- 4
- 5

Urban Areas

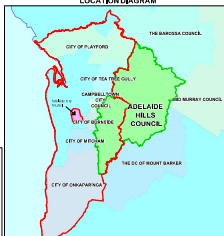
- Urban Areas

AHC Boundary

ROADS

- Local
- Classified
- DTMR (Main) Road
- Property Owner Legend

LOCATION DIAGRAM

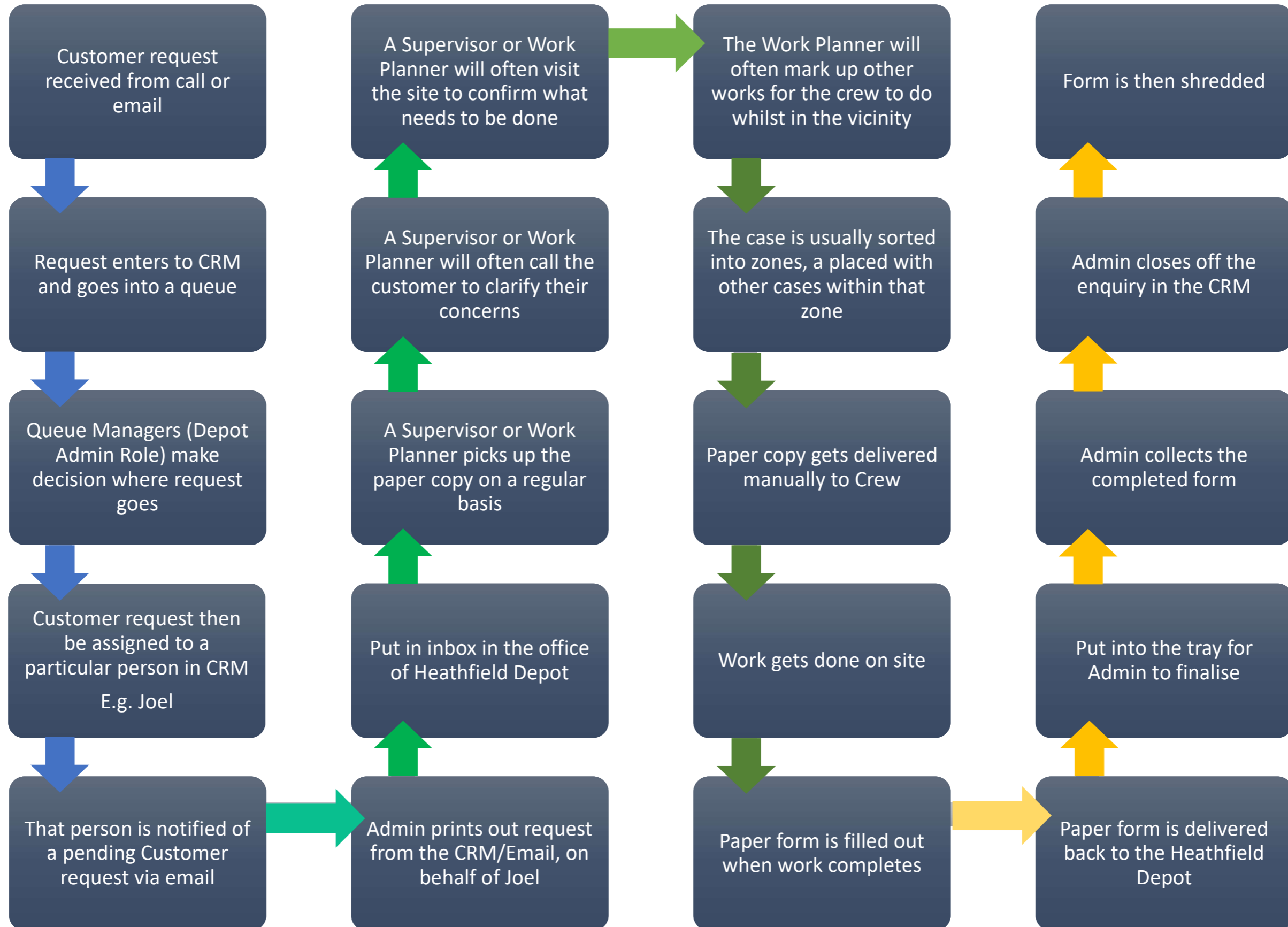


**DISCLAIMER**  
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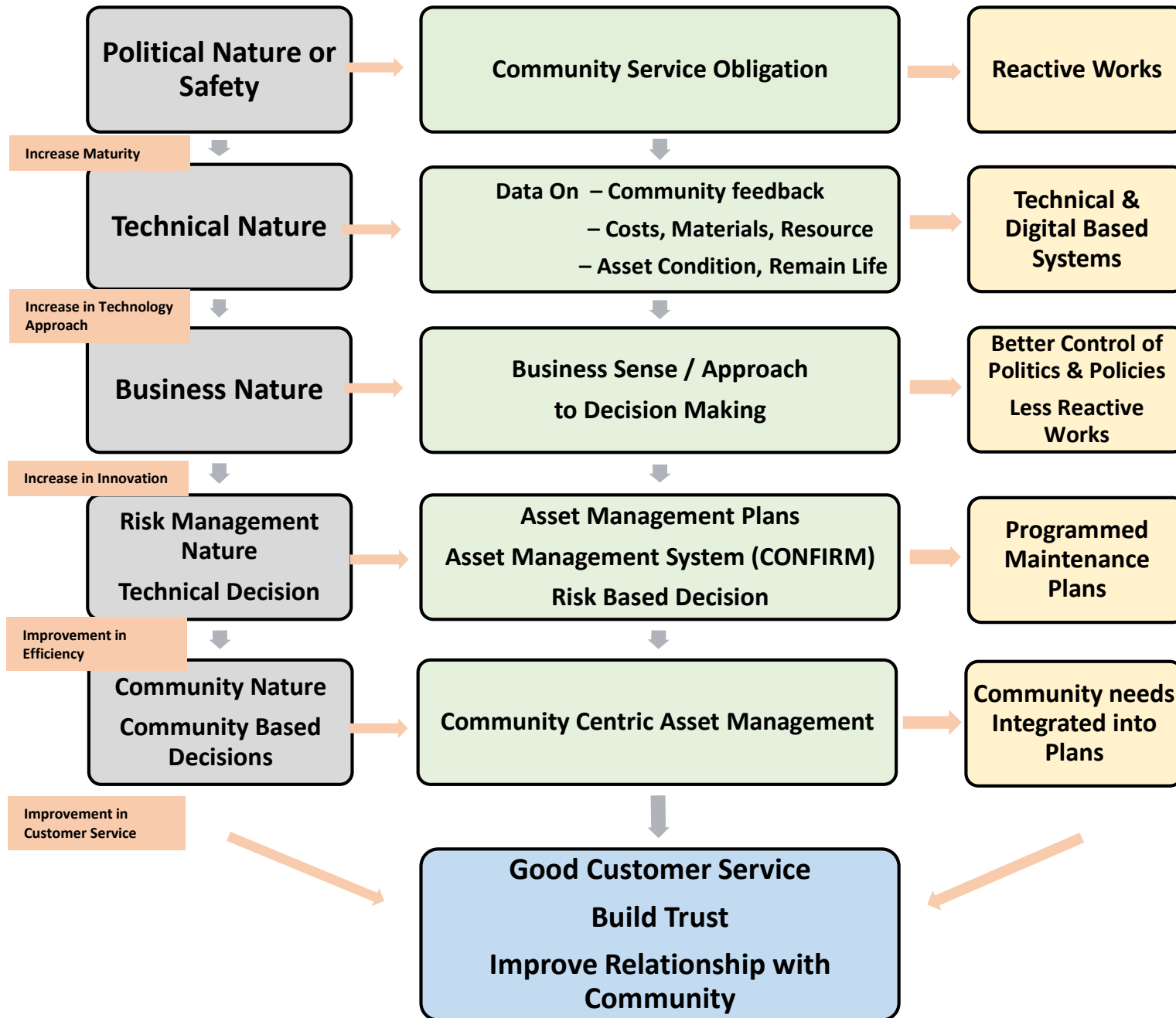
## Appendix 3: Process Mapping Workflow

# CIVIL SERVICE MAINTENANCE FUNCTION WORKFLOW



## Appendix 4: Customer & Civil Service Interface

# CUSTOMER & CIVIL SERVICES INTERFACE



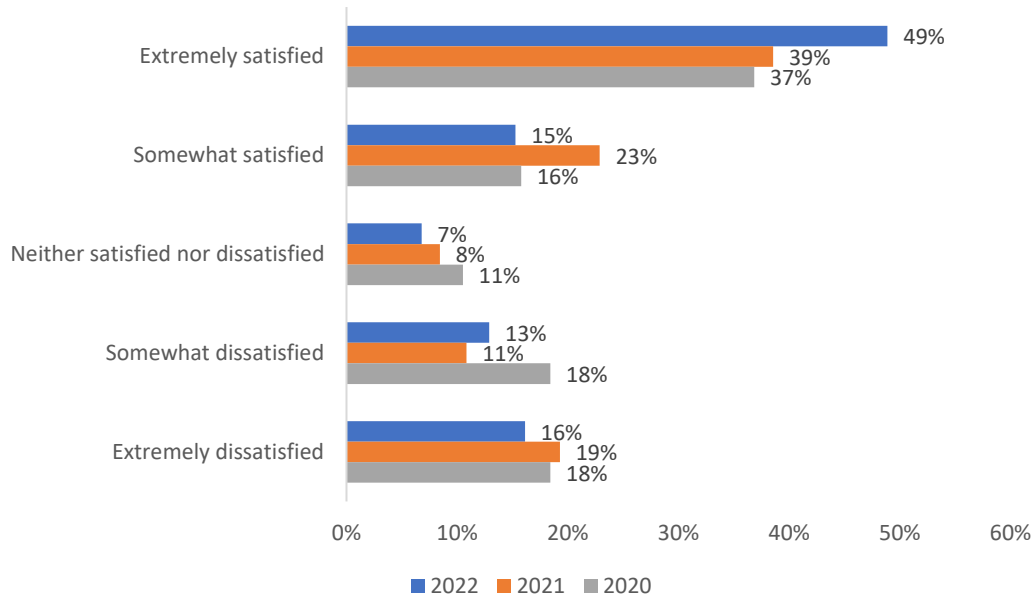


## Appendix 5: CRM Statistic

a. Overall Performance of Council

Overall Satisfaction (Adelaide Hills Council)

Overall Satisfaction (Org) (2020-2022)



	2022	2021	2020
Mean Ratings	3.68	3.51	3.34
T2	64%	61%	53%

T2: aggregate percentage score of the top two scores for importance (i.e. Extremely satisfaction, Somewhat satisfied)

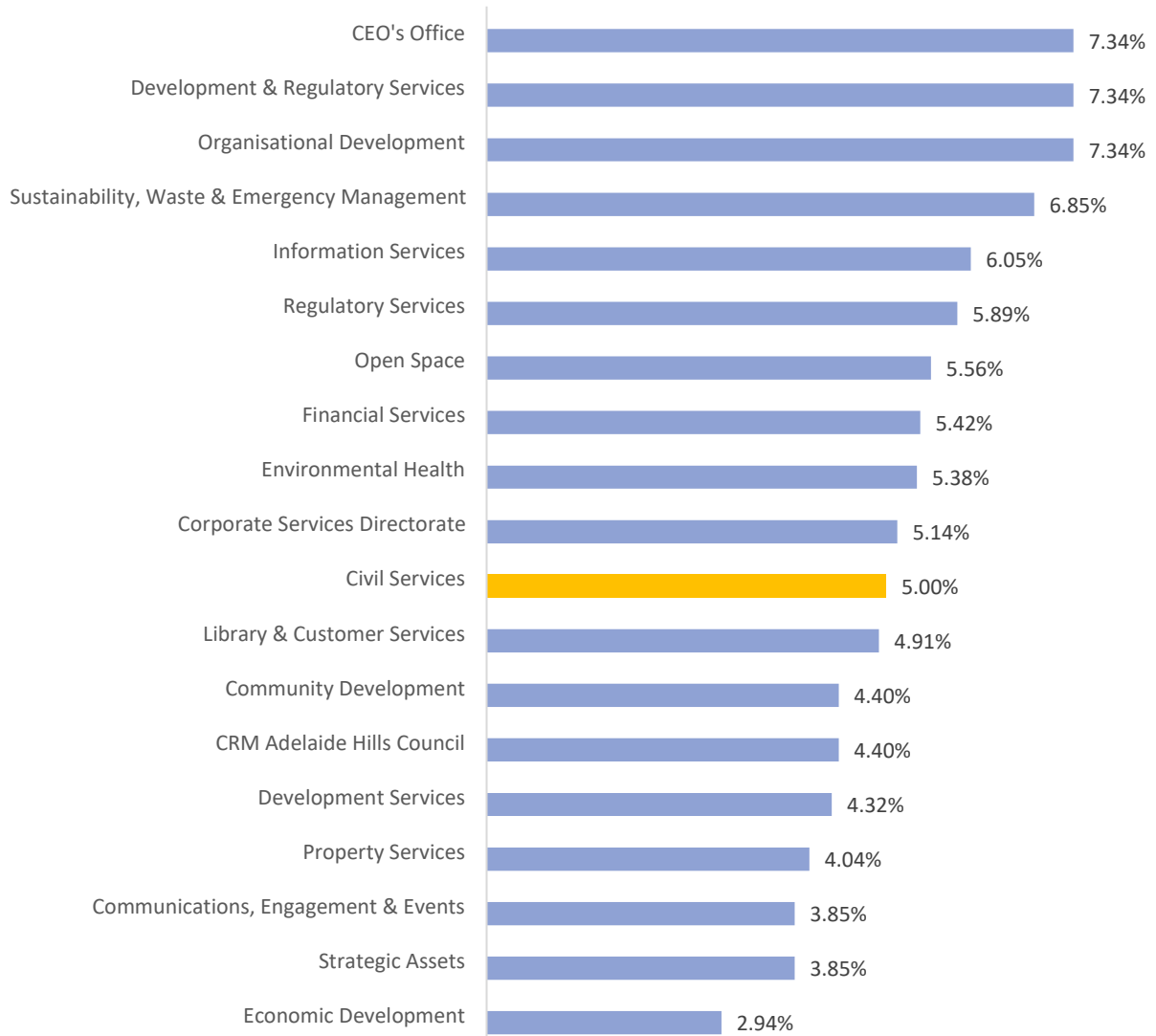
**Summary**

Over 64% of respondents stated they are at least somewhat satisfied with the performance of Adelaide Hills Council over the last 12 months. Compared to 2020-2021, there were slightly increases in satisfaction of overall Council services.

