AUDIT COMMITTEE

NOTICE OF MEETING

To: **Presiding Member** Cr Malcolm Herrmann

Members

David Moffatt
Pamela Lee
Sarah Beesley
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 17 February 2025
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.

A Public notice of the Agenda for this meeting is supplied under Section 88 of the Act.

Greg Georgopoulos
Chief Executive Officer

AUDIT COMMITTEE

AGENDA FOR MEETING
Monday 17 February 2025
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 Country of the Peramangk and Kaurna people. We pay our respects to Ancestors and Elders past and present as the Custodians of this ancient and beautiful land.

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 – 18 November 2024

Recommendation
That the minutes of the Audit Committee meeting held on Monday 18 November 2024, 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.   2025 Action Report and Work Plan Update

    1. *To receive and note the 2025 Action Report and Work Plan Update Report (item 7.1, 17 February 2025 Audit Committee meeting).*
    2. *To note the 2025 Action Report, February 2025, in Appendix 1 (item 7.1, 17 February 2025 Audit Committee meeting).*
    3. *To adopt the 2025 Work Plan and Reporting Schedule in Appendix 2 (item 7.1, 17 February 2025 Audit Committee meeting).*

8. **OFFICER REPORTS**

    8.1.   Internal Audit Quarterly Report

    1. *To receive and note the Internal Audit Quarterly Report (item 8.1, 17 February 2025, Audit Committee meeting).*
    2. *To receive and note the Financial Assumptions and Reporting Audit Report in Appendix 1 (item 8.1, 17 February 2025, Audit Committee meeting).*

    8.2.   Implementation of Audit Actions Progress Report

    1. *To receive and note the report titled Implementation of Audit Actions Progress Report (item 8.2, 17 February 2025 Audit Committee meeting).*
    2. *To note the Audit Actions Report in Appendix 1 (item 8.2, 17 February 2025 Audit Committee meeting).*

    8.3.   Quarterly Risk Management Report

    1. *That the Committee review and discuss the quarterly risk report, and resolves that the report be received, accepted and noted (item 8.3, 17 February 2025 Audit Committee meeting).*
    2. *To note the Strategic Risk Register Report in Appendix 1 (item 8.3, 17 February 2025 Audit Committee meeting).*
    3. *To note the Risk Management Project Plan in Appendix 2 (item 8.3, 17 February 2025 Audit Committee meeting).*

8.4.   LGRS Risk Management Systems Risk Profiling Report

1. *To receive and note the LGRS Risk Profiling Report (item 8.4, 17 February 2025 Audit committee meeting).*
2. *To note the 2024 LGRS Risk Profiling Final Report in Appendix 1 (item 8.4, 17 February 2025 Audit committee meeting).*
3. *To note that the LGRS Risk Profiling Actions in Appendix 2 will be presented in upcoming meetings as per the Audit Committee Workplan (item 8.4, 17 February 2025 Audit committee meeting).*

8.5.   Budget Review 2

1. *That the report on Budget Review 2 be received and noted (item 8.5, 17 February 2025 Audit Committee meeting).*
2. *To recommend to Council the proposed budget adjustments presented in Budget Review 2 which result in (item 8.5, 17 February 2025 Audit Committee meeting):*
    a. *An increase in the Operating Deficit from $1.728m to $3.013m for the 2024-25 financial year.*
    b. *Changes to the Capital Works budget increasing capital expenditure by $0.0.60 million for the 2024-25 financial year resulting in a revised capital expenditure budget of $20.648 million.*
    c. *A net borrowing result of $34m.*
    d. *An Operating Surplus/(Deficit) Ratio of (4.9%).*
    e. *A Net Financial Liabilities Ratio of 55%.*
    f. *An Asset Renewal Funding Ratio of 132%.*

8.6.   Debtors Report

The Audit and Risk Committee resolves that the report be received and noted (item 8.6, 17 February 2025 Audit Committee meeting).

8.7.   Internal Controls Improvement Plan

That the report on Internal Financial Controls Update be received and noted (item 8.7, 17 February 2025 Audit Committee meeting).

8.8.   Annual Investment Performance Report 23-24

That the Annual Investment Performance Report 2023-2024 be received and noted (item 8.8, 17 February 2025 Audit Committee meeting).

8.9.   Procurement Policy

1. *That the report on the update to the Procurement policy be received and noted (item 8.9, 17 February 2025 Audit Committee meeting).*

2.   *That the draft Procurement Policy be endorsed for Council approval (item 8.9, 17 February 2025 Audit Committee meeting).*

9.   QUESTIONS WITHOUT NOTICE

10.   CONFIDENTIAL ITEMS

10.1.   LGRS JLT Public Sector Cyber Security Report

10.2.   Enterprise Resource Planning System Review including Risk Assessment

11.   NEXT MEETING

The next Audit Committee meeting will be held at 6.00pm on 14 April 2025 at 63 Mount Barker Road, Stirling.

12.   CLOSE MEETING

ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 18 NOVEMBER 2024
63 MT BARKER ROAD STIRLING

In Attendance

Members:

Cr Malcolm Herrmann	Presiding Member
Sarah Beesley	Independent Member
David Moffatt	Independent Member
Pamela Lee	Independent Member
Cr Melanie Selwood	Council Member

In Attendance:

Greg Georgopoulos	Chief Executive Officer
Gary Lewis	Director Corporate Services
Bruce Smith	Manager Financial Services
Zoe Gill	Executive Governance Officer
Lauren Jak	Audit, Risk and Insurance Officer
Skye Ludzay	Minute Secretary

1.   COMMENCEMENT

The meeting commenced at 6.00pm.

1.1.   Acknowledgement of Country

Council acknowledges that we meet on the traditional Country of the Peramangk and Kaurna people. We pay our respects to Ancestors and Elders past and present as the Custodians of this ancient and beautiful land.

2.   APOLOGIES/LEAVE OF ABSENCE

2.1.   Apology

Nil

2.2.   Leave of Absence

Nil

2.3.   Absent

Nil

3.   MINUTES OF PREVIOUS MEETINGS

3.1.   Audit Committee Meeting – 21 October 2024

Moved Cr Melanie Selwood
S/- Pamela Lee   **AC46/24**

That the minutes of the Audit Committee meeting held on 21 October 2024 as supplied, be confirmed as an accurate record of the proceedings of that meeting.

Carried Unanimously

4.   PRESIDING MEMBER'S OPENING REMARKS

1.   Members received a confidential update at a briefing session on the Ashton Landfill. A report is expected to come to council for a decision before Christmas
2.   A request for a discretionary rate rebate for the Stirling Hospital circa $20k was not approved by Council
3.   Council approved the Audit Committee's recommendation to approve the Annual Financial statements.
4.   Council adopted the Strategic Plan 2024
5.   Council approved the Representation Review Report for public consultation. The major change proposed is to increase the number of Wards from two to three, but with the same number of elected members equally distributed across the Wards.

5.   DELEGATION OF AUTHORITY

In accordance with the Audit Committee Terms of Reference, the Committee has no delegated decision-making powers. The Recommendations in Item(s) 8.3, 8.5, 8.7, 8.8, 8.10 are to be submitted to Council for consideration.

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

Nil

7.   PRESENTATIONS, ACTION REPORT & WORKPLAN

7.1.   2024 Action Report and Work Plan Update

Moved Cr Melanie Selwood
S/- Sarah Beesley   **AC47/24**

1. **To receive and note the 2024 Action Report and Work Plan Update Report (item 7.1, 18 November 2024 Audit Committee meeting).**
2. **To note the 2024 Action Report, November 2024.**
3. **To adopt the 2024 Work Plan and Reporting Schedule in Appendix 2 (item 7.1, 18 November 2024 Audit Committee meeting).**
4. **To adopt the Draft Audit Committee Work Plan 2025 in Appendix 3 (item 7.1, 18 November 2024 Audit Committee meeting).**

Carried Unanimously

8.   **OFFICER REPORTS – DECISION ITEMS**

8.1.   **Presiding Members Report**

Moved Pamela Lee
S/- Sarah Beesley   **AC48/24**

The Audit Committee resolves to receive and note the Presiding Members report (item 8.1, 18 November 2024 Audit Committee meeting) and a copy be included in the Audit Committee meeting minutes.

Carried Unanimously

8.2.   **Audit Committee Self-Assessment**

Moved Sarah Beesley
S/- David Moffatt   **AC49/24**

The Audit Committee resolves to receive and note the Audit Committee Self-Assessment report (item 8.2, 18 November 2024 Audit Committee meeting).

Carried Unanimously

8.3.   **Audit Committee Terms of Reference**

6:23pm CEO Greg Georgopoulos arrived at the meeting.

Moved Pamela Lee
S/- Sarah Beesley   **AC50/24**

The Audit Committee resolves:

1. **To receive and note the report titled Audit Committee Terms of Reference Review (Item 8.3, 18 November 2024 Audit Committee meeting)**
2. **To recommend the draft Audit and Risk Committee Terms of Reference, excluding clauses 4, 5, 7, 8 and 9 at Appendix 1 (Item 8.3, 18 November 2024 Audit Committee meeting) to Council for adoption, with the addition of the words "as required" at the end of 14.2.**
3. **To refer clauses 4, 5, 7, 8 and 9 of the draft Audit and Risk Committee Terms of Reference at Appendix 1 (Item 8.3, 18 November 2024 Audit Committee meeting) to Council for consideration, noting Audit Committee does not make recommendations on these clauses due to conflicts of interests of the members.**

Carried Unanimously

8.4.   2025 Audit Committee Meeting Dates

Moved Cr Melanie Selwood
S/- David Moffatt   **AC51/24**

The Audit Committee resolves:

1. **That the report on 2025 Audit Committee Meeting Dates be received and noted.**
2. **To approve the Audit Committee meeting schedule, timings, and locations for 2025 as follows:**

Commencement	6.00pm
Meeting Dates and Locations	**17th February 2025, 63 Mt Barker Road, Stirling**
	14th April 2025, 63 Mt Barker Road, Stirling
	19th May 2025, 63 Mt Barker Road, Stirling
	18th August 2025, 63 Mt Barker Road, Stirling
	20th October 2025, 63 Mt Barker Road, Stirling
	17th November 2025, 63 Mt Barker Road, Stirling

	Carried Unanimously

8.5.   **Climate Change Adaption Governance and Risk Report**

Moved Cr Melanie Selwood

S/- David Moffatt   **AC52/24**

The Audit Committee resolves:

1.   **That the report on Climate Change Adaptation Governance and Risk Update be received and noted.**
2.   **To refer the Climate Change Adaptation Governance and Risk Report to Council for information.**
3.   **To note that the Administration will investigate the LGASA climate risk and governance approach recently developed for incorporation into the Risk Management Framework.**

	Carried Unanimously

8.6.   **Strategic Plan Report 2024**

Moved Pamela Lee
S/- Sarah Beesley   **AC53/24**

The Audit Committee resolves that the report on Strategic Plan 2024 be received and noted.

	Carried Unanimously

8.7.   **Draft Annual Report 2023-24**

Moved Sarah Beesley
S/- Pamela Lee   **AC54/24**

The Audit Committee resolves:

1.   **That the report on the Draft Annual Report 2023-24 be received and noted**

2. To advise Council that the Committee has reviewed the Draft 2023-24 Annual Report, as contained in Appendix 1, in terms of the reports adequacy in meeting its legislative requirements.

3. That on the basis of the Committee's review, to recommend the Annual Report to Council for adoption.

Carried Unanimously

8.8. **Quarterly Performance Report – Q1 2024-25**

Moved Pamela Lee
S/- David Moffatt   **AC55/24**

The Audit Committee resolves:

1. That the report on the Quarterly Council Performance Report – Q1 2024-25 be received and noted.

2. To recommend to Council to adopt changes to the Corporate Performance Indicators as follows:

   a. CPI-B02 (Delivery of Capital Works Program) changed to an annual target of at least 90%, with cumulative quarterly reporting
   b. CPI-001 (Number of lost time injuries) changed to measure Lost Time Injury Frequency Rate (LTIFR) with a target of less than 13.2
   c. CPI-O11 (Employee turnover) changed to have two targets – 20% new starter turnover and 15% general turnover, with quarterly reporting that provides a 12 month percentage as at the end of the quarter.

Carried Unanimously

8.9. **Finance Strategy and Strategic Considerations for Achieving Financial Sustainability**

Moved David Moffatt
S/- Cr Melanie Selwood   **AC56/24**

The Audit Committee resolves the report on finance strategy and strategic considerations for achieving financial sustainability be received and noted.

Carried Unanimously

8.10.   2024-25 Budget Review 1

Moved Sarah Beesley
S/- Pamela Lee   **AC57/24**

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.   **A decrease in the Operating Surplus from $0.457m to a deficit of $1.728m**
                 for the 2024-25 financial year.

         b.   **Changes to Capital Works increasing capital expenditure by $2.218 million**
                 for the 2024-25 financial year resulting in a revised capital expenditure
                 budget of $20.548 million.

Carried Unanimously

8.11.   Quarterly Risk Management Report

Moved David Moffatt
S/- Cr Melanie Selwood   **AC58/24**

The Audit Committee resolves that the Quarterly Risk Management Report be received,
accepted and noted.

Carried Unanimously

8.12.   SafeWork SA – verbal update

The Chief Executive Officer provided a verbal update regarding SafeWorkSA.

8.13.   Internal Audit Quarterly Report

Moved Pamela Lee
S/- Sarah Beesley   **AC59/24**

The Audit Committee resolves to receive and note the Internal Audit Quarterly Report
(item 8.14, 18 November 2024, Audit Committee meeting).

Carried Unanimously

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9.   QUESTIONS WITHOUT NOTICE

Cr Malcolm Herrmann asked a question about progress of the Boundary Change inquiry.

10.   CONFIDENTIAL ITEMS

10.1.   Directorate Risk Profile Presentation – Exclusion of the Public

Moved Cr Melanie Selwood
S/- Pamela Lee   **AC60/24**

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

– Chief Executive Officer, Greg Georgopoulos
– Director Corporate Services, Gary Lewis
– Manager Financial Services, Bruce Smith
– Executive Governance Officer, Zoë Gill
- Risk, Audit and Insurance, Lauren Jak
– Minute Secretary, Skye Ludzay

be excluded from attendance at the meeting for Agenda Item 10.1: (Directorate Risk Profile Presentation) in confidence.

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

> **Section 90(3)(e) of the *Local Government Act 1999*, the information to be received, discussed or considered in relation to this Agenda Item relates to matters affecting the security of the council, members or employees of the council, or council property, or the safety of any person.**

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

10.1.1. Directorate Risk Profile Presentation

10.1.2. Directorate Risk Profile Presentation – Duration of Confidentiality

Moved Pamela Lee
S/- Melanie Selwood   **A61/24**

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)(e) of the *Local Government Act 1999*, resolves that an order be made under the provisions of sections 91(7) and (9) of the *Local Government Act 1999* 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	18 November 2027
Related Attachments	18 November 2027
Minutes	18 November 2027
Other (presentation, documents, or similar)	18 November 2027

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

11.   NEXT MEETING

The next ordinary meeting of the Audit Committee will be held on Monday 17 February 2025 from 6.00pm at 63 Mt Barker Road, Stirling.

12.   CLOSE MEETING

The meeting closed at 8:28pm.

Presiding Member_____ 17 February 2025

ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 17 February 2025
AGENDA BUSINESS ITEM

Item:	**7.1**
Responsible Officer:	**Zoe Gill** **Executive Governance Officer** **Office of the Chief Executive**
Subject:	**February 2025 Action Report and Work Plan Update**
For:	**Decision**

SUMMARY

A formal Audit Committee Action Report is maintained to record the items requiring 'actioning' that result from each of the Audit Committee meetings. This report also outlines the actions completed since the previous report.

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 current Audit Committee Work Plan 2025 (*Appendix 2)* has been attached for information.

RECOMMENDATION

The Audit Committee resolves:

1.   **To receive and note the 2025 Action Report and Work Plan Update Report (item 7.1, 17 February 2025 Audit Committee meeting).**
2.   **To note the 2025 Action Report, February 2025, in *Appendix 1* (item 7.1, 17 February 2025 Audit Committee meeting).**
3.   **To adopt the 2025 Work Plan and Reporting Schedule in *Appendix 2* (item 7.1, 17 February 2025 Audit Committee meeting).**

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. 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.

2. ANALYSIS

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

Strategic Plan 2024 – Your Place, Your Space

Goal 4	Organisation
Objective O2	Operate with integrity using best practice governance processes.
Priority O2.1	Demonstrate accountable and transparent decision making.
Priority O2.2	Support decision making through the use of timely data-driven analysis and reporting.
Priority O2.3	Enhance governance structures and systems to be agile and support our legislative obligations.

➢ **Legal Implications**

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

➢ **Risk Management Implications**

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

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

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

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**

There is a community expectation that the audit committee monitors actions resulting from their resolutions and establishes a work plan.

➢ **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 six outstanding and eight completed items on the Audit Committee Action Report (*Appendix 1*) arising from previous Committee meetings. Commentary against the items is provided for the Committee's information.

Work Plan and Reporting Schedule **UPDATE**
As per the *2025 Audit Committee Work Plan and Reporting Schedule* (*Appendix 2*), the following items detailed below are either included in or deferred from this meeting.

Item	Commentary	Month Scheduled
Financial Reporting		
Long Term Financial Plan (LTFP)	Deferred to April	
Annual Business Plan		April
Budget Review 1		November
Budget Review 2	Included in this meeting	
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
Quarterly Risk Management Report	Included in this meeting	Feb/May/Aug/Nov
Results of LGRS Risk Management Review	Included in this meeting	
LGRS Risk Evaluation - Action Plan Review		May/Nov

Item	Commentary	Month Scheduled
Internal Audit		
Internal Audit quarterly update	Included in this meeting	Feb/May/Oct/Nov

Internal audit reports	Included in this meeting	As required
Implementation of audit actions progress report (includes external and internal audit actions)	Included in this meeting	Feb/Aug
Internal Audit Plan review		Nov
External Audit		
External audit interim letter		May/Aug
External Audit Plan review		April
Meeting attendance by external auditors		April/Oct
Review of auditor independence and legislative compliance		Oct
Audit Committee Completion Report		Oct/Nov
Public Interest Disclosure		
Public Interest Disclosure Policy review (replaces Whistle-blowers)		
Public Interest Disclosure Arrangements and Compliance		May
Service Review		
Service Review Brief		Oct
Service Review Report		Oct
Implementation of service review actions progress report		Oct
Other Business		
Audit Committee self-assessment review		Nov
Presiding Member's Report		Nov
Work Plan and Reporting Schedule		Nov
Audit Committee Meeting Dates		Nov
Debtors Report		Feb/Aug
Council's Annual Report		Nov
Action Report & Work Plan Update		All Meetings
Audit Committee Terms of Reference		Oct
Climate Change Adaptation Governance Assessment Report		May/Oct
Quarterly Performance Reports	Q2 deferred to April	Feb/April/Aug/Oct
Directorate Risk Profile Presentation		April/Aug/Nov
Other Reports	None required	As Required

3.   **OPTIONS**

The Audit Committee has the following options:

I.   To note and adopt the status of the Action Report at ***Appendix 1*** (Recommended).

II.   To note the 2025 Work Plan and Reporting Schedule 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, February 2025
2.   2025 Work Plan and Reporting Schedule

Appendix 1
Audit Committee Action Report, February 2025

Action Report – 17 February 2025

Meeting Date	Meeting	Res No.	Item Name	Action Required (Council Resolution)	Responsible Director	Responsible Officer	Status	Date of Update	Due Date	Status (for Council reporting)
31/10/2023	Audit Committee	AC39/23	Development Services Service Review - Implementation Plan	1. That the report be received and noted. 2. To receive and note the Management Review and Action Plan in response to the Service Review 2022-23 – Development Services, as contained in Appendix 4. 3. To note that that the implementation status of the agreed actions will be reported to Audit Committee and Council on a biannual basis, nominally March and August.	Jess Charlton	Deryn Atkinson	In Progress	10/02/2025	30/09/2024	Implementation of Action Plan in progress - immediate actions completed. Biannual Report presented to Audit Committee and Council at May meeting. Update provided at the October 2024 Audit Committee. Current biannual reporting schedule suspended until October 2025 pending service review outcomes - per Council Resolution 388/24
20/05/2024	Audit Committee	AC23/24	Internal Financial Controls Update	1. That the Internal Financial Controls report be received and noted. 2. To note the further developments and improvements that have been made to Council's internal controls environment. 3. Request the CEO to prepare a remediation plan for controls rated three (3) or lower by either the reviewer or the assessor.	Gary Lewis	Bruce Smith	In Progress	4/02/2025	31/03/2025	This is being considered by the Finance team in Q1 2025.
20/05/2024	Audit Committee	AC24/24	Public Interest Disclosure Arrangements and Compliance	The Audit Committee resolves that the Public Interest Disclosure Arrangements and Compliance report be received and notes that there have been no Public Interest disclosures made since May 2023.	Greg Georgopoulos	Skye Ludzay	In Progress	10/02/2025	31/12/2024	PID Training completed by staff PID Policy review to be completed in the first half of 2025.
19/08/2024	Audit Committee	*	Financial Management Council Report	CEO to prepare a report reflecting on what could be done differently, what could Audit Committee have done to prevent this situation. Can we ensure that Audit Committee are advised when we come out of confidence on item 11.1	Greg Georgopoulos	Gary Lewis	In Progress	10/02/2025	30/09/2024	Following the initial responses from the Auditor General the Adminsitration re-engaged Coucnils internal audit providers, Bentleys to conduct a review which will review the control failures. This report may help the Audoit Committee to undertand what actions could of been taken and can/should be taken in the future. Further steps are being considered to address this Action.
14/10/2024	Audit Committee	*	Financial Reporting Risk	Add risks to financial reporting functionality to the risk register	Gary Lewis	Bruce Smith	Completed	5/02/2025	28/02/2025	Risks added to Corporate Risk register on 5 Feburary 2025.
18/11/2024	Audit Committee	Nil	Audit & Risk Committee ToR	Change review of ToR from every 4 years to more often.	Greg Georgopoulos	Zoe Gill	In Progress	3/02/2025	28/02/2025	Have changed in draft ToR that will be approved at Council Meeting 11/02.
18/11/2024	Audit Committee	Nil	Change committee name	All papers and references to be audit and risk commmittee, not audit committee	Greg Georgopoulos	Lauren Jak	In Progress	29/01/2025	17/02/2025	Waiting for Committee ToR to be approved at Council Meeting 11/02
18/11/2024	Audit Committee	Nil	Tracked changes ToR	Provide Audit and Risk Committee with tracked changes ToR - LGA and AHC versions	Greg Georgopoulos	Zoe Gill	In Progress	4/02/2025	17/02/2025	To be sent to council members outside of meeting papers.
18/11/2024	Audit Committee	NA	CRM Cases being closed	Question about cases on CRM being closed before the community members believes they are closed.	Zoe Gill	Zoe Gill	In Progress	29/01/2025	14/04/2025	

Status Key
Completed Items
In Progress Items
Not Started

Appendix 2

Audit Committee 2025 Work Plan and Reporting Schedule

ADELAIDE HILLS COUNCIL AUDIT and RISK COMMITTEE

2025 Work Plan and Reporting Schedule

Terms of Reference			Feb	April	May	Aug	Oct	Nov
Financial Reporting & Prudential Requirements	Long Term Financial Plan (LTFP)	Annual	Deferred to April					
	Annual Business Plan	Annual		■				
	Budget Review 1	Annual						2025-2026
	Budget Review 2	Annual	2024-2025					
	Budget Review 3	Annual			2024-2025			
	End of Year Financial Report	Annual						2025-2026
	End of financial year reporting timetable	Annual			2024-2025			
	End of financial year update	Annual				2024-2025		
	Final Annual Financial Statements (incl management representation letter)	Annual					2024-2025	
Internal Control and Risk Management	Placement of Council's insurance portfolio (for noting)	Annual				■		
	Internal Financial Controls update	Annual			■			
	Quarterly Risk Management Report	Quarterly	■					■
	LGRS Risk Evaluation - Results	Biennial						■
	LGRS Risk Evaluation - Action Plan Review	Bi-annual			■			
Internal Audit	Internal Audit quarterly update	Quarterly	■		■	■	■	
	Internal audit reports	As required						
	Implementation of audit actions progress report (includes external and internal audit actions)	Bi-annual	■			■		
	Internal Audit Plan review	Annual						■
External Audit	External audit interim letter	Bi-annual			verbal	letter		
	External Audit Plan review	Annual		■				
	Meeting attendance by external auditors	Annual					■	
	Review of auditor independence and legislative compliance	Annual					■	
	Audit Completion Report	Annual					draft	final
Public Interest Disclosure	Public Interest Disclosure Policy review (replaces Whistle-blowers)	Triennial						
	Public Interest Disclosure Arrangements and Compliance	Annual			■			
Service Review	Service Review Brief	Annual					■	
	Service Review Report	Annual					■	
	Implementation of service review actions progress report	Annual					■	
Other Business	Audit Committee self assessment review	Annual						■
	Presiding Member's Report	Annual						■
	Work Plan and Reporting Schedule	Annual						■
	Audit Committee Meeting Dates	Annual						■
	Debtors Report	Bi-annual	■			■		
	Council's Annual Report	Annual						■
	Action Report & Work Plan Update	All Mtgs	■	■	■	■	■	■
	Audit Committee's Terms of Reference	Annual					■	
	Climate Change Adaptation Governance Assessment Report	Bi-annual				■		■
	Quarterly Performance Report	Quarterly	Q2 deferred to April	Q3		Q4	Q1	
	Directorate Risk Profile Presentation	Quarterly		Community and Development		Environment and Infrastructure		Corporate Services
	Other Reports	As required	as required	as required	as required	as required	as required	as required

Version Control:	Version 2 - February 2025

ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 17 February 2025
AGENDA BUSINESS ITEM

Item:	**8.1**
Responsible Officer:	**Zoe Gill** **Executive Governance Officer** **Office of the Chief Executive**
Subject:	**Internal Audit Quarterly Report**
For:	**Information**

SUMMARY

This report provides the Audit Committee with an update in relation to the internal audit function within Adelaide Hills Council.

Administration, in conjunction with Bentleys, our audit service provider, has completed 1 audit, Financial Assumptions and Reporting **(Appendix 1)**, and is currently underway in developing a new three-year internal audit plan and program.

RECOMMENDATION

The Audit Committee resolves:

1. **To receive and note the Internal Audit Quarterly Report (item 8.1, 17 February 2025, Audit Committee meeting).**

2. **To receive and note the Financial Assumptions and Reporting Audit Report in Appendix 1 (item 8.1, 17 February 2025, Audit Committee meeting).**

1.   BACKGROUND

The Audit Committee last received an internal audit quarterly report at its November 2024 meeting.

Since then Council has engaged Bentleys to conduct internal audits for:
- Financial Assumptions and Reporting (complete)
- Assurance Mapping and Audit Plan (underway)

2.   ANALYSIS

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

Strategic Plan 2024 – Your Place, Your Space

Goal 4	Organisation
Objective O2	Operate with integrity using best practice governance processes.
Priority O2.1	Demonstrate accountable and transparent decision making.
Priority O2.2	Support decision making through the use of timely data-driven analysis and reporting.
Priority O2.3	Enhance governance structures and systems to be agile and support 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)

➢ **Financial and Resource Implications**

The Internal Audit budget for the 2024-25 financial year is sufficient for the development of a new program and audits that will be conducted during this financial year.

➢ **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: Not Applicable
Council Workshops: Not Applicable
Advisory Groups: Not Applicable
External Agencies: Not Applicable
Community: Not Applicable

➤ **Additional Analysis**

Administration engaged Bentleys in November 2024 as their external service provider to undertake two audits at Council:
- Financial stewardship, with a particular focus on depreciation, works-in-progress, and capitalisation, and
- Assurance mapping and developing an audit program.

Financial Assumptions and Reporting
Bentleys conducted the Asset Financial Assumptions and Reporting audit in December 2024, with the results being provided to the Committee in **Appendix 1**.
The aim of the audit was to assess the effectiveness of the Council's controls over financial assumptions and reporting related to asset depreciation, payroll capitalisation, and capital works in progress (WIP), as well as to identify any potential opportunities for improvement. The audit examined whether the Council's financial assumptions and reporting practices for these areas complied with relevant legislation, accounting standards, and the Council's internal policies and procedures.

Bentleys provided five findings in the audit report, with four being accepted by Administration. From those four accepted findings, seventeen (17) recommendations were provided with thirteen (13) accepted and placed on the Audit action tracker for implementation and tracking.

Assurance Mapping and Audit Plan
Administration is currently engaged with Bentleys in conducting the Assurance Mapping and Audit Plan Audit which will develop the three-year internal audit plan for Council. Bentleys met with key staff across the different business activities of Council, along with the Executive Leadership Team. They are currently reviewing relevant documentation to align with the business activities prior to finalising the draft audit plan.
From the draft three-year audit plan Administration will decide which audits will be conducted inhouse or externally.

Work in Progress
Different projects are in currently in development within Council to ensure a greater level of delivery of the internal audit program and to better track actions and recommendations from all internal audits conducted at Council:
- Updated audit action tracker in last stages of being created. This will reflect actions and recommendations from internal audits conducted across the Council i.e. WHS audit, risk profile audit, cyber security audit, etc.
- Audit Framework to be completed

3.   OPTIONS

The Committee has the following options:

I.   To receive and note this report.

II.   To identify an alternative course of action

4.   APPENDIX

(1)   Financial Assumptions and Reporting Audit Report

Appendix 1
Financial Assumptions and Reporting Audit Report

Where you want to be.

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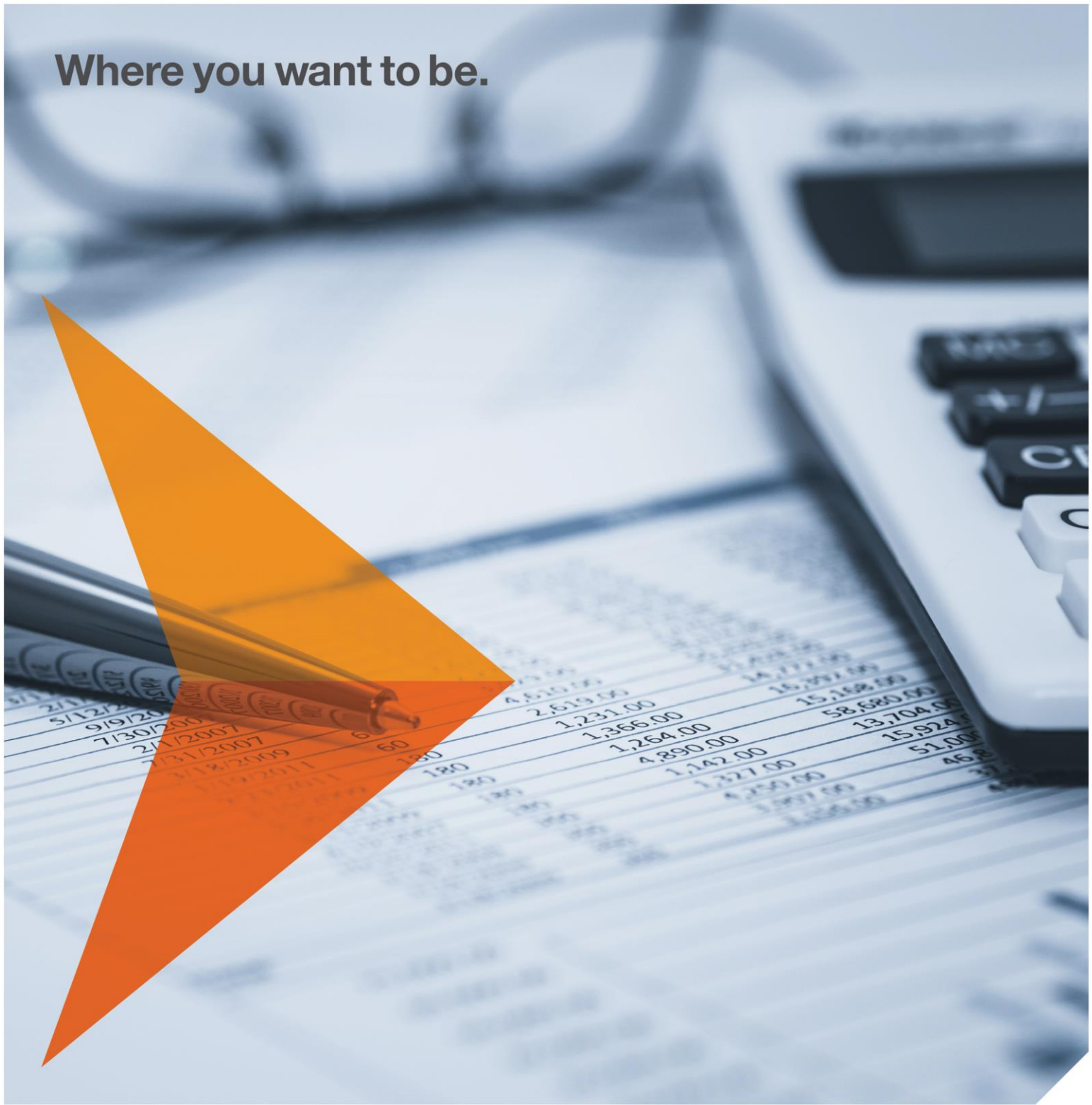
Adelaide Hills Council

Asset Financial Assumptions and
Reporting: Internal Audit Report

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February 2025

> Advisors   > Accountants   > Auditors

OFFICIAL: Sensitive

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11 February 2025

Gary Lewis,
Director Corporate Services
63 Mount Barker Road
Stirling SA 5152

Dear Gary

Internal Audit Report – Asset Financial Assumptions and Reporting

Please find attached our report for the Asset Financial Assumptions and Reporting for Adelaide Hills Council.

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

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

Yours sincerely

David Papa
Partner

Enclosure

Advisors
Accountants
Auditors

Adelaide Hills Council Internal Audit Report – Asset Financial Assumptions and Reporting // February 2025

Version history	Date
Draft report issued	24/01/2025
Final report issued	11/02/2025
Final report incorporating management response	11/02/2025
Final report Finance Risk and Audit Committee presentation	17/02/2025

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Executive summary

In November 2024, Adelaide Hills Council engaged Bentleys SA Pty Limited to conduct an internal audit on Asset Financial Assumptions and Reporting. The aim of the audit was to assess the effectiveness of the Council's controls over financial assumptions and reporting related to asset depreciation, payroll capitalisation, and capital works in progress (WIP), as well as to identify any potential opportunities for improvement. The audit examined whether the Council's financial assumptions and reporting practices for these areas complied with relevant legislation, accounting standards, and the Council's internal policies and procedures.

As a local government entity, the Council is required under the Local Government Act 1999 to ensure the sustainability of its long-term financial performance and position. In its 2023-24 Financial Statements, the Council reported an operating deficit of $4,353 million, primarily due to factors including the timing of Federal Assistance Grants, reassessments of depreciation assumptions, adjustments to WIP reporting, and the capitalisation of payroll expenses.

Operating Position	FY 2024 - $'000	FY 2023 - $'000	FY 2022 - $'000
Income	56,555	54,445	52,457
Expenses	60,908	53,015	51,315
Net Operating Position	**(4,353)**	**1,430**	**1,142**

Key Accounts Reviewed in this Audit	FY 2024 - $'000	FY 2023 - $'000	FY 2022 - $'000
Depreciation, amortisation & impairment	12,270	10,479	9,820
Employee costs (in relation to capitalisation)	21,915	20,693	19,608
Capital WIP Transfers	17,085	12,157	15,265
Changes in revaluations Surplus - I, PP&E (Other Income)	76,020	47,645	1,606

The audit found that while the Council's financial and asset management practices are generally aligned with required standards, several areas require improvement to strengthen internal controls and reduce risk exposure. The audit identified weaknesses in payroll capitalisation methodology, asset valuation and condition assessments, Work in Progress (WIP) capitalisation, depreciation practices, and documentation of financial reporting processes. These issues could lead to inconsistencies and errors in financial statements and asset valuations, as well as non-compliance with relevant accounting standards and regulations. The Council should consider, implementing formal policies, refining capitalisation models, enhancing asset management frameworks, and establishing more robust documentation and reconciliation procedures, implementing these, will significantly improve the control environment and mitigate potential risks with a focus on improving consistency, transparency, and compliance across various financial and asset management processes. Details of these gaps are outlined in the following sections of this report.

Audit objectives

The objective of the audit was to assure the Council that the financial assumptions/reporting of depreciation of assets, capitalization of payroll, and capital WIP reporting have adequate controls in place. Where relevant, identify the improvement opportunities.

Audit scope and approach

The scope of this audit was to evaluate the financial assumptions and reporting practices related to depreciation of assets, capitalising payroll, and Work in Progress (WIP) reporting for the financial year 23/24.

The audit assessed compliance with the following:

- Relevant Acts, Regulations, and accounting standards, including AASB 13 Fair Value Measurement and AASB 116 Property, Plant and Equipment.
- Relevant Council financial policies and procedures.

Out of scope: This audit did not include a detailed review of Infrastructure & Asset Management Plans and other capital expenditure plans.

Internal Audit conducted this audit in compliance with the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors. The methodology included a review of relevant policies and procedures, interviews with key personnel, direct observations, procedural walkthroughs, and control testing where applicable. A detailed list of the documents reviewed, and stakeholders engaged can be found in Appendix 1.

In relation to the Adelaide Hills Council's financial assumptions and reporting practices, we noted the following good practices were in place:

- **Governance Structure**: Adelaide Hills Council operates with a governance structure that includes a Council, various Board Subcommittees, and an Executive Management Team. During the audit period, the Executive Team experienced turnover in key corporate services roles, with new staff members joining and replacing those who previously held these positions. This change has introduced fresh perspectives, which have enhanced the way the Executive Team functions, resulting in improved oversight, transparency, and accountability.
- **Organisational Structure and Policy Reviews**: Adelaide Hills Council is currently conducting a review of its organisational structure to better streamline staff positions and align roles, which is expected to enhance operational efficiency. In addition, several key policies are being reviewed and updated, providing a stronger foundation for effective governance and management

Summary of findings

The audit assessed various controls within the finance department on the financial assumptions and reporting practices to identify risks and provide recommendations for improvement. Five findings were identified, and corresponding recommendations have been suggested for consideration.

Our findings are summarised as follows:

Table 1 – Summary of Findings

	Rating (1)	Number of observations
Findings	Extreme	0
	High	4
	Medium	1
	Low	0

(1) Refer to Appendix 2 for Adelaide Hills Councils risk rating matrices.

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Table 2 – Summary Audit Observations

Ref	Findings	Key Recommendations	Rating	Accepted (Y/N)	Summary of Management response and agreed action date
1	**Inadequate Payroll Capitalisation Methodology and Lack of Supporting Data** The current payroll system for capitalisation is inadequate, with payroll expenses allocated between capital and operating accounts based on assumptions rather than actual data. The lack of a method to track time spent by office staff on capital projects has led to inconsistent and unverified assumptions regarding payroll capitalisation. Despite some revisions made in the 2023/24 financial year, these assumptions still lack proper testing or supporting observational data.	Implement a refined allocation model that categorises costs into capital-supporting, corporate infrastructure-related, and unrelated operational costs. Roles that primarily support capital works should have time allocations based on actual involvement in capital projects, and costs from corporate functions should be assessed with greater detail for accuracy. A clear, documented rationale for each role included in the capitalisation model should be established. Additionally, the Council should work towards a more automated and data-driven system for tracking payroll expenses to ensure proper cost attribution.	High 4C	Y	The Administration agree that the underlying issue is the limited functionality of the payroll system. The only practical approach to improving the 24/25 reporting is to review the assumptions used and make appropriate adjustments. The efficient solution is to implement a modern payroll system that has appropriate functionality; however, this is unachievable in the near term (2 years). Alternative manual workarounds, whilst being theoretically plausible are unlikely to be effective and will consume resources that may be better allocated to other streams of work. As such, the Administration intend to continue to use the assumption-based approach which will be assessed on an annual basis. Initial testing of the updated assumption has indicated that they are materially correct at the time of writing, and this success (albeit somewhat limited in scope) will enable the approach to be expanded to take into account the detailed advice.
2	**Inconsistencies and Gaps in the Council's Asset Valuation and Condition Assessment Processes** The Council lacks a formalised framework for asset valuation, resulting in inconsistent valuation uplifts and infrequent condition assessments. Key infrastructure, such as bridges, roads, and stormwater assets, relies on simplified uplift methods using Australian Bureau of Statistics data, which do not fully account for local market conditions or asset-specific factors. The absence of a standardised methodology and the reliance on manual procedures create inefficiencies and increase the potential for errors in asset valuation, which may not accurately reflect the fair value of assets as required by the Local Government Act 1999 (SA) relevant Accounting Standards.	Establish a formal asset valuation framework that includes standardised procedures, regular condition assessments, indicators for identifying volatility in asset values and more accurate, asset-specific valuation methodologies. The framework should be periodically reviewed to comply with evolving industry standards and legislation. Integrate the asset management system with the financial accounting system to streamline processes, reduce manual intervention, and enhance data accuracy. Additionally, develop formal policies and procedures for asset management, with training programs to ensure consistency and transparency in asset valuation and assessments.	High 4C	Y	Council users the SA market indices for Road and Bridge Construction, Building Construction and Non-residential building construction, and these are considered to provide the most realistic local market conditions. The roads asset group would have been re-valued for the 2023/24 financial year; however, a council lead internal review of the condition data provided by the external consultant highlighted inconsistencies between the results and the actual on ground situation. This required the consultant to undertake there processing of the data again. This delayed the revaluation and will be undertaken for the 2425 financial year.
3	**Inadequate Capitalisation of Work in Progress (WIP)** The Council's current practices for Work in Progress (WIP) were found to be inadequate. While there is a general capitalisation procedure in place, it lacks	Develop a formal policy for WIP capitalisation that aligns with relevant accounting standards and legislation, including clear criteria for intangible asset capitalisation. Enhance WIP reporting by including detailed project timelines, cost estimates, and status	High 4C	Y	The Administration will develop a Capitalisation Policy, referencing the best practice set out in the Australian Infrastructure Financial Management Manual, which incorporates

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Adelaide Hills Council Internal Audit Report – Asset Financial Assumptions and Reporting // February 2025

Ref	Findings	Key Recommendations	Rating	Accepted (Y/N)	Summary of Management response and agreed action date
	specific guidance for WIP, leading to inconsistencies in the capitalisation process. The Council's practice of classifying both current and historic project expenditures as WIP, without formal documentation, has caused discrepancies, and the WIP report lacks critical details such as project timelines and cost projections.	updates to improve transparency and accuracy. Additionally, regular audits of WIP capitalisation practices should be established to ensure compliance with accounting standards and internal policies, along with an assessment of supporting documentation to strengthen oversight and consistency.			international standards amongst others. The policy will also address the requirements of AASB116. This will address capitalisation in general and Work in Progress. For the 2023/24 audit of the financial statements enhanced analysis and reporting was developed, this will be further refined.
4	**Inconsistent Application of Depreciation and Lack of Documentation for Infrastructure Assets** The Council's depreciation practices for property, plant, and equipment are not fully compliant with AASB 116, particularly regarding the estimation and documentation of useful lives and residual values for infrastructure assets. While these estimates are reviewed annually, the records are incomplete, and the depreciation periods for assets like roads, bridges, and stormwater systems are based on estimates that may not accurately reflect the actual usage of the assets. Additionally, there is insufficient documentation of these reviews, increasing the risk of misstatements in asset values and depreciation expenses. The depreciation of right-of-use assets is also not regularly reviewed, leading to inaccuracies in asset depreciation.	Maintain records for all infrastructure assets, covering their full lifecycle, to inform depreciation practices and ensure compliance with AASB 116. A detailed review of depreciation periods, residual values, and useful lives should be conducted regularly, based on accurate and up-to-date data. Implement a formal process to document the review of depreciation estimates, including supporting evidence for any changes. Furthermore, review depreciation practices for right-of-use assets, ensuring alignment with lease terms. Regular impairment reviews should also be established to identify and address any assets with recoverable amounts lower than their carrying value.	**High 4C**	Y	Council acknowledges that it can improve it documentation regarding the estimations for useful lives and residual values. Council updated and revalued it Building Assets in 2023/24 based on external condition data, useful lives and valuations. The roads asset group would have been re-valued for the 2023/24 financial year; however, a council lead internal review of the condition data provided by the external consultant highlighted inconsistencies between the results and the actual on ground situation. This required the consultant to undertake there processing of the data again. This delayed the revaluation and will be undertaken for the 2425 financial year. These external reviews undertake a review of useful lives as part of these external processes. The useful lives of other assets not subject to external review are reviewed internally and additional documentation will be provided for these.
5	**Documentation Gaps and Control Failures in Financial Reporting and Asset Management** While the Council's Financial Statements for FY22/23 and FY23/24 comply with the Local Government Act and relevant Australian Accounting Standards, there are gaps in the documentation of key methodologies for certain financial processes, particularly around payroll capitalisation, depreciation, and the treatment of Work in Progress (WIP). The lack of detailed guidance in these areas increases the risk of inconsistencies and errors in financial reporting. Furthermore, control deficiencies, including the absence of formal documented processes for financial reporting preparation, approval, and reconciliation, as well as inadequate procedures for managing changes to the Fixed Asset Register (FAR) and reconciling asset	Develop and document detailed methodologies for areas such as payroll capitalisation, depreciation, WIP reporting, and financial reporting processes. Implement documented processes for the preparation, review, and approval of monthly, quarterly, and annual financial reports, as well as establish formal procedures for managing changes to the FAR, including approval workflows and reconciliation with the General Ledger. These steps will help ensure consistency, accuracy, and integrity in the Council's financial reporting and asset management.	**Medium 3C**	N	Whilst management acknowledge and agree with the findings, there is a view that these weaknesses should not be addressed by documentation. It is managements considered view that these issues should be addressed by implementing a modern ERP system that supports processes such as regular, timely reporting, appropriate controls of the FAR, automated workflows, and reconciliations. The approach set out in the recommendation, whilst theoretically plausible, will create policy and procedure requiring increased effort, and

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Ref	Findings	Key Recommendations	Rating	Accepted (Y/N)	Summary of Management response and agreed action date
	records with the General Ledger were identified.				therefore not practical in the long term.

Control assessment

Overall, the audit procedures identified control weaknesses. These are related to payroll capitalisation, asset valuation, Work in Progress (WIP) processes, depreciation practices, and financial reporting documentation. These findings have been documented in the latter sections of this report. Addressing these findings is important to enhancing internal controls and mitigating potential risks. Based on the audit work performed, documents inspected, and interviews with key stakeholders, the control environment is assessed as **Marginal**. (Refer to Appendix 2 for Control Effectiveness Description)

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Contents

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Detailed findings and agreed action plan

Finding 1. (F1)	Inadequate Payroll Capitalisation Methodology and Lack of Supporting Data	Risk Category	Financial Risk
		Impact:	Moderate
		Likelihood:	Possible
		Risk Rating:	High – 4C

Finding(s)

The Council's current payroll system lacks the functionality to accurately record and allocate costs between capital and operating expenses for project managers. Additionally, there is no system in place to track the amount of time office staff spend on capital projects. As a result, the allocation of payroll expenses between capital and operating accounts relies on assumptions rather than actual data. These assumptions are primarily based on staff roles within the Council and allocate payroll costs as capital expenses, with percentages ranging from zero to 100 percent. However, these assumptions have not been tested or updated over time, and there is no evidence of proper segregation of duties in the preparation and review of these assumptions or calculations related to the capitalisation of payroll costs. Furthermore, there is no evidence of involvement of project managers in determining the allocation percentages for specific roles and projects, nor is there a formal system in place to track the time that should be allocated.

Australian Accounting Standards Board (AASB) Framework: Specifically, AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets provide guidance on the recognition and measurement of capital expenditure. Accurate cost allocation is crucial for compliance with these standards.
Local Government Act (Relevant to your State/Territory): This Act outlines the financial responsibilities of Councils, including the requirement to maintain proper accounts and records.
Local Government (Financial Management) Regulations 2011 SA: This regulation emphasis the **full cost attribution** *basis, which means a system under which all costs, including indirect and overhead costs, are allocated to a function, activity, good or service on a reliable and consistent basis.*

The assumptions of the payroll capitalisation are initially set during the Long-Term Financial Plan and budget processes, with similar calculations used for the financial statements. In the 2023/24 financial year, the budgeted capitalisation of payroll was as indicated below. During the preparation of the 2022/23 financial accounts, staff raised concerns regarding the lack of supporting data for these assumptions. A high-level review by the Finance Team resulted in a revised set of assumptions, still based on the same methodology but with updated figures:

Table 3: FY 2023/24 Payroll Capitalisation

| Position | Budgeted | | Revised | | Difference |
	Capitalised FTE	Capitalised Salary	Capitalised FTE	Capitalised Salary FY 24	
Coordinator Civil Projects	1	$142,700	1	$142,700	$0
Senior Civil Engineer	1	$144,800	0.1	$14,500	$130,300
Project Officer	1	$132,350	1	$132,300	$50
Project Officer	1	$132,350	1	$132,300	$50
Technical Officer	0.96	$121,400	1	$126,100	($4,700)
Director of Infrastructure and Operations	0.2	$47,600	0.2	$47,600	$0
Manager Open Space	0.2	$38,300	Removed	$0.00	$38,300
Manager Civil Services	0.4	$65,800	0.4	$65,800	$0
Coordinator Civil Operations	0.2	$26,700	0.2	$25,900	$800
Manager Strategic Assets	0.4	$68,400	0.4	$68,400	$0
Senior Infrastructure Planning Engineer	0.5	$72,400	0.5	$72,400	$0
Asset Management System Analyst	0.78	$93,900	0.39	$46,700	$47,200
Coordinator Sport and Recreation	0.49	$71,400	0.2	$29,000	$42,400
Sport and Recreation Officer	0.4	$52,900	0.16	$21,200	$31,700
Trails Officer	0.2	$25,400	Removed	$0.00	$25,400
Manager Property Services	0.13	$22,200	0.1	$17,200	$5,000
Roads Officer	1	$124,000	Removed	$0.00	$124,000
Coordinator Property Projects and Maintenance	1	$144,800	1	$144,800	$0
Project Coordinator AHBTC Divestment Strategy	1	$144,800	Removed	$0.00	$144,800
Property Project Officer	1	$132,300	1	$132,300	$0
Property Project Officer	1	$132,300	Removed	$0.00	$132,300
Procurement Coordinator	0.5	$65,600	0.5	$65,600	$0
OD Systems Project Officer	1	$119,100	Removed	$0.00	$119,100
Project Coordinator Business Analyst	1	$132,300	Removed	$0.00	$132,300
Total	**16.35**	**$2,253,800**	**9.14**	**$1,284,800**	**$969,000**

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The difference between the budgeted and revised figures is due to a reassessment of time spent by individual staff members on capital projects. While these revised figures represent an improvement, they remain based on assumptions and lack supporting observational data. Further refinement will be required in future years to ensure accuracy.

Key Issues Identified

1. Payroll and Timesheet System: The absence of an integrated payroll and timesheet system, along with cumbersome timesheets that are difficult to use for allocating project costs, results in staff not completing them
2. Absence of Automated Payroll System: The current payroll system does not support accurate and automated tracking and allocation of payroll costs to capital and operating activities.
3. No Formal Documentation for Capital vs. Operating Cost Allocation: There is no documented policy or formal process distinguishing capital expenses from operating expenses, relying instead on annual reviews by Finance to reclassify expenditures.
4. Inconsistent and Unverified Assumptions: The methodology for payroll capitalisation is based on untested assumptions that have not been reviewed or revised over time, leading to potential inaccuracies in cost allocation.

Risk

- Incorrect rating of the community
- Inaccurate Payroll Capitalisation leading to non-compliance with AASB 116
- Operational Inefficiency
- Inconsistent Cost Allocation
- Financial Misstatements

Recommendation

To comply with AASB 116.17, the Council must ensure that payroll costs are accurately attributed to capital projects based on direct support for asset acquisition or construction. This could be achieved through a more structured and evidence-based approach to cost allocation.

To enhance the accuracy and transparency of payroll cost allocation between capital and operating expenses, the Council should implement a more refined cost allocation model that considers the following three categories:

(1) **Capital-Supporting Costs**: Costs associated with roles primarily supporting capital works, such as a Manager of Infrastructure overseeing capital and repairs & maintenance (R&M) projects. The time spent on capital versus operating activities should be allocated accordingly as a capital expense based on the percentage of time dedicated to each project.

(2) **Corporate Costs Linked to Infrastructure**: Costs from corporate functions, such as the Finance team providing support for project transactions, tracking, and reporting. While it is acknowledged that these costs fluctuate based on infrastructure activities, a proportion of their time would be indirectly linked with capital projects and therefore the allocation of these costs must be carefully considered to ensure accuracy. For example, it is important to evaluate whether the size and activity level of the finance team would be the same if there were no capital works. Similar considerations should apply to other departments such as WHS, risk management, and ICT. A more detailed analysis of fixed and variable cost components should be conducted to improve the reliability of these allocations.

(3) **Unrelated Operational Costs**: Costs that the Council incurs regardless of capital activities, such as roles related to governance (e.g., Governance Officer) or rate collection (e.g., Rates Officer). These costs should not be allocated to capital projects as they are unrelated to asset construction or acquisition.

Additionally, the Council should critically assess the inclusion of roles in the capitalisation model. For instance, while roles like WHS may be considered in part due to an inherent connection with managing new asset safety and risk, service roles should not be included.   A clear, documented rationale should be established for each role included in the allocation process, especially for roles that, in their normal operations, would not undertake any capital project-related activities.

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Management Response and Agreed Action Plan	Acceptance (Y/N)	Responsible Officer and Target Date
(1) Management acknowledges and agrees with the recommendation Overarching comment: To effectively and efficiently manage this process, an integrated timesheet and payroll system solution is required. This is currently being investigated as part of the broader transformation program. Interim solutions: 1. Capital supporting costs Finance will engage with the various project teams to better understand what staff work on which capital projects and document the outcomes of this engagement accordingly. Further, the outcomes of this work will be reviewed for appropriateness by senior management. 2. Corporate costs linked to Infrastructure Similarly, Finance will undertake a review of the various corporate support functions. The goal of the review will be to understand what (if any) portion of time should be capitalised to each. The review will establish and document the rationale for capitalisation, as well as the basis of capitalisation (e.g.: actual hours spent vs a percentage of time). Further, the outcomes of this work will be reviewed for appropriateness by senior management. 3. Unrelated operational costs As part of the reviews undertaken in 1 and 2 above, Finance will ensure that no unrelated operational costs have been included.	(1) Y	Manager Financial Services June 2025

Finding 2. (F2)	Inconsistencies and Gaps in the Council's Asset Valuation and Condition Assessment Processes	Risk Category	Financial Risk
		Impact:	Moderate
		Likelihood:	Possible
		Risk Rating:	High – 4C

Finding(s)

The Council has not established a formalised framework to guide its asset revaluation process, resulting in inconsistencies in the valuation uplifts applied to assets. Additionally, condition assessments of assets are not conducted consistently, with some assets going without assessment for over four years. This impacts the carrying amounts for assets in 3 ways:

1. Significant increases in depreciation expense – With the steady increases in the cost of materials and labour that have occurred over the past 4 years, if regular revaluations are not performed reflecting the increases in unit rates of asset components, the increment in costs when the revaluation is performed is significantly larger. Depending on the timing of the revaluation, this then results in a significant increase in the depreciation expense, resulting in significant deviations from the Annual Budget and Long-Term Financial Plan.
2. Unknown impairments or fluctuations in depreciation – If condition assessments are not performed regularly, any impairments or reductions/increases in useful lives are also not recognised. These reductions or increases in useful lives of assets are dependent on the environmental factors and pattern of use, and this can result in further increases in depreciation and deviations from key budget documents.
3. Underbudgeting for Expenditure on Renewal/Replacement – If the revaluations (including condition assessments) are not being performed frequently enough to capture material movements in costs or condition, it can impact Council's ability to budget for acquisition/construction of replacement assets. Council has a higher risk of budgeting a lower capital expenditure for renewal/replacement of assets, meaning there is an increased risk of insufficient funding to cover the expenditure when it is incurred.

The absence of a standardised methodology and the infrequency of condition assessments pose a risk of asset values not accurately reflecting their fair value, as required by the Local Government Act 1999 (SA). This legislation mandates that councils maintain accurate, up-to-date financial statements that reflect the fair value of their assets and requires regular revaluations. However, the lack of documented policies and procedures for asset valuation and condition assessments undermines the Council's ability to comply with these legal obligations fully.

The current asset valuation methods, particularly for key infrastructure such as bridges, roads, and stormwater assets, rely on simplified uplift approaches and the use of Australian Bureau of Statistics (ABS) Construction Industry data. While these methods provide a broad indication of construction cost trends, they may not capture specific cost variations or market conditions relevant to the Council's assets. For instance, the valuation of bridges and roads is based on uplift percentages derived from ABS data, adjusted for previous conservative uplift practices. However, these methods fail to incorporate more granular, asset-specific factors that could more accurately reflect the assets' true value. Moreover, the absence of formalised policies and standardised procedures for condition assessments further undermines the reliability of these valuations, increasing the risk of misstatements in the financial statements.

Detailed Observations on Asset Valuations
1. **Bridges:**
   - **Basis of Valuation**: The valuation was conducted using modern equivalent asset principles, in accordance with the International Infrastructure Management Manual (IIMM 6th edition, 2020) and included a condition audit.
   - **Independent Valuation Date**: June 2021
   - **Value**r: ARRB Group
   - **Valuation Updates**: The valuation has been adjusted by Council officers at depreciated current replacement cost using ABS Time Series data (Table 17, Construction Industries - Road and Bridge Construction) for Adelaide from June 2022 to June 2023. This period showed a 13.7% increase, applied on 3 July 2023 for the 2023-2024 reporting period. An additional 8% uplift was applied in recognition of past conservative uplift practices relative to actual Producer Price Indices.
2. **Roads:**
   - **Valuation Basis**: Derived from June 2019, referencing rates from Rawlinsons and Council Contracts to determine the overall rate for Council's Road assets, including road seal and pavement.
   - **Road Seals Rates**: Based on the Council's recent contract rates for resealing, including profiling, top stone raising, and the laying of asphaltic concrete and spray seal.

