

His Worship the Mayor  
Councillors  
**CITY OF MARION**



**NOTICE OF  
FINANCE AND AUDIT COMMITTEE**

Notice is hereby given pursuant to the provisions under Section 83 of the Local Government Act 1999 that a General Council meeting will be held

**Tuesday 31 May 2016**

**Commencing at 2.00pm**

**In the Chamber**

**Council Administration Centre**

**245 Sturt Road, Sturt**

A copy of the Agenda for this meeting is attached in accordance with Section 83 of the Act.

Meetings of the Council are open to the public and interested members of this community are welcome to attend. Access to Committee Room 1 is via the main entrance to the Administration building on Sturt Road, Sturt.

A handwritten signature in dark ink, appearing to read "Adrian Skull", is positioned above the printed name and title.

Adrian Skull  
**CHIEF EXECUTIVE OFFICER**

27 May 2016

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**CITY OF MARION  
FINANCE AND AUDIT COMMITTEE AGENDA  
FOR THE MEETING TO BE HELD ON  
TUESDAY 31 MAY 2016  
COMMENCING AT 2.00 PM  
CHAMBER, ADMINISTRATION CENTRE  
245 STURT ROAD, STURT**



**1. OPEN MEETING**

**2. KAURNA ACKNOWLEDGEMENT**

*We acknowledge the Kurna people, the traditional custodians of this land and pay our respects to their elders past and present.*

**3. MEMBER'S DECLARATION OF INTEREST (if any)**

**4. CONFIRMATION OF MINUTES**

Confirmation of the Minutes for the Finance and Audit Committee Meeting held  
8 March 2016

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**5. BUSINESS ARISING**

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6.1 Elected Members Report

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### **8. CONFIDENTIAL ITEMS**

Nil

### **9. ANY OTHER BUSINESS**

### **10. MEETING CLOSURE**

The Audit Committee meeting shall conclude on or before 6.00 pm unless there is a specific motion adopted at the meeting to continue beyond that time.

### **11. NEXT MEETING**

The next **Special Meeting of the Finance and Audit Committee** is scheduled to be held on:

**Time: 4.00 pm – 5.30 pm**

**Date: Monday – 20 June 2016**

**Venue: Chamber, Administration Building**

The next **General Meeting of the Finance and Audit Committee** is scheduled to be held on:

**Time: 4.00 pm – 6.00 pm**

**Date: Tuesday - 16 August 2016**

**Venue: Chamber, Administration Building**



**MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING  
HELD AT THE ADMINISTRATION CENTRE  
245 STURT ROAD, STURT  
ON TUESDAY 8 MARCH 2016**



**PRESENT**

Mr Greg Connor (Chair), Mr Lew Owens, Ms Kathryn Presser, Councillor Raelene Telfer, Councillor Tim Gard (from 2.38pm).

**In Attendance**

Mr Adrian Skull	Chief Executive Officer
Mr Vincent Mifsud	General Manager, Corporate Services
Ms Abby Dickson	General Manager, City Development
Mr Tony Lines	General Manager, Operations
Ms Kate McKenzie	Manager, Corporate Governance
Mr Ray Barnwell	Manager, Finance
Ms Sherie Walzcak	Unit Manager Risk
Mr Colin Heath	Manager, Contracts and Operations Support

**1. OPEN MEETING**

The meeting commenced at 2.01 pm. The Chair welcomed all those present to the meeting.

**2. KAURNA ACKNOWLEDGEMENT**

We begin by acknowledging the Kaurna people, the traditional custodians of this land and pay our respects to their elders past and present.

**3. MEMBERS DECLARATION OF INTEREST**

The Chair asked if any Member wished to disclose an interest in relation to any item being considered at the meeting. No declarations were made.

**4. CONFIRMATION OF MINUTES**

**Moved Councillor Telfer, Seconded Ms Presser** that the minutes of the Audit Committee meeting held on 15 December 2015 is confirmed as a true and correct record of proceedings.

**Carried Unanimously**

**Moved Mr Owens, Seconded Ms Presser** that the minutes of the Special Finance & Audit Committee Meeting held 22 February 2016 is confirmed as a true and correct record of proceedings.

**Carried Unanimously**

## 5. BUSINESS ARISING

The statement identifying business arising from the previous meetings of the Committee was reviewed and progress achieved against identified actions noted. It was requested that the project management report would be brought to the next Committee meeting.