Overall Satisfaction (with All Services)

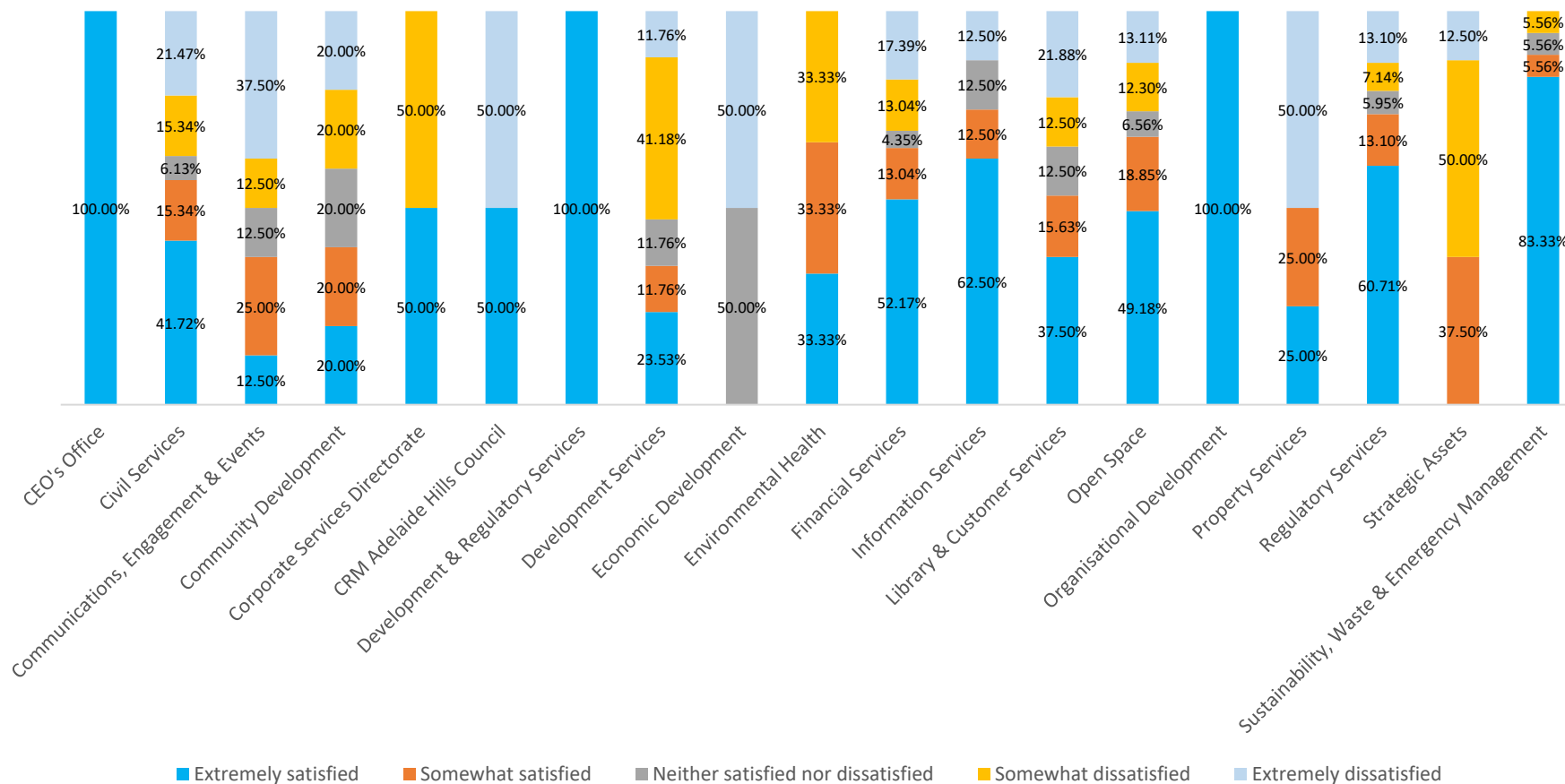
	<b>2021-22</b>
	<b>Mean Ratings</b>
<b>Services Delivery</b>	
CEO's Office	5.0
Development & Regulatory Services	5.0
Organisational Development	5.0
Sustainability, Waste & Emergency Management	4.7
Information Services	4.1
Regulatory Services	4.0
Open Space	3.8
Financial Services	3.7
Environmental Health	3.7
Corporate Services Directorate	3.5
<b>Civil Services</b>	<b>3.4</b>
Library & Customer Services	3.3
Community Development	3.0
CRM Adelaide Hills Council	3.0
Development Services	2.9
Property Services	2.8
Communications, Engagement & Events	2.6
Strategic Assets	2.6
Economic Development	2.0

## Overall Satisfaction with Council's Performance



By comparing all council services in 2021-22, civil services contributed 5% satisfaction, toward the overall satisfaction of all council services.

### Overall Satisfaction by Each Service Delivery



“CEO’s Office”, “Development & Regulatory Services”, “Corporate Services”, “Economic Development”, “CRM Adelaide Hills Council” and “Organizational Development” have limited data for analysis

The overall satisfaction of all services within Adelaide Hills Council is 3.68.

Among all services, the analysis showed that more respondents are extremely satisfied with Sustainability, Waste & Emergency Management, Regulatory Services, and Information Services.

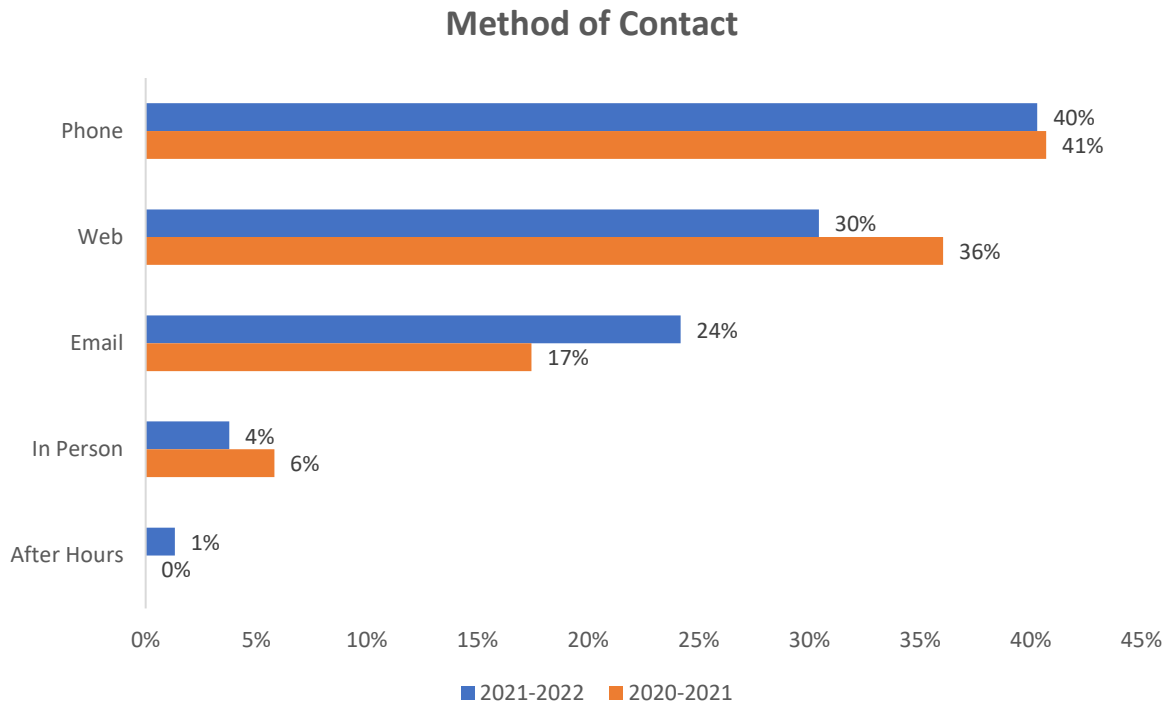
Civil Services had satisfaction at 57%, around the mid-range of all council services.

Along with other services, development services and strategic assets had the highest percentage of respondents saying they are extremely dissatisfied with these services.

b. Summary of Civil Services

Customer Satisfaction	Comments from Customer on Civil Services	% Percentage	Each Group / Overall
<b>Extremely Dissatisfied</b>	No Communication / No Response from email or call back / No timely response No followup or action after a request / report / complaint Deny request without discussion Work not supervised and not done according to instructions	20.6	59/286
<b>Neither Dissatisfied or Satisfied</b>	Council have made it very difficult for a rate payer to contact them, no after hours phone number anymore, response to my report has been zero until now Relate to the safety of Emmett Rd .Safety Maintenance of this road is APPALLING Remove debris- one on Atkinson Ave and one on Carinya Rd. It is still there and has not been collected No feedback regarding whether the situation was rectified	7.3	21/286
<b>Somewhat Dissatisfied</b>	issue should have been handle to completion in 24 hours. Instead it took 2 weeks and even then it got palmed to Playford. More feedback on progress appreciate a more timely response to requests/ a regular schedule of road grading/ task undertaken completely/ communication regarding status of request and timeline. Although the grading job fixed the obscured drain on the opposite high side of the road, it has done nothing to prevent stormwater crossing the street opposite my property and overwhelming the inadequate gutter on my side of the street can you send me a comprehensive plan of what the Adelaide Hills Council is doing to improve roads, stormwater, footpaths, cycling lanes etc. You must have some sort of plan to stop just patching our roads in a third world way but to fix them properly with planning and proper construction teams that no what they are doing. In light of last year's fires and the terrible condition of our council areas you should by now have a fire mitigation plan to reduce foliage etc. Still not physically done and now we are in January. I spoke to both Josh Teagues office and Rebecca Sharkies office and neither of them have been lobbied at all for extra funding to achieve any of these things. Please explain? Some of the highest rates in SA with little real action in these areas. This request has been open for at least 2 months with no feedback from council at all apart from this survey	14.3	41/286
<b>Somewhat Satisfied</b>	A "No Through Road" sign ALSO on the opposite corner of Serafini Place would be useful Face to face (or phone) communication could have resolved this matter to my satisfaction The staff I spoke to were courteous and helpful, however the system of attending to ratepayers concerns is very poor I was a little disappointed that I am unable to display my 50 SPEED LIMIT sign on the road verge I could see that it may very well conflict with road works at any time Not Councils causing problem but when lodging complaint and requesting feedback disappointing no response Very good customer service for the front counter staff found it difficult to get to speak to the relevant person for my query, and even when I have left messages, i don't always get a reply (1) ensure a philosophy on SAFETY. (2) Council superiors to ensure CLEAR SUCCINCT DIRECTIVES to those that are to carry out the work. (3)Encourage a work ethic with a focus on the concept of SAFETY to those you employ to carry out roadside work dislike having to chase up the council every year to clear the drains . They block up with all the unsecured gravel from the roadside, and silt flows into my carport. Ironbank Roadworks have now been ongoing for over 8 weeks. Workmanship is poor, guard rail install was 2 weeks ago in the wrong places. Compared to what Onka council has done on Cheery Gdns road Ironbank road is a poor standard.	17.5	50/286
<b>Extremely satisfied</b>	Simon is personable and efficient Thank you Craig - listening to the concerns re Manna Gum Lane and all the work in placing biteum Staff is friendly and helpful Perform Regular scheduled maintenance of staplehurst lane road surface The service has been helpful and professional Could be informed once the case had been completed so we wouldn't have to keep checking to see if completed Speed of the reply was a bit average Response was prompt, successful and curious Suggestion to prevent blockage in the drain but no reply. Promptly fixed Works team responded appropriately Need reflectors on the road for Foggy and Rainy weather Workers did a fantastic job of repairing the drainage issue on Constance Avenue No notification on completion	40.2	115/286