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- **Road Pavement Rates**: Established from Rawlinsons data and compared to Council's actual costs for road pavement reconstruction.
- **Review and Adjustment**: In 2019-20, following an external review by Jeff Roorda, TechnologyOne, Council redefined road components, including changes to the useful life of sub-base components. Consequently, the valuation of sub-base components was adjusted, impacting the written-down value of these assets.
- **Valuation Updates**: The valuation has been updated by Council officers at depreciated current replacement cost using ABS Time Series data (Table 17, Construction Industries - Road and Bridge Construction) for Adelaide for the period from June 2022 to June 2023. This period showed a 13.7% increase, applied on 3 July 2023 for the 2023-2024 reporting period, with an additional 8% uplift applied for historical conservatism in uplifts.
3. **Stormwater:**
   - **Valuation Updates**: Similar to the bridges and roads, stormwater asset valuations have been updated by Council officers at depreciated current replacement cost using ABS Time Series data (Table 17, Construction Industries - Road and Bridge Construction) specific to Adelaide for the period from June 2022 to June 2023, reflecting a 13.7% increase, applied on 3 July 2023 for the 2023-2024 reporting period.

The current process for performing asset valuation uplifts and validating assets relies heavily on undocumented manual procedures. The asset management system, Confirm, is not fully integrated with the financial accounting system. While Confirm can support uplifts with certain asset grouping adjustments, most of the time, staff must manually extract asset data from Confirm, apply the uplifts, and reconcile this information with the financial reporting structures before uploading it into the financial accounting system. This fragmented process creates inefficiencies, increases the potential for errors, and leads to inconsistencies, as each stage involves manual intervention.

Risk

- Over-rating the community
- Inaccurate Asset Valuations
- Non-compliance with Legislation
- Inconsistent Condition Assessments
- Financial Reporting Inaccuracies

Recommendation

The Council should:

(1) Develop and document a formalised asset valuation framework that outlines standardised procedures for asset valuations, including appropriate uplift methodologies and asset-specific factors. The framework should also address the frequency and methodology for condition assessments, ensuring consistency across all asset categories. The framework should be reviewed and updated periodically to incorporate evolving industry standards and legislative requirements, ensuring ongoing compliance with the Local Government Act 1999 (SA).

(2) Implement a robust process for identifying potential volatility in asset valuations to ensure accuracy and reliability. This should include regularly monitoring indicators of impairment, tracking rapid cost changes, and conducting a review of valuers' assumptions and methodologies, such as independent data verification, sensitivity analysis, and benchmarking. Additionally, expert advice should be sought when necessary to validate assumptions and ensure sound decision-making.

(3) Refine its asset valuation methodology by incorporating more detailed, asset-specific factors rather than relying solely on generalised uplift percentages derived from ABS data. The valuation methodology should account for specific local market conditions, construction cost variations, and asset age for critical infrastructure such as bridges and roads. Current methodologies should be reviewed to ensure they reflect realistic costs and market trends, considering more precise data sources where possible.

(4) Implement a regular schedule for condition assessments of all assets, ensuring that no asset goes without assessment for extended periods. A formalised approach should be adopted to ensure that the condition assessments are conducted consistently and that the results are used to adjust asset valuations as needed. The asset management system should incorporate condition assessment results to facilitate accurate and up-to-date financial reporting.

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(5) Consider integrating the asset management system (Confirm) with its financial accounting system to streamline the asset validation process. Integration will reduce manual intervention, eliminate inefficiencies, and minimise the risk of errors during data reconciliation and reporting. Automating data flows between systems would increase the accuracy and timeliness of asset valuations and reduce the risk of inconsistencies in the financial statements.

(6) Develop and implement formal, documented policies and procedures for all aspects of asset management, including valuation, condition assessments, and evaluations. Policies should outline clear responsibilities, timelines, and methodologies for asset valuation updates and condition audits to ensure transparency and consistency across the Council. Training programs should be established to ensure all relevant staff are familiar with the asset management policies and can apply them effectively.

Management Response and Agreed Action Plan	Acceptance (Y/N)		Responsible Officer and Target Date
(1) Better articulate the information in the Asset Valuation tracking spreadsheet document.	(1)	Y	Manager Strategic Asset 30/05/2025
(2) Implement additional tracking process in the Dashboards of Confirm.	(2)	Y	Asset Management Analyst 30/06/2025
(3) Consider the uplift with the indices to be appropriate	(3)	N	
(4) Funding and resource are the only constraints here. When undertaken condition audits and valuations and reflected in Confirm.	(4)	Y	
(5) Agree that integration with finance system beneficial - new ERP under consideration and this will be the appropriate time to consider integration.	(5)	N	
(6) There are only a few people involved in the process and some basic documentation is all that is required between Strategic Assets and Finance.	(6)	Y	Manager Financial Services

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Finding 3. (F3)	Inadequate Capitalisation of Work in Progress (WIP)	Risk Category	Financial Risk
		Impact:	Moderate
		Likelihood:	Possible
		Risk Rating:	High – 4C

Finding(s)

The Council is responsible for ensuring the correct capitalisation of Work in Progress (WIP) in line with the relevant Australian Accounting Standards (AASB 116, AASB 138), the Local Government Act 1999, and the Local Government Regulations 2011. However, a review of current practices reveals several gaps in the procedures for treating WIP.

Relevant Standards and Regulations
AASB 116 - Property, Plant, and Equipment:
- ***Clause 13***: *Defines property, plant, and equipment as tangible assets held for use in the production or supply of goods or services, rental to others, or administrative purposes, expected to be used for more than one period.*
- ***Clause 15***: *Sets out recognition criteria for property, plant, and equipment, stating that an item must be likely to generate future economic benefits and have reliably measurable costs.*
AASB 138 - Intangible Assets:
- ***Clause 8***: *Defines intangible assets as identifiable non-monetary assets without physical substance.*
- ***Clause 18***: *Stipulates that intangible assets must meet recognition criteria, including the expectation of future economic benefits and reliably measurable costs.*
- ***Clause 57***: *Details the requirements for recognising internally generated intangible assets, including technical feasibility and intent to complete, use, or sell the asset.*
Local Government Act 1999:
- ***Section 151***: *Requires the Council to manage its finances prudently and efficiently.*

The Council has a Capitalisation Procedure that guides asset capitalisation and defines the value threshold for such capitalisation. However, the procedure does not address specific guidance on WIP capitalisation. Discussions with the Asset Management Systems Analyst revealed that WIP refers to projects that are not completed within the current financial year, with Finance classifying both current and historic project expenditures as WIP. This practice lacks formal documentation, which has led to inconsistencies in the capitalisation process. The procedure does not address when assets are to be capitalised, i.e. capitalised at balance date or when the asset is ready for use.

The current process involves quarterly reassessments of WIP spending by the Asset Management Systems Analyst. If capital spending is deemed unsatisfactory i.e. not of capital nature, costs are reallocated to Operating Budgets. This is tracked in an Excel spreadsheet and used by Finance to update the Finance System (Finesse). WIP balances are reported during Council meetings as part of the financial reporting process.

However, the absence of a clear policy specifically addressing WIP has resulted in discrepancies in its treatment, particularly in capitalisation and write-off of costs. Notably, a portion of the carried-forward WIP balance has been written off in prior periods, which may indicate a lack of adequate oversight and assessment of the capitalisation process. This also impacts the operating surplus for the year the expenditure is incorrectly or inappropriately capitalised.

Specific Issues Identified
1. Inconsistent Application of Capitalisation Criteria:
   - Under AASB 138, WIP related to intangible assets should meet specific criteria, including demonstrable technical feasibility and a high probability of future economic benefits. These criteria have not been consistently applied in the capitalisation process, which could result in non-compliance with the relevant accounting standards.

2. WIP Reporting Deficiencies:
   - The current WIP report, though offering brief descriptions, lacks essential details, such as project completion timelines and projected costs. This absence of critical information hinders transparency and makes it difficult to track the progress of capital projects accurately.

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Table 4: WIP Transfer Movement – FY24 and FY23

Asset Category	FY24 '$000	FY23 '$000	Movement	% Movement
Buildings	1,225	1,512	(287)	(23%)
Infrastructure				
- Bridges	**342**	**300**	**42**	**12%**
- Cemeteries	134	89	45	34%
- Community Wastewater Management Systems	152	276	(124)	(82%)
- Footpaths	1,208	798	410	34%
- Guardrails	530	93	437	82%
- Kerb & Gutter	35	91	(56)	(160%)
- Retaining Walls	234	37	197	84%
- Roads	**8,198**	**5,532**	**2,666**	**33%**
- Sport & Recreation	1,746	614	1,132	65%
- Stormwater	**286**	**338**	**(52)**	**(18%)**
- Street Furniture	362	241	121	33%
- Other Infrastructure	19	-	19	100%
Furniture and fittings	29	55	(26)	(90%)
Plant and equipment	2,585	2,181	404	16%
Total Capital work in progress - Transferred	**17,085**	**12,157**	**4,928**	**29%**

Risk

- Non-compliance with Accounting Standards
- Overstatement of Assets
- Inconsistent Reporting of WIP
- Impact on Financial Reporting

Recommendation

To address the identified risks, the Council should:

(1) Develop and implement a comprehensive, formal policy for the capitalisation of WIP, ensuring alignment with AASB 116, AASB 138, and relevant legislative requirements.
(2) Establish clear guidelines for classifying, monitoring, and reporting WIP, including the application of specific capitalisation criteria for intangible assets.
(3) Enhance the level of detail in WIP reports to include project timelines, cost projections, and status updates, ensuring full transparency and accurate financial reporting.
(4) Establish a framework for regular internal reviews of WIP capitalisation practices to ensure continued adherence to accounting standards and internal policies. These internal reviews should include both a review of capitalisation decisions and an assessment of the adequacy of supporting documentation.
(5) Subject the Policy, framework and work processes to periodic reviews.

Management Response and Agreed Action Plan	Acceptance (Y/N)		Responsible Officer and Target Date
(1) Management acknowledges and agrees with the recommendation. A policy will be developed in relation to WIP. The policy will align with the requirements of AASB 116, AASB 138 and legislation.	(1)	Y	Recommendations 1, 2, 4 and 5.
(2) Management acknowledges and agrees with the recommendation In conjunction with the development of the policy as noted in (1) above, guidelines to further elaborate and embed the principles contained within the Policy will be established.	(2)	Y	Manager Financial Services June 2025

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(3) There is a significant amount of tracking that currently occurs from an asset perspective regarding the WIP and these additional suggestions can be added. (4) Management acknowledges and agrees with the recommendation On a 6 monthly basis, Finance will undertake the internal review. (5) Management acknowledges and agrees with the recommendation	(3) (4) (5)	Y Y Y	Recommendation 3. Asset System Analysist in conjunction with Management Accountant

Finding 4. (F4)	Inconsistent Application of Depreciation and Lack of Documentation for Infrastructure Assets	Risk Category	Financial Risk
		Impact:	Moderate
		Likelihood:	Possible
		Risk Rating:	High – 4C

Finding(s)

The Council's depreciation practices for property, plant, and equipment are not fully aligned with the requirements of AASB 116, particularly in relation to the estimation and documentation of useful lives and residual values for infrastructure assets. While depreciation methods, useful lives, and residual values are reviewed annually, the records covering the full lifecycle of infrastructure assets are incomplete or insufficiently detailed. As a result, the Council has relied on estimated depreciation periods, especially for infrastructure assets such as roads, bridges, and stormwater systems. These estimates may not accurately reflect the actual consumption of economic benefits and could lead to the misstatement of asset values and depreciation expenses.

Furthermore, while AASB 116 mandates that the depreciable amount and useful life of assets be reviewed at least at each reporting date, there is no indication that this review is consistently documented or thoroughly supported by updated asset information. The lack of detailed records and proper documentation increases the risk of non-compliance with the Local Government Act 1999, which requires adherence to relevant AASB standards.

Additionally, the depreciation of right-of-use assets is carried out using a straight-line basis, as per AASB 16. However, there is no evidence that the estimated useful lives of these assets are regularly reviewed in light of lease terms, and there is a risk that some assets are being depreciated over incorrect or outdated timeframes.

Table 5: Depreciation, Amortisation and Impairment movement – FY24 and FY23

Asset Category	FY24 '$000	FY23 '$000	Movement	% Movement
Buildings	**1,781**	**1,357**	**424**	**24%**
Infrastructure				
- Bridges	**364**	**297**	**67**	**18%**
- Cemeteries	37	29	8	22%
- Community Wastewater Management Systems	363	317	46	13%
- Footpaths	468	424	44	9%
- Guardrails	123	104	19	15%
- Kerb & Gutter	610	537	73	12%
- Playgrounds	108	101	7	6%
- Retaining Walls	205	171	34	17%
- Roads	**5,440**	**4,469**	**971**	**18%**
- Sport & Recreation	433	390	43	10%
- Stormwater	**778**	**633**	**145**	**19%**
- Street Furniture	112	83	29	26%
- Traffic Controls	51	38	13	25%
- Other Infrastructure	2	3	(1)	(50%)
Furniture and fittings	53	70	(17)	(32%)
Plant and equipment	1,096	1,090	6	1%
Right-of-use assets	246	366	(120)	(49%)
Total depreciation, amortisation and impairment	**12,270**	**10,479**	**1,791**	**15%**

Risk

- Non-compliance with AASB 116
- Over or Under Depreciation
- Misleading Financial Reporting

Recommendation

To address the identified risks, the Council should:

(1) Maintains records for all assets, covering their full lifecycle. This should include information about acquisition, usage, maintenance, and disposal to better inform depreciation practices and compliance with AASB 116.

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(2) Perform a detailed review of depreciation periods, residual values, and useful lives for all assets. This review should be based on accurate, up-to-date data and conducted regularly to ensure that depreciation reflects the actual consumption of economic benefits.

(3) Implement a formal process for documenting the review of depreciation estimates at each reporting date. This should include supporting evidence and rationales for any changes made to asset values or depreciation periods.

(4) Conduct a thorough review of its depreciation practices for right-of-use assets, ensuring that depreciation is consistently aligned with the lease terms and the estimated useful lives of the assets.

(5) Establish a procedure for conducting impairment reviews regularly, particularly for infrastructure assets. This will help identify any assets whose carrying amount may not be recoverable and ensure appropriate impairment losses are recognised in a timely manner.

Management Response and Agreed Action Plan	Acceptance (Y/N)		**Responsible Officer and Target Date**
(1) The confirm systems maintains the register of all assets and any actions undertaken on the asset (asset history is available) Council is progressively implementing Confirm-Connect across its business to better identify maintenance activities by operational areas on the business.	(1)	Y	Manager Strategic Assets-Underway
(2) External valuation incorporates a review of condition and useful lives, and these are incorporation into valuation and information in Confirm.	(2)	N	Manager Strategic Assets On-going
(3) Provide additional documentation on depreciation estimates noting that these are produced by Confirm.	(3)	Y	30/02/2025
(4) Management partially agrees with the finding. Whilst Management agree in principle with the finding, AHC no longer has any right of use assets as the lease terms have all completed. Should any leases be entered into in future, consideration will be given to the requirements of AASB16 and AASB 116, particularly with regard to the lease term and useful life.	(4)	N/A	N/A
(5) Impairment reviews for Infrastructure assets occur on a regular and frequent basis as and when condition assessments are undertaken and reports received. Whilst currently not documented, this will be articulated when an appropriate policy around Asset Management and Financial Accounting is established.	(5)	Y	Manager Financial Services December 2025

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Adelaide Hills Council Internal Audit Report – Asset Financial Assumptions and Reporting // February 2025

		Risk Category	Financial Risk
Finding 5. (F5)	**Documentation Gaps and Control Failures in Financial Reporting and Asset Management**	Impact:	Moderate
		Likelihood:	Possible
		Risk Rating:	Medium – 3C

Finding(s)

The Council's Financial Statements for the financial years FY22/23 and FY23/24 were prepared using the prescribed local government financial statement templates and in accordance with the Local Government Act, as well as the relevant Australian Accounting Standards (AASB 13, AASB 116, AASB 136 and AASB 138). The underlying notes and assumptions presented in these financial statements also align with the required standards.

However, while the Council has documented policies for Asset Management, Disposal of Assets, Asset Capitalisation Procedures, and FTE percentage assumptions for payroll capitalisation, these documents lack sufficient detail regarding key methodologies for certain areas. Specifically, there is a gap in the documentation concerning the capitalisation of payroll-related costs, depreciation, processes for monthly, quarterly, and year-end financial reporting, and the capitalisation and reporting of Work in Progress (WIP). This lack of detailed guidance could lead to inconsistencies and errors in the financial reporting process.

Identified Control Failures
1. Lack of Documented Processes for Financial Reporting:
    * There is no formal, documented process that clearly outlines the preparation, review, and approval of annual financial reports. Without this, there is an increased risk of errors or omissions in the financial statements, as well as inadequate oversight of the reporting process.
2. Inadequate Process for Changes to Fixed Asset Register (FAR) and Masterfile:
    * The Council does not have a documented process for tracking changes to the FAR and/or Masterfile, including the necessary approvals by appropriate staff. Furthermore, there is no process in place to compare these changes to the authorised source documents and the General Ledger. This absence of controls poses a risk to the accuracy and integrity of the asset records.
3. Absence of a Documented Process for Reconciling Fixed Assets to the General Ledger:
    * There is no documented procedure for reconciling the fixed asset register to the General Ledger. This includes the preparation and review of asset register calculations for accuracy, which is crucial to ensure that asset values are properly reflected in the financial statements. The lack of this process could result in discrepancies between the asset register and the General Ledger, leading to inaccurate reporting.

Risk

* Inaccurate Asset Records
* Inaccurate Asset Reconciliation
* Non - Compliance with Accounting Standards
* Misstatements in the Annual Financial Statements and other Financial reporting.

Recommendation

The Council should:

(1) Develop and document detailed methodologies for key areas such as payroll capitalisation, depreciation and WIP.
(2) Develop and document detailed methodologies for month-end, quarter-end, and year-end financial reporting processes to ensure consistency and accuracy in financial reporting.
(3) Implement a documented process for the preparation, review, and approval of annual financial reports to strengthen oversight and ensure timely and accurate reporting.
(4) Develop a documented process for managing changes to the FAR and Masterfile, including approval workflows, comparisons to authorised source documents, and reconciliation with the General Ledger to ensure accurate asset records.
(5) Establish a documented process for the reconciliation of the fixed asset register to the General Ledger, including regular reviews of asset register calculations to ensure their accuracy and alignment with the financial records.

Management Response and Agreed Action Plan	Acceptance (Y/N)	Responsible Officer and Target Date

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Overarching comment:		
It is management's view that these issues should be addressed by implementing a modern ERP system that supports processes such as regular timely reporting, appropriate controls of the FAR, automated workflows, and reconciliation.	(1) N (2) N (3) N (4) N (5) N	N/A

(1)   Management acknowledges and agrees with the finding and partially agrees with the recommendation.

As part of the processes to be undertaken by Finance as noted above, high level guidance and principles will be established, rather than detailed methodologies.

(2)   Whilst management acknowledges and agrees with the finding, we do not agree with the recommendation.

As an alternative to this recommendation, management notes that there are appropriately qualified and experienced individuals in the team undertaking the financial reporting function. The combination of qualification and experience obviates the need for detailed methodologies and allows for flexibility and adaptability (as required) to achieve the outcome. Should new team members join the team, management will ensure that the team members are either appropriately qualified and experienced to undertake the function, or where this is not the case, that the individuals will receive additional training.

(3)   Whilst management acknowledges and agrees with the finding, we do not agree with the recommendation.

As an alternative to this recommendation, management will ensure that appropriately qualified and experienced individuals are either employed or engaged to undertake the annual reporting processes. Where individuals require additional training, this training will be provided.

(4)   Whilst management acknowledges and agrees with the finding, we do not agree with the recommendation.

As an alternative to this recommendation, management notes that there are appropriately qualified and experienced individuals in the team managing changes to the FAR and Masterfile, as well as the reconciliation process. The combination of qualification and experience obviates the need for detailed methodologies and allows for flexibility and adaptability (as required) to achieve the outcome. Should new team members join the team, management will ensure that the team members are either appropriately qualified and experienced to undertake the function, or where this is not the case, that the individuals will receive additional training. The recommendation to include approval workflows will be investigated.

(5)   Whilst management acknowledges and agrees with the finding, we do not agree with the recommendation.

As an alternative to this recommendation, management notes that there are appropriately qualified and experienced individuals in the team managing undertaking the reconciliation process. The combination of qualification and experience obviates the need for detailed methodologies and allows for flexibility and adaptability (as required) to achieve the outcome. Should new team members join the team, management will ensure that the team members are either appropriately qualified and experienced to undertake the function, or where this is not the case, that the individuals will receive additional training. The recommendation to include approval workflows will be investigated.

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Appendix 1 – Documents accessed and consultation

Documents provided and reviewed throughout the audit accessed through other platforms and provided by Adelaide Hills Council include:

- AHC Treasury Policy
- AHC Debt Recovery Policy
- AHC Fraud Corruption Misconduct and Maladministration Policy
- AHC Internal Audit Policy
- AHC Procurement Policy
- AHC Procurement Framework 2019 (Approved)
- AHC Asset Management Policy
- AHC Disposal of Assets Policy
- AHC Annual Report FY23
- AHC Annual Financial Statements FY24
- AHC Draft Annual Business Plan FY25
- AHC Audit Committee Agenda Public (21/10/2024)
- AHC Asset Register FY24-25
- AHC Motor Asset Register FY24-25
- AHC Plant and Fleet Assets - At 13/12/2024 Spreadsheet
- SA Local Government Act 1999
- Australian Accounting Standards Board (AASB) Framework
- Compiled AASB Standard AASB 116 Property, Plant and Equipment
- AHC Internal Audit Tracker
- AASB Standard AASB13 Fair Value Measurement
- AHC Internal Audit – Procurement Payroll Asset Management (May 2014)
- AHC Payroll Function Internal Audit Report – Bentleys (May 2021)
- AHC Payroll Capitalisation Process 2023-24
- AHC Payroll Capitalisation Review 2023-24
- AHC WIP+Capital Tracker Spreadsheet
- AHC FY 24-25 WIP Only Report Working Spreadsheet
- AHC Organisational Procedure Capitalisation Document
- AHC Working FY24-25 Capital Works Projects Spreadsheet
- AHC 241021 Audit Committee Minutes
- AHC 241021 Annual Audit Completion Report for the year ended 30 June 2024
- AHC 241021 Auditors Completion Report 2024
- Report on financial results for Adelaide Hills Council 2023-24
- Asset Capitalisation Reports FY23-24
- Asset Capitalisation Monitoring "Confirm" FY23-24 Spreadsheet
- AHC 2023 Community Wastewater Management Scheme Valuation Report
- Loaded ARRB Bridge Data Review v1
- ABS 3101 Spreadsheet Analysis

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- Sproutt Audit Data Spreadsheet
- PPP Valuations Spreadsheet
- AHC Building Audit Summary Report V001 1
- AHC Building Valuations as of 1 July 2023
- Sustainability Audits Summary & Individual Building Reports (Sprout) March 2023
- Revaluation Uplift Spreadsheet
- Bridges Uplift Catchup Spreadsheet
- Retaining Walls Revaluation Uplift Spreadsheet
- Safety Barrier Uplift Catchup Spreadsheet
- Step by Step - Finance Access "Confirm" Document
- Step by Step - How to Complete End of Year Document
- Stormwater Revaluation Uplift Spreadsheet
- Traffic Control and Street Revaluation Uplift Spreadsheet

Other additional documents were provided to enable us to perform our detailed internal controls testing and performance of walkthroughs.

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

- Gary Lewis, Director Corporate Services
- Zoë Gill, Executive Governance Officer
- Bruce Smith, Manager Financial Services
- David Collins, Manager Strategic Assets
- Liz Packer, Team Leader, Financial Accounting
- Lauren Jak, Risk, Audit and Insurance Officer
- Kristy Honor, Asset Management Systems Analyst

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Appendix 2 – Risk assessment

Control assessment

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

Overall Control Effectiveness [2]		
Good	Marginal	Poor

(2) limited to audit scope and based on test results.

Control Effectiveness Table is as follows:

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

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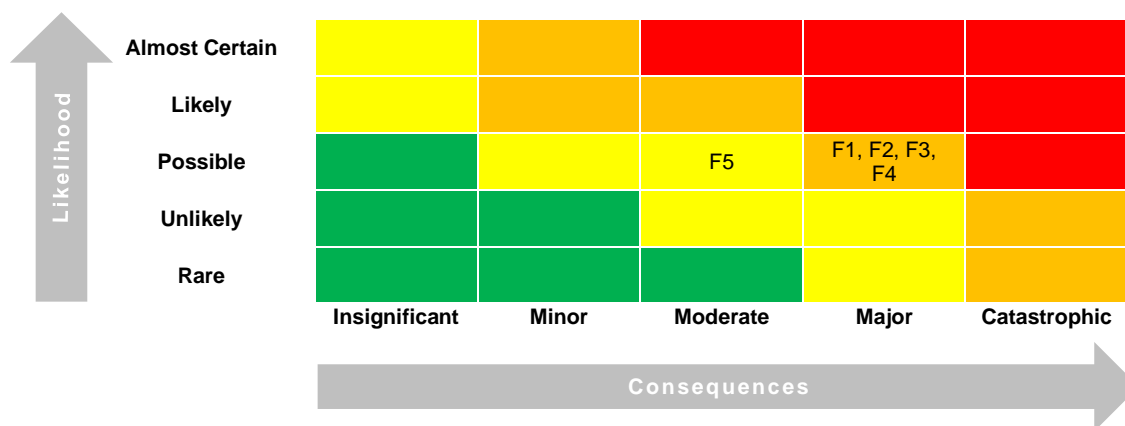
Provided below is the Adelaide Hills Council risk matrix:

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

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Measures of corporate risk likelihood

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

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

Bentleys
THINKING AHEAD

Adelaide Hills Council Internal Audit Report – Asset Financial Assumptions and Reporting // February 2025

Consequence Criteria

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

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

Bentleys
THINKING AHEAD

ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 17 February 2025
AGENDA BUSINESS ITEM

Item:	**8.2**

Responsible Officer:	**Zoe Gill** **Executive Governance Officer** **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*.

RECOMMENDATION

The Audit Committee resolves:

1. **To receive and note the Implementation of Audit Actions Progress Report (item 8.2, 17 February 2025 Audit Committee meeting).**
2. **To note the Audit Actions Report in Appendix 1 (item 8.2, 17 February 2025 Audit Committee meeting).**

1.   BACKGROUND

The 2025 Audit Committee Work Plan 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 2024 meeting.

2.   ANALYSIS

Strategic Plan 2024 – Your Place, Your Space
Goal 4   Organisation
Objective O2   Operate with integrity using best practice governance processes.
Priority O2.1   Demonstrate accountable and transparent decision making.

Priority O2.2   Support decision making through the use of timely data-driven analysis
                       and reporting.
Priority O2.3   Enhance governance structures and systems to be agile and support our
                       legislative obligations.

Monitoring the implementation of internal and external audit actions facilitates the effective management of risk exposures and helps create a culture of continuous improvement within the organisation.

➢ **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 and completed actions from Internal and External Audits is at *Appendix 1*.

It should be noted that while there are fifty-two (52) items in total, some of the actions relate to the same subject on multiple occasions (i.e. BCP has 3 actions).
In previous reporting there has been no coordinator for audit actions to be reviewed or completed, or appropriate timeframes put in place due to lack or resourcing. With the Audit, Risk and Insurance Officer position having commenced and the new audit action tracker, there will start to be more reporting on the percentage of actions completed. The aim is to have audit actions remain at a steady 50% completed within 12 months.

Action Status
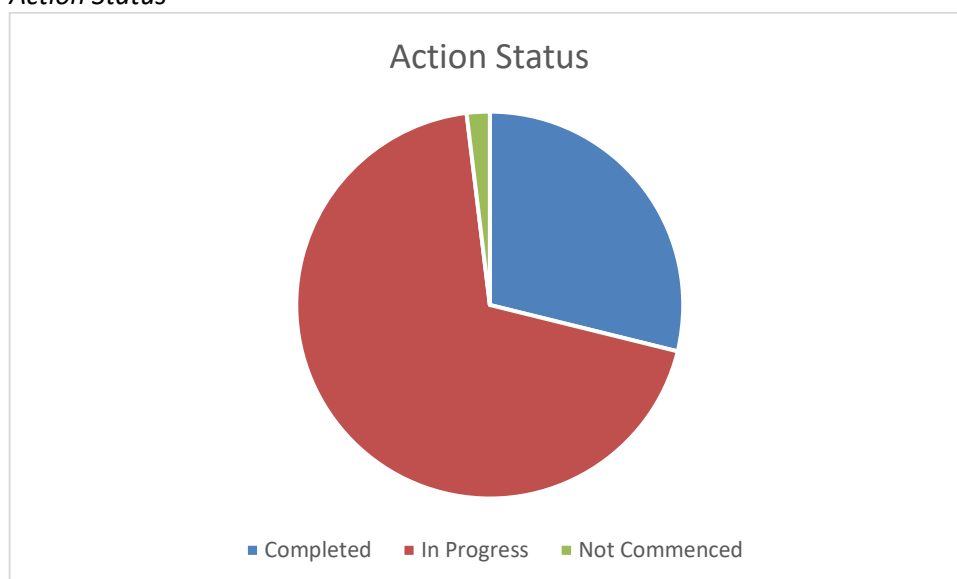
Risk Rating
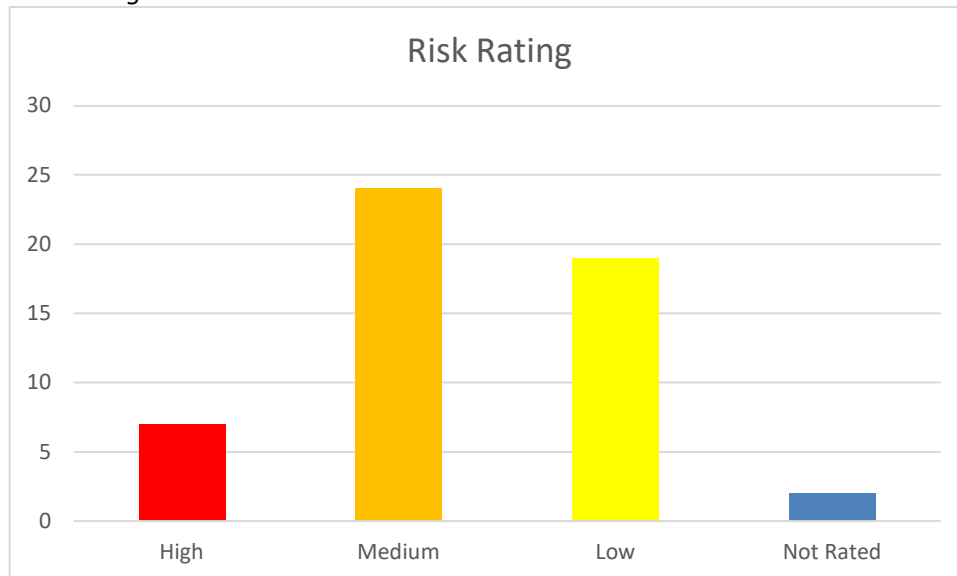
Overdue Actions

Audit Action Tracker

An audit action tracker is currently under development to bring the audit actions across to a Cloud based SharePoint list. This will enable audit actions to be tracked appropriately and in a timely manner and allow for better reporting capabilities. The new list will also create automatic notifications to be sent to the Responsible Officer when the action is coming due for review or completion.

Once the new list is created the Audit, Risk and Insurance Officer will work with key staff to ensure all audits conducted at AHC are recorded appropriately, with actions going on the audit action tracker. The audits to be included on the action tracker are items such as:

- WHS RTWSA Audit
- Risk Profile Audit
- Council Planning Assessment Process

- Cyber Security Audit
- Annual Financial Audit

3.   OPTIONS

The Committee has the following options:

I.   To note the Audit Actions Report (Recommended)
II.   To identify additional actions to be undertaken (Not Recommended).

4.   APPENDIX

(1)   Audit Actions Report – February 2025

Appendix 1

Audit Actions Report – February 2025

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Due Date	Date of Update	Progress	Est. Completion Date	Comment
2020 Galpins Financial Controls Review Interim Management Letter May 2020	2.3.2 - GENERAL LEDGER	The Business Continuity Plan is overdue for review	Low	The Business Continuity Plan is updated.	Council will be accessing the Local Government Risk Services to business continuity planning service.	Gary Lewis	30/06/2021	4/02/2025 12:18	In Progress	31/12/2025	Work on SEP's has been prioritised over the BCP. Once these are up to date the BCP will be considered again. The estimated completion date needs to be reviewed.
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.	A new system was implemented. However, it was discovered that Councils EBA complexity prohibits the automation of payroll so the new system is still utilised with manual processes. The ESS functionality of the new system was initially planned to be rolled out but this was not possible because of the complexity. There is now a plan to implement it to a subset of staff twoweer this project is awaiting resourcing.	Liz Packer	1/01/2024	4/02/2025 12:40	Completed	31/12/2024	Previous comments remain at the end of this comment for reference. This item has been marked complete as the practical actions that are possible have been completed. While the original issue remains this is being addressed by a review of the whole ERP platform which is a sdignifcantly larger scope that considered by this item. The current ERP platform is unlikley to support a less manual payroll process without significant investment. The Administration recommend that COuncil move to a modern platfporm that could address inefficiencies accross the organisation similar to thiose identified in the payroll process. ------------------------------------- The Payroll function has been moved into the Financial Services area ongoing. A working group has been created to scope out the issue of automatic timesheets and the recording of flexi. The group will look to trial auto pay with pilot sites who will not submit a timesheet each f/n. Exception reporting will be implemented instead. At the same time, flexi/TIL will be pushed out to the business to manage internally. The group will look at developing a spreadsheet to assist teams with the managing and recording of flexi/TIL which aligns to the EDA. Policy changes requiredn to support the change sin the processing of Flexi-time have been made and implementation is pending.
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.	Liz Packer	16/12/2022	4/02/2025 12:42	Completed	31/03/2025	Previous comments remain at the end of this comment for reference. This item has been marked complete as the practical actions that are possible have been completed. While the original issue remains this is being addressed by a review of the whole ERP platform which is a sdignifcantly larger scope that considered by this item. The current ERP platform is unlikley to support a less manual payroll process without significant investment. The Administration recommend that COuncil move to a modern platfporm that could address inefficiencies accross the organisation similar to thiose identified in the payroll process. ------------------------------------- The Payroll function has been moved into the Financial Services area ongoing. A working group has been created to scope out the issue of automatic timesheets and the recording of flexi. The group will look to trial auto pay with pilot sites who will not submit a timesheet each f/n. Exception reporting will be implemented instead. At the same time, flexi/TIL will be pushed out to the business to manage internally. The group will look at developing a spreadsheet to assist teams with the managing and recording of flexi/TIL which aligns to the EDA. A revised policy to support Flexi changes has been completed and consulted on. A project has been initiated to start a roll out of the ESS funtionality where possible, this will enable progress to be made with automation and streamlining of the process. At this stage unlikely to be achieved by 31/03/2025
2021 - Bentleys - Payroll Function Internal Audit - May 2021	3	Records management	Low	We recommend management: • Document the record management requirements into policies and procedures and enforce the implementation.	Following the implementation of the new payroll system we will review and update processes to ensure an automated leave management function is implemented.	Bruce Smith	30/06/2023	10/02/2025 14:56	In Progress	30/06/2025	This matter needs to be reviewed to consider of it still relevent.
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	11/02/2025 7:34	In Progress	30/06/2025	A workshop on the draft Building Asset Management Plan was held with Council in September 2024. Staff are currently finalising a proposed Buildings Asset Management Plan for a report to Council in March and Audit feedback sought at the May meeting during the community consultation. It is hoped that the Building AMP will be adopted by Council by 30 June 2025.
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	Gary Lewis	31/12/2021	10/02/2025 14:59	In Progress	30/06/2026	Work on the BCP was deprioriised so that the SEP's and Fire Danger Days Policies could be completed for the 2024/25 season. This is task has now moved to the Governance Team who will start the reveiw process.
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. Project Bid to be submitted into 25/26 ABP/ LTFP cycle to allocate an on-going $ 120k per annuam to meet this obligation.	David Collins	30/06/2024	28/01/2025 9:00	In Progress	27/09/2024	Road audit completed and being evaluation with SCI (seal condiiton index) and PCI (pavement condition index) data being modelled to determine condition of sealed network and then subsequent revaluation. Data review and validation has identified some inconsistencies and contractor revieiwgin output before final condition ratings adopted. Updated data provided and modelling underway. Unit Rates uplifted in line with Producer Price Indicies June 24
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, Building and Playground AMP's to be developed during 22/23 - 24/25 for adoption in 2025	David Collins	30/06/2024	28/01/2025 9:01	In Progress	23/08/2024	Draft Stormwater AMP has been developed in conjuction with consultant and internal review and refinement being undertaken. Completion of Building AMP has been the focus within the available resourcing - Workshop held with Elected Member in September 2024 and further in-line enagement prepared. Draft Plan built.
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	11/02/2025 7:35	In Progress	27/06/2025	A workshop on the draft Building Asset Management Plan was held with Council in September 2024. Staff are currently finalising a proposed Buildings Asset Management Plan for a report to Council in March and Audit feedback sought at the May meeting during the community consultation. It is hoped that the Building AMP will be adopted by Council by 30 June 2025.
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. An asset sytems approach and a whole and the life cycle approach needs to be adopted across the organisation.	David Collins	30/06/2024	28/01/2025 9:01	In Progress		Assets Maintenance Plans are subsequently updated by foricttional asset maintence managers and aligned to adopted AMP's. CWMS completed March 2023 Road Footpath and Kerb Asset Management Plan (AMP) adopted. Bridges AMP adopted in March 2022 Building condition audit completed, valuations finalised and AMP in draft. Workshop undertaken with Elected Members 1/10/2024 Safety Barrier, Retaining Wall, Bus Shelter operational asset plans have been peer reviewed - not part of Strategic Management Plans as minor asset and not material but same process completed for these asset classes
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.	Gary Lewis	30/09/2022	4/02/2025 12:47	In Progress	30/12/2023	At the start of the review of the BCP it was identified that the SEP's and the FDR Procedure should be prioritised. These have been completed. Work on the BCP update will be initiated in Q1 2025 (CY).
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: - • 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. *Action* : Implement an Information Security Management System (ISMS)	Phil Mattingly	31/12/2022	30/01/2025 10:33	In Progress	30/06/2025	The LGITSA Framework has been largely implemented being formally managed through a Cyber Security Action Group meeting regularly. Draft policies & procedures have been explored with key staff and require further review by recently appointed roles, with the intent of deploying the policies throughout the organisation by EoFY. Key organisational positions have recently been appointed. It's anticipated that a further extension to June 2025 is required to implement the new documents into the organisations formal policy and review management process.
2021-22 IT Entity Level Controls Review - May 2022	3.3	ICT Governance- Revise ICT and IS Strategic Plan	Medium	Finalise the IS Strategic Plan.	Work has commenced on a Draft Information Services Strategic Plan; however, consideration is being undertaken in incorporating this activity into a Corporate Services Plan as indicated in the recommendations. *Action* : progress the development of strategic planning for the Information Services Department.	John Gosbell	31/12/2022	4/02/2025 13:58	In Progress	31/12/2025	Council is undergoing a review of the Council Strategic Plan that also contains references to Technology & Innovation that may impact on the requirement for a separate strategic plan so further consideration is required as how to progress. Council has been actively exploring it's ERP solution future with the current solution now identified as a risk item on the Corporate Risk Register so that is a feed in consideration to the Information Services Manager poisution has been vacant since August 2024, with associated resourcing considerations and impacts on progressing the Information Services Strategic Plan

Audit	Finding	Observation	Rating	Recommendation	Management Response	Responsible	Due Date	Updated	Status	Completed	Comment
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. Details as follows: • Action of "Council develops a procurement register for local suppliers" (against Outcome E1.6 – More Adelaide Hills businesses are successful in winning work to supply goods and services to Local State and Australian Government) – The Procurement Register in SkyTrust was available at the time of the audit. However, the Procurement Register did not include local suppliers' information. Instead, under the Council's procurement framework, Selection Criteria were in place, including consideration of local suppliers. The Procurement Coordinator advised that depending on the nature of the procurement, the weight percentage change accordingly. • Action of "Community Halls and Sporting Facilities are maintained with the aim of generating income with communities where possible" (against Outcome E2.4 – Tourism and Community recreation infrastructure supports local businesses and economies) – The maintenance responsibilities are with the external management team of the Community Halls and Sporting Facilities although Council maintains an Asbestos Register and conducts annual inspection for compliance purposes, e.g., fire safety. – An example Annual Compliance Inspection Report was provided showing the building condition is Very Good (rated as 4 out of 5). However, there was no summary/register of all reports (approximately 50). Therefore, we did not have sufficient evidence to comment on whether all building conditions were good. RISKS: • Action items in the ED Plan are not completed within the timeframes and resources allocated • Outcomes achieved are not evaluated against the objectives of the ED Plan.	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.	Jess Charlton	30/06/2023	13/08/2024 16:28	Completed	30/06/2023	Mid term review presented to Council in February
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. RISKS: • Action items identified in the ED Plan are not scheduled or responsibility allocated • Action items identified in the ED Plan are not resourced (physical and financial) • Action items in the ED Plan are not completed within the timeframes and resources allocated.	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.	Jess Charlton	30/06/2023	13/08/2024 16:28	Completed	30/06/2023	Mid term review presented to Council in February
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: • workshops and training • networking event • marketing and promotional materials. It was observed that the action items were largely funded by the ED Business Unit operation budget, which is $550K (2 FTEs) for 2021-22, 1% of the Council's budgeted Total Operating Expenditure of $48,958K according to the Annual Business Plan 2021-22. The budget would be challenging to achieve one of the five strategic goals. Going forward, where possible, Council should try the following common actions by other local councils to achieve better outcomes of local economic development: • conferences and field days • financial support for business and tourism associations • festivals and other tourism support events.	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	12/07/2023 15:37	Completed	30/06/2023	Mid term review presented to Council in February
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 • 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.	Jess Charlton	30/06/2025	10/02/2025 11:20	Not Commenced	30/06/2025	Status is still current
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.	Low	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)	Anne Pett	30/06/2023	10/10/2023 9:07	Completed	31/12/2023	Following consultation with John Gosbell DocuSign was ruled out through as it was inappropriate for our requirements (it is better suited for external contracts / documentation, not internal). John G advised that once the Digital Transformation upgrade to Microsoft Teams is live, we will have better capability in this system to improve our manual forms. We have the ability to include digital signatures on all recruitment forms using Adobe.
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). The following was not captured in the Policy: • All categories of employment, i.e., – Directors or equivalents typically employed under fixed-term contracts with negotiable salaries – Managers employed under individual employment contracts – Employees (including office, depot, part-time or casual) employed under enterprise development agreements • Implementation strategy to suit the current needs to improve efficiency and effectiveness, i.e., decentralised approach, governance arrangements, roles and responsibilities, and technology solution, etc. The Checklist was recently reviewed and updated to reflect the current process, except for one step in Section 1. The Checklist required that "OD has up to 10 working days to review and will advise you (i.e., Recruiting Manager) when this has been completed", which is now redundant in practice as the work efficiency has already improved and a technology solution is applied (e.g., iPad or laptop). RISK: • Recruitment processes are not clear, consistent, timely and transparent • Recruitment roles and responsibilities are not clearly documented and understood • Retention structures and processes are not clearly documented and implemented • Noncompliance with Section 125 of the Local Government Act 1999 to have appropriate policies implemented and maintained.	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.	The People & Culture Department agrees with the finding and will Update Recruitment and Selection Policy/Procedure (Responsible officer - OD Advisor)	Anne Pett	28/02/2023	6/10/2023 15:51	Completed	31/08/2023	The Recruitment & Selection Policy and Procedure was endorsed by the CEO and training to all People Leaders has been implemented.
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). The following was not captured in the Policy: • All categories of employment, i.e., – Directors or equivalents typically employed under fixed-term contracts with negotiable salaries – Managers employed under individual employment contracts – Employees (including office, depot, part-time or casual) employed under enterprise development agreements • Implementation strategy to suit the current needs to improve efficiency and effectiveness, i.e., decentralised approach, governance arrangements, roles and responsibilities, and technology solution, etc. The Checklist was recently reviewed and updated to reflect the current process, except for one step in Section 1. The Checklist required that "OD has up to 10 working days to review and will advise you (i.e., Recruiting Manager) when this has been completed", which is now redundant in practice as the work efficiency has already improved and a technology solution is applied (e.g., iPad or laptop). RISK: • Recruitment processes are not clear, consistent, timely and transparent • Recruitment roles and responsibilities are not clearly documented and understood • Retention structures and processes are not clearly documented and implemented • Noncompliance with Section 125 of the Local Government Act 1999 to have appropriate policies implemented and maintained.	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)	Anne Pett	30/06/2023	6/10/2023 15:53	Completed	30/11/2023	The Recruitment & Selection Policy and Procedure was endorsed by the CEO and training to all People Leaders has been implemented.

Report	Finding	Description	Rating	Recommendation	Action/Response	Responsible Officer	Date	Timestamp	Status	Due Date	Status Update
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. RISK: •Recruitment processes are not clear, consistent, timely and transparent •Fraudulent activities •Reputational damage	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)	Anne Pett	28/02/2023	6/10/2023 15:56	Completed	30/11/2023	The Recruitment & Selection Policy and Procedure was endorsed by the CEO. The Recruitment & Selection Policy and Procedure includes the requirement for selection panel members to declare any conflict of interest. This requirement is also provided in the Recruitment and Selection Checklist. This requirement has been reinforced as part of the Recruitment & Selection training to People Leaders.
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. The Council's annual turnover rates for the last three years (i.e., 2018-19, 2019-20, and 2020-21) were 8.33%, 8.29% and 8.68% respectively, which was consistent with the "unplanned turnover rate of 8.3% per annum in the sector" according to a 2018 report from the Australian Local Government Association (ALGA)2. Council's turnover rate in the year to March 2022 was 5%, lower than the 9.5% turnover rate of the Australian workforce in the year to February 2022 according to the Australian Bureau of Statistics (ABS)3. In our opinion, good turnover is to retain essential knowledge while having new people join the organisation. Council currently •Lacks data to show the employee retention risk associated with the performance rating •Had no employee survey or workshop to address issues and identify priorities (physically and mentally) from all levels of staff at least annually.	Low	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)	Roger Hunter	30/06/2024	4/02/2025 12:52	In Progress	30/06/2025	A number of activies have been initiated to address values and culture accross the organisaiton. This is the preferred approach to addressing these issues.
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. Specifically, we found the following inconsistent practices: •All Recruitment and Selection Checklists sampled (100%) were not complete •All Position Descriptions sampled (100%) did not have OD's sign-off •Six out of nine CEO Preferred Candidate Memos sampled (67%) had the OD Office Use Only section not complete •Five out of nine samples where relevant (56%) did not conduct a Training Needs Analysis •One out of nine CEO Preferred Candidate Memos sampled (11%) was not approved by Directors before OD. RISK: •Recruitment processes are not clear, consistent, timely and transparent •Recruitment roles and responsibilities are not clearly documented and understood.	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.	Anne Pett	30/06/2023	6/10/2023 16:01	Completed	30/11/2023	The Recruitment & Selection Policy and Procedure was endorsed by the CEO and training to all People Leaders has been implemented which included reference to the Recruitment & Selection Checklist
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. Specifically, we found the following inconsistent practices: •All Recruitment and Selection Checklists sampled (100%) were not complete •All Position Descriptions sampled (100%) did not have OD's sign-off •Six out of nine CEO Preferred Candidate Memos sampled (67%) had the OD Office Use Only section not complete •Five out of nine samples where relevant (56%) did not conduct a Training Needs Analysis •One out of nine CEO Preferred Candidate Memos sampled (11%) was not approved by Directors before OD. RISK: •Recruitment processes are not clear, consistent, timely and transparent •Recruitment roles and responsibilities are not clearly documented and understood.	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.	Anne Pett	30/06/2024	14/02/2024 11:51	Completed	6/10/2023	The Recruitment & Selection Policy and Procedure was endorsed by the CEO and training to all People Leaders has been implemented which included reference to the Recruitment & Selection Checklist.
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. Further, the hard copies were not forwarded to the Information Management team to archive: •Interviewer Selection Report, including interview questions and selection criteria (except for one sample from Open Space Operations) •Evidence of shortlisting of candidates, e.g., panel meeting records, phone interviews, interview appointments, and emails with interview questions sent to candidates. All three Recruiting Managers/People Leaders interviewed advised that they revisited the Interviewer Selection Reports and rated candidates based on their performance during the interview and skills to finally select the preferred candidate •Reference check questions and notes of referees' answers (except for the one from Open Space Operations) although the outcomes are summarised in the CEO Preferred Candidate Memos. RISK: •Loss or reduction in the ability to access records •Compromised accountability and transparency •Fraudulent activities •Reputational damage.	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)	Anne Pett	30/06/2023	6/10/2023 16:05	Completed	30/11/2023	The Recruitment & Selection Policy and Procedure was endorsed by the CEO and training to all People Leaders has been implemented which included reference to the importance to save recruitment documentation to Records Hub. The HR System has now been deferred to 2024.
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. In this audit, we sampled the contract renewal or recruitment of the CEO, a Director, and a Manager to validate their retention and renewal procedure. We found that the Manager sampled instigated the contract renewal process at the time of this audit on 25 May 2022 while his contract was about to expire in less than a month, (i.e., on 17 June 2022). As advised by the Executive Manager OD, the process in practice although not documented is as follows: •By the officer advising they would like a new contract according to their employment agreement clause and then Council (via the relevant Director/CEO) has to respond to that request under CEO advice •The approval to offer a contract is issued by the CEO and this process is coordinated by the Executive Manager (EM) OD •The EM OD issues a contract when she receives an approval email from the Director and CEO to extend the contract. RISK: •Retention structures and processes are not clearly documented and implemented •Noncompliance with Section 125 of the Local Government Act 1999 to have appropriate policies implemented and maintained.	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.	Roger Hunter	30/03/2023	10/02/2025 14:54	In Progress	30/06/2025	This item can be considered now that the PnC team have been recruited.
2022 Civil Services - Service Review	1.0 Develop prioritised program maintenance schedule	Develop risk-based and prioritised program maintenance plans for all road infrastructure, including footpaths and drains, to better balance the priorities of asset maintenance planning with customer service needs.	Medium	see sub tasks 1.1 and 1.2		Craig Marshall	30/06/2025	7/01/2025 8:17	In Progress	30/06/2025	Preliminary work on the actions was undertaken soon after the review but have been reprioritised in light of resourcing challenges and other priority work. Further work will need to be carried out in conjunction with Council's recently resolved position to consider service levels across the range of Council's services. It may be necessary for Council to consider funding for external support to enable a comprehensive suite of maintenance program, service levels and service standards to be developed.
2022 Civil Services - Service Review	1.1 Develop prioritised program maintenance schedule	Develop risk-based and prioritised program maintenance plans for all road infrastructure, including footpaths and drains, to better balance the priorities of asset maintenance planning with customer service needs.	Medium	Prioritise the order in which Asset Class specific maintenance plans are to be developed.		Craig Marshall	30/06/2023	7/01/2025 8:18	In Progress	30/06/2025	Preliminary work on the actions was undertaken soon after the review but have been reprioritised in light of resourcing challenges and other priority work. Further work will need to be carried out in conjunction with Council's recently resolved position to consider service levels across the range of Council's services. It may be necessary for Council to consider funding for external support to enable a comprehensive suite of maintenance program, service levels and service standards to be developed.
2022 Civil Services - Service Review	1.2 Develop prioritised program maintenance schedule	Develop risk-based and prioritised program maintenance plans for all road infrastructure, including footpaths and drains, to better balance the priorities of asset maintenance planning with customer service needs.	Medium	Develop and implement the Asset Class specific maintenance plans.		Craig Marshall	30/06/2025	7/01/2025 8:20	In Progress	30/06/2025	Preliminary work on the actions was undertaken soon after the review but have been reprioritised in light of resourcing challenges and other priority work. Further work will need to be carried out in conjunction with Council's recently resolved position to consider service levels across the range of Council's services. It may be necessary for Council to consider funding for external support to enable a comprehensive suite of maintenance program, service levels and service standards to be developed.