**Action: That the Project Management Report be brought to the next Committee meeting.**

## 6. ELECTED MEMBER REPORT

### 6.1 Elected Members Report

**Report Reference: FAC080316R6.1**

Councillor Telfer provided an overview of the Elected Member Report and advised the Committee that all new Section 41 Committees of Council are now operational and are looking forward to getting further connected with their responsibilities.

Councillor Telfer advised that Council is still confirming and embedding its financial processes regarding how to approve unfunded project / initiatives. Further probity regarding prioritisation may be required.

The Committee noted Council's decision to fund the Energy Efficient Council Buildings Project and the Solar Options to the value of \$600k. The Committee noted that, while these were projects of merit and will include a payback, they appear to have been approved without consideration of the impact on the 2016/17 Annual Budget or LTFP.

## 7. REPORTS

### Corporate and Financial Management

### 7.1 Draft Annual Business Plan and Budget 2016/17 and Draft Long Term Financial Plan **Reference No: FAC080316R7.1**

The Manager Finance provided an overview of the report highlighting that feedback and guidance is being sought from the Committee regarding:

- The environmental scan
- The Annual Business Plan (ABP) schedule
- The financial ratios
- Alignment of the rate modeling to Council's Budget and Treasury policies
- The Strategic Financial Framework and assumptions

It was noted that the rate modeling in the report is based on 2.75% pa increases and Council has the capacity to set a lower/higher rate depending on further consideration of unfunded projects and initiatives.

#### Environmental Scan

The Committee commented that the environmental scan was a good document and suggested to include the following:

- Further information regarding higher/tertiary education particularly with the connection to Flinders University and Tonsley. Both sites could be a significant contributor to the future of the City of Marion.
- Opportunities for light rail, in particular through to Flinders University.
- The opportunity for future Council amalgamations and shared services.
- Infrastructure issues associated with flooding and stormwater, keeping in mind the greater Adelaide stormwater management issues.
- The National Disability Insurance Scheme (NDIS) and what this may offer the City of Marion.
- Further clarification regarding the social and cultural environment and how Council intends to prioritise implementation within the next 12 months. It was noted that some target responses were based on strategy and planning stages rather than implementation. Some matters may require further integration into the business and a number of matters will be ongoing.
- The inclusion of growth within the City at around 1% per annum.

#### ABP Schedule

The Committee stated that the timeframes seem reasonable and allowed opportunity for the Committee to have input before going to Council.

#### Financial ratios

The Committee noted that the documents had been prepared based on 2.75% pa rate increases and did not include the Edwardstown Oval redevelopment as this project has yet to be approved and funded by the Council.

The Committee stated that the rate increase was reasonable, depending on Council's desire to fund unfunded projects/initiatives. Alternatively, it could potentially be reduced further.

The Committee queried why the Asset Sustainability Ratio decreased in the outer years of the LTFP. It was noted that the decrease is linked to the assumption around depreciation, which is projected to increase faster than capital renewal and as a result is not necessarily indicative of insufficient renewal of Council's asset base occurring. The integration of the recently updated AMPs into the LTFP will alter this ratio as depreciation will be replaced with required renewal, giving a more accurate representation of this ratio.

#### The Strategic Financial Framework and assumptions

2.38pm Councillor Gard entered the meeting

The Committee made the following points:

- The ABP is developed on a set of assumptions that cannot be guaranteed. For example, the employee cost increase assumption of 2% pa cannot be guaranteed whilst the Enterprise Agreement is still to be negotiated. It is also noted that the outside workforce Enterprise Agreement does not expire until 30 June 2017 and includes a minimum 3% increase for 2016/17. Such an assumption requires management of the total labour cost, such that employee numbers may have to reduce if total costs are to remain within the 2%pa increase.
- Unfunded projects and initiatives are being considered by Council quarterly, which can create difficulties for the annual budget process as ad-hoc projects can be introduced throughout the year. This can make it more difficult to prioritise. The development of a financial modeling tool will help Council to understand the financial impact of funding new projects/initiatives and how their funding requirements impact the financial ratios of the

Council, enabling Council to assess these projects when proposed during the year and ensuring the financial ratios remain within the required tolerances.