## Method of Contact



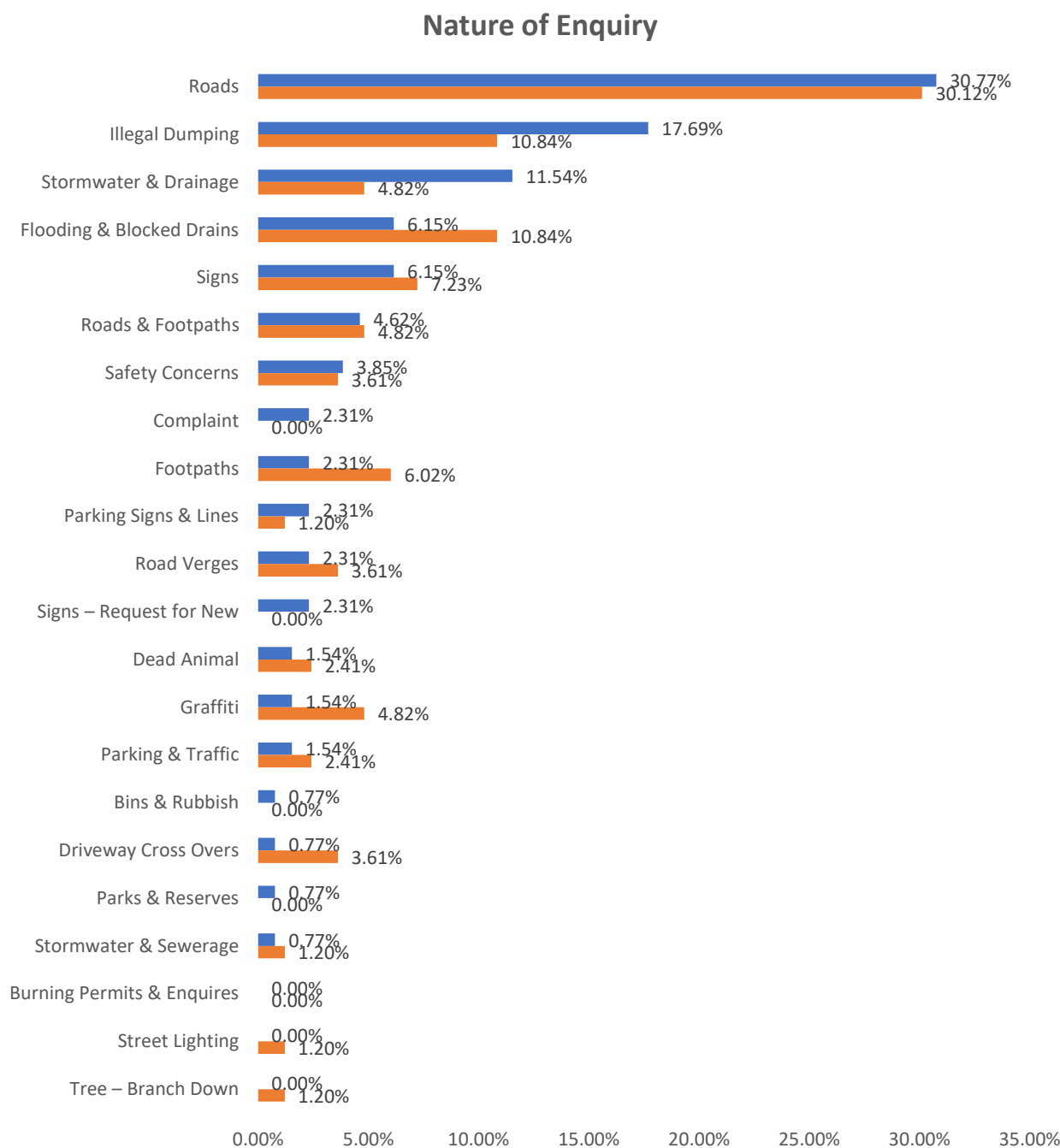
### **Summary**

From the graph, the most common way to make contact was via telephone. It constitutes 40% of all contact methods in the last 12 months.

There has been a slight increase in contact via email compared to the period of 2020-2021.



## Nature of Enquiry



### Summary

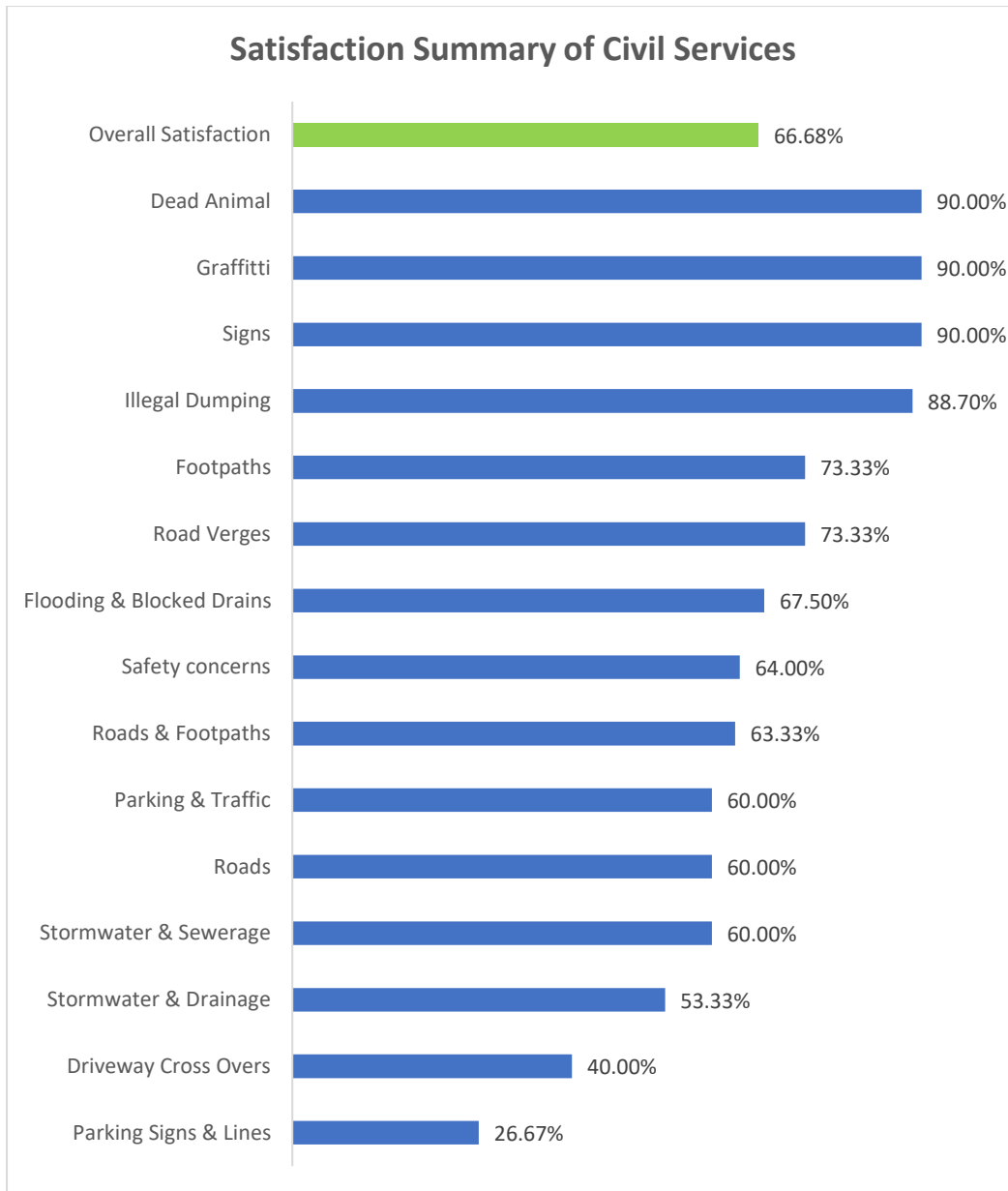
Compared to 2020-21, there were significant increases in enquiries relating to illegal dumping and stormwater & drainage. Respondents contacted Council for civil services maintenance and the most common enquiry relating to roads, which constitutes 30% of all enquiries.

The top 5 drivers of satisfaction are:



- Roads
- Illegal dumping
- Stormwater & Drainage
- Flooding & Blocked Drains
- Signs

Satisfaction Summary of Civil Services



### Services Satisfaction (Comparison by Year)



Below tables identifies the highest and lowest rated services in terms of satisfaction

Top 5 for Satisfaction	Mean Score	T2
Dead Animal	4.50	90%
Footpaths	3.67	73%
Graffiti	4.50	90%
Illegal Dumping	4.43	89%
Road Verges	3.67	73%
Signs	4.50	90%

Bottom 5 for Satisfaction	Mean Score	T2
Driveway Cross Overs	2.00	40%
Parking & Traffic	3.00	60%
Roads	3.00	60%
Safety concerns	3.20	64%
Stormwater & Drainage	2.67	53%
Stormwater & Sewerage	3.00	60%

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## **Appendix 2**

*Service Review 2021-22 – Civil Service Maintenance  
Function – Management Response and  
draft Action Plan*

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Adelaide Hills Council

Civil Services Maintenance Function

SERVICE REVIEW 21/22

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**Management Response**

**& Draft Action Plan**

21 JULY 2022

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# 1. EXECUTIVE SUMMARY

## 1.1 Background

Council has resolved to implement a Service Review Framework (the Framework) as part of the Annual Business Plan 2021-22. The Framework was adopted by Council at the 26 October 2021 meeting and provides Council with principles and guidelines for conducting an external Service Review to evaluate the adequacy, effectiveness and efficiency of the reviewed services.

The Service Review Brief – Civil Services was presented at the 25 January 2022 Council Meeting, and the consultant (Epic Projects & Consulting) was appointed, and field work commenced in March 2022.

The Final Report and associated recommendations have now been provided to Council, and the Director Infrastructure and Operations in conjunction with other key staff has prepared a Management Response to the Recommendations, and a Draft Action Plan for consideration.

(Note: The Recommendations themselves, including title and description have been copied across from the Consultant’s Report).

## 1.2 Objectives and scope

Service delivery review is a good opportunity to understand the service needs of local communities and customers, determine the effectiveness and efficiency of services, value and improve the delivery of services which include local infrastructure, local public services and the performance of regulatory functions to local communities and stakeholders.

The review can also help determine the cost effectiveness of funding and governance on the services provided to maximise the service performance.

## 1.3 Prioritisation

The level of priority assigned to the Recommendations was as below:

Priority	Description
High	Level of impact is high, and should ideally be addressed as a matter of priority.
Medium	Level of Impact is high, however implementation may be less urgent or is reliant on other work being undertaken prior
Low	Lower level of impact, urgency or for consideration in future, pending implementation outcomes of other recommendations



## 1.4 Service Review Recommendations

The key recommendations from the Civil Services Maintenance Function Service Review are listed below, along with a proposed priority for addressing the findings:

<b>Recommendation</b>	<b>H</b>	<b>M</b>	<b>L</b>
<b>1 Develop prioritised program maintenance plans</b>	-	X	-
<b>2 Develop an expanded operational service standard suite for maintenance activities</b>	X	-	-
<b>3 Roll out of CONFIRM system to Civil Service Maintenance</b>	X	-	-
<b>4 Develop and promote cross functional teams working more closely together</b>	X	-	-
<b>5 Improved Budgeting and Measuring Costs</b>	-	-	X
<b>6 Improved Process for Section planning</b>	-	X	-
<b>7 Reward and Recognition</b>	-	X	-
<b>8 Continuous Improvement</b>	-	-	X
<b>9 Customer Communication</b>	-	X	-
<b>Total</b>	<b>3</b>	<b>4</b>	<b>2</b>

## 2. Management Response to Recommendations

Recommendation 1		M
<b>Title</b>	<b>Develop prioritised program maintenance plans</b>	
<b>Description</b>	Develop risk-based and prioritised program maintenance plans for all road infrastructure, including footpaths and drains, to better balance the priorities of asset maintenance planning with customer service needs.	

Management Response	Action
<p>Currently, all works undergo a preliminary risk assessment, so that those which are deemed high risk are addressed as a matter of urgency.</p> <p>As part of the next phase of our developing Asset Management Maturity, the development of Asset Maintenance Plans is agreed to be a high priority for investment into the future.</p> <p>Before maintenance plans can be developed, agreed service levels must be further reviewed and more formally documented.</p> <p>-</p> <p>Once the above measures are in place, asset classes will be prioritised, and a rollout schedule adopted (like Asset Management Plan reviews).</p>	<ul style="list-style-type: none"> <li>• Prioritise the order in which Asset Class specific maintenance plans are to be developed.</li> <li>• Develop and implement the Asset Class specific maintenance plans.</li> </ul>

<b>Recommendation 2</b>		<b>H</b>
<b>Title</b>	<b>Develop an expanded operational service standard suite for maintenance activities</b>	
<b>Description</b>	Develop a reviewed and documented set of operational service standards. The development of these service standards defines the level of maintenance service to be undertaken based on the condition and defect.	

<b>Management Response</b>	<b>Action</b>
<p>As part of the next phase of our developing Asset Management Maturity, the development and review of Asset Maintenance Plans is agreed to be a high priority for investment into the future.</p> <p>Before maintenance plans can be developed, agreed service levels must be further reviewed and more formally documented. A method for this identification as well as data capture and ongoing management needs to be determined and resourced.</p> <p>Once the above measures are in place, Asset classes will be prioritised, and a rollout schedule adopted (like Asset Management Plan reviews).</p>	<ul style="list-style-type: none"> <li>• Prioritise the order in which Asset Class specific service standards are to be Developed.</li> <li>• Develop and adopt the Asset Class specific service standards.</li> </ul>

<b>Recommendation 3</b>		<b>H</b>
<b>Title</b>	<b>Roll out of CONFIRM system to Civil Service Maintenance</b>	
<b>Description</b>	<p>Continue the work to use CONFIRM to its full potential for better asset management:</p> <ul style="list-style-type: none"> <li>• recording and scheduling of works</li> <li>• capturing asset data and costs.</li> <li>• Improved data collection to enable reporting against Maintenance Plans and improve accuracy of actual costs of service provided.</li> </ul> <p>This work should be ongoing and related to the corporate goals of progressive organisation, using technology, developing people and continuous improvement.</p> <p>The expansion of CONFIRM can integrate with the use of digital workflow improvement and the use of tablets on site. This can streamline the workflow practices and promote efficiency</p> <p>It is important to keep the rollout and improvements moving, even if it's small incremental ones, in line with whatever budget can be allocated. Initiatives like this can benefit from a driver and champion of the change management process, combined with leadership support.</p>	
<b>Management Response</b>	<b>Action</b>	
It is acknowledged that the increased use of the CONFIRM Asset Management System will result in improved data capture, modelling and forecasting. This information in turn will assist in more targeted and accurate works scheduling and intervention.	<ul style="list-style-type: none"> <li>• Expedite the transitioning to use of Confirm in the field through engaging with Strategic Assets and Information Services.</li> </ul>	

<b>Recommendation 4</b>		<b>H</b>
<b>Title</b>	<b>Develop and promote cross functional teams working together</b>	
<b>Description</b>	Develop and promote cross functional teams working more closely together from various key departments to promote the development of innovative solution and develop CONFIRM to its full potential.	