Review	Action	Priority	Description	Task	Owner	Date	Updated	Status	Due	Comments
2022 Civil Services - Service Review	2.0 Develop an expanded operational service standard suite for maintenance activities	High	Develop a reviewed and documented set of operational service standards. The development of these service standards defines the level of maintenance service to be undertaken based on the condition and defect.	See sub tasks 2.1 and 2.2	Craig Marshall	30/06/2025	7/01/2025 8:18	In Progress	30/06/2025	Preliminary work on the actions was undertaken soon after the review but have been reprioritised in light of resourcing challenges and other priority work. Further work will need to be carried out in conjunction with Council's recently resolved position to consider service levels across the range of Council's services. It may be necessary for Council to consider funding for external support to enable a comprehensive suite of maintenance program, service levels and service standards to be developed.
2022 Civil Services - Service Review	2.1 Develop an expanded operational service standard suite for maintenance activities	High	Develop a reviewed and documented set of operational service standards. The development of these service standards defines the level of maintenance service to be undertaken based on the condition and defect.	Prioritise the order in which Asset Class specific service standards are to be Developed.	Craig Marshall	30/06/2023	7/01/2025 8:20	In Progress	31/12/2025	Preliminary work on the actions was undertaken soon after the review but have been reprioritised in light of resourcing challenges and other priority work. Further work will need to be carried out in conjunction with Council's recently resolved position to consider service levels across the range of Council's services. It may be necessary for Council to consider funding for external support to enable a comprehensive suite of maintenance program, service levels and service standards to be developed.
2022 Civil Services - Service Review	2.2 Develop an expanded operational service standard suite for maintenance activities	High	Develop a reviewed and documented set of operational service standards. The development of these service standards defines the level of maintenance service to be undertaken based on the condition and defect.	Develop and adopt the Asset Class specific service standards.	Craig Marshall	30/06/2024	7/01/2025 8:21	In Progress	30/06/2025	Preliminary work on the actions was undertaken soon after the review but have been reprioritised in light of resourcing challenges and other priority work. Further work will need to be carried out in conjunction with Council's recently resolved position to consider service levels across the range of Council's services. It may be necessary for Council to consider funding for external support to enable a comprehensive suite of maintenance program, service levels and service standards to be developed.
2022 Civil Services - Service Review	3.0 Roll out of CONFIRM system to Civil Service Maintenance	High	Continue the work to use CONFIRM to its full potential for better asset management:recording and scheduling of workscapturing asset data and costs.Improved data collection to enable reporting against Maintenance Plans and improve accuracy of actual costs of service provided. This work should be ongoing and related to the corporate goals of progressive organisation, using technology, developing people and continuous improvement. The expansion of CONFIRM can integrate with the use of digital workflow improvement and the use of tablets on site. This can streamline the workflow practices and promote efficiency It is important to keep the rollout and improvements moving, even if it's small incremental ones, in line with whatever budget can be allocated. Initiatives like this can benefit from a driver and champion of the change management process, combined with leadership support.	See sub tasks	Craig Marshall	30/06/2025	7/01/2025 8:24	In Progress	30/06/2025	Preliminary work on the actions was undertaken soon after the review but have been reprioritised in light of resourcing challenges and other priority work. Further work will need to be carried out in conjunction with Council's recently resolved position to consider service levels across the range of Council's services. It may be necessary for Council to consider funding for external support to enable a comprehensive suite of maintenance program, service levels and service standards to be developed.
2022 Civil Services - Service Review	3.1 Roll out of CONFIRM system to Civil Service Maintenance	High	Continue the work to use CONFIRM to its full potential for better asset management	Expedite the transitioning to use of Confirm in the field through engaging with Strategic Assets and Information Services.	Craig Marshall	30/06/2023	7/01/2025 8:23	In Progress	30/06/2025	Preliminary work on the actions was undertaken soon after the review but have been reprioritised in light of resourcing challenges and other priority work. Further work will need to be carried out in conjunction with Council's recently resolved position to consider service levels across the range of Council's services. It may be necessary for Council to consider funding for external support to enable a comprehensive suite of maintenance program, service levels and service standards to be developed. 4/11/24 - Scope of works and inital platform rollout developed with key operational field staff to ensure capture, distribution and management of works is considered across the range of services delivered within the field services work stream. Additional consideration into the integration of the newly deployed Salesforce CRM. Awaiting on installation date from vendor for transfer of key software as a service in the cloud to be deployed to provide access and improved features for application in distribution of mobile field based services. 6/1/2024 - Customer Requests queues pushing through to confirm mobile system and staff rollout programmed over January and Feburary for Civil and Horticulture.
2022 Civil Services - Service Review	4.0 Develop and promote cross functional teams working together	High	Develop and promote cross functional teams working more closely together from various key departments to promote the development of innovative solution and develop CONFIRM to its full potential	See sub tasks	Craig Marshall	30/06/2025	7/01/2025 8:25	In Progress	30/06/2025	Preliminary work on the actions was undertaken soon after the review but have been reprioritised in light of resourcing challenges and other priority work. Further work will need to be carried out in conjunction with Council's recently resolved position to consider service levels across the range of Council's services. It may be necessary for Council to consider funding for external support to enable a comprehensive suite of maintenance program, service levels and service standards to be developed.
2022 Civil Services - Service Review	4.1 Develop and promote cross functional teams working together	High	Develop and promote cross functional teams working more closely together from various key departments to promote the development of innovative solution and develop CONFIRM to its full potential	Establish Civil Services specific Confirm Working Group utilising the newly developed Project Management Framework (which will include all relevant stakeholders)	Craig Marshall	30/06/2023	7/01/2025 8:26	In Progress	30/06/2025	Preliminary work on the actions was undertaken soon after the review but have been reprioritised in light of resourcing challenges and other priority work. Further work will need to be carried out in conjunction with Council's recently resolved position to consider service levels across the range of Council's services. It may be necessary for Council to consider funding for external support to enable a comprehensive suite of maintenance program, service levels and service standards to be developed.
2022 Civil Services - Service Review	5.0 Improved budgeting and measuring costs	Low	Improvements may be needed in the budgeting process to allow specific costs to be identified for the various maintenance activities. Measuring costs can help boost business case thinking and can assist in countering other pressures. This in turn, over time, creates efficiencies. Improved budgeting processes that allows more detailed costing related to Maintenance Plans will allow adjustments/reallocation of budgets to suit. Capturing data in CONFIRM will help decision making in the future. It will also, promote cost efficiency and provide a basis to reviewing how well teams are currently operating, and where efficiency can be achieved by having enhanced data to compare.	See sub tasks	Craig Marshall	30/06/2025	7/01/2025 8:27	In Progress	30/06/2025	Preliminary work on the actions was undertaken soon after the review but have been reprioritised in light of resourcing challenges and other priority work. Further work will need to be carried out in conjunction with Council's recently resolved position to consider service levels across the range of Council's services. It may be necessary for Council to consider funding for external support to enable a comprehensive suite of maintenance program, service levels and service standards to be developed.
2022 Civil Services - Service Review	5.1 Improved budgeting and measuring costs	Low	Improvements may be needed in the budgeting process to allow specific costs to be identified for the various maintenance activities.	Some interim methods may be investigated to aid in forecasting more accurately the cost per service delivery type.	Craig Marshall	30/06/2024	7/01/2025 8:27	In Progress	30/06/2025	Preliminary work on the actions was undertaken soon after the review but have been reprioritised in light of resourcing challenges and other priority work. Further work will need to be carried out in conjunction with Council's recently resolved position to consider service levels across the range of Council's services. It may be necessary for Council to consider funding for external support to enable a comprehensive suite of maintenance program, service levels and service standards to be developed.
2022 Civil Services - Service Review	5.2 Improved budgeting and measuring costs	Low	Improvements may be needed in the budgeting process to allow specific costs to be identified for the various maintenance activities.	Following adoption of Service Standards, development of Maintenance Plans, and implementation of confirm, improve use of data for more refined cost forecasting.	Craig Marshall	30/06/2025	7/01/2025 8:27	In Progress	30/06/2025	Preliminary work on the actions was undertaken soon after the review but have been reprioritised in light of resourcing challenges and other priority work. Further work will need to be carried out in conjunction with Council's recently resolved position to consider service levels across the range of Council's services. It may be necessary for Council to consider funding for external support to enable a comprehensive suite of maintenance program, service levels and service standards to be developed.
2022 Civil Services - Service Review	6.0 Improved process for section planning	Medium	An improved process for section planning including Development of a Section Plan (or Team) to better relate the organisation's Strategic Plan to day to day functions. Better documenting of these processes to assist communication on a regular basis between staff, managers and executive. A more formal strategic management process that links the field operational person through the organisation to the Executive and provide feedback monthly (or at regular intervals)	see sub tasks	Craig Marshall	29/12/2023	7/01/2025 8:17	In Progress	30/06/2025	Preliminary work on the actions was undertaken soon after the review but have been reprioritised in light of resourcing challenges and other priority work. Further work will need to be carried out in conjunction with Council's recently resolved position to consider service levels across the range of Council's services. It may be necessary for Council to consider funding for external support to enable a comprehensive suite of maintenance program, service levels and service standards to be developed.
2022 Civil Services - Service Review	6.1 Improved process for section planning	Medium	An improved process for section planning including Development of a Section Plan (or Team) to better relate the organisation's Strategic Plan to day to day functions. Better documenting of these processes to assist communication on a regular basis between staff, managers and executive. A more formal strategic management process that links the field operational person through the organisation to the Executive and provide feedback monthly (or at regular intervals)	Develop Annual Plans (Name to be determined) beginning with 2022-23. (First to be completed by end Q2 2022).	Craig Marshall	30/06/2023	7/01/2025 8:28	In Progress	30/06/2025	Preliminary work on the actions was undertaken soon after the review but have been reprioritised in light of resourcing challenges and other priority work. Further work will need to be carried out in conjunction with Council's recently resolved position to consider service levels across the range of Council's services. It may be necessary for Council to consider funding for external support to enable a comprehensive suite of maintenance program, service levels and service standards to be developed.
2022 Civil Services - Service Review	7.0 Reward and recognition	Medium	Measure for employees' wellbeing and provide recognition and rewards for work well done and related to the achievement of corporate goals. The Civil Services and Maintenance function do undertake preventative maintenance that can avert issues and customer complaints. We recommend promoting good news stories and good customer feedback with the organisation. Rewards can be low key such section BBQ on a 6 monthly basis, recognising achievements, subject to policy on funding these types of events.	See sub tasks	Craig Marshall	30/06/2024	7/01/2025 8:31	In Progress	30/06/2025	Preliminary work on the actions was undertaken soon after the review but have been reprioritised in light of resourcing challenges and other priority work. Further work will need to be carried out in conjunction with Council's recently resolved position to consider service levels across the range of Council's services. It may be necessary for Council to consider funding for external support to enable a comprehensive suite of maintenance program, service levels and service standards to be developed.
2022 Civil Services - Service Review	7.1 Reward and Recognition	Medium	Measure for employees' wellbeing and provide recognition and rewards for work well done and related to the achievement of corporate goals. The Civil Services and Maintenance function do undertake preventative maintenance that can avert issues and customer complaints.	Work with Organisational Development to ensure alignment with broader AHC approach to Reward and Recognition. Organisation Development have recognised the need for this program and have actioned for 2025	Craig Marshall	30/06/2024	7/01/2025 8:30	In Progress	30/06/2025	Preliminary work on the actions was undertaken soon after the review but have been reprioritised in light of resourcing challenges and other priority work. Further work will need to be carried out in conjunction with Council's recently resolved position to consider service levels across the range of Council's services. It may be necessary for Council to consider funding for external support to enable a comprehensive suite of maintenance program, service levels and service standards to be developed.
2022 Civil Services - Service Review	7.2 Reward and recognition	Medium	Measure for employees' wellbeing and provide recognition and rewards for work well done and related to the achievement of corporate goals. The Civil Services and Maintenance function do undertake preventative maintenance that can avert issues and customer complaints.	Work with Communications and Engagement to determine what operational activities or achievements are of broader public interest and can be promoted.	Craig Marshall	30/06/2024	7/01/2025 8:31	In Progress	30/06/2025	Preliminary work on the actions was undertaken soon after the review but have been reprioritised in light of resourcing challenges and other priority work. Further work will need to be carried out in conjunction with Council's recently resolved position to consider service levels across the range of Council's services. It may be necessary for Council to consider funding for external support to enable a comprehensive suite of maintenance program, service levels and service standards to be developed.
2022 Civil Services - Service Review	8.0 Continuous improvement	Low		Ensure both office and field based teams designate specific time on a regular basis, to encourage identification and subsequent progression of work to formally improve work practices. (Particular with regards to identification of savings, as well as improved efficiency and customer service).	Craig Marshall	30/06/2025	7/01/2025 8:36	In Progress	30/06/2025	Preliminary work on the actions was undertaken soon after the review but have been reprioritised in light of resourcing challenges and other priority work. Further work will need to be carried out in conjunction with Council's recently resolved position to consider service levels across the range of Council's services. It may be necessary for Council to consider funding for external support to enable a comprehensive suite of maintenance program, service levels and service standards to be developed.

Review	Item	Finding	Rating	Recommendation	Action	Owner	Due Date	Updated	Status	Target Date	Comment
2022 Civil Services - Service Review	8.1 Continuous improvement		Low	We recommend promoting good news stories and good customer feedback with the organisation. Rewards can be low key such section BBQ on a 6 monthly basis, recognising achievements, subject to policy on funding these types of events.	Ensure both office and field based teams designate specific time on a regular basis, to encourage identification and subsequent progression of work to formally improve work practices. (Particular with regards to identification of savings, as well as improved efficiency and customer service).	Craig Marshall	30/06/2023	7/01/2025 8:37	In Progress	30/06/2025	Preliminary work on the actions was undertaken soon after the review but have been reprioritised in light of resourcing challenges and other priority work. Further work will need to be carried out in conjunction with Council's recently resolved position to consider service levels across the range of Council's services. It may be necessary for Council to consider funding for external support to enable a comprehensive suite of maintenance program, service levels and service standards to be developed.
2022 Civil Services - Service Review	9.0 Customer Communication		Medium	A common complaint from customers is lack of communication about job progress. Look at the possibility of automating responses to the customers when work is about to happen as well as when work is completed. The key here is accuracy and it's better to handle this manually otherwise. Communication can also be through newsletter, mail, website and regular open public information sessions. Ongoing work to connect CRM to Confirm should continue to improve workflow and will be needed when digital workflow occurs.	See sub tasks	Craig Marshall	30/06/2024	7/01/2025 8:38	In Progress	30/06/2025	Preliminary work on the actions was undertaken soon after the review but have been reprioritised in light of resourcing challenges and other priority work. Further work will need to be carried out in conjunction with Council's recently resolved position to consider service levels across the range of Council's services. It may be necessary for Council to consider funding for external support to enable a comprehensive suite of maintenance program, service levels and service standards to be developed.
2022 Civil Services - Service Review	9.1 Customer Communication		Medium	A common complaint from customers is lack of communication about job progress. Look at the possibility of automating responses to the customers when work is about to happen as well as when work is completed. The key here is accuracy and it's better to handle this manually otherwise. Communication can also be through newsletter, mail, website and regular open public information sessions. Ongoing work to connect CRM to Confirm should continue to improve workflow and will be needed when digital workflow occurs.	The Infrastructure and Operations Directorate will work closely with Customer Service to determine any potential for further automated messaging to be put in place (not just Civil Services) and continue to explore ways to improve overall communication with customers	Craig Marshall	30/06/2023	7/01/2025 8:38	In Progress	30/06/2025	Preliminary work on the actions was undertaken soon after the review but have been reprioritised in light of resourcing challenges and other priority work. Further work will need to be carried out in conjunction with Council's recently resolved position to consider service levels across the range of Council's services. It may be necessary for Council to consider funding for external support to enable a comprehensive suite of maintenance program, service levels and service standards to be developed.
2022 Civil Services - Service Review	9.2 Customer Communication		Medium	A common complaint from customers is lack of communication about job progress. Look at the possibility of automating responses to the customers when work is about to happen as well as when work is completed. The key here is accuracy and it's better to handle this manually otherwise. Communication can also be through newsletter, mail, website and regular open public information sessions. Ongoing work to connect CRM to Confirm should continue to improve workflow and will be needed when digital workflow occurs.	Greater utilisation of Depot Administration resource to provide job specific information to customers.	Craig Marshall	30/06/2024	7/01/2025 8:38	In Progress	30/06/2024	Preliminary work on the actions was undertaken soon after the review but have been reprioritised in light of resourcing challenges and other priority work. Further work will need to be carried out in conjunction with Council's recently resolved position to consider service levels across the range of Council's services. It may be necessary for Council to consider funding for external support to enable a comprehensive suite of maintenance program, service levels and service standards to be developed.
2023 BDO Financial Controls Review Interim Management Letter - May 2023	1 - Expenses - Payroll	It was noted from our testing that two Council staff members in the payroll team have access and editing rights to the Creditor Masterfile which is beyond the person's role and responsibility.	Medium	It is recommended that management consider implementing role-based access request as part of the onboarding process and regular review of user access be conducted for relevant GL modules, not just at the IT application level. If due to practical reasons, access rights to the Creditor Masterfile cannot be changed, additional scrutiny is recommended when senior members of the finance team review the changes made to the Masterfile, and check if any changes were made by the said personnel.	The System Analyst to create a new specific Payroll Creditors functional group limiting user access to the processing of the payroll to be tested and signed off by Financial Services.	Liz Packer	30/09/2023	2/11/2023 12:44	Completed	6/10/2023	The system work necessary for this control has been completed amd tested in the test environment. Following, the new functional group "Payroll Processing" has been created and actioned in the live environment during October 2023. The two payroll members who had access to the Creditor Masterfile have now been removed from the functional group "All Associated Creditor Processing Functions".
2023 BDO Financial Controls Review Interim Management Letter - May 2023	2 - Assets - Debtors	It was noted from our testing that one Council staff members who works in the Accounts Receivable team can issues and subsequently reconcile receipt of the same invoices.	Medium	It is recommended that Council implement segregation of duties (preventative control) or implement specific detective control to ensure that errors, if they occur, are detected and corrected in a timely manner, and to reduce the possibility of fraud.	Council will look to implement additional specific detective controls including the regular review of monthly debtors reports by the Team Leader Financial Accounting for large and overdue accounts. Consideration of further preventative controls to be investigated	Liz Packer	30/09/2023	2/11/2023 12:47	Completed	31/10/2023	Debtor reports are produced by Rhys (Accounts Receivable Officer) monthly which the Team Leader Finance has been reviewing. Finance continue to present a report on debtors to the Audit Committee twice a year. The organisation as a whole is moving towards accepting no cash and the AR Officer does not receive any cash directly to himself. Any credits for a debtor are approved by the TL Finance before being applied to the account. We have a policy for the write off of any debts which is reviewed by TL Finance before being approved by either the Manager of Financial Services or Director of Corporate Services depending on the amount. Any significantly large debtor balances $5000 or more will need to be approved by the Audit Committee and Council. I believe that our controls w.r.t debtors sufficiently minimises any risks.
2023 BDO Financial Controls Review Interim Management Letter - May 2023	3 - Revenue - Grants	It is noted from our testing, that though Council maintains a grant register it does not contain sufficient detail or information to facilitate an efficient review of budget vs funding agreement as well as compliance with the relevant funding conditions.	Medium	It is recommended that council upgrade the current grant register to help facilitate the ongoing management of grants for both compliance and financial measures.	Council will review and upgrade the current grant register to help facilitate the ongoing management of grants for both compliance and financial measures. In addition, when the Finance Officer Accounts Receivable/Treasury becomes aware of a grant, it is to be immediately added to the Grant Register as well as follow up of the responsible council officer to update the register appropriately	Liz Packer	30/09/2023	2/11/2023 12:53	Completed	31/10/2023	Council's auditors, BDO provided Finance with a grant register template during interim audit work which has been adopted and was used for the 22-23 EOY reporting period. Whilst there is still some refinement required, discussions with Accounts Receivable Officer (Rhys), who is responsible for the grant register will ensure that a grant is added to the register as soon as the money is received to the bank account. The populating of the template and any journals required for the relevant accounting treatment will be done straight away. An assessment as to whether the grant has milestones attached will also be undertaken to ensure that we are not recognising any grants incorrectly as income. For materially large grants we will recognise the funds upon receipt as deferred income until it can be accurately established that milestones do/do not exist. Appropriate documentation will be sourced from the relevant grant holder and filed appropriately for EOY purposes. Outstanding documentation will be reviewed quarterly and follow up action will then be undertaken. Where documentation is not forthcoming, grant funds will be treated as deferred income.

ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 17 February 2025
AGENDA BUSINESS ITEM

Item:	**8.3**
Responsible Officer:	**Zoe Gill** **Executive Governance Officer** **Office of the Chief Executive**
Subject:	**Quarterly Risk Management Report**
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 changes since the November 2024 assessment. Please note that we are now reporting on sixteen (16) strategic risks while the November 2024 report contained fourteen (14) risks. Two (2) new risks has been added in December and January for Climate Risk and Business Performance Reporting.

A copy of the *Skytrust Strategic Risk Register* is at ***Appendix 1.***

RECOMMENDATION

The Audit Committee resolves:

1. **That the Committee review and discuss the quarterly risk report, and resolves that the report be received, accepted and noted (item 8.3, 17 February 2025 Audit Committee meeting).**
2. **To note the Strategic Risk Register Report in Appendix 1 (item 8.3, 17 February 2025 Audit Committee meeting).**
3. **To note the Risk Management Project Plan in Appendix 2 (item 8.3, 17 February 2025 Audit Committee meeting).**

1.   BACKGROUND

Council's Strategic Risk Profile monitoring and reporting process has been in place since 2014.

The current strategic risks were input in 2016 and although regularly reviewed there has been changes in the Administration roles since being originally input. A copy of the Skytrust Strategic Risk Register has been provided (**Appendix 1)**.

Reports on the Strategic Risk Profile have been provided to the Audit Committee on a quarterly basis since February 2016, along with the Risk Management Policy being endorsed by Audit Committee in 2019 and being adopted by Council the same year.

The Risk, Audit and Insurance Officer position, reporting to the Executive Governance Officer, adds another level of control in enabling regular and timely reviews of risks, policies and frameworks. The Risk Management Project Plan (**Appendix 2**), although timeframes may be slightly different since it's original creation due to staff absence, assists in providing an overview of where Council will be in terms of its Risk Management across the organisation in the next 12 months.

In line with the Risk Management Project Plan, Administration will continue to provide risk reports in its current format until Phase 3.

2.   ANALYSIS

Strategic Plan 2024 – Your Place, Your Space
Goal 4   Organisation
Objective O2   Operate with integrity using best practice governance processes.
Priority O2.1   Demonstrate accountable and transparent decision making.
Priority O2.2   Support decision making through the use of timely data-driven analysis and reporting.
Priority O2.3   Enhance governance structures and systems to be agile and support our legislative obligations.

➢   **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)	Low (3E)	Low (3E)

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 *2023-24 Annual Business Plan and Budget*.

Council's risk management processes can impact its insurance premiums.

➢   **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 and updated by the risk owners (Executive) including:
- Any updates in risk events, controls or consequences
  Note: These updates can come as part of the regular reporting review or as triggered by legislation, environment or operational changes
- Any additions, changes or removal to the controls or mitigation actions in place for that particular risk
- The inherent, residual and target risk ratings

Risk Ratings

Inherest Risk Ratings

Residual Risk Ratings

Target Risk Ratings
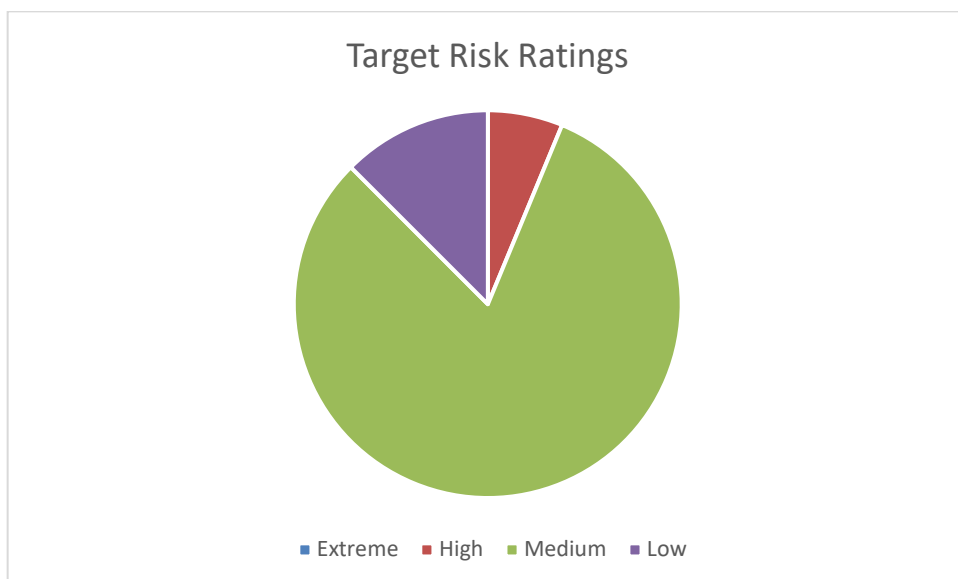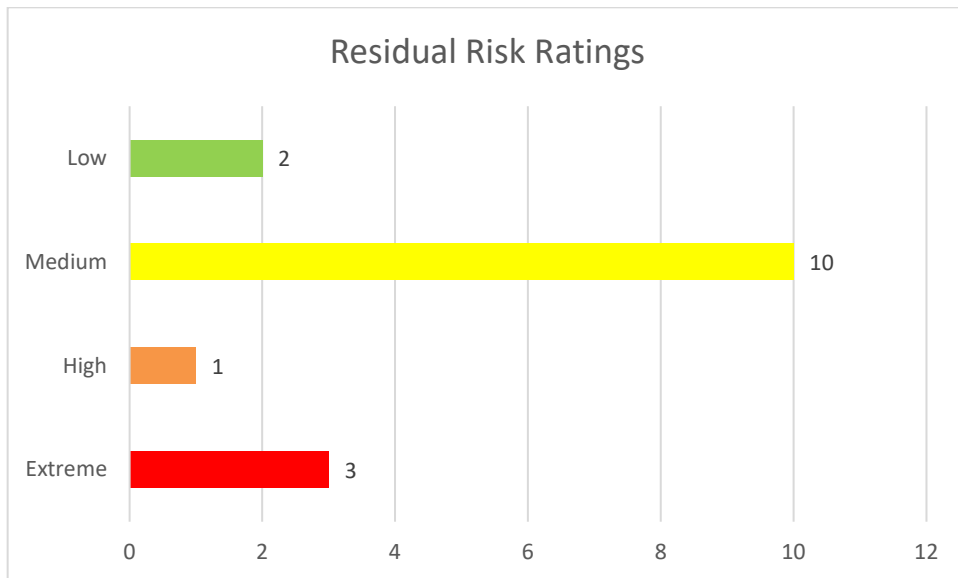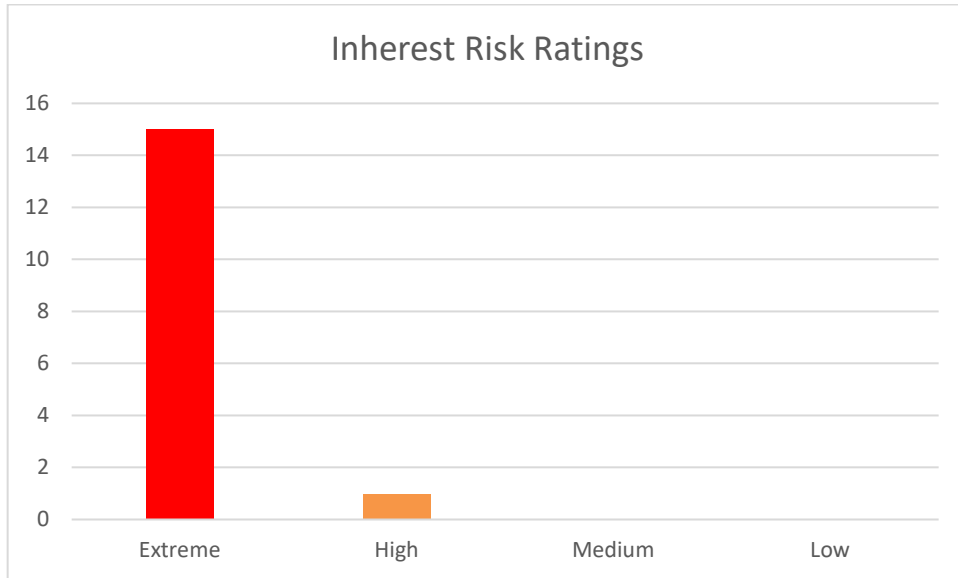
Mitigation Actions

There is currently 124 mitigation actions in place across all 16 of the strategic risks.

Status	Number	Percentage
Not Commenced	0	0%
In Progress	35	28%
Completed	89	72%

This is shown diagrammatically below:
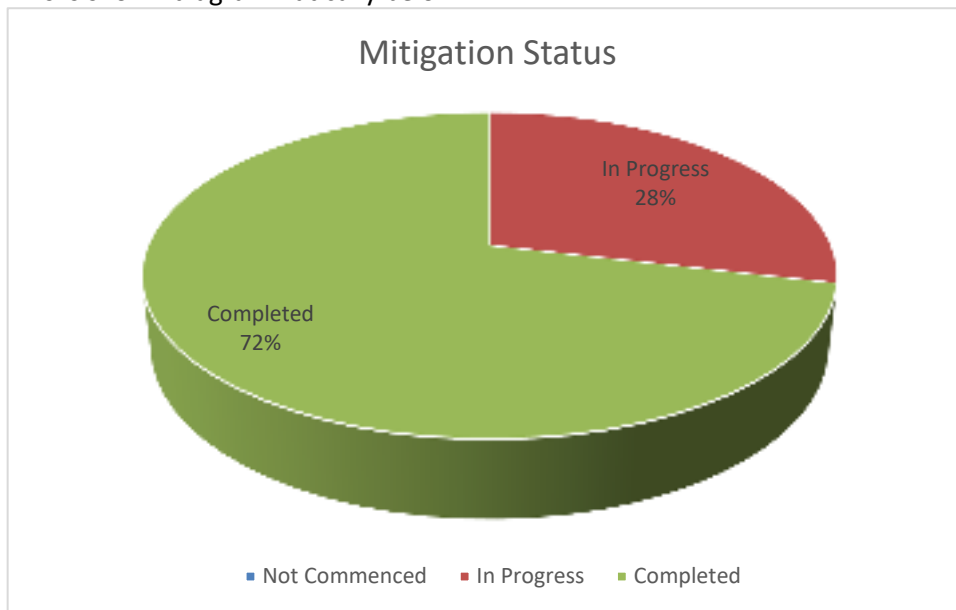
Risk Management Framework

As identified through an action in the Strategic Risk Register, the Administration has continued to work on the Risk Management Framework. The key outstanding item has been improvements by the software provider to the registration functionality and reporting capabilities of the Skytrust system.

Further exploration of the current system and/or alternate systems has commenced to ensure an effective corporate risk management system is available.

A Risk Management Project Plan has been developed and is currently underway in Phase 1 – Risk Management Documents.

3.   OPTIONS

The Audit Committee has the following options:

I.   The Committee has reviewed and discussed the quarterly risk report, and resolves that the report be received, accepted and noted (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 2025
(2)   Risk Management Project Plan
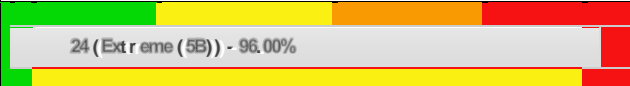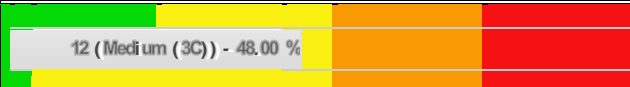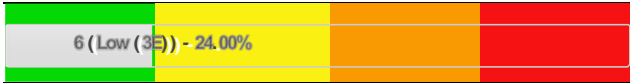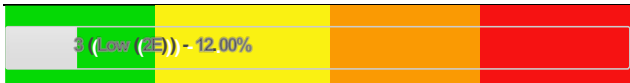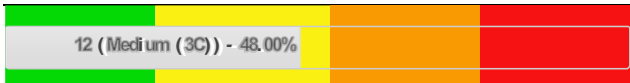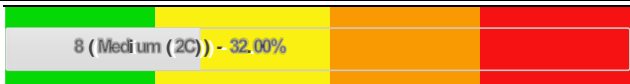
Appendix 1
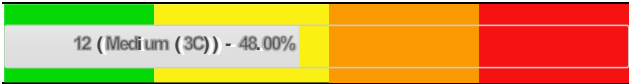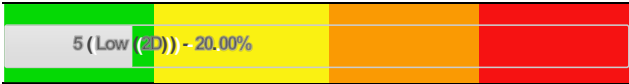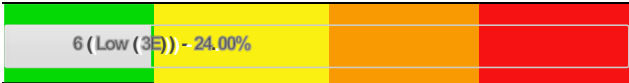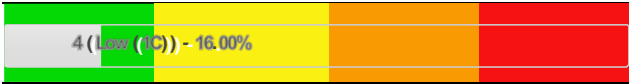
Strategic Risk Register – February 2025

ID:	Risk - 170934
Risk Title or Work Activity:	People Culture inc WHS
Risk Description:	Failure to manage, improve and develop the human resources available to the Council. (F)
Responsible Person:	Gary Lewis
Date of Risk Identification:	07/08/2020
Corporate Risk?	Yes
Risk Type:	Strategic
Risk Category:	People & Culture
Team:	Executive Leadership Team
Location/Project:	Other
Possible Risk Events:	Poor IR practices Ineffective attraction and retention initiatives Lack of workforce planning and development. Deficient equity and diversity programs Poor leadership Failure to ensure appropriate WH&S for employees and volunteers. Volunteers not trained or inducted effectively
Possible Consequences:	Increased financial cost; potential litigation; decrease in morale; poor work performance; inability to deliver services; negative impact on council brand and reputation; lacking or ineffective policy/procedures; inability to meet the demand for volunteering opportunities, inability to offer attractive positions; council could fail to meet the legislative requirements if training avoided; not having available staff/volunteers to undertake work at required times; heightened number of complaints around EEO; ineffective management of human resources, lose ability to innovate through poor leadership; increased injuried and notifiable incidents; potential death; litigation threatening the viability of the organisation; unable to attract employees and volunteers; lack of handover and transfer of valuable knowledge; challenges about fair and equitable process; higher turnover costs and negative affect on work culture; increase absenteeism.
Initial Risk Score:	24 (Extreme (5B)) - 96.00%
Initial Risk Comments:	There is a wide array of risks associated with the management of people within the organisation. Several large pieces of legislation have requirements to be met to manage these risks.
Residual Risk Score:	12 (Medium (3C)) - 48.00 %
Residual Risk Comments:	There are significant controls in place to manage these risks, with responsibilities to provide procedures and process in key departments that are then utilised by people across the organisation, including People Leaders, employees and 'workers' from a WHS perspective.
Other Requirements/Comments:	
Current:	Yes

Risk Controls					
Control Details	**Reviewer**	**Next Review Date**	**Last Review Date**	**Review Notes**	**Control Effectiveness**

Volunteer Framework established and implemented Volunteer Policy Developed	Rebecca Shepherd	30/11/2022	05/08/2022	Volunteer Policy and additional procedures implemented and working effectively with improved practices. Volunteer Policy to be reviewed in 2022.	EFFECTIVEÂ (Designed Adequately; Operating Effectively)
				9 (Medium (3D)) - 36.00%	
Recruitment Policies and Procedures in place	Anne Pett	30/03/2023	05/08/2022	Phase 2 of the HR System implementation will be commencing in August or September 2022 (still being finalised). 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.	EFFECTIVEÂ (Designed Adequately; Operating Effectively)
				6 (Low (3E)) - 24.00%	
WHS Management System in place (Committee, Reporting, SkyTrust, Policy & Procedures) Regular audits by LGAWCS	Anne Pett	30/07/2023	05/08/2022	WHS policy, procedures, SOP's, risk assessments, inspections, hazard and incident reporting, audits, action processing and updating and use of Skytrust are all ongoing processes that continue to be used and reviewed.	EFFECTIVEÂ (Designed Adequately; Operating Effectively)
				3 (Low (2E)) - 12.00%	
Established Policies and Procedures Framework	Anne Pett	28/08/2023	05/02/2023	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 this framework. This work has been placed on hold given the resignation of the Mgr People and Culture as well as the Team Leader OD. The new Mgr People and Culture will commence on 20 March 2023 at which time the progression of the Policy & Procedure Framework will recommence.	PARTIALLY EFFECTIVEÂ (Designed Adequately; Operating Partially Effectively)
				12 (Medium (3C)) - 48.00%	
Leadership Framework Established and development opportunities undertaken	Anne Pett	30/09/2023	05/02/2023	This work has been placed on hold given the resignation of the Mgr People and Culture as well as the Team Leader OD. The new Mgr People and Culture will commence on 20 March 2023 at which time the progression of the Leadership Framework will be considered.	PARTIALLY EFFECTIVEÂ (Designed Adequately; Operating Partially Effectively)
				8 (Medium (2C)) - 32.00%	
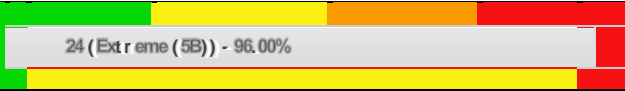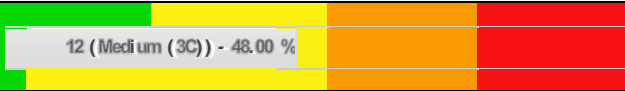
OD Structure supported through trained and experienced staff	Anne Pett	17/10/2023	17/07/2023	Following the resignation of the Mgr OD as well as the Team Leader OD and WHS Advisor, a resource and structure review was undertaken of the now People and Culture Department. This review has been completed and resulted in the provision of additional resourcing to support both the WHS and OD Advisory roles. The new Mgr People and Culture commenced on 20 March 2023 and the new WHS advisor will start 25 July 2023. The People and Culture Department was further reviewed as part of a Corporate Services resource and structure review. This review proposes the removal of the Team Leader OD position and redesigns the OD Advisor role to Senior People & Culture Officer. The OD Officer role is proposed to go full time. Changes are subject to feedback from consultation which closes 21 July 2023.		PARTIALLY EFFECTIVEÂ (Designed Adequately; Operating Partially Effectively)
				12 (Medium (3C)) - 48.00%		
Enterprise Agreement Framework in place	Anne Pett	01/12/2023	05/08/2022	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 Organisers (as relevant), to discuss terms and conditions of employment, providing the framework, that sits over Awards, to manage our work and employees. Current Agreements are in place for Field and Office until 30 June 2025.		EFFECTIVEÂ (Designed Adequately; Operating Effectively)
				5 (Low (2D)) - 20.00%		
2022Fair Treatment, Bullying & Grievance Policies and Procedures are established	Anne Pett	30/06/2024	05/08/2022	These documents are established and up to date. Their next scheduled review is 30 June 2024 or as legislation or internal controls require.		EFFECTIVEÂ (Designed Adequately; Operating Effectively)
				6 (Low (3E)) - 24.00%		
Established Position Descriptions for all roles:	Anne Pett	01/07/2024	05/02/2023	Position descriptions are reviewed at the appointment of recruitment or classification assessments. There is provision for PD's to be reviewed annually with the staff member and People Leader as part of the 4x8 process. OD has undertaken a review of position descriptions with a view to begin updating PD's periodically, particularly those that have not been reviewed more recently. This work has been placed on hold given the resignation of the Mgr People and Culture as well as the Team Leader OD. The new Mgr People and Culture will commence on 20 March 2023 at which time the work will recommence.		EFFECTIVEÂ (Designed Adequately; Operating Effectively)
				4 (Low (1C)) - 16.00%		

Actions							
Action Source	**Action Required**	**Action Priority**	**Person Responsible**	**Extra Comments**	**Percent Complete**	**Status**	**Due Date**
Corporate Risk Register	Equity and diversity plan is being developed	Six Months	Karlee Cook	Since this action commenced, the Access and Inclusion Plan 2020-2024 has been adopted by Council in January 2021. A review of the direction of this action is needed so as not to double up on activities. This action has been delayed as resourcing has needed to focus on the HR and payroll system implementation, payroll processing each fortnight, WHS Action Plans and activities and day to day organisational support. The ongoing support of managing COVID and general illness across the organisation has also been important for OD. This action has not been progressed, P&C will be gathering Diversity data from employees that will support the DAIP, RAP and Our Watch and potentially inform an Access and Inclusion Plan (or similar).	30%	Not Complete (Overdue)	30/06/2023

Corporate Risk Register	Review Fair Treatment and Bullying Procedures, and Grievance Resolution Procedure;	Six Months	Anne Pett	Fair Treatment, Workplace Bullying Policies and Grievance Procedure require an annual review to ensure currency	100%	Complete (Accepted)	01/07/2022
Corporate Risk Register	Review Work From Home Policy & procedures to ensure that meet the changing needs of the workforce stemming from COVID and increased fire events.	Two Months	Anne Pett	Procedures updated to respond to events in 2020 and were implemented successfully. Review now required to ensure application to a more business as usual mode of operation is effective.	100%	Complete (Accepted)	30/10/2021
Corporate Risk Register	Implement replacement Payroll system to comply with legislative requirements that will not be possible with existing system on 1 January 2022.	Immediately	Michael Carey	Project team established and options for upgrade being considered. Advise received that critical deadline may move to 30 June 2022. System set up is well progressed and testing currently underway. The majority of the setup work has now been completed. Go live date was re set for mid February 2022. Go live was reset for 28 March 2022 *11/05/2022* *by Megan Sutherland* Community Payroll was implemented on the week of 28/3/2022. *22/04/2021* *by Megan Sutherland* Currently working with ICT Team and the external system provider to map out requirements. ICT managing the implementation plan.	100%	Complete (Accepted)	01/04/2022
Corporate Risk Register	Undertake training in recruitment practices for staff involved in recruitment panels	Six Months	Karlee Cook	Phase 1 of the HR system has been implemented. We are currently scoping out and prioritising Phase 2 of the system implementation which will include Employee Self Service and e-Recruitment. The Recruitment Audit has also been undertaken (May 2022) with the initial report returned (20 June 2022). This work has been placed on hold given the resignation of the OD Manager and Team Leader. The new Mgr People and Culture will commence on 20 March 2023 at which time work will recommence. The Recruitment & Selection Policy and Procedure was supported by ELT in July 2023 and CEO approval is imminent. Following approval training will be deliver to all relevant staff across Council who have responsibility for recruitment and selection. *07/02/2022* *by Niamh Milligan* This action will be addressed as part of the work that will occur around the implementation of e-Recruitment through the new HR System, Lanteria. We are working towards the new system going live currently.	20%	Not Complete (Overdue)	30/06/2023

Corporate Risk Register	Review how the Work from Home Procedure is going and if positively contributing to effective and efficient work and working relationships across the organisation.	Three Months	Megan Sutherland	Given the current pandemic arrangement there has been considerable review of WFH processes and procedures. There is still a level of follow up required to ensure compliance. A new register has been established to monitor which employees are working from home each day. *11/05/2022* *by Megan Sutherland* WFH processes are reviewed in an ongoing way to enable work to be undertaken that meets the needs of the organisation and it's people. Further work will be progressed as we lead the organisation out of the the 'COVID crisis' and determine if or where any changes to these practices are needed.	100%	Complete (Accepted)	30/04/2022
Corporate Risk Register	Leadership Coaching & Mentoring Program Progressed	Six Months	Karlee Cook	This work has been placed on hold given the resignation of the Mgr People and Culture as well as the Team Leader OD. The new Mgr People and Culture will commence on 20 March 2023 at which time the progression of the Leadership Framework will be considered. The Leadership Framework will be considered as part of the review of Values and Behaviours.	5%	Not Complete (Overdue)	30/12/2023
Corporate Risk Register	Review OD Structure to ensure resources aligned to corporate goals and undertake recruitment to ensure revised structure resourced.	Three Months	Megan Sutherland	Revised structure established and currently out to consultation with staff. Additional resource to to support OD approved within the 2021/22 budget. Systems project resource endorsed by ELT on 5/8/21. Changes to OD structure are currently being implemented. One position has been appointed and is working well. The recruitment process has been completed for the other role and commences in Jan 2022	100%	Complete (Accepted)	20/12/2021
Corporate Risk Register	Update OD Policies & Procedures to align to Framework.	Six Months	Karlee Cook	The OD Policy and Procedure Framework has been adopted by Executive on 14/7/2022. Review and update of documents will continue against this Framework. All OD policy/procedures and procedures will not be completed by Dec 2022. Work will continue until all documents have been updated. A Reference Group has been established to support this review process. The Policy and Procedure was reviewed resulting in the consolidation, deletion and creation of policies/procedures. ELT approved the revised framework on 13 July 2023 with a prioritised implementation schedule. It is anticipated that all documents will be reviewed and implemented over a period of 12-18 months. *21/06/2022* *by Niamh Milligan* A proposed OD Policy and Procedure Framework was workshopped with the EM OD on 15/06/2022 with feedback incorporated. It will be presented to ELT at the next 'Develop' meeting on 14 July 2022. *07/02/2022* *by Niamh Milligan* We are continuing to work through the update of policies and procedures with the current focus being on the Leave Procedure which is currently being reviewed.	15%	Not Complete (Overdue)	02/12/2022

Corporate Risk Register	Undertake Audit of Position Descriptions to Ensure currency and ensure update where not current	Six Months	Karlee Cook	OD has undertaken a review of position descriptions with a view to begin updating PD's periodically, particularly those that have not been reviewed more recently. Note: all PD'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. The review of Position Descriptions has not progressed and additional resources will be required to achieve, which could be through engaging a temporary contractor. *27/01/2022* *by Niamh Milligan* The OD Advisor has commenced this review with an initial focus on ensuring that we have position descriptions for all positions and identifying any gaps.	15%	Not Complete (Overdue)	31/12/2022
Corporate Risk Register	Training and Development Framework Reviewed & Implemented (captures current 4x8, WHS and Corporate Training needs)	Six Months	Niamh Milligan	T&D is managed in OD in two discrete areas, WHS and HR. The WHS Action Plan and Improvement Plan are both focused on updating training information and developing training plans. Around 75% of the organisation's staff will have their WHS requirements logged against them/their position in Skytrust by end of Sept 2022. Data has been collected and discussed with People Leaders for HR also. This will be added to the HR system once the training module is implemented (timing of this still being determined) and likely to commence later in 2023. The HR System has now been paused and the intent to go out tender in October. The TNA is 100% loaded in SkyTrust and a training plan will be developed by October. *07/02/2022* *by Niamh Milligan* The OD Advisor has commenced. A meeting is scheduled with the EM OD on 7/2/22 to discuss the WHS Action Plan which includes work associated with a WHS T&D Framework which will be expanded to included corporate training. *07/02/2022* *by Niamh Milligan* The OD Advisor has commenced. A meeting is scheduled with the EM OD on 7/2/22 to discuss the WHS Action Plan which includes work associated with a WHS T&D Framework which will be expanded to included corporate training.	20%	Not Complete (Overdue)	30/12/2023
Corporate Risk Register	WHS Policy & Procedure Review at LGAWCS followed by AHC application	Six Months	Karlee Cook	The plan to update the WHS procedures is being followed with 17 procedures and forms updated and approved via Executive. Other work is progressing to develop training that can be run via Skytrust to provide basic procedure knowledge, including a knowledge checking process.	75%	Not Complete (Overdue)	30/06/2023
Corporate Risk Register	WHS Reporting across organisation to be reviewed to ensure awareness and education is appropriate. Revised reporting requirements to be implemented if identified.	Six Months	Lee Merrow	Reporting has been updated as a result of audit feedback. Ongoing monitoring and further improvement will take place as the reporting is used and reviewed in the organisation.	100%	Complete (Accepted)	30/11/2021

ID:	Risk - 170941
Risk Title or Work Activity:	Financial
Risk Description:	Failure to manage, improve and develop the financial resources available to Council. (F)
Responsible Person:	Gary Lewis
Date of Risk Identification:	12/11/2020
Corporate Risk?	Yes
Risk Type:	Strategic
Risk Category:	Financial
Team:	Executive Leadership Team
Location/Project:	Other
Possible Risk Events:	Poor internal control environment Poor procurement planning and processes. Ineffective insurance arrangements. Poor financial management processes (treasury, AP, AR) Poor contract management Poor People Management Ineffective Asset Planning Lack of Business Planning Poor Strategic Planning Lack of Business Case development (including Prudential Reviews)
Possible Consequences:	Potential for qualified accounts as an audit outcome; inappropriate segregation of duties; increased potential for fraud; negative impact on Council brand & reputation; lack of consistency in process use; inability to measure process effectiveness and outcomes; increased risk of litigation; inappropriate assets with short medium and long term financial impacts; potential inability to pay; negative impact on ability to service the community; poor customer relations; poor supplier relationships; potential impact on income from rates, fees and charges; increased risk of litigation leading to financial instability. Poor strategic planning and ineffectual long term financial planning.
Initial Risk Score:	24 (Extreme (5B)) - 96.00%
Initial Risk Comments:	
Residual Risk Score:	12 (Medium (3C)) - 48.00 %
Residual Risk Comments:	The residual risk score has been increased to reflect that some inputs int he previous strategic financial planning may have been flawed, balanced against a strong suite of financial internal controls.
Other Requirements/Comments:	A cross functional review of this risk was undertaken in July 2021. This review resulted in a reassessment of all controls and actions required. Whilst the actions have now been individually created, separate controls are required to be captured.
Current:	Yes

Risk Controls					
Control Details	**Reviewer**	**Next Review Date**	**Last Review Date**	**Review Notes**	**Control Effectiveness**

Long Term Financial Plan in place and regularly Reviewed; Annual Business Plan developed and aligned each year to the Long Term Financial Plan; Internal audit and annual review of internal controls; System security and configuration; Induction procedures; Recruitment and selection processes; Financial delegations; Informed level of insurance cover through LGAMLS, rating policy, process and timeframes; Asset management register and program; Executive Manager Governance and Risk employed; Procurement Co-Ordinator role employed; Qualified employees that are trained in policies; Conflict of interest declaration regularly reviewed (Directors/CEO); WHS procedures on plant purchasing, consultation and risk assessment; Fraud and Corruption Policy; Whistleblowers Policy; Insurance reviewed annually and all areas of insurance are reviewed and recalculated for following year; Wage declaration which affects the insurance calculation annually; insurance claims process; Quality accredited insurance company-LG Risk Services; insurer processes claims; professional internal advice; Financial management system; Updated Procurement Policy and Procedures Adopted by Council in 2019 (delegation and authority included); Code of Conduct for Employees and Council Members; Discipline processes; Ongoing training and development; Internal controls framework; Debt Recovery Policy and Accounts Reconciliation Policies updated and adopted External Fund Funding Policy adopted by Council (2017) Implementation of ContolTrack to monitor financial controls environment Treasury Policy established	Gary Lewis	28/02/2024	11/02/2023	A cross functional review of this risk was undertaken in July 2021. This review resulted in a reassessment of all controls and actions required. Whilst the actions have now been individually created, separate controls are however still required to be entered.	EFFECTIVEÂ (Designed Adequately; Operating Effectively)
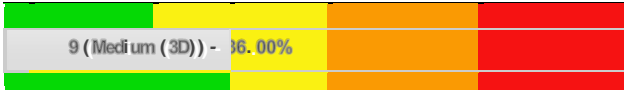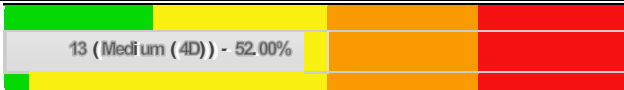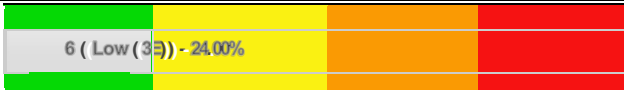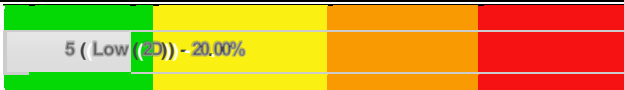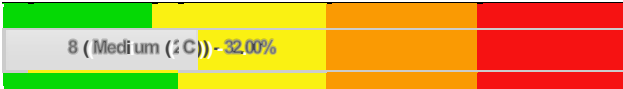
9 (Medium (3D)) - 36.00%

Actions							
Action Source	**Action Required**	**Action Priority**	**Person Responsible**	**Extra Comments**	**Percent Complete**	**Status**	**Due Date**
Corporate Risk Register	Review positions across council that require criminal history checks, including financial roles	Immediately	Megan Sutherland	Updated Policy and Procedure covering the relevant criminal history check requirements have been adopted and training completed. Identified positions requiring checks are being updated or undertaken currently.	100%	Complete (Accepted)	30/06/2016
Corporate Risk Register	Recruit Procurement Coordinator Role	Immediately	Michael Carey	Recruitment completed in June 2018	100%	Complete (Accepted)	30/09/2017
Corporate Risk Register	Review of Procurement Policy and procedures (Stage 1)	Immediately	Renato Merdanovic	Updated Policy and Procedure endorsed by Council in August 2019	100%	Complete (Accepted)	01/06/2019
Corporate Risk Register	Review the process map of the insurance claims procedure to enable consistency of application.	Six Months	Zoe Gill	220104 Development of process map has commenced.

220405 Creation and attached herein a Motor Vehicle Incident Report which is used for capturing information proceeding to an insurance claim.

220405 Creation and attached herein is an Asset Incident Report which is used for capturing information proceeding to an insurance claim.

220405 Attached herein is the LGRS Portal User Manuals

230215 This work was sidelined whilst work was undertaken on the LG Election and Council Member Induction process. Work is scheduled to recommence March 2023.

240814 This work in on hold until appointment of Audit, Risk and Insurance officer

241111 Risk, Audit and Insurance Officer recruited. Work program underway.

250129 - work underway. | 85% | Not Complete (Overdue) | 31/12/2025 |
| Corporate Risk Register | Explore Grant funding opportunities | Immediately | Michael Carey | A Grant Funding Policy endorsed by Council. | 100% | Complete (Accepted) | 01/07/2016 |
| Corporate Risk Register | Develop a Treasury Management Policy | Immediately | Michael Carey | Policy endorsed by Council October 2017 | 100% | Complete (Accepted) | 30/11/2018 |
| Corporate Risk Register | Implement the Cyber Security Plan | Six Months | James Sinden | A Cyber Security Plan has been developed and will be presented to Audit Committee for endorsement in May 2021
3rd August 20201 - The implementation of an ISMS is a part of the recently adopted Cyber Security Plan that was adopted at the June 2021 Council Meeting. Commencement is now delayed due to the resignation of a key AHC Staff member responsible for the delivery of the project. It's anticipated that the project will commence in late September 2021.

09/01/2023
by James Sinden | 100% | Complete (Accepted) | 30/06/2023 |

				- Progress on the ISMS has been the development of an Information Security Manual and End User Security Procedures that are now progressing through formal review and endorsement by the organisation. *02/08/2022* *by James Sinden* AHC is progressing its implementation of its ISMS (Information Security Management System) with the creation of a Cyber Security Calendar, Security Risk Register & Information Asset Inventory. *10/05/2022* *by James Sinden* The LGITSA Cyber Security Framework has been completed and AHC is currently aligning its Cyber Security Plan to this framework in a sector wide approach of improving Cyber Security maturity. AHC has also engaged CyberCX in the implementation of AHC's ISMS (Information Security Management System) and work activity continues in this area. *01/04/2022* *by James Sinden* Work activity continues with this action where staff have been closely involved in the working group established by LGITSA (Local Government Information Technology South Australia) to develop a Local Government Cyber Security Framework that's been grant funded by the LGA. As the development of the framework progresses, AHC continues to build upon technical cyber security controls and implementation work activity with consultants that will align to a State based Cyber Security Framework.			
Corporate Risk Register	Develop a Project Management Framework supported by Policies & Procedures	Six Months	Gary Lewis	Draft Framework has been completed and use broadly across the organisation now occuring. Some refinement being made based on user feedback, with supporting Policies and Procedures developed but subject to ongoing refinement and review.	100%	Complete (Accepted)	30/06/2022
Corporate Risk Register	Undertake a review of the Fleet Management Framework (including Policies & Procedures)	Six Months	Ashley Curtis	A detailed analysis is being undertaken in 22-23 to confirm the approach to achievement and quantum of savings. Working with Manager People and Culture to look at make-up of fleet and will then work on Policy	20%	Not Complete (Overdue)	30/06/2024
Corporate Risk Register	Implement biannual reporting of procurement to ELT	One Month	James Greenfield	*05/11/2021* *by James Greenfield* PResentation held 04/11/2021. Presentations booked for Feb and Sept 2022	100%	Complete (Accepted)	31/08/2021
Corporate Risk Register	Establish a process to ensure that a review of Purchase Order variations is undertaken	Three Months	James Greenfield		100%	Complete (Accepted)	31/12/2021

Corporate Risk Register	Investigate the option for Business Interruption Insurance	Three Months	Zoe Gill	LGRS have provided a proposal for undertaking Business Interruption Review (BIR) , however a proposal to undertake a Transferable Risk Profile (TRP) is occurring mid September 2021 which includes identifying Maximum Foreseeable Loss (MFL) on risks identified. Following the TRP an assessment will be made as to any gaps and consideration of furthering the BIR proposal. 210826 Met with stakeholders to discuss. We focused on a loss of rate revenue through a bushfire event and Council's willingness to fund a rate shortfall or willingness to cut services to accommodate such. The agreed approach was to seek quotes for Loss of Rate Revenue of $5m, $7m and $10m for a period of 1, 3 and 5 years. We will reconvene once the quote has been received. 200104 Awaiting feedback from TC / LM on the quote and TRP information provided. 230215 This work was sidelined whislt work was undertaken on the LG Election and Council Member Induction process. Work is scheduled to recommence March 2023. Discussions with LGRS with regards insurance have been re-initiated. This additional Insurance has not yet been reviewed. 240814 This project is on hold until the Risk, Audit and Insurance Officer is appointed 241111 Risk, Audit and Insurance Officer recruited. Work program underway. 290125 - Work underway	85%	Not Complete (Overdue)	31/12/2025
Corporate Risk Register	Provide a report to ELT on the Annual Placement of Insurance (including claims experience)	Two Months	Steven Watson	An item was presented to ELT on Thursday 26 August 2021 detailing the insurance report to the Audit Committee, claims history and where to find the insurance claims register. An action arising included presenting to ELT twice yearly on this matter during the months of March and September. 220421 - Another briefing presented to ELT on 21 April 2022.	100%	Complete (Accepted)	30/09/2021
Corporate Risk Register	Undertake an annual review of the Long Term Financial Plan to ensure that changes within the operating environment of Council are captured and accommodated to ensure long term financial sustainability can be achieved. Last reviewed Feb 2023.	Six Months	Gary Lewis	The LTFP will be updated following the adoption of the new Strategic Plan later in 2024.	1%	Not Complete (Overdue)	29/03/2025

ID:	Risk - 170963
Risk Title or Work Activity:	Representation & Decision Making
Risk Description:	Failure to act as a representative, informed and responsible decision-maker in the interests of the community. (PR)
Responsible Person:	Gary Lewis
Date of Risk Identification:	12/11/2020
Corporate Risk?	Yes
Risk Type:	Strategic
Risk Category:	Governance, Legal & Compliance
Team:	Executive Leadership Team
Location/Project:	Other
Possible Risk Events:	Cause: - Poor governance practices (CR22) - Poor risk management practices (CR21) - Poor representation arrangements (CR92) - Poor representation of the community by Council Members (CR62) - Lack of effective strategic planning and resource allocation processes. (CR63) - Untimely implementation of Council resolutions (CR37) - Lack of effective financial sustainability processes. (SR9c) - Ineffective performance management and reporting processes. (CR64) - Poor working relationship between Council and Administration. (CR65) - Failure to engage in sector-wide reform initiatives (CR81)
Possible Consequences:	Impact: - Decisions are not representative of community sentiment or made in the community's interest - Decisions are poorly or incorrectly informed leading to a high risk profile, errors, loss, waste, omissions, breaches of legislation. - Breaches of legislation, unenforceable decisions/resolutions, creation of liabilities/ additional risk to Council, stakeholder and/or regulator dissatisfaction and/or sanction.
Initial Risk Score:	22 (Extreme (5C)) - 88.00%
Initial Risk Comments:	The main area of impact is community, social and reputational as it is largely based on public perception of conduct compared to individual (and therefore differing) expectations although actual breaches of legislation will contribute to this inherent rating.
Residual Risk Score:	9 (Medium (3D)) - 36.00%
Residual Risk Comments:	There are many controls in place to partially mitigate this risk some are systematic however many are administrative controls and therefore reliant on the diligence of individual Council Members/Officers to implement.
Other Requirements/Comments:	
Current:	Yes

Risk Controls

Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
C92 (Poor representation arrangements which leads to decisions that are not made in the best interests of the community) - Provisions of Chpt 3 of the LG Act regarding composition of councils and wards, mandated representation reviews, voluntary representation review, 2017 ERR completed, Strategic Boundary Review report	Zoe Gill	07/04/2025	29/01/2025		PARTIALLY EFFECTIVEÂ (Designed Partially Adequately; Operating Partially Effectively)
9 (Medium (3D)) - 36. 00%					
CR21 (A lack of effective risk management occurs which leads to greater uncertainty in the achievement of objectives and/or negative outcomes.) - Revised CRM Policy adopted, CRMF adopted, training provided to senior staff, RM considerations included in agenda report templates. General awareness of risk management principles and considerations. Strategic Risk Profiling and management of assessments in SkyTrust, MLS Risk Reviews and advisory.	Zoe Gill	07/04/2025	29/01/2025		PARTIALLY EFFECTIVEÂ (Designed Adequately; Operating Partially Effectively)
13 (Medium (4D)) - 52.00%					
CR22 (Poor governance practices occur which lead to a loss of stakeholder (i.e. customer and regulator) confidence and/or legislative breaches.) - Legal considerations considered in agenda report templates, Governance Manager advises council, well-functioning Audit Committee, flyers and updates from LGA, legal providers and professional associations. Professional and experienced management team. Policies (Conduct, COPMP, allowances, caretaker, Information Sessions, COPAMD, PID), delegations, agendas, minutes, T&D, COI Mgt. Review of s41, AGs, s43 subsidiary and external group fiduciary arrangements. By laws reviewed 2018. Council Resolution Update report shows COIs declared.	Zoe Gill	07/04/2025	29/01/2025		PARTIALLY EFFECTIVEÂ (Designed Adequately; Operating Partially Effectively)
6 (Low (3E)) - 24.00%					
CR81 (Failure to engage in sector-wide reform initiatives leading to the Adelaide Hills community not being adequately represented) - Monitoring LGA circulars and other invitations to make submissions (OLG, ECCOSA, ECSA), consideration @ ELT and Council level, Membership on LG-related bodies	Zoe Gill	07/04/2025	29/01/2025		PARTIALLY EFFECTIVEÂ (Designed Adequately; Operating Partially Effectively)
5 (Low (2D)) - 20.00%					
CR62 (Poor representation of the community by Council Members leading to formal decisions that do not appropriately take account the community needs) - Provisions of LG Act and behavioural standards, EM training on role, contact details on website, issue of email addresses and laptops; COI provisions, informed and researched Council reports, public consultation policy and practices.	Zoe Gill	07/04/2025	29/01/2025		PARTIALLY EFFECTIVEÂ (Designed Partially Adequately; Operating Partially Effectively)
8 (Medium (2C)) - 32.00%					