- The Community Facilities Partnership Program (CFPP) funding was included within the Asset Sustainability Reserve last financial year with extended parameters for its use. The ABP and LTFP include further funding of \$1.9m to this reserve in 2016/17. The Committee queried if this reserve could be used to fund capital projects. It was noted that this reserve is a cash reserve and it can be used, keeping in mind any shortfall in renewal requirements within the Asset Management Plans may need to be funded from this reserve.
- The unfunded projects and initiatives could be estimated at a total cost to Council of between \$20-\$25m. If some of these were to be funded from this reserve, the reserve would be fully expended.
- 1% growth has been reflected within the ABP and LTFP: it was suggested that this could potentially be quarantined to help resource the unfunded projects in areas where growth has occurred, keeping in mind that this will come from overall expenditure. It was noted that revenue from growth is included in Council's overall rate revenue and Council can allocate expenditure from this revenue as they see fit.

The example of the Streetscape Policy and Strategy was discussed, noting that this is an unfunded and unprioritised project/program. The Committee suggested that Council should assess the return on investment (including public value) over a period of time and consider the costs benefit analysis prior to including any capital costs within the budget. The project will progress to a certain point where it is clear what the capital allocation should be. Council can then consider this cost (in-conjunction with its other unfunded projects) to determine what it can afford to fund without going into a deficit. If the financial impact results in Council going into deficit, then Council either needs to consider what it will stop doing or increase the rates. This assumes that the Streetscape project has a high priority amongst other proposals.

The Committee noted the projected closing cash balances and confirmed that these are based on the assumption that no money is spent from the Asset Sustainability or other Reserves. The Committee suggested that it may be useful to use some scenarios (e.g. Edwardstown Oval) to understand what impact it would have on projected cash balances. The Modelling tool suggested above could be used for this process.

The Committee queried if any benchmark data had been sought from other Councils regarding rate rises and it was noted that some preliminary indicative figures are suggesting possible rate rises in the range of 2.5% to 4.9%.

#### Alignment of the rate modeling to Council's Budget and Treasury policies

The Committee noted modeling was consistent with Council's Policy requirements.

The Committee noted that the reporting on the Annual Business Plan has improved year on year. The work completed regarding the ratios was excellent and provided useful comparisons. The Committee suggested the development of a financial modeling tool that would assist Council assess the Whole of Life financial impact of funding decisions (e.g. council spends on capital projects of amounts of \$5m, \$10m, etc) and demonstrate when such decisions would cause the Council to fall into a funding deficit.

**Action: Investigate the development of a financial modeling tool to assist Council assess the Whole of Life financial impact of funding decisions for capital projects and demonstrate when such decisions would cause the Council to fall into a funding deficit.**

### **Service Reviews and Internal Audit**

3.09pm Mr Jared Lawrence and Mr Justin Jamieson from KPMG entered the meeting

#### **7.4 Internal Audit Program**

**Reference No: FAC080316R7.4**

#### **Cash Handling Scope**

The Committee noted the Cash Handling Scope making the following comments:

- It is an opportunity to check for fraud.
- Review current policies and procedures.
- Understand the customer experience.
- How to govern cash into the future.

The Committee noted that it would be good to consider how cash transactions have changed over the past 5 years and what is the trend moving forward. It would also be useful to understand what other organisations are doing, from a technological perspective, as it is assumed the City of Marion would now manage a lower level of physical cash.

The Committee sought assurance that KPMG's review would assess the processes and segregation of duties. This was confirmed by KPMG.

#### **Capital Works Carryover Review**

KPMG provided an overview of the report, stating that the review of carryovers was focused on the voracity of existing structures and processes, and noting that the main findings/opportunities for the City of Marion related to:

- Planning a shift from a 12 month cycle to a two year or three year cycle.
- The reset AMP funding requirements needs to now update the LFTP and should consider resource planning to smooth the flow of capital expenditure in the future.
- Resourcing allocation to be considered for both internal and external (alternate service delivery models).
- Improving the existing governance structures regarding monitoring, performance and escalation, including the potential to include the capital works program at the Project Control Group (PCG) meetings.

The Committee suggested that:

- The risk ratings and maturity levels were inconsistent. KPMG advised that the City of Marion has various disciplines and approaches in place meaning the risk ratings remained at low or moderate. The opportunity for improvement related to further structure and consistency being applied.
- The report focused on project management rather than capital works carryovers. It was later noted that the root causes were the systems and processes as part of the project management which may contribute to the level of carryovers.
- The Capital Works programs are complex and it is important to not rush through this process.
- It is important to differentiate between:-

1. Capital Works Programs

2. New Capital Projects

- A certain level of carry overs will always occur and management should be requested over the upcoming months to be clear regarding what should be carried over, re-timed or given up for the 2016/17 year.