<b>Management Response</b>	<b>Action</b>
While cross functional teams do work together to progress particular projects, deal with more complex requests and resolve issues, the establishment of a stand-alone cross-functional working group for the Civil Services Confirm Rollout has merit given the many touchpoints across the organisation.	<ul style="list-style-type: none"> <li>Establish Civil Services specific Confirm Working Group utilising the newly developed Project Management Framework (which will include all relevant stakeholders).</li> </ul>

<b>Recommendation 5</b>		<b>L</b>
<b>Title</b>	<b>Improved budgeting and measuring costs</b>	
<b>Description</b>	<p>Improvements may be needed in the budgeting process to allow specific costs to be identified for the various maintenance activities. Measuring costs can help boost business case thinking and can assist in countering other pressures. This in turn, over time, creates efficiencies.</p> <p>Improved budgeting processes that allows more detailed costing related to Maintenance Plans will allow adjustments/reallocation of budgets to suit.</p> <p>Capturing data in CONFIRM will help decision making in the future. It will also, promote cost efficiency and provide a basis to reviewing how well teams are currently operating, and where efficiency can be achieved by having enhanced data to compare.</p>	

<b>Management Response</b>	<b>Action</b>
<p>I think the language here perhaps does not accurately reflect where the opportunity lies, which is perhaps realistically relating to the expenditure process and capture. For example, how much does a typical pothole repair cost, or how much is spent maintaining a specific asset (such as a specific road) in any given year?</p> <p>Whilst this is an important improvement, there is heavy reliance on the Confirm implementation, or other recording method for expenditure.</p>	<ul style="list-style-type: none"> <li>• Some interim methods may be investigated to aid in forecasting more accurately the cost per service delivery type.</li> <li>• Following adoption of Service Standards, development of Maintenance Plans, and implementation of confirm, improve use of data for more refined cost forecasting.</li> </ul>

<b>Recommendation 6</b>		<b>M</b>
<b>Title</b>	<b>Improved process for section planning</b>	
<b>Description</b>	<p>An improved process for section planning including Development of a Section Plan (or Team) to better relate the organisation’s Strategic Plan to day to day functions. Better documenting of these processes to assist communication on a regular basis between staff, managers and executive.</p> <p>A more formal strategic management process that links the field operational person through the organisation to the Executive and provide feedback monthly (or at regular interval).</p>	

<b>Management Response</b>	<b>Action</b>
<p>More formally documenting the Annual Plans for teams can be undertaken within existing resources.</p> <p>Whilst staff do understand the services delivered as part of the Civil Services Maintenance Function lie at the core of Council’s services, more specifically articulating particular focus areas in each year will help improve line of sight to Council’s overarching Strategic documents, plans and strategies.</p> <p>Whilst an initial draft can be completed this calendar year, future revisions should be tied to Council’s existing planning cycles. For example, a major review of the team’s Annual Plan can occur after the adoption of each new Strategic Plan every four years. Minor reviews could occur annually, after the adoption of each Annual Business Plan and Budget.</p>	<ul style="list-style-type: none"> <li>Develop Annual Plans (Name to be determined) beginning with 2022-23. (First to be completed by end Q2 2022).</li> </ul>

<b>Recommendation 7</b>		<b>M</b>
<b>Title</b>	<b>Reward and Recognition</b>	
<b>Description</b>	<p>Measure for employees' wellbeing and provide recognition and rewards for work well done and related to the achievement of corporate goals. The Civil Services and Maintenance function do undertake preventative maintenance that can avert issues and customer complaints.</p> <p>We recommend promoting good news stories and good customer feedback with the organisation. Rewards can be low key such section BBQ on a 6 monthly basis, recognising achievements, subject to policy on funding these types of events.</p>	

<b>Management Response</b>	<b>Action</b>
<p>Whilst understanding the need to reward and recognise staff efforts, particularly those who go above and beyond, this is a challenge in Local Government.</p> <p>We are extremely conscious at AHC of the appropriate use of public funds (i.e. ratepayer dollars) to fund anything which is not directly seen as delivering services. However, opportunities to improve the way management intrinsically rewards staff for the good work they do will be explored.</p>	<ul style="list-style-type: none"> <li>• Work with Organisational Development to ensure alignment with broader AHC approach to Reward and Recognition.</li> <li>• Work with Communications and Engagement to determine what operational activities or achievements are of broader public interest and can be promoted.</li> </ul>



<b>Recommendation 8</b>		<b>L</b>
<b>Title</b>	<b>Continuous improvement</b>	
<b>Description</b>	Establish a greater focus on continuous improvement and innovation initiatives across the organisation. Hold innovation workshops for staff, get ideas for the future and improvements. These can focus on efficiency, customer service, and lowering costs. Encouraging and promoting time for employees to put time aside for continuous improvement that can create efficiency in the short and long term.	

<b>Management Response</b>	<b>Action</b>
<p>Whilst Continuous improvement and innovation have been reflected in the Civil Services Team through improvements made over the past years, the low hanging fruit of the past has largely been addressed.</p> <p>Therefore, the recommended allocation of time and resource into specifically targeting improvement has merit.</p> <p>The caveat being that when staff are applying time to these activities, it means they are not in the field undertaking other key work and maintenance activities.</p>	<ul style="list-style-type: none"> <li>• Ensure both office and field based teams designate specific time on a regular basis, to encourage identification and subsequent progression of work to formally improve work practices. (Particular with regards to identification of savings, as well as improved efficiency and customer service).</li> </ul>

<b>Recommendation 9</b>		<b>M</b>
<b>Title</b>	<b>Customer Communication</b>	
<b>Description</b>	<p>A common complaint from customers is lack of communication about job progress. Look at the possibility of automating responses to the customers when work is about to happen as well as when work is completed.</p> <p>The key here is accuracy and it's better to handle this manually otherwise.</p> <p>Communication can also be through newsletter, mail, website and regular open public information sessions.</p> <p>Ongoing work to connect CRM to Confirm should continue to improve workflow and will be needed when digital workflow occurs.</p>	

<b>Management Response</b>	<b>Action</b>
<p>Agree that there is additional improvement potential in this area. The team has been working closely with Customer Service staff to ensure interpersonal dealings are of the highest standard, and messaging continues to improve clarity of information and management of customer/community expectations.</p> <p>There are existing communication channels we have in place that we can consider enhancing to ensure that they are providing the best experience for community. At this stage we would not recommend adding additional community forums to this engagement strategy.</p> <p>The recently recruited Depot Administration Officer had a revised position description, prioritising the Customer Service and related processes as the most critical elements of the role.</p>	<ul style="list-style-type: none"> <li>• The Infrastructure and Operations Directorate will work closely with Customer Service to determine any potential for further automated messaging to be put in place (not just Civil Services) and continue to explore ways to improve overall communication with customers.</li> <li>• Greater utilisation of Depot Administration resource to provide job specific information to customers.</li> </ul>

### 3. Draft Action Plan

Action	22-23	23-24	24-25
Prioritise the order in which specific Asset Class specific maintenance plans are to be developed.	X	-	-
Develop and implement the Asset Class specific maintenance plans.		X	X
Prioritise the order in which specific Asset Class service standards are to be developed to subsequently inform asset maintenance plans.	X	-	-
Develop and adopt the Asset Class specific service standards.		X	X
Expedite the transitioning to use of Confirm in the field through engaging with Strategic Assets and Information Services.	X	X	X
Establish Civil Services specific Confirm Working Group including all relevant stakeholders.	X	X	X
Some interim methods may be investigated to aid in forecasting more accurately the cost per service delivery type.	-	X	-
Following adoption of Service Standards, development of Maintenance Plans, and implementation of confirm, improve use of data for more refined cost forecasting.			X
Develop Annual Plans (Name to be determined) beginning with 2022-23. (First to be completed by end Q2 2022)	X	-	-
Work with Organisational Development to ensure alignment with broader AHC approach to Reward and Recognition.	-	X	-
Work with Communications and Engagement to determine what operational activities or achievements are of broader public interest and can be promoted.	-	X	-
Ensure teams designate specific time on a regular basis, to encourage identification and subsequent progression of work to formally improve work practices. (Particular regard to identification of savings, as well as improved efficiency and customer service).	X	X	X
The Infrastructure and Operations Directorate will work closely with Customer Service to determine any potential for further automated messaging to be put in place (not just Civil Services) and continue to explore ways to improve overall communication with customers).	X	-	-
Greater utilisation of Depot Administration resource to provide job specific information to customers.	-	X	-
<b>Total</b>	-	-	-

It is envisaged that several the recommendations can be addressed in some form within existing resources and is a matter of reprioritising staff time to achieve them.


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# **Appendix 3**

*Service Review Framework*

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# COUNCIL POLICY

 <p><b>Adelaide Hills</b> COUNCIL</p>	<b>Service Review Framework</b>
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<b>Policy Number:</b>	<b>GOV-24</b>
<b>Responsible Department(s):</b>	<b>Governance and Performance</b>
<b>Relevant Delegations:</b>	<b>As per the Delegations Register and as detailed in this Policy</b>
<b>Other Relevant Policies:</b>	<b><i>Internal Audit Policy</i></b>
<b>Relevant Procedure(s):</b>	<b>N/A</b>
<b>Relevant Legislation:</b>	<b>N/A</b>
<b>Policies and Procedures Superseded by this policy on its Adoption:</b>	<b>N/A</b>
<b>Adoption Authority:</b>	<b>Council</b>
<b>Date of Adoption:</b>	<b><i>To be entered administratively</i></b>
<b>Effective From:</b>	<b><i>To be entered administratively</i></b>
<b>Minute Reference for Adoption:</b>	<b><i>To be entered administratively</i></b>
<b>Next Review:</b>	<b>No later than October 2024 or as required by legislation or changed circumstances</b>

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## Version Control

<b>Version No.</b>	<b>Date of Effect</b>	<b>Description of Change(s)</b>	<b>Approval</b>
0.1	8/10/21	Draft for consultation	N/A
1.0	26/10/21	Framework adoption by Council	

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## Service Review Framework

### 1. INTRODUCTION

- 1.1 Council has a culture of continuous improvement across all of its services and activities.
- 1.2 In addition to these continuous improvement processes, it is also prudent to periodically conduct an objective and in-depth analysis of Council's key services to assist Council in clarifying the community's service aspirations and assessing how efficiently and effectively those aspirations are being met through the current service ranges and levels. These in-depth analyses are known as Service Reviews (Reviews).
- 1.3 This Service Review Framework (the Framework) provides Council with principles and guidelines for conducting external Service Reviews.

### 2. OBJECTIVES

- 2.1 The objective of this Service Review Framework is to facilitate 'value for money' in service provision through the analysis of factors such as:
- Service clarity, replicability and quality
  - Customer (internal or external) priorities, aspirations and experience
  - Alignment to the Council's strategic intent
  - Statutory obligations
  - Service delivery modes and alternatives (including outsourcing and shared services)
  - Process efficiency and saving opportunities
  - Service delivery effectiveness and performance assessment

### 3. DEFINITIONS

- 3.1 A **"Function"** is a group of like services.
- 3.1.1 A **"Service"** is any specific activity undertaken to deliver outcomes for stakeholders as part of carrying out Council's functions and objectives.
- 3.1.2 A **"Functional Area"** is the section or teams in Council where the services are performed.

### 4. POLICY STATEMENT

- 4.1 Council is committed to implementing and maintaining a Service Review Framework that assures stakeholders that it is fulfilling its responsibilities and meeting the needs of the community through effective and efficient services.
- 4.2 A fundamental component of this Framework is the operation of an objective review that evaluates the adequacy, effectiveness and efficiency of the Council services under review and the extent to which the services delivered met the community's aspirations.

### 5. SCOPE

- 5.1 The Framework sets out the elements for conducting an external Service Review using a consultant. This Policy does not cover internal Service Reviews or activities which may be conducted within teams as part of their continuous improvement practices.
- 5.2 Council also operates an Internal Audit Program which, while undertaking somewhat similar review activities, has as its main focus to evaluate the adequacy and effectiveness of the systems of internal control within the Council to manage risk.
- 5.3 The Internal Audit Program and this Framework are complimentary but separate governance activities.

## **6. ELEMENTS OF THE SERVICE REVIEW**

### **6.2 Function vs Service**

- 6.2.1 Services within Council have been grouped together into a Function for the purpose of planning, resourcing and performance reporting. There are currently 44 Functions identified within Council.
- 6.2.2 The Service Reviews will be undertaken on a Function and the like Services that are grouped within it. Some Functions have a larger number of Services and therefore not every Service under a Function may be able to be included in a Review.

### **6.3 Determining the Function(s) to be reviewed**

- 6.3.1 Each Function will be scored annually against a series of criteria to determine the priority for review and an indicative schedule of reviews developed for the forthcoming 3 years. The criteria will include, but may not be limited to, the:
- Volume of transactions
  - Resourcing (revenue, expenditure and staffing)
  - Customer feedback (where available)
  - Statutory requirements
- 6.3.2 The criteria and indicative schedule will be reviewed annually and provided to Council.

