



AUDIT COMMITTEE

NOTICE OF MEETING

To: **Presiding Member** Cr Malcolm Herrmann

Members

David Moffatt
Peter Brass
Natalie Johnston
Cr Melanie Selwood

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 20 February 2023
6.00pm
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.

A handwritten signature in blue ink, appearing to read 'David Waters', with a long horizontal flourish extending to the right.

David Waters
Chief Executive Officer



AUDIT COMMITTEE

AGENDA FOR MEETING Monday 20 February 2023 6.00pm 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 – 12 December 2022

Recommendation

That the minutes of the Audit Committee meeting held on 12 December 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. Development & Regulatory Services Risk Presentation

7.2. Action Report and Work Plan Update

1. *That the report be received and noted.*
2. *That the status of the Action Report and Work Plan be noted.*
3. *That the Adopted Audit Committee Work Plan 2023 remain unchanged at this time.*

8. OFFICER REPORTS

8.1. Quarterly Performance Report

The Audit Committee resolves the Quarterly Council Performance Report – Q2 2022-23 be received and noted.

8.2. Risk Management Update

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

8.3. Internal Audit Quarterly Update

1. *That the report be received and noted.*
2. *To recommend to Council to adopt the revised Strategic Internal Audit Plan v1.12a as contained in Appendix 1.*

8.4. Audit Action Implementation Report

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

8.5. Debtors Report as at 31 December 2022

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

8.6. Long Term Financial Plan Review

1. *That the report be received and noted.*
2. *That the Draft Long Term Financial Plan (2023 revision) be noted.*
3. *To recommend that Council approve the Draft Long Term Financial Plan (2023 revision), as contained in Appendix 1 for community consultation in accordance with Section 122 of the Local Government Act 1999.*
4. *That the Chief Executive Officer be authorised to make minor changes to the Draft Long Term Financial Plan (2023 revision) arising from the Committee's consideration of the matter prior to it being provided to Council.*

9. QUESTIONS WITHOUT NOTICE

10. CONFIDENTIAL ITEMS

Nil

11. NEXT MEETING

The next Audit Committee meeting will be held at 6.00pm on Monday 17 April 2023 at 63 Mount Barker Road, Stirling.

12. CLOSE MEETING

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 12 DECEMBER 2022
63 MT BARKER ROAD STIRLING**

In Attendance**Members:**

Cr Malcolm Herrmann	Presiding Member
Peter Brass	Independent Member
David Moffatt	Independent Member
Natalie Johnston	Independent Member
Cr Melanie Selwood	Council Member

In Attendance:

David Waters	Chief Executive Officer
Lachlan Miller	Executive Manager Governance & Performance
Mike Carey	Manager Financial Services

Guests in Attendance:

Geoff Edwards	BDO
Linh Dao	BDO

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 Kaurna people. We pay our respects to Elders past, present and emerging as the Custodians of this ancient and beautiful land. Together we will care for this country for the generations to come.

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

Nil

2.2 Leave of Absence

Nil

2.3 Absent

Nil

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 12 DECEMBER 2022
63 MT BARKER ROAD STIRLING**

3. MINUTES OF PREVIOUS MEETINGS

3.1 Audit Committee Meeting – 17 October 2022

Moved Natalie Johnston

S/- Peter Brass

AC46/22

That the minutes of the Audit Committee meeting held on 17 October 2022 as supplied, be confirmed as an accurate record of the proceedings of that meeting.

Carried Unanimously

4. PRESIDING MEMBER'S OPENING REMARKS

Cr Herrmann advised the Committee that Council adopted the Audited Financial Statements at its 26 October 2022 meeting.

Cr Herrmann advised the Committee that he and Cr Selwood have been appointed to the Audit Committee for one year and Cr Herrmann has been appointed as the Presiding Member for one year.

Each of the Committee Members briefly introduced themselves and their professional experience.

5. DELEGATION OF AUTHORITY

In accordance with the Audit Committee Terms of Reference, the Committee has no delegated decision-making powers.

6. DECLARATION OF CONFLICT OF INTEREST BY MEMBERS OF AUDIT COMMITTEE

6.1 General Conflict of Interest, Cr Malcolm Herrmann, Item 8.2 – Budget Review 1

Under Section 75 of the *Local Government Act 1999* Cr Malcolm Herrmann disclosed General Conflict of Interest in Item 8.2 – Budget Review 1, the nature of which is as follows:

Cr Herrmann's brother is the President of the Lobethal Hall Committee which is referred to in the report.

Cr Herrmann intends to leave the meeting when this item is discussed.

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 12 DECEMBER 2022
63 MT BARKER ROAD STIRLING**

7. PRESENTATIONS, ACTION REPORT & WORKPLAN

7.1 Risk Presentation

Nil

Leave of the meeting was granted to move Item 10.1 – External Audit Tender forward in the agenda.

10.1 External Audit Tender – Exclusion of the Public

Moved Peter Brass
S/- Natalie Johnston

AC47/22

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

- A/CEO, David Waters
- Executive Manager Governance & Performance, Lachlan Miller
- Manager Financial Services, Mike Carey
- Partner BDO, Geoff Edwards
- Partner BDO, Linh Dao

be excluded from attendance at the meeting for Agenda Item 10.1: (External Audit Tender) 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)(d) of the *Local Government Act 1999*, the information to be received, discussed or considered in relation to this Agenda Item is commercial information of a confidential nature (not being a trade secret) that would, on balance, be contrary to the public interest, the disclosure of which could reasonably be expected to prejudice the commercial position of the business which supplied the information and to confer a commercial advantage on a third party.

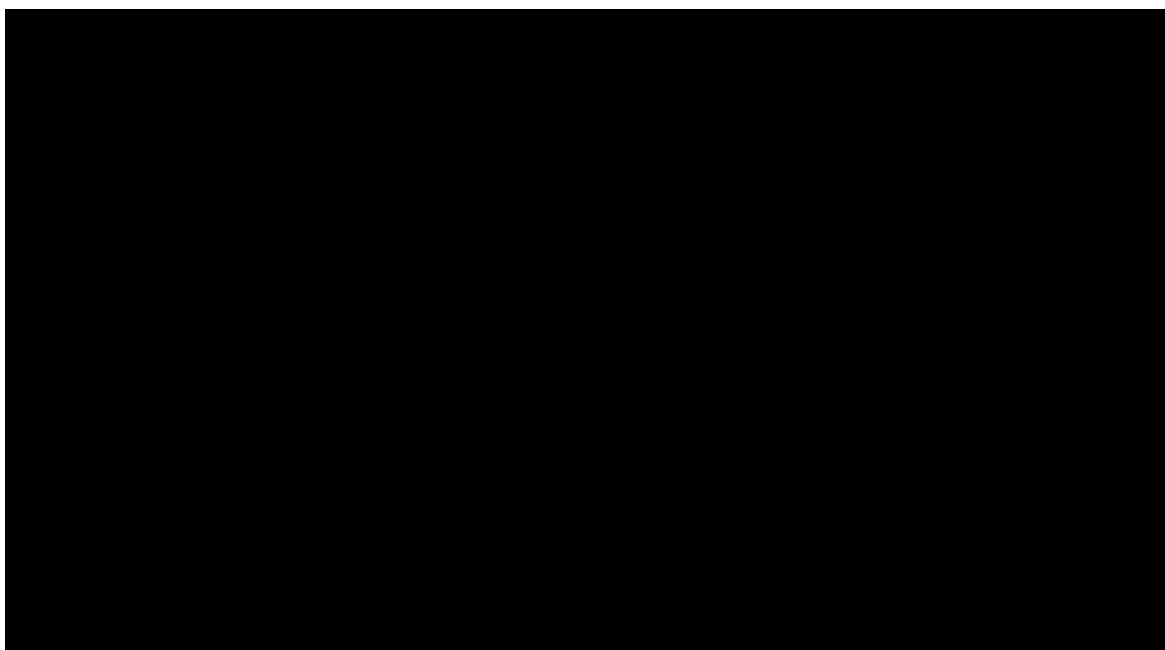
Accordingly, on this basis the principle that meetings of the Committee should be conducted in a place open to the public has been outweighed by the need to keep the information and discussion confidential.

Carried Unanimously

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 12 DECEMBER 2022
63 MT BARKER ROAD STIRLING**

Geoff Edwards and Linh Dao made a presentation and left the meeting

10.2 External Audit Tender – Confidential Item



**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 12 DECEMBER 2022
63 MT BARKER ROAD STIRLING**

10.3 External Audit Tender – Duration of Confidentiality

Moved Peter Brass
S/- Natalie Johnston

AC49/22

Subject to the CEO, or his delegate, disclosing information or any document (in whole or in part) for the purpose of implementing Council's decision(s) in this matter in the performance of the duties and responsibilities of office, Council, having considered Agenda Item 10.1 in confidence under sections 90(2) and 90(3)(d) of the *Local Government Act 1999*, resolves that an order be made under the provisions of sections 91(7) and (9) of the *Local Government Act 1999* to retain the Items in confidence as detailed in the Duration of Confidentiality Table below:

Item	Duration of Confidentiality NB: Item to be reviewed every 12 months if not released
Report	31 December 2024
Related Attachments	31 December 2024
Minutes	Until Council has appointed an External Auditor for the 30 June 2023 financial year.
Other (presentation, documents, or similar)	Nil

Pursuant to section 91(9)(c) of the *Local Government Act 1999*, the Council delegates the power to revoke the confidentiality order either partially or in full to the Chief Executive Officer.

Carried Unanimously

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 12 DECEMBER 2022
63 MT BARKER ROAD STIRLING**

8. OFFICER REPORTS – DECISION ITEMS

8.1 Action Report and Work Plan Update

Moved Natalie Johnston

S/- Cr Melanie Selwood

AC50/22

1. That the report be received and noted.
2. That the status of the Action Report and Work Plan be noted.
3. That the Draft Audit Committee *Work Plan 2023* be adopted.

Carried Unanimously

8. OFFICER REPORTS – DECISION ITEMS

8.1 Audit Committee Meeting Dates 2023

Moved Peter Brass

S/- Cr Melanie Selwood

AC51/22

The Audit Committee resolves:

1. That the report be received and noted.
2. To approve the Audit Committee meeting schedule, timings and locations for 2023 as follows:

Commencement	6.00pm
Meeting Dates and Locations	20 February 2023, 63 Mt Barker Road, Stirling
	17 April 2023, 63 Mt Barker Road, Stirling
	15 May 2023, 63 Mt Barker Road, Stirling
	21 August 2023, 63 Mt Barker Road, Stirling
	16 October 2023, 63 Mt Barker Road, Stirling
	20 November 2023, 63 Mt Barker Road, Stirling

3. The CEO be authorised to adjust the Ordinary Committee Meeting schedule, including time and place of the meeting, where matters necessitate a change such as a meeting date occurring on a public holiday, catastrophic fire danger day or other valid reason.

Carried Unanimously

Presiding Member _____ 20 February 2023

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 12 DECEMBER 2022
63 MT BARKER ROAD STIRLING**

8.2 Budget Review 1

7.18pm - Cr Herrmann declared a General COI and left the meeting.

Peter Brass assumed the Presiding Member role.

Moved Natalie Johnston

S/- Cr Melanie Selwood

AC53/22

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 1 which result in:**
 - a. An increase in the Operating Surplus from \$676k to \$830k for the 2022-23 financial year.**
 - b. Changes to Capital Works, reducing capital income by \$926k and increasing capital expenditure by \$580k for the 2022-23 financial year resulting in a revised capital expenditure budget for 2022-23 of \$27.369m.**
 - c. An increase in Council's current Net Borrowing Result from \$6.934m to \$8.342m for the 2022-23 financial year as a result of the proposed operating and capital adjustments.**
- 3. To note that the proposed financial ratios based on the budget adjustments presented in Budget Review 1 would result in:**

Operating Surplus Ratio	1.6%
Net Financial Liabilities Ratio	52%
Asset Renewal Funding Ratio	106%

Carried Unanimously

Cr Malcolm Herrmann did not vote for the item, the majority of Committee members voted in favour of the item.

7.35pm - Cr Malcolm Herrmann returned to the meeting and resumed the chair.

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 12 DECEMBER 2022
63 MT BARKER ROAD STIRLING**

9. QUESTIONS WITHOUT NOTICE

Peter Brass – Substantive CEO Recruitment

The Presiding Member thanked Cr Leith Mudge for his contribution to the Audit Committee during the last term of Council.

10. CONFIDENTIAL ITEMS

Dealt with earlier in the meeting.

11. NEXT MEETING

The next ordinary meeting of the Audit Committee will be held on Monday 20 February 2023 from 6.00pm at 63 Mt Barker Road, Stirling.

12. CLOSE MEETING

The meeting closed at 7.39pm.

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 20 February 2023
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 Update

For: Decision

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 (**Appendix 2**) 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.**
 - 3. That the Adopted Audit Committee Work Plan 2023 remain unchanged at this time.**
-

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 12 December 2022 meeting and the Adopted Audit Committee Work Plan 2023 is attached for the Committee consideration.

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.

➤ 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)

The Audit Committee Action Report and Work Plan are current controls and therefore the Committee's approval of this item will not impact the Residual or Target Risk ratings.

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.

➤ **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**

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

Internal Control and Risk Management		
Placement of Council’s insurance portfolio (for noting)		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
Internal Audit		
Internal Audit quarterly update	Included in this meeting	February/May/ August/November
Internal audit reports		As Required
Implementation of internal audit actions progress report	Included in this meeting	February/August
Internal Audit Plan review		May
External Audit		
External audit interim letter		April
Implementation of external audit actions progress report	Included in this meeting	February/August
External Audit Plan review		February
Meeting attendance by external auditors	Will be attending the April meeting	February/October
Review of auditor independence and legislative compliance		October
Audit Committee Completion Report		October/November
Public Interest Disclosure		
Public Interest Disclosure Policy review (replaces Whistle-blowers)		April 2024
Public Interest Disclosure Arrangements and Compliance	Nil reports made to date	May 2024
Other Business		
Audit Committee self-assessment review		November
Presiding Member's Report		November
Work Plan and Reporting Schedule		November
Audit Committee Meeting Dates		November
Debtors Report	Included in this meeting	February/August
Annual Report		November
Action Report & Work Plan Update	Included in this meeting	All Meetings
Audit Committee Terms of Reference		August
Directors Presentation		February/May/ August/November
Other Reports	As required	As Required

2023 Work Plan

There are no suggested changes to *2023 Audit Committee Work Plan (Appendix 2)*.

3. OPTIONS

The Audit Committee has the following options:

- I. To note the status of the Action Report at **Appendix 1** and Audit Committee Work Plan 2023 at **Appendix 2** (Recommended).
- II. To alter or substitute elements of the Action Report or Work Plan (Not Recommended).

4. APPENDICES

1. Audit Committee Action Report
2. Audit Committee Work Plan 2023 (v1.0)

Appendix 1

Audit Committee Action Report

**Audit Committee
Action Tracker February 2023**

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	Completed	11/01/2023	30/06/2023	<p>The Local Government Security Framework (LGSF) initiative that was grant funded by the LGA and developed by LGITSA (Local Government Information Technology South Australia) and Cyber security experts has been formally released and is available to Councils for implementation.</p> <p>The LGSF is a risk-based framework that assists in preserving the confidentiality, integrity and availability of information assets managed by councils. The framework leverages risk management process and control measures to reduce the likelihood or impact of security risks to councils.</p> <p>The LGSF consists of an implementation toolkit specifically for the LG Sector, developed to cater for different risk profiles. The framework includes baseline control expectations incorporating the ACSC (Australia Cyber Security Centre) Essential 8 and other security controls for information, personal, and facilities.</p> <p>The objectives of the LGSF are to:</p> <ul style="list-style-type: none"> •Ensure security risks are managed in a standardised and acceptable manner across all councils; •Maintain the reputation of local government and the broader South Australian government; •Demonstrate alignment to industry recognised best practices in security risk management; •Contribute to the culture of security risk management within councils; •Protect the confidentiality, integrity, and availability of information assets in alignment with necessary legal and regulatory requirements; and •Provide assurance to the community and other interested parties that information provided to councils are sufficiently protected. <p>Implementation of the framework at Council has been progressing well over the past several months using internal and external consulting resources to review, amend and undertaking work aligned to the toolkit resources.</p> <p>Once the framework has been finalised the program will progress to an operational state and maintained in line with the agreed security controls and budget allocation.</p>						
12/12/2022	Audit Committee	AC47/22	External Audit Tender - Confidential	Nil	As per confidential minute	David Waters	Lachlan Miller	In Progress	3/02/2023	30/12/2022	Confidential status required.						
12/12/2022	Audit Committee	AC51/22	Audit Committee Meeting Dates 2023	Nil	That the report be received and noted. To approve the Audit Committee meeting schedule, timings and locations for 2023 as follows: Commencement 6.00pm Meeting Dates and Locations 20 February 2023, 63 Mt Barker Road, Stirling 17 April 2023, 63 Mt Barker Road, Stirling 15 May 2023, 63 Mt Barker Road, Stirling 21 August 2023, 63 Mt Barker Road, Stirling 16 October 2023, 63 Mt Barker Road, Stirling 20 November 2023, 63 Mt Barker Road, Stirling 3. The CEO be authorised to adjust the Ordinary Committee Meeting schedule, including time and place of the meeting, where matters necessitate a change such as a meeting date occurring on a public holiday, catastrophic fire danger day or other valid reason.	David Waters	Lachlan Miller	Completed	3/02/2023	30/12/2022	All Audit Committee meetings have been booked in Member's calendars.						
12/12/2022	Audit Committee	AC49/22	External Audit Tender - Duration of Confidentiality	Nil	Report31 December 2024Related Attachments31 December 2024MinutesUntil Council has appointed an External Auditor for the 30 June 2023 financial year.Other (presentation, documents, or similar)Nil	David Waters	Lachlan Miller	In Progress	3/02/2023	30/12/2022	Confidentiality status required.						
12/12/2022	Audit Committee	AC53/22	Budget Review 1	General - Cr Malcolm Herrmann	<p>That the report be received and noted.</p> <p>To recommend to Council the proposed budget adjustments presented in Budget Review 1 which result in: An increase in the Operating Surplus from \$676k to \$830k for the 2022-23 financial year.Changes to Capital Works, reducing capital income by \$926k and increasing capital expenditure by \$580k for the 2022-23 financial year resulting in a revised capital expenditure budget for 2022-23 of \$27.369m.An increase in Council's current Net Borrowing Result from \$6.934m to \$8.342m for the 2022-23 financial year as a result of the proposed operating and capital adjustments.</p> <p>3. To note that the proposed financial ratios based on the budget adjustments presented in Budget Review 1 would result in:</p> <table border="0"> <tr> <td>Operating Surplus Ratio</td> <td>1.6%</td> </tr> <tr> <td>Net Financial Liabilities Ratio</td> <td>52%</td> </tr> <tr> <td>Asset Renewal Funding Ratio</td> <td>106%</td> </tr> </table>	Operating Surplus Ratio	1.6%	Net Financial Liabilities Ratio	52%	Asset Renewal Funding Ratio	106%	Terry Crackett	Mike Carey	Completed	14/12/2022	30/12/2022	Budget Review 2 presented to Council on 20 December 2022 and adopted.
Operating Surplus Ratio	1.6%																
Net Financial Liabilities Ratio	52%																
Asset Renewal Funding Ratio	106%																

Appendix 2

Audit Committee Work Plan 2023

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 20 February 2023
AGENDA BUSINESS ITEM**

Item: 8.1

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

Subject: Quarterly Council Performance Report – Q2 2022-23

For: Information

SUMMARY

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

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 and have continued to be incorporated into the *Annual Business Plan 2022-23*. These were aligned to the new *Strategic Plan 2020-24 – A brighter future* adopted in April 2020.

The Quarterly Council Performance Report for Q2 (**Appendix 1**) covers the period 1 October 2022 to 31 December 2022, and shows the performance against the corporate performance indicators as well as discussing key highlights aligned with the Strategic plan.

The purpose of this report is to inform the Audit Committee of Council's performance against the *Annual Business Plan 2022-23* 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 the Quarterly Council Performance Report – Q2 2022-23 be received and noted.

1. BACKGROUND

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

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

A revised suite of corporate performance indicators and targets were developed in consultation with Council Members, the Strategic Leadership Team and relevant officers as part of the 2020-21 Annual Business Plan process. These were aligned to the new Strategic Plan 2020-24 – A brighter future adopted in April 2020. These indicators have continued to be used in the Annual Business Plan 2022-23.

A change was made to the timing of reports during the 2021-22 financial year and will continue into the 2022-23 financial year. Reports are provided to Council and the Audit Committee at the next meeting directly following the end of the quarter. This may mean that some quarterly reports go to the Council meeting prior to the Audit Committee.

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 2022-23*.

As part of the development of the budget outlined in the *Annual Business Plan 2022-23*, a series of Savings Strategies were developed to help address emerging cost pressures and to improve Council's Operating Surplus over the period of the Long Term Financial Plan. The adopted strategies totalled \$650k in savings, and a page dedicated to reporting on the progress of these strategies has now been included in the quarterly report.

➤ **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

The Quarterly Council Performance Report – Q2 2022-23 was received and noted at the 14 February 2023 Ordinary Council meeting.

3. OPTIONS

As this is an information report, the Audit Committee is limited to receiving and noting the report however additional feedback can be provided to the Governance and Performance team for consideration of future enhancements for the 2022-23 FY reports.

4. APPENDIX

(1) *Quarterly Council Performance Report – Q2 2022-23*

Appendix 1

Quarterly Council Performance Report – Q2 2022-23

Quarterly Council Performance Report
















Quarter 2 – 1 October – 31 December 2022






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1. Executive Summary

Strategic Goal	Performance Indicators	Annual Business Plan Strategic Initiatives
 Built Environment	 1 of 4 Targets met or exceeded	 On Track (22) Not Started (2) Behind Schedule (2)
 Community Wellbeing	 1 of 4 Targets met or exceeded	 On Track (10) Not Started (1) Behind Schedule (2) Deferred (2)
 Economy	 3 of 3 Targets met or exceeded	 On Track (3)
 Natural Environment	 3 of 3 Targets met or exceeded	 Not Started (3) Completed (2) Behind Schedule (1) On Track (6)
 Organisation	 6 of 7 Targets met, N/A or exceeded	 On Track (9) Not Started (1) Completed (1) Behind Schedule (1)

Customer Service Standards

	8	Targets met or exceeded
	5	N/A or No Incidents reported
	4	Target not met

Capital Performance

\$2.6m of infrastructure delivered

\$5.7m of infrastructure ordered

The primary focus of this quarter has been on scoping new projects, as well as commencing construction on projects that were designed in 2021-22 Financial Year.

Highlights

- On-boarding of newly elected Council commenced following the elections, with an undertaking ceremony, induction day, the first Council Meeting and additional workshop sessions.
- David Waters commenced as Acting Chief Executive Officer from 30 September until the substantive CEO recruitment process is completed.
- A Feasibility Study commenced for the Adelaide Hills (War Memorial) Swimming Centre (AHWMSC) at Woodside to determine the remaining asset life of all facilities at the pool site.
- The new externally funded Community Resilience Team are now on board and are implementing a range of strategies which include working closely with communities in developing area specific emergency response plans alongside Red Cross and with expert advice from CFS.
- Mobile library van fit-out was completed with the refreshed service launched on 1 November 2022.
- The Kurna place names proposed for Hamilton Hill Reserve have been endorsed by Kurna Warra Karpanthi
- A recognition strategy for volunteers was implemented which provides them with length of service badges for every 5 years
- A consultant has been engaged to undertake the Service Review for Development Services which will commence in February 2023.
- Bird In Hand Road Woodside received 626 m² of asphalt patching as part of the LRCIP funding program, consuming 165 tonnes of asphalt.
- Council activated emergency management arrangements to support the Renmark-Paringa Council, Berri-Barmera and Mid-Murray councils with flood related responses. Council's Incident Operations Manual, which provides operational guidance and direction to relevant Council staff when responding to emergency events was utilised.

Risk and Challenges

- Financial pressures resulting from escalating costs continue to grow. Strategies to mitigate extraordinary rate rises are being developed for consideration in the review of the Long Term Financial Plan
- Late spring & early summer rains hampered land owners slashing or clearing their land prior to the start of the bushfire season. Additional time was permitted for land owners to undertake these works
- Storm Event in November created significant damage and required resourcing to respond

2. Adelaide Hills Council Major Projects

Implementation of the Community and Recreation Facilities Framework

The Community & Recreation Facilities Framework was developed to support the management of Council and Community owned facilities.