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, CP&R Coord role, Service Review Framework adopted. Council reports contain financial and resource implications.	Zoe Gill	07/04/2025	29/01/2025	Added control regarding Council report financial and resource implications	EFFECTIVEÂ (Designed Adequately; Operating Effectively)

6 (Low (3E)) - 24.00%

CR64 (Ineffective performance management and reporting processes leading to poor performance and/or loss of stakeholder confidence) - Budget review processes, provisions of LG Act regarding budget reviews and annual reporting, trained and experienced staff, CEOPRP, Corporate Planning & Performance Reporting Framework, Quarterly Council Performance Report, 4x8 processes, Management contract review process, enhanced major project reporting. Local Government Advice Scheme	Zoe Gill	07/04/2025	29/01/2025		EFFECTIVEÂ (Designed Adequately; Operating Effectively)

6 (Low (3E)) - 24.00%

CR65 (Poor working relationship between Council and the Administration leading to ineffective and inefficient performance by Council) - CM and Administration training in the respective roles, team building and relationship development, performance reporting, One Team Communication Protocols, designated administration contact listing, CEO 1:1, strengthened provisions in s58	Zoe Gill	07/04/2025	29/01/2025		PARTIALLY EFFECTIVEÂ (Designed Adequately; Operating Partially Effectively)

5 (Low (2D)) - 20.00%

CR37 (Actions arising from Council resolutions not be completed in a timely manner leading to a loss of stakeholder confidence) - Action List, Minutes, Council Resolution Update report. Council Member queries	Zoe Gill	07/04/2025	29/01/2025		EFFECTIVEÂ (Designed Adequately; Operating Effectively)

6 (Low (3E)) - 24.00%

Actions							
Action Source	**Action Required**	**Action Priority**	**Person Responsible**	**Extra Comments**	**Percent Complete**	**Status**	**Due Date**
Corporate Risk Register	Governance Framework Review	Immediately	Zoe Gill	NIL	100%	Complete (Accepted)	30/09/2016
Corporate Risk Register	Review of s41 Committee and Advisory Group Terms of Reference	Immediately	Lachlan Miller	Last review of Advisory Groups by Council was 18 December 2018. Last review of Audit Committee and CEOPRP was 27 November 2018, SPDPC (ceased) was 24 November 2020.	100%	Complete (Accepted)	30/09/2016
Corporate Risk Register	Rollout of ContolTrack (Internal control module)	Immediately	Michael Carey	Endorsed and implemented for Financial Controls	100%	Complete (Accepted)	30/12/2015
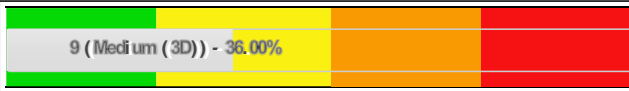
Corporate Risk Register	Review of Risk Management Framework	Six Months	Zoe Gill	SkyTrust configuration adequate for corporate rollout however additional work required on reporting functionality. Documentation being amended for SkyTrust functionality. Intend to conduct function workshops as the training exercise. 230215 This work was sidelined whilst work was undertaken on the LG Election and Council Member Induction process. Work is scheduled to recommence March 2023. 230811 Resignation of Governance & Risk Coordinator has resulted in deferral of Framework completion until late 2023. 240814 Currently working with LGRS to review Council's approach to Risk Management identification, recording and reporting 241111 Risk, Audit and Insurance Officer recruited. Work program underway. 250129 Work underway developing risk appetite, risk framework, policy and procedure.	50%	Not Complete (Overdue)	31/12/2025
Corporate Risk Register	Representation Review - 2016/17	Immediately	Lachlan Miller	Representation Review completed and certified by Electoral Commissioner in November 2017	100%	Complete (Accepted)	30/04/2017
Corporate Risk Register	Participation in boundary reform initiatives	Immediately	Zoe Gill	250129 - Campbelltown City Council's 2019 proposal to realign its boundary with Adelaide Hills Council progressed to an Inquiry in February 2024, led by BDO Services Pty Ltd who were appointed as the Investigator in mid-2024. The Investigators findings will inform the Commissions recommendation to the Minister. In December 2024, Adelaide Hills Council made a formal submission to the Inquiry, calling the Campbelltown City Councils proposal it divisive, costly, and unnecessary. The Inquiry has no fixed deadline for completion. 241111 Policy Officer recruited who will assist with Boundary change committee 20240927 - Advocacy plan and project plan endorsed by Council, Boundary Change Committee given increased powers to provide an agile response to the proposal, Boundary Commission has made preliminary request for information. 20240814 - Boundary Change Proposal progressing to inquiry stage. Project plan, advocacy plan and key messages being reviewed by Boundary Change Committee on 28 August 2024 Participation is ongoing as boundary proposals are lodged. 230811 - Local Government Boundaries Commission has approved the Campbelltown City Council (CCC) submission to progress to the Inquiry Stage. CCC yet to consider the cost implications of the inquiry and determine whether to proceed. *27/01/2023* *by Lachlan Miller* CCC proposal has progressed to the Inquiry stage. AHC has positive impact into the design of the Inquiry Plan. Awaiting CCC decision as to whether to proceed with Inquiry and pay cost estimate. *07/08/2022* *by Lachlan Miller* Campbelltown City Council (CCC) lodged its Stage 2 proposal in April 2022. The Boundaries Commission requested CCC to lodge Supplementary Information to be lodged by 30 June 2022, this was achieved. Boundaries Commission advised on 20 August 2022 that CCC's Proposal can progress to an Inquiry if CCC agree to the cost estimate (to be considered post-election). *12/07/2021* *by Lachlan Miller* Watching brief kept on boundary reform proposals and actions of the initiating councils	100%	Complete (Accepted)	31/12/2025
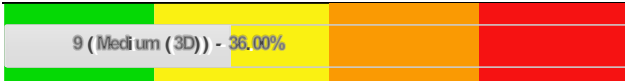
Corporate Risk Register	Review of s43 and external group fiduciary duties where Council members or staff are on Boards	Immediately	Lachlan Miller	NIL	100%	Complete (Accepted)	30/12/2016
Corporate Risk Register	2018 LG Election induction training	Immediately	Lachlan Miller	All mandatory and discretionary training completed.	100%	Complete (Accepted)	30/06/2019
Corporate Risk Register	Implementation of Corporate Planning & Performance Reporting Framework	Immediately	Lachlan Miller	Framework adopted by Council on 19 June 2018 and implemented in 2018-19.	100%	Complete (Accepted)	30/06/2019
Corporate Risk Register	Strategic Boundary Review project	Immediately	Lachlan Miller	Final report adopted by Council in September 2020	100%	Complete (Accepted)	30/06/2020
Corporate Risk Register	Implementation of LG Reform legislative changes.	Immediately	Zoe Gill	250129 - ToR to be approved by Council on 11/02 241111 - Risk, Audit and Insurance Officer recruited. Work program underway. 240924 - recruitment of officer complete and person starting on 21 October 24 240814 - Review of Audit Committee Terms of reference will be action when the Risk, Audit and Insurance Officer is appointed. Statute Amendment (Local Government Review) Act 2021 passed in Parliament in May 2021 sittings. 230811 - Final tranche of LG Reform regarding Audit Committees and Internal Audit to come into effect on 30/11/23. Minor modifications to the Audit Committee Terms of reference required. *27/01/2023* *by Lachlan Miller* The latest tranches of changes occurred with the November 2022 periodic elections (specifically COI, BMF) *07/08/2022* *by Lachlan Miller* Provisions continue to be released in tranches and the required actions and communications are undertaken at each date. *11/05/2022* *by Lachlan Miller* Commencement dates have been published for the majority of the remaining reforms and process/systems are amended leading up to each commencement tranche. *17/01/2022* *by Lachlan Miller* Commencement of new provisions on 23 December 2021, reforms mostly related to strategic and financial planning and reporting. *09/11/2021* *by Lachlan Miller* Second tranche of provisions commencing 10 November 2021 - removal of requirement to display documents; full publication of register of interests; independent advice regarding CEO termination, recruitment, performance review; many election-related changes.	90%	Not Complete (Overdue)	14/04/2025

				09/08/2021 *by Lachlan Miller* OLG/LGA progressively releasing proposed commencement dates and draft regulations for comment. First tranche of new provisions to commence in August/Sept - role and functions of council, principal and ordinary member role, information sessions, other provisions regarding notifications. *12/07/2021* *by Lachlan Miller* Awaiting further information from OLG/LGA regarding commencement			
Corporate Risk Register	Service Review Framework development	Immediately	Lachlan Miller	Framework adopted by Council on 26 October 2021 *12/07/2021* *by Lachlan Miller* - Currently meeting with internal stakeholders prior to finalising Framework for Council.	100%	Complete (Accepted)	30/09/2021
Corporate Risk Register	Representation Review - April 2024-April 2025	Six Months	Zoe Gill	250129 - Public consultation on the proposed ward structure closed on the 28 January 2025. On track to complete report for Council approval prior to submission to ECSA.240927 - Council endorsed (in principal) the model to take to consultation 240814 - Consultants engaged, First workshop with Council provided, project plan agreed. *27/01/2023* *by Lachlan Miller* Revised representation review provisions commenced 30 June 2022. Only a representation report required to be produced. *09/11/2021* *by Lachlan Miller* Section 12 will be amended to require only one public consultation on representation options (i.e. representation report). *09/08/2021* *by Lachlan Miller* Representation Review will be included in 2023-24 ABP	25%	In Process	30/04/2025

ID:	Risk - 170815
Risk Title or Work Activity:	Community Health and Wellbeing
Risk Description:	Failure to provide for the welfare, well-being and interests of the community (F)
Responsible Person:	Jessica Charlton
Date of Risk Identification:	13/05/2020
Corporate Risk?	Yes
Risk Type:	Strategic
Risk Category:	Community Health & Wellbeing
Team:	Executive Leadership Team
Location/Project:	Other
Possible Risk Events:	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
Possible Consequences:	Impact: - Food poisoning, insanitary conditions, etc. - Decreased wellbeing and an over-reliance on social support - Loss of faith in Council's ability to meet community needs - Inability for people from diverse backgrounds to live/participate in the community - Decreased health and wellbeing across the community - Inability/difficulty for people of all socioeconomic backgrounds to live in the district - cultural disrespect - Inequity in access to community facilities and participation in social/sporting pursuits
Initial Risk Score:	24 (Extreme (5B)) - 96.00%

Initial Risk Comments:	- Well resourced department, with qualified staff making informed and evidence based decisions. - Regulatory responsibilities that incorporate inspection regimes, education and prosecution where necessary within a highly regulated environment. - Existence of Community Strategy - with identified community needs, gaps in service provision and reprioritised our CD efforts. Adopted June 2015. - Mandated 4-yearly development of strategic plan, incorporating community engagement, ensures effort is made periodically to understand issues important to the community. - Community engagement policy and other relevant policies - Regular satisfaction surveys and program evaluations. - Communicate with empathy, regular informal contact with the community. - Local engagement via Community Centres is occurring with cultural groups. - Ad-hoc engagement on an as-needs basis. - Development of the Reconciliation Action Plan (2015). - Disability Action Plan (2011)., Age Friendly Community Plan (2017) - Staff cultural awareness training. - Recreation and Open Space Planner position created in early 2016. - New Sport &amp;amp; Recreation Strategy was developed and adopted in Oct 2016. - Services currently being provided for vulnerable individuals including in-home support, centre based programs, events, support activities and advocacy. - Codes of conduct in place in some programs/services. - LTFP with sustainable and reasonable rates growth profile. - Annual review process for fees and charges incorporates review by Exec and Council Members to ensure control. - Internal efficiency improvement program aims to keep costs down. - Volunteer Management Policy and Strategy. Well established and funded volunteer based programs. - Little reliance on external funding. - Safe Environments Policy has been adopted. AHC is now registered on the DCSI system for suitability for work screening and all existing staff in prescribed positions have now been checked.
Residual Risk Score:	9 (Medium (3D)) - 36.00%
Residual Risk Comments:	
Other Requirements/Comments:	
Current:	Yes

Risk Controls

Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness

	Jessica Charlton	31/03/2025	11/11/2024		Moderate reduction in risk
- Qualified staff making informed and evidence based decisions. - Regulatory responsibilities (environmental health) that incorporate inspection regimes, education and prosecution where necessary within a highly regulated environment. - Mandated 4-yearly development of strategic plan, incorporating community engagement, ensures effort is made periodically to understand issues important to the community. - Community engagement policy prescribing minimum consultation and engagement activities. - Communicate with empathy, regular informal contact with the community. - Local engagement via Community Centres is occurring with cultural groups. - Ad-hoc engagement on an as-needs basis. - Development of the Reconciliation Action Plan (2015). - Staff cultural awareness training. - Recreation and Open Space Planner position created in early 2016. - New Sport & Recreation Strategy was developed and adopted in Oct 2016. - Services currently being provided for vulnerable individuals including in-home support, centre based programs, events, support activities and advocacy. - Codes of conduct in place in some programs/services. - LTFP with sustainable and reasonable rates growth profile. Annual review process for fees and charges incorporates review by Exec and Council Members to ensure control. Internal efficiency improvement program aims to keep costs down. - Volunteer Management Policy and Strategy. Well established and funded volunteer based programs. Little reliance on external funding. - Safe Environments Policy (for working with vulnerable people). AHC is now registered on the DHS system for suitability for work screening and all existing staff in prescribed positions have now been checked. - Commonwealth Home Support Program is subject to periodic audit by the funder (Commonwealth) to ensure service standards are being met and quality controls are in place. - Libraries Strategy (adopted 2022) - Newly adopted Community and Recreation Facilities Framework providing more equitable support for recreation facilities across the district. - Disability Access and Inclusion Plan (2021) with four-year implementation timetable					

9 (Medium (3D)) - 36.00%

Actions

Action Source	Action Required	Action Priority	Person Responsible	Extra Comments	Percent Complete	Status	Due Date
Corporate Risk Register	Community Cultural Development Officer to develop Cultural Development principles and framework	Immediately	Rebecca Shepherd	The previous risk review has concluded that this action is not necessary to achieve the target risk. *01/03/2021* *by Rebecca Shepherd* - Action no longer required.	100%	Complete (Accepted)	31/10/2020
Corporate Risk Register	Implement the new Access and Inclusion Plan	Immediately	Rebecca Shepherd	IN PROGRESS. Provisional DIAP was adopted by Council in November 2020, following by further engagement and final adoption of a revised Plan in January 2021. The plan has a 4 year implementation timetable.	60%	Person Responsible Complete	30/06/2024

Corporate Risk Register	Review facility management arrangements. Develop a more consistent approach to community facility users conduct across the various program areas.	Immediately	Karen Cummings	The final framework has been adopted by Council and is now subject to implementation. A new action/s has been established pertaining to the implementation of the framework.	100%	Complete (Accepted)	30/06/2023
Corporate Risk Register	Recruit additional resource to help implement the new Community Facilities Framework	Two Months	Renee O'Connor		100%	Complete (Accepted)	31/10/2022
Corporate Risk Register	Monitor development of new local government community engagement charter (under recent legislative reform) and react accordingly in respect to any requirements the charter imposes on Council.	Six Months	Jennifer Blake	17/05/2023 - By Jennifer Blake The LGA is advocating to the Minister to progress this action but believes it may not be signed off by him until 2024. *29/08/2024 by Jennifer Blake* We are still awaiting progress from the State Government after receiving Council/LGA submissions and consultation. *27/02/2024 by Jennifer Blake* Consultation by the State Government on the Local Government Participation and Elections Review Discussion Paper opened in October 2023. AHC employed BRM Advisory to prepare a submission to the LGA by the 2 Feb 2024 deadline and also directly to the Office for Local Government by 2 March 2024. We await the next stage of the Local Government reform following this period of consultation. *07/02/2023 by Jennifer Blake* The Minister is yet to approve the Community Engagement charter and the LGA have advised that they will keep Council informed on progress. No action can be taken at this time.	30%	In Process	28/02/2025

ID:	Risk - 170965
Risk Title or Work Activity:	Governance, Legal and Compliance
Risk Description:	Failure to exercise, perform and discharge the powers, functions and duties under legislation, contracts, leases and policies (PR)
Responsible Person:	Zoe Gill
Date of Risk Identification:	09/02/2021
Corporate Risk?	Yes
Risk Type:	Strategic
Risk Category:	Governance, Legal & Compliance
Team:	Executive Leadership Team
Location/Project:	Other
Possible Risk Events:	Cause: - Lack of awareness of legislative/contractual/lease/policy requirements - Lack of standardised lease terms and conditions. - Ineffective delegation and authorisation mechanisms. - Poor procurement and contract management practices - Ineffective compliance management systems - Staff do not possess the appropriate KSE - Legislative changes, not being fully understood - Poor confidential item management processes (CR 15 &amp;amp;amp;amp;amp;amp;amp;amp;amp;amp; 20) - Ineffective implementation of Council resolutions (CR37)
Possible Consequences:	Impact: - Legislative/lease/policy of contractual obligations are not discharged leading to breaches of legislation and/ or contractual arrangements - Failure to effectively undertake the functions of a council - Contractual penalties and liabilities. - Inefficient systems that lead to loss of resources - Scrutiny and sanctions by integrity agencies - Resolutions not implemented in a timely manner, opportunities missed, legislative obligations unmet
Initial Risk Score:	21 (Extreme (4B)) - 84.00%
Initial Risk Comments:	Council has obligations under many different legislative, policy and contractual instruments
Residual Risk Score:	9 (Medium (3D)) - 36.00%
Residual Risk Comments:	Notwithstanding many controls in place, few are systematized and most are administrative controls which rely on the diligence/knowledge of the Council Officer. Elements of this risk have been highlighted in the statutory audit process for the 2023/24 financial year to which the Administration's response to this risk was that significant improvement in the management of this risk is unlikely with current systems.
Other Requirements/Comments:	There is a need to develop a compliance framework for the identification and reporting of these risks.
Current:	Yes

Risk Controls

Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
Legal considerations considered in agenda report templates, updates from LGA, legal providers and professional associations. Professional and experienced management team. Register of leases and licenses. Legislative delegations register regularly reviewed, role specific training & development. Policy registers, policies on web, MLS and WCS audits, contract registers, lease registers, internal audit program, external audit program Governance Legal Compliance Audit Employment of Procurement Coordinator Procurement Framework implemented. Experienced property team. Action List, Minutes, Council Resolution Update report.	Zoe Gill	07/04/2025	29/01/2025		PARTIALLY EFFECTIVEÂ (Designed Partially Adequately; Operating Partially Effectively)

9 (Medium (3D)) - 36.00%
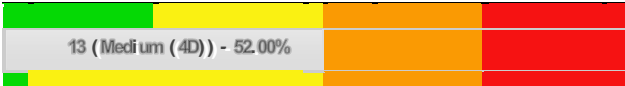
Actions

Action Source	Action Required	Action Priority	Person Responsible	Extra Comments	Percent Complete	Status	Due Date
Corporate Risk Register	Legislative compliance audit	Immediately	Lachlan Miller	NIL	100%	Complete (Accepted)	30/06/2016
Corporate Risk Register	Development of contract management system, subject to funding	Immediately	Michael Carey	NIL	100%	Complete (Accepted)	31/12/2016
Corporate Risk Register	Development of a legal opinions database	Immediately	Lachlan Miller	As all legal opinions are recorded and accessible in TRIM/RecordsHub, a legal opinions database would be an inefficient use of resources.	100%	Complete (Accepted)	30/06/2020
Corporate Risk Register	Implementation of new delegations and authorisations management system and associated training.	Immediately	Steven Watson	Software has been implemented and is now being updated as delegation changes occur.	100%	Complete (Accepted)	29/06/2020
Corporate Risk Register	Community & Recreation Facilities Framework will provide for greater standardisation in leasing terms and conditions	Immediately	Karen Cummings	The draft Framework was endorsed by Council in August 2022. Staff are now working on preparation of new Lease/Licensing/Management Agreement templates with Lawyers which will be progressively implemented from 1 July 2023. There is a large amount of new Leases to be rolled out with Clubs and Community Groups and meetings/engagement with each Club/group to progress the new lease rollout. This is taking some time. It is envisaged that the new Leases for Clubs will now be finalised by 31 December 2023 with commencement of rollout of management agreements with Hall operators to commence in September 2023.	70%	Not Complete (Overdue)	30/06/2023

Corporate Risk Register	Implement Statutes Amendment (Local Government Review) Act 2021 provisions (see Action ID 278100)	Immediately	Zoe Gill	250129 - ToR being approved by Council on 11/02 241111 Risk, Audit and Insurance Officer recruited. Work program underway. 240927 - Audit and risk officer appointed and begins on 21 October 24 240814 Review of Audit Committee TOR will be conducted when the Risk< Audit and Insurance Officer is appointed 230811 - Final tranche of LG Reform regarding Audit Committees and Internal Audit to come into effect on 30/11/23. Minor modifications to the Audit Committee Terms of reference required. *27/01/2023* *by Lachlan Miller* The latest tranches of changes occurred with the November 2022 periodic elections (specifically COI, BMF) *07/08/2022* *by Lachlan Miller* Provisions continue to be released in tranches and the required actions and communications are undertaken at each date *09/11/2021* *by Lachlan Miller* Implementation and transition arrangements are being progressively developed and commenced in tranches. First two tranches 20 September and 10 November 2021 implemented. *09/08/2021* *by Lachlan Miller* See Action ID: 278100	80%	Not Complete (Overdue)	31/12/2025
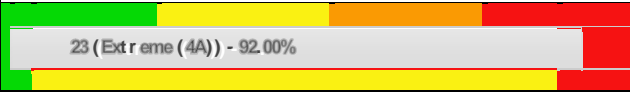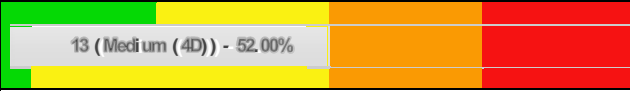
ID:	Risk - 170816
Risk Title or Work Activity:	Emergency and Hazard Management
Risk Description:	Failure to take measures to protect the community from natural and other hazards (F)
Responsible Person:	David Waters
Date of Risk Identification:	15/05/2020
Corporate Risk?	Yes
Risk Type:	Strategic
Risk Category:	Community Health & Wellbeing
Team:	Executive Leadership Team
Location/Project:	Other
Possible Risk Events:	Cause: - Poor fire prevention initiatives - Poor flood protection initiatives - Poor wind protection initiatives - Ineffective emergency management regimes - Ineffective asset maintenance and replacement plans and programs - Lack of participation in regional emergency management arrangements - Noncompliance with legislation - Insufficient budget - Ineffective planning and preparations
Possible Consequences:	Impact: - Significant property loss and damage - Loss of life, injury - Reputational damage - Exposure to liability and penalty - Loss of community normality - Council services stretched and some services may not be fully operational - Loss or damage of public and private infrastructure - Environmental and biodiversity impacts
Initial Risk Score:	24 (Extreme (5B)) - 96.00%
Initial Risk Comments:	
Residual Risk Score:	13 (Medium (4D)) - 52.00%

Residual Risk Comments:	- Participation in regional EM arrangements through the ZEMC, and the AMLRBMC and cooperation with other councils and agencies re EM - Provision of assistance to control agencies and the community to respond to emergency incidents as they arise and work with local units to resolve localised issues relating to EM. - Provision of assistance to the community and to relevant government and non-government agencies assist recovery from emergencies. - Contribute to, support and participate in community education programs including the SES Flood Safe Program, Red Cross REDiPlan program and CFS Community Fire Safety Meetings. - Ongoing replacement and maintenance of Council&amp;amp;amp;amp;amp;amp;amp;#8217;s infrastructure through implementation of Council's AMP and proactive and reactive maintenance programs including stormwater infrastructure (including Flood Plain Modelling), fire track maintenance and street sweeping program. - Ongoing fuel reduction programs on high risk Council owned land including woody weed control, slashing and maintenance of asset protection zones. - Ensure ongoing compliance with the F&amp;amp;amp;amp;amp;amp;amp;ES Act 2005 including annual property inspections to ensure community compliance with requirements of the Act, respond to breaches of the Act as they arise, ongoing appointment of Fire Prevention Officers pursuant with requirements of the Act and provide advice to residents on bushfire prevention and mitigation. - Ongoing implementation of tree maintenance programs including the monitoring and maintenance of high risk trees and undertaking reactive tree pruning and removal of high risk trees minimising failure in windy conditions. Commencement of Zone-based Preventative Main
Other Requirements/Comments:	As improvements to Asset Management Plans occur through each review, the control effectiveness also continue to improve.
Current:	Yes

Risk Controls

Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
- Participation in regional EM arrangements through the ZEMC, and the AMLRBMC and cooperation with other councils and agencies re EM - Provision of assistance to control agencies and the community to respond to emergency incidents as they arise and work with local units to resolve localised issues relating to EM. - Provision of assistance to the community and to relevant government and non-government agencies assist recovery from emergencies. - Contribute to, support and participate in community education programs including the SES Flood Safe Program, Red Cross REDiPlan program and CFS Community Fire Safety Meetings. - Ongoing replacement and maintenance of Council’s infrastructure through implementation of Council's AMP and proactive and reactive maintenance programs including stormwater infrastructure (including Flood Plain Modelling), fire track maintenance and street sweeping program. - Ongoing fuel reduction programs on high risk Council owned land including woody weed control, slashing and maintenance of asset protection zones. - Ensure ongoing compliance with the F&ES Act 2005 including annual property inspections to ensure community compliance with requirements of the Act, respond to breaches of the Act as they arise, ongoing appointment of Fire Prevention Officers pursuant with requirements of the Act and provide advice to residents on bushfire prevention and mitigation. - Ongoing implementation of tree maintenance programs including the monitoring and maintenance of high risk trees and undertaking reactive tree pruning and removal of high risk trees minimising failure in windy conditions. Securing of Elevated Work Platform and additional Tree Team staffing has further improved the controls.		01/03/2025	11/11/2024	There is always a risk of negative community perception of the level of risk appetite in relation to some natural hazards given misinformation and emotion attached.	EFFECTIVEÂ (Designed Adequately; Operating Effectively)

13 (Medium (4D)) - 52.00%

Actions							
Action Source	Action Required	Action Priority	Person Responsible	Extra Comments	Percent Complete	Status	Due Date
Corporate Risk Register	Development of new Emergency Management Plan.	Immediately	John McArthur	EM Framework endorsed by ELT 14/2/17, EM responsibility now transferred to Infrastructure & Operations, Project timeframes to be reviewed. Update 02/10/19 - Draft Emergency Management Plan completed. Draft Incident Operations Manual (formerly within the Emergency Management Plan) to be considered for endorsement by ELT 3 October 2019. Council to participate in LGA Council Ready Program to complete Emergency Management Plan by September 2020 based on a risk assessment process. Update 07/11/19 - ELT formally resolved to commit to LGA Council Ready Program, scheduling of initial risk assessment workshop set for 9/12/19. Incident Operations Manual adopted by ELT 3 October and is currently being implemented. Update 29/01/20 Lessons learnt from Cudlee Creek fire were identified in an After Action Review in February 2020 and now being incorporated into the Incident Operations Manual. Emergency Management Plan development timeframes may need to be reviewed as priority is on updating the Incident Operations Manual. Draft Emergency Management Plan completed as of 26 February 2021. 29/12/21 - Emergency Management Plan completed and endorsed by ELT 14 October 2021. *29/11/2021 by John McArthur* *29/11/2021 by John McArthur* Emergency Management Plan completed and endorsed by ELT 14 October 2021 *27/09/2021 by John McArthur* Update 27 September 2021 - Draft Emergency Management Plan and revised Incident Operations Manual (incorporating 'lessons learnt' from Cudlee Creek and Cherry Gardens bushfires and Exercise Pomona) scheduled for ELT review 14 October 2021. *29/07/2021 by John McArthur* Update 29 July 2021 - Draft Emergency Management Plan is being finalised. Key response elements previously included in Emergency Management Plans have been prioritised, completed and moved to Council's Incident Operations Manual. *26/02/2021 by John McArthur* Emergency Management Plan is nearing completion. Currently the Emergency Management Plan is in first draft formand comprises sections on Disaster Risk Reductioin, Incident Operations and Recovery.	100%	Complete (Accepted)	31/08/2021
Corporate Risk Register	Commit to I Responda emergency response framework.	Immediately	Lachlan Miller	Council is now part of this program . Its plan to be transferred to contemporary standard. Anticipated to be complete by 31/12/19.	100%	Complete (Accepted)	01/12/2019

Corporate Risk Register	Develop Emergency Management Team for ongoing development and review of Council's EM processes relating to emergencies that occur external to the organisation (not WHS emergency management)	Immediately	John McArthur	To be developed under EM Framework. Update 05/08/19 - Draft Incident Operations Manual 95% complete. This document will be used with the draft Emergency Management Plan to plan, prepare, respond and recover from emergency events. Anticipated to be completed by 30 November 2019. Update 02/10/19 - Draft Incident Operations Manual to be considered by ELT for endorsement on 3 October 2019. Update 07/11/19 - Incident Operations Manual adopted by ELT 3 October 2019 including establishment of an Incident Management Team completing this action. 29/12/21 - Revised Incident Operations Manual reflecting lessons learnt from Cudlee Creek and Cherry Gardens bushfires and COVID-19 response signed off by Acting CEO 14 October 2021. This action is complete, refer update 07-11/19. *29/07/2021* *by John McArthur* - Update 29 July 2021 - The completion and implementation of Council's Incident Operations Manual has completed this action. This manual provides a framework to respond to emergencies that occur external to the organisation including the establishment of an Incident Management Team, including a Council Commander, an Emergency Operations Centre and levels of preparedness Standby, Alert, Operations and restore. The Council Commanders discuss emergency management arrangements throughout the year and any outcomes to be delivered are action by the Manager Sustainability, Waste and Emergency Management.	100%	Complete (Accepted)	03/10/2019
Corporate Risk Register	Research the establishment of a dedicated EM role (temporary/permanent)	Immediately	Lachlan Miller	EM responsibilities included in Manager Sustainability, Waste & Emergency Management position.	100%	Complete (Accepted)	31/03/2016
Corporate Risk Register	Establish Zone-based Preventative Maintenance Program	Immediately	Christopher Janssan	Zone program established	100%	Complete (Accepted)	01/02/2016
Corporate Risk Register	Review bushfire prevention and mitigation arrangements	Immediately	Christopher Janssan	Structure in place	100%	Complete (Accepted)	30/06/2017
Corporate Risk Register	Review insurance option related to loss of rate revenue following significant loss of property assciated with bushfire	Six Months	Zoe Gill	Proposal received by Administration in March 2021, still to be assessed. On hold as not considered a high priority for addressing this risk. *09/11/2021* *by Lachlan Miller* Transferable risk workshop conducted with ELT, awaiting final report. Modelling of revenue loss (rates) scenarios currently under development. *10/05/2021* *by Lachlan Miller* Loss of income cover was discussed during the 2021-22 Insurance Placement. A proposal has been received by LGRS and it still to be assessed.	20%	Not Complete (Rejected)	30/11/2020

ID:	Risk - 170939
Risk Title or Work Activity:	Information Services
Risk Description:	Failure to manage, improve and develop the information resources available to the Council. (F)
Responsible Person:	Gary Lewis
Date of Risk Identification:	06/02/2021
Corporate Risk?	Yes
Risk Type:	Strategic
Risk Category:	Information Technology
Team:	Executive Leadership Team
Location/Project:	Other
Possible Risk Events:	Cause: - Business systems do not effectively support organisational needs - Poor information management practices (capture, use, storage, retrieval).
Possible Consequences:	Inefficiency; increased risk of errors (from manual systems); negative impact on council brand & reputation; decreased staff morale; potential for increased turnover of staff; lack of consistency; increased cost in undertaking work; systems cannot be upgraded due to inadequate hardware layer; inability to test updates before being implemented; lack of information sharing; working in information silos; failure to capture corporate knowledge effectively; misinformation that leads to negative or undesired outcomes; residents being misinformed or mislead; potential legal or financial implications.
Initial Risk Score:	23 (Extreme (4A)) - 92.00%
Initial Risk Comments:	
Residual Risk Score:	13 (Medium (4D)) - 52.00%
Residual Risk Comments:	
Other Requirements/Comments:	
Current:	Yes

Risk Controls

Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
ICT Business Continuity Systems established	Phil Mattingly	08/01/2025	18/03/2024	Data Centre established â€" diverse geographic locations and immediate switchover capability Hierarchical back up regime Cloud First Strategy in place â€" transition of systems occurring System & Application MAO (Maximum Acceptable Outage) - set to organisational requirements Undertake system outage testing	EFFECTIVEÂ (Designed Adequately; Operating Effectively)

9 (Medium (3D)) - 36.00%

Information Services Team resourced in accordance with required structure (including $ & FTE)	Phil Mattingly	08/01/2025	18/03/2024	Induction processes â€" onboarding driven through OD Systems security â€" access protocols Work from home access regime	EFFECTIVEÂ (Designed Adequately; Operating Effectively)
				5 (Low (2D)) - 20.00%	
Information Services Strategic Plan Developed (2022)	Phil Mattingly	08/01/2025	18/03/2024	A review of the Information Services Strategic Plan has been undertaken with ISSRG. Draft Information Services Strategic Plan created Consolation with ISSRG and Executive completed Digital Transformation Plan (tactical plan) developed	Major reduction in risk
				9 (Medium (3D)) - 36.00%	
ISMS (Information Security Managment System) - LG Cyber Security Framework	Phil Mattingly	07/02/2025	18/03/2024	Resourcing needed to support and implement the LGITSA Cyber Security Framework is now part of the ongoing budgetary cycle. Significant work carried out to progress the implementation of LG Cyber Security Framework has occurred focusing on implementation of higher impact technical Cyber Security Controls completed. Cyber Security issues (from alert systems and/or Audits) are able to be effectively managed via the Cyber Security Action Group (CSAG) as defined in the LGITSA Cyber Security framework Regular Penetration testing of corporate systems underway with significant organisational risk items raised to the corporate risk register as appropriate (eg ERP system review)	EFFECTIVEÂ (Designed Adequately; Operating Effectively)
				8 (Medium (2C)) - 32.00%	
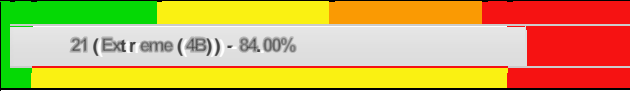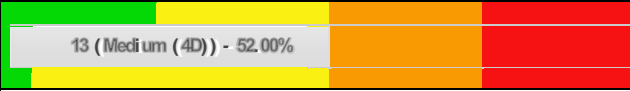
Actions							
Action Source	Action Required	Action Priority	Person Responsible	Extra Comments	Percent Complete	Status	Due Date

Corporate Risk Register	Review the Information Services Business Plan	Six Months	James Sinden	The Information Services Business Plan is reviewed on an annual basis to align with the setting of LTFP and Budget. *07/05/2021* *by David Collins* *26/02/2021* *by David Collins* - Confirm Asset Management System is implemented an in use by the organisation.	100%	Complete (Accepted)	30/12/2021
Corporate Risk Register	Finalise development of Cyber Security Framework (including implementation Plan)	Six Months	James Sinden	Implementation of the Cyber Security Program has been completed and has moved into operations mode within the Information Services Department. *02/08/2022* *by James Sinden* The LGITSA Cyber Security Framework has been completed and AHC has aligned the Cyber Security Plan (the implementation plan) to the framework and commenced implementation of the ISMS (Information Security Management System). *10/05/2022* *by James Sinden* The implementation of an ISMS is a part of the recently adopted Cyber Security Plan (Framework) that was adopted at the June 2021 Council Meeting. Commencement was delayed due to the resignation of a key AHC Staff member responsible for the delivery of the project. After advertising for a Senior Cyber Security ICT Officer, Council was unable to find an appropriate candidate given there is considerable demand in the industry for these skillsets. In the short term a specialist contract resource is being used to progress with implementation. The newly appointed Team Leader ICT has already introduced a formal ITIL Change Management process using the forms engine via the corporate website for both external vendors and internal ICT change control. Development of ICT Policy and implementation of an ICT Operations Manual planning has started and AHC Staff have assisted with the development of a Local Government Cyber Security Framework that has been grant funded by the LGA and facilitated by LGITSA (Local Government Information Technology South Australia) and external consultants. A draft version of the framework is expected to be released shortly to the LG Sector for feedback. The LGITSA Cyber Security Framework has been completed and AHC is currently aligning its Cyber Security Plan to this framework in a sector wide approach of improving Cyber Security maturity. AHC has also engaged CyberCX in the implementation of AHC's ISMS (Information Security Management System) and work activity continues in this area. *01/04/2022* *by James Sinden* Work activity continues with this action where staff have been closely involved in the working group established by LGITSA (Local Government Information Technology South Australia) to develop a Local Government Cyber Security Framework that's been grant funded by the LGA. As the development of the framework progresses, AHC continues to build upon technical cyber security controls and implementation work activity with consultants that will align to a State based Cyber Security Framework.	100%	Complete (Accepted)	30/06/2023
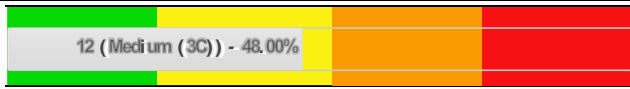
Corporate Risk Register	Implement new records management system in conjunction with SharePoint upgrade	Six Months	James Sinden	Completed Action - New SharePoint environment implemented, Record Point software acquired to replace TRIM and installed, project plan established for EDRMS and architecture completed. Build of Test Environment completed and software integration with line of business systems being undertaken. Live environment built and configured and staged rollout commenced in 2020. TRIM Migration Project completed with contractors (AvePoint)	100%	Complete (Accepted)	30/06/2017
Corporate Risk Register	Develop business case for the electronic capture of all records currently stored in hardcopy format both onsite and offsite.	Six Months	James Sinden	*10/05/2022* *by James Sinden* The business case developed identified cost estimates that exceed current budget allocation and further analysis is requred if the activity is to progress. *01/02/2022* *by JodyAtkins* Corrected dates: The Scan on Demand proposal was issued to Management November 2020, with a business case issued August 2021, waiting Managers approval for Scan on Demand to occur. *01/02/2022* *by Jody Atkins* The development of a business case for electronic capture of all hard copy records has commenced. The Scan on Demand proposal was issued to Management November 2019, with a business case issued August 2020, waiting Managers approval for Scan on Demand to occur. Clearing of back Woodside room has occurred to enable over 2000 files to be in a more fire safe environment. Clearing of hard records in other worksites (Heathfield, Garrod Ave, Lobethal, Gumeracha and parts of Nairne Road) have been completed. Still an area in Nairne Road to be cleared (dungeon).	100%	Complete (Accepted)	26/02/2022
Corporate Risk Register	Progress transition to cloud for remaining applications / systems	Six Months	John Gosbell	Assigned to John G for visibility *02/01/2025* *by John Gosbell* Ongoing transition. Intranet home page tranisitoned to cloud in Dec 2024. *10/10/2024* *by Phil Mattingly* Open Office ERP system added to Risk Register to highlight need for replacement. External consultancy review sought, spec released to market Oct 2024, report to be ready for 2025. *10/10/2024* *by Phil Mattingly* CRM Salesforce Cloud implementation completed and operational. Changes to departmental operational process will continue as platform is bedded in. *23/07/2024* *by James Sinden* CRM - Implementation of Salesforce CRM commenced in January and has been progressing well with a go live of 29th July 2024 for the essential build. *08/12/2023* *by James Sinden* Microsoft 365 - Teams Calling has been successfully transitioned to Cloud removing on-premise Skype for Business Servers. *27/09/2023* *by James Sinden* CRM business requirements undertaken and progressing to tender for solution design. *08/08/2023*	35%	Not Complete (Overdue)	31/12/2024

				by James Sinden CRM System has been given Captial funding to progress work activity for a renewal of the solution and migration to cloud hosting. A project control group has been established and is currently engaging with the organisation with a view to undertake a tender process for the work activity. *07/07/2023* *by James Sinden* Scoping work for implementation of Microsoft 365 - Teams Calling *07/07/2023* *by James Sinden* Developed and implemented a new Council Members Portal in November 2022 for the new Council with M365 *09/01/2023* *by James Sinden* MS Teams Cloud migration scoping and planning work is underway *02/08/2022* *by James Sinden* SharePoint Cloud migration scoping out requirements for the EDRM's has commenced including analysis of data governance compliance. *02/08/2022* *by James Sinden* SharePoint Cloud migration scoping out requirements for the EDRM's has commenced including analysis of data governance compliance. *10/05/2022* *by James Sinden* Payroll Phase 2 (Electronic Timesheet Solution) to commence in May			

Corporate Risk Register	Review Information Services Strategic Plan	Six Months	James Sinden	The Information Services Strategic Plan is being reviewed by ISSRG (Information Strategic Reference Group) to align to the technology system reference within the Council Strategic Plan - A Brighter future: Strategic Plan 2020-24 Objective 6 - Technology and innovation. 31/10/2024 - A further review of the IS Strategic Plan needs to be planned in CY 2025. Preliminary work regarding current system architecture is underway.	100%	Complete (Accepted)	30/06/2022

ID:	Risk - 169129
Risk Title or Work Activity:	Assets & Infrastructure
Risk Description:	Failure to provide appropriate infrastructure for the community (F)
Responsible Person:	David Waters
Date of Risk Identification:	12/11/2020
Corporate Risk?	Yes
Risk Type:	Strategic
Risk Category:	Assets & Infrastructure
Team:	Executive Leadership Team
Location/Project:	Other
Possible Risk Events:	E1. Roads are not maintained properly, leading to potholes, uneven surfaces, and poor signage. E2. Lack of reliable and frequent public transportation services. (Note, Council does not provide public transport, but provides supporting infrastructure.) E3. Inefficient waste collection and recycling services. E4. Failure to maintain or upgrade water and wastewater infrastructure. (Note, Council does provide limited water supply services in some areas.) E5. Lack of, or ineffective, stormwater management leading to inundation of roads, places and property. E6. Insufficient parks, sports facilities, and community centers.
Possible Consequences:	C1. Increased vehicle crashes, higher vehicle maintenance costs for residents, and potential liability claims against the council. C2. Reduced mobility for residents, increased traffic congestion, and negative impact on local businesses due to decreased accessibility. C3. Increased littering, illegal dumping, environmental pollution, and public health issues. C4. Water shortages, contamination risks, and potential public health crises. C5. Harm to people and property. C6. Reduced quality of life, lower community engagement, and potential negative impact on physical and mental health of residents.
Initial Risk Score:	21 (Extreme (4B)) - 84.00%
Initial Risk Comments:	The initial risk score assessed prior to the implementation of any mitigations or controls. In this instance, there is a long history of Council providing and maintaining public infrastructure, with approaches and techniques evolving over time. As such an initial risk score is somewhat subjective.
Residual Risk Score:	13 (Medium (4D)) - 52.00%
Residual Risk Comments:	The residual risk score is the current risk with mitigations and controls in place.
Other Requirements/Comments:	
Current:	Yes

Risk Controls

Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness

- Current Asset Management Plans for key asset categories - Long Term Financial Plan that captures the Strategic Plan and Asset Management Plans - Endorsed annual budget for maintenance program (all asset categories) - Annual Business Plan & Budget consultation undertaken - Customer Survey undertaken - Asset condition audits undertaken cyclically - Asset management system updated to Confirm Enterprise Asset Management - Building inspections (last done 2017) - Compliance audits for buildings as per legislation - Customer request system captures community concerns/issues - Sport and Recreation Strategy - Bike Strategy - Preventative Maintenance regime - Strategic Plan Reviewed with Goal area for Built Environment established (including priorities)	David Waters	01/03/2025	11/11/2024	Noted that AHC needs to complete a gap analysis of asset management plans to ensure any deficiencies are identified and addressed.	EFFECTIVEÂ (Designed Adequately; Operating Effectively)

12 (Medi um (3C)) - 48.00%

Actions

Action Source	Action Required	Action Priority	Person Responsible	Extra Comments	Percent Complete	Status	Due Date
Corporate Risk Register	Update asset management plans as per cycle (and LTFP)	Immediately	David Collins	Footpaths, Kerbs and Roads AMP adopted by Council Feb 2021. AMPS for other classes in development.	100%	Complete (Accepted)	30/06/2021
Corporate Risk Register	Preventative Maintenance regime developed	Immediately	David Collins	*07/05/2021* *by David Collins* - Programmed maintenance cycle in place for Civil services	100%	Complete (Accepted)	01/01/2017
Corporate Risk Register	Establish service levels in consultation with community	Immediately	David Collins	Updated to CRM response times completed. Levels of service refinements required as part of AMP reviews. Stromwater Level of Service Report adopted by Council. Levels of service established in adoption of Roads, Footpath and Kerb Asset Management Plan. *07/05/2021* *by David Collins* Asset Management Plan Roads, Footpath and Kerb Adopted 2021	100%	Complete (Accepted)	30/06/2021

Corporate Risk Register	Establish cycle for condition audits and monitor (incl buildings)	Immediately	David Collins	Building audits funded in 2020/21 Span Bridge Audits completed in 202/21 Condition audits identified in AMP and new system implementation and set up has delayed some condition auditing. Audit of Kerb being undertaken by internal resource on ConfirmConnect February 2021. Footpath audit to be conducted in first half of 2021. Conditon audit identified in Road, Footpath and Kerb AMP for all sealed roads. To be undertaken in 2022/23	100%	Complete (Accepted)	01/06/2021
Corporate Risk Register	Develop Bike Strategy to identify infrastructure requirements	Immediately	David Collins	To Council Oct 16 - completed *07/05/2021* *by David Collins* Bike Strategy was developed and was reviewed as part of Trail Stratgey.	100%	Complete (Accepted)	30/06/2021
Corporate Risk Register	Revise Sport and Recreation Strategy to identify infrastructure requirements	Immediately	David Collins	Strategy completed and infrastructure requirements linked to Strategic Property Review. LTFP now capturing ongoing investment. *07/05/2021* *by David Collins*	100%	Complete (Accepted)	01/03/2016
Corporate Risk Register	Complete a new asset management plan for buildings assets.	Six Months	David Collins	*23/01/2025* *by David Collins* Workshop held with Elected Members in September 2024. Draft document ready for progression. *29/07/2024* *by David Collins* Draft AMP has been developed following a completed external audit of all building assets - a revaluation increased the asset value substantially and this required time to review and validate the outcomes. In addition, the Community Facilities Framework implementation identified operational impacts that modified the AMP outcomes.	85%	Not Complete (Overdue)	22/06/2025
Corporate Risk Register	Undertake a gap analysis for Council's asset management plans. Produce a report for Council consideration of the identified gaps and an action plan.	Three Months	David Collins		20%	Not Complete (Overdue)	30/09/2024

ID:	Risk - 169143
Risk Title or Work Activity:	Service Delivery
Risk Description:	Failure to deliver projects, programs and services in accordance with plans (time, budget, quality).
Responsible Person:	David Waters
Date of Risk Identification:	15/05/2020
Corporate Risk?	Yes
Risk Type:	Strategic
Risk Category:	Service Delivery
Team:	Executive Leadership Team
Location/Project:	Other
Possible Risk Events:	Causes: - Ineffective budget development process (ineffective cost estimates preparation; possible lack of understanding of budget and budget process; - Unrealistic timeframes e.g. 12 months for design, consultation and delivery; Change or poorly defined scope; Inadequate specifications and documentation and design; Lack of stakeholder engagement. - Lack of effective consistent project management methodologies - Unforeseen weather and climate conditions, - Lack of appropriate plant and equipment, - Poor contractor management, - Lack of resources (Lack of adequate skilled resources; Loss of key staff,) - Change in government legislation or policy, - Reduction in grant funding, - Lack of scheduled maintenance - Unclear Service ranges and levels
Possible Consequences:	Impact: - Cost of projects escalates, unbudgeted spending, impacts on delivery of the projects - Damage to Council reputation - Outcomes of the project delivered fails to meet community's expectations - Weaknesses in infrastructure necessitating increased maintenanc
Initial Risk Score:	21 (Extreme (4B)) - 84.00%
Initial Risk Comments:	
Residual Risk Score:	9 (Medium (3D)) - 36.00%

Residual Risk Comments:	- Monthly capital reports from finance - Reporting of The Quarter to Council - Regular team meetings with project updates - Quarterly budget review process - 3 Year Capital Program - Procurement policy - Process and qualified staff/teams - Project reporting process - Panel contractors - Legislation and policy - KPI monitoring and reporting - Financial Reporting - LTFP processes have been amended to ensure that all key Strategies and Plan (including the Strategic Plan and Asset Management Plans) are captured as part of the LTFP review each year ahead of budget
Other Requirements/Comments:	Addition of the Project Management Framework has further Strengthened the controls.
Current:	Yes

Risk Controls

Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
- Monthly capital reports from finance - Reporting of The Quarter to Council - Regular team meetings with project updates - Quarterly budget review process - 3 Year Capital Program - Procurement policy - Process and qualified staff/teams - Project reporting process - Panel contractors - Legislation and policy - KPI monitoring and reporting - Financial Reporting - LTFP processes have been amended to ensure that all key Strategies and Plan (including the Strategic Plan and Asset Management Plans) are captured as part of the LTFP review each year ahead of budget	David Waters	01/03/2025	11/11/2024		PARTIALLY EFFECTIVEÂ (Designed Adequately; Operating Partially Effectively)

12 (Medium (3C)) - 48.00%
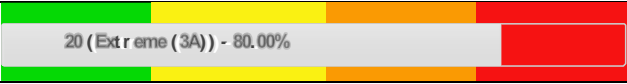
Actions

Action Source	Action Required	Action Priority	Person Responsible	Extra Comments	Percent Complete	Status	Due Date

Corporate Risk Register	'Project Management a) Implementation of Project management framework. A trial with Built and Natural Assets is underway since 1/7/15. A review was undertaken in 2016 to assess and refine framework. Further review required now that Manager Civil Services appointed b) Process to audit and check project management. c) Implementation of scheduled program maintenance,	Immediately	Peter Bice	IN PROGRESS. Project Management Documentation now being developed in partnership with external expertise. *13/10/2021* *by Peter Bice* *13/10/2021* *by Peter Bice* PM Framework has now been implemented, beginnning with Civil and Open Space Teams, and progressive adoption occuring from other key Project Delivery Areas.	100%	Complete (Accepted)	30/06/2016
Corporate Risk Register	Refine the budget bid process to ensure that sufficient time is allocated to cost budget submissions and also timing recognising that some projects will need to span across multiple years due to lead times associated with planning, consultation and approvals. Action: develop a budget bid database with a two stage process by 30/3/2016	Immediately	Peter Bice	COMPLETED. Initial 3 year program developed for 2017/18 ABP. *20/05/2021* *by Peter Bice* -	100%	Complete (Accepted)	30/01/2016
Corporate Risk Register	Start to promote multiple year project planning in line with Asset Management Planning	Immediately	Peter Bice	COMPLETED. 3 Year Capital Program has been established, which help to achieve this goal. *19/05/2021* *by Peter Bice* -	100%	Complete (Accepted)	30/06/2016
Corporate Risk Register	Develop process in conjunction with Organisational Development to transfer knowledge once an employee has notified intent to leave the organisation (i.e. to capture staff knowledge with consideration of succession planning and transition to retirement)	Six Months	Gary Lewis	IN PROGRESS. Process development underway, however progress has stalled due to other delivery priorities. Looking to reinvest in this process development over the coming months.	50%	Not Complete (Overdue)	30/06/2024

Corporate Risk Register	Amend LTFP and budget processes to capture all Strategic and Functional Strategy funding requirements.	Immediately	Michael Carey	COMPLETED: 2018/19 & 2019/20 Budgets adopted based on a revised LTFP that captured all Strategic and Functional Strategies. *13/07/2023* *by Michael Carey* -	100%	Complete (Accepted)	30/06/2018
Corporate Risk Register	Amend LTFP ratio ranges, as well as rates indice, to ensure growth in Operating Surplus to fund growth in operating expenditure	Immediately	Michael Carey	Budget workshop held on 30/1/2021 where proposed changes we considered appropriate to take to Audit Committee. LTFP adopted April 2021 with updated LTFP financial indicator ranges	100%	Complete (Accepted)	30/06/2021
Corporate Risk Register	Develop Quarterly Report of all key projects to Council that provides a status and financial information	Immediately	Lachlan Miller	COMPLETED: The Quarter now implemented and being reported to Council and Audit Committee	100%	Complete (Accepted)	30/09/2019

ID:	Risk - 347958
Risk Title or Work Activity:	Business Performance Reporting
Risk Description:	Inability to deliver timely, accurate financial and business reporting
Responsible Person:	Gary Lewis
Date of Risk Identification:	05/02/2025
Corporate Risk?	Yes
Risk Type:	Strategic
Risk Category:	Financial
Team:	Financial Services Team
Location/Project:	Other
Possible Risk Events:	Lack of appropriate systems Manual processes Lack of vendor support
Possible Consequences:	Timeframes unable to met Unable to produce reports Reports are inaccurate/inability to reflect current events Legal implications for going over budget Lack of staff knowledge around the progress against budget Impacts to service delivery
Initial Risk Score:	20 (Extreme (3A)) - 80.00%
Initial Risk Comments:	
Residual Risk Score:	20 (Extreme (3A)) - 80.00%
Residual Risk Comments:	
Other Requirements/Comments:	
Current:	Yes

Risk Controls

Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
Monthly review of reports Reports sent to all managers for viewing/comment Each component has individual audits conducted on it	Bruce Smith	01/04/2025	01/02/2025		INEFFECTIVEÂ (Designed Partially Adequately; Operating Ineffectively)
		20 (Extreme (3A)) - 80.00%			
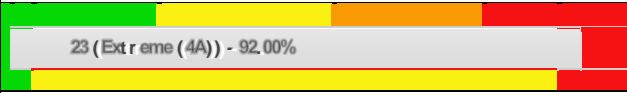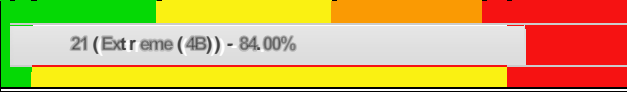
Actions							
Action Source	**Action Required**	**Action Priority**	**Person Responsible**	**Extra Comments**	**Percent Complete**	**Status**	**Due Date**
Corporate Risk Register	New finance system		Bruce Smith		%	New	31/12/2025

ID:	Risk - 344536
Risk Title or Work Activity:	Climate Risk
Risk Description:	Risk evolved from climate changes affecting the whole organisation.
Responsible Person:	David Waters
Date of Risk Identification:	03/12/2024
Corporate Risk?	Yes
Risk Type:	Strategic
Risk Category:	Environment
Team:	Sustainability Waste and Emergency Management Team
Location/Project:	Other
Possible Risk Events:	Increased bushfire risk. Declining tree health. Extreme events i.e. storm, flood, hot weather etc. Lack of grant funding to assist in resilience.
Possible Consequences:	Increased tree fall/limb drop/death. Bushfire occurring. Destruction of buildings and infrastructure. Community and Council implications i.e. financial, reputation, health and safety, resourcing, workloads, biodiversity destruction. Lack of continuation of resilience work.
Initial Risk Score:	23 (Extreme (4A)) - 92.00%
Initial Risk Comments:	
Residual Risk Score:	23 (Extreme (4A)) - 92.00%
Residual Risk Comments:	Residual risk score remains the same due to the unknown elements allocated with this risk.
Other Requirements/Comments:	New legislation comes into effect 2026 around climate risk reporting.
Current:	Yes
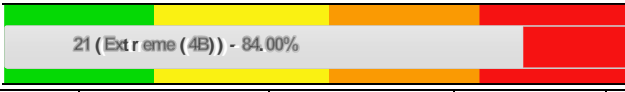
Risk Controls

Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
Mitigations: Climate risk included in management plans. Dedicated positions for sustainability and emergency management, arborists, Regulation of properties. Ongoing carbon reduction approach. Resilience team providing community/staff education around climate change. Partnerships with key stakeholders i.e. CFS, Zone Emergency Management, Resilient Hills and Coast. Carbon management plan.	David Waters	03/03/2025	03/12/2024		PARTIALLY EFFECTIVEÂ (Designed Partially Adequately; Operating Partially Effectively)

23 (Ext r eme (4A)) - 92.00%

Actions								
Action Source	**Action Required**	**Action Priority**	**Person Responsible**	**Extra Comments**	**Percent Complete**	**Status**	**Due Date**	
Corporate Risk Register	Tree strategy plan developed		Damian Brennan		%	New	31/12/2025	
Corporate Risk Register	Carbon management plan.		Sharon Leith		%	New	31/12/2025	
Corporate Risk Register	Obtain funding to continue resilience program		Miranda Hampton		%	New	31/12/2025	
Corporate Risk Register	Climate risk training and incorporate into corporate risk management framework.		Zoe Gill		%	New	31/12/2025	

ID:	Risk - 340653
Risk Title or Work Activity:	Information Services
Risk Description:	Failure to deliver the business-critical Information Services delivered from the Open Office ERP.
Responsible Person:	Gary Lewis
Date of Risk Identification:	09/10/2024
Corporate Risk?	Yes
Risk Type:	Strategic
Risk Category:	Information Technology
Team:	Executive Leadership Team
Location/Project:	Other
Possible Risk Events:	Complete system failure due to unsupported SQL database and unsupported Windows server operating systems. This includes all financial services - property and rating, AR and AP, procurement, infringements, financial asset management, operational and statutory financial reporting. Application support risks stemming from lack of Open Office vendor support/expertise for improvements or meeting legislative changes due to the outdated application version. Higher risk of Cyber Security attack due to inability to patch unsupported Windows Server operating system, SQL database and vendor application.
Possible Consequences:	High financial impact to replace system when it fails. Staff unable to complete their BAU due to insufficient or non-accessible systems. Poor performance, poor reporting, poor recruiting due to limited, old systems. Inability to meet legislative requirements.
Initial Risk Score:	23 (Extreme (4A)) - 92.00%
Initial Risk Comments:	The Open Office ERP system is currently on an unsupported Microsoft SQL database running an unsupported Microsoft Windows server operating systems with limited vendor support from Open Office due to the outdated application version, the system needs urgent attention for replacement. The system is noted in the Cyber Security Action Group item Internal - 25 (https://adelaidehillscouncil.sharepoint.com/sites/CyberSecurityActionGroup2/Lists/Action%20Items/AllItems.aspx) as it doesn't comply with our LGA IT Cyber Security framework failing both Essential 8 and ISO27001 recommendations for system support and patch management.
Residual Risk Score:	21 (Extreme (4B)) - 84.00%
Residual Risk Comments:	Current controls are ineffective leaving system at an unacceptable level of attack or failure and needs a planned replacement.
Other Requirements/Comments:	
Current:	Yes

Risk Controls

Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
Restricted access to internal networks for main server and application	Phil Mattingly	30/09/2025	09/10/2024		PARTIALLY EFFECTIVEÂ (Designed Partially Adequately; Operating Effectively)

18 (High (4C)) - 72.00%					
Cyber Security systems implementation for patching and monitoring	Phil Mattingly	30/09/2025	09/10/2024		INEFFECTIVEÂ (Designed Inadequately; Operating Effectively)
21 (Extreme (4B)) - 84.00%					
Vendor support contract with Open Office	John Gosbell	01/11/2025	09/10/2024		INEFFECTIVEÂ (Designed Inadequately; Operating Ineffectively)
18 (High (4C)) - 72.00%					

Actions							
Action Source	Action Required	Action Priority	Person Responsible	Extra Comments	Percent Complete	Status	Due Date

ID:	Risk - 150009
Risk Title or Work Activity:	Development
Risk Description:	Failure to plan at the local and regional level for the future development and future requirements of the area. (F)
Responsible Person:	Jessica Charlton
Date of Risk Identification:	15/09/2020
Corporate Risk?	Yes
Risk Type:	Strategic
Risk Category:	Service Delivery
Team:	Executive Leadership Team
Location/Project:	Other
Possible Risk Events:	Cause: - Poor understanding of development, infrastructure, population, transport, demographics and trends - Ineffective liaison with state and federal planning and development agencies. - Ineffective strategies to enhance and conserve character areas and iconic sites. - Poor place making strategies. - Deficient planning and building rules consent practices. - Ineffective infrastructure planning processes. - Lack of appropriately trained and experienced staff. - Poor business planning and budgeting processes to allocate sufficient resources to functions
Possible Consequences:	Impact: - Poor planning and development outcomes, ad-hoc and reactionary planning, unresponsive approaches to addressing community needs and trends - Uncoordinated approaches to infrastructure provision, lack of partnership &amp;amp;amp;amp;amp;amp; funding arrangements, lack of collaborative &amp;amp;amp;amp;amp;amp; mutually beneficial outcomes for community, Council and State Govt., duplication of services and resources - Disempowered community with poor and inefficient use of public spaces - Dysfunctional organisation with a poor reputation resulting in community dissatisfaction with level and type of service provision resulting in a Council regime change - Non-compliant with legislative responsibilities resulting in considerable liability exposure - Inconsistent and misdirected operations and service provision
Initial Risk Score:	21 (Extreme (4B)) - 84.00%
Initial Risk Comments:	Lack of poor planning, adequately trained staff, poor research into planning issues facing the Council area from a planning and development point of view leading to poor development outcomes, unresponsive planning policy and controls and lack of appropriate or required infrastructure
Residual Risk Score:	5 (Low (2D)) - 20.00%
Residual Risk Comments:	Employment of appropriately trained and qualified staff; undertaking thorough analysis of planning policy and development related matters facing Council; having adequate community engagement into these matters to ensure development policies are responsive to community needs and aspirations; having appropriate training and delegations in place for effective and efficient decision making for development assessment function; having an effective, trained and experienced Council Assessment Panel in place to determine delegations to the Assessment Manager/staff and make decisions on complex development applications.