### **6.4 Service Review Brief**

- 6.4.1 Once the schedule has been determined, a Service Review Brief will be developed setting out the Function and underlying Services being reviewed along with the specific objectives/areas of focus for the Review. The Service Review Brief will be provided to Council.

### **6.5 Timing**

- 6.5.1 The timing for the Review(s) within the financial year will be based on the availability of the consultant and capacity of the Functional Area to participate.

### **6.6 Methodology**

- 6.6.1 The methodology to be utilised by the consultant in the review is based on the *Australian Centre of Excellence for Local Government - Service Delivery Review* guidelines (the



Guidelines). Other business improvement tools and processes (i.e. Lean, Six Sigma, etc.) may be utilised depending on the Review to be conducted.

6.6.2 The Guidelines are built around seven main steps and include suggested tools and resources to assist in service review delivery. The seven main steps are:

- Establish the building blocks
- Set the project up
- Gather existing information
- Analyse services
- Engage stakeholders
- Implement change
- Evaluate and drive continuous improvement

## 6.7 Review Output

6.7.1 At the conclusion of a Review, the consultant will be required to prepare a report setting out, but not limited to, the following:

- Description of Service(s) (range, level, volumes, inputs, outputs, etc.)
- Customer/stakeholder analysis
- Assessment of Service(s) appropriateness, effectiveness and efficiency (including where applicable, benchmarking data from other comparable organisations)
- Process maps of Service(s)
- Recommendations
  - Refinements to current Service provision quality, effectiveness and efficiency
  - Proposals (as applicable) to change service range, level, delivery modes, etc.
  - Implementation plan including action, responsible officers and due dates

## 6.8 Implementation Plan Monitoring and Reporting

6.8.1 Recommendations from the Service Reviews that are adopted by Council will be monitored and the progress and evaluation of implementation will be reported to Council on a biannual basis.

6.8.2 Resourcing or other implications arising from Service Reviews will be the subject of separate reports to Council as required.

## 7. **FUTURE EXPANSION**

7.1 This Framework has the potential to be expanded for additional reviews in the future if additional funding and/or resources are applied

## 8. **DELEGATION**

8.1 The Chief Executive Officer has the delegation to:

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

**9. AVAILABILITY OF THE POLICY**

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

**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 15 August 2022  
AGENDA BUSINESS ITEM**

**Item:** 8.10

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

**Subject:** Policy Review - Procurement Policy

**For:** Decision

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**SUMMARY**

The purpose of this report is to seek Audit Committee's in-principle support of the *Draft Procurement Policy* as per **Appendix 1** and recommend to Council to adopt the revised policy.

Council previously adopted the current *Procurement Policy* in August 2019 and it is now being reviewed in accordance with Council's Policy Review process to ensure that the policy remains contemporary and compliant. This update proposes a number of minor amendments (reflected in Track Changes in **Appendix 1**) to clarify Council's position and improve the application of this policy.

In summary, key amendments include the defining of the exemptions from the policy, as well widening the definition and consideration of environmental sustainability within the broader definition of Procurement Sustainability.

**RECOMMENDATION**

**The Audit Committee resolves:**

1. That the report be received and noted
  2. To recommend to Council the adoption of the *Draft Procurement Policy* as detailed in **Appendix 1**.
-

## 1. BACKGROUND

In August 2018, a new position was created and Council employed a Procurement Coordinator. Part of the duties of the Procurement Coordinator was to review AHC current procurement practices and develop improvement plans to address a number of areas previously identified by both Internal Audits and External Audits.

The issues identified included the creation of a Procurement Framework to provide procedural guidance, the establishment of a series of templates (such as acquisition plans, and evaluation plans), development of registers, investigation of procurement software and assessment of the resources required to operate an effective and efficient procurement function.

As part of this work, Council's *Procurement Policy*, being the overarching document for setting the principles and overall direction for procurement within Council, was updated and adopted by Council in August 2019 with the *Procurement Framework* successfully introduced and utilised within the organisation from late 2019.

The current Procurement Policy is now due for review.

## 2. ANALYSIS

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

*Strategic Plan 2020-24 – A brighter future*

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

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

### ➤ Legal Implications

Section 49 of the *Local Government Act 1999* sets out the legislative requirements in relation to contracts and tender policies. The key elements are as follows:

(a1) *A council must develop and maintain procurement policies, practices and procedures directed towards—*

(a) *obtaining value in the expenditure of public money; and*

(b) *providing for ethical and fair treatment of participants; and*

(c) *ensuring probity, accountability and transparency in procurement operations.*

(1) *Without limiting subsection (a1), a council must prepare and adopt policies on contracts and tenders, including policies on the following:*

(a) *the contracting out of services; and*

(b) *competitive tendering and the use of other measures to ensure that services are delivered cost-effectively; and*

(c) *the use of local goods and services; and*

(d) *the sale or disposal of land or other assets.*

- (2) *The policies must—*
- (a) *identify circumstances where the council will call for tenders for the supply of goods, the provision of services or the carrying out of works, or the sale or disposal of land or other assets; and*
  - (b) *provide a fair and transparent process for calling tenders and entering into contracts in those circumstances; and*
  - (c) *provide for the recording of reasons for entering into contracts other than those resulting from a tender process; and*
  - (d) *be consistent with any requirement prescribed by the regulations.*

➤ **Risk Management Implications**

The revision of the Procurement Policy will assist in mitigating the risk of:

*Poor procurement practices leading to sub-optimal procurement outcomes, breach of legislation/policy and stakeholder concern.*

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

Note: the mitigation of the above risk is contingent on the continued use of a broad procurement framework consisting of the policy and procedural guidance, tools and systems and procurement controls including templates, registers and auditing regimes.

➤ **Financial and Resource Implications**

There are no cost implications associated with the adoption of the revised *Procurement Policy*. It is however noted that expenditure on goods and services currently accounts for over 60% of Council expenditure (excluding depreciation), and as such it is imperative that procurement is undertaken in a prudent, efficient and accountable manner.

Procurement activities are generally undertaken by individual officers with procurement delegations as part of their substantive duties. Officers are assisted and advised by the Procurement Coordinator.

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

There is a high expectation that Council has appropriate processes in place to undertake procurement in a prudent, efficient and accountable manner that complies with legislative requirements.

Council is also conducting local supplier information sessions on “how to do business with Council”

➤ **Sustainability Implications**

The proposed *Procurement Policy* contains, as part of the Procurement Principle regarding Sustainable Procurement, specific references to achieving environmental outcomes by seeking to:

- promote the purchase of environmentally friendly goods and services that satisfy value for money criteria;
- align the Council's procurement activities with principles of ecological sustainability;
- purchase recycled and environmentally preferred products where possible;
- integrate relevant principles of resource recovery and waste minimisation and consider those products that can be totally recycled at the end of life where resources allow:
  - select energy, fuel and water efficient products by considering star ratings and other consumption measures
  - purchase goods that minimise lifecycle costs and carbon emissions from manufacture to disposal;
- foster the development of products and services which have a low environmental impact;
- provide leadership to business, industry and the community in promoting the use of environmentally sensitive goods and services.
- giving preference to Economic Benefit to the Adelaide Hills Council area, when appropriate. This is consistent with principles established by the State Government's South Australian Industry Participation Policy (SAIPP).

As a result of ensuring that the consideration of environmental sustainability remains contemporary it is proposed to add a new statement that Council will actively promote suppliers to comply with the *Single-use and Other Plastic Products (Waste Avoidance) Act 2020*.

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

Consultation on the development of this report was as follows:

<i>Council Committees:</i>	Not Applicable
<i>Council Workshops:</i>	Not Applicable
<i>Advisory Groups:</i>	Not Applicable
<i>External Agencies:</i>	Not Applicable
<i>Community:</i>	Not Applicable

➤ **Additional Analysis**

The *Draft Procurement Policy (Appendix 1)* is considered to be a key element of the overall Procurement Process as it sets both the tone and the overall approach to procurement within the Council.

The revised policy is differentiated from its predecessor by the following:

- Deletion of reference to the now defunct entity Council Solutions
- Addition of a statement that Council will actively promote suppliers to comply with the *Single-use and Other Plastic Products (Waste Avoidance) Act 2020*;
- Allowing the consideration of pass through cost adjustments, where appropriate, in calculating the value of procurement
- Additional clauses to clarify when exemptions to Policy are permitted in cases of emergency
- Clarification of categories that are exempt from the requirement of the Quote or Tender process

In addition, legislative and procedure references have been updated where relevant.

Since the adoption of the Procurement Policy and Framework in 2019, the approach to Procurement activities throughout Council has significantly improved. The acceptance of standardised processes across all departments has improved the compliance to the principles of procurement. This has been recognised by other Councils with a number of requests for the Procurement Framework to be provided to assist in improving their procurement practices. Council's Procurement Framework and templates are regularly reviewed and updated to ensure Council's procurement practices remain contemporary and compliant.

New processes and templates have been introduced to improve reporting and authorising of processes including the following:

- Acquisition Plans
- Contract Variations
- Contract Extensions
- Recommendation Reports
- Probity reporting
- Request For Tender (RFT)/Request for Quote (RFQ) templates

Overall the effect of the improvements has been to increase visibility and oversight of procurements.

The number of issues being identified in internal audits and external audits has gradually reduced since the introduction of the current Procurement Framework. The last few audits have been particularly pleasing, with no major issues raised.

### 3. OPTIONS

The Committee has the following options:

- I. To endorse the *Draft Procurement Policy* (**Appendix 1**) (Recommended)
- II. To determine not to adopt the *Draft Procurement Policy* or to suggest changes are made to the *Draft Procurement Policy* (Not Recommended)

Should the Committee identify the need for substantial amendments to the revised Policy, it is recommended that they be referred to staff for review to allow for analysis of the implications of the amendments, prior to the matter being brought back to the Committee for further consideration.

### 4. APPENDIX

(1) *Draft Procurement Policy - August 2022*




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# **Appendix 1**

*Draft Procurement Policy – August 2022*

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# COUNCIL POLICY

 <p><b>Adelaide Hills</b> COUNCIL</p>	<h2>PROCUREMENT</h2>
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<b>Policy Number:</b>	<b>FIN-01</b>
<b>Responsible Department(s):</b>	<b>Financial Services</b>
<b>Relevant Delegations:</b>	<b>As per the Delegations Register and as detailed in this Policy</b>
<b>Other Relevant Policies:</b>	<a href="#">Disposal of Land Policy</a> Disposal of <a href="#">Assets</a> Policy Fraud & Corruption Prevention Policy Prudential Management Policy <a href="#">Mandatory</a> Code of Conduct for Council Employees Risk Management Work Health and Safety and Return to Work
<b>Relevant Procedure(s):</b>	<a href="#">Procurement Framework</a> <a href="#">Purchase Card Procedure</a>
<b>Relevant Legislation:</b>	<i>Local Government Act 1999</i> <i>Independent Commissioner Against Corruption Act 2012 (SA)</i> <a href="#">Competition and Consumer Act 2010 (Cth)</a> <a href="#">Environment Protection Act 1993</a> <a href="#">Freedom of Information Act 1991</a>
<b>Policies and Procedures Superseded by this policy on its Adoption:</b>	<del>Procurement Policy, 08 Nov 2016, 55/16</del> <a href="#">Procurement Policy, 1 October 2019, 215/19</a>
<b>Adoption Authority:</b>	<b>Council</b>
<b>Date of Adoption:</b>	<a href="#">23 August 2022</a>
<b>Effective From:</b>	<a href="#">6 September 2022</a>
<b>Minute Reference for Adoption:</b>	<i>To be entered administratively following Council Meeting</i>

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<b>Next Review:</b>	<b>No later than November 2025 or as required by legislation or changed circumstances</b>
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DRAFT

## Version Control

Version No.	Date of Effect	Description of Change(s)	Approval
1.0	1 October 2019	Updated Policy	Item 12.3, 215/19
1.1	6 September 2022	Updated Policy	To be determined
1.3			

DRAFT

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## PROCUREMENT

### 1. INTRODUCTION

- 1.1** In compliance with Section 49 of the *Local Government Act 1999* (Act), the Adelaide Hills Council (Council) should refer to this policy (Policy) when acquiring goods, works or services.
- 1.2** Section 49 of the Act requires Council to prepare and adopt policies on contracts and tenders on:
- 1.2.1** the contracting out of services; and
  - 1.2.2** competitive tendering and the use of other measures to ensure that services are delivered cost-effectively; and
  - 1.2.3** the use of local goods and services.
- 1.3** Furthermore, Section 49 (a1) of the Act requires Council to develop and maintain policies, practices and procedures directed towards:
- 1.3.1** obtaining value in the expenditure of public money; and
  - 1.3.2** providing for ethical and fair treatment of participants; and
  - 1.3.3** ensuring probity, accountability and transparency in all operations.
- 1.4** This Policy seeks to:
- 1.4.1** define the methods by which Council can acquire goods, works or services;
  - 1.4.2** demonstrate accountability and responsibility of Council to ratepayers;
  - 1.4.3** be fair and equitable to all parties involved;
  - 1.4.4** enable all processes to be monitored and recorded; and
  - 1.4.5** ensure that the best possible outcome is achieved for the Council.

### 2. POLICY OBJECTIVE

Council aims to achieve advantageous procurement outcomes by:

- 2.1** enhancing value for money through fair, competitive, non-discriminatory procurement;
- 2.2** promoting the use of resources in an efficient, effective and ethical manner;
- 2.3** preserving, protecting and improving the natural environment;

- 2.4 making decisions with probity, accountability and transparency;
- 2.5 advancing and/or working within Council's economic, social and environmental policies;
- 2.6 providing reasonable opportunity for competitive local businesses to supply to Council;
- 2.7 appropriately managing risk; and
- 2.8 ensuring compliance with all relevant legislation.
- 2.9 assist Council to achieve its strategic objectives and other key strategies identified in Council's suite of corporate documents.