This framework will be progressively implemented over a three year period.

Latest News

Discussions have commenced with tenants and occupiers of Council facilities in relation to the roll out of the Framework, as well as a question and answer document distributed to all occupiers in Dec 2022.

The drafting of leases/management agreements have commenced with Council's lawyers. These drafts are anticipated to be ready for discussion with tenants in late Jan/Feb 2023.

Rather than conducting community meetings, one on one meetings are being facilitated with interested Clubs.



FABRIK Development

The FABRIK Development Project involves upgrading and enhancing the former Onkaparinga Woollen Mills site at Lobethal to create an arts and heritage hub in the central Adelaide Hills.

Latest News

Upgrade works to Building 21 are 75% complete which includes the toilets, kitchenette, store rooms, electrical, fire safety and sewer connections.

The Slab and footings have been poured for the new Pavilion building.

The internal demolition works occurring in Building 20 are now 75% complete.



Gumeracha Library improvements

The upgrade to the Gumeracha Library and Service Centre is aimed at making the space more welcoming and user-friendly. This includes updating the furniture, shelving, service counter and general layout.

Latest News

Feedback received through the community engagement process was reviewed and taken into account in finalising the concept plans.

Further work was also undertaken to finalise the upgrade plans, including referral to an engineer for input on structural modifications to the service desk and to a Disability Access Consultant for input on desk heights. Detailed drawings were completed for the service desk, computer desks and children's area.

An inventory of items for retention and disposal was collated and procurement documentation was prepared. Quotes for construction and furniture/fittings will be sought in Quarter 3.



Heathfield School Courts including Canteen and Storage upgrades

This project is a unique collaboration between Council, local clubs, the High School, the Education Department and the Office for Recreation and Sport.

The four court facility will provide improved sporting amenity for the local community, the High School and facilitates great connections between the High School and the adjacent Heathfield Oval..

Latest News

New courts, lighting, toilets and access paths have been completed, and construction is due to commence on a canteen and storage amenity for club use in Quarter 2 of the financial year



Towards Community Led Emergency Resilience Program (TCLERP)

Following on from the Community Resilience and Readiness pilot, the program has evolved to focus on community led emergency preparedness. The name of the program also changed to be Toward Community Led Emergency Resilience Program (TCLERP).

The program has several areas of focus including:

- Community Engagement
- Psychological and emotional emergency preparedness community education
- Recovery ready halls project – emergency preparedness for select community facilities
- Vegetation management project – ensuring practices are based on best fire science and within shared land owners existing capacity

Latest News

Recruitment of the new Community Resilience team members is complete.

Activities over the quarter have included:

- Support provided to Adelaide Hills Community Action Bushfire Network (AHCABN) through administration and facilitation of workshops.
- Two new webpages created on preparedness and recovery topics
- Community engagement undertaken to coordinate Community Led Disaster Resilience workshops in Houghton, Scott Creek, Bradbury, Longwood, Ironbank, Summertown and Uraidla.
- Completed training with “Emerging Minds” to enable delivery of workshops about psychological preparedness for children. Exploration into a collaboration with Department of Human Services for a workshop series addressing coping skills and resilience in children.
- Internal consultation underway on the draft guidelines for the Recovery Ready Halls project
- Internal consultation completed on processes relating to fire mitigation and vegetation management.



3. Performance by Strategic Goal

A functional Built Environment

Highlights

- ✓ **New Bus Station Installation Program**
 - An order has been placed for new bus shelters at:
 - Mount Barker Rd, Bridgewater,
 - Longwood Rd, Heathfield,
 - Upper Sturt Rd, Upper Sturt,
 - Main Street, Crafers,
 - Cooper Rd, Mylor
 - Previous manufacturer has advised they will no longer make bus shelters, so Council has negotiated the purchase of their remaining stock.
- ✓ **New and Upgraded Footpaths**
 - New footpath works were undertaken at Glen Stuart Rd, Rostrevor; Atkinson Rd, Crafers; and Victoria St, Gumeracha.
- ✓ **Building Upgrades (Minor)**
 - Two broken BBQs at Steamroller Park have been replaced and fitted with a monitoring system that informs staff when they have been used enabling timely cleaning and more efficient maintenance.
- ✓ **Community and Recreation Facilities Framework Implementation**
 - Meetings with clubs have commenced to discuss Framework obligations and impacts. These meetings will continue into 2023.
 - Leases and management agreements are in the process of being drafted and should be ready for discussion with occupiers of premises by the end of Feb 2023
- ✓ **Operational worksite review including forward planning**
 - Stirling Transportable upgrade completed prior to Christmas with Rangers moving in in late 2022.
 - Plans are being developed for moving staff from Woodside Office to Stirling.
- ✓ **Feasibility Studies for future projects**
 - A feasibility study is currently being undertaken for the Adelaide Hills (War Memorial) Swimming Centre (AHWMSC) at Woodside. The study will provide recommendations for future considering aspects such as asset life and condition, site usage and trends, as well as linkages with wider woodside assets and activities.
- ✓ **Federation Park and Oval masterplan implementation**
 - Design and construction of a new path has been released for tender, which will be constructed as part of the toilet upgrade.
- ✓ **Investigate and Implement central irrigation control system**
 - Despite the slight delay due to contractor availability, there are nine sites which have new control systems installed.
 - Awaiting audit results relating to irrigation system renewals and upgrades to look at potential future sites
- **Cemeteries Upgrades**
 - A revised *Cemeteries Operating Policy* was adopted in Dec 2022.
 - Enfield Memorial Park visit undertaken to assist in scoping any upgrades required as a result of Natural Burials at Kersbrook.
 - Continued weather events delayed upgrades to paths at Summertown Cemetery. Work is expected to commence in Quarter 3.
- ✓ **Mt Torrens Coach House Reserve Facilities**
 - Plans for the toilet block have now been finalised and a meeting held with Mt Torrens Historical society in late Dec 2022 to seek feedback on the location/siting of the facilities.
- ✓ **Sustainability**
 - All solar PV systems are now integrated onto one data management system - Solar Analytics.
 - Council contributed to a partnership established between regional and metropolitan councils on carbon offsetting for local government. This will include investigation into the feasibility of metropolitan councils being able to offset their carbon on regional council lands.
- ✓ **Strategic Planning**
 - Analysis of the 2021 census data is underway to understand the demographic changes across the district and what housing trends and challenges this presents. This will form a component of the upcoming Regional Planning process (30 year plan update).

Risks & Challenges

✗ Carbon Management Plan - Energy Upgrades, Battery & Efficiency Actions

- The property and sustainability audit is still ongoing and will identify priorities for improving energy efficiency. A key action to achieve the target of 100% renewable energy use has been challenging due to the recent Local Government Association procurement tender which did not provide an option for the purchase of 100% renewable energy. This along with increases in the cost of electricity will result in AHC not achieving its target.

✓ Civil Services

- Council's civil planned maintenance program was placed on hold this quarter as priority shifted to a risk-based and reactive approach to addressing an increased number of defects on the road network arising from the continued high rainfall.

✗ Road Safety Program

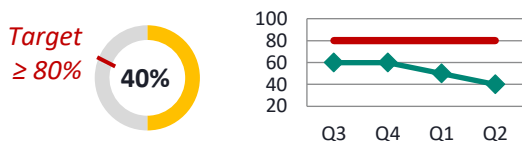
- Detailed design for Warren Rd, Woods Hill Rd and Montacute Rd black spot projects was completed and tendered ready for construction, however due to market prices, tender has been unsuccessful in securing a contractor so far.
- Delays due to continuing negotiations with Department of Infrastructure & Transport and affected landowners.

✓ Community Wastewater Management System (CWMS)

- The prolonged rain into spring created challenges in storage at our wastewater treatment facilities with a small overflow reported to the EPA during the quarter.

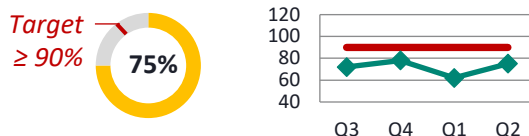
Performance Indicators

Operational tasks completed within the Civil Zone Maintenance Program



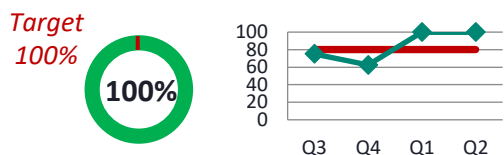
Heavy rains continued in Q2, with the impact being on the road network, with saturated pavements failing across the network. During this period, work was prioritised by risk, rather than by zone.

Delivery of capital works program



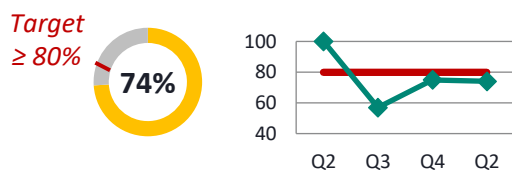
Actual expenditure is now approaching budget, but still reflects delayed projects start times in Q1, especially with regards to road projects.

Compliance inspections completed within 10 business days of development completion notification



During Quarter 2 there were 98 inspections undertaken by the building team. Seventeen (17) inspections were as a result of notifications for completion of works. Of these seventeen inspections 100% were carried out within 10 business days.

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



*Measure changed to Bi-annual in 2022-23 ABP.

23 compliance inspections related to unlawful development were undertaken from 1 July to December 31. 17 of the 23 cases were inspected within 5 business days or 74%.

Legend: ✓ = Target Met ⚪ = Target not met \geq Greater than or equal to

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 upgraded footpaths	✓
B1007	Recreation Trails & Cycling Routes Framework Implementation	✓
B1009	DDA Upgrades Minor access upgrades region wide (compliance)	✓
B2001	Federation Park and Oval masterplan implementation	✓
B3002	Implement irrigation systems (renewal / upgrades)	✓
B3003	Investigate and Implement central irrigation control system (region wide)	✓
B3004	Prepare turf and irrigation design/management plans for key bore water use areas	✓
B3005	Carbon Management Plan - Energy Upgrades, Battery & Efficiency Actions	✗
B4006	Asset management - Confirm Web and Connect Licences and Field Devices	✓
B4009	Building Upgrades - minor	✓
B4010	Cemeteries Upgrades	—
B4011	CWMS 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	✓
B4041	Community and Recreation Facilities Framework Implementation	✓
B4042	Operational worksite review including forward planning	✓
B4043	Hamilton Hill - Dunfield Estate & Crest Maintenance	✓
B4044	Feasibility Studies for future projects	✓
B4045	Stormwater projects	✓
B4046	Mt Torrens Coach House Reserve Facilities	✓
B4047	Woodside School Crossing (LRCIP)	✓
B4048	Heathfield School Courts – Canteen and Storage	✓
B4049	Adelaide Hills War Memorial Swimming Pool - Splash Park Contribution (LRCIP)	—

Highlights

- ✔ **Actions from adoption of Aboriginal Place naming**
 - ✔ **Action plan**
 - Submission lodged with Kurna Warra Karpanthi (KWK) seeking endorsement of Kurna place names in Hamilton Hill reserve based on consultation with Elder Ivan Copley. This has been approved by KWK and signage under development.
 - The Crafers Gateway sign includes the words "Kurna Country"
- ✔ **Grants & Partnerships**
 - The Annual Community Grants program has been undertaken and over \$37,000 worth of community grants awarded.
- ✔ **Libraries**
 - New Mobile Library van fit-out was completed with the refreshed service launched on 1 Nov 2022.
 - *New What's On Guide* created to better communicate and promote library events and programs.
- ✔ **Volunteering**
 - End of Year Thank You event was held for AHC volunteers with 103 in attendance.
- ✔ **Public Health**
 - 12 new food businesses have opened in the area while 11 existing food businesses closed, resulting in a net increase of one new food premises this quarter.
 - There are over 3,250 aerobic wastewater systems operating in the area with approximately 97 listed as non-compliant and a further 313 not currently receiving any required maintenance. Council have sent 98 letters to owners not having any maintenance on their system as well issued five expiations and served two Compliance Notices.
- ✔ **Tour Down Under**
 - Final planning completed for the upcoming January event including entertainment, public transport, seating, refreshments, and shade.
- ✔ **Public Art**
 - Various pieces have been created and are ready for installation in Lobethal Bushland Park. This includes the "Reflections of Home" sculpture, a bespoke bench and other community content.
- ✔ **Positive Ageing**
 - Over 2,000 hours of in-home support (help in and around the home) delivered
 - Over 4,000 hours of group social support provided, including groups who attended new festive evening events aimed at reducing the feelings of loneliness at night that some have reported.
- ✔ **Youth Development**
 - Life Skills workshops and courses have included a Market Stall Ready workshop for young artists and crafters, an Introduction workshop on Entrepreneurship, and a Young Drivers Awareness Course.
 - An end-of-school-year celebration "SummerTunes" featured young musical talent from the region, including the participants of our monthly Woodside Jams program.
 - BMX riding challenge and rider education events such as "GetSToked!" and track maintenance workshops were held in Woodside.

Risks & Challenges

- ✘ **Support for high profile regional event**
 - The best use of this funding is currently being considered
- ▶ **Activation Arts & Heritage Hub**
 - Project listed as "Deferred" as the site is currently closed for the redevelopment
- **Play Space Framework Implementation**
 - Due to resourcing issues and competing projects, implementation of the Playspace Framework is behind schedule. This will be picked up again in early 2023 with an update provided in the next quarter
- **Climate Change Adaption Plan Projects-All hazards emergency management**
 - Stage 1 of the project is planned to commence in March 2023 and be completed before 30 June 2023.

Performance Indicators



Positive ageing wellbeing score

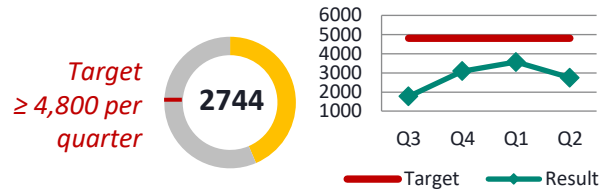
Average level of self-determined wellbeing of program participants reviewed in the quarter.



The wellbeing score has increased slightly this quarter with many clients commenting that they are coping well and have good connections with their families and friends. Clients describing a lower level of wellbeing / wellness often mentioned health concerns. The negative impact of COVID seems to be diminishing with only 1 client mentioning COVID as an issue.



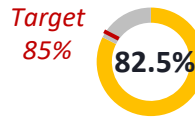
Number of volunteer hours contributed to AHC programs each year



Volunteer hours have reduced due the continuing impact of COVID-19 on many of our Programs and the level of volunteering input.



Feedback from Community Centre Participants



Feel better connected to other in the community



Will use the knowledge/skills gained in the future

Many surveys undertaken at Uraidla show where participants many not have connected. Not all workshops are about gaining knowledge/skills – participants at Uraidla show weren't necessarily participating to gain knowledge in a particular area, it was more for fun/enjoyment

Legend: = Target Met = Target not met \geq Greater than or equal to

Progress on Strategic Initiatives from the Annual Business Plan

Project ID	Strategic Initiatives	Status
C1004	Gumeracha Library upgrades (LRCIP)	✓
C1005	Stirling Region Skate Park	✓
C4006	Play Space Framework Implementation	✗
C4012	Climate Change Adaption Plan Projects-All hazards emergency management	—
C4022	Community Resilience Program	✓
C4023	Adelaide 100 Walking Route (LRCIP)	✓
C5002	Aboriginal Cultural Development	✓
C5003	Actions from adoption of Aboriginal Place naming Action plan	✓
C6001	Fabrik Activation Capital	✓
C6003	Capital Divestment - Capital Cost	✓
C6004	Activation Arts & Heritage Hub - Operating (Income)	➔
C6005	Activation Arts & Heritage Hub - Operating (Expenditure)	➔
C6006	Tour Down Under	✓
C6008	Support for high profile regional event	✗
C6009	Public Art (including acquisition)	✓

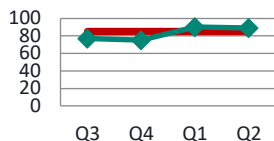
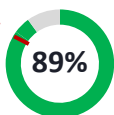
Highlights

- ✔ **Review and upgrade Council signage and branding**
 - New signage has been installed in Stirling with positive feedback received. New signage is being assessed for other Council service centres.
- ✔ **Economic Development**
 - Attended Minister Zoe Bettison's Tourism industry round table
 - Advised the Office for Small and Family Business on their engagement with small businesses within the region to help shape their new Small Business Strategy. Subsequently attended Hon Andrea Michaels MP, Minister for Small and Family Business small business roundtable.
 - Hosted Home-Based Business networking breakfast in Uraidla for around 25 attendees.
 - Prepared the November e-newsletter which was opened by 2,555 recipients.
- ✔ **Free Camping Initiative**
 - Council applied for and received an RV Dump Point from the Campervan and Motorhome Club of Australia's Camp and Dump Point program. Council has commenced the installation.
 - The Mt Torrens Hotel has submitted a Development Application to allow Camping. This is currently being assessed with a result known early in 2023.

Performance Indicators

Percentage of planning consents completed within statutory timeframes

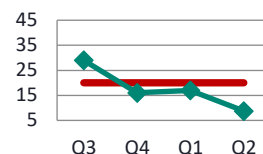
Target $\geq 85\%$



There were a total of 206 Planning Consents issued by Council in this quarter with 88.83% of the decisions made within statutory timeframes. There was an average assessment timeframe of 19 days during this quarter.

Average number of days for building consents

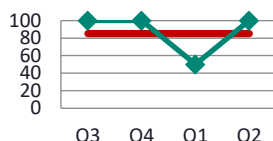
Target ≤ 20 Business Days



There were a total of 67 Building Consents issued by Council in Quarter 2 with the average assessment timeframe of these decisions being nine days. This substantial decrease in timeframes is partially attributed to a reduction in the number of Building Consents considered.

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

Target $\geq 85\%$










During this quarter there were no new appeals lodged against Council/CAP Decisions. The deemed consent appeal was determined in this Quarter with the consent overturned and the matter remitted back to Council.

Legend: = Target Met or N/A = Target not met = N/A – cant be assessed \geq Greater than or equal \leq Less than or equal




Progress on Strategic Initiatives from the Annual Business Plan

Project ID	Strategic Initiatives	Status
E1003	Free Camping Initiative	
E2001	Review and upgrade Council signage and branding	
E4001	Additional Tree safety work required to support the Tour Down under	

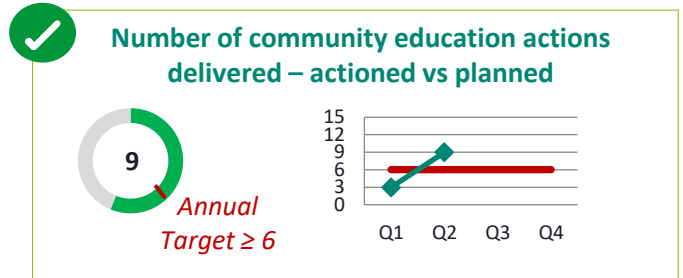
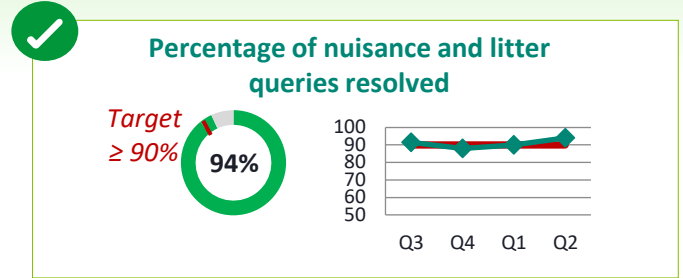
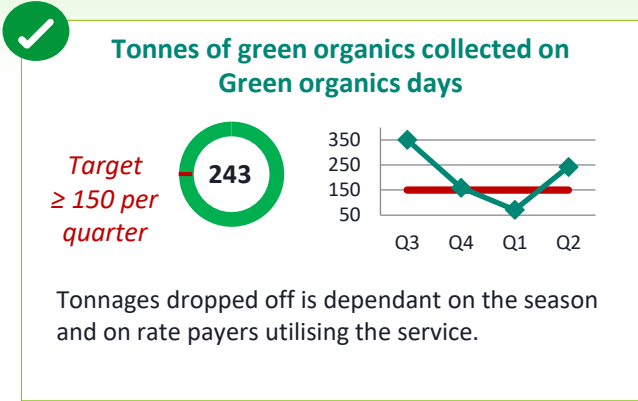
Highlights

-  **Fire scars proactive tree management (LRCIP)**
 - All works under this program have been completed
-  **Post prescribed burn weed management**
 - 10 prescribed burn sites have been completed which are managed by various contractors.
-  **Animal Management**
 - Council's Regulatory Services team have administered over 8500 dog registrations and over 1350 cat registrations. The Regulatory Services team have dealt with over 200 dog related CRM requests and 100 cat related CRM requests to date this financial year. These requests include such as wandering animals, barking dog and contained animals for pick up etc.
-  **Emergency Management**
 - In response to a request for support received via the Local Government Functional Support Group, Council activated our emergency management arrangements to support the Renmark-Paringa Council, Berri-Barmera and Mid-Murray Councils with Flood related responses. Council's Incident Operations Manual, which provides operational guidance and direction to relevant Council staff when responding to emergency events was utilised.
-  **Native Vegetation Marker Site (NVMS) Program to protect and manage roadside vegetation**
 - Secured a \$100,000 Local Economic Recovery Grant from Landscapes Hills & Fleurieu for weed management on fire affected roadsides within the Cudlee Creek fire scar
-  **Review Unformed Public Roads to ascertain connectivity potential & habitat value**
 - Engaged consultant who has commenced an environmental desktop review
-  **Biodiversity**
 - The Woorabinda Bushland Reserves pest plant control and Riparian Biodiversity and Habitat enhancement of the Woorabinda Bushland Reserves project improved habitat quality and reduced fuel loads through Heritage Agreement and Grassroots Grants, supporting woodland birds and bandicoots while protecting adjacent residents by decreasing bushfire risk.

Risks and Challenges

-  **Resilient community facilities and open space including water fountains**
 - Awaiting information from relevant stakeholders about meter and access to Balhannah Dog Park before installation of a drinking fountain can be actioned
-  **Undertake Kerbside Waste Audits**
 - The focus in the waste and recycling management area has been on completing the high level study into Council's kerbside bin system. Now that the study has been completed kerbside waste audits will be undertaken and completed by 30 June 2023.
-  **Develop and review Council Management Plans for high value reserves**
 - Woorabinda Bushland Reserves Vegetation Management Plan will be reviewed & updated pending consultant quote outcomes.
 - Consultant quotes for the management plan review is expected to exceed budget given current financial climate and size of job.