Other Requirements/Comments:	
Current:	Yes

Risk Controls

Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
- Development Policy Planning function in place to monitor, analyse and advise - Implementing and transitioning to the new Planning & Design Code - Up to date Policy in place - Privately funded Code Amendment Policy and other development related policies in place - Participation in relevant forums with State & Federal Govt and other stakeholder groups regarding any changes to development policy - Undertake responsibilities outlined in the Collaborative Work Plan between SPC and Council regarding transitioning to the new Planning, Development & Infrastructure (PDI) Act 2016 - Transition and amend where required the Council's Development Plan to the Planning & Design Code over the next 3 years in accordance with the PDI Act - Precinct Planning Framework and expertise in place - Skilled and experienced planning, building, infrastructure, sport & recreation planning, community development and economic development teams in place - Community engagement and consultation methodologies in place to accord with the State's Community Engagement Charter - Relevant development assessment staff and CAP members accredited in accordance with the State's Accreditation Scheme - 4x8 processes identifying training and development needs - Development and PDI Act delegations and sub-delegations - CAP in place and functioning - Adopted District Master Plan in place - Regional Climate Change Adaptation Plan - Resilient Hills and Coast	Jessica Charlton	31/03/2025	11/11/2024	Resourcing approach to be reviewed.	PARTIALLY EFFECTIVEÂ (Designed Adequately; Operating Partially Effectively)

5 (Low (2D)) - 20.00%

Actions

Action Source	Action Required	Action Priority	Person Responsible	Extra Comments	Percent Complete	Status	Due Date
Corporate Risk Register	Rollout of Precinct Planning methodologies as projects are identified	Immediately	James Szabo	COMPLETED. Precinct Planning methodology in place and Place Making Coordinator role established to role out place making initiatives as and when required. Stirling Mainstreet Design Guidelines and Crafers Mainstreet Urban Design Framework completed. Gumeracha mainstreet project underway. Discussions underway with Imagine Uraidla group to commence possible mainstreet project.	100%	Complete (Accepted)	01/01/2021
Corporate Risk Register	Progression of outstanding DPA: Local Heritage (Stage 1 DPA) to be lodged with the Minister for approval in May 2018	Immediately	James Szabo	COMPLETED. Stage 1 DPA approved by SPDPC on 14 August 2018 and subsequently by the Minister for Planning on 8 August 2019.	100%	Complete (Accepted)	01/09/2019

Corporate Risk Register	Implementation of Planning, Development & Infrastructure (PDI) Act reforms	Immediately	Deryn Atkinson	COMPLETE: The PDI Act went live for our Council area on 19 March 2021. By the go live date, staff had prepared all the delegations, policies and procedures provided by the State Planning Commission (SPC) and in accordance with the business readiness program. However, the SPC continues to make changes to the delegations and policies & procedures in response to identified issues with the new system. It is anticipated that this will be ongoing for the rest of 2021. Although the compliance inspection module has been implemented by the SPC, full functionality is yet to be determined and staff will monitor this to decide on whether or not the integration with Open Office and the new Planning Portal is still required.	100%	Complete (Accepted)	19/03/2021
Corporate Risk Register	Transition of Development Plan into the new Planning & Design (P&D) Code	Immediately	James Szabo	COMPLETED: Council participated in forums with the State Planning Commission to ensure that desired changes to the Rural Planning Policy were incorporated into development of Planning & Design Code. The entire Development Plan has now transitioned into the aforementioned Code which went live on 19 March 2021. Although not all desired development policies were transitioned into the Code, staff will monitor the assessment of applications and outcomes achieved. If required, recommendations will be put to Council to seek desired amendments to the Code to achieve the desired outcomes in the future.	100%	Complete (Accepted)	19/03/2021
Corporate Risk Register	Asset Management Planning - renewal and future requirements	Immediately	Peter Bice	IN PROGRESS. Asset Management Plan reviews underway, and ongoing. Jeff Roorda Review findings and reasinable assumptions being considered and incorporated where appropriate. *06/07/2021 by Peter Bice* - Asset Management planning is legislated, and we work with our Auditors annually to ensure the updating schedule is appropriate, and our Asset Management Maturity continues to improve.	100%	Complete (Accepted)	30/06/2021
Corporate Risk Register	Regional Climate Change Adaptation Plan - Resilient Hills and Coast	Immediately	Peter Bice	COMPLETED. Plan endorsed by Council 27/09/16 *13/10/2021 by Peter Bice* -	100%	Complete (Accepted)	31/12/2021

ID:	Risk - 170851
Risk Title or Work Activity:	Growth and Prosperity
Risk Description:	Failure to promote the Council area and provide an attractive climate and locations for the development of business, commerce, industry and tourism (F)
Responsible Person:	Jessica Charlton
Date of Risk Identification:	09/02/2021
Corporate Risk?	Yes
Risk Type:	Strategic
Risk Category:	Growth & Prosperity
Team:	Executive Leadership Team Economic Development Team
Location/Project:	Other
Possible Risk Events:	Cause: -- Inadequate provision for commercial development in the Development Code -- Minimal or no understanding of, and support for, business and tourism representative groups/associations -- Lack of business operating skills in people who wish to run a business -- Lack of understanding of economic drivers -- Inappropriate infrastructure in industrial precincts or nodes, placing barriers on development of industrial precincts. -- Lack of understanding of tourism demand -- Poor business sustainability in the face of economic challenges
Possible Consequences:	Impact: -- Loss of local jobs -- Loss of basic local retail and service businesses -- Devaluation of local residential and commercial property -- Rise in social problems and reduced quality of life -- Reduced property values -- Impact on Council's reputation as being across economic issues and supporting sustainable development
Initial Risk Score:	17 (High (3B)) - 68.00%
Initial Risk Comments:	Inherent risk assessment considered impacts to both the local economy and the Council's reputation (as per consequences outlined above).
Residual Risk Score:	5 (Low (2D)) - 20.00%
Residual Risk Comments:	Residual risk rating is based on the existing controls. It is noted that there are other risk events entirely outside of Council's control which affect economic prosperity in the district and these are not considered here.
Other Requirements/Comments:	
Current:	Yes

Risk Controls

Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness

Current Economic Development Plan 2020-24 (adopted by Council Feb 21, replacing former Economic Development Strategy); Provision for resourcing an economic development officer to deliver EDP and provide support to this risk area; Regular pattern of engagement with local business communities and stakeholder groups; Database containing contact details of all people operating businesses in the district, to enable e-communication (qtly business newsletter and ad-hoc as required); Partnership with Mount Barker DC and SATC to fund Adelaide Hills Tourism, which is designed to help providers understand and leverage tourism opportunities; Annual subscription to Economy.id, which enables ready access to economic demographic data for the Council district, available for businesses and the public; Active participation in Adelaide Hills Business Support Network, comprising representatives of agencies providing business support services in the Hills.	Jessica Charlton	31/03/2025	11/11/2024	Comprehensive risk review undertaken August 2022 to update actions and controls. New risk event identified. Old (completed) actions deleted and new actions added. November 2024 - Economic Development Plan reaching expected completion date and needs reviewing. Resourcing approach to be reviewed. Continuing funding partnerships with Adelaide Hills Tourism and Regional Development Australia.	PARTIALLY EFFECTIVEÂ (Designed Adequately; Operating Partially Effectively)

5 (Low (2D)) - 20.00%

Actions

Action Source	Action Required	Action Priority	Person Responsible	Extra Comments	Percent Complete	Status	Due Date
Corporate Risk Register	Development of revised Economic Development Strategy Action Plan, involving engagement with key stakeholders to ensure Council's role is appropriately identified.	Immediately	Melissa Bright	Workshop held with Council Members late 2020. Anticipated to come to Council in March 2021 for adoption. Implementation to follow in the ensuing years. *08/04/2021 by Melissa Bright* - Economic Development Plan finalised and endorsed by Council on 23 Feb 2021	100%	Complete (Accepted)	31/03/2021
Corporate Risk Register	Identify significant economic infrastructure issues and opportunities	Immediately	Marc Salver	COMPLETED: Manager ED worked with key stakeholders to progress two major transport routes - b-double access to Lobethal and Northern Freight Train Bypass. The B-double access project was completed in 2019. However, the State Government announced they would not be progressing the Northern Freight Train Bypass.	100%	Complete (Accepted)	31/12/2016
Corporate Risk Register	Assess effectiveness of key points of AHC engagement with community	Immediately	Marc Salver	Ongoing through role of Community Engagement Coordinator, through the introduction of online engagement tool and use of other social media platforms and engagement methodologies	100%	Complete (Accepted)	01/07/2016

Corporate Risk Register	Active and positive engagement with local business communities	Immediately	Melissa Bright	Ongoing role of MED	100%	Complete (Accepted)	01/07/2016
Corporate Risk Register	Encourage an integrated and coordinated approach across all levels of govt to create a diverse and sustainable economy across the District	Immediately	Melissa Bright	Actively developing and maintaining relationships with relevant State and Commonwealth Govt agencies	100%	Person Responsible Complete	30/10/2016
Corporate Risk Register	Work actively with business groups and associations, providing resources to interact and network on a consistent basis. Key role for EDO	Immediately	Melissa Bright	The Manager ED is actively building relationships with existing business associations and working with communities that currently do not have business groups (e.g. Gumeracha, Northern Hills, Lobethal) to explore the benefits	100%	Person Responsible Complete	30/12/2016
Corporate Risk Register	Assess effectiveness of key points of engagement with community e.g. website, contact centre, development approval process, waste, health and regulatory services	Immediately	Melissa Bright	Quarterly e-newsletters distributed to more than 6,000 registered ABNs in the region. Mostly achieving above industry standards with at least 30% open rate and over 10% click rate.	100%	Person Responsible Complete	30/12/2016
Corporate Risk Register	Develop business contact database	Immediately	Melissa Bright	NIL	100%	Person Responsible Complete	31/12/2016
Corporate Risk Register	Identify significant organisations, roles and skillsets within region	Immediately	Melissa Bright	Relationships with key contacts with business and industry organisations being regularly maintained and developed by the MED	100%	Person Responsible Complete	31/12/2016
Corporate Risk Register	Improve partnership with DC Mt Barker and SATC to assist Adelaide Hills Tourism leverage tourism opportunities	Immediately	Melissa Bright	MED active committee member of Adelaide Hills Tourism (AHT) and Visitor Information Servicing Group	100%	Person Responsible Complete	31/12/2016
Corporate Risk Register	Improve engagement with local business associations	Immediately	Melissa Bright	Regular communication established with SBA and WCA	100%	Person Responsible Complete	31/12/2016
Corporate Risk Register	Undertake precinct planning/placemaking, with consideration of triple bottom line (As appropriate)	Immediately	Melissa Bright	The MED is a member of Council's Placemaking group to ensure a coordinated approach	100%	Person Responsible Complete	31/12/2016
Corporate Risk Register	Undertake a mid-term review of progress against activity identified in the Economic Development Plan.	Six Months	Melissa Bright	This action will potentially result in changes to a number of identification actions and order of priority.	100%	Complete (Accepted)	30/06/2023
Corporate Risk Register	Encourage the development of support structures for small, start up and Home Based Businesses.	Immediately	Brett Mayne	A Home Based Business Network has been established and is meeting every 3 times a year and has developed its own Facebook page to maintain contact with members.	100%	Complete (Accepted)	01/09/2023
Corporate Risk Register	Advocate to State and Federal Government agencies for increased availability and improved coordination of Business Services.	Immediately	Brett Mayne	The Adelaide Hills Business Support Network is active and seeking solutions to Business servicing issues. It comprises representatives from Australian State and Local Government as well as locally based service providers.	100%	Complete (Accepted)	30/11/2023
Corporate Risk Register	Design and establish a Business Services Hub for Creative Industries based from Fabrik.	Immediately	Brett Mayne	Initial Research has been undertaken. Next steps are being worked through.	50%	Not Complete (Overdue)	28/06/2024

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

Risk Controls

Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness

CLMP Established: Karen: Dec 2024 Building Asset Management Plans Established: Karen: June 22 Sustainable funding for Asset Renewal and Mtce captured within LTFP: Chris / Karen: Annual Strategic Plan includes Goals / Objectives / Priorities associated with Public Areas : Karen: 2024 Sport & Recreation Strategy: Renee : June 22 Property Structure & Resourcing appropriate : Karen: Dec 22 Open Space & Recreation Structure & Resourcing appropriate : Chris : Dec 22 Audit of trees undertaken of high risk trees areas : Damian : Oct 2023 Inspection regime in place for high risk assets (building, playground equipment) : Customer Request System established and integrated with Asset Mgt System : David W : Dec 22 Cemeteries Operating Policy & supporting mtce program: Alana: Dec 21 Leases and Licenses for public areas established: Gen : June 2023 Trails Strategy adopted : Renee : June 22 Strategic Bicycle Plan : Renee : June 22 Crown Land Review Completed		01/03/2025	11/11/2024	A cross functional review of this risk was undertaken in July 2021. This review resulted in a reassessment of all controls and actions required.	Moderate reduction in risk

15 (High (5E)) - 60.00%

Actions

Action Source	Action Required	Action Priority	Person Responsible	Extra Comments	Percent Complete	Status	Due Date
Corporate Risk Register	Update Community Land Management Plans	Six Months	Karen Cummings	Updated Community Land Management Plans and Register were adopted by Council in September 2019. A review of the Community Land Register and Community Land Management Plans should occur at least every 2 years.	100%	Complete (Accepted)	30/09/2021

Corporate Risk Register	Programmed maintenance regime to be developed (land and buildings)	Immediately	Karen Cummings	Strategic Property Review endorsed by Council. Programmed maintenance schedules developed in Open Space and Civil Services areas. Building maintenance schedule being developed as part of Facility Framework, service standards to be developed. Open Space operation programs for roadside and reserve maintenance are incorporated into Road Reserves Annual Maintenance Program and to include in Roadside Vegetation Management Plan. Asset Management Plan Review included in 2022/23 Budget *18/07/2024* *by Karen Cummings* Building Asset Management Plan to be tabled with Council in September 2024, followed by a report to the Audit Commitee	92%	Not Complete (Overdue)	30/06/2024
Corporate Risk Register	Review of Crown Land under care and control of Council	Six Months	Karen Cummings	Detailed assessment of all land parcels undertaken and workshop and report provided to Council. Preliminary consultation completed in relation to potential land parcels to hand back to the Crown. Revocation of community land classification commenced with formal community consultation completed. A report was presented to Council in March 2021 to continue the revocation process that was endorsed. Application for approval for revocation has been lodged with the Minister for Planning. Following a response from the Minister for Planning, a workshop will be held with Council prior to a report being presented to Council for further consideration. Note 9/01/2023: Response received from Minister - revocation now referred to Crown Lands department to revoke the Community Land classification. Workshop held with Council in late 2023. Matter still to be referred to the Chamber for a final decision following examination of opportunities raised by Council Members. *11/07/2023* *by Karen Cummings* Report to be considered by Council on 25/07/2023 for 18 parcels of Crown Land to be reverted back to the Crown *04/01/2022* *by Natalie Armstrong* Application for approval for revocation lodged with Minister for Planning.	75%	Not Complete (Overdue)	30/06/2023
Corporate Risk Register	Review of the Trails Strategy (including Bicycle Plan)	Six Months	Renee O'Connor	Trails Strategy developed and adopted by Council. Funding for implementation of the Strategy included in the 2022/23 Annual Business Plan. *03/01/2023* *by Renee O'Connor* The new Trails & Cycling Rotes Framework has been endorsed, concluding the review of all previous trails & cycling strategic documents.	100%	Complete (Accepted)	30/06/2023
Corporate Risk Register	Building Asset Management Plans Updated	Six Months	Karen Cummings	The audit across buildings for valuations, condition assessment, insurance and sustainability base line has now been undertaken. The Building AMP is now in development, with the draft document nearing completion.Some delay has been experienced due to competing priority project delivery and staff vacancy, and an end of year completion is more realistic. *18/07/2024* *by Karen Cummings* Building Asset Management Plan to be discussed with Council in September 2024, followed by report to Audit Committee thereafter	75%	Not Complete (Overdue)	30/06/2024

Corporate Risk Register	LTFP reviewed to accommodate the ongoing cost of recovery from disaster events	Six Months	Christopher Janssan	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 Councilï¿½ï¿½ï¿½ï¿½ï¿½ï¿½ï¿½ï¿½s strong preference to borrow if such a major event did occur rather than requiring an increase in rates to fund any financial impact.	100%	Complete (Accepted)	31/03/2022
Corporate Risk Register	Finalise the Community Recreation Facilities Framework (by 31/12/2021) and develop a strategy for inclusion in the LTFP for future funding.	Six Months	Renee O'Connor	*03/01/2023* *by Renee O'Connor* The Community & Recreation Facilities Framework was endorsed by Council in 2022, & financial implementation was included in the 2022 iteration of the LTFP review. *01/08/2022* *by Renee O'Connor* The final draft documents will be presented to Council at its August 2022 meeting for endorsement. Staged financial implementation has been considered & included in the recent review of the LTFP.	100%	Complete (Accepted)	31/03/2022
Corporate Risk Register	Undertake a review of the Sport and Recreation Strategy	Six Months	Renee O'Connor	*01/08/2022* *by Renee O'Connor* Sport & Recreation team staff have commenced the initial phase of the Sport & Recreation Strategy review.	15%	In Process	30/06/2025
Corporate Risk Register	Develop Public Toilet Strategy	Six Months	Steve Sauerwald	Development of a Public Toilet Strategy will include the assessment of existing facilities (including link to building audit to be undertaken), development of guidelines in relation to public toilet renewal and new options, development of priorities of upgrades and new, position in relation to supporting community groups who provide public toilet facilities in locations where Council does not provide public toilet facilities *14/09/2023* *by Steve Sauerwald* 14/09/2023 - Physical audit completed 01/09/2023, with a draft documentation being prepared for a meeting review scheduled for 14/09/2023. Strategy draft being compiled by SS and ML. The Strategy will include proposed service levels, a standardisation of product selections and a proposed priority of works reflecting the Sprout and Nielsen's reports and AHC frequency of community related complaints. Anticipated completion of the draft documentation 31/10/2023. *14/07/2023* *by Steve Sauerwald* Physical Public Toilet audit commenced 11/07/2023. Gathered information will be collated with the Sprout audit information and presented in a one page per asset format. Anticipated completion by end of August 2023.	30%	In Process	30/06/2025

Corporate Risk Register	Review the Open Space Mtce Programs to inform an update to the LTFP	Six Months	Nicole Budd	Program completed March 2023. Now being reviewed & adjusted due to taking on in-house maintenance of Hamilton Hill. *16/01/2023* *by Nicole Budd* Due to restructure within Open Space Ops team, we are finalising updated programs now that will be allocated within three new 'sub-teams' within the OPs team. Programs to be completed by end of February 2023. *29/12/2021* *by Nicole Budd* Mowing schedules have been updated to best reflect efficiency over the prime mowing season. Also, currently reviewing schedule for playground & cemetery maintenance to ensure compliance with Australian Standards & community expectations.	100%	Complete (Accepted)	17/02/2023
Corporate Risk Register	In conjunction with Rec & Sport update the audit regime of high risk assets following finalisation of the Community Recreation Facilities Framework	Six Months	Karen Cummings	Priority has been on implementing the Community and Recreation Facilities Framework which will continue into the first half of 2023. The Building audit findings have just been received in late 2022 and there have been no significant high priority risks identified. Staff will continue to implement the Community and Recreation Facilities Framework and review the building audit data and other data to identify high risk assets and their audit regime.	30%	Not Complete (Overdue)	30/06/2023
Corporate Risk Register	Develop Cemetery Mgt Plans for each cemetery under AHC care and control	Six Months	Karen Cummings	Development of management plans for each cemetery will be undertaken as resourcing allows with the heritage listed cemeteries taking priority.	10%	Not Complete (Overdue)	30/06/2023

Appendix 2
Risk Management Project Plan

Risk Management Project Plan

Name ⌄		Quick look ⌄	Assigned to ⌄	Start ⌄	Finish ⌄
⌄ **Risk Management Documents**				**11/18/2024**	**7/3/2025**
Create Board Risk Appetite Statement	ⓘ ⋮		Ⓛ Lauren Jak	11/18/2024	1/27/2025
Create Risk Framework			Ⓛ Lauren Jak	11/18/2024	1/27/2025
ELT to review appetite and framework			Ⓛ Lauren Jak	1/27/2025	2/7/2025
Audit Committee to endorse risk appetite and note framework			Ⓛ Lauren Jak	2/17/2025	2/17/2025
Council to approve risk appetite			Ⓛ Lauren Jak	2/25/2025	2/25/2025
Risk Procedure to be created			Ⓛ Lauren Jak	11/18/2024	2/24/2025
ELT to review procedure			Ⓛ Lauren Jak	2/24/2025	7/3/2025
Consultation from all staff on framework and procedure			Ⓛ Lauren Jak	3/10/2025	3/28/2025
CEO to approve procedure (internal document)			Ⓛ Lauren Jak	3/31/2025	4/4/2025
Audit Committee to endorse framework and note procedure			Ⓛ Lauren Jak	4/14/2025	4/14/2025
Council to approve risk framework			Ⓛ Lauren Jak	4/22/2025	4/22/2025
Publish Risk framework on website			Ⓛ Lauren Jak	4/28/2025	4/28/2025
All documents published on staff intranet and shared with staff			Ⓛ Lauren Jak	4/28/2025	4/28/2025
⌄ **Strategic & Operational Risks Development**				**2/3/2025**	**7/11/2025**
Get SkyTrust tweaked			Ⓛ Lauren Jak	4/7/2025	4/28/2025
Inform SLT about risk project plan			Ⓛ Lauren Jak	2/3/2025	4/28/2025
Workshop strategic risks with ELT	ⓘ ⋮		Ⓛ Lauren Jak	4/28/2025	5/9/2025
Input strategic risks in SkyTrust			Ⓛ Lauren Jak	5/12/2025	5/16/2025
Workshops operational risks with individual teams			Ⓛ Lauren Jak	5/19/2025	6/13/2025
Meetings with managers to finalise data from workshops			Ⓛ Lauren Jak	6/16/2025	6/27/2025
Input operational data into risk register			Ⓛ Lauren Jak	7/7/2025	7/11/2025
⌄ **Risk Reporting**				**7/7/2025**	**9/5/2025**
Create template for ELT quarterly risk report			Ⓛ Lauren Jak	7/7/2025	7/18/2025
Create/modify template for quarterly risk report to Audit Committee			Ⓛ Lauren Jak	7/7/2025	7/18/2025
Update risk section in Council and committee papers			Ⓛ Lauren Jak	7/7/2025	7/18/2025
First operational risk reporting cycle to ELT			Ⓛ Lauren Jak	8/4/2025	8/29/2025
First risk cycle reporting to Audit Committee and Council			Ⓛ Lauren Jak	8/18/2025	8/26/2025
Tweak risk reporting as needed			Ⓛ Lauren Jak	9/1/2025	9/5/2025

Phase1 – Risk Management Documents

			Apr 2024	Jun 2024	Jul 2024	Sep 2024	Nov 2024	Jan 2025	Mar 2025	May 2025	Jun 2025
1	○	⌄ Risk Management Documents									
2	○	Create Board Risk Appetite Statement									
3	○	Create Risk Framework									
4	○	ELT to review appetite and framework									
5	○	Audit Committee to endorse risk appetite and note framework									
6	○	Council to approve risk appetite									
7	○	Risk Procedure to be created									
8	○	ELT to review procedure									
9	○	Consultation from all staff on framework and procedure									
10	○	CEO to approve procedure (internal document)									
11	○	Audit Committee to endorse framework and note procedure									
12	○	Council to approve risk framework									
13	○	Publish Risk framework on website									
14	○	All documents published on staff intranet and shared with staff									

Phase 2 – Strategic & Operational Risk Development
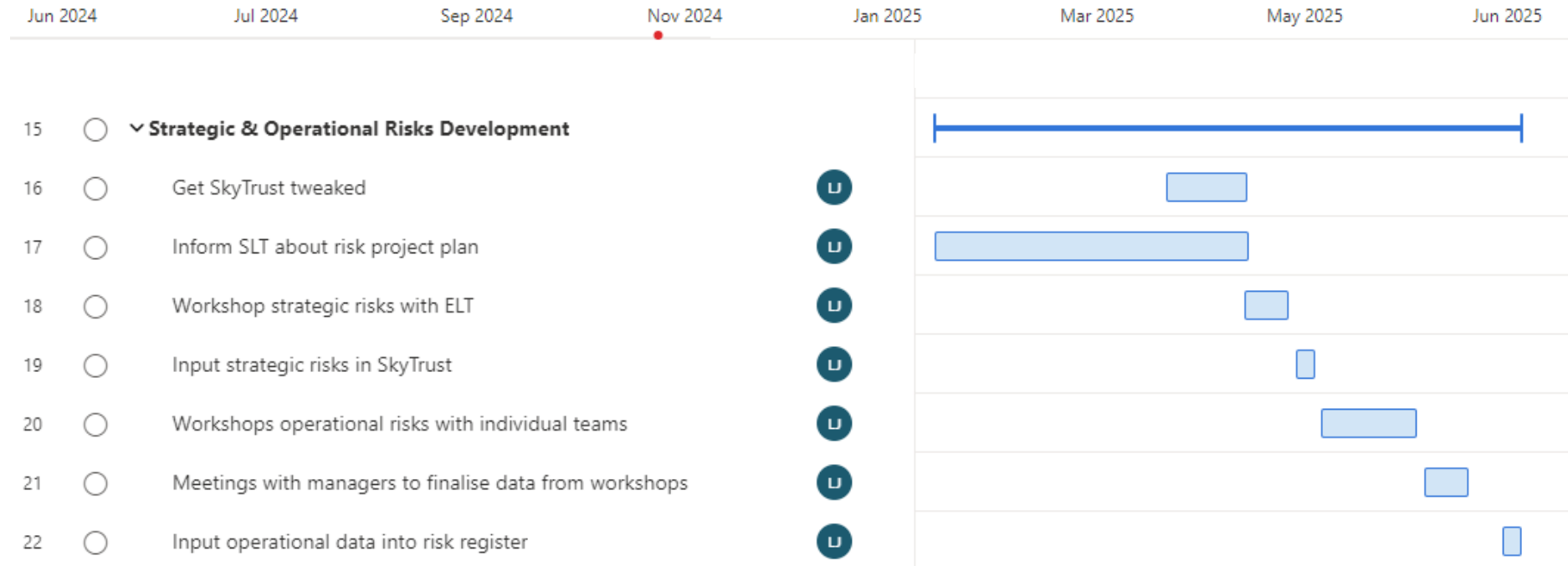
			Jun 2024	Jul 2024	Sep 2024	Nov 2024	Jan 2025	Mar 2025	May 2025	Jun 2025
15	○	∨ **Strategic & Operational Risks Development**								
16	○	Get SkyTrust tweaked								
17	○	Inform SLT about risk project plan								
18	○	Workshop strategic risks with ELT								
19	○	Input strategic risks in SkyTrust								
20	○	Workshops operational risks with individual teams								
21	○	Meetings with managers to finalise data from workshops								
22	○	Input operational data into risk register								

Phase 3 – Risk Reporting

23	○	⌄ **Risk Reporting**	
24	○	Create template for ELT quarterly risk report	LI
25	○	Create/modify template for quarterly risk report to Audit Committ...	LI
26	○	Update risk section in Council and committee papers	LI
27	○	First operational risk reporting cycle to ELT	LI
28	○	First risk cycle reporting to Audit Committee and Council	LI
29	○	Tweak risk reporting as needed	LI
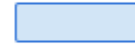
Item:	**8.4**
Responsible Officer:	**Zoe Gill** **Executive Governance Officer** **Office of the Chief Executive**
Subject:	**LGRS Risk Profiling 2024 Results**
For:	**Information**

SUMMARY

Bi-annually Local Government Risk Services (LGRS) undertakes an evaluation of each council's risk management status by way of reviewing operational areas measured against a local government sector baseline. An evaluation was undertaken in late October 2019 with receipt of the final *LGRS Risk Evaluation Summary Report* occurring 17 December 2019.

This purpose of this report is to provide the LGRS Evaluation 2019 Results to the Audit Committee and to clarify the next steps in relation to addressing the findings (i.e. development of an Action Plan)

RECOMMENDATION

The Audit Committee resolves:

1. **To receive and note the LGRS Risk Profiling Report (item 8.4, 17 February 2025 Audit committee meeting).**
2. **To note the 2024 *LGRS Risk Profiling Final Report* in Appendix 1 (item 8.4, 17 February 2025 Audit committee meeting).**
3. To note that the LGRS Risk Profiling Actions in Appendix 2 will be presented in upcoming meetings as per the Audit Committee Workplan (item 8.4, 17 February 2025 Audit committee meeting).

1.   **BACKGROUND**

        Bi-annually Local Government Risk Services (LGRS) undertakes an evaluation of each council's risk management status by way of reviewing operational areas measured against a local government sector baseline, including the application of a Risk Management Framework and related processes, organisational systems that influence council's risk profile and specific high risk activities and assets.

        The previous Risk Evaluation occurred in 2019, with a report being presented to the Audit Committee. A *Risk Management Improvement Action Plan* was prepared to respond to the

findings of the Evaluation and update reports were presented to the Audit Committee indicating progress on implementation of the agreed actions.

The latest *LGRS Risk Profiling Final Report* is contained in **Appendix 1** of this report and an all recommendations **(Appendix 2)** contained within will be placed on the Audit Action Tracker to be presented in future meetings as per the Audit Committee Work Plan.

2.   ANALYSIS

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

Strategic Plan 2024 – Your Place, Your Space

Goal 4	Organisation
Objective O2	Operate with integrity using best practice governance processes.
Priority O2.1	Demonstrate accountable and transparent decision making.
Priority O2.2	Support decision making through the use of timely data-driven analysis and reporting.
Priority O2.3	Enhance governance structures and systems to be agile and support our legislative obligations.

➢   **Legal Implications**

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

➢   **Risk Management Implications**

The LGRS Risk Profiling provides an external assessment of aspects of Council's current risk management framework and status. Actively responding to this external assessment with actions addressing identified areas for improvement will assist in mitigating the risk of:

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)

➢   **Financial and Resource Implications**

There are no direct financial implications in undertaking the review itself. It is a free service provided by LGRS on a bi-annual basis.

The results of the LGRS Evaluation are considered by the LGAMLS, together with Council's claim record, in setting our contribution and in calculating the potential amount that may be available as a special distribution. A special distribution is not available every year. The amount is based on funds remaining after all claims across the State have been paid.

Some actions included in the Risk Profiling Recommendations (**Appendix 2**) may have costs related to them; however, these will be referred to Council, or scheduled in the Annual Business Plan and Budget process for consideration, as needed.

> ➢ **Customer Service and Community/Cultural Implications**

There is a high expectation that Council has appropriate corporate governance processes in place including an effective corporate risk management system that is applied to minimise the impact of potential risk events.

> ➢ **Sustainability Implications**

Not applicable.

> ➢ **Engagement/Consultation conducted in the development of this 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 2024 LGRS Risk Profiling covered a range of areas:
- Documented systems
- Training and competency
- Application of systems
- Remedial actions
- Monitoring and review

The Audit, Risk and Insurance Officer worked with key staff to complete the Risk Profiling summary prior to the meeting with the LGRS representative to work through the initial answers. A draft report was then provided by LGRS with only minor changes needing to be made by Council. The final report was provided to Council in December 2024.

There were 12 recommendations provided following the report which Council has accepted. Of these 12 recommendations:
- 9 are already included in the Risk Management Project Plan
- 1 is in progress
- 2 to be completed

All of the proposed actions can be accommodated within existing budgets, only requiring individuals time to complete and consultation. All actions will be transcribed to the coming Audit Action Tracker to allow for timeframes and actions to be met appropriately.

Participating in this external evaluation of Council's Risk Management systems, processes and potential liabilities provides Council with a sound basis on which to continually improve the strength of the organisations risk management.

3. **OPTIONS**

The Committee has the following options:

I. To resolve to receive and note the report (Recommended)
II. To note the 2024 LGRS Risk Profiling Final Report (Recommended)
III. To note that the LGRS Risk Profiling Actions will be presented in upcoming meetings as per the Audit Committee Workplan. (Recommended)
IV. To determine an alternate course of action (Not Recommended).

4. APPENDICES

1. LGRS Risk Profiling Final Report
2. LGRS Risk Profiling Recommendations

Appendix 1
LGRS Risk Profiling Final Report

Mutual Liability Scheme
Local Government Association of South Australia

Risk Profiling Summary - Risk Management Systems

Adelaide Hills Council

Dec 09 2024 4:09pm ACDT

Gundi Gajda, WHS & Risk Team, LGRS

Background

As part of its risk profiling program, the Local Government Mutual Liability Scheme (LGAMLS) undertakes a review of a different aspect of each Member's operations three (3) times a year. It is acknowledged that not all topics will are relevant to all Scheme Members and in these circumstances, only the relevant topics will be profiled.

The purpose of the review is to establish a sector-wide risk profile and to identify areas of potential risk exposure, (for the individual Member as well as the Local Government sector.) Where sector-wide trends are identified, the LGAMLS will consider what programs may be required or, where risk exposures are unique or affect only a small number of Members, individual programs of tailored support may be more appropriate.

The selected topic for this pilot program is risk management systems and this report contains a overview of Adelaide Hills Council's risk management systems, together with suggested actions that may assist in improving the effectiveness of those systems where potential risks have been identified.

Why are risk management systems being profiled?

Risk management systems have been included as a mandatory topic past two rounds of risk evaluations and has shown that the majority of Scheme Members do not have effective systems in place to manage risk across the organisation.

Results indicate that members have documented processes in place but these have not yet been fully implemented. Opportunities for improvement include risk repository/register(s); provision of information & training (identification, planning & provision of) as well as the monitoring and reporting processes.

Methodology

Within each topic, each set of questions has been structured around the following components:

1. Documented systems
2. Training and competency
3. Application of systems
4. Remedial actions
5. Monitoring and review.

This structure will allow each Member to identify common trends across the profiled topics, which may in turn help to identify strengths and weaknesses more broadly across the organisation.

Each component has a number of indicators, which are based on the Australian Standard(s) or on requirements of LGAMLS membership.

A significant change in the risk profiling methodology is the move to scaled responses for each of the system indicators, as opposed to the "yes/no" or "sector baseline met/not yet met" response used in risk evaluations. This better recognises the status of each Member's systems and will help Members identify where systems are adequate or where minor modifications may be required versus major system development needs.

The scaling methodology is explained in the guidance material that was provided prior to the self-assessment and is also available on the Member Centre.

As a part of the risk profiling process, each Member was required to complete a self assessment, (comprising multiple choice questions,) and provide an overview of the systems currently in place. This was then validated by an LGAMLS representative during a site visit, who spoke with relevant employees and observed the systems and record keeping in a live environment. These observations are recorded in this report and, where opportunities for improvement have been identified, the LGAMLS representative has suggested some possible actions that may assist in reducing Adelaide Hills Council's risk exposure.

Part 1: Documented systems

1(a) Is there a current and endorsed document containing objectives or statement of intent, high level roles & responsibilities of staff, Elected/ Board Members and the Audit & Risk Committee and aligns with AS ISO 31000 (or other recognised standard)?

> Document (containing all relevant information) in place and current [100%]

Scheme Member's description of systems in place:

AHC has a current Risk Management Policy, available on our website. It includes reference to the LGA 1999, other relevant legislation and ISO 31000. It discusses Councils commitment, discusses responsiilities and delegations. Note: This policy is on the Risk Management Project Plan to be updated in the next few months. Part of the project plan is to create a framework document, update the existing policy, update the internal procedure and create a board risk appetite statement.

What was observed in practice:

RSA Changed Members response from 'Document in draft or incomplete (not containing all relevant information' to 'Document (containing all relevant information) in place and current'. Councils Risk Management Policy was provided as evidence. The Policy is current with a review date of April 2025 set. The Policy contains objectives, a policy statement, sets out roles and responsibilities for Council and Audit & Risk Committee and aligns with AS ISO 31000. The Policy is available to view on Councils website.

Suggested actions:

When Policy is reviewed, update wording from 'Audit Committee' to 'Audit & Risk Committee' to align with Local Government Act terminology.

1(b) Is there a current and internally endorsed document containing processes and tools for how risk identification and assessments are to be undertaken that align to the expectations of AS ISO 31000 or other recognised standard?

<div style="background-color:orange">Document in draft or incomplete (not containing all relevant information)</div>

Scheme Member's description of systems in place:

AHC has an internal Corporate Risk Management Guide which outlines the risk management process, includes reference to ISA 31000. It outlines the different types of risk, controls, consequences, monitoring etc. Does not have reference to the Local Government Act 1999. Note: this document is on the Risk Management Project Plan to have updated in the next few months.

What was observed in practice:

Councils Corporate Risk Management Guide was provided as evidence. The Guide focuses on risk identification, analysis, evaluation, treatment and monitoring and review of identified risks. The Guide contains working examples and would be beneficial to all stakeholders who complete risk assessments. The Guide does not formally address roles and responsibilities, leadership and commitment, legislative compliance, document control or internal auditing or training requirements.

Suggested actions:

It is recommended that a formal Risk Management Framework be developed to capture all requirements. LGAMLS document 'Risk Management Framework' was suggested as a starting point and could be adapted to suit Councils needs and include recent legislation changes from 2024. Recommend to continue engagement with LGRS Strategic Risk Team in the Risk Management Program.

1(c) Is there a process in place to keep the risk management approach documentation current and relevant which includes a process for the authorisation/ endorsement/ adoption of this documentation?

<div style="background-color:red;color:white">No process in place</div>

Scheme Member's description of systems in place:

No formal process in place. The Risk Policy and Framework is always updated but no formal review process in place.

What was observed in practice:

An annual workplan is submitted to the Audit & Risk Committee and it is from here that review and update of documents is determined. Council has employed a Policy Officer who will have the responsibility of developing a document review schedule for risk management policies and procedures. 'Sharepoint' will be the platform used by Council. The software will allow allocation of tasks to responsible persons and automated notifications will be sent for actions that thave been assigned.

Suggested actions:

Ensure that a document review schedule is developed that will capture the document name, version number, date of last review, date of next review and has responsible persons assigned to ensure the process is consistently adhered to.

1d - Is there a records management process in place to manage key risk management documentation which is in line with the current version of GDS for Local Government?

Process in place which meets current GDS for Local Government but NOT adhered to

Scheme Member's description of systems in place:

AHC has a Records Management Policy which states the alignment with State Records Act, the process for the archival and destruction of records and individuals' responsibilities. No internal documents which provide overview or instructions around the process.

What was observed in practice:

Councils Records Management Policy was sighted. The document is current (endorsed and adopted in 2023). The Policy references GDS 40. The Records Management Team has been tasked with developing a process to align with the current policy.

Suggested actions:

Develop a functional records management process which supports Councils current Records Management Policy.

Part 2: Training and competency

2(a) Has the Scheme Member employed a dedicated risk management professional or identified staff resources with risk management experience and capabilities?

<div style="background-color:#4CAF50; color:white; text-align:center;">

Evidence of staff resource/s in place with risk management experience and capabilities

</div>

Scheme Member's description of systems in place:

AHC has an Executive Governance Officer role in place who is responsible for risk management at AHC. A new position has been created that sits underneath, which is the Risk, Audit and Insurance Officer who will conduct the day to day risk management processes and be responsible for the updating of risk documents and training/education. Risk management responsibilities are captured in both PDs.

What was observed in practice:

Executive Governance Officer PD provided as evidence. Under the heading 'Purpose', the following is identified:
'The role provides leadership in implementing and maintaining appropriate systems of corporate and civic governance and the effective management of risk management...' .
Risk, Audit & Insurance Officer PD provided as evidence. The specific requirements for Risk Management are more detailed in this document.
It was advised that although the position holders do not have formal qualifications in Risk Management experience in the field has been gained through various employment roles over the years.

Suggested actions:

It would be recommended that when the EGO position description is due for review, more detail regarding specific risk management requirements be included in the updated document.

2(b) Has training been identified and provided to all (internal) persons with responsibilities and accountabilities for risk management in accordance with Scheme Member's risk management process and is undertaken by both initial and refresher training sessions?

<div style="background-color:red; color:white; text-align:center;">No evidence of training</div>

Scheme Member's description of systems in place:

Risk management is not captured in its TNA. Note: training and education forms part of the risk management project plan to be completed with all employees on an initial and refresher training.

What was observed in practice:

As advised by Council, there was no evidence of training that could be provided at the site visit. Addressing training requirements forms a part of Councils Project Plan to be undertaken in the near future. The draft plan will be presented to Executive in December for approval and endorsement. Skytrust will be the platform used to capture training records and competencies. In house training will incorporate risk responsibilities, training in the use of Skytrust, procedural training and workshops.

Suggested actions:

Continue with the development of risk management training, provision of training and competency assessment of relevant stakeholders and include the above in the Skytrust platform to ensure a documented record is maintained.

2(c) Is there evidence of relevant information including roles and responsibilities being provided to Elected/ Board Members and Audit & Risk Committee Members in line with Scheme Members risk management process?

Provision of information has been identified and scheduled - but not yet completed

Scheme Member's description of systems in place:

Risk reporting on strategic risks is provided to the Audit Committee members on a quarterly basis. All Committee meetings and Council meetings have a section around risk in their papers.

What was observed in practice:

The Council's initial response has been changed from 'Evidence of relevant information provided to all identified persons in line with documented process', to 'Provision of information has been identified and scheduled - but not yet completed'. The Audit & Risk Committee Terms of Reference clearly outline their risk management obligations. No evidence could be provided onsite to assess whether Elected Members were provided with the necessary information.

Suggested actions:

Develop a process to ensure high level roles accountable for the risk management process are made fully aware of their roles and responsibilities (which is to include Elected Members).

Part 3: Application of systems

3(a) Is there a current repository/s such as a risk register which has been internally adopted by management and captures Scheme Member's strategic and operational risks in line with Scheme Member's documented process and is easily accessible to those staff required to access the information?

<div style="background-color:orange; text-align:center;">Repository in place - but incomplete or not current or not accessible</div>

Scheme Member's description of systems in place:

AHC utilises Skytrust which captures its strategic risks. These risks are managed by Executive and updated on a bi-monthly basis. Operational risks are stored on an excel spreadsheet on the staff intranet. This is updated on an adhoc basis by the risk owner. Note: part of the risk project plan is to capture both strategic and operational risks in the same system.

What was observed in practice:

The Operational Risk Register is out of date and does not capture all operational risks due to lack of resources over the last 2 years. The Strategic Risk Register is reviewed every 2-3 months by the Executives who own the risk and these reviewed Strategic Risks are then provided to the Audit Committee. The Strategic Risk Register maintained in Skytrust was sighted. The register contained 14 entries. Actions had been assigned and completion dates set. The register identified risk types, risk levels and controls. Areas of risk include People & Culture, WHS, Financial, Community, Governance, Service Delivery, Assets & Infrastructure, Environment, and Growth & Prosperity

Suggested actions:

Continue to update the Operational Risk Register so that it is a current, working document. Assign actions to responsible persons and ensure close out of these actions.

3(b) Is there documented evidence of risks captured in the repository/ register/s being assessed/ reviewed and updated in line with the documented process?

Evidence of SOME risks in the repository/ register/s being assessed/reviewed and updated

Scheme Member's description of systems in place:

The strategic risks are updated by Executive on a bi-monthly basis. Operational risks are updated on an adhoc basis by the risk owner. Note: Part of the risk project plan is to create a risk review schedule.

What was observed in practice:

There was evidence of Strategic Risks being reviewed but not Operational Risks. There is no formal documented process in place to ensure this occurs.

Suggested actions:

As part of the Risk Project Plan, ensure a process is developed to ensure consistent assessment and review of Strategic and Operational Risks such as a Risk Review Schedule as mentioned above in the Members commentary.

3(c) - Is there documented evidence of risks being considered as part of the organisational decision making and planning processes?

Documented evidence of some risks being considered but this does not consistently occur

Scheme Member's description of systems in place:

Risks are reported in all Council and Committee meeting repots and each department has a high level riak management plan. Some systems also have an inbuilt risk assessment guide for certain tasks to create a better workflow for high vs low risk jobs ie tree works go through a risk assessment to ensure high risks tree jobs are completed prior to low risk tree jobs.

What was observed in practice:

It was advised that Departments (ie Corporate Services) provide a presentation at Audit Committee Meetings which include key risk areas. Outcomes would then be documented in meeting minutes and presented to Council. Audit Committee Meeting Agendas/Minutes and Council Agendas/Minutes reflected that a risk report had been provided.

Suggested actions:

It is noted that the Audit Committee receives the report and discusses this in the meetings. Recommend expanding the information regarding the risk management discussions that are documented within the meeting minutes. Currently there is only evidence of comments such as 'received and noted' which does not give a clear picture of the conversations and decisions which were made.

Part 4: Remedial actions

4(a) Is there evidence that risks are actively monitored and further actions to mitigate risks are being followed up in line with the documented process?

Anecdotal evidence only of the system being reviewed & evaluated for effectiveness and/or risks being monitored and further actions being followed up

Scheme Member's description of systems in place:

Strategic risks are being reviewed and updated by Executive on a bi-monthly basis. The Risk Management Policy is being reviewed and approved by the Audit Comnittee roughly every 3 years. Note: part of the risk project plan is to document a thorough review process in the framework and to have a schedule for this also. The establishment of the Risk, Audit and Insurance Officer role ensures there is a person within the council responsible in ensuring these functions occur.

What was observed in practice:

This is to be further developed in the Risk Project Plan and included in the newly developed framework. Currently the risk owner is responsible for review of open actions. This occurs every 2-3 months. It appears that the primary focus of the review is to check any open actions that need attention but review of controls applied to actions does not necessarily occur. There is no documented evidence or record of the actions or system having been reviewed.

Suggested actions:

Continue with development of the risk management framework to ensure a process is in place that determines how risks in the risk registers are monitored and that any further actions to mitigate risks are followed up on. Appropriate responsibility should be assigned to the Audit & Risk Committee.

Part 5: Monitoring and review

5a - Is there documented evidence that risks across the organisation being reported on in line with the documented process?

Documented evidence of SOME strategic AND/OR only operational risk reporting occurring

Scheme Member's description of systems in place:

Risk is reported in all Council and Committee meeting reports, along with quarterly reports on strategic risk being provided to the Audit Committee.

What was observed in practice:

There is no formal process at this point in time. A part of the Risk Project Plan is to improve the reporting that currently occurs. The reporting template will also be updated. As the framework is developed, these improvements will benefit the risk management system overall. Reporting should provide enough suitable information to allow discussion and consideration of current and emerging risks and the subsequent review and update as needed.

Suggested actions:

Further develop the reporting process to capture all information necessary for Executive and the Audit Committee to make informed decisions in relation to risk management.

Appendix 2
LGRS Risk Profiling Recommendations

Recommendation	Progress notes
1. When Policy is reviewed, update wording from 'Audit Committee' to 'Audit & Risk Committee' to align with Local Government Act terminology.	Part of the Risk Management Project Plan – Phase 2.
2. The Guide does not formally address roles and responsibilities, leadership and commitment, legislative compliance, document control or internal auditing or training requirements. It is recommended that a formal Risk Management Framework be developed to capture all requirements. LGAMLS document 'Risk Management Framework' was suggested as a starting point and could be adapted to suit Councils needs and include recent legislation changes from 2024. Continue engagement with LGRS Strategic Risk Team in the Risk Management Program.	Part of the Risk Management Project Plan – Phase 1. New Framework, Appetite and Procedure to include all necessary requirements from LGRS and also the LGA.
3. Ensure that a document review schedule is developed that will capture the document name, version number, date of last review, date of next review and has responsible persons assigned to ensure the process is consistently adhered to.	Part of the Document Management Framework.
4. Develop a functional records management process which supports Councils current Records Management Policy.	To be completed. Jody has been advised of action.
5. It would be recommended that when the Executive Governance Officer position description is due for review, more detail regarding specific risk management requirements be included in the updated document.	Taken under consideration. Wording to align with PPR responsibilities.
6. Continue with the development of risk management training, provision of training and competency assessment of relevant stakeholders and include the above in the Skytrust platform to ensure a documented record is maintained.	Part of the Risk Management Project Plan - Phase 2.
7. Develop a process to ensure high level roles accountable for the risk management process are made fully aware of their roles and responsibilities (which is to include Elected Members).	Part of the Risk Management Project Plan – Phase 1 and 2.
8. Continue to update the Operational Risk Register so that it is a current, working document. Assign actions to responsible persons and ensure close out of these actions.	Part of the Risk Management Project Plan – Phase 2.
9. As part of the Risk Project Plan, ensure a process is developed to ensure consistent assessment and review of Strategic and Operational Risks such as a Risk Review Schedule as mentioned above in the Members commentary. No formal documented process in place to ensure this occurs.	Part of the Risk Management Project Plan. Schedule will be included in the Framework or Procedure and relevant risk owners advised during Phase 2.
10. Ensure that discussions in relation to risk management are documented and form a part of the meeting minutes rather than comments such as 'received and noted'.	Part of the Risk Management Project Plan - Phase 3. New wording for recommendation to be in next Audit Committee report. Risk reports to start being provided to Council at some point in 2025.
11. Continue with development of the risk management framework to ensure a process is in place that determines how risks in the risk registers are monitored and that any further actions to mitigate risks are followed up on. Appropriate responsibility should be assigned to the Audit & Risk Committee.	Part of the Risk Management Project Plan – Phases 1, 2, and 3
12. Further develop the reporting process to capture all information necessary for Executive and the Audit Committee to make informed decisions in relation to risk management	Part of the Risk Management Project Plan- Phase 3.

ADELAIDE HILLS COUNCIL
AUDIT AND RISK COMMITTEE MEETING
Monday 17 February 2025
AGENDA BUSINESS ITEM

Item:	**8.5**
Responsible Officer:	**Bruce Smith** **Manager Financial Services** **Corporate Services**
Subject:	**Budget Review 2 outcome**
For:	**Information**

SUMMARY

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

This report presents Budget Review Two (BR2) of the 2024-25 financial year to the Audit Committee for review. BR2 builds on the budget that was adopted by Council in November as part of the BR1 review. BR2 will be submitted to Council for consideration on 11 March 2025.

The proposed budget adjustments will increase Council's 2024/25 expected deficit from $1.728m to $3.013m (representing a decrease of $1.286m). However, included therein are once off adjustments for depreciation, interest expenses. This results in an underlying operating deficit of $2.216m. The details of the proposed budget adjustments are documented in *Appendix 1*.

In addition to the proposed operating budget adjustments, there are other risks and opportunities to the full year result which should also be highlighted. These are not brought into the budget as proposed adjustments as the amount or timing (or both) of the adjustment is currently unknown. These are documented in *Appendix 2*. When these adjustments are considered, the full year forecast reflects a deficit of $3.530m.

The BR2 process has also included a review of the total capital program and is recommending that it be materially maintained. The budget currently stands at $20.538m and is recommended to be increased by $0.110m to $20.648m. This is documented in *Appendix 3*.

In a similar manner, there are other risks and opportunities to the full year capital program which should also be highlighted. These are not brought into the budget as proposed adjustments as the amount or timing (or both) of the adjustment is currently unknown. These are documented in *Appendix 4*. When these adjustments are considered, the full year forecast reflects a total capital program of $19.841m.

Council's Net Borrowing Result for the year is projected to remain materially the same at $34m.

RECOMMENDATION

The Audit and Risk Committee resolves:

1. **That the report on Budget Review 2 be received and noted (item 8.5, 17 February 2025 Audit Committee meeting).**
2. **To recommend to Council the proposed budget adjustments presented in Budget Review 2 which result in (item 8.5, 17 February 20205 Audit Committee meeting):**
    a. **An increase in the Operating Deficit from $1.728m to $3.013m for the 2024-25 financial year.**
    b. **Changes to the Capital Works budget increasing capital expenditure by $0.0.60 million for the 2024-25 financial year resulting in a revised capital expenditure budget of $20.648 million.**
    c. **A net borrowing result of $34m.**
    d. **An Operating Surplus/(Deficit) Ratio of (4.9%).**
    e. **A Net Financial Liabilities Ratio of 55%.**
    f. **An Asset Renewal Funding Ratio of 132%.**

1. **BACKGROUND**

    At the Ordinary Council meeting held on the 26 November 2024, Council adopted the Budget Review 1 outcome, reflecting a budgeted operating deficit of $1.728m.
    The Regulations require Council to formally consider its budget three times per year. This statutory requirement recognises the likelihood that events will occur that require or offer opportunities for changes to the budget during the year. This report presents the second Budget Review (BR2) of the 2024-25 financial year.

    Budget Review Presentation

    In accordance with the Regulations, the Budget Review presentation for BR2 for the year needs to include the full budgeted financial statements presented in a manner consistent with the Model Financial Statements.

    In addition, a council must also include in this report revised forecasts for the relevant financial year of the council's operating surplus ratio, net financial liabilities ratio and asset renewal funding ratio compared with estimates set out in the budget presented in a manner consistent with the note in the Model Financial Statements entitled Financial Indicators. Please refer *Appendix 5.*

2. **ANALYSIS**

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

    Strategic Plan 2024 – Your Place Your Space
    Goal   Organisation
    Objective 02   Operate with integrity using best practice governance processes.
    Priority 02.2   Support decision making through the use of timely data-driven analysis and reporting.

| Objective 05 | Evolve Council's functions and services to meet the current and future needs and aspirations of our community. |
| Priority 05.2 | Demonstrate financial sustainability through long term financial planning and annual budget setting which aligns with adopted targets. |

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

With the *Audit Committee Terms of Reference* does not set out a specific function with respect to budget reviews, it has been the practice for these reviews to come to the Committee prior to being considered by Council.

➢ **Legal Implications**

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

- Section 123(13) of the Act states that a council must, as required by the regulations, and may at any time, reconsider its annual business plan or its budget during the course of a financial year and, if necessary or appropriate, make any revisions.

- Section 9 of the Regulations requires a council to prepare and consider the following reports:

  a. at least twice, between 30 September and 31 May (both dates inclusive) a report showing a revised forecast of its operating and capital investment activities for the relevant financial year compared with the estimates for those activities set out in the budget presented in a manner consistent with the note in the Model Financial Statements entitled Uniform Presentation of Finances; and
  b. between 30 November and 15 March (both dates inclusive) a report showing a revised forecast of each item shown in its budgeted financial statements for the relevant financial year compared with estimates set out in the budget presented in a manner consistent with the Model Financial Statements.

➢ **Risk Management Implications**

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

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

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

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

➢ **Financial and Resource Implications**

The approval of the proposed changes to the budget will allow Council and those with delegated authority, to exercise their authority and deliver on Council's service delivery agenda.