### 3. DEFINITIONS

**Acquisition Plan** is a document that outlines the procurement methodology and strategy to be undertaken in procuring the required goods, services or works. This plan also details the approval delegation before the procurement strategy is commenced

**Procurement** is the complete action or process of acquiring or obtaining goods, works or services or property from outside Council at the operational level. For example, purchasing, contracting, and negotiating directly with the source of the supply through to acceptance and payment

**Procurement Framework / Procedures** are documents that support the Procurement Policy, and outlines the specific steps of Procurement Activity

**Probity** is the demonstrated ethical behaviour, and can be defined as complete and confirmed integrity, uprightness and honesty in a particular process

**Strategic Purchasing Cooperative** are purchases made through strategic alliances and common use arrangements that are established and administered by other approved organisations such as such as Local Government Association Procurement (LGAP), Procurement Australia (PA), [Council Solutions](#) and state and federal government contracts and any other purchasing group available to local government

**Ethical Behaviour** involves demonstrating respect for key moral principles that include honesty, fairness, equality, dignity, diversity, individual rights and the rights of companies.

**Fair Dealing** The transacting of business in a manner characterised by candor and full disclosure to all stakeholders.

#### 4. SCOPE

**4.1** This Policy covers the required conduct for all procurement activities associated with the acquisition of Goods, Works or Services of any value by the Council. This includes tendering arrangements and the contracting of services and applies to all Council employees.

**4.2** Out of Scope:

**4.2.1** This policy does not cover expenditure or revenue related to asset disposals, and other non-Procurement expenditure including, but not limited to: sponsorships, grants, incentive schemes, funding arrangements, donations, and direct employment contracts between Council and an employee. Controls related to these exceptions are covered in separate policies.

**4.2.2** Leases and licenses for the use of Council property and land are not covered under this policy except where such arrangements include the provision of goods and services forming part of leasing, licensing and other revenue contractual activities.

#### 5. PROCUREMENT PRINCIPLES

Council must have regard to the following principles in its acquisition of goods, works or services:

**5.1** *Encouragement of open and effective competition*

**5.1.1** Open and effective competition is the central operating principle in pursuit of the best outcome.

**5.1.2** Openness requires procurement actions that are visible to the Council, ratepayers and suppliers/contractors. The probability of obtaining the best outcome is generally increased in a competitive environment.

**5.1.3** Council will maintain confidentiality in regard to financial contractual arrangements with suppliers, subject to statutory obligations, the *Freedom of Information Act* and ICAC compliance requiring certain tender and contract information to be made publicly available.

**5.1.4** Council will create effective competition by maximising the opportunities for firms to do business with Council through the selection of procurement methods suited to market conditions, the nature of the procurement, and the objectives of the procurement overall.

**5.1.5** Council will offer and provide feedback, where sought, to unsuccessful bidders.

## **5.2** *Obtaining Value for Money*

**5.2.1** Value for money involves obtaining goods, works or services for the Council that best meet the end user's needs at the lowest whole of life cost with an acceptable contractual risk.

**5.2.2** This is not restricted to price alone.

**5.2.3** An assessment of value for money must include, where possible, consideration of fitness for purpose, fair market prices, local economic development and whole of life costs. 'Whole of life' includes purchase price, cost of spares, running costs, post-delivery support, effective warranties, cost of replacement, installation costs and disposal costs.

## **5.3** *Probity, Ethical Behaviour and Fair Dealing*

**5.3.1** Council will not use or disclose information that confers unfair advantage, financial benefit or detriment on a supplier.

**5.3.2** Officers engaged in purchasing should at all times undertake their duties in a professional, ethical, honest and impartial manner, act responsibly and exercise sound judgment by observing the highest standards of integrity and professional conduct

## **5.4** *Accountability, Transparency and Reporting*

**5.4.1** Accountability in procurement means being able to explain and demonstrate through evidence what has happened. An independent third party must be able to see clearly that a process has been followed and that the process is fair and reasonable.

**5.4.2** Delegations define the limitations within which Council employees are permitted to work. They ensure accountability and provide confidence to Council and the public that purchasing activities are dealt with at the appropriate level. As such, Council has delegated responsibilities to employees relating to the expenditure of funds and or entering into contracts for the purchase of goods, works or services and the acceptance of tenders.

**5.4.3** Employees must be able to account for all decisions and provide feedback on them. Additionally, all procurement activities will leave an audit trail for monitoring and reporting purposes.

## **5.5** *Ensuring compliance with all relevant legislation*

**5.5.1** Employees must ensure purchasing activities are conducted in accordance with legislative and common law responsibilities. These include but are not limited to the *Local Government Act 1999*, *Work Health and Safety Act 2012*, *Competition and Consumer Act 2010*, the *Independent*



*Commissioner Against Corruption Act 2012, the Freedom of Information Act 1991, National Competition Policy and other relevant legislation, industrial awards and agreements and international trade agreements.*

## 5.6 Sustainable Procurement

**5.6.1** Sustainable procurement is defined as a process whereby Council meets its procurement needs in a way that achieves value for money whilst generating benefits not only to council, but also to our community, local economy, and the environment.

**5.6.2** Council will consider, where deemed appropriate, of sustainable and social inclusion elements such as:

- Creating employment and training opportunities (particularly among disadvantaged groups such as people with disability or mental illness, migrants, Indigenous) thus providing social inclusion and an opportunity for those to participate in the local community;
- Diversity and equality in the supplier market – encouraging a diverse base of suppliers (e.g. minority or under-represented suppliers); and
- Local sustainability – building and maintaining healthy, strong communities, support social inclusion and enhancing wellbeing of local residents by striving to generate local employment.
- A commitment to maximising the skills, development and employment opportunities available in the Adelaide Hills area. Consideration may be given, where practicable and appropriate, to incorporate strategies in the procurement process that support local employment and training, which may include Contractors engaging apprentices, trainees and cadets in their work practices.
- Council will endeavour to provide support to local enterprises by holding briefings to encourage development of capacity to meet the needs of Council
- Promote the purchase of environmentally friendly goods and services that satisfy value for money criteria;
- [Council will actively promote suppliers to comply with the Single-use and Other Plastic Products \(Waste Avoidance\) Act 2020;](#)
- Council recognises the need to act in an environmentally sound manner in relation to procurement activities undertaken and its ability to drive sustainable outcomes through contributing to local and national markets for recycled goods and adhering to circular economy principles.

- Align the Council's procurement activities with principles of ecological sustainability;
- Purchase recycled and environmentally preferred products where possible;
- Integrate relevant principles of resource recovery and waste minimisation and consider those products that can be recycled at the end of life where resources allow ;
- Select energy, fuel and water efficient products by considering star ratings and other consumption measures
- Purchase goods that minimise lifecycle costs and carbon emissions from manufacture to disposal
- Foster the development of products and services which have a low environmental impact;
- Provide leadership to business, industry and the community in promoting the use of environmentally sensitive goods works or services.

#### **5.7** Work Health & Safety

Council will only engage suppliers and/or contractors who can demonstrate they have:

- The ability to work within legislative requirements and any additional information requested by the organisation, based on the hazards associated with the task or activity to be undertaken;
- Provided documented information relating to the management of reasonably foreseeable site specific activities and hazards;
- The commitment to appropriately communicate on processes between the organisation and the contractor that demonstrate the consultation, cooperation and coordination between shared duty holders occurs, so far as is reasonably practicable;
- Are willing to participate in the ongoing monitoring and review of WHS requirements.

Contracts will contain the requirement for contractors to have safe systems of work in place and that they will effectively manage WHS requirements throughout the contract period.

## 6. PROCUREMENT METHODS

- 6.1** The determination of the method of procurement will be typically documented by the preparation of an Acquisition Plan, detailing the most appropriate method for the purchase and the delegated officers involved.
- 6.2** The appropriate method of procurement will be determined by reference to a number of factors, including value of the purchase, risks associated with the purchase and aspects relating to the availability of supply and other market conditions.
- 6.3** Persons with financial delegated authority to procure will be responsible for ensuring appropriate procurement practices and procedures including the identification of risk are observed.
- 6.4** The Council having regard to its Procurement Principles and any other factors considered relevant by Council will utilise either Direct or Competitive Sourcing.
- 6.4.1** Direct Sourcing is a procurement process undertaken by directly approaching and negotiating with one supplier without testing the market. This method may only be used for the purchase of low value, low risk goods and services under \$10,000 (excluding GST). Consideration must be given to ensure Value for Money is achieved.
- 6.4.2** Competitive Sourcing is process which will test the market and re-evaluate the purchasing activity to gain value. It differs from direct sourcing because it places emphasis on the entire life-cycle of a good or service, not just its initial purchase price. This requires a more stringent planning approach and a better understanding of the competitive market place. In undertaking competitive sourcing:
- Council will seek to obtain at least three quotes for all procurements estimated gross value exceeds \$10,000(excluding GST).
  - For purchases where the estimated gross value of expenditure over the life of the contract or purchase price of the goods and services exceeds \$100,000 (excluding GST), the Council's practice will be to call for tenders unless circumstances preclude this from occurring
- 6.4.3** The value of the purchase will be calculated as follows:
- Single *one-off purchase* – the total amount, or estimated amount, of the purchase (excluding GST);
  - Multiple *purchases* – the gross value, or the estimated gross value, of the purchases (excluding GST); or
  - Ongoing *purchases over a period of time* – the annual gross value, or the estimated annual gross value, of the purchases (excluding GST).

- Splitting of amounts to bring expenditure within lower limits is not permitted.
- The estimated gross value (excluding GST) of the contract. (Yearly spend multiplied by initial contract term)
- Where appropriate, the gross value of the procurement can be adjusted downwards to take into account regulatory and other third party pass through costs.

**6.4.4** Council in approaching the market utilises a number of procurement tools including: Request for Quotes, Request for Expressions of Interest, [Request for Proposal](#) and Request for Tenders or Strategic Purchasing Cooperatives.

**6.4.5** Where the Council accesses a contract from a Strategic Purchasing Cooperatives, established in accordance with transparent competitive tendering processes, it is deemed that these are contracts resulting from a tender process. Such contracts do not require a further tender process and are not required to be recorded as an exemption from this policy.

## **7. NEGOTIATION**

When requests for quotations, tenders or proposals have been invited for a contract for the carrying out of work or the supply of goods or services then council may negotiate with acceptable preferred providers to improve outcomes. Any negotiation process should be transparent, recorded and conducted in a manner that does not disadvantage other respondents.

The Procurement Principle of Probity, Ethical Behaviour and Fair Dealing requirements must be considered in respect to any negotiation undertaken.

The Council may close down a tender (shut down) if there are no suitable tender submissions received. In these circumstances the evaluation panel are to consider other options for procuring the goods, services or works including negotiating with any one or more of the previous tenderers or any other provider.

## **8. PROCUREMENT CONSIDERATIONS**

The appropriate method of procurement will be determined by reference to a number of factors, including:

**8.1** *Value of the Purchase*

**8.2** *Cost of an open market approach versus the value of the acquisition and the potential benefits;*

- 8.3 *The particular circumstances of the procurement activity;*
- 8.4 *The objectives of the procurement;*
- 8.5 *The size of the market and the number of competent suppliers;*
- 8.6 *The Council's leverage in the marketplace;*
- 8.7 *An assessment of the risks associated with the relevant activity and /or project, including the risk profile of the procurement and any risks associated with the preferred procurement method.*

## 9. ACQUISITION OF LAND

- 9.1 A decision to purchase or acquire land is made by resolution of Council, unless specifically delegated as per the *Local Government Act 1999* or another act.
- 9.2 Due to its unique nature, the acquisition of land is considered separate from the requirement of Direct or Competitive Sourcing methods.
- 9.3 The provision of services and activities supporting the acquisition of land, such as specialist advisors or contractors, are to be undertaken in accordance with this Policy.

## 10. EXEMPTIONS FROM THIS POLICY

- 10.1 This Policy contains general guidelines to be followed by the Council in its procurement activities. There may be emergencies, or procurements in which a tender process will not necessarily deliver best outcome for the Council, and other market approaches may be more appropriate.

10.2 In certain circumstances, the Chief Executive Officer (or where this power is delegated to a Procurement Committee) may waive application of a competitive quoting or tender process and pursue a method which will bring the best outcome for the Council. The Council must record its reasons in writing for waiving application of this Policy.

10.3 [Emergency - where the Chief Executive Officer or Council Commander activates Councils CIMT. This exemption is only in relation to purchases relating to the emergency.](#)

10.4 [The occurrence of an event such as flooding, fire or other significant damage to a Council asset which may require the immediate procurement of goods, services or works to ensure business continuity and or public safety. Where possible this exemption should be authorised by a Manager or Director](#)

**10.210.5** Where a Funding Agreement specifies that Council must follow a prescribed tendering process which differs from the process outlined in this Policy to the extent that only the prescribe inconsistencies shall be followed.

**10.310.6** The following Procurement categories are exempt from the requirement of the Quote or Tender process:

- Government Departments or Government Bodies including Worker's Compensation, Mutual Liability Scheme, and Vehicle Registrations;
- Statutory payments eg legislative or statutory requirements such as payments to the Australian Taxation Office, emergency services and EPA and/or fines
- Utility services such as water, sewerage charges, Australia Post charges, whereby the infrastructure or service is owned or managed by a single or particular entity.
- Court related costs;
- Payments to Local Government Association or associated entities;
- Insurance claims;
- Leasing Property (Due Diligence principles must be applied to ensure Value for Money)
- Regional Subsidiaries

## 11. UNSOLICITED PROPOSAL

**11.1** In some circumstances Council may receive a proposal to deal directly with the Council over a commercial proposition, where the Council has not requested the proposal. This may include proposals to build and/or finance infrastructure, provide goods or services, or undertake a major commercial transaction. If this occurs the process will be subject to Council's Unsolicited Proposal Policy (Currently being developed).