Performance Indicators



Legend: = Target Met = Target not met \geq Greater than or equal to

Progress on Strategic Initiatives from the Annual Business Plan

Project ID	Strategic Initiatives	Status
N1003	Long Term Strategic Tree Planting Program	
N2003	Native Vegetation Marker Program to protect and manage roadside vegetation	
N2004	Review Unformed Public Roads to ascertain connectivity potential & habitat value	
N2005	Develop Council Encroachment Policy	
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	
N2012	Fire scars proactive tree management (LRCIP)	
N3001	Local Climate Adaptations for landscape conservation	
N3002	Resilient community facilities and open space including water fountains	
N4001	Explore feasibility and benefits of a user pays kerbside bin service	
N5001	Undertake Kerbside Waste Audits	



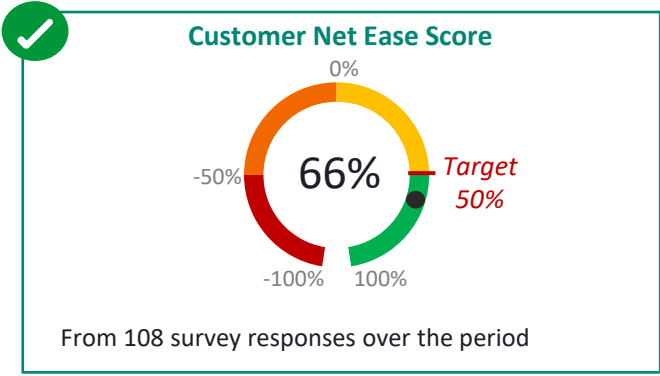
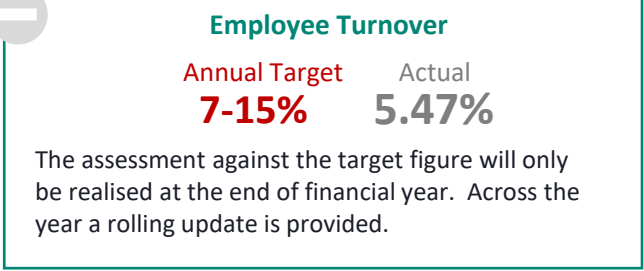
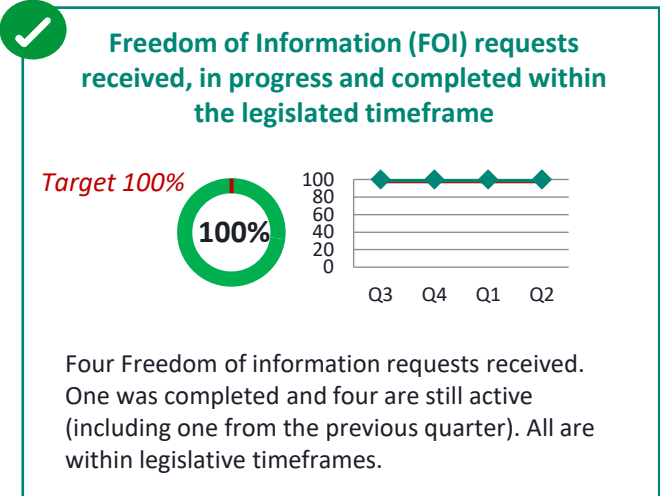
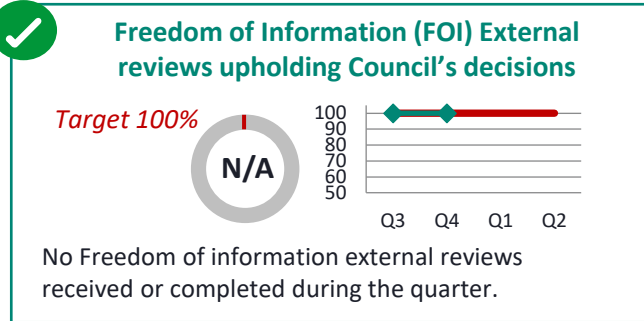
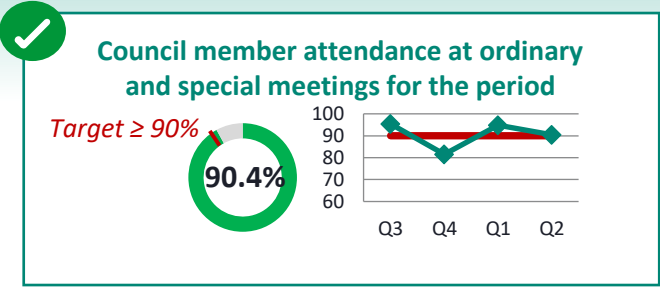
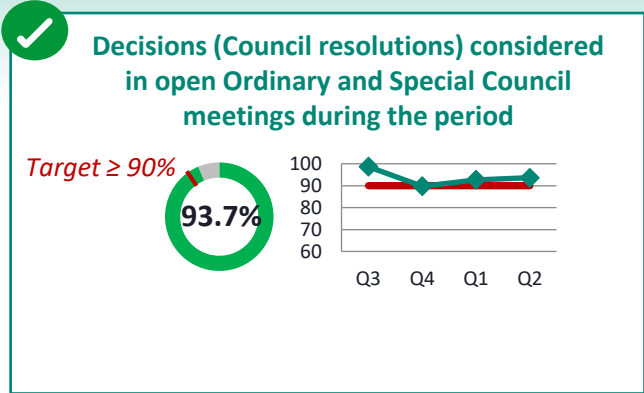
Highlights

- ✓ **Ongoing Skytrust (WHS system) implementation**
 - The system is now being used to progress online training elements to ensure organisational compliance. The most recent training was in relation to Disability Awareness.
- ✓ **Cyber & Systems Security - Program Management**
 - The Information Security Manual and End User Security Procedures have been completed and is progressing through formal review and endorsement by the organisation.
- ✓ **Community perception survey**
 - Options for the roll out of the survey are being considered along with potential opportunities to target other aligned consultations such as subjective wellbeing and strategic planning.
- 😊 **Local Government Election Support**
 - Voting and count process was conducted by the Electoral Commission SA in November 2022.
 - After some irregularities in the count process which required a recount for the Ranges Ward, the new Council was formally declared on 17 November 2022.
- ✓ **Council Member Induction Training**
 - Council Induction Day was conducted on 26 November 2022. Mandatory and discretionary training was provided on the day and continues to be progressively booked into future workshops to align with Council business.

Risks & Challenges

- ✗ **Update of Business Continuity Plan and implementation**
 - Critical Function Plans have now been finalised with a workshop and training provided to key personnel in the Business Continuity Team in late November 2022.
 - Resource commitments for key personnel between the Incident Management Team (EMP), Organisational Response (WHS) and Business Continuity Team (BCP) need to be reconciled and prioritised to enable BCP finalisation.
- ✓ **Information Systems - ERP Systems (Payroll, HR, Finance)**
 - Due to the resignation of two key staff members delays have been incurred while recruitment is undertaken.

Performance Indicators



Progress on Strategic Initiatives from the Annual Business Plan

Project ID	Strategic Initiatives	Status
O1001	Resource to manage ongoing Skytrust (WHS system) implementation	✓
O1002	Update of Business Continuity Plan and implementation	✗
O2001	New council website and e-services	✓
O2002	Annual Council website license subscription	✓
O4001	Local Government Election Support	😊
O4002	Council Member Induction Training	✓
O5004	Maintenance of LG performance benchmarking program (Councils in Focus)	✓
O5005	Resource to manage building & swimming pool compliance inspections	✓
O6002	Cyber & Systems Security - Program Management	✓
O6005	Records Management software	✓
O6007	Community perception survey	—
O6008	Information Systems - ERP Systems (Payroll, HR, Finance)	✓

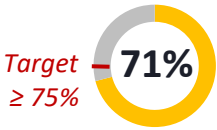
4. Customer service standards

5.1 General Customer Standards

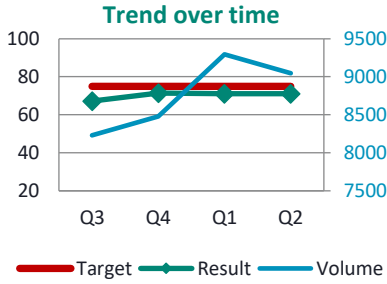
Answering Incoming Phone Calls

Volume of calls = 9,045

Contact centre calls answered within 30 sec



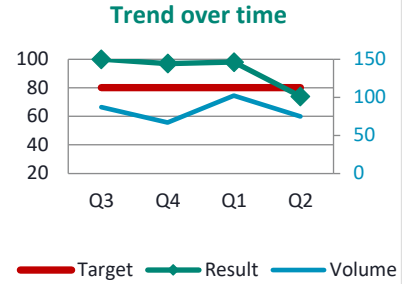
Although target not met, 75.5% of calls were answered within 45 seconds



Updating Customer Details

Volume of updates = 75

Details updated within 5 days

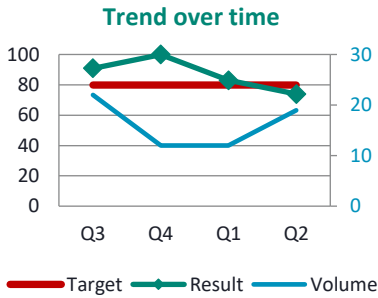
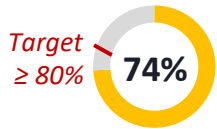


5.2 Service Specific Standards – Time Based Indicators

New Event Applications

Volume of applications = 19

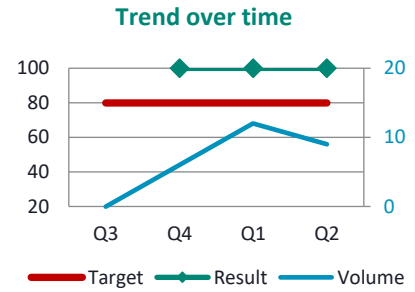
Acknowledgement of receipt within 5 days



Illegal Burning Complaints

Volume of complaints = 9

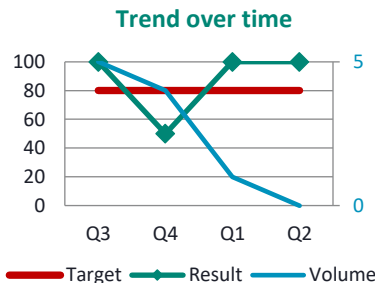
Investigated within 24 hours



Health Complaints

Volume of complaints = 0

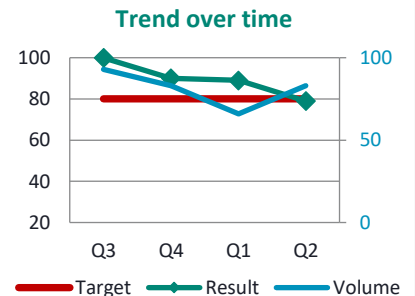
Investigated within 24 hours



Illegally Dumped Rubbish

Volume of reports = 83

Rubbish removed within 3 days



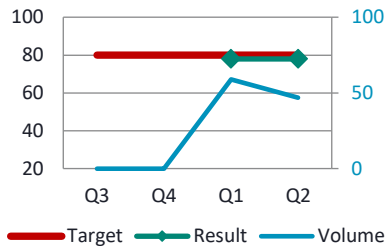
Library Services

Volume of requests = 47

Response to requests to purchase materials within 10 days



Trend over time



Responses to requests are not accurately able to be determined, however of 47 requests were made and 37 materials were purchased during the period.

Dog Attacks

Volume of attack reports = 9

Response within 24 hours



Trend over time



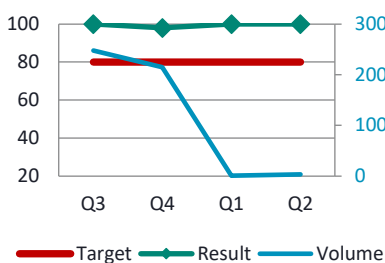
Wasps

Volume of reports = 3

Investigate and action within 7 days



Trend over time



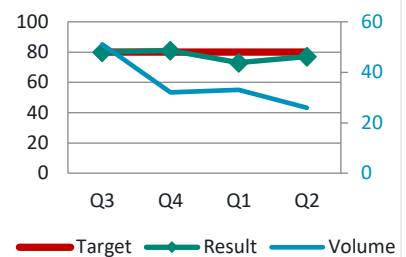
Development Applications

Volume of applications = 26

Approval of fast track development applications within 28 days



Trend over time



Allowing for the request for further information, 100% of decisions were made within the timeframe.

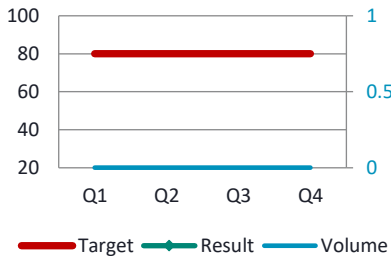
Missed Bins

Volume of requests = 0

Missed bins collected within 2 days



Trend over time



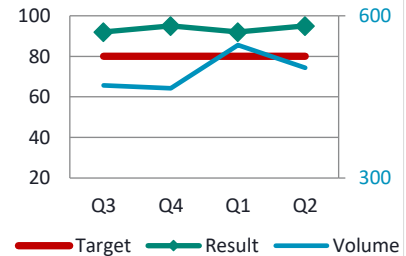
Request for Bin Repair or Replacement

Volume of requests = 504

Requests actioned within 7 days



Trend over time



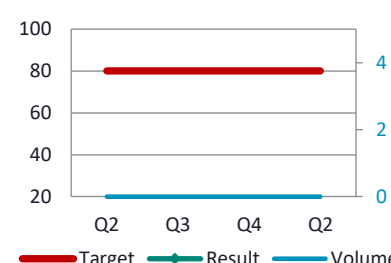
Footpath Repairs - Hazardous

Volume of repairs = 0

Responded and made safe within 24 hours



Trend over time



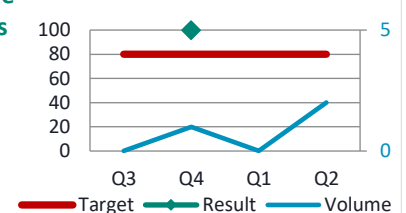
Road Repairs - Hazardous

Volume of repairs = 2

Responded and made safe within 24 hours



Trend over time

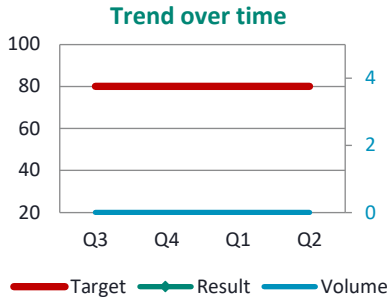


On investigation, the repairs were assessed as non-hazardous and moved to the zone maintenance program

Stormwater Repairs - Hazardous

Volume of reports = 0

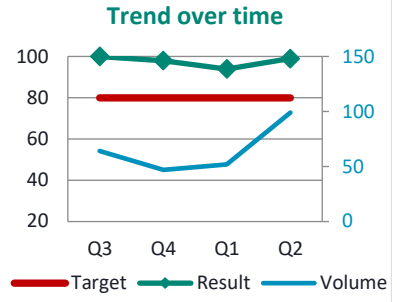
Responded and made safe within 24 hours



Trees - Hazardous

Volume of reports = 99

Responded and made safe within 24 hours



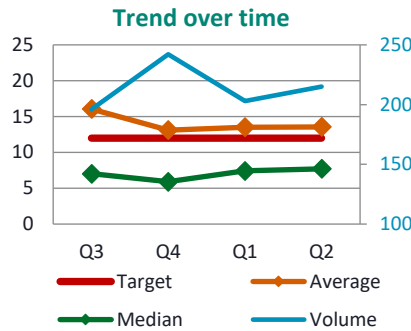
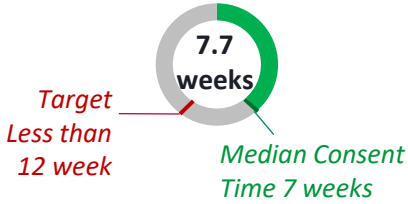
5.3 Service Specific Standards – Other Indicators

\geq Greater than or equal to

Development Applications

Volume of planning consents = 215

Average consent time from date of receipt

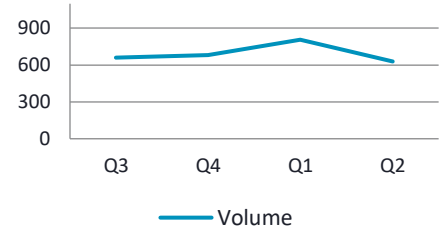


Results are using applications in the state-wide portal

Low Risk Infrastructure Requests – Number of New Requests

Volume of new requests = 630

Trend over time



Low Risk Infrastructure Requests – Average Time to Resolve

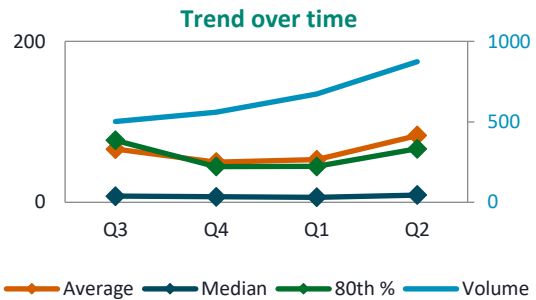
Volume of Requests = 874

Resolution time of requests

Average = 83 days

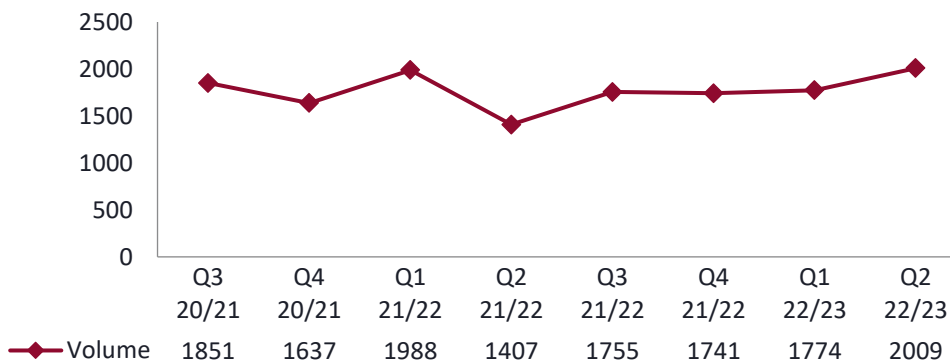
Median = 9.0 days

80th Percentile = 66.44 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 2 of 2022-23 FY represents the continuation of the 2022-23 Capital Works Program, with approximately \$2.6M of infrastructure delivered, and an additional \$5.7M ordered during this period.

The primary focus of this quarter has been on scoping new projects, as well and commencing construction on projects that were designed in 2021-22 Financial Year.

Highlights

- Bridgewater Oval foot bridge renewal was completed, moving the bridge above the Cox Creek flood level,
- Extensive heavy patch works were undertaken on roads across Forest Range, including Collins Hill Rd, Plummers Rd, and Stentiford Rd,
- A new footpath was constructed along Victoria St in Gumeracha, and the main street of Gumeracha was resealed by DIT after lobbying from Council.

What's Next

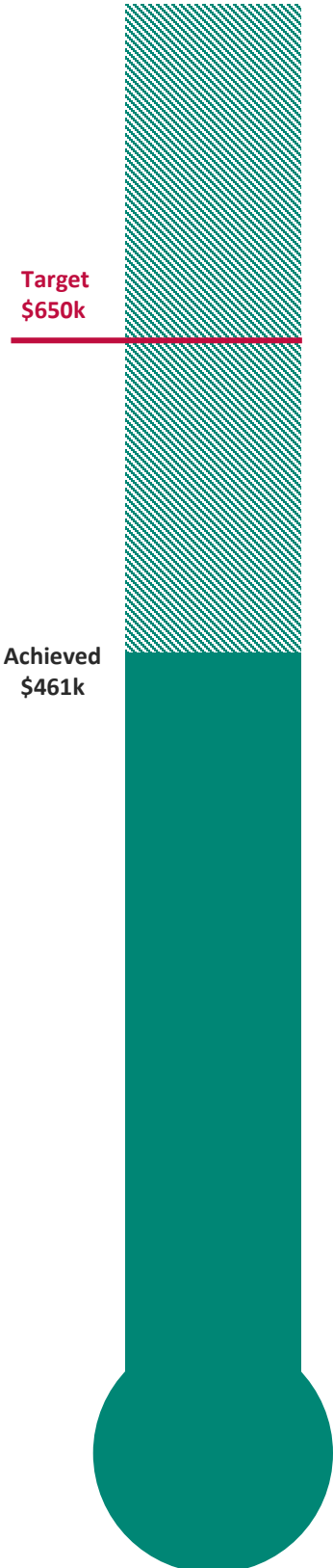
- Tiers Road, Woodside, will be reconstructed from Vickers Rd to Kumnick Rd,
- Council's significant road reseal program will continue,
- Works will commence on the Heathfield Highschool playing courts' canteen and storage shed.

Financial Performance by Asset Category (preliminary numbers)

Asset Category	YTD Actuals \$'000s	YTD Budget \$'000s	YTD Var fav / (unfav) \$'000s	Revised Budget \$'000s
Bridges	66	56	(10)	164
Buildings	1,364	1,730	366	9,004
Cemeteries	37	52	15	150
CWMS	119	129	10	581
Footpaths	256	227	(30)	1,008
Guardrails	-	26	26	112
Kerbing	6	20	15	87
Local Roads & Community Infrastructure Program	54	209	154	887
Other - Ret Walls, Str Furniture & Bus Stops	43	105	62	565
Roads	1,132	1,637	505	8,256
Sport & Recreation	169	362	193	1,944
Stormwater	22	36	15	311
Fleet	1,448	1,529	81	3,279
ICT	149	149	(0)	856
Plant & Equipment	18	21	4	164
	4,883	6,288	1,405	27,368

6. Savings Strategies

Savings Achieved (\$)



Savings Strategies

	PLANNED	ACHIEVED
Strategy 1: Remove CPI on Contract & Other Costs	\$231,000	\$231,000
<i>Reduce the automatic budget increases on costs where the savings increase can be handled within the existing budgets</i>		
Update: This initiative has been achieved by budget adjustments to remove the CPI factor as part of the 2022-23 budget build in Q1.		
Strategy 2: Electronic Rate Notices	\$4,500	\$2,147
<i>Transition to greater use of electronic issue of rate notices to reduce printing and mail cost</i>		
Update: 2,827 rate payers registered for electronic notices an increase of 130 since Q1. Rates Team continues to encourage sign up on phone.		
Strategy 3: Change Payment Options	\$40,000	\$6,572
<i>Transition from higher cost payment options to lower cost options for our customer payments</i>		
Update: Savings made in payment portal merchant upgrade and BPAY transaction fee savings. Technical issues identified between the key payment channels and Open Office may impact the ability to implement a viable and economical solution relating to Credit Card Surcharging.		
Strategy 4: Insourcing of tree management	\$25,000	\$12,500
<i>Reduce expenses on outsourced work by finding ways to complete using existing internal resources.</i>		
Update: This is a saving that was realised by removing the budget allocation from the area and will be realized across the financial year. Savings listed equates to 50%.		
Strategy 5: Vacancy Management	\$150,000	\$150,000
<i>Retain the current vacancy management strategy to ensure positions are only filled when necessary and unused budget is returned</i>		
Update: Budget review 1 processed \$150k from across the organisation to fulfill savings target.		
Strategy 6: Leave management	\$100,000	TBD
<i>Reducing operating costs by focusing on reducing the unused annual and long service leave balances.</i>		
Update: Detailed analysis not available until Q3 due to limited information available from new payroll system. People leaders are actively managing staff leave amounts to reduce balances. The associated savings are difficult to quantify until end of year.		
Strategy 7: Other Savings	\$100,000	\$64,600
<i>All other savings strategies that the Executive are considering as a means of removing upward pressure on rates</i>		
Update: A number of savings have been achieved related to the areas of Review of the Hut contribution \$15,000, Information Services \$11,500, Civil Services \$2,000, Strategic Assets \$1,100 and Asbestos inspection program \$35,000		
TOTALS	\$650,500	\$460,569

7. Financial Performance

Overall Funding Statement as at 31 December 2022

Note: These figures are preliminary only. The fully reconciled figures will be presented to Council as part of the Budget Review report.

	YTD Actual	YTD Budget	YTD Variance	Revised Budget
	\$'000	\$'000	\$'000	\$'000
Total Operating Income	48,153	47,815	● 337	53,285
Total Operating Expenditure	20,537	20,835	● 296	52,464
Funding surplus before Capital	27,615	26,981	● 634	821
Capital Expenditure	3,902	5,072	● 1,170	27,368
Capital Income	3,010	2,936	● 74	7,751
Net expenditure - Capital projects	892	2,136	● 1,244	19,616
Net Lending / (Borrowing) Result for Year	26,723	24,845	● 1,879	(8,350)

Adelaide Hills Council Operating Summary				
By Directorate				
as at December 2022				
	YTD Actuals	YTD Budget	YTD Var	Revised Budget
	\$'000s	\$'000s	fav / (unfav)	\$'000s
			\$'000s	
Income				
Community Capacity	1,731	1,683	● 47	2,590
Corporate Services	43,067	42,993	● 74	44,519
Development & Regulatory Services	934	887	● 47	1,369
Infrastructure & Operations	2,422	2,252	● 169	4,807
Income Total	48,153	47,815	● 337	53,285
Expenditure				
Community Capacity	3,586	3,742	● 156	8,579
Corporate Services	6,630	6,725	● 96	10,798
Development & Regulatory Services	1,883	1,903	● 19	3,984
Infrastructure & Operations	8,439	8,465	● 26	29,102
Expenditure Total	20,537	20,835	● 296	52,464
Operating Surplus (Deficit)	27,615	26,981	● 634	821

*Council's income shown under Corporate Services includes the full amount of rates which is accounted for when generated in July. This results in a higher Operating Surplus early in the year with a reduction in Council's Surplus to align to the Revised Budget as expenditure is incurred over the year.