These budget adjustments authorise the officers with delegated authority to incur an additional $1.396m of expenditure on Council's behalf.

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

Not applicable.

➢ **Sustainability Implications**

Not applicable.

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

Consultation on the development of this report was as follows:

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

➢ **Additional Analysis**

Operating budget analysis – Refer Appendix 1 and 2 for details.

The graph below illustrates the movement from the BR1 adopted budget, to the BR2 proposed budget and to the forecast full year outcome. The detail of each of the movements can be found in *Appendix 1*. The detail of the risks and opportunities can be found in *Appendix 2*.

Note that no changes are proposed to operating income.

Budget deficit walk-up (including risks and opportunities)
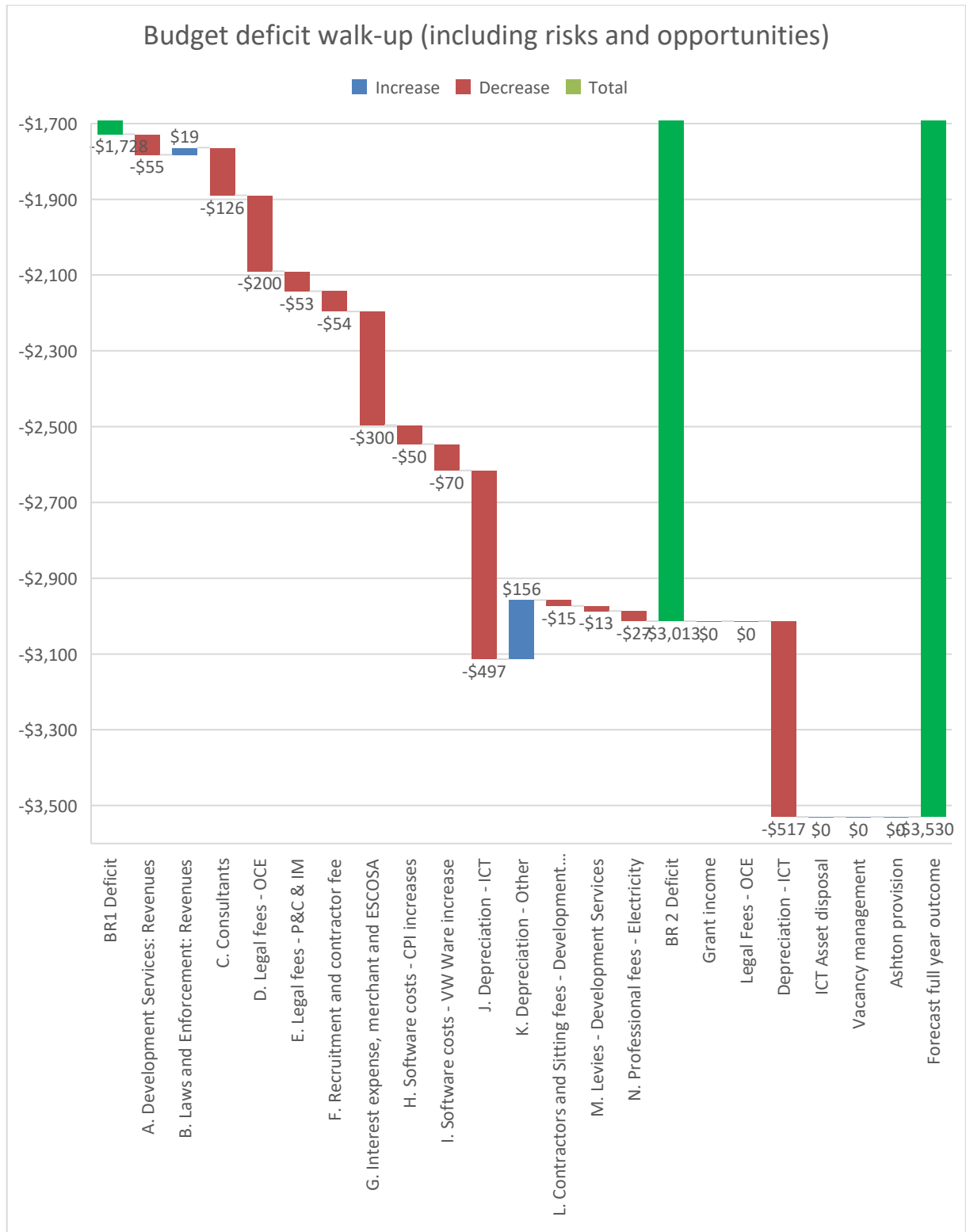
Commentary on material items

Depreciation

At BR1, it was noted that a detailed review of all ICT asset was being undertaken and there was a risk that there would be additional deprecation costs. The review has now been completed, with the outcomes summarised below:

There were 47 assets included in the asset register. Of those, 44 had a useful life of 10 years and should have had a useful life of between 2 and 5 years. Once the useful lives are adjusted, the resultant depreciation charge for the 2024-25 year should be $797,482.

In addition to this, there are 4 assets acquired between July 2020 and June 2022. When their useful lives are adjusted, the assets are due to become fully depreciated at 30 June 2025. This results in an additional required adjustment to the depreciation charge in the current year, relating to the prior years of $516,538.

Additionally, there were 7 assets with a carrying value of $ 56,617 which are no longer in use and which were disposed of.

Finally, there were 9 assets with a carrying value of $96,617. These assets should have been fully depreciated in prior years, had their useful lives been correctly assessed at acquisition. These assets remain in use and therefore, their carrying values have been adjusted downward to a $1, rather than disposing of them. They include the Open Office ERP, the GIS and Open Office integration and the hardware supporting the security system. These assets will be disposed of upon their replacement.

Interest charges

Interest charges for the 2024-25 budget were based upon the 2023-24 budget. No adjustment to the budget was made for any variance between the budgeted amount and the actual interest charges incurred in 2023-24. Had this adjustment been made, the budget would be an additional $180k and the request would be $100k. The additional $100k arising due to interest rates remaining higher for a longer period than previously forecast.

Legal fees

As noted at BR1, there are a number of legal matters before Council. Year to December costs within the Governance area are $225k. Assuming a slightly slower rate of costs results in a full year cost of $400k.

Capital budget analysis – Refer Appendix 3 and 4 for details.

The graph below illustrates the movement from the BR1 adopted budget, to the BR2 proposed budget and to the forecast full year outcome. The detail of each of the movements can be found in *Appendix 3*. The detail of the risks and opportunities can be found in *Appendix 4.*

Capital walk-up (Including risks and opportunities)
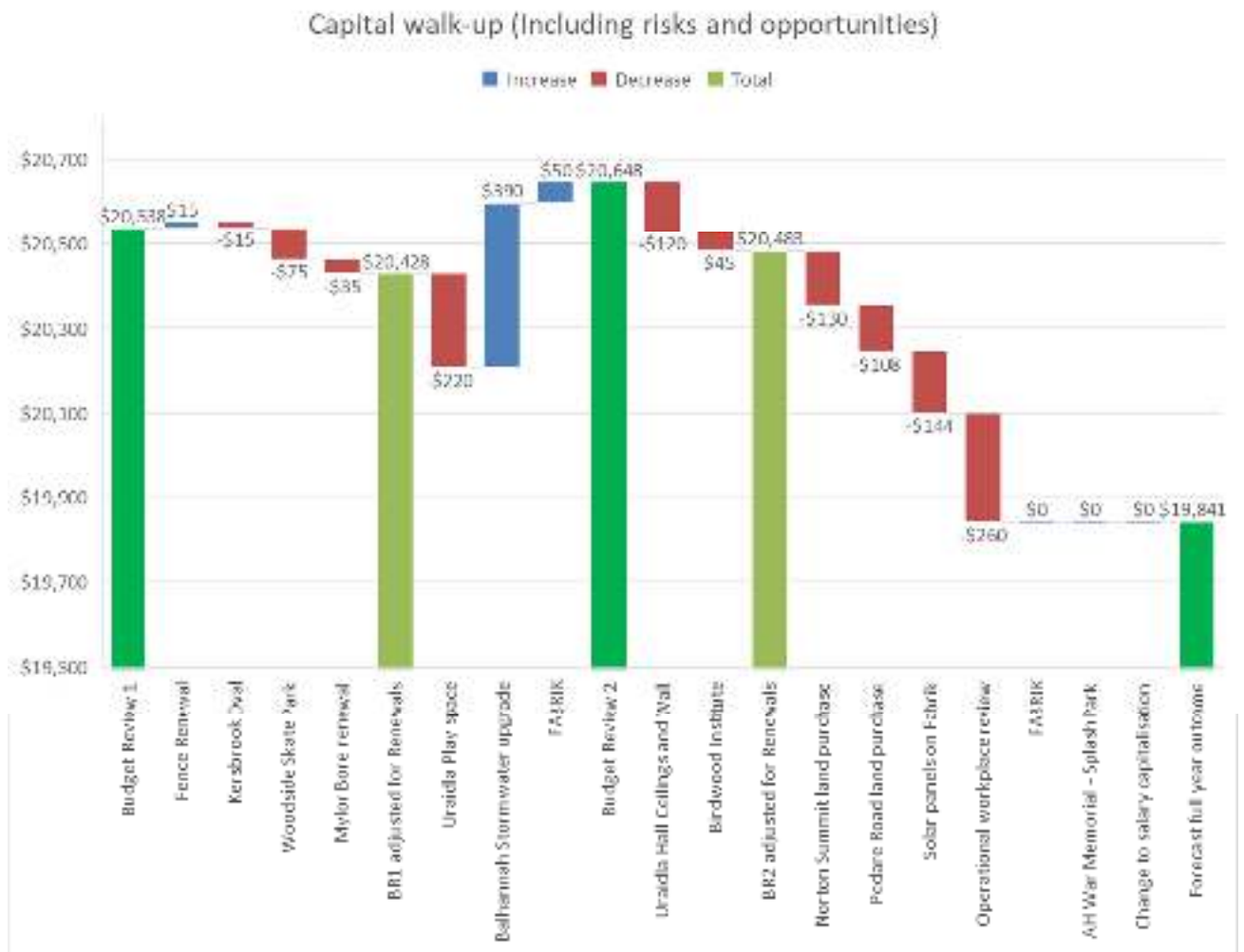
Impact on Sustainability Ratios

Financial Indicator	Council Adopted Target	Current Budget for 2024-25 (BR1 Nov 2024)	Proposed BR2 Budget 2024-25
Operating Surplus Ratio	1% to 5%	(2.8%)	(4.9%)
Net Financial Liabilities Ratio	25% to 75%	56%	55%
Asset Renewal Funding Ratio	95% to 105%	133.2%	132%

Financial sustainability considerations

The budget is not necessarily a good measure of Council's financial sustainability as it considers a very short timeline in the life of a Council. The budget and actual result for the year is impacted by short-term, one-off events which may materialise in a particular year and be isolated to that year.

Further, these impacts may be non-cash in nature and thus not impact the liquidity or financial viability of Council. The measurement of Council's liquidity is also a relevant measure of Council's financial sustainability.

Additionally, the actual results for the financial year may differ significantly from the budget due to a number of reasons including proactive changes to delivery approaches which may occur in the latter half of the year.

Of more relevance in considering financial sustainability is the Long-Term Financial Plan (LTFP) as this is the roadmap to financial sustainability for the Council. A revision to the LTFP is currently being developed in conjunction with the Elected Member body and will set the forward plan for financial sustainability.

Therefore, whilst an increase to a deficit is a possible indicator of financial sustainability concerns, there are other more relevant measures which provide greater assurance.

3.   OPTIONS

The Committee has the following options:

I.   To receive and note this report and recommend to Council the proposed budget adjustments presented in Budget Review 2 as prepared (Recommended).
II.   To make additional comments or suggestions to Administration to consider prior to finalising Budget Review 2.

4.   APPENDICES

(1)   Appendix 1 - Summary - BR2 requests - Operating
(2)   Appendix 2 - Summary - BR2 Risks and Opportunities - Operating
(3)   Appendix 3 - Summary - BR2 requests - Capital
(4)   Appendix 4 - Summary - BR2 Risks and Opportunities – Capital
(5)   Appendix 5 - 2024-25 BR 2 Statutory Financial Statements
(6)   Appendix 6 - Financial Performance Report for Quarter Ended 31 December 2024

Appendix 1

Summary - BR2 requests - Operating

Budget Review 2 2024/25

Account Description	Current Budget: Exp / (Inc)	Change: FAV / (UNFAV)	Revised Budget: Exp / (Inc)	Status One-off or Ongoing	Ref	Comments
CEO						
GOVERNANCE: Operations: Legal Fees	200,000	-200,000	400,000	On-going	D	Year to December 2024 costs are $225k. It has been assumed that costs will continue to be incurred but at a slightly slower rate.
GOVERNANCE: Recruitment: Contractors	0	-7,600	7,600	One-off	F	Recruitment fees for Policy and Risk, Audit and Assurance Officers
CORPORATE MANGT CEO: Operations: Consultants	0	-50,000	50,000	One-off	C	Various reviews: Electric vehicles strategy development, GRFMA exit options
CORPORATE MANGT CEO: Operations: Contractors	0	-38,500	38,500	One-off	C	Economic Development, Carbon Management Options $30k
CORP MANGT CEO: PR: Consultants	0	-25,000	25,000	One-off	C	Engagement of a Public Relations Consultant
CORPORATE MANGT CEO: Recruitment: Contractors	0	-12,000	12,000	One-off	F	Recruitment Fees for Director role
COMMUNITY & DEVELOPMENT						
DEVELOPMENT SERVICES: Revenue: Compliance Fees	-151,960	-25,000	-126,960	One-off	A	Interest rates and debt levels are having an impact on development commencements and compliance revenue has been affected. This has resulted in decreased revenue YTD.
DEVELOPMENT SERVICES: Revenue: Building Fees	-81,410	-14,500	-66,910	One-off	A	Interest rates and debt levels are having an impact on development commencements and building fee revenue has been affected. This has resulted in decreased revenue YTD.
DEVELOPMENT SERVICES: Revenue: Planning Fees	-424,040	-27,000	-397,040	One-off	A	Interest rates and debt levels are having an impact on development commencements and planning fee revenue has been affected. This has resulted in decreased revenue YTD.
DEVELOPMENT SERVICES: Recoverables: Legal Fees	-30,240	10,000	-40,240	One-off	A	Greater offset of legal fees with application of civil enforcement penalties resulted in increased offset YTD.
DEVELOPMENT SERVICES: Revenue: Expiation Fees	-14,530	2,000	-16,530	One-off	A	Building notifications not being received resulting in more expiations and increased revenue YTD
DEVELOPMENT SERVICES: Arboriculture: Contractors	10,090	-13,000	23,090	On-going	L	Amended Regulated Tree legislation capturing increased number of trees and increased expenditure for arboriculture contractors
DEVELOPMENT SERVICES: Assessments: DAP - Sitting Fees	27,600	-2,000	29,600	On-going	L	Increased sitting fees applied
DEVELOPMENT SERVICES: Levies: Other Fees	78,550	-13,350	91,900	On-going	M	Increased levy by State government for Planning Portal contribution
DEVELOPMENT SERVICES: Travel: Travelling Allowance	1,150	-500	1,650	On-going	M	Increase to reflect YTD increase
EMERGENCY SERVICES: Fire Prevention: Salaries Office	186,720	-22,500	209,220	On-going	B	Increase due to additional staff member - Council motion carried on 25/6/24.
EMERGENCY SERVICES: Fire Prevention: Fines & Cost Recovery	-18,000	2,000	-20,000	On-going	B	Increase due to additional staff member - Council motion carried on 25/6/24.
LAWS AND ENFORCEMENT: GI - Parking: Parking Expiation	-88,500	20,000	-108,500	On-going	B	Increase due to additional staff member - Council motion carried on 25/6/24.
LAWS AND ENFORCEMENT: GI - Dog & Cat: Dogs - Expiation	-11,660	2,000	-13,660	On-going	B	Increase due to additional staff member - Council motion carried on 25/6/24.
LAWS AND ENFORCEMENT: GI - Dog & Cat: Cat & Dog Committee Levy	64,200	-3,000	67,200	On-going	B	Increase due to additional Dog and Cat Rego - 12% of Dog and Cat Rego.
LAWS AND ENFORCEMENT: GI - Dog & Cat: Dogs - Registration	-540,000	20,000	-560,000	On-going	B	Additional registrations collected due to additional capacity to follow up and collect.
CORPORATE SERVICES						
FINANCIAL MANGT: Banking: Interest LGFA Overdraft	225,040	-374,960	600,000	On-going	G	Interest rates and debt levels have remained higher than previously forecast. This has resulted in increased expenses YTD. Further, it is forecast that debt levels will increase towards year-end due to increased capital spend. Finally, a conservative view has been adopted with regards to interest rates to year-end (No decrease). Hence the full year cost is expected to be slightly more than double the YTD result.
FINANCIAL MANGT: Banking: Debenture LGFA Interest	345,270	100,000	245,270	On-going	G	The proportion of debt funded through fixed interest loans is lower than previoulsy forecast. Therefore, there are forecast interest savings which off-set some of the increases in variable interest rate charges.
FINANCIAL MANGT: Banking: Merchant Fees	40,000	-15,000	55,000	On-going	G	In 2022-23, a merchant fee discount was received. This expired in June 2023. This lower rate was assumed at the time of preparing the 2024-25 budget hence the cost was under budgetted. Additionally, merchant transactions have increased by circa 10% year-on-year. The combination of these factor will result in the forecast full year cost exceeding the current by by $15k and hence the increase.
FINANCIAL MANGT: Financial Reporting: Other Fees	0	-10,000	10,000	On-going	G	During the preparation of the 2024-25 budget, the budget for the amortisation of the 2022-23 ESCOSA review costs was inadvertantly removed. The review reoccurs every 4 years and therefore the costs are being amortised over the relevant 4 year period. The budget is therefore required to be reinstated.

Account Description	Current Budget: Exp / (Inc)	Change: FAV / (UNFAV)	Revised Budget: Exp / (Inc)	Status One-off or Ongoing	Ref	Comments
PEOPLE & CULTURE: Litigation: Legal Fees	20,000	-50,000	70,000	On-going	E	Legals fee of $52k have been incurred to end of Jan 2025. The People and Culture team continue to work through a range of complex matters which require legal guidance and hence the need for additional budget for the remainder of the year.
PEOPLE & CULTURE: Recruitment: Contractors	3,000	-18,000	21,000	One-off	F	Recruitment and temp staff fees for P&C roles
CORPORATE MANGT CS: Recruitment: Contractors	0	-18,000	18,000	One-off	F	Recruitment of 2 key roles within the Corporate Services division. No further costs expected for the current year and no expected costs going forward.
COMMS EVENTS: Other Events: Contractors	9,760	-10,000	19,760	On-going	F	Contractor to run Discover, Play Bikeway event, potentially offset by salary savings.
INFORMATION MANAGEMENT: Operations: Legal Fees	0	-3,000	3,000	One-off	E	Actual legals costs incurred in relation to Information Management.
INFORMATION SYSTEMS: Software Licenses: License - Software	1,140,300	-50,000	1,190,300	On-going	H	Average increases in software costs of circa 5% exceed budget allowance.
INFORMATION SYSTEMS: Software Licenses: License - Software	1,140,300	-70,000	1,210,300	On-going	I	Increase in VM Ware costs of $55k and new software to support CRM and Financial Reporting of $15k
ENVIRONMENT & INFRASTRUCTURE						
SUSTAINABILITY: Energy & Greenhouse Gas: Contractors	20,000	-17,000	37,000	One-off	N	Due to Council resolution July 2024 to investigation a Community Renewables Program
SUSTAINABILITY: Energy & Greenhouse Gas: Contractors	37,000	-10,000	47,000	One-off	N	Expert advice with regards to electricity procurement
DEPRECIATION						
ICT: Depreciation: Office Equipment	300,048	-497,434	797,482	On-going	J	As noted as a risk at BR1, and as part of the organisation wide asset review, several ICT assets have been identified which are redundant. Further, several assets were being depreciated over a useful life of 10 years. It may be considered more appropriate to depreciate them over 3 years. The outcome of the review is an increase in the depreciation expense in the current year. There will also be an increase in the depreciation expense in next year. However, the expense should then taper of thereafter, subject to no further assets beinga acquired. The budget request is for additional budget for depreciation charge for the current year.
OTHER INFRASTRUCTURE: Depreciation	12,239,717	155,530	12,084,187	On-going	K	Following a review of the ICT depreciation charges, an analysis of the forecast depreciation charge for the year was undertaken. This analysis identified that there were minor differences between the budgetted and forecast depreciation for a number of asset categories. It is proposed that these differences be brought into account at BR2.
TOTAL DEPRECIATION change		-341,904				
	Total	**-1,285,814**				

Appendix 2
Summary - BR2 Risks and Opportunities – Operating

Budget Review 2 2024/25
Risks and Opportunities

Account Description	Current Budget: Exp / (Inc)	Change: OPP / (RISK)	Revised forecast	Ref	Comments
CEO					
GOVERNANCE: Operations: Legal Fees	400,000	Unknown	Unknown		In addition to the budget adjustment requested for legal fees noted, there may be additional legal fees incurred in the current year. However, the quantum and timing of this is currently unclear.
CORPORATE SERVICES					
Grant income	1,669,000	Unknown	Unknown		It is expected that additional grant revenue and cost recoveries in relation to the projects below are to be received. The amount and timing of their recognition is dependent upon several factors, many of which are outside of the Council's control. Due to this uncertainty, the amounts over and above those which have already been received into the bank have not been recognised. Community Development Grants Program project - Amy Gillett Bikeway; Local Roads and Community Infrastructure Program – Balhannah Stormwater upgrade; and Roads to Recovery.
Organisation wide vacancy management	500,000	Unknown	500,000		The 6-month review of vacancy management indicates that there are no material changes from those previously reported to the Audit and Risk Committee and Council.
ENVIRONMENT & INFRASTRUCTURE					
Ashton provision	0	Unknown	Unknown		Upon resolution by Council of the on-going matter of the former landfill at Ashton, a provision for remediation costs will be required. This provision will bring to account the Council's remaining obligations in relation to the landfill remediation and ongoing monitoring requirements. This will be reassessed annually as part of the annual review of all provisions. The quantum of this provision is unknown and will depend on the direction taken by Council.
DEPRECIATION AND ASSET DISPOSAL					
ICT: Depreciation: Office Equipment	797,482	-516,538	1,314,020		In addition to the budget request for additional depreciation for ICT assets for the current year, the review also identified that certain assets were being depreciated over a longer useful life than would be consider normal for assets of this type. When these useful lives are adjusted, there is a resulting depreciation impost in the 2024-25 year. These charges are approximately $0.516m and will be brought to account as part of the year-end asset reconciliation process.
Asset disposal	0	-154,000	-154,000		As part of the organisation wide asset review, several ICT assets have been identified which are redundant. These have been disposed of and will reflect as a below the line adjustment

Appendix 3
Summary - BR2 requests - Capital

2024-25 CAPITAL BUDGET REVIEW 2

Project Description	Asset Classification	Asset Category	Current Budget	Change FAV / (UNFAV)	Revised Budget	Comment
Fence Renewal	Other/ Fences	Renewal	$15,000	-$15,000	$30,000	Bradwood Park Fencing quote and scope greater than original and fence needs replacement for safety of users of the area.
Kersbrook Oval Irrigation Renewal	CWMS	Renewal	$46,000	$15,000	$31,000	Final quotes were less than original planning budget.
Woodside Skate Park Shelter Renewal	Buildings	Renewal	$75,000	$75,000	$0	Following extensive community consultation, it was agreed to remove the shelter. Once the details of a replaced project have been finalised, a budget bid will be submitted for a different project
Uraidla Play space upgrade	Sport and Recreation	New/Upgrade	$220,000	$220,000	$0	This item was a late project added to the Capital budget program. This year has been spent engaging with the community around what they would like to see undertaken. Further engagement is on-going. Additionally, from a scheduling and efficiency perspective, Council will seek to undertake additional works in this area simultaneously. This amount is therefore to be carried over in FY 2025/26
Mylor Oval Bore Renewal	Sport and Recreation	Renewal	$80,000	$35,000	$45,000	This project is complete and the works undertaken were less expensive and extensive than initially thought. This is therefore a project saving
Junction Road, Balhannah - Stormwater upgrade (Phase 4 - LRCIP Funded)	Stormwater	New/Upgrade	$380,000	-$390,000	$770,000	Stormwater upgrade funded through LRCIP Phase 4. Upon completion of the works and certainty of the projects outcomes, the grant will be recognised and brought into the budget.
FABRIK - Activation of Arts & Heritage Hub	Buildings	New/Upgrade	$485,000	-$50,000	$535,000	Items previously removed from the scope of works as part of a value management exercise have since been found to be required now that FABRIK is operational. These include cabinetry, passage doors, cleaning contractor lockable storage areas and CCTV, with a cost of $50k
		Total Expenditure Change		**-$110,000**		

Appendix 4
BR2 Risks and Opportunities – Capital

2024-25 CAPITAL BUDGET REVIEW 2
Risks and Opportunities

Project Description	Asset Classification	Asset Category	Current Budget	Change OPP / (RISK)	Forecast	Comment
Norton Summit land purchase	Other/ Land	New/Upgrade	$130,000	$130,000	$0	There is a timing risk on settlement of this purchase due to development approval and land divisions required prior to settlement. The settlement may be carried forward into FY 2025-26.
Pedare Road land purchase	Other/ Land	New/Upgrade	$108,000	$108,000	$0	In a similar manner, there is a timing risk on settlement of this purchase due to development approval and land divisions required prior to settlement. The settlement may be carried over into FY 2025-26.
Solar panels on Fabrik	Energy upgrades	New/Upgrade	$144,000	$144,000	$0	Investigations are on-going as to whether the building structure can support sufficient solar panels to obtain a reasonable return on investment (ROI). Should it be found that the structure as currently built cannot accommodate the additional weight, further consideration will be given to the ROI and whether it is commercially viable to put solar panels in place. Additionally, there is a timing risk on the delivery of the project in the current financial year, as the building is heritage listed and therefore subject to additional review and approvals, which extends the project timelines.
Operational workplace review	Buildings	New/Upgrade	$260,000	$260,000	$0	A project has commenced to detail the Council's accommodation needs, now and into the future. It is expected that this project will result in a proposal to Council later this financial year, for consideration and approval. The proposal will have budget implications and is likely to result in changes to the current budget, both in amount and timing. Noting the outcomes of the review are uncertain, there is a budget risk that this amount will not be spent in the current year
Uraidla Hall Ceilings and Wall	Buildings	Renewal	$120,000	$120,000	$0	These two projects were initially separately identified. However, from an efficiency of delivery perspective, it is proposed to bundle them together as a single project. The Uraidla Hall is heritage listed and following queries which have arisen through the heritage application process, a potential redesign of the delivery solution is being investigated. This has caused delays and when combined with differing weather conditions later in the year, might result in the project being delivered in FY 2025-26.
Birdwood Institute doors and windows	Buildings	Renewal	$45,000	$45,000	$0	In a similar manner, the Birdwood institute is heritage listed and following queries which have arisen through the heritage application process, a potential redesign of the delivery solution is being investigated. The appointment of a heritage architect is therefore being undertaken. This has caused delays and when combined with differing weather conditions later in the year, might result in the project being delivered in FY 2025-26.
FABRIK - Activation of Arts & Heritage Hub	Buildings	New/Upgrade	$535,000	Unknown	$535,000	Head contractor works have been completed and although AHC has sufficient budget to settle these works (subject to approval of the additional funding request), the head contractor has indicated that there may be additional variations which have yet to be submitted. AHC will review these variations and approve or reject them as appropriate.
AH War Memorial Swimming Pool-Splash Park	Sport & Rec	New/Upgrade	$750,000	$0	$750,000	Additional works required in addition to the original scope, to provide power to the splashpark. Although these can be accommodated in the current budget, these additional works have consumed the majority of the budgeted contingency. Should any additional variations occur, these would likely be require a budget adjustment.
Salary Capitalisation				Unknown		As part of the organisation wide asset review, an initial assessment of the salary capitalisation process has been undertaken. The outcomes of this assessment indicate that there is unlikely to be a material change to the salary capitalisation and therefore unlikely cost impost or saving arising relative to the budget.
				$807,000		

Appendix 5

2024-25 BR 2 Statutory Financial Statements

Adelaide Hills Council

BUDGETED UNIFORM PRESENTATION OF FINANCES
2024-25 Revised Budget

2023-24 Actuals		2024-25 Adopted Budget	BR2 change	2024-25 Revised Budget BR2
$'000		$'000		$'000
	INCOME			
48,389	Rates	**51,442**	0	**51,442**
1,520	Statutory charges	**1,523**	(10)	**1,513**
934	User charges	**1,033**	0	**1,033**
544	Grants, subsidies and contributions - Capital	**214**	0	**935**
4,081	Grants, subsidies and contributions - Operating	**5,002**	514	**5,516**
35	Investment income	**26**	0	**26**
398	Reimbursements	**202**	0	**262**
512	Other income	**600**	14	**632**
142	Net gain - equity accounted Council businesses	**103**	0	**103**
56,555	**Total Income**	**60,145**	518	**61,461**
	EXPENSES			
21,915	Employee costs	**24,540**	(66)	**25,028**
25,886	Materials, contracts & other expenses	**22,768**	1,253	**25,150**
12,270	Depreciation, amortisation & impairment	**11,798**	342	**13,441**
758	Finance costs	**582**	275	**857**
79	Net loss - equity accounted Council businesses	**0**	0	**0**
60,908	**Total Expenses**	**59,688**	1,804	**64,476**
(4,354)	**NET BUDGETED SURPLUS / (DEFICIT) BEFORE CAPITAL AMOUNTS**	**457**	(1,287)	**(3,015)**
	Net Outlays on Existing Assets			
(11,115)	Capital Expenditure on Renewal and Replacement of Existing Assets	**(12,007)**	110	**(13,779)**
792	Proceeds from Sale of Replaced Assets	**645**	0	**645**
12,270	Depreciation	**11,798**	342	**13,441**
1,947	**NET OUTLAYS ON EXISTING ASSETS**	**436**	452	**307**
	Net Outlays on New and Upgraded Assets			
(6,237)	Capital Expenditure on New and Upgraded Assets & Remediation costs	**(4,545)**	(220)	**(6,869)**
3,277	Capital Grants and Monetary Contributions for New and Upgraded Assets	**3,191**	0	**3,192**
0	Proceeds from Sale of Surplus Assets	**40**	0	**40**
(2,960)	**NET OUTLAYS ON NEW AND UPGRADED ASSETS**	**(1,314)**	(220)	**(3,638)**
(5,367)	**NET LENDING/ (BORROWING) RESULT FOR FINANCIAL YEAR**	**(421)**	(1,055)	**(6,346)**
(22,836)	**Net Financial Liabilities at Beginning of Year**	(31,869)	0	(27,514)
0	Decrease / (increase) in Other	(200)		0
689	Non Cash Equity Movement	(103)		(103)
(27,514)	**Net Financial Liabilities at End of Year**	**(32,593)**	(1,158)	**(33,963)**

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

Financing Transactions

(5,367)	**NET LENDING/ (BORROWING) RESULT FOR FINANCIAL YEAR**	(421)	(1,055)	(6,346)
8,171	Increase/(Decrease) in Short Term Draw Down	0	0	0
(45)	(Increase)/Decrease in Cash & Investments	0	0	0
1,614	(Increase)/Decrease in Working Capital	0	0	0
561	Principal Repayments on Borrowings	0	0	0
(247)	Repayment of Lease Liabilities	0	0	0
4,687	**Reduction in Borrowings/(New Borrowings) for**	**(421)**	(1,055)	**(6,346)**

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

Adelaide Hills Council

STATEMENT OF COMPREHENSIVE INCOME
2024-25 Budget

2023-24 Actuals		2024-25 BR2 Revised Budget
$'000		$'000
	INCOME	
48,389	Rates	**51,442**
1,520	Statutory charges	**1,513**
934	User charges	**1,033**
544	Grants, subsidies and contributions - Capital	**935**
4,081	Grants, subsidies and contributions -Operating	**5,516**
35	Investment income	**26**
398	Reimbursements	**262**
512	Other income	**632**
142	Net gain - equity accounted Council businesses	**103**
56,555	**Total Income**	**61,461**
	EXPENSES	
21,915	Employee costs	**25,028**
25,886	Materials, contracts & other expenses	**25,150**
12,270	Depreciation, amortisation & impairment	**13,441**
758	Finance costs	**857**
79	Net loss - equity accounted Council businesses	**-**
60,908	**Total Expenses**	**64,476**
(4,353)	**OPERATING SURPLUS / (DEFICIT)**	**(3,014)**
(2,307)	Asset disposal & fair value adjustments	**(403)**
3,277	Amounts received specifically for new or upgraded assets	**3,192**
1,106	Physical Resources Received Free of Charge	**-**
(2,277)	**NET SURPLUS / (DEFICIT)**	**(226)**
76,020	Changes in revaluation surplus - infrastructure, property, plant & equipment	**5,400**
(218)	Capital WIP Write-off prior years	**-**
1,197	Other Comprehensive Income	**-**
42	Share of Other Comprehensive Income JV	**-**
77,041	**Total Other Comprehensive Income**	**5,400**
74,764	**TOTAL COMPREHENSIVE INCOME**	**5,174**

Adelaide Hills Council
STATEMENT OF FINANCIAL POSITION
2024-25 Budget

2023-24 Actuals		2024-25 BR2 Revised Budget
$'000	**ASSETS**	$'000
	Current Assets	
534	Cash and cash equivalents	432
7,208	Trade & other receivables	7,208
10	Inventories	10
7,752		7,650
-	Non-current Assets held for Sale	-
7,752	**Total Current Assets**	7,650
	Non-current Assets	
260	Trade and Other receivables	260
3,933	Equity accounted investments in Council businesses	4,036
570,735	Infrastructure, property, plant & equipment	582,254
	Other non-current assets	
574,928	**Total Non-current Assets**	586,550
582,680	**Total Assets**	594,200
	LIABILITIES	
	Current Liabilities	
7,879	Trade & other payables	7,879
20,896	Borrowings - Short Term Draw Down	20,896
	Borrowings - Other	6,346
4,515	Provisions	4,515
33,290	**Total Current Liabilities**	39,636
	Non-current Liabilities	
-	Trade & Other Payables	-
1,583	Borrowings	1,583
643	Provisions	643
2,226	**Total Non-current Liabilities**	2,226
35,516	**Total Liabilities**	41,862
547,164	**NET ASSETS**	552,338
	EQUITY	
147,613	Accumulated Surplus	147,387
399,446	Asset Revaluation Reserves	404,846
105	Other Reserves	105
547,164	**TOTAL EQUITY**	552,338
27,514	**NET FINANCIAL LIABILITIES**	33,962

Adelaide Hills Council

STATEMENT OF CHANGES IN EQUITY
2024-25 Budget

	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL EQUITY
2024-25	$'000	$'000	$'000	$'000
Balance at end of previous reporting period	**147,613**	**399,446**	**105**	**547,164**
Net Surplus / (Deficit) for Year	**(226)**	-	-	**(226)**
Other Comprehensive Income				
Gain on revaluation of infrastructure, property, plant & equipment	-	**5,400**	-	**5,400**
Transfers between reserves			-	-
Balance at end of period	**147,387**	**404,846**	**105**	**552,338**
2023-24				
Balance at end of previous reporting period	**150,021**	**322,268**	**111**	**472,400**
Restated opening balance	**150,021**	**322,268**	**111**	**472,400**
Net Surplus / (Deficit) for Year	**(2,277)**	-	-	**(2,277)**
Other Comprehensive Income				-
Changes in revaluation surplus - infrastructure, property, plant & equipment	-	**76,020**	-	**76,020**
Share of Other Comprehensive Income Equity Businesses		1,158	(6)	1,152
Other Equity Adjustments - equity accounted Council businesses	(131)			(131)
Transfers between reserves	-		-	-
Balance at end of period	**147,613**	**399,446**	**105**	**547,164**

FINANCIAL INDICATORS

	Council Adopted Target	2024-25 BR2 Revised Budget
Operating Surplus Ratio		
<u>Operating Surplus</u>	**1% to 5%**	**(4.9%)**
Total Operating Revenue		
Net Financial Liabilities Ratio		
<u>Net Financial Liabilities</u>	**25% to 75%**	**55%**
Total Operating Revenue		
Asset Renewal Funding Ratio		
<u>Asset Renewals</u>	**95% to 105%**	**132%**
Infrastructure & Asset Management Plan required expenditure		

Adelaide Hills Council

CASH FLOW STATEMENT
2024-25 Budget

2023-24 Actuals		2024-25 BR2 Revised Budget
$'000	**CASH FLOWS FROM OPERATING ACTIVITIES**	$'000
	Receipts	
48,377	Rates - general & other	51,442
1,520	Fees & other charges	1,513
934	User charges	1,033
1,163	Grants	6,450
35	Investments	26
398	Reimbursements	262
1,386	Other revenues	632
	Payments	
(22,319)	Employee costs	(25,028)
(25,314)	Materials, contracts & other expenses	(25,150)
(758)	Finance payments	(857)
5,422	**NET CASH USED IN OPERATING ACTIVITIES**	**10,323**
	CASH FLOWS FROM FINANCING ACTIVITIES	
	Receipts	
-	Proceeds from Borrowings	6,346
-	Proceeds from Aged Care Facility Deposits	-
-	Proceeds from Bonds & Deposits	-
-	Proceeds from Right of Use Leasing	-
	Payments	
(561)	Repayment from Borrowings	-
(247)	Repayment of Lease Liabilities	-
-	Repayments of Aged Care facility deposits	-
(2)	Repayments of Bonds and Deposits	
(810)	**NET CASH USED IN FINANCING ACTIVITIES**	**6,346**
	CASH FLOWS FROM INVESTING ACTIVITIES	
	Receipts	
3,821	Grants for new or upgraded assets	3,192
792	Sale of replaced assets	645
-	Sale of surplus assets	40
-	Repayment of loans from Community Groups	-
-	Distributions received from Equity Accounted Businesses	-
	Payments	
(6,237)	Expenditure on new/ upgraded assets	(6,869)
(11,115)	Expenditure on renewal/ replacement of assets	(13,779)
(12,739)	**NET CASH USED IN INVESTING ACTIVITIES**	**(16,771)**
(8,127)	**NET INCREASE / (DECREASE) IN CASH HELD**	**(102)**
(6,536)	**CASH AT BEGINNING OF YEAR**	**(14,662)**
(14,663)	**CASH AT END OF YEAR**	**(14,764)**
534	Cash & Investments	432
(15,196)	Short Term Drawdown	(15,196)
(14,662)		**(14,764)**

Appendix 6

Financial Performance Report for Quarter Ended 31 December 2024

Adelaide Hills Council

Financial Performance Report

as at Dec 2024

Operating Statement

Overall Funding Statement
as at Dec 2024

	YTD Actual	YTD Budget	YTD Variance	Annual Revised Budget
	$'000	$'000	$'000	$'000
Total Operating Income	56,975	56,324	🟢 651	60,966
Total Operating Expenditure	31,202	30,544	🔴 (659)	62,694
Operating Surplus / (Deficit) before Capital	25,773	25,780	🔴 (6)	(1,728)
Capital Expenditure	5,203	4,939	🔴 (264)	20,538
Capital Income	2,042	-	🟢 2,042	3,876
Net expenditure - Capital projects	3,161	4,939	🟢 1,778	16,662
Net Lending / (Borrowing) Result for Year	29,053	27,111	🟢 1,943	(5,292)

Adelaide Hills Council Operating Summary By Directorate as at Dec 2024				
	YTD Actuals $'000s	YTD Budget $'000s	YTD Var fav / (unfav) $'000s	Annual Revised Budget $'000s
Income				
CEO	19	-	🟢 19	37
Community & Development	2,477	2,215	🟢 262	4,173
Corporate Services	50,695	50,520	🟢 175	50,874
Environment & Infrastructure	4,476	3,588	🟢 887	5,883
Income Total	57,667	56,324	🟢 1,343	60,966
Expenditure				
CEO	1,885	1,714	🔴 (171)	2,912
Community & Development	5,841	5,896	🟢 54	13,689
Corporate Services	5,316	5,188	🔴 (128)	9,903
Environment & Infrastructure	18,852	17,746	🔴 (1,105)	36,190
Expenditure Total	31,894	30,544	🔴 (1,350)	62,694
Operating Surplus / (Deficit)	25,773	25,780	🔴 (6)	(1,728)

Adelaide Hills Council Monthly Financial Performance

as at Dec 2024 $'000s	Income by Function				Expenditure by Function				Net Position
	YTD Actuals $'000s	YTD Budget $'000s	YTD Var fav/(unfav) $'000s	Annual Revised Budget $'000s	YTD Actuals $'000s	YTD Budget $'000s	YTD Var fav/(unfav) $'000s	Annual Revised Budget $'000s	Variance $'000s
CEO Office		-		-	337	232	(105)	538	(105)
Governance Civic	-	-	-	-	2		(2)	2	(2)
Governance EM	-	-	-	-	265	254	(11)	532	(11)
Governance & Performance	19	-	19	37	1,281	1,228	(53)	1,840	(34)
CEO Directorate	**19**	**-**	**19**	**37**	**1,885**	**1,714**	**(171)**	**2,912**	**(151)**
C&D Director's Office	-	-	-	-	163	177	14	369	14
Policy Planning	-	-	-	-	77	133	56	340	56
Economic Development	108	110	(2)	110	296	346	50	575	48
Environmental Health	82	61	20	181	288	268	(20)	598	1
Fire Prevention	9	9	()	30	30	94	64	217	64
Animal Management	513	511	2	555	323	222	(101)	488	(99)
Parking and By-Laws	65	42	23	95	83	66	(17)	165	6
Development Services	355	356	(1)	703	1,056	1,135	79	2,662	78
Community Management	-	-	-	23	177	149	(28)	470	(28)
Community Grants	-	-	-	-	134	93	(40)	209	(40)
Community Centres - TSCC	5	-	5	16	121	97	(25)	220	(20)
Community Centres - TVCC	15	6	10	24	54	98	44	220	53
Community Programs	37	49	(12)	117	53	28	(25)	126	(37)
Community Resilience	190	190	-	300	199	241	42	510	42
Cultural Development	-	-	-	-	84	81	(3)	202	(3)
Positive Ageing (Collaborative)	101	53	49	93	70	44	(25)	94	23
Positive Ageing (Home Support)	621	525	96	1,196	618	600	(18)	1,246	78
Volunteering	-	-	-	-	47	44	(3)	100	(3)
Youth Development	1	-	1	3	7	30	22	155	23
Customer Experience	-	-	-	-	193	186	(7)	738	(7)
Customer Service	-	-	-	-	449	480	31	1,009	31
Libraries	304	305	(1)	346	1,026	1,031	5	2,126	4
FABRIK	**72**	**-**	**72**	**380**	294	253	(42)	848	30
Director Comunity and Development	**2,477**	**2,215**	**262**	**4,173**	**5,841**	**5,896**	**54**	**13,689**	**316**
CS Director's Office	5	-	5	6	274	269	(5)	554	()
Communications, Engagement & Events	as at Dec 2024	-	6	-	314	301	(13)	824	(6)
Corporate	1,039	972	68	1,144	582	490	(91)	793	(23)
Finance Operations	-			-	568	605	37	1,291	37
Rates	49,644	49,549	96	49,724	1,093	1,052	(41)	1,994	54
ICT	-	-	-	-	556	526	(30)	1,199	(30)
Information Management	-	-	-	-	284	287	2	571	2
Information Systems	-	-	-	-	1,228	1,304	76	1,899	76
People and Culture & WHS	-	-	-	-	417	354	(63)	778	(63)
Corporate Services	**50,689**	**50,520**	**175**	**50,874**	**5,316**	**5,188**	**(128)**	**9,903**	**47**
E&I Director's Office	-	-	-	-	7	-	(7)	23	(7)
Civil Services - Management	29	-	29	2	544	658	114	575	143
Civil Services - Maintenance	1,333	1,361	(28)	3,009	2,329	2,334	5	5,469	(23)
Civil Services - Private Works	1	-	1	6	-	-	-	4	1
Property Management	70	52	18	75	1,117	1,045	(72)	2,346	(53)
Sport & Recreation	-	-	-	11	514	439	(74)	1,051	(74)
AHBTC	168	53	116	408	149	98	(51)	359	65
Cemeteries	240	221	19	385	93	109	16	196	35
Manager Open Space	692	-	692	-	871	178	(693)	871	(2)
Open Space - Management	-	-	-	23	380	454	74	1,083	74
Open Space - Maintenance	6	-	6	6	1,530	1,472	(58)	3,585	(52)
Open Space - Stores	(2)	-	(2)	-	623	581	(42)	(927)	(44)
Open Space - Biodiversity	31	31	-	31	352	369	17	878	17
CWMS	1,727	1,715	12	1,735	445	488	43	1,049	55
Strategic Assets	-	-	-	-	313	311	(2)	479	(2)
Emergency Management	-	-	-	-	41	34	(6)	80	(6)
Sustainability	-	-	-	-	187	152	(35)	355	(35)
Waste	180	155	25	192	3,102	2,944	(158)	5,992	(133)
Depreciation	-	-	-	-	6,256	6,081	(176)	12,720	(176)
Director Environment and Infrastructure	**4,476**	**3,588**	**887**	**5,883**	**18,852**	**17,746**	**(1,105)**	**36,190**	**(218)**
Total	**57,661**	**56,324**	**1,343**	**60,966**	**31,894**	**30,544**	**(1,349)**	**62,694**	**(6)**

2024-25 CAPITAL WORKS PROGRAM
as at Dec 2024

Asset Category	YTD Actuals $'000s	YTD Budget $'000s	YTD Var fav / (unfav) $'000s	Revised Budget $'000s	% Spent to Annual Budget $'000s	YTD Commitments $'000s
BRIDGE	38	35	(3)	1,005	3.8%	411
BUILDINGS	633	631	(2)	1,749	36.2%	191
CEMETERIES	25	25	0	65	38.3%	3
CWMS	134	134	(0)	256	52.4%	-
FOOTPATHS	283	244	(39)	897	31.5%	177
GUARDRAILS	-	-	-	-	0.0%	-
KERBING	18	18	(0)	100	18.2%	5
LRCIP	213	208	(6)	1,581	13.5%	746
OTHER: RW, SF, TRAFFIC Mngt	84	37	(47)	409	20.4%	17
ROADS	1,866	1,753	(113)	6,950	26.8%	1,040
SPORT & REC	134	112	(22)	605	22.1%	6
STORMWATER	32	27	(5)	820	3.9%	5
FLEET	1,505	1,506	1	3,239	46.5%	611
ICT	203	201	(2)	1,306	15.5%	32
PLANT & EQUIP	11	10	(1)	40	28.2%	7
PMC		-	-	1,517	0.0%	-
Unbudgeted	23	-	(23)	-	0.0%	11
Total	**5,203**	**4,939**	**(264)**	**20,538**	**25.3%**	**3,262**

Adelaide Hills Council Capital Works Summary					
	YTD Actuals $'000s	YTD Budget $'000s	YTD Var fav / (unfav) $'000s	Annual Revised Budget $'000s	% Received /Spent
Capital Income Total	**2,042**	**-**	● 2,042	**3,876**	**52.7%**
New & Capital Replacement Expenditure	5,203	4,939	● (264)	19,021	27.4%
Project Delivery Costs	-	-	● -	1,517	0.0%
Capital Expenditure Total	**5,203**	**4,939**	● **(264)**	**20,538**	**25.3%**
Net Capital Expenditure	**3,161**	**4,939**	**(2,306)**	**16,662**	

ADELAIDE HILLS COUNCIL
AUDIT AND RISK COMMITTEE MEETING
Monday 17 February 2025
AGENDA BUSINESS ITEM

Item:	**8.6**
Responsible Officer:	**Bruce Smith** **Manager Financial Services** **Corporate Services**
Subject:	**Debtors Report**
For:	**Information**

SUMMARY

In accordance with the 2025 Work Plan a debtor's report is provided to the Audit and Risk Committee for consideration.

This report covers the period ending 31 December 2024. An analysis of rates debtors is provided annually to the first Audit and Risk Committee after 30 June of each year.

RECOMMENDATION

The Audit and Risk Committee resolves that the report be received and noted (item 8.6, 17 February 2025 Audit Committee meeting).

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 of 30 June 2024 was presented to the Audit Committee on 19 August 2024.

2. **ANALYSIS**

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

   Strategic Plan 2024-28 – Your Place Your Space

Goal 4   Organisation
Objective O5   Evolve Council's functions and services to meet the current and future
                    needs and aspirations of our community.
Priority O5.2   Demonstrate financial sustainability through long term financial
                    planning and annual budget setting which aligns with adopted targets.

It is important that debt recovery practices are monitored on a regular basis to ensure that
Council's cash flow is optimised, and 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 be compliant in this matter would result in Council breaching current
licence conditions.

➢ **Risk Management Implications**

Monitoring the balances of debtors through regular reporting will assist in mitigating the risk
of:
> *Poor debt recovery practices which lead to increased levels of overdue debtors will*
> *negatively impact on Council's current cash flow as well as reduce the likelihood of*
> *future debt recovery.*

Inherent Risk	Residual Risk	Target Risk
Extreme (4B)	Medium (3D)	Medium (3D)

➢ **Financial and Resource Implications**

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

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

Not applicable

➢ **Sustainability Implications**

Not applicable

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

Council Committees: Not applicable
Council Workshops: Not applicable
Advisory Groups: Not applicable
External Agencies: Not Applicable
Community: Not applicable

➢ **Additional Analysis**

Sundry Debtors

A summary of the aged debtors as of 31 December 2024 is provided below with the total amount outstanding totalling approximately $256k across 160 individual debtor accounts.

As of 30 June 2024, the amount outstanding was $3.104m of which $2.918m related to the timing of grant payments not yet received as at the reporting date (primarily Amy Gillett $2.86m). Removing this impact, the amended debt outstanding was $186k across 122 individual debtor accounts.

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
Additional Bins	8,143	1	8,143	0	0	0	0	0
AHBTC	44,450	1	44,450	0	0	0	0	0
Burial Fees	36,805	8	5,575	18,305	1,099	11,825	0	0
Food Premises Inspection	13,991	73	5,987	1,512	720	1,008	648	4,116
Grants Received	42,000	1	42,000	0	0	0	0	0
Miscellaneous (Other)	28,785	9	15,784	155	12,020	281	0	545
Other Councils	11,169	3	11,169	0	0	0	0	0
Property	48,537	12	41,438	0	0	6,616	0	483
Regulatory Services	14,250	1	0	0	14,250	0	0	0
Road Rent	7,669	51	6,304	0	0	0	0	1,365
TOTAL: 31/12/2024	**255,799**	**160**	**180,850**	**19,972**	**28,089**	**19,730**	**648**	**6,509**

In relation to the Aged Debtors as of 31 December 2024, the following points of clarification are provided:

- There is one Burial Fees debtor < 120 days who has been making regular payments towards the original debt of $22k raised in Aug 2024 that relates to a 150-year interment renewal. The $18k < 60 days was offset in January 2025 with a $13k credit as the debtor has chosen not to proceed with the interment right.

- There were twenty Food Premises Inspection (FPI) debtors >150 days totalling $4,116 of these:

  o Twelve of the debtors are for inspections undertaken in 2024 and due to the value of the individual debts are not yet being considered for referral to council's debt collection agency. Follow up reminder letters will continue to be sent.

- o The largest (and oldest) debtor (pre-2013) totals $1,536.00. Correspondence sent to the owner is often returned. Legal advice has been received from Scott Lawyers, (who act for Council regarding rate debtors) who have indicated that where a property is owned by the ratepayer, all other fees and charges levied on that property that are outstanding can be applied to the rate account. A final invoice has been sent to the property owner with a 21-day payment term. In the event the debt remains outstanding, the sundry debt will be transferred to the property rate account and pursued.

- There are nine Road Rent debtors > 150 days totalling $1,364.76. Council's assessment is that these debts are currently uneconomical to refer to debt collection, being less than $300.00 each. Reminder invoices will be sent for follow-up action.

- There is one Regulatory debtor currently < 120 days totalling $14,250.00 relating to an Environment, Resources and Development Court order. The debtor is under a payment plan of $750 per month and is adhering to this agreement.

- The largest value property debt of $38,500 relates to the sale of a closed road at Mount Torrens. The amount was received in January 2025. The remaining debtors primarily relate to outdoor dining licences and individually, are uneconomical to pursue through debt collection at this stage. Follow up reminder letters will continue to be sent.

- There is one grant outstanding of $42k from Preventative Health SA which is still within Councils payment terms and relates to the AED (Automated External Defibrillator) program. As this is funding for an approved Council program, there is no further action required at this stage.

The CEO and delegated officers have not used their delegation in terms of writing off debts for the period ending 31 December 2024.

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: 30/6/2024	3,104,358	3,080,820	4,296	1,644	8,797	280	8,521
TOTAL: 31/12/2023	1,687,647	1,320,959	345,120	1,064	1,378	13,203	5,923
TOTAL: 30/6/2023	133,749	96,548	2,363	4,009	268	67	30,494
TOTAL: 31/12/2022	183,835	88,619	6,157	536	2,338	1,037	85,148
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

3.   OPTIONS

The Audit and Risk Committee is limited to receiving this report.

4.   APPENDICES

Nil

ADELAIDE HILLS COUNCIL
AUDIT AND RISK COMMITTEE MEETING
Monday 17 February 2025
AGENDA BUSINESS ITEM

Item:	**8.7**
Responsible Officer:	**Bruce Smith** **Manager Financial Services** **Corporate Services**
Subject:	**Internal Financial Controls Update**
For:	**Information**

SUMMARY

At the Audit Committee on 20 May 2024, a report was presented to the Committee informing the Committee of the outcomes of the annual internal Controls Assessment.

The Committee resolved that the CEO prepare a remediation plan for controls rated three (3) or lower by either the reviewer or the assessor. A copy of this report is provided as *Appendix 1.*

This report provides the status of each of the items identified as *Appendix 2.*

RECOMMENDATION

The Audit and Risk Committee resolves:

1.   **That the report on Internal Financial Controls Update be received and noted (item 8.7, 17 February 2025 Audit Committee meeting).**

1.   **BACKGROUND**

2.   **ANALYSIS**

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

   Strategic Plan 2024 – Your Place Your Space
   Goal 4   An accountable and representative organisation
   Objective 02   Operate with integrity using best practice governance processes
   Priority 02.3   Enhance governance structures and systems to be agile and support our
                     legislative obligations.

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

➢ **Legal Implications**

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

➢ **Risk Management Implications**

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

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

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

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

➢ **Financial and Resource Implications**

Whilst the recommendations of this report do no have any direct Financial or Resourcing implications, the changes to the internal control environment required to remediate the weaknesses will have implications.

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

Not applicable.

➢ **Sustainability Implications**

Not applicable.

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

Consultation on the development of this report was as follows:

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

➢ **Additional Analysis**

Presented at *Appendix 2* is an extract from the 2023-24 Controls Assessment, for all items where the assessor or the reviewer has rated the item as a 3 or less. A description of the status of each item has then been included.

The resolution of several of the items are dependent upon the direction taken with the ERP. These items would require significant investment of time and money to develop/update systems that are at end of life. The cost/benefit equation does not work if a new system is being actively pursued. That being the case, a low-cost option will be pursued.

However, if the decision is to follow another path with the ERP, a more comprehensive, longer-term solution will be sought.

3.   OPTIONS

The Committee is limited to receiving and noting this report.

4.   APPENDICES

(1)   2023-24 Internal Controls Review
(2)   2023-24 Internal Controls Review - Summary and Current Status

Appendix 1
2023-24 Internal Controls Review

2023-24 Controls Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
		▼			▼		

▲ Strategic Financial Planning

　　▲ General Ledger

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
STR-GEN-0012	There is a process in place to review actual vs budget and significant variances investigated. Strategic Financial Planning - General Ledger	Marcela Ardelean	4	Monthly Management Reports are produced for each Directorate - numbers are downloaded from the system, exported to Excel mapped reports and uploaded in Records Hub for review and analysis by Budget Holders. A Monthly Financial Performance Report is produced for ELT and discussed at the ELT Perform meeting each month.	Gary Lewis	5	Controls include monthly review within Finance with s subsequent higher-level review by the Executive. Further reviews are done on a quarterly basis which are overseen by both the Audit Committee and the Elected Member body.
STR-GEN-0011	Reconciliation of all balance sheet accounts is completed in accordance with a schedule of review and/or procedure. Strategic Financial Planning - General Ledger	Liz Packer	5	All balance sheet reconciliations are reviewed by an independent finance officer at least annually. High risk reconciliations are typically done monthly (such as the bank reconciliation), and low risk are done annually. All reconciliations are retained on the P drive with appropriate supporting documentation where required. Delays in rolling over the closing balances at the completion of EOFY can create issues with the preparation of these reconciliations due to inaccurate opening balances being reflected in the general ledger. This may require the preparer to update previously completed reconciliations.....or alternatively use the closing balance from the prior FY as the opening balance of the current FY before the ledger balances have been rolled over.	Gary Lewis	5	
STR-GEN-0010	Journal entry access is restricted to appropriately authorised personnel.	Liz Packer	4	Journals should be reviewed/authorised and updated by a person independent from the preparer. Only Finance team members have the ability to perform a general journal entry. Journals are retained in Finance for inspection and all supporting documentation is kept the P drive electronically. The system does allow for the preparer to upload, authorise and update the GL for their own journal. There are no inbuilt controls to prevent this occurring. The system also allows for the preparer to approve their own journal using the name of another person. The main persons who approve their own journals will be the Management Accountant and the Team Leader Finance. All other team members understand their journals are to be approved by an independent person.	Gary Lewis	4	
STR-GEN-0009	General Ledger policies and procedures are appropriately created, updated and communicated to relevant staff.	Liz Packer	4	All Council policies are included in the policy register which is regularly provided to Council for consideration and review. The majority of policies are reviewed and updated regularly and communicated to employees for comment. Time constraints within a small team do impact on the timeliness of specific finance policies being updated.	Gary Lewis	4	

2023-24 Controls Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
		▼			▼		
STR-GEN-0008	Formal disaster recovery plan is in place and communicated to relevant staff.	Phil Mattingly	5	BCP and SRP documentation in place. Continual updates and reviews are in play as more of our environment changes and moves to Cloud SaaS.	James Sinden	5	As above
STR-GEN-0007	Financial data is backed up and stored offsite.	Phil Mattingly	4	A copy of production servers are replicated to a separate storage area in the Stirling DC. A secondary copy is archived to tapes and stored off site and then in a fireproof safe. Cloud based backups are being scoped	James Sinden	5	The conditions of the control has been met and there is a program next year to enhance the method with alternative cloud based solutions.
STR-GEN-0006	Finance system does not allow posting of unbalanced journals or if it does regular reviews are conducted on the suspense account and discrepancies investigated and actioned.	Liz Packer	5	Finesse will not allow unbalanced journals to be posted to the General Ledger. Journal preparers must ensure that their journal balances via the validation check box prior to being updated by the reviewer. The Finesse journal register will show those journals that are not balanced and need correcting.	Gary Lewis	5	
STR-GEN-0005	Amendments to the structure of the General Ledger framework and accounts are reviewed and approved by appropriately authorised personnel.	Marcela Ardelean	3	Changes to the GL accounts can be done by any of the 7 administrators. No audit trail provided by the system to clearly show all undertaken amendments to the GL.	Gary Lewis	3	This requires a system fix to fully resolve.
STR-GEN-0004	All major updates and changes to General Ledger finance system are authorised, tested and documented.	Phil Mattingly	5	Any system changes to the finance system are first applied to a Dev environment, communicated and tested with module owners for signoff before being applied to the Production environment.	James Sinden	5	As above
STR-GEN-0002	All balance sheet reconciliations are reviewed by a person other than the preparer at least annually. Strategic Financial Planning - General Ledger	Liz Packer	4	Balance sheet reconciliations are reviewed by an independent person at least annually and signed as evidence of a review being performed. All BS reconciliations are documented in a monthly spreadsheet which details the name of the preparer and reviewer. Delays in rolling over the GL balances from the prior year can impact on the opening balance.	Gary Lewis	4	
STR-GEN-0001	Access to General Ledger maintenance is restricted to appropriately authorised personnel.	Marcela Ardelean	3	There are 7 administrators with access to General Ledger maintenance. The system doesn't provide an Audit Trail to ensure all changes are visible for all administrators.	Liz Packer	4	There are 7 administrators with access to General Ledger maintenance screens. Administrators are reviewed for relevance every 6 mths. Staff who are no longer AHC employees will be removed from the listing of users by IT or a system administrator. A review has not been done for a while due to staffing changes within the Finance team.