## 12. DELEGATIONS

**12.1** Council makes the following delegations:

**12.1.1** The Chief Executive Officer has the delegation to approve, amend and review any procedures that shall be consistent with this Policy.

**12.1.2** The Chief Executive Officer has the delegation to enter into contracts to a value of \$500,000 (excluding GST)

**12.1.3** The Chief Executive Officer may sub-delegate the authority to Council Officers to enter into contracts to a value of \$300,000 (GST exclusive).

**12.1.4** The Chief Executive Officer and one other Council Officer at Director Level may jointly enter into contracts to a value of \$1,000,000 (excluding GST)

### **13. PRUDENTIAL REQUIREMENTS**

**13.1** In some circumstances a procurement process may require additional due diligence in accordance with the *Local Government Act 1999* prudential requirements. If this occurs the process will be subject to the Council's Prudential Management Policy.

### **14. DELEGATION**

**14.1** The Chief Executive Officer has the delegation to:

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

### **15. AVAILABILITY OF THE POLICY**

This Policy will be available via the Council's website [www.ahc.sa.gov.au](http://www.ahc.sa.gov.au).

**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 15 August 2022  
AGENDA BUSINESS ITEM**

**Item:** 8.11

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

**Subject:** Policy Review - Disposal of Assets Policy

**For:** Decision

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**SUMMARY**

The purpose of this report is to seek the Audit Committee's in-principle support of the *Draft Disposal of Assets Policy* as per **Appendix 1** and recommend to Council to adopt the revised policy.

Council previously adopted a *Disposal of Assets Policy* in September 2019 and is now being reviewed in accordance with Council's Policy Review process to ensure that it remains contemporary and compliant. This update proposes a number of minor amendments (reflected in Track Changes in **Appendix 1**) to clarify Council's position and improve the application of this policy.

The key areas where recommended changes have been proposed relate to:

- Recognition of the Arts and Heritage Collection Policy
- Removal of requirement of advertising via news print unless mandated by legislation
- Recognition of the LGA Procurement's disposal panel and Tenders SA as tendering options
- Specific reference to the principle that Council Members and staff are not permitted to take, or be given, surplus assets, materials or equipment.
- The inclusion of a requirement for Council officers to utilise an approved disposal plan when disposing of plant and equipment

**RECOMMENDATION**

**The Audit Committee resolves:**

1. That the report be received and noted.
  2. The *Draft Disposal of Assets Policy* be recommended to Council for consideration.
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## 1. BACKGROUND

Council previously adopted a *Disposal of Assets Policy* in September 2019. This Policy replaced two previously adopted policies, a *Disposal of Land Policy* in 2014 and a *Disposal of Materials Policy* in November 2012. The 2019 Policy consolidated these two previous policies into a single policy.

Council is committed to recycling items whenever possible. The current policy has assisted in reducing items sent to waste, in a transparent and ethical manner.

The current policy is due for review.

## 2. ANALYSIS

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

*Strategic Plan 2020-24 – A brighter future*

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

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

### ➤ Legal Implications

Section 49 of the *Local Government Act 1999* sets out the legislative requirements in relation to the sale or disposal of land or other assets.

Section 201 of the *Local Government Act 1999* sets out the legislative requirements in relation to sale or disposal of local government land.

### ➤ Risk Management Implications

The revision of the policy will assist in mitigating the risk of:

*Disposal of assets including land failing to realise appropriate standards of accountability and responsibility leading to a loss of stakeholder confidence and suboptimal outcomes.*

Inherent Risk	Residual Risk	Target Risk
High (3B)	Medium (3C)	Medium (3D)

The *Disposal of Assets Policy* will ensure any sales will consider the legislative context for the sale as well as ensuring best return is achieved.

The Policy documents the acceptable methods of sale, as well as ensuring that valuations, where appropriate are required.

➤ **Financial and Resource Implications**

There is no specific budget or resource implications in relation to this policy.

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

There is a high expectation that Council has appropriate asset disposal processes (including land) to ensure that the community's assets are disposed of in a manner that is accountable, responsible, fair and equitable to all parties involved and facilitates the best possible outcome is achieved for the Council

➤ **Sustainability Implications**

Environmental considerations in relation to how the asset is disposed of has been included in the policy.

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

Consultation on the development of this report was as follows:

<i>Council Committees:</i>	Not Applicable
<i>Council Workshops:</i>	Not Applicable
<i>Advisory Groups:</i>	Not Applicable
<i>External Agencies:</i>	Not Applicable
<i>Community:</i>	Not Applicable

➤ **Additional Analysis**

A review has been undertaken of the policy which included:

- Consideration of the *Local Government Association Guide Policy for Disposal of Land and Assets*,
- Review of other Council disposal policies to ascertain industry best practice, and
- Advice from key Adelaide Hills Council staff members.

The revised Policy is differentiated from its predecessors in the following ways:

- Recognition of the Arts and Heritage Collection Policy
- Removal of requirement of advertising via news print unless mandated by legislation
- Recognition of LGA Procurement's disposal panel and Tenders SA as tendering options
- Specific reference to the principle that Council Members and staff are not permitted to take, or be given, surplus assets, materials or equipment.
- The inclusion of a requirement for Council officers to utilise an approved disposal plan when disposing of plant and equipment
- Recognition that the responsible council officer is responsible to ensure the appropriate asset registers are updated

### **3. OPTIONS**

The Committee has the following options:

- I. To recommend to Council to consider the draft *Disposal of Assets Policy* (Recommended)
- II. To not endorse the draft Policy (Not Recommended)

Should the Committee identify the need for substantial amendments to the revised Policy, it is recommended that they be referred to staff for review to allow for analysis of the implications of the amendments, prior to the matter being brought back to the Committee for further consideration.

### **4. APPENDIX**

- (1) Draft Disposal of Assets Policy

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# **Appendix 1**

*Draft Disposal of Assets Policy*

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# COUNCIL POLICY

 <p><b>Adelaide Hills</b> COUNCIL</p>	<h2>DISPOSAL OF ASSETS</h2>
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<b>Policy Number:</b>	<b>Fin-07</b>
<b>Responsible Department(s):</b>	<b>Financial Services</b>
<b>Relevant Delegations:</b>	<b>As per the Delegations Register and as detailed in this Policy</b>
<b>Other Relevant Policies:</b>	<i>Procurement Policy</i> <i>Prudential Management Policy</i> <i>Asset Management Policy</i> <a href="#">Arts and Heritage Collection Policy</a>
<b>Relevant Procedure(s):</b>	<b>Nil</b>
<b>Relevant Legislation:</b>	<i>Local Government Act 1999 (SA)</i> <i>Real Property Act 1886 (SA)</i> <i>Land and Business (Sale and Conveyancing) Act 1994 (SA)</i> <i>Development Act 1993 (SA)</i> <i>Retail and Commercial Leases Act 1995 (SA)</i> <i>Residential Tenancies Act 1995 (SA)</i> <i>Strata Titles Act 1988 (SA)</i> <i>Crown Land Management Act 2009 (SA)</i> <i>Community Titles Act 1996 (SA)</i> <i>Roads (Opening and Closing) Act 1991 (SA)</i> <i>Land Acquisition Act 1969 (SA).</i>
<b>Policies and Procedures Superseded by this policy on its Adoption:</b>	<a href="#">Disposal of Assets Policy 2019 Item 12.4, 216/19</a>
<b>Adoption Authority:</b>	<b>Council</b>
<b>Date of Adoption:</b>	<a href="#">23 August 2022</a>
<b>Effective From:</b>	<a href="#">6 September 2022</a>

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<b>Minute Reference for Adoption:</b>	<i>To be entered administratively following Council Meeting</i>
<b>Next Review:</b>	<b>No later than September 2025 or as required by legislation or changed circumstances.</b>

DRAFT

**Version Control**

<b>Version No.</b>	<b>Date of Effect</b>	<b>Description of Change(s)</b>	<b>Approval</b>
<i>1.0</i>	<i>10/09/2019</i>	<a href="#"><u>Review and Combine INF – 01, Disposal of Land Policy &amp; INF – 04 Disposal of Material into one Policy</u></a>	<i>Item 12.4, 216/19</i>
<i>2.0</i>	<i>6/9/2022</i>	<a href="#"><u>Revise Policy</u></a>	<i>To be determined</i>

DRAFT

## DISPOSAL OF ASSETS POLICY

### 1. INTRODUCTION AND PURPOSE

- 1.1. The purpose of this policy is to establish the key principles relating to the sale or disposal of Council assets.
- 1.2. The existence of this policy will ensure a consistent, fair, transparent and accountable approach is maintained and assist in ensuring all third party applications are treated fairly and equitably.
- 1.3. The *Disposal of Assets Policy* should align with the Council's Strategic Plan and relate to the provision of an attractive community, preservation of the natural environment and local economic development. It is acknowledged that land can facilitate the attainment of the Adelaide Hills Council area being a desirable place to live, work and play. It is also acknowledged that assets which are not performing or have no potential in this regard need to be reviewed and aligned to the achievement of the visions of the Strategic Plan.
- 1.4. This policy incorporates the Council's approach to recouping administrative costs that it incurs when it considers a request by a third party to purchase Council land, in particular roads and community land.

### 2. OBJECTIVES

- 2.1. The objectives of this policy are to:
  - 2.1.1. define the methods by which assets are disposed of;
  - 2.1.2. demonstrate the accountability and responsibility of Council to ratepayers;
  - 2.1.3. be fair and equitable to all parties involved;
  - 2.1.4. enable all processes to be monitored and recorded; and
  - 2.1.5. ensure that the best possible outcome is achieved for the Council.
- 2.2. Furthermore, *Section 49 (a1) of the Local Government Act (1999) (the Act)* requires Council to develop and maintain policies, practices and procedures directed towards:
  - 2.2.1. obtaining value in the expenditure of public money; and
  - 2.2.2. providing for ethical and fair treatment of participants; and
  - 2.2.3. ensuring probity, accountability and transparency in all disposal processes.



### 3. SCOPE

- 3.1. In compliance with *Section 49 of the Act* Council should refer to this policy when disposing of assets and *Section 201 of the Act* Council when disposing of local government land.
- 3.2. However, this Policy does not cover:
- 3.2.1. land sold by Council for the non-payment of rates; or
  - 3.2.2. disposal of goods which are not owned by the Council, such as abandoned vehicles;  
as these are dealt within the Act.
  - 3.2.3. granting of leases, licences or interests over land; or
  - 3.2.4. the acquisition of assets that are covered in Council's Procurement Policy.

### 4. DEFINITIONS

- 4.1. In this policy, unless the contrary intention appears, these words have the following meanings:

**Acquisition** means the purchase, leasing, and acceptance of property under care, control and management or other transfer of any interest in assets to Council.

**Act** means the *Local Government Act 1999* and its regulations as amended (unless otherwise defined).

**Assets** means any physical item that the Council owns and that has at any time been treated pursuant to the Australian Accounting Standards as an 'asset', and includes land, major plant and equipment and minor plant and equipment. It **does not include** financial investments or finance related activities.

**Chief Executive Officer** means the Chief Executive Officer (including their delegate) of the Adelaide Hills Council, or an acting Chief Executive Officer of the Adelaide Hills Council (including their delegate).

**Community Land** means local government land classified as community land under Chapter 11 of the Act.

**Council** means the Adelaide Hills Council.

**Council Member** as stated in the Act means the principal member or a councillor of the Council.

**Disposal** means the sale or other transfer of an asset by Council to another party.

**Land** includes community land, vacant land, operational land and roads, and any other land-related assets, including all buildings (community and operational) on land.

**Major Plant and Equipment** includes all major machinery and equipment owned by the Council. It includes all trucks, graders, other operating machinery and major plant items with an original value of \$5,000 or more. It does not include minor plant and equipment.

**Minor Plant and Equipment** includes all minor plant and equipment owned by Council. It includes all loose tools, store items, furniture, second hand items removed from major plant and equipment (such as air conditioners, bricks and pavers) and surplus bulk items (such as sand and gravel) with an original value likely to be less than \$5,000.

**Road** has the same meaning as defined in the Act, being a public or private street, road or thoroughfare to which public access is available on a continuous or substantially continuous basis to vehicles or pedestrians or both and includes:

- a) A bridge, viaduct or subway; or
- b) An alley, laneway or walkway

**Staff** means Council staff, contractors, volunteers and all others who perform work on behalf of Council.

**Valuation** means a determination or assessment of value completed by a qualified and licensed valuer.

**Unsolicited proposal** is an approach to Council from a third party for the purchase of an asset where the Council has not requested a proposal through its regular disposal or procurement processes.

## 5. POLICY PRINCIPLES

Council must have regard to the following principles [when disposing of assets](#):

- 5.1. Encouragement of open and effective competition.
- 5.2. Obtaining value for money
  - 5.2.1. This is not restricted to price alone.
  - 5.2.2. An assessment of value for money must include consideration of (where applicable):
    - 5.2.2.1. the contribution to Council's long term financial plan and strategic management plans;
    - 5.2.2.2. any relevant direct and indirect benefits to Council, both tangible and intangible;

- 5.2.2.3. efficiency and effectiveness;
- 5.2.2.4. the costs of various disposal methods;
- 5.2.2.5. internal administration costs;
- 5.2.2.6. risk exposure; and
- 5.2.2.7. the value of any associated environmental benefits.