Adelaide Hills
COUNCIL

MORE INFORMATION



63 Mt Barker Road
Stirling SA 5152



08 8408 0400



mail@ahc.sa.gov.au

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 20 February 2023
AGENDA BUSINESS ITEM**

Item: 8.2

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

Subject: Risk Management Plan Update

For: Decision

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): One (1) new mitigations
- Completed: Steady at 61% (78) with one (1) completed action
- In Progress: Increase from 32% (31) to 36% (36)
- Not Commenced: Decrease from 7% (7) to 3% (3)

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

RECOMMENDATION

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

1. 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 exception of SR9a (human resources) which has been transferred to the Director Corporate Services following the November 2022 resignation of the Executive Manger 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/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.

A number of actions contained in the *2022-23 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 *2022-23 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

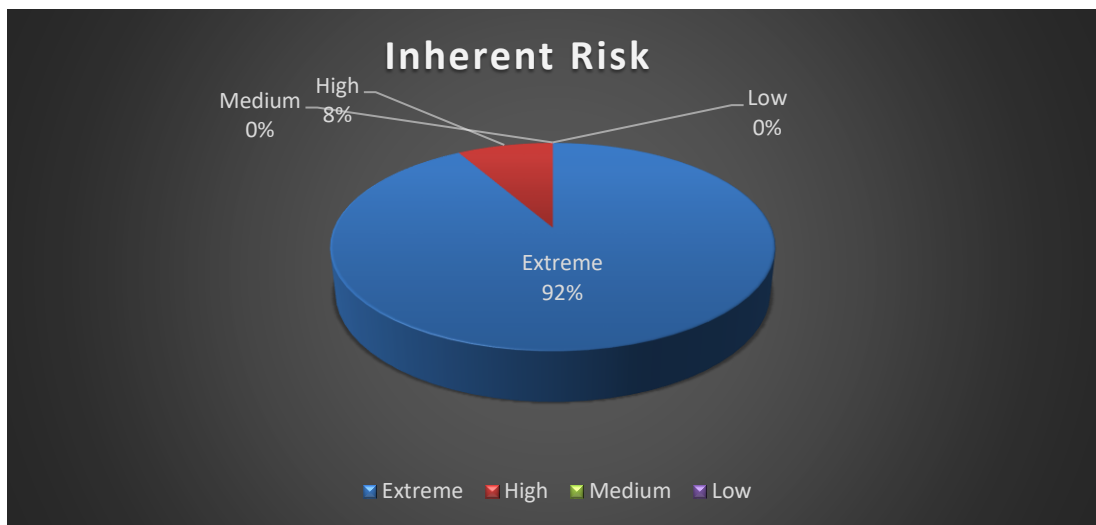
➤ **Additional Analysis**

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 August 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:

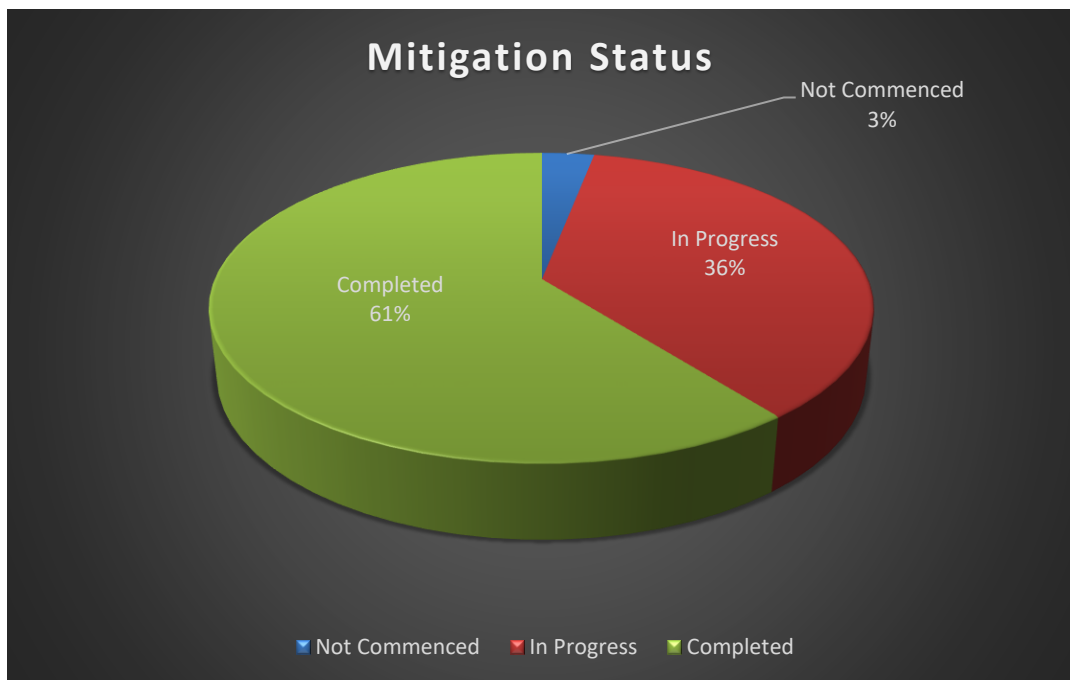
- Medium target risk is steady at 75%
- Low target risk is steady at 25%



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	February 2022	May 2022	August 2022	February 2023
Completed	62% (73 actions)	64% (76 actions)	61% (78 actions)	61% (78 actions)
In Progress	26% (25 actions)	25% (24 actions)	32% (31 actions)	36% (36 actions)
Not Commenced	12% (12 actions)	11% (10 actions)	7% (7 actions)	3% (3 actions)
New Initiatives (in above totals)	Nil (0) New Mitigations	Nil (0) New Mitigations	Six (6) New Mitigations	One (1) New Mitigation

This is shown diagrammatically below:



Risk Management Framework

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

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 – February 2023

Appendix 1

Strategic Risk Register – February 2023

Strategic Risk Register February 2023

Risks From 01/01/2022 To 31/03/2023
Department: All
Team: All
Location/Project: All
Risk Assessment Type: Corporate
Risk Type: Strategic
Risk Category: All

Department	Risk ID	Risk Title	Date Added	Description	Responsible Person	Team	Location/Project	Possible Risk Events	Possible Consequences	Initial Risk Score	Initial Risk Comments	Residual Risk Score	Residual Risk Comments	Other Requirements/Comments	Date Last Modified	Risk Control Type	Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
Abilade Hills Council	17095	Strategic Risk - Governance, Legal & Compliance	26/02/2021	Failure to exercise perform and discharge the powers, functions and duties under legislative, contractual, leases and policies (PR)	Lachlan Miller	Governance and Performance Team, Executive Leadership Team	Other	<p>Cause:</p> <ul style="list-style-type: none"> Lack of awareness of legislative/contractual/lease/policy requirements Lack of understanding lease terms and conditions. Ineffective delegation and authorisation mechanisms. Poor procurement and contract management practices Ineffective strategic planning and resource allocation processes. (CR62) Staff do not possess the appropriate skills Legislative changes, not being fully understood Poor confidential data management processes (CR 15 & Lamp; amp; 20) Ineffective implementation of Council resolutions (CR37) 	<p>Impact:</p> <ul style="list-style-type: none"> 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. Insufficient systems that lead to loss of resources Crucial and sanctions by integrity agencies Resolutions not implemented in a timely manner, opportunities missed, legislative obligations unmet 	22 (Extreme) (CR) 88.0%	Council obligations under many different legislative, policy and contractual instruments	9 (Medium) (CR) 36.0%	Withholding many controls in place, few are systematized and most are administrative controls which rely on the diligence/knowledge of the Council Officers.	The EIT has made the decision not to ensure a compliance function and therefore doesn't have either a compliance officer or a compliance officer role. All functional areas are responsible for their legislative/contractual obligation compliance.	30/01/2023		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, risk specific training & development. Policy registers, policies and web, M&A and VCS audits, contract registers, lease registers, internal audit program, external audit program Governance Legal Compliance Audit Employment of Procurement Coordinator Procurement Framework implementation. Experienced property team. Action List, Minutes, Council Resolution Update report.	Lachlan Miller	26/07/2023	27/01/2023		PARTIALLY EFFECTIVE (Designed Partially Adequately, Operating Partially Effectively)
Abilade Hills Council	17096	Strategic Risk - Representation & Decision Making	26/02/2021	Failure to act as a representative, informed and responsible decision maker in the interests of the community. (PR)	Lachlan Miller	Governance and Performance Team, Executive Leadership Team	Other	<p>Cause:</p> <ul style="list-style-type: none"> Poor governance practices (CR2) 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) Uniformly implementation of Council resolutions (CR37) Lack of effective financial sustainability processes. (SR6) Ineffective performance management and reporting processes. (CR64) Poor working relationship between Council and Administration. (CR65) Failure to engage in sector-wide reform initiatives (CR81) 	<p>Impact:</p> <ul style="list-style-type: none"> 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) (CR) 88.0%	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 through actual breaches of legislation will contribute to this inherent rating.	9 (Medium) (CR) 36.0%	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.	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 ERM completed, Strategic Board Review report	Lachlan Miller	26/07/2023	27/01/2023		PARTIALLY EFFECTIVE (Designed Partially Adequately, Operating Partially Effectively)			
Abilade Hills Council	17093	Strategic Risk - Representation & Decision Making	26/02/2021	Failure to act as a representative, informed and responsible decision maker in the interests of the community. (PR)	Lachlan Miller	Governance and Performance Team, Executive Leadership Team	Other	<p>Cause:</p> <ul style="list-style-type: none"> Poor governance practices (CR2) 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) Uniformly implementation of Council resolutions (CR37) Lack of effective financial sustainability processes. (SR6) Ineffective performance management and reporting processes. (CR64) Poor working relationship between Council and Administration. (CR65) Failure to engage in sector-wide reform initiatives (CR81) 	<p>Impact:</p> <ul style="list-style-type: none"> 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) (CR) 88.0%	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 through actual breaches of legislation will contribute to this inherent rating.	9 (Medium) (CR) 36.0%	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.	CR21 (Lack of effective risk management occurs which leads to greater uncertainty in the achievement of objectives and/or negative outcomes) - Revised CR64 Policy adopted, CR64 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 20/21, M&A Risk Review and advisory.	Lachlan Miller	26/07/2023	27/01/2023		PARTIALLY EFFECTIVE (Designed Partially Adequately, Operating Partially Effectively)			
Abilade Hills Council	17093	Strategic Risk - Representation & Decision Making	26/02/2021	Failure to act as a representative, informed and responsible decision maker in the interests of the community. (PR)	Lachlan Miller	Governance and Performance Team, Executive Leadership Team	Other	<p>Cause:</p> <ul style="list-style-type: none"> Poor governance practices (CR2) 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) Uniformly implementation of Council resolutions (CR37) Lack of effective financial sustainability processes. (SR6) Ineffective performance management and reporting processes. (CR64) Poor working relationship between Council and Administration. (CR65) Failure to engage in sector-wide reform initiatives (CR81) 	<p>Impact:</p> <ul style="list-style-type: none"> 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) (CR) 88.0%	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 through actual breaches of legislation will contribute to this inherent rating.	9 (Medium) (CR) 36.0%	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.	CR22 (Poor governance practices occur which lead to a loss of stakeholder (i.e. a customer and regulator) confidence and/or negative breaches) - Revised CR64 Policy adopted, CR64 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 20/21, M&A Risk Review and advisory.	Lachlan Miller	26/01/2024	27/01/2023		PARTIALLY EFFECTIVE (Designed Partially Adequately, Operating Partially Effectively)			
Abilade Hills Council	17093	Strategic Risk - Representation & Decision Making	26/02/2021	Failure to act as a representative, informed and responsible decision maker in the interests of the community. (PR)	Lachlan Miller	Governance and Performance Team, Executive Leadership Team	Other	<p>Cause:</p> <ul style="list-style-type: none"> Poor governance practices (CR2) 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) Uniformly implementation of Council resolutions (CR37) Lack of effective financial sustainability processes. (SR6) Ineffective performance management and reporting processes. (CR64) Poor working relationship between Council and Administration. (CR65) Failure to engage in sector-wide reform initiatives (CR81) 	<p>Impact:</p> <ul style="list-style-type: none"> 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) (CR) 88.0%	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 through actual breaches of legislation will contribute to this inherent rating.	9 (Medium) (CR) 36.0%	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.	CR81 (Failure to engage in sector-wide reform initiatives leading to the Abilade Hills community not being adequately represented) - Monitoring LGA (crucial) and other initiatives to make submissions (D&G, E&C&A, E&C&A), consideration @ EIT and Council level, Membership on LG-related bodies.	Lachlan Miller	26/01/2024	27/01/2023		PARTIALLY EFFECTIVE (Designed Partially Adequately, Operating Partially Effectively)			
Abilade Hills Council	17093	Strategic Risk - Representation & Decision Making	26/02/2021	Failure to act as a representative, informed and responsible decision maker in the interests of the community. (PR)	Lachlan Miller	Governance and Performance Team, Executive Leadership Team	Other	<p>Cause:</p> <ul style="list-style-type: none"> Poor governance practices (CR2) 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) Uniformly implementation of Council resolutions (CR37) Lack of effective financial sustainability processes. (SR6) Ineffective performance management and reporting processes. (CR64) Poor working relationship between Council and Administration. (CR65) Failure to engage in sector-wide reform initiatives (CR81) 	<p>Impact:</p> <ul style="list-style-type: none"> 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) (CR) 88.0%	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 through actual breaches of legislation will contribute to this inherent rating.	9 (Medium) (CR) 36.0%	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.	CR82 (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 and behavioural standards, RM training on role, contact details on website, issue of email addresses and logos, CR64 provision, informed and researched Council reports, public consultation policy and practice.	Lachlan Miller	26/07/2023	27/01/2023		PARTIALLY EFFECTIVE (Designed Partially Adequately, Operating Partially Effectively)			
Abilade Hills Council	17093	Strategic Risk - Representation & Decision Making	26/02/2021	Failure to act as a representative, informed and responsible decision maker in the interests of the community. (PR)	Lachlan Miller	Governance and Performance Team, Executive Leadership Team	Other	<p>Cause:</p> <ul style="list-style-type: none"> Poor governance practices (CR2) 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) Uniformly implementation of Council resolutions (CR37) Lack of effective financial sustainability processes. (SR6) Ineffective performance management and reporting processes. (CR64) Poor working relationship between Council and Administration. (CR65) Failure to engage in sector-wide reform initiatives (CR81) 	<p>Impact:</p> <ul style="list-style-type: none"> 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) (CR) 88.0%	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 through actual breaches of legislation will contribute to this inherent rating.	9 (Medium) (CR) 36.0%	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.	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, CR64 Council risk, Service Review Framework adopted, Council reports contain financial and resource implications.	Lachlan Miller	26/01/2024	27/01/2023	Added control regarding Council report financial and resource implications	EFFECTIVE (Designed Adequately, Operating Effectively)			
Abilade Hills Council	17093	Strategic Risk - Representation & Decision Making	26/02/2021	Failure to act as a representative, informed and responsible decision maker in the interests of the community. (PR)	Lachlan Miller	Governance and Performance Team, Executive Leadership Team	Other	<p>Cause:</p> <ul style="list-style-type: none"> Poor governance practices (CR2) 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) Uniformly implementation of Council resolutions (CR37) Lack of effective financial sustainability processes. (SR6) Ineffective performance management and reporting processes. (CR64) Poor working relationship between Council and Administration. (CR65) Failure to engage in sector-wide reform initiatives (CR81) 	<p>Impact:</p> <ul style="list-style-type: none"> 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) (CR) 88.0%	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 through actual breaches of legislation will contribute to this inherent rating.	9 (Medium) (CR) 36.0%	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.	CR64 (Ineffective performance management and reporting processes leading to poor performance and/or loss of stakeholder confidence) - Budget review processes, provisions of LG Act regarding budget review and annual reporting, trained and experienced staff, CR65 Corporate Planning & Performance Reporting Framework, Quarterly Council Performance Report, A&B process, Management contract review process, enhanced major project reporting.	Lachlan Miller	26/01/2024	27/01/2023		EFFECTIVE (Designed Adequately, Operating Effectively)			
Abilade Hills Council	17093	Strategic Risk - Representation & Decision Making	26/02/2021	Failure to act as a representative, informed and responsible decision maker in the interests of the community. (PR)	Lachlan Miller	Governance and Performance Team, Executive Leadership Team	Other	<p>Cause:</p> <ul style="list-style-type: none"> Poor governance practices (CR2) 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) Uniformly implementation of Council resolutions (CR37) Lack of effective financial sustainability processes. (SR6) Ineffective performance management and reporting processes. (CR64) Poor working relationship between Council and Administration. (CR65) Failure to engage in sector-wide reform initiatives (CR81) 	<p>Impact:</p> <ul style="list-style-type: none"> 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) (CR) 88.0%	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 through actual breaches of legislation will contribute to this inherent rating.	9 (Medium) (CR) 36.0%	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.	CR65 (Poor working relationship between Council and the Administration leading to ineffective and inefficient performance by Council) - CM and Administration training in the respective role, team building and relationship development, performance reporting, One Team Communication Protocol, designed administration contract listing, CRD 1.1, strengthened provisions in USB	Lachlan Miller	26/01/2024	27/01/2023		PARTIALLY EFFECTIVE (Designed Partially Adequately, Operating Partially Effectively)			
Abilade Hills Council	17093	Strategic Risk - Representation & Decision Making	26/02/2021	Failure to act as a representative, informed and responsible decision maker in the interests of the community. (PR)	Lachlan Miller	Governance and Performance Team, Executive Leadership Team	Other	<p>Cause:</p> <ul style="list-style-type: none"> Poor governance practices (CR2) 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) Uniformly implementation of Council resolutions (CR37) Lack of effective financial sustainability processes. (SR6) Ineffective performance management and reporting processes. (CR64) Poor working relationship between Council and Administration. (CR65) Failure to engage in sector-wide reform initiatives (CR81) 	<p>Impact:</p> <ul style="list-style-type: none"> 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) (CR) 88.0%	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 through actual breaches of legislation will contribute to this inherent rating.	9 (Medium) (CR) 36.0%	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.	CR37 (Actions arising from Council resolutions not being completed in a timely manner leading to a loss of stakeholder confidence) - Action List, Minutes, Council Resolution Update report, Council Member queries	Lachlan Miller	26/01/2024	27/01/2023		EFFECTIVE (Designed Adequately, Operating Effectively)			

Strategic Risk Register February 2023

Risks From 01/01/2021 To 31/03/2023
 Department: All
 Team: All
 Location/Project: All
 Risk Assessment Type: Corporate
 Risk Type: Strategic
 Risk Category: All

Department	Risk ID	Risk Title	Date Added	Description	Responsible Person	Team	Location/Project	Possible Risk Events	Possible Consequences	Initial Risk Score	Initial Risk Comments	Residual Risk Score	Residual Risk Comments	Other Requirements/Comments	Date Last Modified	Risk Control Type	Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
Abulade Hills Council	170941	Strategic Risk - Financial	26/02/2021	Failure to manage, improve and develop the financial resources available to the Council. (F)	Terry Crackett	Directors Office - Corporate Services, Executive Leadership Team	Other	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 negotiation of duties, increased potential for fraud, negative impact on Council brand & reputation, lack of consistency in process, 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) (24) 46.00%		9 (Medium) (9) 30.00%	A cross functional review of this risk was undertaken in July 2021. This review resulted in a reassessment of all controls and actions required. While the actions have now been individually created, separate controls are required to be captured.	30/01/2023		Long term financial risk 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. Reduction procedures. Recruitment and selection process. Financial delegations. Informed bank of insurance cover through (IGARMS, rating policy, process and timeframe). Executive Manager Governance and Risk employed. Procurement Co-Ordinator role employed. Executive Manager Governance and Risk employed. Procurement Co-Ordinator role employed. Qualified employees that are trained in policy. Control of interest declaration regularly reviewed (Directors/CEOs). WHS procedures on plant purchasing, consultation and risk assessment. Frost and Corruption Policy. Whistleblowers Policy. Insurance reviewed annually and all areas of insurance are reviewed and recalculated for following year. Rage declaration which affects the insurance calculation annually. Insurance claims process. Quality accredited insurance company - G 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. Disgorgement process.	Terry Crackett	30/11/2022	14/05/2022	A cross functional review of this risk was undertaken in July 2021. This review resulted in a reassessment of all controls and actions required. While the actions have now been individually created, separate controls are however still required to be enacted.	EFFECTIVE (Designed Adequately, Operating Effectively)	
Abulade Hills Council	170939	Strategic Risk - Information Services	26/02/2021	Failure to manage, improve and develop the information resources available to the Council. (I)	Terry Crackett	Directors Office - Corporate Services, Executive Leadership Team	Other	Case: 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 mislead, potential legal or financial implications.	24 (Extreme) (44) 92.00%		11 (Medium) (40) 32.00%	ISMS (Information Security Management System) - G Cyber Security Framework	30/01/2023		ISMS (Information Security Management System) - G Cyber Security Framework	James Sinden	8/01/2024	9/01/2023	The level of effectiveness of this control will be determined by the ongoing monitoring that is applied to implement the Cyber Security Framework. Cyber Security Audit Completed and endorsed by Audit Committee. Implementation plan developed for establishing a Cyber Security Plan and aligned to G Cyber Security Framework. Implement Cyber Security Controls (Enacted). Undertake penetration testing of corporate systems.	Major reduction in risk	
Abulade Hills Council	170939	Strategic Risk - Information Services	26/02/2021	Failure to manage, improve and develop the information resources available to the Council. (I)	Terry Crackett	Directors Office - Corporate Services, Executive Leadership Team	Other	Case: 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 mislead, potential legal or financial implications.	24 (Extreme) (44) 92.00%		11 (Medium) (40) 32.00%	ICT Business Continuity Systems established	30/01/2023		ICT Business Continuity Systems established	James Sinden	8/01/2024	9/01/2023	Data Centre established 24" diverse geographic locations and immediate switchover capability. Hierarchical back up regime. Cloud First Strategy in place 24" transition of systems. Incident Response Plan (IRP) implemented. System & Application MDR (Minimum Acceptable Change) set to organisational requirements. Undertake system outage testing.	EFFECTIVE (Designed Adequately, Operating Effectively)	
Abulade Hills Council	170939	Strategic Risk - Information Services	26/02/2021	Failure to manage, improve and develop the information resources available to the Council. (I)	Terry Crackett	Directors Office - Corporate Services, Executive Leadership Team	Other	Case: 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 mislead, potential legal or financial implications.	24 (Extreme) (44) 92.00%		11 (Medium) (40) 32.00%	Information Services Team reorganised in accordance with required structure (including 5 & FSI)	30/01/2023		Information Services Team reorganised in accordance with required structure (including 5 & FSI)	James Sinden	8/01/2024	9/01/2023	Information Services 24" embedding driven through OD. System security 24" access protocol. Work from home access regime.	EFFECTIVE (Designed Adequately, Operating Effectively)	
Abulade Hills Council	170939	Strategic Risk - Information Services	26/02/2021	Failure to manage, improve and develop the information resources available to the Council. (I)	Terry Crackett	Directors Office - Corporate Services, Executive Leadership Team	Other	Case: 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 mislead, potential legal or financial implications.	24 (Extreme) (44) 92.00%		11 (Medium) (40) 32.00%	Information Services Strategic Plan Developed (2022)	30/01/2023		Information Services Strategic Plan Developed (2022)	James Sinden	8/01/2024	9/01/2023	A review of the Information Services Strategic Plan has commenced (Jan 22) with ISMS. Draft Information Services Strategic Plan created. Consultation with ISMS and Executive completed. Digital Transformation Plan (drafted plan) developed.	Major reduction in risk	
Abulade Hills Council	170934	Strategic Risk - People & Culture Inc WMS	26/02/2021	Failure to manage, improve and develop the human resources available to the Council. (P)	Terry Crackett	Organisational Development Team, Executive Leadership Team	Other	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&amp;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) (34) 86.00%	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) (32) 40.00%	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 WMS perspective.	30/01/2023		Volunteer Framework established and implemented Volunteer Policy developed	Rebecca Shepherd	10/11/2022	5/08/2022	Volunteer Policy and additional practices implemented and working effectively with improved practices. Volunteer Policy to be reviewed in 2022.	EFFECTIVE (Designed Adequately, Operating Effectively)	
Abulade Hills Council	170934	Strategic Risk - People & Culture Inc WMS	26/02/2021	Failure to manage, improve and develop the human resources available to the Council. (P)	Terry Crackett	Organisational Development Team, Executive Leadership Team	Other	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&amp;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) (34) 86.00%	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) (32) 40.00%	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 WMS perspective.	30/01/2023		Leadership Framework established and development opportunities undertaken	Megan Sutherland	1/12/2022	5/08/2022	Further work to be undertaken in leadership development as we reestablish our quarterly system program after being unable to meet regularly due to COVID. With many people back at work, Strategic Leadership Team meetings have continued over the past year online, are now able to be conducted face-to-face.	PARTIALLY EFFECTIVE (Designed Adequately, Operating Effectively)	
Abulade Hills Council	170934	Strategic Risk - People & Culture Inc WMS	26/02/2021	Failure to manage, improve and develop the human resources available to the Council. (P)	Terry Crackett	Organisational Development Team, Executive Leadership Team	Other	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&amp;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) (34) 86.00%	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) (32) 40.00%	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 WMS perspective.	30/01/2023		OD Structure supported through trained and experienced staff	Megan Sutherland	1/12/2022	5/08/2022	Changes within the OD structure and staff changes has made for a more challenging period. We continue to provide support across the organisation while undertaking significant systems change, working on projects and undertaking day to day work. Due to the people involved who are able to adapt, and willing to support different work across the department, we have been able to keep critical aspects working as planned, while other work has to be prioritised according to available resources.	INEFFECTIVE (Designed Adequately, Operating Effectively)	
Abulade Hills Council	170934	Strategic Risk - People & Culture Inc WMS	26/02/2021	Failure to manage, improve and develop the human resources available to the Council. (P)	Terry Crackett	Organisational Development Team, Executive Leadership Team	Other	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&amp;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) (34) 86.00%	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) (32) 40.00%	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 WMS perspective.	30/01/2023		Established Policies and Procedures Framework	Nathan Milligan	28/10/2023	5/08/2022	The OD Policy and Procedure Framework was adopted by Executive on 14/7/2022. Work will continue on the review and development of policies and procedures against the framework.	INEFFECTIVE (Designed Adequately, Operating Effectively)	
Abulade Hills Council	170934	Strategic Risk - People & Culture Inc WMS	26/02/2021	Failure to manage, improve and develop the human resources available to the Council. (P)	Terry Crackett	Organisational Development Team, Executive Leadership Team	Other	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&amp;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) (34) 86.00%	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) (32) 40.00%	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 WMS perspective.	30/01/2023		Established Position Descriptions for all roles	Nathan Milligan	1/12/2022	5/08/2022	Position descriptions are reviewed at the appointment of recruitment or classification assessments. There is provision for PO's to be reviewed annually with the member and People Leader as part of the A&B process. PO's are undertaken a review of position descriptions with a view to begin updating PO's periodically, particularly those that have not been reviewed more recently. Hence all PO's across the organisation will not be reviewed by end of 2022 particularly due to the ongoing implementation of the HR system which is expected to continue into 2023 and takes significant resourcing.	EFFECTIVE (Designed Adequately, Operating Effectively)	