◢ `Revenue`

◢ `Rates/Rate Rebates`

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
REV-RAT-0010	There is a rating policy in place that is reviewed annually that provides clear guidance on rating methodology and relevant rebates and remissions in line with legislation.	Liz Packer	5	The rating policy is reviewed every year and provides clear guidance on Council's rating methodology for the upcoming financial year. The policy is reviewed and adopted by Council subject to any changes Elected Members may request. The rating policy is available on Council website for review at any time.	Gary Lewis	5	

2023-24 Controls Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
REV-RAT-0009	Recorded changes to property master file data and any rate adjustments are compared to authorised source documents to ensure that they were input accurately. An audit trail is maintained for all changes.	Sacha Holme	5	Written communication (email or letter) is used as a basis for changes to the rates and property master files (i.e. Change of Ownership notification from conveyancers). Such correspondence is electronically recorded in Council's document management system. Council is responsible for updating the property/rates master file in accordance with weekly reports from the Lands Title Office, including Change of Ownerships, Objection to Land Use, Objection to Valuation, creation and cancellation of titles due to subdivisions etc. These reports, as supporting documentation, are filed electronically, and in some cases, are kept in hardcopy and attached to evidence of changes to the property master file and rate adjustments. Where objections are processed that adjust rates levied on a property, the amount ($) is first manually calculated - this is then compared to the amount calculated by the Property.Gov system as a double-check mechanism to ensure the adjustment is correct.	Liz Packer	5	As above
REV-RAT-0008	Rates are generated and tested for accuracy of calculation methodology prior to the rates billing run.	Sacha Holme	5	The Senior Rates Officer will run through a full rates generation process in the Test environment prior to and following the adoption of rates. The purpose of these Test runs is to reconcile the rates generation to an Excel based rates modelling spreadsheet. This data is reviewed by the Senior Rates Officer, Team Leader Finance and Manager Financial Services to ensure the validity of the data and to ensure there is sufficient time to identify and resolve any errors or discrepancies prior to the final rates generation process early July. The review process includes extracting data and running reports from Property.Gov to cross reference against the rates modelling spreadsheet.	Liz Packer	5	Correct - a sample of rates is also checked by the Team Leader Finance to the Rates Model. A series of reports is run from the Property Gov module and then checked to the Rates Model to ensure the data is correct.
REV-RAT-0007	Rates are automatically generated by the rate system, including the calculation of rate rebates and other parameters as applicable.	Sacha Holme	5	Rates are generated based on Valuation Data provided by the Office of the Valuer-General. In Property.Gov and as part of the import process, the Valuation Data must be balanced before the import process can be completed. This is an inbuilt safety mechanism in the software to minimise the risk of there being discrepancies in the calculation of rates. A 'dummy' rate generation is processed in the Test environment multiple times before being processed in the Live arena. This is to ensure that differential rates are calculated correctly against the capital values, that the fixed charge, separate rates and the Landscape Levy etc calculate correctly, and to ensure that rate rebates (mandatory and discretionary) are applied as intended and based on the parameters entered.	Liz Packer	5	Rates are also modelled in an excel spreadsheet with rebates and other charges applied to determine the total rates income to be generated. The amount is then compared to the data provided by the Property.Gov to ensure accuracy before finalisation of the rating process.

2023-24 Controls Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
		▼			▼		
REV-RAT-0006	There is a Process in place to ensure that rates are collected in a timely manner and overdue rates are followed up.	Sacha Holme	5	Council is very proactive in its attempts to recover arrears rates in accordance with the current Debt Recovery Policy. When a quarterly instalment is not paid by the due date, a Quarterly Reminder Letter is issued. Rate accounts that are in arrears by 2 Quarters or more, and in the absence of a formal payment plan or financial hardship status, they will be referred to an external debt collection agency. The file will remain with the agency until the original debt has been paid in full and will escalate as part of the external recovery process, including legal action where necessary. For rate accounts that are in arrears for a period exceeding 3 years and where external debt collection has been ineffective in recovering the arrears, Council will consider pursuing Section 184 (sale of land for non-payment of rates) as a last resort recovery action. Two batches of rate debtors are referred to an external debt collection agency per financial year. In 2023, Council approved 8 properties for Section 184 action and this year (2024) Council approved a further 15 properties for Section 184 action.	Liz Packer	5	Debtor action of o/standing rates is undertaken by the Senior Rates Officer who is very proactive. Rates in arrears 2 qtrs or more will be automatically referred to Credit Solutions and recorded in OO Debtors Module to keep track of each stage. Where required S184 action is initiated after approval by Council. Continual correspondence with debtor ratepayers has increased the amount of ratepayer engagement the rates team now experiences with requests for payment arrangements, seniors' postponement and help from a financial counselor being the main avenues of support provided.
REV-RAT-0005	Employees responsible for processing rate payments and rebates cannot process their own payments or rebates unless the transaction is approved by someone independent of the process	Sacha Holme	5	Neither the Senior Rates Officer nor the Finance Officer (Rates Support) own or occupy property in the Adelaide Hills Council district. As part of the EOFY processing and rates generation, the Senior Rates Officer and the Finance Officer (Rates Support) provide a letter to the Manager Financial Services declaring this to be true. In this regard, they are not restricted in the receipting of general rates payments or the processing of rebates and/or adjustments. Other Council staff that are responsible for processing rate payments are the Customer Service Staff (Cashiers). The processing of rebates is always be done in accordance with current policies, procedures, delegations, the legislation (LG Act 1999) and appropriate approvals, including Council (where applicable).	Liz Packer	5	Rates Officers also do not have access to the receipting module so would be unable to receipt another ratepayers payment to their own personal account. Rebates are reviewed periodically via a report that can be produced from the system. Our current rating team are not Adelaide Hills ratepayers. The system does not allow a manual entry to be added to the personal transaction account. Any amendments to an account require a journal to be raised which would identify an employee.
REV-RAT-0004	Annual valuation update is balanced prior to the generation of rates; all mismatches resolved prior to finalising rate generation.	Sacha Holme	5	Importing and reconciling the Annual Valuation data is one of the first steps as part of processing the rates generation. The Senior Rates Officer is responsible for undertaking this process firstly in the Test Environment. All discrepancies between the Valuation data file (provided by the Office of the Valuer-General) and Property.Gov need to be resolved before the upload of the data file can be completed. It is not possible to process the generation of rates if the Annual Valuation data does not balance.	Liz Packer	5	Reconciliation of the valuations is balanced prior to rates being generated.

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Code	Description	Assessor	⭐	Assessor Reason	Reviewer	👍	Reviewer Reason
REV-RAT-0003	All software changes to rate modelling functionality fully tested and reviewed by relevant staff.	Sacha Holme	5	The rates modelling process is thoroughly tested in the Property.Gov Test Environment in the months leading up to EOFY - this commences around the time of receiving the 1st Valuation Data file from the Office of the Valuer-General. The Senior Rates Officer is responsible for undertaking this task and any issues identified as part of this process are communicated to relevant IT staff and, where applicable, lodged as a ticket with the appropriate level of urgency, to Open Office Support. Valuation data is imported into the Test Environment for the purpose of modelling annual rates for the upcoming financial year. This 'dummy' rate generation is compared against an Excel-based rate modelling spreadsheet for comparative and reconciliation purposes. This process is run multiple times in the lead up to 30 June. The Senior Rates Officer will process a 'dummy' rates generation in the Test Environment with 100% accuracy before repeating the same process in the Live environment following the adoption of rates and the final striking of rates early July.	Liz Packer	5	Testing is always undertaken in the development module of OO prior to be replicated in live.
REV-RAT-0002	All rate rebates and adjustments including write offs are appropriately authorised, with reference to Delegations of Authority and source documents.	Sacha Holme	5	All rate rebates, adjustments including write-offs are sub delegated to the Senior Rates Officer. All rate rebates are applied in accordance with current policies and procedures and upon application (where applicable, i.e. primary production rebate). In addition, all mandatory and discretionary rebates are reviewed each year prior to 30 June and all discretionary rebates are included on a report to Council and approved prior to the new rateable year. The Senior Rates Officer is sub delegated to process rate adjustments and write-offs. Rate adjustments are sometimes required including remitting of fines, interest and/or legal fees - this includes for ratepayers on the Hardship Register, on a case-by-case basis upon written application, and/or through discussion with the Team Leader Finance, Manager, Director or CEO. As per current policy, general rate write-offs are never processed. However, occasionally, a small balance write-off (<$5) is required following a transfer of ownership.	Liz Packer	5	Rates are never written off as they are attached to the property and will be recovered either as part of the property sale process, title transfer or S184. Small write offs of fines/interest will be considered based on ratepayer circumstances such as hardship and are written off in accordance with DOA.
REV-RAT-0001	Access to the Property master file is restricted to appropriately designated personnel, with a process in place to ensure changes are in line with policies and procedures.	Sacha Holme	5	Access to the Property master file is restricted to the Senior Rates Officer and the Finance Officer (Rates Support). Changes to the Property master file are made in accordance with current policies and procedures. There is documentation to support every change to the Property master file, including (but not limited to) weekly LTO reports, Change of Ownership notifications, via Council's Planning Department etc. A reconciliation of active property parcels takes place each year in the lead up to EOFY as part of the rates modelling process.	Liz Packer	5	Correct

2023-24 Controls Assessment

Code	Description	Assessor	⭐	Assessor Reason	Reviewer	👍	Reviewer Reason

▲ Receipting

REV-REC-0010	There is a review process for the authorisation of the reversal of transactions.	Rhys Elsegood	4	Considered increased risk relating to circumstances where cash overpayment occurs. Discussion with personnel involved in receipting indicates that there is no review process for the reversal of transactions which occurs occasionally if cashier for example realises they have incorrectly recorded the transaction ie as cash instead of EFTPOS etc and therefore reverses the transaction and corrects. The system does not require separate authorisation and we are not aware of any exception reports that records when this function is used. Cashiers have a Receipt Reversal procedure that ensures that all reversed receipts are clearly warranted and details are available for verification and can be reviewed by an independent person. In addition, the Finance Officer - Accounts Receivable & Treasury can process a "Receipt Adjustment" to reallocate a payment from say a rate debtor account to a sundry debtor account as a result of the debtor using the incorrect payment platform and/or debtor reference vs rate assessment. These receipt adjustments are reviewed by the appropriate area and approved by the Team Leader Finance. While supporting documentation is retained the system does not require separate authorisation and we are not aware of any exception reports that records when this function is used. It is proposed that officers will follow up with the Vendor (Open Office) to confirm whether there is an audit trail/exception report available to record when this functionality is used by either Cashiers/Accounts Receivable.	Liz Packer	4	Improvement in this area is required however we work within the constraints of Open Office. Without an audit file being available a review process is difficult to undertake. Following the Receipt Reversal procedure and the retention of documentation for support reduces this risk.
REV-REC-0008	Receipts are deposited regularly at the bank by a person independent from the initial recording of the cash receipts.	Rhys Elsegood	5	Cash is banked weekly at each cashier location and is recorded and signed for when collected by SecureCash.	Liz Packer	5	Correct. SecureCash is the 3rd party provider who collect and deposit cash to the bank - noting that the amount of cash being held is declining.
REV-REC-0007	Receipt transactions are reconciled to the daily takings and out-of-balance banking is corrected promptly.	Rhys Elsegood	5	Receipts are issued for all transactions processed. Cash/cheques/eftpos receipts for each Cashlink Session are reconciled to the Council Bank Account by the Finance Officer-Accounts Receivable & Treasury. Any discrepancies are investigated and corrected promptly.	Liz Packer	5	As above.
REV-REC-0005	Prior to and during the banking process, cash is stored securely at all times.	Rhys Elsegood	5	Cash is stored securely at all times including the duration of the cash management process. Cash is locked away when unattended. Cash is banked weekly at each cashier location and is recorded and signed for when collected by SecureCash. Cash awaiting collection is held in a dropdown safe.	Liz Packer	5	Since COVID the amount of cash being held and presented by customers has been declining. Cash is locked away when unattended and the number of locations to receive cash within Council is being reduced (such as the library and community centres). Council promotes other forms of payment such as electronic, direct debit and Bpay to reduce the amount of cash being held.

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Code	Description	Assessor	⭐	Assessor Reason	Reviewer	👍	Reviewer Reason
REV-REC-0003	Customers are provided with a system generated or pre-numbered (manual) sequential tax compliant receipt detailing payment made.	Rhys Elsegood	5	System generated sequential receipts are produced internally in the system and provided to customers upon request.	Liz Packer	5	Correct - the system automatically generates the new receipt number

▲ Liabilities

    ▲ Accounts Payable

Code	Description	Assessor	⭐	Assessor Reason	Reviewer	👍	Reviewer Reason
LIA-ACC-0016	There is a system generated report detailing supplier invoices due for payment at any one time.	Lauren Mableson	5	There is a creditors outstanding report detail which is produced on the last day of the month (after processing close) and reconciled to the General Ledger. In addition, there is a pre cheque report in release date order that is produced prior to each payment run (weekly) as well as at the end of month, forming part of the reconciliation process.	Katrina Maher	5	Correct
LIA-ACC-0015	There is a process in place to ensure the supplier master file is periodically reviewed for ongoing pertinence.	Lauren Mableson	5	An annual review of the supplier masterfile is undertaken and any supplier that has not been used for 2 years has the status of the account made historical. It will not appear on simple searches but is still apparent on the supplier list. (greyed out to indicate it is historical)	Katrina Maher	5	Masterfile is reviewed and suppliers not used for a period of 2 years will be changed to historical. Should they be required in the future they will be reinstated
LIA-ACC-0014	Statements received from suppliers are reconciled to the supplier accounts in the accounts payable subledger regularly and differences are investigated.	Lauren Mableson	5	Statements received from suppliers are reconciled to the suppliers accounts in the accounts payable subledger monthly and differences are investigated and resolved where applicable. Supplier statements are retained in the Finance area for 12 months for inspection.	Katrina Maher	5	Correct
LIA-ACC-0013	Separation of Accounts Payable and Procurement duties.	Lauren Mableson	5	There is total separation of accounts payable and procurement duties.	Katrina Maher	5	Correct. Accounts Payable and Procurement are separate functions. The AP team cannot amend procurement information and vice versa.
LIA-ACC-0012	Requested changes or additions to supplier masterfile are verified independently of source documentation.	Lauren Mableson	5	For bank account changes, Accounts Payable contacts the company from an alternative source than where the request was received (by phone) to confirm validity of the request. For all other changes, address etc. information is obtained from source documentation only, unless clarification is required.	Katrina Maher	5	Bank Account changes are verbally verified with the supplier via a phone call. All other changes are verified to source documents only. Audit Report is printed weekly which is reviewed by the Team Leader Finance to supporting documentation.
LIA-ACC-0011	Relevant staff to review aged payables listing on a predetermined basis and investigate where appropriate.	Lauren Mableson	5	Management Accountant reviews an aged creditors listing as part of the end of financial year process.	Katrina Maher	5	The Creditor Active Items Aged Report is run during EOY process. Any errors or anomalies will be followed up and amended.
LIA-ACC-0010	Records must be maintained of all payments with supporting documentation.	Lauren Mableson	5	Creditors Input reports, Pre Payment reports and Payment Registers are generated for each payment run, and are electronically filed, along with associated invoices and any other associated source documentation, in Councils records keeping software (Records Hub).	Katrina Maher	5	Correct

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Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
		▼				▼	
LIA-ACC-0009	Recorded changes to the supplier master file are compared to authorised source documents to ensure that they were input accurately.	Lauren Mableson	5	Access to the supplier master file is restricted to authorised officers and support for masterfile changes is retained in Financial Services. For bank account changes, Accounts Payable contacts the company from an alternative source than the supporting documentation received to confirm validity of the request (by phone). A Creditor audit report is generated weekly showing all the masterfile changes and this is checked on an ad hoc basis by the Team Leader Financial Services.	Katrina Maher	5	Correct. Team Lead Finance reviews these reports typically on a weekly basis and signs as evidence review has been completed.
LIA-ACC-0008	Predetermined variances between Purchase Orders and Invoices are assessed and payment released only after verification by the officer with delegation to do so.	Lauren Mableson	5	Whilst Council officers with appropriate delegation sign off and verify an invoice for payment and normally provide purchase order details where relevant to match the invoice against, there is no predetermined limits set to reject an invoice if the invoice exceeds the purchase order amount and it will be processed at the amount the delegated officer signed off. If the purchase order is less than the invoice AP will email the approver highlighting that the invoice is for more than the purchase order and get a second approval.	Katrina Maher	4	Correct. System allows for invoices greater than the PO total to be paid. Current manual processes require the AP person to contact the original requisitioner and seek a secondary approval before being processed for payment. Team Leader Finance is seeking additional information form Open Office with regards to some functionality changes that could be implemented.
LIA-ACC-0007	Payments are verified to appropriate supporting documentation and are in line with Delegations of Authority.	Lauren Mableson	5	Payments are verified to appropriate supporting documentation and are authorised by a relevant and appropriately authorised Council officer in line with delegations of authority. Whilst Council officers with appropriate delegation approve and verify an invoice for payment and normally provide purchase order details where relevant to match the invoice against, there is no predetermined limits set to reject an invoice if the invoice exceeds the purchase order amount. If the purchase order is less than the invoice AP will email the approver highlighting that the invoice is more than the purchase order and get a second approval.	Katrina Maher	5	Correct. The system allows for invoices greater than the PO total to be paid. As a manual control measure, AP staff will contact the PO initiator and advise that invoices are greater than the original PO total. The initiator will provide further approval to allow the invoice has been paid unless they have already noted the variation in the original email.

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Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
LIA-ACC-0006	Payments are endorsed by relevant staff separate to the preparer, who ensures that they are paid to the correct payee.	Lauren Mableson	5	Payments are endorsed by authorised officers separate to the preparer who ensures that they are paid to the specified payee. A payment input list for items input is generated for each batch of data entry and reviewed by the Team Leader Financial Services to confirm correct GST status and account allocation. A Pre Payment report is generated as part of the payment run preparation listing each supplier invoice to be paid which is checked against invoices for correct supplier and amount. This is provided to the Team Leader Financial Services or delegate to review supporting documentation and authorise the payment run and summary of scheduled payments document. The NAB inline banking system requires a Part A and a Part B before transmission of funds is completed. The officer who creates the batch for payment may not be either Part A or Part B of the authorisation for transmission. Records of these transmissions are retained in Council's record keeping system (Records Hub) for inspection and subsequently signed by the authoriser of the payment run who has reviewed the number of transaction and amount to be paid by EFT as well as confirming totals from the Payment Register.	Katrina Maher	5	Correct
LIA-ACC-0004	Employee expenses claims must be approved by authorised staff and independently verified and include relevant substantiation.	Lauren Mableson	5	Employee expense claims must be approved by an authorised officer and independently verified and include relevant substantiation. Expense claims are paid by Accounts Payable.	Katrina Maher	5	Employee Manager/Team Leader will review and authorise the reimbursement in line with Delegations of Authority.
LIA-ACC-0002	All invoices and payment requests are approved in accordance with relevant policies and/or Delegations of Authority.	Lauren Mableson	5	All invoices and payment requests are approved in accordance with relevant delegations of authority. Delegations are in the system and a warning with show if they are exceeded.	Katrina Maher	5	Invoices and payments are approved in accordance with Delegations Of Approval. Accounts Payable will pick up approvals that are not within the limits of the approver and resubmit for approval.
LIA-ACC-0001	Access to the supplier masterfile is restricted to authorised staff	Lauren Mableson	5	Access to the supplier master file is restricted to authorised officers and support for masterfile changes is retained in Financial Services.	Katrina Maher	5	Masterfile changes are retained in Finance and reviewed by Team Leader Finance. Only Accounts Payable staff have access to the masterfile to be able to make changes.

▲ External Services

    ▲ Contracting

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
EXT-CON-0007	There is an ongoing management in place that identifies and manages deliverables, key contact clauses, responsibilities, milestones and includes dispute resolution procedures.	Mike Collins	4	The standard contract documents include the stated objectives of the agreement, so they are appropriately defined. The actual management of the contract during the execution phase is the responsibility of individuals assigned to it, rather than a centralised Contracts Manager. The approach to contract management may therefore differ from contract to contract so if there are areas of concern they are probably around consistency rather than failure to manage.	Gary Lewis	4	

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Code	Description	Assessor	⭐	Assessor Reason	Reviewer	👍	Reviewer Reason
EXT-CON-0006	There is a process in place to ensure that commitments are made with approval by Council or delegated staff.	Mike Collins	5	Contracts and Purchase Orders require the approval of a Council Officer with appropriate levels of delegation to do so. Delegations are detailed according to position in a Staff Financial Delegations document.	Gary Lewis	5	
EXT-CON-0005	There is a contract management process in place throughout the term of the contract to ensure that supplier/contractor meet their obligations.	Mike Collins	3	Relies on the individual Council employee responsible for the Contract to be aware of the provisions of the contract to be able to ensure that any related obligations are fulfilled. There is no use of formal Contract Management Plans, so particulalry in those instances where there is a change in the Contract Manager, continuity of approach and level of awareness cannot be assumed.	Gary Lewis	3	A system solution will be required to make significant process on this issue.
EXT-CON-0004	There are robust and transparent evaluation and selection processes in place to engage contractors where relevant in accordance with the Code of Conduct, Conflict of Interest and Procurement Policy.	Mike Collins	5	For procurements with an estimated value in excess of $10,000, contractors are engaged following a tender/quotation process that requires the use of pre-established evaluation criteria by personnel who are required to have completed a Confidentiality and Conflict of Interest declaration before participating in the evaluation	Gary Lewis	5	
EXT-CON-0003	The selection panel is made up of appropriate personnel who have declared any relevant conflict of interest to ensure that informed and objective decision is made when selecting contractors.	Mike Collins	5	The Procurement process requires that a Conflict of Interest declaration is completed and signed by all evaluation team members before the tenders are released to them for review.	Gary Lewis	5	
EXT-CON-0001	Council maintains a current contract register.	Mike Collins	2	A Contract Register has been developed but it is entirely reliant on manual intervention. It is an Excel file that does not generate alerts about upcoming contract expiries or any other criteria (e.g. scheduled contract meetings, KPI measurement etc) that require monitoring. It is not certain that every existing contract is recorded in the file. A far more robust contract management tool and information repository would be helpful.	Gary Lewis	3	The current process is not ideal but serves to create a central repository of contracts and does perform its function to an extent.

◢ Expenses

  ◢ Credit Cards

Code	Description	Assessor	⭐	Assessor Reason	Reviewer	👍	Reviewer Reason
EXP-CRE-0007	There is a process in place to ensure there are appropriate approvals prior to the issuing of Credit Cards and limits.	Katrina Maher	5	A credit card will not be issued without written approval of card and limit by Manager or Director, this approval form is kept electronically in the "purchase cards" folder in the Financial Management area of P drive.	Liz Packer	5	Correct

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Code	Description	Assessor	⭐	Assessor Reason	Reviewer	👍	Reviewer Reason
		▼			▼		
EXP-CRE-0006	There is a process in place to ensure credit card limits and usage is reviewed for operational efficiency.	Katrina Maher	5	The relevant authorised officer approves the issue and limit of the purchase cards and an electronic copy of this approval is kept in the "purchase cards" folder in the Financial Management area of the P drive. Once a card has been authorised (and subject to detailed consideration), subsequent review is addressed by the updated purchase card procedure.	Liz Packer	5	Card limits are periodically reviewed and updated if required. Cards with no usage on them will be deactivated.
EXP-CRE-0005	There is a process in place to approve all credit card transactions to ensure compliance with the policies and procedures covering credit card usage.	Katrina Maher	5	The card holder is required to reconcile their monthly statement to tax invoices and attach the supporting tax invoices to their transactions so that their line manager can review and approve those transactions/purchases and ensure compliance with the procedure and policy and authorised/necessarily incurred on behalf of Council. Transactions will show as incomplete and reminder emails are sent to the manager to view transactions from the flexi-purchase system until they are viewed and authorised.	Liz Packer	5	Cardholder expenditure is reviewed and approved by Manager. Administrators will also question expenditure where required.
EXP-CRE-0004	Credit card holders sign a declaration confirming compliance with Council policy and procedures prior to the Credit Card being released.	Katrina Maher	5	All new credit card holders sign the "purchase card application or modify form" confirming compliance with Council policy and procedures prior to the credit card being ordered/released and an electronic copy of this document is saved in the relevant folder in the Financial Management area of P Drive.	Liz Packer	5	All card applications are retained electronically for review.

◢ Expenses

　◢ Credit Cards

Code	Description	Assessor	⭐	Assessor Reason	Reviewer	👍	Reviewer Reason
EXP-CRE-0003	Cardholders must check their statement to ensure all transactions are correct and identify any transactions of a personal nature which must be reimbursed to Council.	Katrina Maher	5	Cardholders log in to Flexipurchase (NAB) to check their account regularly. Cardholders are required to check their statement at month end to process incomplete transactions and ensure all transactions are authorised and allocated to the correct account number. The cardholders line manager is required to review the monthly statement and authorise each transaction acknowledging that the cardholder has complied with policy. Per Purchase Card Policy, the cardholder is not to use the purchase card for anything other than official purposes. Personal purchases made in error are coded to a clearing account. Reimbursement is also made to the clearing account 149027058.	Liz Packer	5	Administrators have the ability to lock/cancel/delete any cardholder that does not operate within policy. Unauthorised transactions are followed up with NAB by the cardholder and if required, new cards re-issued. All personal purchases are reimbursed and a declaration from the card holder retained in flexi purchase.

　◢ Payroll

2023-24 Controls Assessment

Code	Description	Assessor	⭐	Assessor Reason	Reviewer	👍	Reviewer Reason
EXP-PAY-0024	Where possible standard programmed formulae perform payroll calculations.	Zhanna Petku	4	standard pay and termination pay are automated and ok. Backpays often require manual calculations.	Liz Packer	4	Payroll system uses standard programmed formulae to perform payroll calculations. Tax tables are updated by Open Office each financial year. EDA calculations are updated using the payroll wizard through Open Office. Calculations and other notations are shown on individual timesheets for TIL, Flexi and Overtime.
EXP-PAY-0023	Time recording and attendance exceptions such as TOIL or flexitime are based on relevant policies/agreement are identified, monitored and corrected.	Zhanna Petku	2	TOIL and Flexi are recorded and tracked through the payroll system. However, the calculations of TOIL are often based on overtime (manually calculated) which is open to EDA interpretation (not time for time). Improvement: any extra hours worked attracting overtime are to be paid out not banked.	Liz Packer	4	TOIL/TIL are calculated and paid in accordance with the relevant EDA. TOIL/TIL is manually calculated by the payroll officer based on the information provided on the employee timesheet which is authorised by the People Leader. The number of hours accrued/taken is recorded in the payroll system as a separate line item when preparing the rest of the pay entries. Leave reports which include TIL/TOIL balances are periodically provided to relevant People Leaders for review and monitoring. Excessive balances are managed within the team.
EXP-PAY-0021	There is a segregation of duties from those preparing the payroll to those responsible for preparation of source documents (e.g. timesheets, leave requests etc).	Zhanna Petku	5	Yes, payroll does not prepare timesheets or leave forms	Liz Packer	5	Source documents, including timesheets and leave forms are generated by the employee and authorised by their people leader. The documentation is used by Payroll to prepare the fortnightly payroll.
EXP-PAY-0020	There is a process to ensure the total of payment summaries for the year is reconciled to the general ledger and payroll and is appropriately reviewed.	Zhanna Petku	4	Yes, there is a process of reconciling payment Summary with the payroll system (done by payroll) and general ledger and payment summary done by payroll approver	Liz Packer	4	The Payroll Officer ensures that the payroll summaries balance during the STP process. The Team Leader Finance is responsible for reconciling payroll with the general ledger as part of year end activities.
EXP-PAY-0019	There is a process to ensure employees are made inactive in payroll records upon termination.	Zhanna Petku	3	when termination is processed that makes the employee record inactive. However, there is a way to reinstate the employee and make him active again. Suggestion: before starting a new pay run check that terminated employees are inactive/terminated (have termination date and in inactive status)	Liz Packer	4	Once an employee is terminated and the date field entered the employee record becomes inactive. A report is produced each f/n during payrun processing detailing the employees that have been terminated which should be checked to source information provided from HR. Should an employee need to be reinstated, such as retiring and then returning as a casual, a new employee number will typically need to be created in order to allow a payroll entry to be created.

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Code	Description	Assessor	⭐	Assessor Reason	Reviewer	👍	Reviewer Reason
EXP-PAY-0018	There is a process to ensure an independent review of proposed payroll payments by authorised staff.	Zhanna Petku	4	Generally, records are kept and the approver reviews calculations.	Liz Packer	5	With a full staffing complement, the payroll will be reviewed and checked by 2 independent persons separate from payroll processing. There should be a checker/reviewer who authorise the payroll and sign off on the Payroll Summary Checklist. The Entry Validation Report (EVR) is reviewed to the respective timesheets by the first checker and notations are made on the report for any errors/changes required. Updates are made by the payroll officers and a new EVR run. The changes are re-checked by the first checker. There is supporting documentation re higher duties, etc that is also checked to payroll data on the EVR. The 2nd checker should be doing an overall reasonableness check of the payroll data to ensure that what was paid last f/n is consistent with this f/n. A variance report is also prepared which compares, for each employee, the amount paid last f/n with this f/n. Variances greater or less than $500 need to be investigated.
EXP-PAY-0017	There is a process to ensure all overtime is verified and approved by relevant appropriate staff.	Zhanna Petku	3	Timesheets are approved by team leaders who supposedly know they approve overtime. Sometimes they have no knowledge of what employee will be paid. Timesheets are not designed to record overtime correctly. Payroll relates on the timesheet notes (rarely explain overtime), asks for clarifications, or makes their judgment. Suggestion; timesheets to be redesigned to show overtime.	Liz Packer	4	Overtime is recorded on employee timesheets which is approved by the respective people leader. The approval confirms that overtime has been approved and is Ok to be paid. Employees may make notes on their timesheet to assist the payroll officer. Overtime is paid in accordance with the EDA. An overtime report is generated each fortnight and forms part of the documentation reviewed during the payroll authorisation process.
EXP-PAY-0016	There is a process in place to ensure termination payments comply with relevant policies, procedures and legislation.	Zhanna Petku	4		Liz Packer	5	All terminations are executed in line with the Enterprise Development Agreement (EDA) and the relevant award or industrial provisions. The termination calculations are done via the termination wizard through Payroll and backup evidence is provided eg leave balances, contract terminations, redundancies etc for signoff when the termination pay run is checked. A termination report for the pay period of all employees terminated for the current f/night is also printed out and included with the pay run summary checklist.

2023-24 Controls Assessment

Code	Description	Assessor	⭐	Assessor Reason	Reviewer	👍	Reviewer Reason
EXP-PAY-0015	There is a process in place to ensure employees are not added to the payroll masterfile, nor details amended or amounts paid without receipt of the appropriate forms which have been authorised by relevant staff.	Zhanna Petku	4	1. new employee details are saved for authorisers to review. 2. report on new employees is produced as part of payroll processing 3. EVR is showing all discrepancies to the standard rate of pay	Liz Packer	4	New employees are added to the payroll system by 2 separate employees. Previously this was HR and Payroll however with the deactivation of Community HR all details are now entered directly into the payroll system, which HR do not have access to. Therefore, to retain segregation, the TL Finance enters the HR components and the Payroll Officer enters the financial information such as bank account, pay rates, tax table etc etc. New employees are then recorded on a report which is checked each f/n by the payroll checker (s) to supporting documentation. The audit logs also indicate new employees that have been entered which the payroll checkers also review. Supporting documentation is retained for all changes made to payroll masterfile details which is checked as part of the payroll review process each f/n.
EXP-PAY-0013	The payment of the payroll is authorised by appropriate staff not involved in the preparation of the payroll.	Zhanna Petku	5	Yes, the authoriser is not involved in payroll processing.	Liz Packer	5	The Payroll Officer uploads the bank file and two separate authorised officers authorise the bank file. Authorisation takes places after the Payrun Summary Checklist has been sighted, showing the payroll has been reviewed (by the 1 or 2 Reviewers), and that the Entry Validation Report from Open Office showing the net amount matches the Bank Net amount. The 1 or 2 authorised officers email the Payroll Officer to advise that the bank file has been authorised, and one authoriser provides a snip of the bank file and the other authoriser provides the Payment History from NAB.
EXP-PAY-0012	The payment for the payroll must be reconciled to a system generated report detailing amount and employee prior to payment.	Zhanna Petku	5	Yes. Multiple reports can be used for reconciling the payment of payroll.	Liz Packer	5	The payment for the payroll is checked to the system generated Entry Validation Report and Payroll Summary report detailing the total amount prior to payment. This forms a key component of the Payroll Authorisation process and is checked against another spreadsheet titled Payroll Journal Lines.
EXP-PAY-0010	The ability to access, modify or transfer information contained in the payroll master files is restricted to authorised staff.	Zhanna Petku	5	Yes, only 4 employees have access to payroll file.	Liz Packer	5	The ability to access, modify or transfer information contained in the payroll master files is restricted to authorised payroll staff only.

ControlTrack

2023-24 Controls Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
EXP-PAY-0009	Relevant staff are required to complete timesheets and/or leave forms, authorise them and have approved by the relevant supervisor.	Zhanna Petku	3	Most employees complete timesheets (80%) and leave forms that are authorised by team leader. The exemption is executives. They do not complete timesheets. Leave forms are not always completed, and need to be chased up. Emails are sometimes sent with days taken as leave.	Liz Packer	4	All non-TEC employees must account for their time with a f/nightly timesheet and any leave forms which are approved by their manager/supervisor/team leader. Leave forms are then submitted to OD for filing on Records Hub against the employee file. TEC employees do not have timesheets but are required to submit leave forms which are approved and forwarded to OD & Payroll. The payroll system has work patterns, and the majority of employees have standardised hours and days of work set against them which assists with the timesheet entry process. Timesheet employees are paid on the basis of the information provided on their timesheet. Payroll do not double check to leave forms due to the time factor required. Currently, there can be delays in TEC employees submitting leave forms or they don't submit leave forms at all so there is a risk that payments being made are inaccurate and leave balances are not accurate. Cross checking to information provided on the staff HUB re absences can assist.
EXP-PAY-0008	Payroll system generates audit reports detailing all payroll changes and there is a process in place to ensure all changes are reviewed and verified against source documents.	Zhanna Petku	5	Multiple payroll reports for that: new and terminated employees to ensure that terminated employees are not paid again. For new employees, their paperwork is saved in the payroll folder Entry Validation Report flags any discrepancies to standard hours, deductions, leave balances, or rate changes. Variance Report shows change compared to the previous pay cycle. Variances over %500 are explained Other reports: Employees Not Paid and Payroll Change Log entries	Liz Packer	5	At the end of each pay period a payroll change log entry report which reports on any changes made to the following employee attributes: deductions, pay distribution, position accounts, position allowances, position leave, position rates, position, superannuation, etc is created and forms part of the Payroll authorisation process, checked/reviewed by 2 people. Documents seeking changes to bank accounts are provided as part of the fortnightly payroll review process.
EXP-PAY-0007	Payroll is periodically reconciled to the General Ledger accounts.	Zhanna Petku	N/A	This control is not done by payroll officer.	Liz Packer	5	Payroll suspense accounts are reviewed monthly and reconciled to the GL.
EXP-PAY-0006	Managers periodically review listings of current employees within their departments and variances are investigated.	Zhanna Petku	5	This check is part of the payroll authorisation process. We run reports on new and termination employees. Changes are explained in a summary spreadsheet.	Liz Packer	5	Employee listing are reviewed by the payroll checker each f/n. With only 220-230 staff most employees are known. Authorised timesheets are required for all employees except those on contract (TEC). New employees are added to the system by 2 persons. Every pay period a report of all new starters is reviewed to supporting documentation prior to being paid to ensure all employees are bonafide. Employee costs vs budget information is distributed to managers as part of EOM processes.

2023-24 Controls Assessment

Code	Description	Assessor	⭐	Assessor Reason	Reviewer	👍	Reviewer Reason
EXP-PAY-0005	Employee records to include employment details and/or contract terms and conditions, authorisations for payroll deductions and leave entitlements.	Zhanna Petku	4	All employees have Personnel files with contracts, terms, and conditions, and authorisation of deductions. Leave records are maintained by the payroll system. Maxxia deduction changes are saved in the Outlook folder and printed and added to the relevant payroll processing folder.	Liz Packer	5	Personnel files and some employees on Records Hub have hard copies of the following: Employee Personal Details, tax file number declaration form, employment contract, position description. Leave entitlements are accrued and recorded through Open Office. Leave forms are placed on the Personnel file on Records Hub. A Leave entitlement report is completed each month and emailed to relevant Directors/Managers/PL's so we have up to date leave entitlements. Leave entitlements are also listed on an employee's payslip.
EXP-PAY-0003	All payroll deductions must be approved by the relevant employee.	Zhanna Petku	4	Employees fill out and sign forms to request payroll deductions. Maxxia deductions come externally from Maxxia. Employees engaged with Maxxia sign relevant agreement.	Liz Packer	5	AHC employees use the Employee Advice - Payroll Personnel Changes form that only AHC staff have access to (and not just an email). Payroll will contact the employee direct to confirm bank or deduction changes as another measure to combat any fraudulent advice. Changes made are then outlined in the "Payroll Change Lot Entries" report which is then checked and verified against the supporting documentation during the payroll checking process.
EXP-PAY-0002	All calculations for generating payroll payments are verified for accuracy.	Zhanna Petku	5	Most of the payroll calculations are automated by the payroll system and do not require verification (amounts for hours of work or allowance amounts). When there is a manual calculation, it is reviewed and authorised by the payroll approver. The payroll system produces a Variance Report which compares current pay to previous pay. Any major differences are reviewed and explained.	Liz Packer	5	All payroll payments are listed on the Entry Validation Report (EVR). The EVR is checked to the physical timesheet for accuracy by the payroll checker and any documentation. Any errors highlighted are corrected by the payroll team and a new EVR run. The payroll change log entries report is also reviewed to ensure that changes made to an employee's pay profile is accurate and agreed to supporting documentation.
EXP-PAY-0001	Access to the payroll deduction listing is restricted to authorised staff.	Zhanna Petku	5	Yes, currently only a limited number of employees who directly process or authorise payroll have access to the payroll system and can make changes to employee deductions.	Liz Packer	5	Correct
◢ **Purchasing and Procurement**							
EXP-PUR-0011	There is a process in place to review the supplier master file for ongoing pertinence and ensure all changes are checked against source documents to ensure they were input accurately.	Lauren Mableson	5	Weekly a creditor audit report by creditor showing all the master file changes is generated and this report is checked by Team Leader Financial Services who is independent of the officer who input the changes. An annual purge of unused accounts is processed and all old accounts are changed to inactive status.	Katrina Maher	5	The Creditor Audit Report is checked by the Team Leader Financial Accounting. Details such as bank accounts are checked to source documentation. Any anomolies are raised with the Accounts Payable team and corrected in a timely manner.
EXP-PUR-0010	There is a process in place to review purchasing patterns and ensure maximum use of preferred suppliers.	Mike Collins	2	There is no procurement-led activity to analyse Council spend patterns. There are a number of Panel Contracts that would necessarily direct work to pre-qualified suppliers but these are not subsequently investigated with a view to efficiencies. Outside of those Panel Contracts, little or no work is being done to identify patterns or areas for improvement	Gary Lewis	2	Additional work in this space is not practicable in FY 23/24. With a full time Procurement Coordinator additional reporting and analysis could be developed in FY 24/25.

2023-24 Controls Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
		▼			▼		
EXP-PUR-0009	There is a process in place to follow up and action incomplete purchase orders.	Katrina Maher	5	Outstanding purchase orders are reviewed by Accounts Payable as part of the month end process, a report of Outstanding Orders by Authorising Officer is produced. The issuing officer is asked to confirm if any long outstanding orders or partly complete orders listed can be closed.	Liz Packer	5	All PO's greater than 13 months are closed automatically by AP. All other PO's are followed up with the requisitioner if there has been little to no activity. Documentation is retained in Finance to verify the reason for the PO being closed or remaining open. PO's are also closed during the year upon request from the requisitioner or when the PO amount has been reached by matched invoices paid against the PO.
EXP-PUR-0008	There is a process in place to ensure all invoices for payment are matched to relevant source documents such as purchase orders where applicable and are in line with Procurement Policy guidelines.	Lauren Mableson	5	OpenOffice ensures that purchase orders are in line with the staff financial delegations and the procurement policy. Invoices are matched to purchase orders where applicable.	Katrina Maher	4	Purchase order numbers should be provided to the supplier for referencing on the supplier invoices. This is not always the case and invoices are paid instead of being matched to the applicable PO. This could be due to oversight on the part of the AP Officer, or a PO was not quoted on the invoice -which should be picked up by the person authorising the invoice, or a PO was not raised in the first place. Open Office does not allow for auto matching of an invoice to an applicable purchase order. During EOY processes, any PO that remains open for longer than 13 months are automatically closed by Accounts Payable to ensure invalid commitments are not being recorded.
EXP-PUR-0007	The organisation has a process in place to ensure use of preferred suppliers where relevant to maximise the best value for money to Council	Mike Collins	4	The use of formal negotiated Panel Contracts provides some direction towards the use of pre-qualified suppliers. Others would be identified and selected as a result of an open tender process that includes evaluation criteria to establish or confirm the suppliers credentials. Those two scenarios together would ensure that higher value (>$10k) procurements would be directed towards appropriately capable suppliers. A significant amount of purchases (those under $10k) would be at the discretion of individual Council Officers to select the supplier. There is no formal process to ensure that a preferred supplier is selected for those.	Gary Lewis	4	
EXP-PUR-0006	Purchase order numbers are either system generated and/or sequentially numbered.	Mike Collins	5	Council Purchase Orders are system generated	Gary Lewis	5	This is an aspect of how the system generates the PO numbers.
EXP-PUR-0004	Employees must ensure all purchase orders are issued in accordance with Council's Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies	Mike Collins	4	Before PO's are issued they must be approved by someone, other than the originator, with sufficient financial delegation to approve it. The system (Procure) has the necessary controls to ensure this happens.	Gary Lewis	4	System controls ensure this control is applied. However, to be fully effective there would need to be additional controls that enforce the use of Purchase Orders.

2023-24 Controls Assessment

Code	Description	Assessor	⭐	Assessor Reason	Reviewer	👍	Reviewer Reason
		▼			▼		
EXP-PUR-0003	Council has a Procurement Policy that provides direction on acceptable methods and the process for procurement activities to ensure transparency and value for money within a consistent framework, with consideration of any potential conflicts of interest.	Mike Collins	5	AHC has a Procurement Policy and supporting Procurement Framework documents that outline Councils requirements in regard to effective and transparent procurement practices.	Gary Lewis	5	The Procurement Policy is effective. It is currently under review and most likely will be updated for 2024/25.
EXP-PUR-0001	Access to the supplier master file and ability to make changes is restricted to appropriately authorised staff.	Lauren Mableson	5	Access to the supplier master file is restricted to authorised officers and support for masterfile changes is retained in Financial Services.	Katrina Maher	5	The Team Leader of Finance reviews the audit file for all changes and approves them. Any errors/anomolies are corrected in a timely manner by Accounts Payable.

▲ Assets

   ▲ Banking

Code	Description	Assessor	⭐	Assessor Reason	Reviewer	👍	Reviewer Reason
ASS-BAN-0005	There is a process in place to ensure all cash, blank cheques and/or cheque signing machine are adequately safeguarded.	Rhys Elsegood	5	Prior to the collection of cash by Secure Cash, completed bank deposit bags (containing cash/cheques) are held in a safe (to which a limited number of people have access - required due to part-time cashiers & rostered locations). Blank Council cheques are kept in a locked cupboard. The cupboard key is located in a locked drawer with Accounts Payable. There is no cheque signing machine.	Liz Packer	5	Cheques are no longer used for payments. There is some cheque stationery held on premise in case of emergency and is part of the BCP (Business Continuity Plan). Accounts Payable are custodians of the key to access the cupboard.
ASS-BAN-0004	There is a process in place to ensure all cash collected is adequately recorded and banked regularly.	Rhys Elsegood	5	At end of day, after close-off & reconciliation by the cashier, bank deposit slips are completed and cash/cheques recorded on a Secure Cash form which is signed by the collection officer at pick-up. Cash/cheques are generally collected weekly from each location. Prior to pick-up and after balancing, completed bank deposit bags are held in a safe (to which a limited number of people have access - required due to part-time cashiers & rostered locations). Banking is checked daily to bank statement and cashier's Cashlink Session end of day report which details breakdown of cash/cheques and credit card payments. Receipted total also checked to General ledger.	Liz Packer	5	As above.

2023-24 Controls Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
ASS-BAN-0003	Cash transfers between bank accounts and investment bodies are undertaken by appropriate staff. Assets - Banking	Rhys Elsegood	5	Council has one trading bank account and multiple accounts with the Local Government Financing Authority (LGFA). The LGFA has advised that without formal correspondence with Council, they will only transact entries between LGFA accounts to and from the NAB account. All cash transfers and journal entries between bank and investment accounts are prepared by the finance officer with Treasury responsibility. All transfers have separate email confirmation from the LGFA to the Treasury Inbox (accessed by Manager Financial Services, Team Leader Finance, Management Accountant and Finance Officer Accounts Receivable & Treasury) advising that the transfer has occurred.	Liz Packer	5	As above.
ASS-BAN-0002	Bank reconciliations are performed on a predetermined basis and are reviewed by an appropriate person. Any identified discrepancies are investigated. Assets - Banking	Rhys Elsegood	5	Bank reconciliations are deemed to be "high risk" by the Assets Reconciliation Policy on Council's external website. A high risk account must be reconciled every month. The bank rec is high risk and a reconciliation is performed every month. All monthly reconciliations are reviewed and authorised for completeness and accuracy. The bank account is generally reconciled every day by the Finance Officer-Accounts Receivable.	Liz Packer	5	Bank reconciliation is undertaken daily. Any anomalies/errors are followed up in real time. Team Leader Finance reviews the bank reconciliation on a monthly basis.
ASS-BAN-0001	Access to EFT Banking system is restricted to appropriately designated personnel.	Rhys Elsegood	5	Access to Council's online banking system is restricted to Finance officers. There are generally 3 staff members involved in one transaction however when money is transferred internally between loan/investment accounts there are 2 staff members involved. The up-loader of the payment file or the creator of the payment can also authorise the transaction after the Team Leader Finance has provided approval then a second staff member does the second authorisation of the payment. The transmission requires a "part A and part B" authorisation for the transmission to proceed.	Liz Packer	5	Only Finance have access to bank account. To affect a transfer two authorisations are always required. List of users with access to the bank account are periodically reviewed and updated where required.

▲ Debtors

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
ASS-DEB-0015	There is a process in place to review and approve all credit notes for sundry debtors in accordance with delegations of authority.	Rhys Elsegood	5	Credit notes are sequential and processed as a negative invoice. They are coordinated by the Finance Officer - Accounts Receivable & Treasury and require involvement from the operational area in either raising a credit note or confirmation of the appropriateness of such. The Process also requires operational line managers to approve credit notes.	Liz Packer	5	Correct

2023-24 Controls Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
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ASS-DEB-0014	There is a process in place to ensure changes to the debtors master file are compared to source documents to ensure they are inputted accurately	Rhys Elsegood	4	Debtors master files are separated between sundry debtors and rates debtors. For sundry Debtors a written communication (usually email) is received by the finance officer who is capable of editing the debtors master file. Typically the changes requested are for change of addresses (or updated email address). Any modification to the debtors master file records the Date, time and officer's name within the Open Office (Collect) system. The communication is retained in Finance by the Finance Officer - Accounts Receivable & Treasury and stored in Records Hub (unless it is via a phone call). Changes to Rates Debtor masterfiles are initiated by a written communication from the ratepayer (eg drivers license or marriage certificate for change of name), Lands Titles office report or Broker reports for change of ownership. Each of these communications are retained in the Rates area and stored in Records Hub.	Liz Packer	4	Correct
ASS-DEB-0013	The organisation maintains a Debt Collection Policy and/or procedure.	Rhys Elsegood	5	Council has a Debt Recovery policy available on external website. It was originally adopted in December 2015 and subsequently reviewed with minor amendments in November 2017 and again in December 2020. A summary of the overdue amounts owed to Council per category are reported to Audit Committee biannually for review.	Liz Packer	4	The Debt Recovery Policy was due for updating in November 2023 for Council endorsement. At this stage the review is still o/standing.
ASS-DEB-0011	Relevant staff reviews sundry debtors ageing profile on a regular basis and investigates any outstanding items, and considers provision for doubtful debts at year end.	Rhys Elsegood	5	Debtors are reconciled on a monthly basis. Aged debtors are investigated and followed up by operational areas coordinated by the Finance Officer Accounts Receivable & Treasury. Appropriate action is taken in line with the Debt Recovery Policy, based on the delinquency and amount outstanding, after an escalating series of statements have been sent. Additionally, the Audit Committee reviews a Debtors Report biannually.	Liz Packer	5	Last update was provided to Audit Committee in Feb 2024 based on debtors o/standing as at 31 Dec 2023. All debtors are reviewed by the Team Leader of Finance as well as the recovery action that has been undertaken. The provision for doubtful debts will be considered EOY 23/24.
ASS-DEB-0007	Debtors system provides audit trail to record changes made to master file.	Rhys Elsegood	4	No audit trail report is produced to record master file changes for Sundry Debtors. The Vendor (Open Office) have advised that a quote can be provided depending on how many fields require auditing. The "Last Modified" field on the system's master debtor file is checked on an ad hoc basis.	Liz Packer	4	Correct - there is no audit trail report able to be produced from the system.
ASS-DEB-0005	Debtor's reconciliation is performed on a regular basis to the General Ledger and reviewed by appropriate staff, with consideration of segregation of duties.	Rhys Elsegood	5	Debtors Reconciliation to General Ledger are performed on a monthly basis by the Finance Officer Accounts Receivable & Treasury and reviewed quarterly by the Team Leader Finance.	Liz Packer	5	Correct

2023-24 Controls Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
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ASS-DEB-0003	Bad debt write-offs and movements in the provision for doubtful debts for Sundry Debtors are processed in accordance with delegations of authority and Local Government Act.	Rhys Elsegood	5	Bad debt write-offs and movements in the provision for doubtful debts for Sundry Debtors are initiated by the Finance Officer - Accounts Receivable & Treasury and authorised in accordance with delegations of authority and Local Government Act. Any bad debt write-off is also reported to the Audit Committee bi-annually as part of Debtor Reporting.	Liz Packer	5	Sundry bad debts are only written off after all debt collection processes have been exhausted and the likelihood of recovery is considered to no longer be economical to continue to pursue. Fire Hazard debts can be attached to the property of the debtor and recovered once property is sold or title is transferred. Debts written off are reported to the Audit Committee bi-annually and are authorised in accordance with Council DOA,
ASS-DEB-0001	Access to the debtor's master file is restricted to appropriately designated personnel and is reviewed by relevant staff for accuracy and on-going pertinence.	Rhys Elsegood	5	Access to the debtors master files is restricted to appropriately designated personnel within the Financial Services function. The debtors masterfiles are not subject to independent review by a second management officer. However, Aged Monthly Debtors Reports are provided to each operational area for their information and follow up.	Liz Packer	4	Exception/audit files are not being produced by the system but aged monthly debtor reports are being produced which can be reviewed for accuracy.
▲ Fixed Assets							
ASS-FIX-0017	Where appropriate, identification details are recorded for portable and attractive assets such as IT and fleet assets, on acquisition to facilitate accurate identification.	Phil Mattingly	5	All IT PC devices are managed, secured, recorded and logged via a cloud managed asset and security systems.	James Sinden	5	As above
ASS-FIX-0016	Where appropriate, fixed assets are secured and access is restricted to appropriate staff and authorised users.	Phil Mattingly	5	Fixed IT assets are secured behind physical controlled swipe access doors with security systems providing access to appropriate personal with audit logs recording all access events.	James Sinden	5	As above
ASS-FIX-0014	There is a process in place for the verification of fixed assets which is reconciled to the FAR.	Craig Marshall	5	There is an alignment with the opening and closing balances between Confirm and FAR. A process to ensure that the values in Confirm Asset Management System align with the recorded value in the FAR are undertaken each year.	David Collins	5	Sign off between the Finance Ledger and the Confirm Asset annual data updates occur prior to final upload of financial asset information into Confirm.
ASS-FIX-0013	Relevant staff review useful lives, residuals, valuations, depreciation methodology and test for impairment as required by Accounting Standards and legislation to ensure that methods used are still appropriate and significant changes are incorporated into Asset Management Plans.	Craig Marshall	5	Useful lives, valuations and depreciation are reviewed through a yearly process and applied to the asset register and a peer review of the unit rates/usefull lives/valuations are provided by external qualified consultants.	David Collins	5	This is an on-going process as described.
ASS-FIX-0012	Recorded changes to the FAR and/or masterfile are approved by appropriate staff compared to authorised source documents and General Ledger to ensure accurate input.	Craig Marshall	5	The Confirm Enterprise Asset Management System records all the changes and the authority to undertake any changes is managed through user security - the only officers that undertake the changes are the Asset Management System Analysis and Manager Strategic Assets.	David Collins	5	Changes made to the fixed asset register are undertaken as part of the capitalization process, any updated external valuation or when asset data is updated from field inspection (these field inspection changes require administration actions to ensure the security of the data updated.

2023-24 Controls Assessment

Code	Description	Assessor	⭐	Assessor Reason	Reviewer	👍	Reviewer Reason
		▼			▼		
ASS-FIX-0011	Reconciliation of fixed assets to the General Ledger is performed in accordance with schedule of review or procedure.	Marcela Ardelean	5	Fixed Assets are reconciled annually as part of Council's process of capitalising WIP to Infrastructure, Property, Plant & Equipment.	Gary Lewis	5	This year end process is subject to significant review and analysis and has a high level of visibility to the external Auditors.
ASS-FIX-0010	Profit or loss on disposal calculations can be substantiated and verified with supporting documentation.	Craig Marshall	5	Confirm Asset Management System will calculate and report on any profit/ loss from the system.	David Collins	5	Automatically calculated by the Confirm System

▲ **Assets**

▲ **Fixed Assets**

Code	Description	Assessor	⭐	Assessor Reason	Reviewer	👍	Reviewer Reason
ASS-FIX-0009	Maintenance of the fixed asset register is limited to appropriate staff with consideration to segregation of duties.	Craig Marshall	5	The Confirm Enterprise Asset System is a hierarchical security based system that provides a platform to manage assets based on privileges, roles and user responsibilities.	David Collins	5	The security of Confirm as the fixed asset register ensures that skilled and trained staff with the appropriate authority update the fixed asset register.
ASS-FIX-0008	Fixed assets are recorded on acquisition, creation or when provided free of charge to facilitate accurate identification of assets and recording of details with regards to the Asset Accounting Policy.	Craig Marshall	4	The capitalisation process records the aquisition, disposal, creation and renewal of assets based on the capitalisation procedure at the end of each year.	David Collins	5	Typically, the recording of asset occurs either side of the finical year end, as final handover form and final project management costs are allocated.
ASS-FIX-0007	Depreciation charges are calculated in accordance with the asset accounting policy and compliant with relevant accounting standards, including the useful life, depreciation method and residual values.	Craig Marshall	4	Council reviews on an annual basis, its useful life, depreciation the appropriateness of residual values of the asset register.	David Collins	4	Depreciation is reviewed on an annual basis and updated to align with external revaluation of increased in line with indexation and expected new/ upgrade assets included in the asset register. Confirm automatically calculates the annual depreciation for each asset in the confirm register.
ASS-FIX-0006	Council has an asset accounting policy which details thresholds for recognition of fixed assets which is monitored to ensure adherence.	Craig Marshall	4	The current policy clearly provides the details of thresholds for various categories of fixed assets that is used to capitalise capital expenditure or move as an expense for the financial year.	David Collins	4	Thresholds are in place and a full review of transactions and discussion with Project Managers occurs to ensure the correct recognition of capital expenses and where necessary reallocation and expense of costs.
ASS-FIX-0005	Asset register calculations are reviewed for accuracy.	Craig Marshall	3	As part of the capitalisation process assets registers are reviewed for accuracy and consistency via either desktop or external revaluations.	David Collins	4	End of year reconciliation occurs.
ASS-FIX-0004	Asset Management Plans for all major asset classes are adopted and reviewed by Council as required by the Local Government Act 1999.	Craig Marshall	3	Council has completed numerous Asset Management Plans for its major classes, and in draft stages for its Buildings, and Stormwater assets, and has completed the CWMS AMP in the 23/24 financial year. Council continues to progress towards updating and renewing plans as they fall due.	David Collins	3	Council continues to develop it Building AMP and Stormwater AMP that are in draft.
ASS-FIX-0003	Asset Management Plans are prepared and renewal expenditure and programmed maintenance required is reviewed periodically to reflect changing priorities, additional asset data and other relevant factors.	Craig Marshall	4	Asset Management Plans are linked to the Long Term Financial plans as they are updated, this is also linked to the Annual Business Planning process to ensure that renewal expenditure is aligned.	David Collins	4	The details and current value dollars in the asset management plans are annually updated to reflect funding requirements in the LTFP.