### 5.3. Ethical Behaviour and Fair Dealing.

- 5.3.1. Council is to behave with impartiality, fairness, independence, openness and integrity in all discussions and negotiations.

### 5.4. Probity, Accountability, Transparency and Reporting.

### 5.5. Ensuring compliance with all relevant legislation, including the following:

- 5.5.1. *Local Government Act 1999 (SA)*
- 5.5.2. *Real Property Act 1886 (SA)*
- 5.5.3. *Land and Business (Sale and Conveyancing) Act 1994 (SA)*
- 5.5.4. *Development Act 1993 (SA)*
- 5.5.5. *Retail and Commercial Leases Act 1995 (SA)*
- 5.5.6. *Residential Tenancies Act 1995 (SA)*
- 5.5.7. *Strata Titles Act 1988 (SA)*
- 5.5.8. *Crown Land Management Act 2009 (SA)*
- 5.5.9. *Community Titles Act 1996 (SA)*
- 5.5.10. *Roads (Opening and Closing) Act 1991 (SA)*
- 5.5.11. *Land Acquisition Act 1969 (SA)*

## 6. CONSIDERATIONS PRIOR TO THE DISPOSAL OF ASSETS

- 6.1. Any decision to dispose of an asset will be made after considering (where applicable):
  - 6.1.1. the usefulness of the asset;
  - 6.1.2. the current market value of the asset;
  - 6.1.3. the annual cost of maintenance;

- 6.1.4. any alternative future use of the asset;
- 6.1.5. any potential contamination remediation costs;
- 6.1.6. any duplication of the asset or the service provided by the asset;
- 6.1.7. any impact the disposal of the asset may have on the community;
- 6.1.8. any cultural or historical significance of the asset;
- 6.1.9. the positive and negative impacts the disposal of the asset may have on the operations of the Council;
- 6.1.10. the long term plans and strategic direction of the Council;
- 6.1.11. the remaining useful life of the asset;
- 6.1.12. a benefit and risk analysis of the proposed disposal;
- 6.1.13. the results of any community consultation process;
- 6.1.14. any restrictions on the proposed disposal;
- 6.1.15. the content of any community land management plan; and
- 6.1.16. other relevant policies of the Council, including the Prudential Management Policy.

## 6.2. Deaccession and Disposal of items from The Arts and Heritage Collection

- 6.2.1. When disposing of items from the arts and heritage collection, the Arts and Heritage Collection Policy must be followed.

## 7. DISPOSAL METHODS

### 7.1. Disposal of Land

- 7.1.1. The Council may resolve to dispose of land.
- 7.1.2. Where the land forms or formed a road or part of a road, the Council must ensure that the land is closed under the Roads (Opening and Closing) Act 1991 (SA) prior to its disposal.
- 7.1.3. Where land is classified as community land, the Council must:
  - 7.1.3.1. undertake public consultation in accordance with the Act and the Council's Public Consultation Policy; and



- 7.1.5.5. *By negotiation*** – with owners of land adjoining the land to be disposed or others with a pre-existing interest in the land, or where the land is to be used by a purchaser whose purpose for the land is consistent with the Council’s strategic objectives for the land.
- 7.1.6.** Selection of a suitable disposal method will include consideration of (where appropriate):
- 7.1.6.1.** the number of known potential purchasers of the Land;
  - 7.1.6.2.** the original intention for the use of the Land;
  - 7.1.6.3.** the current and possible preferred future use of the Land;
  - 7.1.6.4.** the opportunity to promote local economic growth and development;
  - 7.1.6.5.** delegation limits, taking into consideration accountability, responsibility, operation efficiency and urgency of the disposal;
  - 7.1.6.6.** the total estimated value of the disposal; and
  - 7.1.6.7.** compliance with statutory and other obligations.
- 7.1.7.** If Land is to be auctioned or placed on the open market or disposed of by an expression of interest, then (unless the Council resolves otherwise) one independent valuation must be obtained to establish the reserve price for the Land. The independent valuation must be made no more than 6 months prior to the proposed disposal.
- 7.1.8.** If Land is to be disposed of via a select tender or direct sale, unless the Council resolves otherwise:
- 7.1.8.1.** the sale or exchange of Roads under the *Roads (Opening and Closing) Act 1996* or Land that has a site value as valued by the Valuer-General at under \$100,000 one independent valuation by a Valuer must be obtained to ensure that an appropriate market value is obtained;
  - 7.1.8.2.** where the Land has a site value as valued by the Valuer-General at greater than \$100,000, a minimum of two independent valuations by a Valuer must be obtained to ensure that an appropriate market value is obtained;
  - 7.1.8.3.** The independent valuations must be made no more than 6 months prior to the Council resolving to dispose of the land.

**7.1.9.** The Council will seek to dispose of Land at or above current market valuation, as determined by a Valuer, by whichever method is likely to provide the Council with a maximum return, unless there are reasons for the Council to accept a lesser return which is consistent with the Council's overall strategic direction. These reasons must be documented in writing.

**7.1.9-7.1.10.** If the disposal is not to be on the open market, the disposal should be at or above the current market valuation, as determined by a Valuer (with due regard to all associated costs to achieve the transaction or such other amount as the Council resolves).

**7.1.10-7.1.11.** The Council will not dispose of land to any Council member or staff who has been involved in any process related to a decision to dispose of the land and/or the establishment of a reserve price.

**7.1.11-7.1.12.** Unless resolved by Council, elected members and staff will not be permitted to purchase land unless the purchase is via an open tender process or a public auction, and the tender submitted or bid made is the highest.

**7.1.12-7.1.13.** Purchasers of land must be required to agree in writing that before purchasing any land that no warranty is given by the Council in respect of the suitability and condition of the land for the recipient and that the Council will not be responsible for the land in any respect following the disposal, unless otherwise agreed as part of a commercial negotiation.

**7.1.13-7.1.14.** Unless otherwise resolved by Council, net proceeds will be applied to general revenue to reduce borrowings and build cash reserves to fund future asset replacement or strategic land purchases. However the Council may consider the specific application of net proceeds where the disposal is to fund a particular strategic purpose

## **7.2. Disposal of Roads**

Roads, including unmade road reserves and walkways, form integral links in the vehicle and pedestrian network. Where these may have future requirements for vehicle or access connections, form part of strategic connections identified by the State Government as having state linkages or are identified in the Council's *Trails Strategy*, they should be retained by Council.

**7.2.1.** Roads that are not considered to be integral parts of these linkages could be considered for disposal as surplus to community requirements and Council may consider expressions of interest from interested adjoining property owners to purchase.

**7.2.2.** Expressions of Interest for the purchase of the whole or portion of a road are processed in the following manner:

**7.2.2.1.** Receipt of an application and payment of an application fee (as set out in the annual fees and charges);

**7.2.2.2.** Internal assessment undertaken using the Local Government Association publication *Unformed Public Road Strategic Direction and Use Instruction Manual*;

- 7.2.2.3. Where, following the internal assessment, disposal is not considered to be appropriate, the applicant will be advised of the decision;
- 7.2.2.4. Where, following the internal assessment, the road is considered surplus to needs, the proposal will be progressed in accordance with the requirements of the Roads (Opening and Closing) Act 1991 and the request for a valuation undertaken by a Valuer.
- 7.2.2.5. Where multiple adjoining land owners express an interest in the purchase of the same or similar area of road and the interested parties are not able to reach agreement, the Council may choose to undertake the sale as a select tender process or not to progress with the road closure and sale.
- 7.2.2.6. Following completion of the public notification period, a report will be presented to Council for consideration

### 7.3. Disposal of Major Plant and Equipment and Minor Plant and Equipment

- 7.3.1. The disposal of major plant and equipment and minor plant and equipment will be the responsibility of the relevant Council Officer who is responsible for those assets.
- 7.3.2. The Council will, where appropriate, dispose of major plant and equipment and minor plant and equipment through one of the following methods:
  - 7.3.2.1. **Trade-in** – trading in equipment to suppliers;
  - 7.3.2.2. **Expressions of interest** – seeking expressions of interest from buyers including specialist resellers (minimum of 2 to be requested);
  - 7.3.2.3. **Select tender** – seeking tenders from a selected group of persons or companies;
  - 7.3.2.4. **Open tender** – openly seeking bids through tenders, [noting that the LGA Procurement’s disposal panel or Tenders SA can be used to obtain Tenders](#);
  - 7.3.2.5. **Public auction** – ~~advertisement for auction through the local paper and, where appropriate, a paper circulating in the State,~~ ~~or~~ procuring the services of an auctioneer (following compliance with the Council’s Procurement Policy); including public auction websites but only auctioned and not as “fixed price”



**7.3.2.6. *Donation*** – to community groups, charities, welfare or not for profit organisations.

**7.3.2.7. *Destruction and/or recycling*** – Where assets have no remaining useful life or any item which cannot be disposed of by sale or donation shall be destroyed and/or recycled.

- Where possible, all raw materials, parts and accessories shall be recycled for reuse.
- All non-recyclable materials shall be disposed of through the accepted waste management system.
- No material deposited within the waste stream shall be withdrawn for use.

**7.3.3.** Selection of a suitable method will include consideration of (where appropriate):

**7.3.3.1.** the public demand and interest in the major plant and equipment and minor plant and equipment;

**7.3.3.2.** the method most likely to return the highest revenue;

**7.3.3.3.** the value of the major plant and equipment or minor plant and equipment;

**7.3.3.4.** the costs of the disposal method compared to the expected returns;

**7.3.3.5.** compliance with statutory and other obligations; and

**7.3.3.6.** community benefit.

**7.3.4.** As a general rule, minor plant and equipment, and in particular items with a value below \$1,000, should not be disposed of individually. Where items are of low value, they may be kept until they can be bundled with other compatible items to sell as a single lot. Minor **plant** and equipment is generally disposed of via an expression of interest or public auction

**7.3.5.** Where minor plant & equipment (with a market value greater than \$200), whilst fit for purpose and functionally safe, is not considered suitable or viable for sale, it may be considered for donation to community groups, charities, welfare or not for profit organisations. minor plant & equipment made available for donation will be advertised through the Council's social media channels with interested groups invited to submit offers of interest. Allocation of donated items will be made using available random selection tools so that no preferential treatment is provided.

**7.3.6.** Where minor plant & equipment (with a market value less than \$200), whilst fit for purpose and functionally safe, is not considered suitable or viable for sale, it may be considered for donation to community groups, charities, welfare or not for profit organisations. The relevant Director must approve the donation and recipient. This option is preferable to disposing of items to waste.

**7.3.7.** Elected members and staff will not be permitted to purchase major plant and equipment and minor plant and equipment unless the purchase is via an open tender process or a public auction, and the tender submitted or bid made is the highest.

7.3.8. Purchasers of major plant and equipment and minor plant and equipment or recipients of donated minor plant and equipment may be required to agree in writing that before purchasing any major plant and equipment and minor plant and equipment or receiving the donation of any minor plant and equipment that no warranty is given by the Council in respect of the suitability and condition of the asset for the recipient and that the Council will not be responsible for the asset in any respect following the disposal.

7.3.9. Council members and staff are not permitted to take, or be given, surplus assets, materials or equipment, even if not considered suitable for sale.

**7.4.** Unsolicited proposals to purchase land or assets or partner with Council using its land or Assets, need to consider the following:

7.4.1. An unsolicited proposal is an approach to Council from a third party for the purchase of an Asset where the Council has not requested a proposal through its regular disposal or procurement processes.

7.4.2, 7.4.1. Unsolicited proposals will only be considered where Whether they could assist the Council to achieve its strategic objectives or satisfy a community need.

7.4.3, 7.4.2. The act of receiving and assessing proposals cannot in any way compromise the performance of Council's statutory and regulatory functions requirements.

7.4.4, 7.4.3. An unsolicited proposal should be assessed in accordance with the Council's Unsolicited Proposals Policy (if any), and in the absence of an Unsolicited Proposals Policy, using the following criteria:

7.4.4.1, 7.4.3.1. Can the a sset be disposed of in a competitive disposal process, if so then a competitive process should be undertaken;

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~~7.4.4.2~~7.4.3.2. Does the proposal align with the Council's Strategic Plan objectives;

~~7.4.4.3~~7.4.3.3. What are the community benefits to the proposal;  
and

~~7.4.4.4~~7.4.3.4. Is the disposal of asset required to meet the outcome.

~~7.4.5~~7.4.4. Any unsolicited proposal that is assessed as being suitable for further consideration will be presented to Council for such consideration

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## 8. PUBLIC CONSULTATION

8.1. The Council must undertake public consultation in respect of its proposed disposals in accordance with the Act and its Public Consultation Policy.

## 9. DELEGATIONS

9.1. The Chief Executive Officer has the delegation to:

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

## 10. RECORDS

10.1. The Council must record reasons for utilising a specific disposal method and where it uses a disposal method other than a tendering process.

10.2. [When disposing of plant and equipment Council must utilise the approved disposal form.](#)

10.3. [The council officer disposing of the asset is responsible to ensure that the appropriate asset register is updated upon disposal.](#)

## 11. EXEMPTIONS FROM THIS POLICY

11.1. This policy contains general guidelines to be followed by the Council in its disposal activities. There may be emergencies, or disposals in which a tender process will not necessarily deliver best outcome for the Council, and other market approaches may be more appropriate. In certain circumstances, the Council may, subject to the resolution of council, waive application of this policy and pursue a method which will bring the best outcome for the Council. The Council must record its reasons in writing for waiving application of this policy.

## 12. AVAILABILITY OF THE POLICY

This policy will be available via the Council's website [www.ahc.sa.gov.au](http://www.ahc.sa.gov.au).