Strategic Risk Register February 2023

Risks From 01/01/2021 To 31/03/2023
Department: All
Team: All
Location/Project: All
Risk Assessment Type: Corporate
Risk Type: Strategic
Risk Category: All

Department	Risk ID	Risk Title	Date Added	Description	Responsible Person	Team	Location/Project	Possible Risk Events	Possible Consequences	Initial Risk Score	Initial Risk Comments	Residual Risk Score	Residual Risk Comments	Other Requirements/Comments	Date Last Modified	Risk Control Type	Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness		
Ashdale Hills Council	17094	Strategic Risk - People & Culture vs WMS	26/02/2021	Failure to manage, improve and develop the human resources available to the Council. (F)	Terry Crackett	Organisational Development Team, Executive Leadership Team	Other	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 WMS/amp/5 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 as 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) (14)	24 (Extreme) (14)	22 (Medium) (12)	22 (Medium) (12)	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.	There are significant controls in place to manage these risks, with responsibility 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 WMS perspective.		WMS Management System in place (Committees, Reporting, Day/Out, Policy & Procedures) Regular audits by GAWACS	Lee Morrow	30/07/2023	5/08/2022	WMS policy, procedures, SOP's, risk assessments, inspections, hazard and incident reporting, audits, action processing and updating and use of Day/Out are all ongoing processes that continue to be used and reviewed.	EFFECTIVE (Designed Adequately, Operating Effectively)		
Ashdale Hills Council	17094	Strategic Risk - People & Culture vs WMS	26/02/2021	Failure to manage, improve and develop the human resources available to the Council. (F)	Terry Crackett	Organisational Development Team, Executive Leadership Team	Other	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 WMS/amp/5 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 as 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) (14)	24 (Extreme) (14)	22 (Medium) (12)	22 (Medium) (12)	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.	There are significant controls in place to manage these risks, with responsibility 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 WMS perspective.		Enterprise Agreement Framework in place	Megan Sutherland	1/11/2023	5/08/2022	The Enterprise Development Agreements have been in place for many years. This provides Council the opportunity to work with employees in a consultative way, with their Union Organisations (as relevant), to discuss terms and conditions of employment, providing the framework that sets our Awards, to manage our work and employees. Current Agreements are in place for Field and Office until 30 June 2025.	EFFECTIVE (Designed Adequately, Operating Effectively)		
Ashdale Hills Council	17094	Strategic Risk - People & Culture vs WMS	26/02/2021	Failure to manage, improve and develop the human resources available to the Council. (F)	Terry Crackett	Organisational Development Team, Executive Leadership Team	Other	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 WMS/amp/5 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 as 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) (14)	24 (Extreme) (14)	22 (Medium) (12)	22 (Medium) (12)	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.	There are significant controls in place to manage these risks, with responsibility 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 WMS perspective.		Recruitment Policies and Procedures in place	Naimh Milligan	30/03/2023	5/08/2022	Phase 2 of the HR System implementation will be completed in August or September 2023 (please see Financials), with the Recruitment and Retention Audit recently being completed. A range of actions, including the update of the Recruitment and Selection Procedure and associated documents will now commence.	EFFECTIVE (Designed Adequately, Operating Effectively)		
Ashdale Hills Council	17094	Strategic Risk - People & Culture vs WMS	26/02/2021	Failure to manage, improve and develop the human resources available to the Council. (F)	Terry Crackett	Organisational Development Team, Executive Leadership Team	Other	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 WMS/amp/5 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 as 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) (14)	24 (Extreme) (14)	22 (Medium) (12)	22 (Medium) (12)	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.	There are significant controls in place to manage these risks, with responsibility 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 WMS perspective.		2022/23 Treatment, Bullying & Grievance Policies and Procedures are established	Naimh Milligan	30/06/2024	5/08/2022	These documents are established and up to date. Their next scheduled review is 30 June 2024 or as legislation or internal controls require.	EFFECTIVE (Designed Adequately, Operating Effectively)		
Ashdale Hills Council	17093	Strategic Risk - Community Land Management	26/02/2021	Failure to manage and develop public areas owned or occupied by the Council (F)	Terry Crackett	Directors Office - Corporate Services, Executive Leadership Team	Other	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 Increased risks to staff and community when using facilities Disadvantage to AHC community over that of other areas Negative impact on community wellbeing	21 (High) (14)	21 (High) (14)	15 (High) (14)	15 (High) (14)			CLMP Established - Nat - Dec 2024 Building Asset Management Plan Established - Nat - June 22 Sustainable Funding for Asset Renewal and Maintenance associated with Public Areas - Nat - 2024 Sport & Recreation Strategy - Review - June 22 Property Structures & Resourcing appropriate - Nat - Dec 22 Open Space & Recreation Structures & Resourcing appropriate - Chris - Dec 22 Audit of trees undertaken of high risk trees areas - Damien - Oct 2023 Inspection regime in place for high risk assets (disabled, playground equipment) Customer Request System established and integrated with Asset Mgt System - David W - Dec 22 Customer Operating Policy & supporting info program - Nat - Dec 21 Leases and Licenses for public areas established - Gen - June 2023 Trails Strategy adopted - Review - June 22 Strategic Works Plan - Review - June 22	Terry Crackett	30/11/2022	3/08/2022	A cross functional review of this risk was undertaken in July 2022. This review resulted in a reassessment of all controls and actions required. Whilst the actions have now been individually created, separate controls are still required to be added.	Moderate reduction in risk			
Ashdale Hills Council	17091	Strategic Risk - Growth & Prosperity	26/02/2021	Failure to promote the Council area and provide an attractive image and location for the development of business, commerce, industry and tourism (F)	David Waters	Directors Office - Community Capacity, Executive Leadership Team, Economic Development Team	Other	Cause: - Inadequate provision for commercial development in the Development Code - Minimal or no understanding of, and support for, business and tourism representative organisations - 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 business demand - Poor business sustainability in the face of economic challenges	Impact: - Loss of local jobs - Loss of base, local retail and service businesses - Desactivation 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) (18)	17 (High) (18)	16 (High) (18)	16 (High) (18)	Inherent risk assessment considered impacts to both the local economy and the Council's reputation (as per consequences outlined above).	Residual risk rating is based on the existing controls. It is noted that there are other risks events existing outside of Council's control which affect economic prosperity in the district and these are not considered here.		Current Economic Development Plan 2020-24 (adopted by Council Feb 21, replacing former Economic Development Strategy); Team of 3 FT experienced and highly competent officers available to deliver EDP and provide support to this risk area (the second FT recruited by Council in 2020). Regular partners of engagement with local business communities and stakeholder groups. Establishing continuing contact details of all people operating businesses in the district, to enable e-communication (eg) business newsletter and ad hoc as required). Active promotion of Primary Production Leads to ensure the views and needs of primary producers are understood and taken into account. Partnership with Mount Barker OC and SACC to fund Ashdale Hills Tourism, which is designed to help providers understand and leverage tourism opportunities. Annual subscription to Economy4it, which enables ready access to economic demographic data for the Council district, available for business and the public. Active participation in Ashdale Hills Business Support Network, comprising representatives of agencies providing business support services in the hills.	David Waters	5/01/2023	3/08/2022	Comprehensive risk review undertaken August 2022 to update actions and controls. New risk event identified (see completed actions details and new actions added).	Major reduction in risk		
Ashdale Hills Council	17087	Strategic Risk - Environment	26/02/2021	Failure to manage, develop, protect, restore enhance and conserve the environment or an environmentally sustainable manner and to improve amenity (F)	Peter Bice	Directors Office - Infrastructure and Operations, Executive Leadership Team	Other	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 longterm 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 (Fees 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) (12)	22 (Extreme) (12)	13 (Medium) (10)	13 (Medium) (10)			Council continues to work locally but also partner with key agencies to advocate for improved ecological sustainability.	Peter Bice	1/03/2021	12/11/2020	- Biodiversity Strategy - Water Management Plan - Biodiversity Advisory Group and Sustainability Advisory Group - Trained & qualified staff - Safe working procedures - Blue Marker sites - Staff kits - SDS - Customer request system for reporting to us - Machinery hygiene - Development Plan - Strategic Plan Reviewed with Goal area for Natural Environment established (including priorities)				
Ashdale Hills Council	17086	Strategic Risk - Emergency and Hazard Management	26/02/2021	Failure to take measures to protect the community from natural and other hazards (F)	Peter Bice	Directors Office - Infrastructure and Operations, Executive Leadership Team	Other	Cause: - Poor fire prevention initiatives - Poor flood prevention initiatives - Poor fire 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: - Significant property loss and damage - Loss of life, injury - Reputational damage - Exposure to liability and penalty - Loss of community amenity - Council services stretched and some services may not be fully operational - Loss of damage to public and private infrastructure - Environmental and biodiversity impacts	24 (Extreme) (18)	24 (Extreme) (18)	13 (Medium) (10)	13 (Medium) (10)			As improvements to Asset Management Plans occur through each review, the control effectiveness also continues to improve.		- Participation in regional EM arrangements through the ZEMC and the AARMBAC 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 REDFISH program and CFS Community Fire Safety Meetings. - Ongoing equipment and maintenance of Council's infrastructure through implementation of Council's AMP and proactive and reactive maintenance programs including stormwater infrastructure (including Flood Plain Modelling), fire track maintenance and street sweeping program. - Ongoing fuel reduction programs on high risk Council owned land including woody weed control, slashing and maintenance of asset protection zones. - Ongoing implementation of fire 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. Securing of Elevated Work Platforms and additional Tree Staffing to be further improved the controls.	Peter Bice	31/12/2023	3/01/2023	There is always a risk of negative community perception of the level of risk agents in relation to some natural hazards given miscommunication and emotion attached.	EFFECTIVE (Designed Adequately, Operating Effectively)	
Ashdale Hills Council	17085	Strategic Risk - Community Health & Wellbeing	26/02/2021	Failure to provide for the welfare, well-being and interests of the community (F)	David Waters	Executive Leadership Team	Other	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 - Inequity across the district in respect to support for community facilities	Impact: - Food poisoning, unsanitary 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 help/participate in the community - Inability/difficulty for people of all socioeconomic backgrounds to live in the district - Cultural disruption - Inequity in access to community facilities and participation in social/sporting pursuits	24 (Extreme) (18)	24 (Extreme) (18)	9 (Medium) (10)	9 (Medium) (10)				David Waters	10/11/2022	7/08/2022	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. Multi-faceted & early development of strategic plan, incorporating community engagement, ensure effort is made proactively to understand issues important to the community. Community engagement policy prescribing minimum consultation and engagement activities. Local engagement as Community Centres is occurring with cultural groups. Active engagement on an as-needed basis. Development of the Reconciliation Action Plan (2015). 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. LTPF with sustainable and reasonable value growth. Annual review process for fees and charges incorporate 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 Environment Policy (for working with vulnerable people) - AHC is now registered on the CRB 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 Under (Commonwealth) to ensure service standards are being met and quality controls are in place. Urbanis Strategy (adopted 2023).			Moderate reduction in risk	

**Strategic Risk Register
February 2023**

Risks From 01/01/2021 To 31/03/2023
Department: All
Team: All
Location/Project: All
Risk Assessment Year: Corporate
Risk Type: Strategic
Risk Category: All

Department	Risk ID	Risk Title	Date Added	Description	Responsible Person	Team	Location/Project	Possible Risk Events	Possible Consequences	Initial Risk Score	Initial Risk Comments	Residual Risk Score	Residual Risk Comments	Other Requirements/Comments	Date Last Modified	Risk Control Type	Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
Abilade Hills Council	169143	Strategic Risk - Service Delivery	19/02/2021	Failure to deliver projects, programs and services in accordance with plans (time, budget, quality)	Peter Rice	Directors Office - Infrastructure and Operations, Executive Leadership Team	Other	<p>Causes:</p> <ul style="list-style-type: none"> Ineffective budget bid process (reflective 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 contract 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 	<p>Impact:</p> <ul style="list-style-type: none"> Cost of projects escalates, unbudgeted spending, impacts on delivery of the projects Damage to Council reputation Outcomes of the project deferred fails to meet community expectations Weakened in infrastructure necessitating increased maintenance 	21 (Extreme) 1400 84.00%		9 (Medium) 300 60.00%	<ul style="list-style-type: none"> Monthly capital reports from Finance Reporting of The Quarter to Council Regular team meetings with project updates Quarterly budget review process 3 Year Capital Program Procurement policy Process and qualified staff/teams Project reporting process Panel construction Legislation and policy KPI monitoring and reporting Financial Reporting LTP processes have been amended to ensure that all key Strategies and Plan (including the Strategic Plan and Asset Management Plan) are captured as part of the LTP review each year ahead of budget 	Addition of the Project Management Framework has further strengthened the controls.	30/01/2023		<ul style="list-style-type: none"> Monthly capital reports from Finance Reporting of The Quarter to Council Regular team meetings with project updates Quarterly budget review process 3 Year Capital Program Procurement policy Process and qualified staff/teams Project reporting process Panel construction Legislation and policy KPI monitoring and reporting Financial Reporting LTP processes have been amended to ensure that all key Strategies and Plan (including the Strategic Plan and Asset Management Plan) are captured as part of the LTP review each year ahead of budget 	Peter Rice	1/09/2022	1/09/2021		
Abilade Hills Council	169129	Strategic Risk - Assets & Infrastructure	19/02/2021	Failure to provide appropriate infrastructure for the community (f)	Peter Rice	Directors Office - Infrastructure and Operations, Executive Leadership Team	Other	<p>Causes:</p> <ul style="list-style-type: none"> Aging infrastructure in need of renewal to remain fit for purpose and/or comply with legislation Poor asset management regimes (data, revals) Ineffective maintenance regimes Leaseholders conducting works outside of contractual/legislative obligations. Duplications or gaps in infrastructure provision to communities. Lack of understanding community needs and trends. 	<p>Impact:</p> <ul style="list-style-type: none"> Increased cost to maintain infrastructure Reduced confidence in Council by the community Increased risks to staff and community when visiting facilities Disadvantage to AHC community over that of other areas Negative impact on community wellbeing 	21 (Extreme) 1400 84.00%	202219 - Transferred from AHC Strategic Risk Assessment Excel Spreadsheet	11 (Medium) 400 52.00%	<ul style="list-style-type: none"> Current Asset Management Plans for key asset categories Long Term Financial Plan that captures the Strategic Plan and Asset Management Plans Endorsed annual budget for maintenance program (all asset categories) Annual Business Plan Bump Budget consultation undertaken Customer Survey undertaken Asset condition audits undertaken cyclically Asset management system updated to Conform 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) 	As Asset Management Planning continues to improve, the control of this risk will also improve.	30/01/2023		<ul style="list-style-type: none"> Current Asset Management Plans for key asset categories Long Term Financial Plan that captures the Strategic Plan and Asset Management Plans Endorsed annual budget for maintenance program (all asset categories) Annual Business Plan & Budget consultation undertaken Customer Survey undertaken Asset condition audits undertaken cyclically Asset management system updated to Conform 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 Rice	1/09/2022	12/11/2020	This is Business As Usual Activity, captured as appropriate in Asset Management Plans.	EFFECTIVE (Designed Adequately, Operating Effectively)
Abilade Hills Council	150089	Strategic Risk - Development	15/09/2020	Failure to plan at the local and regional level for the future development and future requirements of the area (f)	Natalie Armstrong	Directors Office - Regulatory Services, Executive Leadership Team	Other	<p>Causes:</p> <ul style="list-style-type: none"> Poor understanding of development, infrastructure, population, transport, demographic and trends Ineffective liaison with state and federal planning and development agencies; Unresponsive Development Plan that inappropriately restricts development opportunities 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 	<p>Impact:</p> <ul style="list-style-type: none"> Poor planning, Bumpamp; development outcomes, ad-hoc Bumpamp; reactionary planning, unresponsive approaches to addressing community needs and trends Uncoordinated approaches to infrastructure provision, lack of partnership Bumpamp; funding arrangement, lack of collaborative Bumpamp; results in poor development outcomes; Disempowered community with poor and inefficient use of public space Disruptive/Cloned organisation with a poor reputation resulting in community dissatisfaction with level and type of service provision resulting in a Council regime change Non-compliant with legislative responsibilities resulting in considerable liability exposure Inconsistent and misdirected operations and service provision 	21 (Extreme) 1400 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/ Bumpamp; controls and lack of appropriate or required infrastructure	<ul style="list-style-type: none"> Employment of appropriately trained and qualified staff; understanding through analysis of planning policy Bumpamp; development related matters facing Council; Having adequate community engagement into these matters to ensure development policies are responsive to community needs Bumpamp; agreements, having appropriate training Bumpamp; delegates in place for effective and efficient decision making for development assessment functions Having an effective, trained and make decisions on complex development applications. 		30/01/2023		<ul style="list-style-type: none"> Development Policy Planning function in place to monitor, analyse and advise implementing and transitioning to the new Planning & Design Code Up to date Policy in place Priority funded Local Assessment 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 Practice 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 All processes identifying training and development needs Development and PDI Act delegations and sub-delegations CAP in place and functioning Aligned District Master Plan in place Regional Climate Change Adaptation Plan - Resilient Hills and Coast 	Mark Saker	1/11/2021	9/08/2021	It is noted that the SPC continues to make minor changes to the PDI Code. It is considered that this will continue to occur for the rest of 2022	EFFECTIVE (Designed Adequately, Operating Effectively)	

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 20 February 2023
AGENDA BUSINESS ITEM**

Item:	8.3
Responsible Officer:	Lachlan Miller Executive Manager Governance & Performance Office of the Chief Executive
Subject:	Internal Audit Quarterly Report
For:	Decision

SUMMARY

This report provides the Audit Committee with an update on progress of internal audits nominated in the 2018/19-22/23 Strategic Internal Audit Plan (the SIAP).

Progress on other audits has been delayed due to resourcing constraints within the Governance & Performance Department due to leave accrual management, the council elections, CEO recruitment processes and other competing priorities.

RECOMMENDATION

The Audit Committee resolves:

- 1. That the report be received and noted.**
 - 2. To recommend to Council to adopt the revised Strategic Internal Audit Plan v1.12a as contained in Appendix 1.**
-

1. BACKGROUND

The Audit Committee last received a quarterly report at its 15 August 2022 meeting. The report advised that steady progress was occurring in relation to the rollout of the Strategic Internal Audit Plan (SIAP) and two completed internal audit reports (Recruitment & Retention and Economic Development Plan Implementation) were received and noted by the Committee.

The actions for the two above audit reports have been entered into the Audit Action Register and there is a separate report in this meeting's agenda on the implementation status of all audit actions.

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

➤ **Additional Analysis**

SIAP Implementation Status

Progress against the SIAP has been slowed in recent months due to significant resource demands associated with the Local Government Election and Council Member Induction processes, the Acting and Substantive CEO Recruitment processes, additional council meeting and councillor support, leave within the Governance & Performance Team, and also broader auditee vacancies and resource constraints.

A request for quotation (RFP) is out to market for the audit of Budgetary Management. The project briefs for the next audits, being Capital Works Programming and Delivery and Treasury Management are under development.

Given the senior vacancies in the People and Culture Department, it is proposed that the review of training and development is deferred until the development of the next iteration of the Strategic Internal Audit Plan.

Similarly in view of the Incident and Operation Plan testing exercise undertaken in February 2023 and the ongoing development of the Emergency Management Framework, it is proposed to defer this audit for consideration in the development of the next iteration of the Strategic Internal Audit Plan.

Development of the next SIAP

As the current SIAP is reaching its conclusion, work will commence on the development of the next iteration of the SIAP. This will be informed by the results of strategic and corporate risk assessments, the results of internal & external audits and service reviews, resources available to implement the SIAP and trends within the LG sector.

It is anticipated that a draft will be provided to the August 2023 Audit Committee meeting.

3. OPTIONS

The Committee has the following options:

- I. To receive and note this report (Recommended).
- II. To recommend to Council to adopt the revised SIAP v1.12a as contained in Appendix 1 (Recommended); or
- III. To identify an alternative course of action.

4. APPENDIX

- (1) *Strategic Internal Audit Plan 2018/19 – 22/23 v1.12a*

Appendix 1

Strategic Internal Audit Plan 2018/19 – 22/23 v1.12a

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					Q3 (RFQ issued)
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		
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	Focusing on the processes, practices and policies regarding Treasury Management including compliance with legislative obligations.	SR9c - Failure to manage, improve and develop the financial resources available to the Council.	Yes 3 Assets, 3.2 Banking 3 Assets, 3.3 Investments 4 Liabilities, 4.3 Borrowings					Q3/4 - 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					Deferred due to EM testing exercise (Feb 23)
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 of the identification of training and development (T&D) needs, sourcing of T&D options, scheduling and support of activities, assessment of transfer into workplace and evaluation of T&D initiatives. This will include development activities such as coaching & mentoring.	SR9a - Failure to manage, improve and develop the human resources available to the Council.	No					Deferred due to OD resourcing shortages
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
Number of Audits							4	5

Version Control

Date Adopted	Version Comments	No.
30/04/2018	Initial plan considered by Audit Committee	1.0a
22/05/2018	Adopted by Council	1.0
26/02/2019	Amended plan adopted by Council (Purchase Card audit added)	1.1
17/12/2019	Amended plan adopted by Council (Plan extended for a year, projects rescheduled)	1.2
25/02/2020	Amended plan adopted by Council (Changes to the timing and scope of the cyber security audit)	1.3
25/07/2020	Amended plan adopted by Council (Changes in timing for Recruitment & Retention, Budgetary Mgt, Treasury Mgt, Emergency Mgt & BCP)	1.4
22/09/2020	Amended plan adopted by Council (Changes to the timing of audits)	1.5
15/12/2020	Amended plan adopted by Council (completion of cyber, changes to other timings)	1.6
10/02/2021	Amended plan (changes to timings for 20/21 projects)	1.7
22/06/2021	Amended plan adopted by Council (Changes in timing for Recruitment & Retention, Budgetary Mgt)	1.8
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 20 February 2023
AGENDA BUSINESS ITEM**

Item: 8.4

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

Subject: Audit Actions Implementation Update

For: Information

SUMMARY

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

Eleven (11) actions have been completed since the last implementation report (August 2022) to the Committee.