The Committee noted that the impact of carry overs has been approximately \$4m each year meaning there is opportunity to either re-set the program or look at the resources to deliver the program.

The Committee agreed that with some further improvement and accountability, the level of carry overs should be reduced. The Committee suggested that the timing of the recommendations be reviewed to ensure that they don't all fall due at the same time, and there should be a key focus on prioritising the "Moderate" rated findings.

3.44 pm Kathryn Presser left the meeting

3.48 pm Kathryn Presser re-entered the meeting

3.49 pm Mr Jared Lawrence and Mr Mr Justin Jamieson left the meeting.

Adjournment

3.49 pm The Chair adjourned the meeting for 5 minutes

3.55 pm The meeting resumed

**Risk Management**

**7.2 Corporate Risk Profile**

**Reference No: FAC080316R7.2**

The Unit Manager Risk provided an overview of the report noting that the Committee did not receive the full risk matrix due to its size. The process undertaken included 26 workshops across the Council to review, assess and mitigate risks at an operational level. On average most groups identified between 4 and 12 risks. Some high risks identified were common across multiple work areas and these have been consolidated into the risks presented within the report. The high risks will be monitored by the Risk Working Group with membership including the Executive Leadership Team, Manager Corporate Governance, Manager Finance, Manager Innovation and Strategy, Unit Manager Risk and the Risk Co-ordinator.

The Committee noted that the process was good and sought further assurance regarding:

- How the current actions and further actions differed
- How risks were assessed and what risk ratings were applied
- If each risk had a risk owner
- How implementation of treatments by due dates was going to be monitored.
- What checks will be put in place to test if the treatments work.

The Unit Manager Risk provided an overview of the risk matrix, including the headings that confirmed that the above points were addressed within the documents. Implementation and monitoring of treatments would occur through the Risk Working Group.

The Committee suggested that the following risks should also be included:

- Work Health Safety (noting that the WHS system has significantly progressed in the last 18 months)
- Inability to deliver further budget savings
- Potential dysfunction between Council and Administration.

### **7.3 Draft Fraud Policy Reference No: FAC080316R7.3**

The Committee noted the policy and made the following suggestions:

- Change the word 'actively discouraged' within the Policy Statement to either not acceptable or not tolerated.
- Alter the objectives within the report to be clear that the Policy is about embedding fraud controls and ensuring outcomes.
- Include reference to the Whistleblowers Act and Policy.

The Committee noted that the internal control audit is a standard process included within the audit of statutory accounts and therefore the controls for fraud are across the board, not just at a high level.

The Committee recommended that further work progress on the Fraud Framework and the Policy be presented to Council for consideration and adoption.

## **8. CONFIDENTIAL ITEMS**

### **Service Reviews Scopes Reviews and Monitoring (Hard Rubbish) Reference No: FAC080316F8.1**

**Moved Mr Owens, Seconded Councillor Gard** that the Finance and Audit Committee that pursuant to Section 90 (2) and (3)(b)(d) of the *Local Government Act 1999*, the Finance and Audit Committee orders that all persons present, with the exception of the following persons: Adrian Skull, Tony Lines, Vincent Mifsud, Abby Dickson, Colin Heath, Roger Belding, Kate McKenzie, Deborah Horton and Melissa Nottle-Justice, be excluded from the meeting as the Finance and Audit Committee receives and considers information relating to the Service Review - Hard Waste Service and Management of Dumped Rubbish report, upon the basis that the Finance and Audit Committee is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to commercial information.

**Carried Unanimously**

### **4.37 pm The Meeting went into confidence**

The Committee reviewed the Service Review for Hard Rubbish and Illegally Dumped Rubbish and acknowledged the team's work on the review, congratulating them on an excellent report. It was noted that the service review clearly demonstrated that there is a need for the services within the Community.

The Committee noted the following points:

- 22% of residents are currently using the hard rubbish service.
- There will be pressure on the service to meet demand, if the demand continues to grow.
- Further work is required with Council to review service standards.
- There are opportunities to improve internal service provisions and monitoring.
- There are opportunities to explore further partnerships or collaboration with third parties.
- The use of taping off hard rubbish with the letter box drop has made an impact.