2023-24 Controls Assessment

Code	Description	Assessor	⭐	Assessor Reason	Reviewer	👍	Reviewer Reason
ASS-FIX-0002	Asset maintenance is planned and monitored with relevant staff in accordance with the Asset Management Plans	Craig Marshall	3	Asset Management Plans have recognised the shift towards planned maintenance, and this is aligned where possible with condition audits/assessments to provide proactive maintenance planning in conjunction with adopted plans.	David Collins	3	Whilst there is an acknowledgement of the need for proactive maintenance the documentation of planned and cyclic maintenance across all asset classes is still required.
ASS-FIX-0001	All fixed asset acquisitions and disposals are approved in accordance with Delegation of Authority and relevant Procurement and Fixed Asset Policies.	Liz Packer	4	All fixed asset acquisitions are undertaken in accordance with Council's Procurement Policy & Framework and are approved in accordance with relevant delegations of authority as part of the Accounts Payable process. Disposals are also undertaken in accordance with Council's Disposal of Assets Policy. Under Section 10.2, Council employees are required to use the appropriate disposal form which must be approved by a Manager or higher if required as per Staff Financial Delegations.	Gary Lewis	4	On going year end reviews of the asset portfolios remain important to ensuring controls.

Appendix 2

2023-24 Internal Controls Review –
Summary and Current Status

Original							Current status comment
Description	Assessor	Rating	Assessor reason	Reviewer	Reviewer responses	Rating	

Status

Resolved	(green)
Currently Work in Progress	(orange)
No started	(red)
Requires a system solution/change to the system to resolve	(blue)

Description	Assessor	Rating	Assessor reason	Reviewer	Reviewer responses	Rating	Current status comment
Amendments to the structure of the General Ledger framework and accounts are reviewed and approved by appropriately authorised personnel	MA	3	Changes to the GL accounts can be done by any of the 7 administrators. No audit trail provided by the system to clearly show all undertaken amendments to the GL.	GL	This requires a system fix to fully resolve.	3	As noted in the initial reviewer comment, this requires a system change. The system has reached end of life, the vendor does not generally provide any changes to the system and an alternative ERP solution is currently being explored. This is the subject of another paper to the Committee.
Access to General Ledger maintenance is restricted to appropriately authorised personnel.	MA	3	There are 7 administrators with access to General Ledger maintenance. The system doesn't provide an Audit Trail to ensure all changes are visible for all administrators.	LP	There are 7 administrators with access to General Ledger maintenance screens. Administrators are reviewed for relevance every 6 mths. Staff who are no longer AHC employees will be removed from the listing of users by IT or a system administrator. A review has not been done for a while due to staffing changes within the Finance team.	4	This review has been undertaken and those staff who are no longer employees of AHC have been removed.

Additionally, the ability to have audit trails requires a significant system enhancement which is unlikely to be available. The system has reached end of life and an alternative solution is currently being explored. This is the subject of another paper to the Committee. |
| There is a contract management process in place throughout the term of the contract to ensure that supplier/contractor meet their obligations. | MC | 3 | Relies on the individual Council employee responsible for the Contract to be aware of the provisions of the contract to be able to ensure that any related obligations are fulfilled. There is no use of formal Contract Management Plans, so particularly in those instances where there is a change in the Contract Manager, continuity of approach and level of awareness cannot be assumed. | GL | A system solution will be required to make significant process on this issue. | 3 | As noted in the initial reviewer comment, this requires a system change. The system has reached end of life and an alternative solution is currently being explored. This is the subject of another paper to the Committee.

As an interim measure, the Financial Services team is working through the Procurement and Contract management cycle and where reasonable and feasible, are creating Excel based registers to record and track information. These are however subject to the usual limitations of Excel (human error, lack of automation, lack of currency, not fit for purpose, completeness etc) |
| Council maintains a current contract register. | MC | 2 | A Contract Register has been developed but it is entirely reliant on manual intervention. It is an Excel file that does not generate alerts about upcoming contract expiries or It is not any other criteria (e.g. scheduled contract meetings, KPI measurement etc) that require monitoring. certain that every existing contract is recorded in the file. A far more robust contract management tool and information repository would be helpful. | GL | The current process is not ideal but serves to create a central repository of contracts and does perform its function to an extent. | 3 | Whilst an Excel Contract register exists, it is subject to the limitations of Excel (human error, lack of automation, lack of currency, not fit for purpose, completeness etc).

To comprehensively address this control weakness, a system solution is required as the current software is at end of life. This matter is the subject of another paper to the Committee. |
| Time recording and attendance exceptions such as TOIL or flexitime are, based on relevant policies/agreement are identified, monitored and corrected. | ZP | 2 | TOIL and Flexi are recorded and tracked through the payroll system. However, the calculations of TOIL are often based on overtime (manually calculated) which is open to EDA interpretation (not time for time).

Improvement: any extra hours worked attracting overtime are to be paid out not banked. | LP | TOIL/TIL are calculated and paid in accordance with the relevant EDA. TOIL/TIL is manually calculated by the payroll officer based on the information provided on the employee timesheet which is authorised by the People Leader. The number of hours accrued/taken is recorded in the payroll system as a separate line item when preparing the rest of the pay entries. Leave reports which include TIL/TOIL balances are periodically provided to relevant People Leaders for review and monitoring. Excessive balances are managed within the team. | 4 | The automation of the TOIL/TIL calculations, as well as the management of the associated balances which arise from them, would require enhancements to the payroll system. These enhancements are being explored in conjunction with changes to the time management/timesheet system and process.

In conjunction with this, consideration is being given to including Payroll within the scope of the ERP. |
| There is a process to ensure employees are made inactive in payroll records upon termination. | ZP | 3 | When termination is processed that makes the employee record inactive. However, there is a way to reinstate the employee and make him active again.

Suggestion: before starting a new pay run check that terminated employees are inactive/terminated (have termination date and in inactive status) | LP | Once an employee is terminated and the date field entered, the employee record becomes inactive. A report is produced each f/n during payrun processing detailing the employees that have been terminated which should be checked to source information provided from HR. Should an employee need to be reinstated, such as retiring and then returning as a casual, a new employee number will typically need to be created in order to allow a payroll entry to be created. | 4 | There is no weakness within the system and no remedial action required as the controls in place address the perceived weakness identified. This matter is therefore considered resolved. |
| There is a process to ensure all overtime is verified and approved by relevant appropriate staff. | ZP | 3 | Timesheets are approved by team leaders who supposedly know they approve overtime. Sometimes they have no knowledge of what employee will be paid. Timesheets are not designed to record overtime correctly. Payroll relates on the timesheet notes (rarely explain overtime), asks for clarifications, or makes their judgment.

Suggestion: timesheets to be redesigned to show overtime. | LP | Overtime is recorded on employee timesheets which is approved by the respective people leader. The approval confirms that overtime has been approved and is Ok to be paid. Employees may make notes on their timesheet to assist the payroll officer. Overtime is paid in accordance with the EDA. An overtime report is generated each fortnight and forms part of the documentation reviewed during the payroll authorisation process. | 4 | There is no weakness within the system and no remedial action required as the controls in place address the perceived weakness identified. This matter is therefore considered resolved. |

			Original					Current status comment
Description	Assessor	Rating	Assessor reason	Reviewer	Reviewer responses		Rating	

Description	Assessor	Rating	Assessor reason	Reviewer	Reviewer responses	Rating	Current status comment
Relevant staff are required to complete timesheets and/or leave forms, authorise them and have approved by the relevant supervisor.	ZP	3	Most employees complete timesheets (80%) and leave forms that are authorised by team leader. The exemption is executives. They do not complete timesheets. Leave forms are not always completed, and need to be chased up. Emails are sometimes sent with days taken as leave.	LP	All non-TEC employees must account for their time with a f/nightly timesheet and any leave forms which are approved by their manager/supervisor/team leader. Leave forms are then submitted to OD for filing on Records Hub against the employee file. TEC employees do not have timesheets but are required to submit leave forms which are approved and forwarded to OD & Payroll. The payroll system has work patterns, and the majority of employees have standardised hours and days of work set against them which assists with the timesheet entry process. Timesheet employees are paid on the basis of the information provided on their timesheet. Payroll do not double check to leave forms due to the time factor required. Currently, there can be delays in TEC employees submitting leave forms or they don't submit leave forms at all so there is a risk that payments being made are inaccurate and leave balances are not accurate. Cross checking to information provided on the staff HUB re absences can assist.	4	Whilst there is a weakness in the system, in the absence of an integrated payroll and leave management system, this weakness can not be fully and comprehensively addressed. Payroll monitor TEC employee movements and request leave applications when they are aware that the TEC employees are on leave, if one had previously not been received. Reminders are provided to the TEC employees, of the need to provide approved leave forms to Payroll.
There is a process in place to review purchasing patterns and ensure maximum use of preferred suppliers.	MC	2	There is no procurement-led activity to analyse Council spend patterns. There are a number of Panel Contracts that would necessarily direct work to pre-qualified suppliers but these are not subsequently investigated with a view to efficiencies. Outside of those Panel Contracts, little or no work is being done to identify patterns or areas for improvement.	GL	Additional work in this space is not practicable in FY 23/24. With a full time Procurement Coordinator additional reporting and analysis could be developed in FY 24/25.	2	As part of each procurement, consideration is given to the use of preferred suppliers from the LGA Procurement panel arrangements. Additionally, Adelaide Hills Council has established various panels, including a Minor Works panel and a Planning and Design panel. The use of these panels ensures the use of preferred suppliers. Whilst the above does result in the use of preferred suppliers, to date, no reporting and analysis has been developed to review purchasing patterns. However, in the absence of an integrated procurement (in the first instance) and accounts payable system, reporting and analysis would be ad-hoc, Excel based and would require significant effort to develop. It is proposed that consideration of this is deferred until a clear pathway forward with regards to the ERP is established, including those items which would be in/out of scope. This would then better inform the cost/benefit analysis of the development of analysis and reporting.
Asset register calculations are reviewed for accuracy.	CM	3	As part of the capitalisation process assets registers are reviewed for accuracy and consistency via either desktop or external revaluations.	DC	End of year reconciliation occurs.	4	There are sufficient controls in place to meet the control objective. These controls appear to be functioing as designed.
Asset Management Plans for all major asset classes are adopted and reviewed by Council as required by the Local Government Act 1999.	CM	3	Council has completed numerous Asset Management Plans for its major classes, and in draft stages for its Buildings, and Stormwater assets, and has completed the CWMS AMP in the 23/24 financial year. Council continues to progress towards updating and renewing plans as they fall due.	DC	Council continues to develop it Building AMP and Stormwater AMP that are in draft.	3	This is an on-going work in progress, with continual refinement and improvement. Additionally, the CE has commissioned Tonkins to provide advice and guidance in the area of asset management.
Asset maintenance is planned and monitored with relevant staff in accordance with the Asset Management Plans.	CM	3	Asset Management Plans have recognised the shift towards planned maintenance, and this is aligned where possible with condition audits/assessments to provide proactive maintenance planning in conjunction with adopted plans.	DC	Whilst there is an acknowledgement of the need for proactive maintenance the documentation of planned and cyclic maintenance across all asset classes is still required	3	This is an on-going work in progress, with continual refinement and improvement. Additionally, the CE has commissioned Tonkins to provide advice and guidance in the area of asset management.

Legend:

MA: Marcela Ardelean - Management Accountant
MC: Mike Collins - Procurement Coordinator
ZP: Zhanna Petku - Payroll Officer
CM: Craig Marshall - Manager Civil Services

Legend:

GL: Gary Lewis - Manager Financial Services
LP: Liz Packer - Team Leader Financial Accounting
DC: David Collins - Manager Strategic Assets

Item:	**8.8**

Responsible Officer:	**Bruce Smith** **Manager Financial Services** **Corporate Services**

Subject:	**Annual Investment Performance Report 2023-2024**

For:	**Information**

SUMMARY

In accordance with Council's Treasury Policy and Section 140 of the *Local Government Act 1999*, Council must review the performance of its investments at least annually.

RECOMMENDATION

The Audit and Risk Committee resolves:

1.   **That the Annual Investment Performance Report 2023-2024 be received and noted (item 8.8, 17 February 2025 Audit Committee meeting).**

1.   **BACKGROUND**

In accordance with Council's Treasury Policy and Section 140 of the *Local Government Act 1999*, Council must review the performance of its investments at least annually. Given the timing of this report covering financial performance, it is considered that it is appropriate to also consider annual investment performance at this time.

This report was noted at the Council meeting on the 11th of February 2025.

2.   **ANALYSIS**

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

Strategic Plan 2024 – Your Place, Your Space

Goal 4	Organisation
Objective 02	Operate with integrity using best practice governance processes.
Priority 02.1	Demonstrate accountable and transparent decision making.

| Objective 05 | Evolve Council's functions and services to meet the current and future needs and aspirations of our community. |
| Priority 05.2 | Demonstrate financial sustainability through long term financial planning and annual budget setting which aligns with adopted targets. |

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

Legislation requires Council to review and monitor Council's Annual Budget with reference to actual results and its overall financial position to ensure Council continues to be financially sustainable.

➢ **Legal Implications**

Section 140 of the *Local Government Act 1999* - Review of Investments requires Council to at least once in each year, review the performance of its investments.

➢ **Risk Management Implications**

Monitoring and reporting on Council's investment performance will assist in mitigating the risk of:

Inaccurate budgets and unforecasted deficits leading to inadequate resourcing for current and future activities.

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

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

➢ **Financial and Resource Implications**

Not applicable.

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

There is a high expectation that Council has appropriate financial governance processes in place including the review of actual results to budget for a corresponding period.

➢ **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**

Annual Investment Performance

In accordance with Council's Treasury Policy and Section 140 of the *Local Government Act 1999*, a Council must review the performance of its investments at least annually.

Given that Council is utilising its short-term drawdown facility throughout the period, Council's investments are kept at a minimum during the year. As such the focus of Treasury Management has been on minimising interest expense and maintaining appropriate working capital rather than investment return.

As a result, interest earnings largely relate to:

- o   Cash balances being transferred to an overnight investment account from Council's general bank account with NAB; and
- o   Where grants and other funds are placed directly with the Local Government Finance Authority (LGFA).

Both the NAB and LGFA investments are in accordance with Council's *Treasury Policy*.

Year	RBA cash rate for June	LGFA Weighted Average Return	NAB Weighted Average Return	Overall Weighted Average Return	Actuals Investment Earnings	Annual Budget
2018-19	1.25%	1.48%	1.98%	1.73%	$41k	$38k
2019-20	0.25%	0.67%	1.17%	0.92%	$42k	$42k
2020-21	0.10%	0.35%	0.65%	0.50%	$8k	$9k
2021-22	0.85%	0.37%	0.67%	0.52%	$5k	$5k
2022-23	4.10%	3.12%	3.27%	3.27%	$26k	$22k
2023-24	4.35%	4.47%	4.77%	4.62%	$35k	$25k

As shown in the above table, revenue from investments of $35k was stronger but broadly in line with the budget for the 2023-24 financial year.

Borrowings

The fixed and variable interest rate borrowings as at 30 June 2024 totalled $7.2m and $15.1m respectively resulting in the fixed and variable rate portions of total borrowings at 32% and 68% respectively. The fixed rate borrowings consist of a $5m loan borrowed for ten years (maturing in June 2025) and a $3m credit foncier loan borrowed for 5 years (established in August 2022). The credit foncier loan was drawn to $2.2m at 30 June 2024.

Council has complied with the requirements of the Treasury Policy during the 2023-24 financial year.

3.   **OPTIONS**

The Committee is limited to receiving and noting the Annual Investment Performance report for FY2023/24.

ADELAIDE HILLS COUNCIL
AUDIT AND RISK COMMITTEE MEETING
Monday 17 February 2025
AGENDA BUSINESS ITEM

Item:	**8.9**

Responsible Officer:	**Bruce Smith** **Manager Financial Services** **Corporate Services**

Subject:	**Procurement Policy Update**

For:	**Information**

SUMMARY

The Procurement Policy was last updated in July 2024. The update involved incorporating elements of sustainable procurement into the policy and Council's procurement practises. Whilst the updates proposed below were considered at the time, it was decided to focus that update on sustainable procurement, with a further update at a later stage.

This proposal seeks to:
• Update the value of each threshold up to which each procurement method applies;
• Introduce an additional method;
• Update the Delegations, in support of a broader organisation wide delegations update; and
• A renumbering of the document to improve readability.

The objective of the proposed changes 1 to 3 is to improve efficiency within the procurement and contracting process.

The revised Policy with tracked changes is included as *Appendix 1*.

RECOMMENDATION

The Audit and Risk Committee resolves:

1.   **That the report on the update to the Procurement policy be received and noted (item 8.9, 17 February 2025 Audit Committee meeting).**
2.   **That the draft Procurement Policy be endorsed for Council approval (item 8.9, 17 February 2025 Audit Committee meeting).**

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1.   BACKGROUND

Following internal consultation on the procurement process, 2 common themes arose that:

1.   The limits of each of the procurement methods are too low; and

2. The limits of each of the procurement methods have not been updated for an extended period of time.

As per the document control register of the Procurement Policy (the Policy), it appears that the Policy in it's current form was first adopted in October 2019.

Since that date, it does not appear that there have been any changes to the procurement methods or amounts as noted at 6 of the Policy.

The policy has 3 methods of procurement:

1. Direct source – below $10k
2. Competitive sourcing (3 quotes) – $10k to $100k
3. Tender (open market) – above $100k

The Policy operates in conjunction with the delegation schedule, which is established and approved by the Chief Executive under delegation from Council. A review of prior versions of the delegation schedule indicate that the expenditure limits were last updated as follows:

1. Chief Executive (CE) and another Director: $1.0m - November 2013
2. CE: $0.5m - November 2013
3. Directors: $0.3m - September 2018

It appears that upon adoption of the Policy, the amounts noted above were incorporated into the Policy.

Based upon the above document review, it appears that the feedback warranted further investigation and therefore a detailed analysis occurred.

2.   **ANALYSIS**

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

Strategic Plan 2024 – Your Place Your Space
Goal   Organisation
Objective 02   Operate with integrity using best practice governance processes.
Priority 02.3   Enhance governance structures and systems to be agile and support our legislative obligations.

There is an ongoing need to ensure that Council operates in an efficient and effective manner. The proposed updates will support this by providing additional procurement avenues and allowing appropriate procurement practises based upon reasonable thresholds.

➢   **Legal Implications**

Section 49 of the *Local Government Act 1999* sets out the legislative requirements in relation to contracts and tender policies.

Core to Section 49 and its intent is to ensure procurement policies, practices and procedures are directed towards ethical and fair treatment of participants, use of local good and services, and ultimately provide value for money of Council spend.

When considering changes to the policy, consideration of these requirements has occurred particularly with regards to timeliness and speed of the procurement process. Improvements to these will ensure that more work can be issued to suppliers in a timelier manner which in turn lowers the cost to do business for the suppliers.

➢ **Risk Management Implications**

The update to the procurement policy will assist in mitigating the risk of:

Poor procurement practices leading to sub-optimal procurement outcomes, breach of legislation/policy and stakeholder concern.

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

Note: the mitigation of the above risk is contingent on the continual use of a broad procurement framework consisting of the policy and procedural guidance, tools and systems and procurement controls including templates, registers and auditing regimes.

➢ **Financial and Resource Implications**

There are no cost implications associated with the adoption of the revised Procurement Policy.

However, it is expected that an intangible benefit of the change will be efficiency gains in the procurement process, making the Council easier to business with and a lower cost purchaser for supplier.

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

There is a high expectation that Council has appropriate processes in place to undertake procurement in a sustainable, efficient and accountable manner that complies with legislative requirements.

Council is also conducting local supplier information sessions on "how to do business with Council". Supporting the embedding of the new Procurement Policy and supplier sustainability requirements would be increased education of the local and broader supply market.

➢ **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**

To assess the reasonableness (or otherwise) of the thresholds and decide on new thresholds, various analyses were undertaken.

Numerical analysis:

A numerical escalation process was undertaken, whereby the amounts were increased by CPI and then rounded, based upon each threshold's last revision date. The outcomes of this are set out below:

Method/Delegation	Current	Last revision	Escalation %'age	Adjusted
Direct Source	$0.010m	June 2019	23%	$0.012m
Competitive Sourcing	$0.100m	June 2019	23%	$0.123m
Director and CE	$1.000m	June 2015	30%	$1.300m
CE	$0.500m	June 2015	30%	$0.650m
Director	$0.300m	June 2018	25%	$0.375m

Peer review – Other Councils:

In addition to the financial, a review was undertaken of the Procurement Policies and Delegation schedules of 6 other Councils to benchmark the proposed limits, and to identify contemporary/differing methods. These Councils ranged in size and complexity relative to AHC. Please see summary table below:

Method/Delegation	Mitcham	Tea Tree Gully	Burnside	Yankalilla	Kangaroo Island
Direct Source	$0.020m	$0.040m	$0.050m	$0.015m	$0.005m
Competitive Sourcing	$0.100m	$0.200m	$0.200m	$0.200m	$0.200m
Director and CE	N/a	N/a	N/a	*	N/a
CE	Unlimited	Unlimited	Unlimited	*	Unlimited
Director	$0.500m	$0.500m	$0.300m	*	Unavailable

* Yankalilla has requested that these amounts remain out of the public domain.

Note that City of Prospect follow the State Government procurement approaches. These are not comparable to AHC and therefore have been excluded from consideration above.

Outcomes of Procurement Policy review:

The outcomes of this review varied, with some Councils having very simple procurement methods, with high thresholds (relative to AHC), and some Councils having complex methods with low thresholds.

When considering the varying approaches and thresholds, it is proposed to:

1. Increase the direct source threshold to $20k. This brings the threshold in line with most other Councils reviewed;
2. Add another procurement method (2 quotes) for procurements between $200k and $100k. This brings the number of methods in line with most other Councils reviewed;
3. Maintain the 3 quotes for procurements between $100k and $200k; and
4. Increase the tender (open market) to $200k. This brings the threshold in line with most other Councils reviewed.

Impact of change:

A data analysis exercise was undertaken whereby all purchases opened during FY 2023-24 were subjected to:

1. The current procurement policy; and
2. The proposed procurement policy.

The outcomes are presented graphically below:
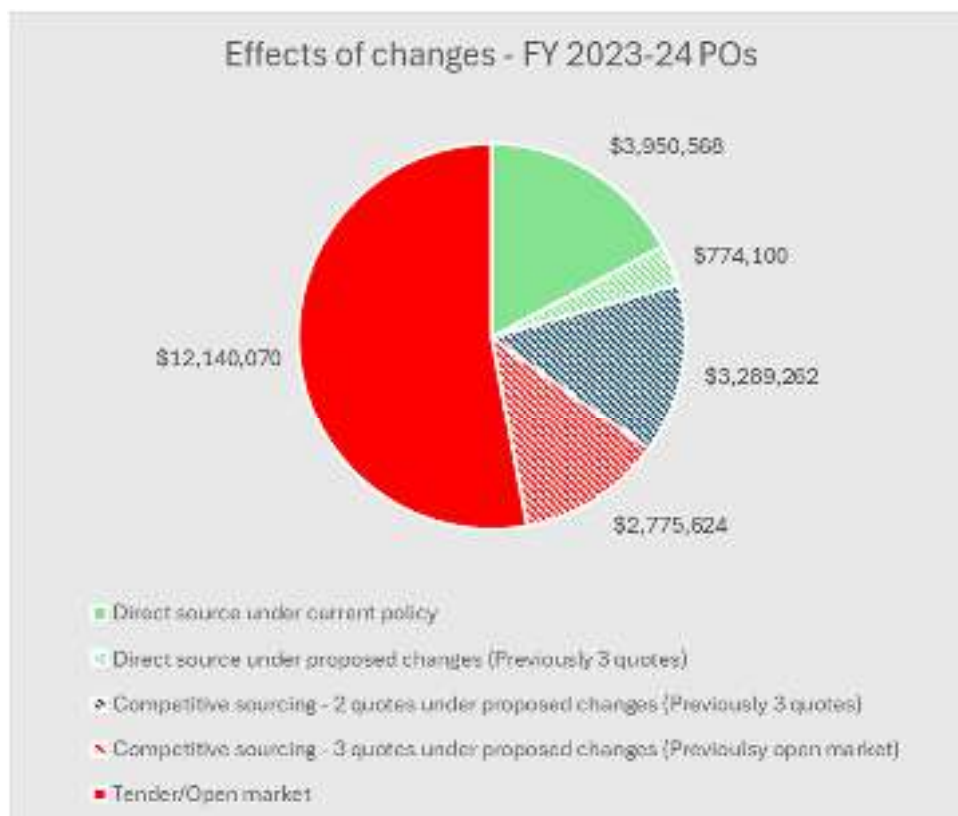
Outcomes of Delegations Schedule review:

A detailed review of the Delegations Schedules read in conjunction with the Procurement Policy of the other 6 Councils also identified a significant amount of variability across Councils.

Directors

When considering the delegations granted to Directors of other Councils, in conjunction with the CPI adjustment noted about, it is proposed to increase the Directors delegation to $0.500m.

CE

When considering the delegations granted to the CE of other Councils, it is proposed to remove the current upper limit on the CE's delegation, provided the expenditure forms part of the Annual Business Plan or Long-term Financial Plan.

An outcome of this is that the previous delegation which allowed the CE and a Director to co-sign is no longer required.

This will bring the Policy in line with the other Councils and will reduce the administrative burden on Council.

3.   OPTIONS

      i.   The Committee has limited to receiving and noting this paper (Recommended)
     ii.   The Committee endorse the draft Procurement Policy for Council Approval (Recommended)

4.   APPENDICES

    (1)   Procurement Policy updated – Incl tracked changes

Appendix 1
Procurement Policy updated – Inc tracked changes

Council Policy

Procurement

COUNCIL POLICY

	PROCUREMENT

Policy Number:	**FIN-01**
Responsible Department(s):	**Financial Services**
Relevant Delegations:	**As per the Delegations Register and as detailed in this Policy**
Other Relevant Policies:	*Disposal of Assets Policy* *Fraud & Corruption Prevention Policy* *Prudential Management Policy* *Mandatory Code of Conduct for Council Employees* *Risk Management* *Work Health and Safety and Return to Work*
Relevant Procedure(s):	**Procurement Framework** **Purchase Card Procedure**
Relevant Legislation:	*Local Government Act 1999* *Independent Commissioner Against Corruption Act 2012 (SA)* *Competition and Consumer Act 2010 (Cth)* *Environment Protection Act 1993* *Freedom of Information Act 1991*
Policies and Procedures Superseded by this policy on its Adoption:	**Procurement Policy, 01 October 2019, Res 215/19**
Adoption Authority:	**Council**
Date of Adoption:	
Effective From:	
Minute Reference for Adoption:	**Item 12.9, Res 215/22**
Next Review:	**No later than June 2027 or as required by legislation or changed circumstances**

Version Control

Version No.	Date of Effect	Description of Change(s)	Approval
1.0	01/10/2019	Updated Policy	Council - Res 215/19
2.0	06/09/2022	Defining of the exemptions from the Policy, as well as widening the definition of environmental sustainability and unsolicited proposals. Addition of Contract Management and pass through costs.	Council - Res 215/22
3.0	01/07/2024	Updated to reflect the concepts of sustainability incorporated in ISO 20400	Council – Res 176/24

PROCUREMENT

1.   **INTRODUCTION**

   1.1   In compliance with Section 49 of the *Local Government Act 1999 (Act)*, the Adelaide Hills Council (Council) should refer to this policy (Policy) when acquiring goods, works or services.

   1.2   Section 49 of the Act requires Council to prepare and adopt policies on contracts and tenders on:

   1.2.1   the contracting out of services; and

   1.2.2   competitive tendering and the use of other measures to ensure that services are delivered cost-effectively; and

   1.2.3   the use of local goods and services.

   1.3   Furthermore, Section 49 (a1) of the Act requires Council to develop and maintain policies, practices and procedures directed towards:

   1.3.1   obtaining value in the expenditure of public money; and

   1.3.2   providing for ethical and fair treatment of participants; and

   1.3.3   ensuring probity, accountability and transparency in all operations.

   1.4   This Policy seeks to:

   1.4.1   define the methods by which Council can acquire goods, works or services;

   1.4.2   demonstrate accountability and responsibility of Council to ratepayers;

   1.4.3   be fair and equitable to all parties involved;

   1.4.4   demonstrate value for money through sustainable procurement practices;

   1.4.5   enable all processes to be monitored and recorded; and

   1.4.6   ensure that the best possible outcome is achieved for the Council.

   1.4.7   create mechanism to improve sustainable outcomes from Council services and its suppliers

2.   POLICY OBJECTIVE

Council aims to achieve advantageous procurement outcomes by:

2.1   enhancing value for money through fair, competitive, non-discriminatory procurement;

2.2   promoting the use of resources in an efficient, effective and ethical manner;

2.3   preserving, protecting and improving the natural environment;

2.4   making decisions with probity, accountability and transparency;

2.5   advancing and/or working within Council's economic, social and environmental policies;

2.6   embedding sustainable procurement within Council's procurement framework;

2.7   providing reasonable opportunity for competitive local businesses to supply to Council;

2.8   appropriately managing risk; and

2.9   ensuring compliance with all relevant legislation.

2.10   assist Council to achieve its strategic objectives and other key strategies identified in Council's suite of corporate documents.

3.   DEFINITIONS

Acquisition Plan is a document that outlines the procurement methodology and strategy to be undertaken in procuring the required goods, services or works. This plan also details the approval delegation before the procurement strategy is commenced.

Contract Management Transition is the period between contract execution and service commencement / delivery. The key objective of transition is making the necessary preparations to ensure that both the supplier and Council are able to deliver the terms of the contract and specification.

Procurement is the complete action or process of acquiring or obtaining goods, works or services or property from outside Council at the operational level. For example, purchasing, contracting, and negotiating directly with the source of the supply through to acceptance and payment.

Procurement Framework / Procedures are documents that support the Procurement Policy, and outlines the specific steps of Procurement Activity.

Probity is the demonstrated ethical behaviour, and can be defined as complete and confirmed integrity, uprightness and honesty in a particular process

Strategic Purchasing Coope*rative* *are* purchases made through strategic alliances and common use arrangements that are established and administered by other approved organisations such as such as Local Government Association Procurement (LGAP), Procurement Australia (PA), and state and federal government contracts and any other purchasing group available to local government

Sustainable Procurement as defined by ISO 20400 Sustainable Procurement Guidance standard, is procurement that has the most positive environmental, social and economic impact on a whole life basis. Through the Procurement Policy the Council aims to align its procurement to the core principles within ISO 20400. See AHC Sustainable procurement guideline (to be developed)

Ethical Behaviour involves demonstrating respect for key moral principles that include honesty, fairness, equality, dignity, diversity, individual rights and the rights of companies.

Fair Dealing The transacting of business in a manner characterised by candor and full disclosure to all stakeholders.

Contract Administrator Means the Council officer responsible for the management and administration of a contract. By default, the Project Manager is the Contract Administrator

4.   SCOPE

    4.1   This Policy covers the required conduct for all procurement activities associated with the acquisition of Goods, Works or Services of any value by the Council. This includes tendering arrangements and the contracting of Services and applies to all Council employees.

    4.2   Out of Scope:

        4.2.1   This policy does not cover expenditure or revenue related to asset disposals, and other non-Procurement expenditure including, but not limited to sponsorships, grants, incentive schemes, funding arrangements, donations, and direct employment contracts between Council and an employee. Controls related to these exceptions are covered in separate policies.

        4.2.2   Leases and licenses for the use of Council property and land are not covered under this policy except where such arrangements include the provision of goods and services forming part of leasing, licensing and other revenue contractual activities.

5.   PROCUREMENT PRINCIPLES

Council must have regard to the following principles in its acquisition of goods, works or services:

    5.1   *Encouragement of open and effective competition*

        5.1.1   Open and effective competition is the central operating principle in pursuit of the best outcome.

        5.1.2   Openness requires procurement actions that are visible to the Council, ratepayers and suppliers/contractors. The probability of obtaining the best outcome is generally increased in a competitive environment.

        5.1.3   Council will maintain confidentiality in regard to financial contractual arrangements with suppliers, subject to statutory obligations, the *Freedom of Information Act* and ICAC compliance requiring certain tender and contract information to be made publicly available.

        5.1.4   Council will create effective competition by maximising the opportunities for firms to do business with Council through the selection of procurement methods suited to market conditions, the nature of the procurement, and the objectives of the procurement overall.

        5.1.5   Council will offer and provide feedback, where sought, to unsuccessful bidders.

5.2   *Obtaining Value for Money*

5.2.1   Value for money involves obtaining goods, works or services for the Council that best meet the end user's needs at the lowest whole of life cost with an acceptable contractual risk.

5.2.2   This is not restricted to price alone.

5.2.3   An assessment of value for money must include, where possible, consideration of fitness for purpose, fair market prices, local economic development and whole of life costs. 'Whole of life' includes purchase price, cost of spares, running costs, post-delivery support, effective warranties, cost of replacement, installation costs and disposal costs.

5.2.4   Assessment and determination of Value for Money shall also consider sustainability i.e. procurement that has the most positive environmental, social and economic impact on a whole life basis, refer to Procurement Principle 5.6.

5.3   *Probity, Ethical Behaviour and Fair Dealing*

5.3.1   Council will not use or disclose information that confers unfair advantage, financial benefit or detriment on a supplier.

5.3.2   Officers engaged in purchasing should always undertake their duties in a professional, ethical, honest and impartial manner, act responsibly and exercise sound judgment by observing the highest standards of integrity and professional conduct.

5.4   *Accountability, Transparency and Reporting*

5.4.1   Accountability in procurement means being able to explain and demonstrate through evidence what has happened. An independent third party must be able to see clearly that a process has been followed and that the process is fair and reasonable.

5.4.2   Delegations define the limitations within which Council employees are permitted to work. They ensure accountability and provide confidence to Council and the public that purchasing activities are dealt with at the appropriate level. As such, Council has delegated responsibilities to employees relating to the expenditure of funds and or entering contracts for the purchase of goods, works or services and the acceptance of tenders.

5.4.3   Employees must be able to account for all decisions and provide feedback on them. Additionally, all procurement activities will leave an audit trail for monitoring and reporting purposes.

5.4.4   Reporting on the impacts of sustainability requirements in the procurement process from a council and suppliers' perspective.

5.5   *Ensuring compliance with all relevant legislation*

5.5.1   Employees must ensure purchasing activities are conducted in accordance with legislative and common law responsibilities. These include but are not limited to the *Local Government Act 1999, Work Health and Safety Act 2012, Competition and Consumer Act 2010*, the *Independent Commissioner Against Corruption Act 2012*, the *Freedom of Information Act 1991*, National Competition Policy and other relevant legislation, industrial awards and agreements and international trade agreements.

5.6   *Sustainable Procurement*

5.6.1   Sustainable procurement is defined as a process that integrates environmental, governance, and social factors of corporate responsibility into the council's procurement processes and decision-making, whilst ensuring it achieves value for money benefiting not only to council, but also to our community, local economy, and the environment.

5.6.2   Sustainable procurement aims for the lowest environmental impact possible and the most positive social results.

5.6.3   Council is committed to delivering sustainable procurement by aligning its procurement framework from policies procedures, practices, guidelines, education and contract management to the principles as defined in ISO 20400: 2017 Sustainable Procurement Guidance standard.

5.6.4   Council will consider, where deemed appropriate, sustainable and social inclusion elements such as:

- Creating employment and training opportunities (particularly among disadvantaged groups such as people with disability or mental illness, migrants, Indigenous) thus providing social inclusion and an opportunity for those to participate in the local community.

- Diversity, inclusion and equality in the supplier market – encouraging a diverse base of suppliers (e.g. minority or under-represented suppliers); and

- Local sustainability – building and maintaining healthy, strong communities, support social inclusion and enhancing wellbeing of local residents by striving to generate local employment.

- A commitment to maximising the skills, development and employment opportunities available in the Adelaide Hills area. Consideration may be given, where practicable and appropriate, to incorporate strategies in the procurement process that support local employment and training, which may include Contractors engaging apprentices, trainees and cadets in their work practices.

- Council will endeavour to provide support to local enterprises by holding briefings to encourage development of capacity to meet the needs of Council.

- Ensuring that suppliers and contractors, including their supply chains, comply with fair work requirements and do not breach modern slavery provisions. Where relevant a risk assessment shall be undertaken to ensure identification and mitigation of any potential risks.

- Council will actively promote suppliers to comply with the Single-use and Other Plastic Products (Waste Avoidance) Act 2020.

- Council recognises the need to act in an environmentally sound manner in relation to procurement activities undertaken and its ability to drive sustainable outcomes through contributing to local and national markets for recycled goods and adhering to circular economy principles.

- Council promotes environmental sustainability through its procurement activities and will consider the purchase of environmentally sustainable goods and services that satisfy the value for money criteria when all other financial and commercial considerations are equal.

5.7   Work Health & Safety

Council will only engage suppliers and/or contractors who can demonstrate they have:

- The ability to work within legislative requirements and any additional information requested by the organisation, based on the hazards associated with the task or activity to be undertaken.

- Provided documented information relating to the management of reasonably foreseeable site-specific activities and hazards.

- The commitment to appropriately communicate on processes between the organisation and the contractor that demonstrate the consultation, cooperation and coordination between shared duty holders occurs, so far as is reasonably practicable, and

- Are willing to participate in the ongoing monitoring and review of WHS requirements.

Contracts will contain the requirement for contractors to have safe systems of work in place and that they will effectively manage WHS requirements throughout the contract period.

6.   PROCUREMENT METHODS

6.1   The determination of the method of procurement will be typically documented by the preparation of an Acquisition Plan, detailing the most appropriate method for the purchase and the delegated officers involved.

6.2   The appropriate method of procurement will be determined by reference to a number of factors, including value of the purchase, risks associated with the purchase and aspects relating to the availability of supply and other market conditions.

6.3   Persons with financial delegated authority to procure will be responsible for ensuring appropriate procurement practices and procedures including the identification of risk are observed.

6.4   The Council having regard to its Procurement Principles and any other factors considered relevant by Council will utilise either Direct or Competitive Sourcing.

6.4.1   Direct Sourcing is a procurement process undertaken by directly approaching and negotiating with one supplier without testing the market. This method may only be used for the purchase of low value, low risk goods and services under $~~1~~20,000 (excluding GST). Consideration must be given to ensure Value for Money is achieved.

6.4.2   Competitive Sourcing is process which will test the market and re-evaluate the purchasing activity to gain value. It differs from direct sourcing because it places emphasis on the entire life cycle of a good or service, not just its initial purchase price. This requires a more stringent planning approach and a better understanding of the competitive marketplace. In undertaking competitive sourcing:

- Council will seek to obtain at least two quotes for all procurements where the estimated gross value exceeds $20,000(excluding GST) but is less than $100,000 (excluding GST).

- Council will seek to obtain at least three quotes for all procurements where the estimated gross value exceeds $100,000(excluding GST) but is less than $200,000 (excluding GST).Council will seek to obtain at least three quotes for all procurements estimated gross value exceeds $10,000(excluding GST).

- For purchases where the estimated gross value of expenditure over the life of the contract or purchase price of the goods and service ~~s~~

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- exceeds $2400,000 (excluding GST), the Council's practice will be to call for tenders unless circumstances preclude this from occurring

6.4.3 The value of the purchase will be calculated as follows:

- Single one-off purchase – the total amount, or estimated amount, of the purchase (excluding GST);

- Multiple purchases – the gross value, or the estimated gross value, of the purchases (excluding GST); or

- Ongoing purchases over a period – the annual gross value, or the estimated annual gross value, of the purchases (excluding GST).

- Splitting of amounts to bring expenditure within lower limits is not permitted.

- The estimated gross value (excluding GST) of the contract. (Yearly spend multiplied by initial contract term)

- Where appropriate, the gross value of the procurement can be adjusted downwards to take into account regulatory and other third-party pass-through costs.

6.4.4 Council in approaching the market utilises a number of procurement tools including: Request for Quotes, Request for Expressions of Interest, Request for Proposal and Request for Tenders or Strategic Purchasing Cooperatives.

6.4.5 Where the Council accesses a contract from a Strategic Purchasing Cooperatives, established in accordance with transparent competitive tendering processes, it is deemed that these are contracts resulting from a tender process. Such contracts do not require a further tender process and are not required to be recorded as an exemption from this policy.

6.4.5

7. APPLICATION OF SUSTAINABLE PROCUREMENT

7.1 When planning and undertaking a procurement process, Sustainability shall be considered and applied based on value (Total Value), type of goods, works or services, opportunities and risks.

7.2 Council's Sustainability checklist/Schedule shall be used to seek, evaluate and manage suppliers and contractors, including consultant's, commitment to Sustainability.

7.3 Council's Sustainability checklist/Schedule shall be applied as follows:

- **$0 - $210,000**
Consideration must be given to sustainability generally.

- **$2~~1~~0,001 - $2~~1~~00,000**
    Formal consideration must be given to sustainability with the market documentation to include Council's Sustainability checklist/Schedule (as Schedule within the RFQ. within the market approach documentation and evaluation of responses accordingly.

Evaluation of sustainability shall be outlined in the evaluation methodology prior to approaching the market, with a weighting percentage set to reflect the importance of sustainability including social and environmental based on the procurement need and market.

A minimum of 10% weighting shall be considered for the criteria of sustainability or increased to reflect the importance of sustainability based on the goods, works or services to be sourced.

- **>$2100,000**

  Formally incorporate sustainability within the Request for Tender process via:
  - Setting sustainability as a weighted criteria within the Acquisition Plan and as a core evaluation criterion within the evaluation methodology.
  - Assign a weighting to the criteria that reflect the importance, risk and opportunities of sustainability within the goods, works or services being sourced.
  - Incorporate the Sustainability Schedule within the Request for Tender document as a returnable schedule, including within the scope a statement outlining the Councils approach to sustainability.

  Where appropriate and applicable a comparison of the life cycle costings of the various solutions proposed should be conducted as part of the evaluation process. This should be undertaken prior to the final decision on the preferred tenderer.

  When engaging consultants or the provisions of professional services consideration will be given to the various categories of ethical trading and general sustainability considerations for example economy, social and environmental. Tenderers demonstrate good environmental performance through environmental management systems, energy or water accounting and responsible management of waste shall be scored accordingly.

- **Panel contracts, purchasing alliances or prequalified arrangements**

  Whether utilising panel contracts or prequalified arrangement e.g. Local Government Association Procurement (LGAP) or Procurement Australia (PA), or a procurement process with other regional or similar entities, formal consideration of sustainability must still occur. All procurements undertaken or supported by Council employees must take into consideration impact on the economic, the Council region and the environment.

6.8.   NEGOTIATION

When requests for quotations, tenders or proposals have been invited for a contract for the carrying out of work or the supply of goods or services then council may negotiate with acceptable preferred providers to improve outcomes. Any negotiation process should be transparent, recorded and conducted in a manner that does not disadvantage other respondents.

The Procurement Principle of Probity, Ethical Behaviour and Fair Dealing requirements must be considered in respect to any negotiation undertaken.

The Council may close down a tender (shut down) if there are no suitable tender submissions received. In these circumstances the evaluation panel are to consider other options for procuring the goods, services or works including negotiating with any one or more of the previous tenderers or any other provider.

8.9.   PROCUREMENT CONSIDERATIONS

The appropriate method of procurement will be determined by reference to a number of factors, including:

8.19.1   Value of the Purchase (Total Value)

8.29.2   Cost of an open market approach versus the value of the acquisition and the potential benefits;

8.39.3   The particular circumstances of the procurement activity;

8.49.4   The objectives of the procurement;

8.59.5   The size of the market and the number of competent suppliers;

8.69.6   The Council's leverage in the marketplace;

8.79.7   An assessment of the risks associated with the relevant activity and /or project, including the risk profile of the procurement and any risks associated with the preferred procurement method.

8.89.8   Assessment of sustainability opportunities and risks.

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9.10. ENVIRONMENTAL SUSTAINABILITY See sustainable procurement guidelines

9.110.1   Core to Council's Procurement Principle 5.6, and its sustainability commitment is the application of environmental sustainability to all procurement. Align the Council's procurement activities with principles of ecological sustainability;

9.210.2   Environmental sustainability involves the inclusion of relevant e-environmental factors in a decision to purchase goods, works or services and/or tenders with a view to maintain the health and quality of the environment, conserve resources, minimise waste and protect human health.

9.310.3   Environmental sustainability shall consider:

- Purchase recycled and environmentally preferred products where possible.

- Integrate relevant principles of resource recovery and waste minimisation and consider those products that can be recycled at the end of life where resources allow.

- Select energy, fuel and water efficient products by considering star ratings and other consumption measures.

- Purchase goods that minimise lifecycle costs and carbon emissions from manufacture to disposal.

- Foster the development of products and services which have a low environmental impact, and

- Provide leadership to business, industry and the community in promoting the use of environmentally sensitive goods works or services.

9.410.4   Employees and persons procuring on behalf of Council shall utilise procurement templates to support the acquisition planning and seeking of environmental sustainability information from potential suppliers including:

- Carbon footprint/reduction of carbon emission.

- Sustainability in supply chain.

- Environmental policies, procedures and systems.

- Waste reduction commitment and strategies.

- Ethical and Fair-Trade practices.

- Percentage of local sourced materials/labour/investment.

- Lifespan of products and materials.

- Commitment to recycle and reuse of materials.

- End of life disposal initiatives, and

- Equal opportunity, fairness, diversity and social inclusion within supply chain.

10.11.ACQUISITION OF LAND

10.111.1   A decision to purchase or acquire land is made by resolution of Council, unless specifically delegated as per the *Local Government Act 1999* or another act.

10.211.2   Due to its unique nature, the acquisition of land is considered separate from the requirement of Direct or Competitive Sourcing methods.

10.311.3   The provision of services and activities supporting the acquisition of land, such as specialist advisors or contractors, are to be undertaken in accordance with this Policy.

11.12. LEADERSHIP AND COLLABORATION

11.112.1   Council will provide leadership through good governance and meaningful social and sustainable procurement policies and procedures.

11.212.2   Through embedding sustainability in its procurement framework, and aligning its procurement to ISO 20400 Council demonstrates a high-level commitment to its community, region and the environment, and identifies itself as a sector leader in sustainability.

11.312.3   Council and its employees will look for opportunities to collaborate through joint procurement opportunities and shared learnings to further procurement initiative and outcomes.

11.412.4   Procurement data will be collected data, analyzed and reviewed to enable continuous improvement in enhancing its principles, processes, skills, outcomes and commitment to delivering sustainable procurement to the Council and its community.

12.13. MANAGEMENT AND REPORTING

12.113.1   Implementation, review and maintenance of this Policy is the responsibility of the Chief Executive. The ongoing review, including auditing of compliance, and reporting of procurement outcomes may be included within the Internal Audit program.

12.213.2   Staff and all persons who are delegated to undertake procurement for the Council are responsible and accountable for ensure compliance to policy, adherence to procedures and reporting against agreed outcomes and deliverables, including sustainability, work health & safety, and financial.

12.313.3   Management of the delivery of sustainable procurement is crucial to achieving the sustainability outcomes of Council and the contract or agreement. Managing the contract life cycle including contract and supplier relationship management and performance auditing uphold the guidelines of ISO 20400.

12.413.4   Based on value and complexity of the procurement at award the tendered and agreed sustainability deliverables and level thereof, such as percentage of materials sourced locally, percentage of recycled material used, quantity of waste reverted from landfill, reduction in carbon emissions etc. must be documented, recorded and monitored.

12.513.5   Tracking and reporting on sustainability delivered outcomes against committed contract targets across the supply chain will enable Council is provide data to evidence its commitment and compliance to sustainability goals and ISO 20400.

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13.14.TRAINING AND EDUCATION

13.114.1   Council will provide formal induction and ongoing education opportunities for council employees who are engaged in procurement practices.

13.214.2   Training will be provided to all employees who are engaged in procurement to understand Council's sustainability commitment, and how to apply sustainability throughout their procurement process, including contract management.

13.314.3   Education opportunities may be provided to support local businesses tendering for local government work, and the supply sector generally especially in relation to sustainable procurement expectations.

14.15.EXEMPTIONS FROM THIS POLICY

This Policy contains general guidelines to be followed by the Council in its procurement activities. There may be emergencies, or procurements in which a tender process will not necessarily deliver best outcome for the Council, and other market approaches may be more appropriate.

14.115.1   In certain circumstances, the Chief Executive Officer (or where this power is delegated to a Procurement Committee) may waive application of a competitive quoting or tender process and pursue a method which will bring the best outcome for the Council. The Council must record its reasons in writing for waiving application of this Policy.

14.215.2   Emergency - where the Chief Executive Officer or Council Commander activates Council's Incident Management Team (CIMT). This exemption is only in relation to purchases relating to the emergency.

14.315.3   The occurrence of an event such as flooding, fire or other significant damage to a Council asset which may require the immediate procurement of goods, services or works to ensure business continuity and or public safety.

Where possible this exemption should be authorised by a Manager or Director within their authorised Financial Delegation.

14.415.4   Where a Funding Agreement specifies that Council must follow a prescribed tendering process which differs from the process outlined in this Policy to the extent that only the prescribed inconsistencies shall be followed.

14.515.5   The following Procurement categories are exempt from the requirement of the Quote or Tender process:

- Government Departments or Government Bodies including Worker's Compensation, Mutual Liability Scheme, and Vehicle Registrations.

- Statutory payments e.g. legislative or statutory requirements such as payments to the Australian Taxation Office, emergency services and EPA and/or fines.

- Utility services such as water, sewerage charges, Australia Post charges, whereby the infrastructure or service is owned or managed by a single or particular entity.

- Court related costs.

- Payments to Local Government Association or associated entities.

- Insurance claims.

- Leasing Property (Due Diligence principles must be applied to ensure Value for Money), and

- Regional Subsidiaries.

~~15.~~16.UNSOLICITED PROPOSAL

~~15.1~~16.1 In some circumstances Council may receive a proposal to deal directly with the Council over a commercial proposition, where the Council has not requested the proposal. This may include proposals to build and/or finance infrastructure, provide goods or services, or undertake a major commercial transaction.

~~15.2~~16.2 Assuming the Council wants to procure the services provided by the proposal Council's position on Unsolicited Offers is that if the proposal can be delivered by competitors, then the proposal must be put through a competitive process.

~~15.3~~16.3 If unsolicited proposal cannot be delivered by other providers it should be assessed in accordance with the Council's Unsolicited Proposals Policy (if any), and in the absence of an Unsolicited Proposals Policy, using the following criteria:

- Does the proposal align with the Council's Strategic Plan objectives;

- What are the community benefits to the proposal;

- Whether the proposal represents value for money for the Council; and

- Whether the proponent has the skills, experience and resources required to enable it to deliver the proposal

~~15.4~~16.4 Unsolicited proposals will be approved by the CEO or the Executive Leadership Team (ELT) where relevant.

16.17.Contract Management

16.117.1   When the procurement process ends, the responsibility of the project is transferred to the Contract Administrator who ensures the management of the contract including appropriate contract management transition.

16.217.2   Contract management key requirements include:

- Contract administration complies with Adelaide Hills Council policies, procedures, and delegations.

- Foreseeable WHS risks relevant to contract work (including any specific WHS requirements of the contract) are identified and communicated to the Contractor.

- Technical aspects of the work (including risk assessments, job safety environmental analysis, and safe work method statements) are reviewed and confirmed.

- Key environmental aspects are identified prior to construction activity and communicated to the Contractor.

- Contractor training and/or induction is completed prior to work commencing.

- Appropriate monitoring is undertaken of WHS and environmental management systems and work practices undertaken by Contractors.

- Appropriate monitoring of contractor performance throughout the contract by the use of Key Performance Indicators (KPI) and/or performance metrics.

- Contractor and Adelaide Hills Council obligations are met under the contract.

- Contract variations or extensions are authorised strictly in accordance with the relevant delegated authority process. Approval is gained for contract variations that are outside of the original scope; have the effect of varying the contract sum; or alter the terms and conditions of the contract.

- Claims for payment are in accordance with the contract; and

- Approved budget funds are available to authorise payment of invoices.

17.18. DELEGATIONS

17.1 18.1   Council makes the following delegations:

17.1.1 18.1.1   The Chief Executive Officer has the delegation to approve, amend and review any procedures that shall be consistent with this Policy.

17.1.2 18.1.2   The Chief Executive Officer has the delegation to enter into contracts ~~to a value of $500,000 (excluding GST)~~ ~~to a value of $500,000 (excluding GST)~~ of any value that form part of the Annual Business Plan or Long Term Financial Plan.

17.1.3 18.1.3   The Chief Executive Officer may sub-delegate the authority to Council Officers to enter into contracts to a value of $3 500,000 (GST exclusive).

17.1.4 18.1.4   ~~The Chief Executive Officer and one other Council Officer at Director Level may jointly enter into contracts to a value of $1,000,000 (excluding GST)~~

~~17.2~~

~~6.7.1   The Chief Executive Officer and one other Council Officer at Director Level may jointly enter into contracts to a value of $1,000,000 (excluding GST)~~

17.3 18.2   The Chief Executive Officer has the delegation to:

- Approve, amend and review any procedures that shall be consistent with this Policy; and

- Make any legislative, formatting, nomenclature or other minor changes to the Policy during the period of its currency.

18.19. PRUDENTIAL REQUIREMENTS

18.1 19.1   In some circumstances a procurement process may require additional due diligence in accordance with the *Local Government Act 1999* prudential requirements. If this occurs the process will be subject to the Council's Prudential Management Policy.

19.20. AVAILABILITY OF THE POLICY

19.1 20.1   This Policy will be available via the Council's website www.ahc.sa.gov.au.

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ADELAIDE HILLS COUNCIL
AUDIT AND RISK COMMITTEE MEETING
Monday 17/2/2025
CONFIDENTIAL AGENDA BUSINESS ITEM

Item: **10.1**

Responsible Officer: **Phil Mattingly**
                                                   Manager IS - Acting
                                                   Corporate Services

Subject: **JLT Public Sector Top Cyber-Security Controls Review 2024 AHC**

For: **Information**

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1.   **JLT Public Sector Top Cyber-Security Controls Review 2024 AHC – Exclusion of the Public**

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

                – **CEO, Greg Georgopoulos**
                – **Director Corporate Services, Gary Lewis**
                – **Executive Governance Officer, Zoe Gill**
                – **Manager Information Services, Phil Mattingly**
                – **Team Leader Information Systems, John Gosbell**
                – **Manager Financial Services, Bruce Smith**
                – **Minute Secretary, Lauren Jak**

                be excluded from attendance at the meeting for Agenda Item 10.1: (JLT Public Sector Top Cyber-Security Controls Review 2024 AHC) in confidence.

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

                Section 90(3)(e) of the Local Government Act, the information to be received, discussed or considered in relation to this Agenda Item is concerning matters affecting the security of the council, members or employees of the council, or council property, or the safety of any person; the disclosure of which could reasonably be expected to expose sensitive cyber security information to cybercriminals and/or nefarious actors.

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

3.   **LGRS JLT Public Sector Cyber Security Report AHC – Duration of Confidentiality**

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)(e) of the *Local Government Act 1999*, resolves that an order be made under the provisions of sections 91(7) and (9) of the *Local Government Act 1999* 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	**Until further order**
Related Attachments	**Until further order**
Minutes	**Until further order**
Other (presentation, documents, or similar)	**NIL**

Item: 10.2

Responsible Officer: John Gosbell
Team Leader Information Systems
Corporate Services

Subject: Enterprise Resource Planning System Review including Risk Assessment

For: Information

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1. **Enterprise Resource Planning System Review including Risk Assessment – Exclusion of the Public**

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

   - CEO, Greg Georgopoulos
   - Director Corporate Services, Gary Lewis
   - Executive Governance Officer, Zoe Gill
   - Manager Financial Services, Bruce Smith
   - Team Leader Information Systems, John Gosbell
   - Manager Information Services, Phil Mattingly
   - Minute Secretary, Lauren Jak

   be excluded from attendance at the meeting for Agenda Item 10.2 Enterprise Resource Planning System Review including Risk Assessment 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)(b) of the Local Government Act, the information to be received, discussed or considered in relation to this Agenda Item is information the disclosure of which – (i) could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and (2) would, on balance, be contrary to the public interest;

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

3.   **LGRS JLT Public Sector Cyber Security Report AHC – Duration of Confidentiality**

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 10.2 in confidence under sections 90(2) and 90(3)(e) of the *Local Government Act 1999*, resolves that an order be made under the provisions of sections 91(7) and (9) of the *Local Government Act 1999* 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	Until further order
Related Attachments	Until further order
Minutes	Until further order
Other (presentation, documents, or similar)	NIL