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. BACKGROUND

The 2023 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 August 2022 meeting.

2. ANALYSIS

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

➤ **Additional Analysis**

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

Eleven (11) 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.

A separate report will be provided to April 2023 Committee meeting regarding the status of Service Reviews conducted by Council under its *Service Review Framework*.

At the August 2022 meeting, the Committee discussed a desire to have an aged analysis of outstanding action items by risk rating. The table below has been produced for the Committee's consideration:

Risk Rating	On Track	Completed	Overdue				Total Actions
			<3 mths	3-6 mths	6-12 mths	>12 mths	
Extreme	0	0	0	0	0	0	0
High	0	0	0	0	0	0	0
Medium	9	6	2	1	2	1	21
Low	7	1	1	1	0	3	13
Improvement	4	4	0	0	0	0	8
TOTAL	20	11	3	2	2	4	42

It should be noted that while there are 42 items in total, some of the actions relate to the same subject on multiple occasions (i.e. BCP has 3 actions)

3. 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.

4. APPENDIX

- (1) Audit Actions Implementation Status – February 2023

Appendix 1

Audit Actions Implementation Status – February 2023

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Due Date	Progress	Est. Completion	Comment
2020 Galpins Financial Controls Review Interim Management Letter May 2020	2.3.2 - GENERAL LEDGER	The Business Continuity Plan is overdue for review	Low	The Business Continuity Plan is updated.	Council will be accessing the Local Government Risk Services to business continuity planning service.	Lachlan Miller	30/06/2021	In Progress	30/09/2023	Identification of all critical functions completed. Critical Function Plans (CFP) have been finalised by the CFP owners. The overarching BCP document (incorporating the CFPs) has been drafted and workshopped with key staff in November 2022. Finalisation of the BCP is contingent on the resolution of key staff roles being clarified and vacancies filled.
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.	Terry Crackett	30/06/2022	Completed	30/06/2023	Revised reporting has been established to ensure all people leaders are aware of leave balances for staff within their respective areas. This reporting tracks changes by employee and trend analysis is provided to ELT for consideration every two months. Progress against the target to reduce excess leave will now be monitored against the savings target.
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.)	Terry Crackett	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. In late 2022 two key employees within the People and Culture Team resigned which has impacted on the future timing of a shift away from manual timesheets. This will be reassessed once the new Manager People and Culture commences on 20 March 2023.
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.	Terry Crackett	16/12/2022	In Progress	28/04/2023	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. In late 2022 two key employees within the People and Culture Team resigned which has impacted on the future timing of a shift away from manual timesheets. This will be reassessed once the new Manager People and Culture commences on 20 March 2023.

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Due Date	Progress	Est. Completion	Comment
2021 - Bentleys - Payroll Function Internal Audit - May 2021	3	Records management	Low	We recommend management: <ul style="list-style-type: none"> Document the record management requirements into policies and procedures and enforce the implementation. 	Following the implementation of the new payroll system we will review and update processes to ensure an automated leave management function is implemented.	Terry Crackett	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 given two key employees within the People and Culture Team resigned in late 2022. This will be reassessed once the new Manager People and Culture commences on 20 March 2023.
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. Sproutt Building Audit data received in December 2022. Data in process of being analysed to inform 2023/2024 budget and Building asset management plan.
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 AMPs
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	30/09/2023	Identification of all critical functions completed. Critical Function Plans (CFP) have been finalised by the CFP owners. The overarching BCP document (incorporating the CFPs) has been drafted and workshopped with key staff in November 2022. Finalisation of the BCP is contingent on the resolution of key staff roles being clarified and vacancies filled.

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Due Date	Progress	Est. Completion	Comment
2021 Galpins Financial Controls Review Interim Management Letter May 2021	3.1	IT Policies and Procedures	Medium	We understand that new ICT policies are part of the Cyber Security Plan. It is recommended that the following IT policies (or equivalent) be developed, issued on the Intranet site and implemented to Council Staff: - <ul style="list-style-type: none"> • Information Security Policy • Access Management Policy • Change Management Procedure • Network Security Policy including passwords • Information management – classification and handling • Online services • Physical Access • Remote Access/telecommuting 	Implement Information Security Management System (ISMS)	James Sinden	28/02/2022	In Progress	31/03/2023	Delays were incurred due to resourcing an appropriately skilled Cyber Security Officer and the release of the LGITSA Cyber Security Framework to ensure alignment within the LG Sector in the implementation of Cyber Security Plans across the state. The Information Security Manual and End User Security Procedures covering the audit recommendations has been completed and is progressing through formal review and endorsement by the organisation. Feedback is being sought from the Organisational Development department before being submitted to the Executive Leadership Team.
2021 Galpins Financial Controls Review Interim Management Letter May 2021	3.2	ICT Disaster Recovery Plan	Medium	AHC should update the IT Disaster Recovery Plan with the date, review date, Recovery Team details and MAO for each application. We also recommend that any updates to the DRP make use of flowcharts and checklists which are considered more effective in an emergency situation.	Update ICT Disaster Recovery Plan	James Sinden	31/12/2021	Completed	28/07/2023	The IT Disaster Recovery Plan has been amended to include a Document Control section with date and version numbers. MAO at an application level will be completed after the finalisation of the organisational BCP (Business Continuity Plan) that currently being progressed. Information Services 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 at a functional level was progressed in November 2022, and is now in draft format and undergoing organisational consultation before completion of this activity. Updates have been completed and is now operational.
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	31/03/2023	A review of the ICT and IS Strategic Plan has been completed with the Strategic Reference Group (ISSRG), and a Draft Information Services Strategic Plan created that is now progressing to a finalised document. A Digital Transformation plan (tactical plan) has also been developed and is progressing to finalisation and implementation. An Information Services Pulse & Digital Literacy survey was undertaken in December to capture and incorporate information into the ICT and IS Strategic Plan.
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		Tender in market for road condition audit survey.
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		Final AMP CWMS to be presented to Council March 2023 following community consultation.

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Due Date	Progress	Est. Completion	Comment
2021-22 Financial Controls Review - Interim Management Letter - May 2022	2.1.2b - Playgrounds AMP	Asset management plans overdue for adoption	Medium	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	In Progress	30/06/2023	review of current data and playspace framework being modelled into lifecycle AMP
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. Sproutt Building Audit data received in December 2022. Data now in process of being analysed to inform Building Asset Management Plan preparation and Annual Business Plan and budget for 2023/2024.
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		CWMS final ready for presentation to Council March 23 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	Medium	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	Completed	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.

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Due Date	Progress	Est. Completion	Comment
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	30/09/2023	Identification of all critical functions completed. Critical Function Plans (CFP) have been finalised by the CFP owners. The overarching BCP document (incorporating the CFPs) has been drafted and workshoped with key staff in November 2022. Finalisation of the BCP is contingent on the resolution of key staff roles being clarified and vacancies filled.
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"> • Information Security Policy • Access Management Policy • Change Management Procedure • Network Security Policy including passwords • Information management – classification and handling • Online services • Physical Access • Remote Access and telecommuting 	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. <p>Action : Implement an Information Security Management System (ISMS)</p>	James Sinden	31/12/2022	In Progress	31/03/2023	Delays were incurred due to resourcing an appropriately skilled Cyber Security Officer and the release of the LGITSA Cyber Security Framework to ensure alignment within the LG Sector in the implementation of Cyber Security Plans across the state. The Information Security Manual and End User Security Procedures covering the audit recommendations has been completed and is progressing through formal review and endorsement by the organisation. Feedback is being sought from the Organisational Development department before being submitted to the Executive Leadership Team.
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.	James Sinden	31/07/2022	Completed	30/06/2023	The IT Disaster Recovery Plan has been amended to include a Document Control section with date and version numbers. MAO at an application level will be completed after the finalisation of the organisational BCP (Business Continuity Plan) that currently being progressed. Information Services 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 at a functional level was progressed in November 2022, and is now in draft format and undergoing organisational consultation before completion of this activity. Updates have been completed and is now operational.

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Due Date	Progress	Est. Completion	Comment
2022 - Bentleys - Economic Development Plan Implementation Internal Audit - Aug 2022	1. Formal tracking system of action items	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.	Low	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.	1. 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. 2. The team is expected to be back to normal resourcing levels in August 2022.	Melissa Bright	30/09/2022	Completed		
2022 - Bentleys - Economic Development Plan Implementation Internal Audit - Aug 2022	2 - Improvement Opportunity - KPIs and milestones	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.	Not Rated	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.	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.	Melissa Bright	30/06/2023	Completed	30/06/2023	
2022 - Bentleys - Economic Development Plan Implementation Internal Audit - Aug 2022	2. Design of actions	Testing of 16 samples found that two (12.5% of sampled) actions were not adequate to support the designed outcomes.	Low	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.	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). 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.	Melissa Bright	30/06/2023	In Progress	30/06/2023	Mid term review scheduled for February Council

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Due Date	Progress	Est. Completion	Comment
2022 - Bentleys - Economic Development Plan Implementation Internal Audit - Aug 2022	3 - Improvement Opportunity - Reference or alignment with state and regional economic development priorities	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.	Not Rated	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.	Noted. More explicit links between actions and state and regional priorities will be made in the 2023 mid-term review.	Melissa Bright	30/06/2023	Completed	30/06/2023	The priorities outlined in the issue above are three premiers old. Of more relevance, the EDP has drawn upon and refers to the following strategic documents: <input checked="" type="checkbox"/> Regional Visitor Strategy <input checked="" type="checkbox"/> Horticulture Strategy <input checked="" type="checkbox"/> Creative Industries Strategy <input checked="" type="checkbox"/> Food, Wine and Agribusiness Plan for Growth <input checked="" type="checkbox"/> The South Australian Visitor Economy Sector Plan 2030 Some actions have been formed as a direct result eg Pest free status is a strategic priority of the Horticulture Strategy.
2022 - Bentleys - Economic Development Plan Implementation Internal Audit - Aug 2022	3. Regular review and update of ED Plan	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.	Low	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.	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.	Melissa Bright	30/06/2023	In Progress	30/06/2023	Mid term review scheduled for February Council
2022 - Bentleys - Economic Development Plan Implementation Internal Audit - Aug 2022	4 - Improvement Opportunity - Types of actions	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: <ul style="list-style-type: none"> 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.	Not Rated	Management benchmarks against other regional councils to ensure common actions of the ED Plan are implemented, where possible.	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.	Melissa Bright	30/06/2023	In Progress	30/06/2023	Mid term review scheduled for February Council
2022 - Bentleys - Economic Development Plan Implementation Internal Audit - Aug 2022	5 - Improvement Opportunity - Closure review of the ED Plan	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 <ul style="list-style-type: none"> Outcomes and objectives realisation Any action items not complete and/or outcomes not achieved, what are the reasons Lessons learnt for future Plan. 	Not Rated	Management undertakes a formal closure review of the ED Plan in the future before the commencement of the next Plan.	Will undertake a closure review on completion of plan in 2025	Melissa Bright	30/06/2025	Not Commenced	30/06/2025	

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Due Date	Progress	Est. Completion	Comment
2022 - Bentleys - Recruitment and Retention Internal Audit Report - Aug 2022	1. Improvement Opportunity - Electronic signature	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. 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.	Not Rated	Management applies electronic signature application.	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. ACTION: 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)	Terry Crackett	30/06/2023	In Progress	30/06/2023	The People and Culture Team is currently working with TL Information Systems regarding the implementation of DocuSign (or alternate software). The use of Adobe Electronic / Digital Signatures in forms by updating old forms / re-educating People Leaders on how to use this function is currently being progressed for key areas.
2022 - Bentleys - Recruitment and Retention Internal Audit Report - Aug 2022	1.1 Policy/Procedure Framework update	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).	Medium	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.	OD Department agrees with the finding and will Update Recruitment and Selection Policy/Procedure (Responsible officer - OD Advisor)	Terry Crackett	28/02/2023	In Progress	30/04/2023	The resignation of two key personnel within the People and Culture Team has required this action to be placed on hold until positions have been filled. The Manager People and Culture has now been appointed and will commence on 20 March 2023 following which the timing for completion of this action will be reconsidered
2022 - Bentleys - Recruitment and Retention Internal Audit Report - Aug 2022	1.2 Policy/Procedure Framework update	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).	Medium	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.	OD Department agrees with the finding and will Update the Recruitment and Selection Checklist. (responsible officer - OD advisor)	Terry Crackett	30/09/2022	Completed	30/09/2022	Completed by 30/09/2022
2022 - Bentleys - Recruitment and Retention Internal Audit Report - Aug 2022	1.3 Policy/Procedure Framework update	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).	Medium	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.	OD Department agrees with the finding and will Provide advice/training sessions as relevant to those across the organisation with responsibility for recruitment. (Responsible officer = OD Department)	Terry Crackett	30/06/2023	Not Commenced	30/06/2023	The resignation of two key personnel within the People and Culture Team has required this action to be placed on hold until positions have been filled. The Manager People and Culture has now been appointed and will commence on 20 March 2023 following which the timing for completion of this action will be reconsidered.

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Due Date	Progress	Est. Completion	Comment
2022 - Bentleys - Recruitment and Retention Internal Audit Report - Aug 2022	2. Improvement Opportunity - Reference check	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.	Not Rated	Management reviews the current Reference Check form to identify opportunities to streamline the process.	There are many benefits to speaking to a referee, including being able to clarify or ask to follow up questions on information provided. ACTION: Review and update the current Reference Check form. (Responsible officer = OD Advisor)	Terry Crackett	30/10/2022	Completed	30/10/2022	Completed by 30/10/2022
2022 - Bentleys - Recruitment and Retention Internal Audit Report - Aug 2022	2.1 Recruitment Panel	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.	Medium	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.	There is a capability in Records Hub to record Panel members against each recruitment, this is being used in an ad hoc manner. We will Ensure Recruitment Panel requirements are included in Policy/Procedure update. (Responsible officer - OD Advisor)	Terry Crackett	28/02/2023	Not Commenced	28/02/2023	The resignation of two key personnel within the People and Culture Team has required this action to be placed on hold until positions have been filled. The Manager People and Culture has now been appointed and will commence on 20 March 2023 following which the timing for completion of this action will be reconsidered.
2022 - Bentleys - Recruitment and Retention Internal Audit Report - Aug 2022	2.2 Recruitment Panel	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.	Medium	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.	Create an appropriate way of collecting Conflict of Interest Declarations from panel members.	Terry Crackett	28/02/2023	Completed	28/02/2023	Completed by 30/12/2022 - added a step in the Recruitment & Selection Checklist for panel members to complete a COI Declaration, which is located under the Governance Hills Hub site.

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Due Date	Progress	Est. Completion	Comment
2022 - Bentleys - Recruitment and Retention Internal Audit Report - Aug 2022	3. Improvement Opportunity - Data-driven Retention Strategy	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.	Not Rated	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.	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. (OD Dept) 2. Develop a Retention Strategy Policy/Procedure. (OD Advisor)	Terry Crackett	30/09/2023	Not Commenced	30/09/2023	The resignation of two key personnel within the People and Culture Team has required this action to be placed on hold until positions have been filled. The Manager People and Culture has now been appointed and will commence on 20 March 2023 following which the timing for completion of this action will be reconsidered.
2022 - Bentleys - Recruitment and Retention Internal Audit Report - Aug 2022	3.1 Consistent practice	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.	Low	Once the Policy and Checklist are updated, management ensures the requirements are understood by the relevant responsible officers and implemented consistently.	We have a new HR system and there is a recruiting module we plan on implementing in Phase 2 (yet to begin). 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. Action: Train Recruiting Managers on the requirements in the Recruitment and Selection Policy/Procedure and the Checklist.	Terry Crackett	30/06/2023	In Progress	30/06/2023	The resignation of two key personnel within the People and Culture Team has required this action to be placed on hold until positions have been filled. The Manager People and Culture has now been appointed and will commence on 20 March 2023 following which the timing for completion of this action will be reconsidered.
2022 - Bentleys - Recruitment and Retention Internal Audit Report - Aug 2022	3.2 Consistent practice	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.	Low	Once the Policy and Checklist are updated, management ensures the requirements are understood by the relevant responsible officers and implemented consistently.	We have a new HR system and there is a recruiting module we plan on implementing in Phase 2 (yet to begin). 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. Action: After HR system implementation, investigate how internal reviews of recruitment process and system use could be implemented to review compliance by recruiting managers.	Terry Crackett	30/06/2024	In Progress	30/06/2024	The resignation of two key personnel within the People and Culture Team has required this action to be placed on hold until positions have been filled. The Manager People and Culture has now been appointed and will commence on 20 March 2023 following which the timing for completion of this action will be reconsidered.

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Due Date	Progress	Est. Completion	Comment
2022 - Bentleys - Recruitment and Retention Internal Audit Report - Aug 2022	4. Record keeping	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. We were not provided with sufficient evidence in the following areas as there were no electronic copies retained in Records Hub.	Low	Management enforces using the electronic forms and retaining records in Records Hub; and provides necessary training or other appropriate advocacy to raise digital literacy.	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. Again the new HR system recruiting module should assist with some of these aspects. ACTION: 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)	Terry Crackett	30/06/2023	In Progress	30/06/2023	The resignation of two key personnel within the People and Culture Team has required this action to be placed on hold until positions have been filled. The Manager People and Culture has now been appointed and will commence on 20 March 2023 following which the timing for completion of this action will be reconsidered.
2022 - Bentleys - Recruitment and Retention Internal Audit Report - Aug 2022	5. Director and Manager retention and renewal procedure	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: • Directors or equivalent are typically employed under fixed-term contracts in which salaries and conditions were negotiable via individual agreements • Managers are employed under individual employment contracts that were standard.	Low	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.	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. ACTION: Document the process for performance review and contract renewal for those on Total Employment Cost (TEC) Contracts.	Terry Crackett	30/03/2023	Not Commenced	30/03/2023	The resignation of two key personnel within the People and Culture Team has required this action to be placed on hold until positions have been filled. The Manager People and Culture has now been appointed and will commence on 20 March 2023 following which the timing for completion of this action will be reconsidered.
Galpins - 2021-22 Financial Services Audit Completion Report - Oct 2022	1. Improvement Opportunity - the process of reviewing grants to be recorded as 'Payments Received in Advance'	Generally, receipts of grants are not immediately recognised as revenue where: - there is an 'enforceable' contract with customer with 'sufficient specific performance obligations' (income is recognised when the performance obligations are satisfied under AASB 15 – Revenue from Contract with Customers); or - a financial asset has been received to enable Council to acquire or construct a recognisable non-financial asset (income is recognised over time when the Council satisfies its obligations under AASB 1058 – Income of Not for Profit Entities).	Low	Ensure that all grants recorded as 'Payments Received in Advance' are assessed in order to determine whether the grant agreements contain either sufficiently specific performance obligations as required by AASB 15, or enough evidence that the grants are for the acquisition of a non-financial asset to identified specifications as required by AASB 1058.	Process already in place	Mike Carey	31/10/2022	Completed	31/10/2022	Finance review all grants received and then record them in the Grants Register where grant documentation (if available) is also retained. Finance endeavour to match grant revenue received to grant expenditure unless it is clear from the grant contract that there are specific performance obligations that require the income to be recognised in accordance with AASB 15. In instances where it is not clear if there are obligations attached then the matching principle will be used. Materiality will also be considered as part of Financial Services' decision making with respect to the treatment of grant revenue received.

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Due Date	Progress	Est. Completion	Comment
Galpins - 2021-22 Financial Services Audit Completion Report - Oct 2022	2. Employees with excessive annual leave balances	Audit identified 12 (11 in 2021) employees with annual leave balances in excess of 300 hours (being approximately 2 years entitlement). RISK: 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.	Review monitoring and reporting to ensure awareness of leave balances across the organisation. Establish processes to ensure leave balances reduced where appropriate.	Terry Crackett	30/06/2023	Completed	30/06/2023	Revised reporting has been established to ensure all people leaders are aware of leave balances for staff within their respective areas. This reporting tracks changes by employee and trend analysis is provided to ELT for consideration every two months. Progress against the target to reduce excess leave will now be monitored against the savings target.

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 20 February 2023
AGENDA BUSINESS ITEM**

Item: 8.5

Responsible Officer: Mike Carey
Manager Financial Services
Corporate Services

Subject: Debtors Report

For: Information

SUMMARY

In accordance with the 2023 Work Plan a debtors report is provided to the Audit Committee for consideration.

This report covers the period ending 31 December 2022. An analysis of rates debtors is provided annually to the first Audit Committee after 30 June of each year.

RECOMMENDATION

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

1. 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 30 June 2022 was presented to the Audit Committee on 15 August 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**

Council Committees: Not applicable

Council Workshops: Not applicable

Advisory Groups: Not applicable

External Agencies: Not Applicable

Community: Not applicable

➤ **Additional Analysis**

Sundry Debtors

A summary of the aged debtors as at 31 December 2022 is provided below with the total amount outstanding totalling approximately \$184k across 131 individual debtor accounts.

As at 30 June 2022 the amount outstanding was \$262k of which \$123k related to contributions to be received from various hills sporting groups towards facility upgrades undertaken by Council during the year.

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	No of Debtors	<30 Days	<60 Days	<90 Days	<120 Days	<150 Days	>150 Days
Aged Units	44	2	44	0	0	0	0	0
Burial Fees	19,027	12	14,871	1,861	0	0	906	1,389
Fire Hazard Reduction	630	1	0	0	0	0	0	630
Food Premises Inspection	7,878	52	2,676	1,005	536	804	131	2,726
Grants Receivable	5,500	1	5,500	0	0	0	0	0
Road Rent	3,312	32	169	2,954	0	0	0	189
AHBTC	35,625	1	35,625	0	0	0	0	0
Regulatory Services	225	2	80	0	0	145	0	0
Other Councils	3,957	2	3,957	0	0	0	0	0
Property	5,436	14	1,626	292	0	1,304	0	2,214
Sport & Recreation	78,000	5	0	0	0	0	0	78,000
Miscellaneous (Other)	24,202	7	24,072	45	0	85	0	0
TOTAL: 31/12/2022	183,835	131	88,619	6,157	536	2,338	1,037	85,148

In relation to the Aged Debtors as at 31 December 2022, the following points of clarification are provided:

- There is only one Burial Fees debtor > 150 days who is making fortnightly payments of \$400 towards the debt. The outstanding balance of \$1,389 will be resolved in the next couple of months.
- There is one Fire Hazard Reduction debtor > 150 days totalling \$630. The property was sold in May 2022 so council was unable to attach this debt to the property via a transfer to the rates system. Council's assessment is that with the debtor now deceased and the property sold there are no further avenues in which to recover these monies. Subsequent to 31 December 2022, this debt has been written off under the authority of the Manager Financial Services under delegation.
- There were twelve Food Premises Inspection (FPI) debtors >150 days totalling \$2,726. Of these:
 - Eleven of the debtors are for inspections undertaken in 2022 and due to the value of the debts are not yet being considered for referral to council's debt collection agency. Follow up reminder letters will continue to be sent.
 - The largest (and oldest) debtor (pre-2013) totalling \$1,396 has been located via a skip trace search undertaken by Council's debt collection agency, however, all attempts to serve notice to the owners at the registered business address have been unsuccessful. Reminder notices sent to the owners are also returned. This debt will continue to be assessed for follow up action.
- There are two Road Rent debtors > 150 days totalling \$189. Council's assessment is that these debts are currently uneconomical to refer to debt collection.
- There are five Property debtors > 150 days totalling \$2,214 all relating to the re-introduction of outdoor dining licences following COVID. One debtor is currently making weekly payments towards their debt. Of the remaining four debtors only one is considered suitable to be referred to debt collection with an outstanding balance of \$1,200.
- Council has expended significant resources towards the redevelopment of a new change room facility, cricket nets and court resurfacing projects at Heathfield on behalf of a number of Adelaide Hills' sporting groups. As part of this, the sporting clubs were required to make a contribution towards the cost of these projects. As at 31 December 2022 there were five debtors > 150 days totalling \$78,000:
 - Heathfield Netball Club (\$20,000), Mt Lofty Football Club (\$20,000), Stirling Comets Netball Club (\$20,000) and Mt Lofty Cricket Club (\$3,000). Council continue to work with these Clubs to ensure payment is received before 30 June 2023.
 - In addition there is a contribution debt from Tennis SA (\$15,000) towards works at the Heathfield High School courts. Council continues to work with Tennis SA to achieve an outcome before 30 June 2023.