The Committee encouraged management to further liaise with the Southern Region Waste and Recycle Authority (SRWRA) to see what other options may arise.

It was noted that some work did take place with the City of Marion's Southern Depot on Adams Road at Trott Park and on initial review, the financial benefits weren't obvious.

The Committee suggested that some further work could be completed regarding items that cannot be recycled (hazardous waste and e-waste) and improve communication with the community on how to dispose of these items.

The Committee noted the report recommendations and encouraged management to progress with further improvements. It was noted that changes to services would be reported direct to Council for consideration and adoption (if appropriate).

**Moved Mr Owens, Seconded Councillor Gard** that the Finance and Audit Committee in accordance with Section 91(7) and (9) of the Local Government Act 1999 the Finance and Audit Committee orders that this report and the minutes "Service Review - Hard Waste Service and Management of Dumped Rubbish, FAC080316R7.5", having been considered in confidence under Section 90 (2) and (3)(b)(d) of the Act, be released with relevant information of a commercial nature redacted.

**Carried Unanimously**

**4.55 pm The meeting came out of confidence.**

## **9. ANY OTHER BUSINESS**

## **10. MEETING CLOSURE**

The meeting was declared closed at 4.56 pm

## **11. NEXT MEETING**

The next meeting of the Finance and Audit Committee is scheduled to be held on:

**Time: 2 pm – 5 pm**

**Date: 31 May 2016**

**Venue: City of Marion Council Chambers  
245 Sturt Road, Sturt**

.....  
**CHAIRPERSON**



*City of Marion Minutes of the Audit Committee meeting held  
Tuesday 8 March – Reference Number FAC080316*

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## CITY OF MARION

## BUSINESS ARISING FROM FINANCE AND AUDIT COMMITTEE MEETINGS

AS AT 27 May 2016



	Date of Meeting	Item	Responsible	Due Date	Status	Completed / Revised Due Date
1.	13 October 2015	Circulate project management review report out-of-session to Audit Committee for their feedback.	F Harvey	December 2015	See item 3	See item 3
2.	15 December 2015	That the Audit Committee be provided with an update by June 2016 regarding the progress of surplus assets (particularly the status of the land at City Services).	J Valentine C Hampton	June 2016	Council wants to consider the surplus land at City Services in tandem with a consideration of the main Administration building. Members will be considering the matter at an Elected Member Forum in June and an updated can be provided at the August 2016 FAC Meeting.	August 2016
3.	8 March 2016	That the Project Management Report be brought to the next Committee Meeting	F Harvey	May 2016	Direction is sought from the Committee regarding items 1 and 2 regarding how to progress. The elements of the project management system are being developed, however further analysis is required before a detailed report can be tabled at the Committee. Therefore, either a high level report can be brought to the next meeting that sets out an overview of a system, or further work is undertaken to develop details of the system which is reported to the Committee at a later date.	
4.	8 March 2016	Investigate the development of a financial modeling tool to assist Council assess the Whole of Life financial impact of funding decisions for capital projects and demonstrate when such decisions would cause the Council to fall into a funding deficit.	R Barnwell F Harvey	August 2016	This tool is being investigated and Council have allocated time at an Elected Member Forum to consider a budget allocator tool. This will be further progressed further prior to the development of 2017/18 Annual Business Plan.	December 2016

\* completed items to be removed are shaded

SCHEDULE OF MEETINGS 2016			
Day	Date	Time	Venue
Tuesday	8 March 2016	2.00 – 5.00 pm	Administration Centre
Tuesday	31 May 2016	2.00 – 5.00 pm	Administration Centre
Tuesday	16 August 2016	4.00 – 6.00 pm Followed by 7.00 – 9.00 pm (Joint workshop with Council)	Administration Centre
Tuesday	4 October 2016	2.00 – 5.00 pm	Administration Centre
Tuesday	6 December 2016	2.00 – 5.00 pm	Administration Centre

**INDICATIVE AUDIT COMMITTEE WORK PROGRAM – 2016****TUESDAY, 8 March 2016**

Topic	Action
Outcomes and Action Plan for Audit Committee	Review and Feedback
Draft Annual Business Plan and Budget 2015/16 and Draft Long Term Financial Plan	Review and Feedback
Corporate Risk Profile	Review and Feedback
Fraud Policy	Review and Feedback
Internal Audit Program – Scopes, Reviews and Monitoring	Review and Feedback
Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback
Program Evaluation (Scopes and Reports)	Review and Note