- Overall, sundry debt has decreased by almost 30% from 30 June 2022 (\$262k) across all categories less than 120 days. Greater than 150 days has increased primarily as a result of the sport and recreation debtors being included.

The comparison of Debtor movement over the past five years is shown below.

Description	TOTAL	< 30 days	< 60 days	<90 days	<120 days	< 150 days	< 150 days
TOTAL: 30/6/2022	262,274	240,276	12,624	1,400	4,459	730	2,785
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: 30/6/2019	367,439	177,658	160,835	12,981	4,765	812	10,388
TOTAL: 31/12/2018	205,377	158,755	18,470	10,239	180	3,721	14,012
TOTAL: 30/6/2018	422,464	324,485	27,931	0	3,003	22,558	44,488
TOTAL: 31/12/2017	346,257	129,349	30,041	27,212	6,593	62,701	90,361
TOTAL: 30/6/2017	620,677	479,988	35,699	2,966	1,045	252	100,727
TOTAL: 31/12/2016	264,684	88,943	11,508	3,221	22,118	8,226	130,668

3. OPTIONS

The Audit Committee is limited to receiving this report.

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 20 February 2023
AGENDA BUSINESS ITEM**

Item:	8.6
Responsible Officer:	Mike Carey Manager Financial Services Corporate Services
Subject:	Draft 2023-24 Long Term Financial Plan Review
For:	Decision

SUMMARY

Prior to commencement of the budget process each year a review of the Long Term Financial Plan (LTFP) is undertaken. This review ensures that the LTFP is updated to reflect movements in key economic indicators as well as any revised strategies or plans considered by Council. The LTFP was last considered by the Audit Committee on 14 February 2022 and was ultimately endorsed for public consultation by Council prior to the budget setting process and subsequently adopted by Council in April 2022.

As part of the development of the revised LTFP, Council Member workshop sessions were held on 11 October 2022, 6 December 2022 as well as a full day workshop of Council Members on 11 February 2023. In addition to these workshops, a survey was undertaken prior to the February 2023 workshop seeking Council Member opinions and input on a number of questions relating to the development of the revised LTFP.

This is a particularly challenging year given the impacts that world events are having on the cost of delivering services with the 12-month increase in the Consumer Price Index (CPI) currently in excess of 8% for South Australia. Given that increases in the costs of delivering services in Local Government often exceed increases in the CPI, the focus of recent workshops has been to reduce expenditure to enable the impact on rates, which are Council's primary source of revenue, to be held at or below CPI increases in 2023-24.

After taking into account workshop feedback, the draft revised LTFP key parameters and assumptions have been updated to reflect:

- An average residential rate increase for 2023-24 that is 0.5% below the estimated 12-month LGPI increase to ensure that the increase is below forecast CPI increases
- The inclusion of \$600,000 in administrative savings (ongoing). This is in addition to the \$650,000 of ongoing savings captured in the last LTFP review
- The inclusion of service changes that will achieve savings of \$230,000 in 2023-24 and be ongoing
- That all categories of land use be differentiated for rating purposes

- That the differential rate for land uses Commercial, Industrial and Vacant be adjusted to better reflect the relativity of those land uses to the overall rates raised given that Council's residential ratepayers pay a greater proportion of total rates compared to other councils.
- The inclusion of increases in certain Fees and Charges to achieve additional revenue of \$50,000 per annum, largely achieved by adjusting fees closer to reflecting the actual cost of providing the service
- The inclusion of funding for a pilot of new residential waste collection models in 2023-24.

In addition, the Administration is recommending to include a projection that rate revenue will increase in line with increases in LGPI from 2024-25 for the life of the plan, i.e. no extraordinary increase above and beyond the norm to make up for a lower increase in 2023-24. Further it is proposed that the financial sustainability targets also remain unchanged from the previously adopted LTFP. It is noted of course that Council needs to make a decision annually on rate adjustments in light of its intentions for its budget and business plan each year.

After factoring these elements into the LTFP, it is considered that the draft LTFP continues to demonstrate that the Council is financially sustainable over the 10 year term of the LTFP, whilst achieving the objectives outlined in Council's adopted strategic management plans.

The LTFP will be submitted to Council for consideration on 28 February 2023 prior to community consultation being undertaken.

RECOMMENDATION

The Audit Committee resolves:

- 1. That the report be received and noted.**
- 2. That the *Draft Long Term Financial Plan (2023 revision)* be noted.**
- 3. To recommend that Council approve the *Draft Long Term Financial Plan (2023 revision)*, as contained in Appendix 1 for community consultation in accordance with Section 122 of the *Local Government Act 1999*.**
- 4. That the Chief Executive Officer be authorised to make minor changes to the *Draft Long Term Financial Plan (2023 revision)* arising from the Committee's consideration of the matter prior to it being provided to Council.**

1. BACKGROUND

The Act requires Council to prepare a LTFP as part of its suite of Strategic Management Plans, and to update it on the same basis. Members of the public are to be given a reasonable opportunity to be involved in the development and review of the Council's plan.

The LTFP is a fundamental instrument of accountability and provides projections for Council's planned activities over a ten year timeframe.

The key objective of Council's LTFP is to demonstrate financial sustainability in the medium to long term, while still achieving Council's corporate objectives as specified in its Strategic Management Plans. At the same time the LTFP ensures that there is an understanding of the impact of decisions made today on future sustainability. This means ensuring the cost effective delivery of works and services, and the appropriate maintenance and renewal of our asset base in a financially sustainable manner.

The purpose of this plan is not to provide specific detail about individual works or services. It does however provide a decision making tool that allows various assumptions and sensitivity analysis to be carried out that will indicate the ability of Council to deliver cost effective services to our community in the future in a financially sustainable manner.

A council's LTFP must contain a summary of the proposed operating and capital investment activities in the Uniform Presentation of Finance format for a period of at least ten years. It should include estimates of the key ratios, operating surplus, net financial liabilities and asset sustainability. This illustrates the expected long term financial performance of the Council, and hence whether financial sustainability is being achieved.

The LTFP is prepared using a number of assumptions, with regard to projected rate income, projected fees, charges and grants and also includes assumptions about future operational and capital expenditure. Given that long term financial plans are derived from an estimate of future performance, it should be appreciated that actual results are likely to vary from the information contained in the LTFP.

The model is a fluid document, continually reviewed, modified and refined as new information is discovered, usually at each Budget Review and during the construction and adoption of the annual budget. As such, the LTFP will regularly be amended to incorporate feedback from different sources (Management, Council Members, Public, new initiatives, new legislation and identified savings). Formal revisions are conducted annually and adopted by the Council.

The LTFP was last considered by the Audit Committee on 14 February 2022 and was ultimately endorsed for public consultation by Council prior to the budget setting process and subsequently adopted by Council in April 2022.

Over time Council had managed to absorb a number of new activities and/or increases in service level through significant savings initiatives but has not been explicit in terms of how this specifically had been managed in budget documentation until 2022-23.

These new activities and / or increases in service level and costs over the last 5 years have included:

- Tree Management / Horticultural program
- Playground/park furniture/cemeteries resourcing
- Sport & Recreation Planning
- 'China Sword' impacts and other waste costs
- FABRIK development
- Economic Development resources to support the business community
- Disability and Community Well Being support
- Digital Literacy programs in Library Services
- CWMS oversight and operational support
- Emergency Management – COVID & Fires
- Other support area resourcing including Procurement, Governance and Event Management

2. ANALYSIS

➤ Strategic Management Plan/Functional Strategy/Council Policy Alignment

Strategic Plan 2020-24 – A brighter future

Goal 5 A Progressive Organisation

Objective O3 Our organisation is financially sustainable for both current and future generations

Priority O3.1 Ensure the delivery of agreed strategic plan requirements whilst meeting endorsed long term targets for a sustainable operating surplus and level of debt

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

The Council is committed to open, participative and transparent decision making and administrative processes. We diligently adhere to legislative requirements to ensure public accountability and exceed those requirements where possible.

One key aspect of Council’s legislative responsibilities is to develop and adopt a long-term financial plan for a period of at least 10 years to ensure Council continues to be financially sustainable.

The Audit Committee *Terms of Reference* out a number of specific functions. In relation to the Long Term Financial Plan the Committee shall:

- 3.1.1 Provide comment on the assumptions underpinning Council’s Strategic Management Plans (Strategic Plan, Annual Business Plan and Budget and Long Term Financial Plan), the consistency between plans and the adequacy of Council’s plans in the context of maintaining financial sustainability;

Legal Implications

The LTFP is prepared as a part of the suite of Strategic Management Plans and in accordance with Section 122(1)(a) of the *Local Government Act 1999* (the Act) and Regulation 5 of the *Local Government (Financial Management) Regulations 2011*.

➤ Risk Management Implications

Preparing a LTFP as required by the Act and Regulations will assist in mitigating the risk of:

Inability to discharge role and functions of a local government entity leading to a breach of legislation and loss of stakeholder confidence.

Inherent Risk	Residual Risk	Target Risk
Extreme (5C)	Medium (4D)	Medium (3D)

It ensures that financial resources are deployed in areas that align with Council’s Strategic Management Plans, are affordable and supported within the Council’s LTFP.

The LTFP has been developed based on the best information and assumptions available at the time. However, users of this information should be aware that there are risks associated with using estimated increases to Consumer Price Index (CPI), Local Government Price Index (LGPI), Average Weekly Earnings (AWE) and predictions in finance costs and interest rates.

In addition, the LTFP may be impacted by events such as new legislation or disasters that could materially affect the projected outcomes and results of the LTFP. Whilst Council has factored in the known impacts of prior events (including recent bushfires and the COVID-19 pandemic), it is important to acknowledge that significant future events will necessitate ongoing review. The projected increase in the operating surplus ratio will assist in mitigating this risk.

Council is aware that the Boundaries Commission has developed an Inquiry Plan to inquire into the Campbelltown City Council's (CCC) proposal for the boundary between CCC and Adelaide Hills Council to be realigned to the eastern and southern side of Woodforde and Rostrevor suburbs, effectively moving those suburbs into CCC's area. At the last advice received, the Commission was seeking a cost estimate for the Inquiry. Once the estimate is obtained it will be provided to CCC and the inquiry will only proceed if CCC provides a clear direction to do so, on consideration of the cost estimate, which they will be required to fund. Given the current status of the boundary change process, no adjustment has been made to Council's LTFP for any possible impact on rates revenue, servicing costs and capital expenditure.

In order to reduce risk the plan is reviewed and updated annually to incorporate the best available information. This includes the LTFP and its assumptions being reviewed by Council's Audit Committee as part of this report.

➤ **Financial and Resource Implications**

Robust internal financial controls provide the foundation for ensuring Council's ongoing financial sustainability. The LTFP is a financial model that aims to achieve long term financial sustainability, using the key financial indicators and benchmarks for guidance, projected over 10 years using inputs from the Strategic Management Plan, Asset Management Plan and other key Strategies.

A Council's long-term financial performance and position is sustainable where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services.

Except for identified changes in service levels, the LTFP is based on continuing existing service levels including infrastructure renewal and upgrade and is regularly updated to account for any changes.

At the time of undertaking the review of the Draft 2023-24 LTFP consideration of projects to be funded from the fourth round of the Local Roads and Community Infrastructure Program totalling \$781,000 had not been finalised. Final outcomes from this Program will be captured in the development of the 2023-24 Annual Business Plan.

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

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

➤ **Sustainability Implications**

The key objective of Council's LTFP is financial sustainability in the medium to long term, while still achieving Council's corporate objectives as specified in its *Strategic Plan, Corporate Plan* and Functional Strategies. Council has specific functional strategies that address environmental and economic sustainability goals, objectives and priorities. At the same time the LTFP ensures that there is an understanding of the impact of decisions made today on future sustainability. This means ensuring the cost effective delivery of works and services, and the appropriate maintenance and renewal of our asset base in a financially sustainable manner.

➤ **Engagement/Consultation conducted with Council Committee, Regional Subsidiary, Advisory Group, the Administration and Community**

Consultation on the development of this report was as follows:

Council Committees: Not Applicable

Council Workshops: Council Workshop Sessions covering the LTFP were held on 11 October 2022, 6 December 2022 as well as a full day workshop on 11 February 2022 to provide an overview of the process undertaken to develop the LTFP; better understand a number of emerging pressures and proposed new strategies and consider various options in relation to savings initiatives, revenue options, and other options to ensure Council can continue to achieve its financial sustainability targets.

In addition, a survey was distributed prior to the February 2023 workshop seeking Elected Member opinions on a number of questions relating to the development of the 2023-24 LTFP with survey results and comments subsequently considered at the 11 February 2023 workshop.

Advisory Groups: Not Applicable

External Agencies: Not Applicable

Community: Not applicable at this stage however public consultation will be undertaken following consideration by Council on 28 February 2023

➤ **Additional Analysis**

The draft 2023-24 LTFP is based upon 2022-23 adopted budget that has been revised for amendments adopted by Council including Budget Review 2 (BR2) considerations also presented at this Council meeting. Indices have been applied to categories within the LTFP to produce an uplifted 2023-24 LTFP budget that is capable of being used as a "target" for the 2023-24 budget setting process.

The LTFP starting point has also been updated to reflect the 30 June 2022 audited end of year financial position adopted by Council in October 2022.

In the development of the 2023-24 LTFP Council also considered its alignment to Council's *Strategic Plan*, consistency with updated *Asset Management Plans* and the financial sustainability of Council.

Key Considerations

As part of the development of the 2023-24 LTFP, an initial Elected Member workshop session was held on 12 October 2022 to provide Elected Members with an understanding of the preliminary LTFP position as a base for 2023-24 and to make Council aware of indicative CPI impacts on the budget targets for 2023-24 (in particular rates). This workshop also highlighted some possible strategies & other options to be investigated to assist in the achievement of targets.

A further Council workshop was also held on 6 December 2022 to better understand more fully additional pressures on Council's base budget and further explore the strategies and other options to be considered to assist in the achievement of LTFP Financial Sustainability targets.

A number of the cost pressures identified are impacting on the ongoing budget base of Council rather than being short term over one to two years.

New pressures identified include:

- revised electricity costs from new contract
- fuel costs currently exceeding budget
- adverse interest rate movements as a result of a number of Reserve Bank cash rate increases
- waste costs given that fuel costs are also a significant part of the waste cost structure
- depreciation to be adjusted following 2022-23 asset revaluations (effective 1 July)
- software licensing costs
- ESCOSA and Planning levies

This workshop identified a number of options to further explore in the LTFP full day workshop and in particular:

- Adjustment to Financial Targets
- Rating Options
- Expenditure Savings Strategies
- Service Changes

In terms of expenditure savings strategies and service changes it was noted that:

- reductions in services / costs are challenging unless there is strong agreement at the Council level that they are acceptable
- more 'discretionary' expenditure is often more community focused and therefore difficult to reduce/remove without direct customer impact

A key element of the 2023-24 LTFP development was a further full day workshop held on 11 February 2023 with the objective of reaching an agreed understanding of key parameters and assumptions to be captured within the 'draft' 2023-24 LTFP to enable a sustainable position to be presented to Council on 28 February 2023 prior to community consultation.

This is a particularly challenging year given the impacts that world events are having on the cost of delivering services with the Consumer Price Index (CPI) currently in excess of 8% for South Australia. Given the costs of delivering services in Local Government often exceed CPI, the focus of the workshop was to reduce expenditure to enable the impact on rates, which are Council's primary source of revenue, to be held below CPI in 2023/24.

The preparation for the full day workshop in February 2023 included a survey open from late January 2023 seeking Elected Member opinions and discussion on a number of questions relating to the potential strategies to help guide the development of the 2023-24 LTFP.

This survey and workshop covered in detail the following strategies to maintain sustainability within the LTFP for 2023-24 and beyond:

- Range of Average Rate increase
- Savings Strategies
- Service Changes
- Differential Rates
- Fees and Charges
- New initiatives (including waste pilot)

After taking into account workshop feedback, the draft 2023-24 LTFP key parameters and assumptions have been updated to reflect:

- an average residential rate increase for 2023-24 that is 0.5% below estimated LGPI to ensure that the increase is below forecast CPI
- The inclusion of \$600,000 in administrative savings (ongoing). This is in addition to the \$650,000 of ongoing savings captured in the last LTFP review
- The inclusion of service changes that will achieve savings of \$230,000 in 2023-24 and be ongoing
- That all categories of land use be differentiated for rating purposes, and that the differential rate for land uses Commercial, Industrial and Vacant be adjusted to better take into account benefits received and the relativity of those land uses to residential in comparison to other Councils.
- The inclusion of increases in certain Fees and Charges to achieve additional revenue of \$50,000 per annum.
- The inclusion of funding for a pilot of waste options in 2023-24.

It is also proposed that the financial sustainability targets remain unchanged from the previously adopted LTFP.

CEO Statement on Financial Sustainability:

The revised Draft 2023-24 LTFP included at Appendix 1 demonstrates that the Council is financially sustainable over the 10 year term of the LTFP, whilst achieving the objectives outlined in the *Strategic Plan*.

This includes:

- Implementation and funding of the appropriate level of maintenance and renewal of the portfolio of infrastructure assets
- Meeting the ongoing expectations of service delivery to our community
- Managing the impact of cost shifting from other levels of government
- The appropriate use of debt as a means of funding new/upgraded capital expenditure
- Ensuring the financial sustainability of Council's operations.

Financial sustainability has been demonstrated through adherence to the adopted target ranges in all of the following three key ratios:

- Operating Surplus Ratio, target range 1% to 5%
- Net Financial Liabilities Ratio, target range 25% to 75%
- Asset Renewal Funding Ratio, target range 95% to 105%

In achieving these targets, which are explained in more detail within the LTFP, there is a level of certainty provided to the community that financial sustainability of the council's long-term financial performance and position will be maintained.

Importantly, as the draft LTFP demonstrates sustainability over a ten year period, and the 2023-24 LTFP target budget is embedded within the LTFP, then the subsequent development of a 2023-24 budget that aligns with the LTFP targets that have been set will also demonstrate that a financially sustainable position is being achieved.

3. OPTIONS

- I. To receive and note this report and recommend to Council the *2023-24 Draft Long Term Financial Plan* as prepared (Recommended).
- II. To make additional comments or suggestions to Administration to consider prior to finalising the *2023-24 Draft Long Term Financial Plan* for Consultation to Council.

4. APPENDIX

- (1) Draft 2023-24 Long Term Financial Plan

Appendix 1

*2023-24 Draft Long Term Financial Plan for
Consultation*

2023- 24 Draft Long Term Financial Plan



Adelaide Hills
COUNCIL

Long Term Financial Plan

Feb 2023

Why does Council prepare a Long Term Financial Plan (LTFP)?

The *Local Government Act 1999* requires Council to prepare a Long Term Financial Plan (LTFP) as part of its Strategic Management Plans. Council considers that its Long Term Financial Plan (LTFP) is a fundamental instrument of accountability and provides projections for Council's planned activities over a ten year timeframe.

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

The LTFP provides Council with a decision making tool that ensures there is an understanding of the impact of decisions made today on future sustainability. This means ensuring the cost effective delivery of works and services, and the appropriate maintenance and renewal of our asset base in a financially sustainable manner.

The LTFP contains estimated financials over a ten year period and includes estimates of the key ratios which are operating surplus, net financial liabilities and asset renewal funding ratios. This projection of estimates creates a model that illustrates the expected long term financial performance of the Council, and hence whether financial sustainability is being achieved.

The model is a complex and fluid document, continually reviewed, modified and refined as new information is discovered. This is usually at each quarterly Budget Review and during the construction and adoption of Council's Annual Budget.

The plan does not provide specific detail about individual works or services, as this level of detail is addressed in the Annual Business Plan and Budget.

The key objective of Council's LTFP is financial sustainability in the medium to long term, while still achieving Council's corporate objectives as specified in its Strategic Plan, Corporate Plans and Functional Strategies.

How does Council prepare the Plan?

The 10 year LTFP is prepared using a number of assumptions about projected rate income, projected fees, charges and grants and also includes assumptions about future operational and capital expenditure. As the plans are derived from an estimate of future performance, the actual results are likely to vary from the information contained in this LTFP.

Calculating a sustainable Long Term Financial Plan

The LTFP calculations are based on a complex model which is built on a very large range of variables applied to its performance in recent years. In order to use it to guide each year's budget setting process, the key variables have been divided into two groups:

- *Controllable variables* – items that Council and/or Council's Administration can control such as service levels, capital expenditure, rate increases and wage increases
- *Non-controllable variables* – items outside Council's control, such as interest rates, inflation and economic growth (eg. residential development, new businesses, etc) as well as government fees and charges/imposts such as the Solid Waste Levy.

For controllable variables, Council is able to change different variables up or down to see what effect they have on financial performance. The long term effects of each decision can then be assessed.

For non-controllable variables, the plan uses reasonable long term estimates which do not change (except to update them at the beginning of each budget cycle). In this way the impact of different choices about the variables in the model can be better assessed.

For example: Inflation which is measured by the Local Government Price Index (LGPI) for Councils has fluctuated substantially in recent years. Because inflation works differently on different elements of Council's income and expense it can easily distort the LTFP, especially in later years. If the distortion negatively impacted the LTFP, Council could assess which controllable variables could be adjusted to keep the plan sustainable.

Key considerations incorporated in the current LTFP review

As part of the development of the 2023-24 LTFP, a full day workshop of Council was held in February 2023 with the objective of reaching an agreed understanding of key parameters and assumptions to be captured within the 'draft' 2023-24 LTFP to enable a sustainable position to be presented to Council prior to community consultation.

This was a particularly challenging year given the impacts that world events are having on the cost of delivering services with the Consumer Price Index (CPI) currently in excess of 8% for South Australia. Given the costs of delivering services in Local Government often exceed CPI, the focus of the workshop was to reduce expenditure to enable the impact on rates, which are Council's primary source of revenue, to be held below CPI in 2023-24.

After taking into account workshop feedback, the draft 2023-24 LTFP key parameters and assumptions have been updated to reflect:

- an average residential rate increase for 2023-24 that is 0.5% below estimated LGPI to ensure that the increase is below forecast CPI
- The inclusion of \$600k in administrative savings (ongoing). This is in addition to the \$650k of ongoing savings captured in the last LTFP review
- The inclusion of service changes that will achieve savings of \$230k in 2023-24 and be ongoing
- That all categories of land use be differentiated for rating purposes, and that the differential rate for land uses Commercial, Industrial and Vacant be adjusted to better take into account benefits received and the relativity of those land uses to residential in comparison to other Councils.
- The inclusion of increases in certain Fees and Charges to achieve additional revenue of \$50k per annum.
- The inclusion of funding for a pilot of waste options in 2023-24.

Once the above elements were factored in, revised LTFP modelling provides for an improved operating surplus that previously projected and therefore Council had increased its flexibility to better absorb the financial impacts of events such as bushfires and pandemics without significantly impacting on the delivery of Council's Strategic Plan outcomes and the full range of services and activities.

Further it is proposed that the financial sustainability targets also remain unchanged from the previously adopted LTFP.

Local Government Price Index (LGPI)

The Consumer Price Index (CPI) is calculated using the mix of goods and services typically consumed by households, however the mix of goods and services purchased by Local Councils is quite different. Council's major expenditure purchases include waste disposal and processing, solid waste levy, arboriculture services, maintenance for infrastructure including bitumen and other materials, insurance, energy, diesel and water as well as employment costs

Because Council's expenses are so different from households, the Australian Bureau of Statistics were commissioned to develop a Local Government Price Index (LGPI) over 10 years ago as an independent measure of price movements faced by Local Government in South Australia in respect of their purchases of goods and services. In more recent years the South Australian Centre for Economic Studies has taken over responsibility for preparing the LGPI.

Council has then used both the LGPI and CPI when considering the setting of rates as part of its Annual Business Planning and Budget process.

When Council bases rate increases only on CPI it can significantly impact Council's overall financial sustainability as it may not accurately reflect the actual cost increases that Council is facing over time.

Improving Council's Operating Surplus Ratio is important to Adelaide Hills Council given Council's desire to:

- increase Council's capacity to absorb such events as bushfires and COVID-19 and the associated expenditure impacts
- Increase capacity to fund additional services required by the community including tree management and the Community & Recreation Facilities Framework;
- keep the operating surplus at a level to fund a proportion of new/upgraded capital expenditure without requiring additional borrowings provide for the capacity to reduce debt

This position to improve the Operating Surplus has been further supported by previous years' community consultation on the LTFP.

Given the above it is recommended to index rates for 2023-24 below forecast CPI and then align rate increases in accordance with LGPI for subsequent years.

Chief Executive Officer's Report on Financial Sustainability

What key conclusions may be drawn from the plan?

The LTFP demonstrates that the Council is financially sustainable over the 10 year term of the LTFP, whilst achieving the objectives outlined in the Strategic Plan. This includes:

- Implementation and funding of the appropriate level of maintenance and renewal of the portfolio of infrastructure assets
- Meeting the ongoing expectations of service delivery to our community
- Managing the impact of cost shifting from other levels of government
- Enabling the delivery of strategies identified within the Strategic Plan as well as other endorsed Functional Strategies
- The appropriate use of debt as a means of funding new capital expenditure
- Ensuring the financial sustainability of Council's operations.

Financial sustainability has been demonstrated through adherence to the agreed target ranges in all of the following three key ratios:

- 1. Operating Surplus Ratio, target range 1% to 5%**
- 2. Net Financial Liabilities Ratio, target range 25% to 75%**
- 3. Asset Renewal Funding Ratio, target range 95% to 105%**

In achieving these targets, which are explained in more detail within this document, there is a level of certainty provided that financial sustainability will be maintained.

Ratios

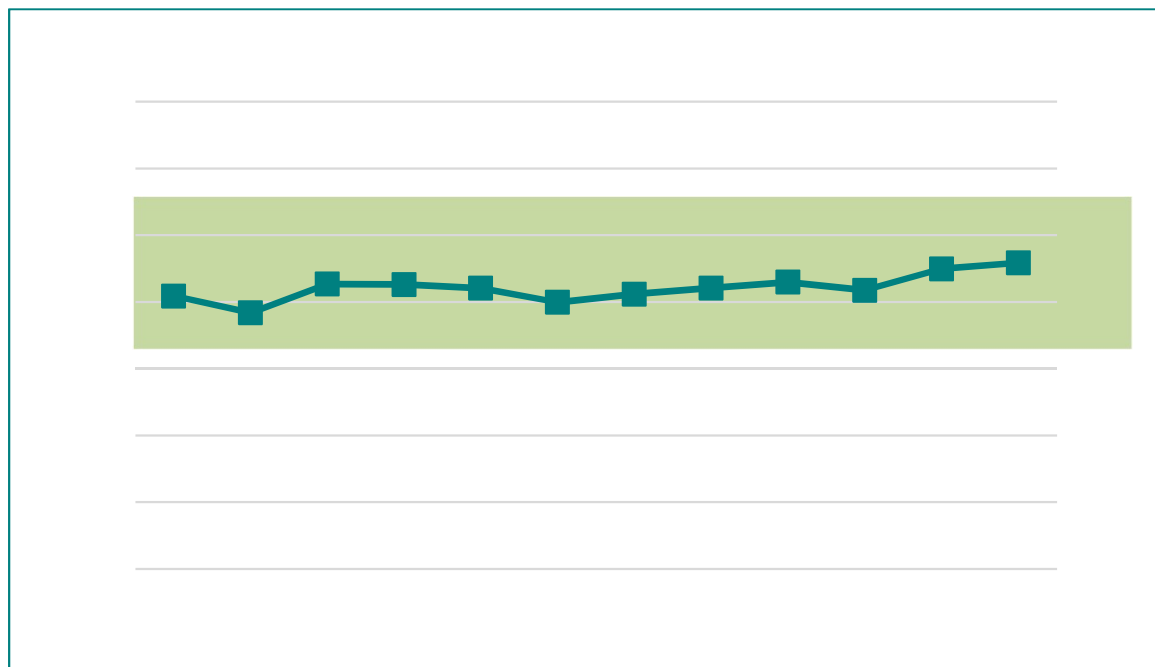
Operating Surplus Ratio

The operating surplus ratio indicates whether operating revenue is sufficient to meet all operating expenses and whether current ratepayers are paying for their consumption of resources.

The Operating Surplus ratio expresses the operating surplus as a percentage of total operating income. A negative ratio indicates the percentage that the operating expenses outweigh the operating income. A positive ratio indicates the percentage that the operating revenue exceeds the operating expenses.

Target Range: 1% - 5%
10 Year Result Range 2.0% - 3.2%

The ratio above indicates that the cost of services provided to ratepayers is being met from operating revenues with surplus's being used to fund new infrastructure works in line with our LTFP projections.





Net Financial Liabilities Ratio

Net Financial Liabilities is an indicator of the Council's total indebtedness and includes all Council's obligations including provisions for employee entitlements and creditors.

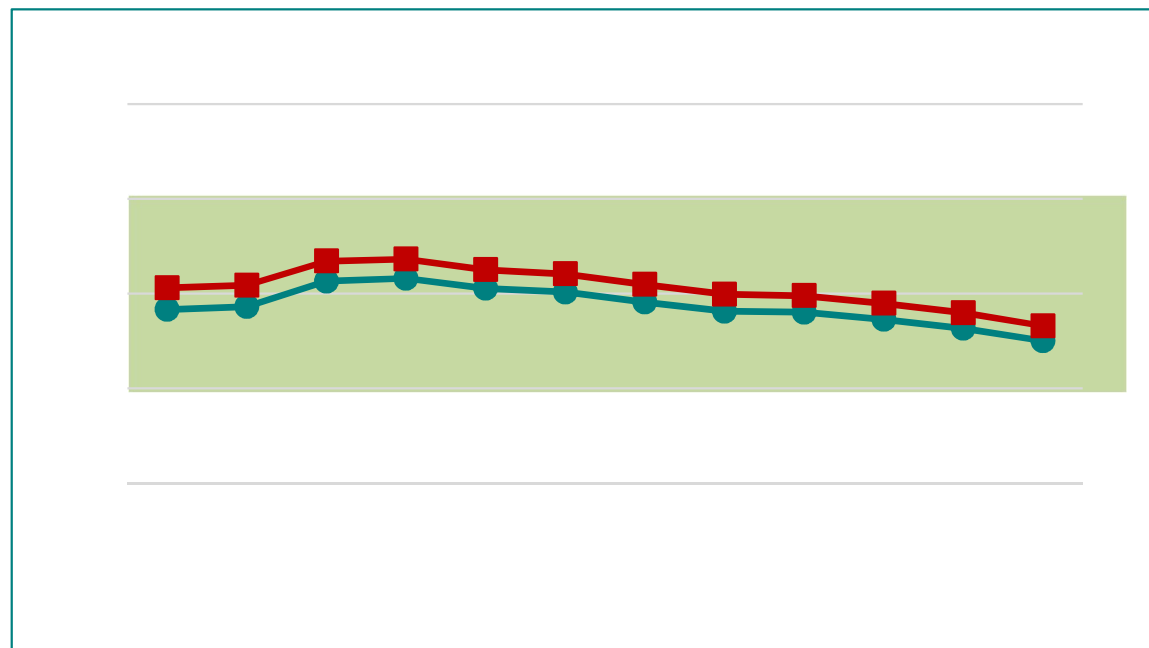
This ratio indicates whether the net financial liabilities of the Council can be met by the Council's total operating revenue. Where the ratio is falling, it indicates that the Council's capacity to meet its financial obligations from operating revenues is strengthening. Where the ratio is increasing, it indicates that a greater amount of Council's operating revenues is required to service its financial obligations.

Council has considered the financial impact of significant events such as disasters including bushfire or storm as these type of events have occurred more regularly in recent years. As a result, Council has also assessed its Net Financial Liability ratio with an additional \$3m of borrowings represented by the top red line in the graph below. The resultant ratio shows that even with the additional \$3m, Council still maintains this ratio within a sustainable target range.

The \$3m represents the likely Council net contribution to a very significant disaster in the order of \$10m taking into account financial assistance from State and Federal Governments. This assumption is also based on Council's strong preference to borrow if such a major event did occur rather than requiring an increase in rates to fund any financial impact.

Target Range: 25% - 75%

10 Year Result Range 38% - 54%



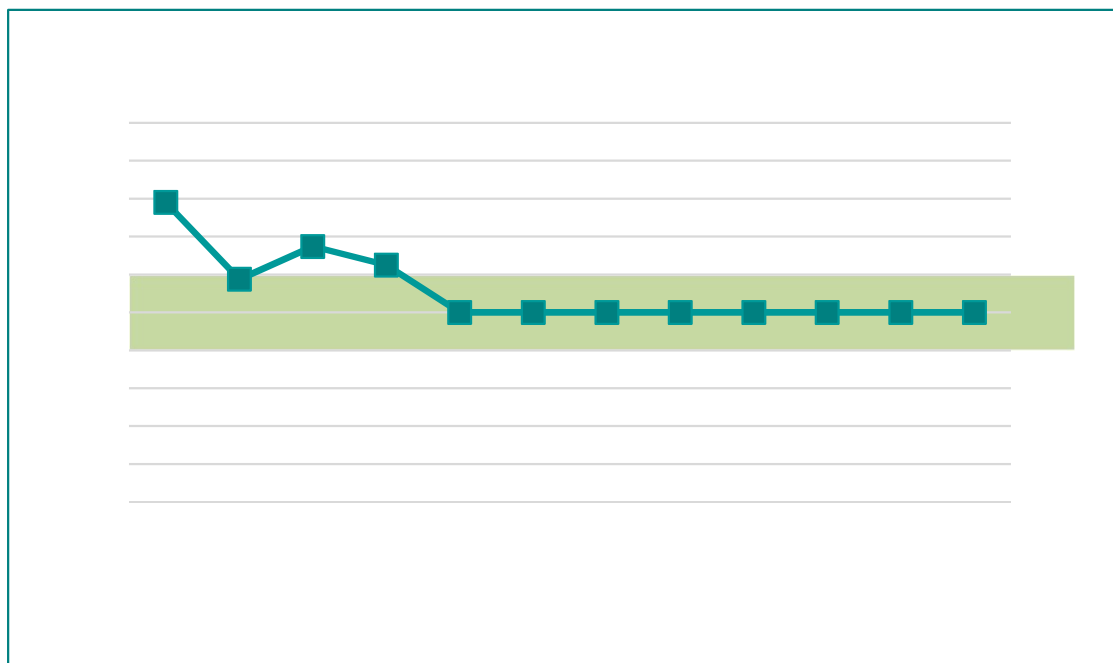
Asset Renewal Funding Ratio

This ratio indicates whether a Council is renewing or replacing existing infrastructure assets at the same rate that its asset management plan requires.

The target for this ratio is to be between 95% and 105% in any given year, with 100% on average over five years. This would mean that Council is replacing 100% (or all) of the assets that require renewal.

Target:	95 - 105%
10 Year Result Range	100%

The result achieved for this measure is the same throughout the 10 year horizon of the LTFP as the amount of future renewal expenditure is based on the required asset management expenditure.



Key sections explained.....

Uniform Presentation of Finances (including key assumptions and financial indicators)

In accordance with the requirements of *Local Government (Financial Management) Regulations 2011* this section of the LTFP presents the financial position of Council for the next 10 years in the mandated format consistent across the Local Government sector.

This section of the LTFP is broken into the following key elements:

- A summary of all operating income and expenditure to highlight the Net Operating Surplus
- Net outlays on existing assets after providing for depreciation and proceeds from any replacement asset sales
- Net outlays on new and upgraded assets after providing for grants received and proceeds from any surplus asset sales
- Key indexation forecasts and interest rate projections for borrowings and investments

The resultant key financial ratios are derived from the above and demonstrate financial sustainability through the adherence to the agreed target ranges over the 10 year life of the LTFP. Detailed information is provided in relation to each ratio within this plan.

Statement of Comprehensive Income

This Statement provides a 10 year projection of the state of a council's annual operating result (ie. the surplus or deficit between its annual spending and revenue). It shows Council's operational income and expenditure using the projected 30 June 2022 Budget as the base year.

In relation to operational income, it can be seen that Council has a heavy reliance on rates and to a lesser extent grants with rates constituting over 85% of Operating income. Other revenue sources include statutory fees (largely development and dog and cat registration) and user charges relating to cemeteries, community centre programs and Lobethal Woollen Mill Precinct rental.

For expenditure key expenditure items are employee costs and material, contracts & other expenses both constituting around 40% of operational expenditure.

This statement also shows the predicted increase from revaluations relating to Council's large investment in infrastructure & related assets.

Statement of Financial Position

This Statement provides a 10 year projection of Council's assets and liabilities using the projected 2022-23 Budget as the base year. The projections result from proposed capital expenditure emanating from the Asset Management Plans and adopted strategies, together with borrowings necessary to meet those capital requirements, and net funding generated by operations.

Council's borrowings are represented by a Cash Advance Drawdown (CAD) facility as well as credit foncier (principal and interest) loans split between short term and longer term loans. **Over the life of the LTFP, total borrowings peak at \$25m in 2026-27.**

Capital Investment by Asset Category

Council's Asset Management Plans are progressively reviewed to ensure future provisions for asset related expenditure are sufficient. Recent reviews have highlighted the need for additional renewal expenditure in some of the infrastructure categories which has been provided for within the current LTFP. This includes any changes from asset revaluations and subsequent inspection of asset conditions.

Key points of note include:

Total capital expenditure projected over the 10 year period totals \$156 million of which \$124 million has been allocated to the renewal of existing assets. Over \$ 60 million of this renewal investment is on road related infrastructure, including resurfacing over 200 km of seal roads, re-sheeting 170 km of our unsealed network, replacing about 1.5% of our road base and renewal bridge components.

As identified above, the remaining \$32 million relates to new assets, as well as capacity/upgraded assets derived from Council's current adopted Strategic Plan and endorsed Functional Strategies. This includes \$ 5.8 million for the completion of Fabrik activation and functional upgrades across our 200 plus building and related asset portfolio, \$ 3.2 million towards upgrades to Council playgrounds, \$ 4.7 million on Stormwater upgrades and \$ 0.5 million to transition towards more electric vehicles in the fleet. The Council will invest \$ 4.6 million on extending its footpath and trails networks.

Economic and Key Financial Indicators

The LTFP has been developed based on a number of assumptions using the best up to date information available at the time. Key economic indicators used include estimated increases to Consumer Price Index (CPI), Local Government Price Index (LGPI) and predictions in relation to short term and long term interest rates. These LTFP assumptions are detailed in this section.

Further, these LTFP assumptions are affected by various internal and external influences as listed below.

Internal (more controllable)

- Enterprise Development and Bargaining Agreements covering salary and wage increases
- Workforce planning
- Treasury Management Policy and decisions on borrowings
- Service Improvement Reviews
- Risk Management consideration
- Asset Sustainability & Service levels maintained during the period of the LTFP
- Increase/decrease in Services.

External (more non controllable)

- Local Government Price Index
- Consumer Price Index
- Interest rates
- Landscape and Community Wastewater Management System (CWMS) forecast increases
- Utility increases including water and electricity and waste related costs including solid waste levy
- Insurance and governance related costs
- Increased compliance costs through new legislation Federal & State
- Government Policy including cost shifting Broader economic environment

Risks Associated with the Long Term Financial Plan

The LTFP has been developed based on the best information and assumptions available at the time. However, users of this information should be aware that there are risks associated with using estimated increases to Consumer Price Index (CPI), Local Government Price Index (LGPI), Average Weekly Earnings (AWE) and predictions in finance costs and interest rates.

In addition, the LTFP may be impacted by events such as new legislation, legal disputes or disasters that could materially affect the projected outcomes and results of the LTFP. Whilst Council has factored in the known impacts of prior events (including recent bushfires, the COVID-19 pandemic and legal matters), it is important to acknowledge that significant future events will necessitate ongoing review. The projected increase in the operating surplus ratio will assist in mitigating this risk.

Council is aware that the Boundaries Commission has developed an Inquiry Plan to inquire into the Campbelltown City Council's (CCC) proposal for the boundary between CCC and Adelaide Hills Council to be realigned to the eastern and southern side of Woodforde and Rostrevor suburbs, effectively moving those suburbs into CCC's area. At the last advice received, the Commission was seeking a cost estimate for the Inquiry. Once the estimate is obtained it will be provided to CCC and the inquiry will only proceed if CCC provides a clear direction to do so, on consideration of the cost estimate, which they will be required to fund. Given the current status of the boundary change process, no adjustment has been made to Council's LTFP for any possible impact on rates revenue, servicing costs and capital expenditure.

In order to reduce risk the plan is reviewed and updated annually to incorporate the best available information. In addition, the LTFP and its assumptions are reviewed by Council's Audit Committee.

delade Hills Council												
Year Financial Plan for the Years ending 30 June 2033												
MENT OF COMPREHENSIVE INCOME - COUNCIL												
: 2023-24 Draft Long Term Financial Plan												
	Actuals	Current Year	Projected Years									
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income												
Rates	41,504	44,339	48,330	50,624	52,680	54,436	56,252	58,128	60,068	62,073	64,146	66,288
Statutory Charges	1,430	1,398	1,502	1,555	1,601	1,641	1,682	1,724	1,768	1,812	1,857	1,903
User Charges	884	890	1,299	1,345	1,385	1,420	1,455	1,491	1,529	1,567	1,606	1,646
Grants, Subsidies and Contrib	7,667	6,204	5,155	4,721	4,604	4,689	4,776	4,865	4,956	5,050	5,146	5,244
Investment Income		5	5	6	6	6	6	6	7	7	7	7
Reimbursements			197	204	210	215	221	226	232	238	243	250
Other Income				282	290	298	305	313	320	328	337	345
Net gain - equity accounted Council busin					100	100	100	100	100	100	100	100
Total Income	52,457	53,336	56,862	58,835	60,876	62,805	64,797	66,854	68,979	71,175	73,442	75,784
Expenses												
Employee Costs	19,608	21,083	23,004	23,921	24,710	25,507	26,480	27,335	28,217	29,128	30,068	31,039
Materials, Contracts & Other Expenses	21,515	20,316	20,737	21,008	21,768	22,753	23,194	23,875	24,531	25,490	25,904	26,616
Depreciation, Amortisation & Impairment		10,446	11,096	11,553	12,005	12,372	12,751	13,142	13,541	13,951	14,359	14,779
Finance Costs			582	870	926	922	925	887	901	936	914	945
Net loss - Equity Accounted Council Businesses					-	-	-	-	-	-	-	-
Total Expenses	51,315	52,443	55,419	57,352	59,408	61,554	63,350	65,239	67,190	69,504	71,245	73,380
Operating Surplus / (Deficit)	1,142	893	1,442	1,483	1,468	1,251	1,447	1,616	1,789	1,671	2,197	2,405
Asset Disposal & Fair Value Adjustments	(1,693)	-	-	-	-	-	-	-	-	-	-	-
Amounts Received Specifically for New or Upgraded Assets		5,621	-	-	-	-	-	-	-	-	-	-
Physical Resources Received Free of Charge			-	-	-	-	-	-	-	-	-	-
Net Surplus / (Deficit)	5		1,442	1,483	1,468	1,251	1,447	1,616	1,789	1,671	2,197	2,405
Other Comprehensive Income												
Amounts which will not be reclassified subsequently to operating result												
Changes in Revaluation Surplus - I,PP&E	2,814			3	6,098	6,269	6,444	6,624	6,810	7,001	7,190	7,384
Share of Other Comprehensive Income - Equity Accounted Council Businesses	1				-	-	-	-	-	-	-	-
Other	6				-	-	-	-	-	-	-	-
Total Other Comprehensive Income	2,821	5,30				6,269	6,444	6,624	6,810	7,001	7,190	7,384
Total Comprehensive Income	8,247	11,814	7,129	7,386	7,566	7,519	7,891	8,240	8,599	8,671	9,386	9,788

delade Hills Council												
ear Financial Plan for the Years ending 30 June 2033												
ENT OF FINANCIAL POSITION												
023-24 Draft Long Term Financial Plan												
	Actuals	Current Year	Projected Years					Projected Years				
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS												
Current Assets												
Cash & Cash Equivalents	3,215	584	515	515	515	515	515	515	515	515	515	515
Trade & Other Receivables		5	3,025	3,025	3,025	3,025	3,025	3,025	3,025	3,025	3,025	3,025
Inventories				32	32		32	32	32	32	32	32
Total Current Assets						3,572	3,572	3,572	3,572	3,572	3,572	3,572
Non-Current Assets												
Equity Accounted Investments in Council Businesses						2,916	3,016	3,116	3,216	3,316	3,416	3,516
Infrastructure, Property, Plant & Equipment						494,023	501,099	508,591	517,876	526,107	534,622	542,762
Total Non-Current Assets						496,939	504,115	511,707	521,092	529,423	538,038	546,278
TOTAL ASSETS			76,673	485,531	492,598	500,511	507,687	515,279	524,664	532,995	541,610	549,850
LIABILITIES												
Current Liabilities												
Cash Advance Debenture				8,213	8,045	8,093	8,184	6,688	6,682	6,739	5,256	5,407
Trade & Other Payables				8	6,148	6,148	6,148	6,148	6,148	6,148	6,148	6,148
Borrowings					2,498	2,461	2,320	2,636	2,989	3,291	3,717	3,447
Provisions	4,07				814	3,809	3,804	3,799	3,793	3,788	3,782	3,776
Total Current Liabilities	23,304					20,512	20,456	19,271	19,612	19,965	18,903	18,779
Non-Current Liabilities												
Borrowings	5,200					14,195	13,561	14,123	14,594	13,927	14,247	12,849
Provisions	1,751	1,4				497	472	446	420	393	365	338
Total Non-Current Liabilities	6,951	8,722				14,692	14,033	14,569	15,014	14,320	14,612	13,187
TOTAL LIABILITIES	30,255	28,433	33,836	35,307	34,809	35,203	34,488	33,840	34,626	34,285	33,515	31,966
NET ASSETS	423,894	435,708	442,837	450,223	457,789	465,308	473,199	481,439	490,038	498,709	508,096	517,884
EQUITY												
Accumulated Surplus	147,964	154,478	155,92	157,403	158,871	160,122	161,568	163,184	164,973	166,644	168,840	171,245
Asset Revaluation Reserves	275,831	281,131	286,818	298,819	298,819	305,087	311,531	318,156	324,966	331,966	339,156	346,540
Other Reserves	99	99	99	99	99	99	99	99	99	99	99	99
TOTAL EQUITY	423,894	435,708	442,837	450,223	457,789	465,308	473,199	481,439	490,038	498,709	508,096	517,884
TOTAL NET FINANCIAL LIABILITIES				7	31,269	31,663	30,948	30,300	31,086	30,745	29,975	28,426
					24,325	24,749	24,065	23,447	24,265	23,957	23,220	21,704

TOTAL BORROWINGS consist of:												
	5,575	5,575	8,304	13,743	16,382	16,280	16,656	15,881	16,759	17,583	17,218	17,963
		3,000	6,000	8,700	1,700	2,400	1,200	2,700	2,950	2,100	3,500	1,500
				(6,061)	(1,802)	(2,024)	(1,975)	(1,822)	(2,126)	(2,465)	(2,754)	(3,167)
			13,743	16,382	16,280	16,656	15,881	16,759	17,583	17,218	17,963	16,297
				8,952	8,213	8,045	8,093	8,184	6,688	6,682	6,739	5,256
					(168)	48	91	(1,496)	(6)	57	(1,483)	151
			8,952	8,213	8,045	8,093	8,184	6,688	6,682	6,739	5,256	5,407
WINGS	14,781	16,865	22,695	24,595	24,325	24,749	24,065	23,447	24,265	23,957	23,220	21,704

Adelaide Hills Council										
10 Year Financial Plan for the Years ending 30 June 2032										
ECONOMIC & KEY FINANCIAL INDICATORS										
Scenario: 2023-24 Draft Long Term Financial Plan										
	Projected Years									
	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
										2.50%
										2.70%
										0.20%
										2.70%
										2.50%
										2.50%
										2.50%
										2.70%
										2.50%
										0.00%
										0.05%
										0.70%
										3.25%
										12.00%
	4.76%	4.55%	4.35%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
RATES INCOME										
	%	3.50%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
		0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
				2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%
		0.70%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
				3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%
										2.50%
										2.90%
										0.00%
										(1.00%)
										(1.00%)
										(1.00%)
										0.00%
										0.50%
										0.50%
										0.00%
										0.00%
										0.00%
										1.00%
										(1.00%)
										0.00%
										3.50%
										5.50%
										4.00%
										3.2%
										37.5%
										41.5%
	108.7%	106.2%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%