**Tuesday, 31 May 2016**

Topic	Action
Outcomes and Action Plan for Audit Committee	Review and Feedback
Audit Engagement for the Year Ending 30 June 2016	Review and Recommendation to Council
Draft Annual Business Plan and Budget (after public consultation) & Draft Long Term Financial Plan	Review and Feedback
Scope for Audit Committee Bi-Annual Review Process	Review and Feedback
Internal Audit Program – Scopes, Reviews and Monitoring	Review and Feedback
Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback
Annual Review of WHS Program	Review and Feedback

**TUESDAY, 16 August 2016**

<b>Topic</b>	<b>Action</b>
Outcomes and Action Plan for Audit Committee	Review and Feedback
Annual Claims and Insurance Renewal Report	Review and Feedback
Valuations of Buildings and Assets	Review and Feedback
Internal Audit Program – Scopes, Reviews and Monitoring	Review and Feedback
Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback
Outcome of Audit Committee Bi-Annual Review Process and development of Improvement Plan	Review and Feedback
Meeting with internal auditors in camera	Seeking feedback from Auditors

**TUESDAY, 4 October 2016**

<b>Topic</b>	<b>Action</b>
Outcomes and Action Plan for Audit Committee	Review and Feedback
Audit Committee Annual Report to Council 2015/16	Review and Refer to Council
Independence of Council's Auditor for the year end 30 June 2016	Review and Recommendation to Council
Audited Annual Financial Statements for the year end 30 June 2016	Review and Recommendation to Council
Meeting with external auditors in camera	Seeking feedback from Auditors
LGA MLS Risk Review	Review and Feedback
Internal Audit Program - Scopes, Reviews and Monitoring	Review and Feedback
Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback
Investment Performance 2015/16	Noting

**Tuesday, 6 December 2016**

<b>Topic</b>	<b>Action</b>
Outcomes and Action Plan for Audit Committee	Review and Feedback
Internal Audit Program – Scopes, Reviews and Monitoring	Review and Feedback
Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback
Program Evaluation (Scopes and Reports)	Review and Feedback
Work Program and Meeting Schedule 2017	Review and Feedback
Ombudsman SA Annual Report 2015-16	Review and Feedback
Framework and Key Assumptions Annual Business Plan and Budget and Long Term Financial Plan	Review and Feedback

## CITY OF MARION

## AUDIT COMMITTEE IMPROVEMENT PLAN AUGUST 2015



	Identified Improvement Opportunity (Audit Committee Effectiveness Survey)	Identified Improvement Activity	Responsible Officer	Original Due Date	Revised Due Date	Status	Completed

The Committee agreed at its meeting of 29 July 2014 to completed/remove the remaining item from the improvement plan. There are currently no outstanding items on the Audit Committee Improvement Plan.

**CITY OF MARION  
FINANCE AND AUDIT COMMITTEE MEETING  
31 MAY 2016**

**Originating Officer:** Kate McKenzie, Manager Corporate Governance  
Councillor Raelene Telfer & Councillor Tim Gard

**Subject:** Elected Members Report

**Report Reference:** FAC310516R6.1

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**REPORT OBJECTIVE:**

Section 4.19 of the Audit Committee Policy states *“where the Council makes a decision relevant to the Audit Committees Terms of Reference, the Elected Member Representative will report the decision to the Audit Committee at the next Committee meeting and provide any relevant context”*.

**EXECUTIVE SUMMARY:**

Since the last Audit Committee meeting on 8 March 2016, Council has held two (2) Special Council Meetings on 8 March 2016 and 10 May 2016 and four (4) General Council meetings being the 22 March, 12 April, 26 April and 24 May 2016.

Key focus areas for Council include open space, irrigation and leases/licences. Council is also progressing with its key sporting priorities of:

- Options for new soccer pitches and a BMX track in the south
- Indoor multipurpose Stadium 4-8 court (SA regional standard)
- Edwardstown Oval Masterplan
- Mitchell Park Sports and Community Club building upgrade

At these meetings, the Council made the following decisions that relate to the Finance and Audit Committee Terms of Reference:

**8 March 2016 (Special)**

Council considered a report on the Edwardstown Oval, Section 48 Report and funding commitment for National Stronger Regions Fund Application. Council resolved to:

- Consider the advice and feedback received from the Finance and Audit Committee on the draft Section 48 Prudential Report.
- Adopt the Section 48 Prudential Report as amended including the KPMG Report on the Proposed Governance and Management Model and Financial Forecast and the Hardy Milazzo Design Concept.
- Authorise Council staff to finalise and submit a bid to the National Stronger Regions Fund (NSRF) Round 3 seeking \$4 million in Federal capital funding matching a \$4 million capital funding commitment by the City of Marion.
- Endorse the capital funding commitment of up to \$4 million for the redevelopment of Edwardstown Oval subject to the successful application for funding to the National Stronger Regions Fund.
- Endorse the increased on-going operating, maintenance and renewal funding (i.e. Cash) requirement as identified in the Section 48 Prudential Report and note the

impact to the City of Marion's adopted Long Term Financial Plan (LTFP) resulting from the additional funding requirement identified in the Section 48 report is forecast to be in the order of \$6.119 million over the 10 year term of the LTFP.

- Commit to undertaking the redevelopment of Edwardstown Oval if funding is received from the National Stronger Regions Fund.

## **22 March 2016**

The FAC and Council have discussed asset consolidation to maximise the use of community facilities and ensure public value is delivered through its assets. Council has commenced a review of its Assets and at its meeting of 22 March 2016 Council

- Endorsed administration to undertake site investigations in regard to the Park Holme Community Hall and bring a report back at the conclusion of the site investigations regarding the future of the Park Holme Community Hall, Certificate of Title Volume 5841 Folio 743 by July 2016.

## **12 April 2016**

- Council considered a report regarding the progress achieved by the Local Government Association including the progress of recommendations from the Auditor General Report on the insurance schemes. Council resolved to provide feedback to the LGA on the proposed subscription formula's and also confirmed its membership with the LGA.
- Council resolved to draft a Policy under section 78A of the Local Government Act 1999, that establishes a scheme by which a member of a council may directly obtain legal advice at the expense of the council to assist the member in performing or discharging official functions and duties. This Policy is due to be considered by Council at its meeting of 14 June 2016. The draft Policy is to be based on a limit of \$2,000 + GST per elected member per financial year.

## **26 April 2016**

- At its meeting of 26 April 2016, Council endorsed the Draft Annual Business Plan 2016/17 and Draft Long Term Financial Plan for public consultation. This included proposing an average rate increase of 2.75%.

## **10 May 2016 (Special)**

Council considered a report on the Mitchell Park Sports & Community Centre and resolved to:

- Note receipt of the Mitchell Park Sports and Community Centre Background Report on the state of the existing facilities and detail on the requirements for an upgraded complex.
- Endorse Option 1, a new Mitchell Park Community Centre and 4 indoor courts developed to form the basis of a Section 48 prudential management (due diligence) report, to be considered initially in June by the Finance and Audit Committee for recommendation to Council, and, subsequently, for the bid to the National Stronger Region Fund.
- Note progress in the development of the proposal and the development of a single management structure for the site.
- Note that a separate report, as required under Section 48 of the *Local Government Act 1999*, will be brought to Council in June 2016 for consideration describing, amongst

other matters, the whole of life costs associated with the project and Council's financial capacity to fund the proposal.

**24 May 2016**

- The Council considered public submissions on the draft Annual Business Plan and Long Term Financial Plan for 2016/17.
- Council considered and adopted the Fraud and Corruption Management Policy.

**COMMITTEES**

The Council's 4 Committees also met and discussed the following matters which relate to the FAC Terms of Reference:

**Urban Planning (5 April 2016)**

No items to report

**Strategy (5 April 2016)**

- Draft 2016-2019 Business Plan

**People and Culture (3 May 2016)**

- Update regarding Enterprise Agreement (EA) Negotiations for Administrative Staff
- Monitoring on key people and culture metrics
- Progress and scheduling of the CEO Performance and Remuneration Review

**Infrastructure (3 May 2016)**

- Update from BMX SA on the project to establish a Regional BMX Facility in the South
- Asset Consolidation Program Update

**RECOMMENDATION (1)**

**DUE DATE**

**The Audit Committee note the report.**

**31 May 2016**



**CITY OF MARION  
FINANCE AND AUDIT COMMITTEE MEETING  
31 MAY 2016**

**Originating Officer:** David Harman, Financial Accountant

**Corporate Manager:** Ray Barnwell, Manager Finance

**General Manager:** Vincent Mifsud, General Manager Corporate Services

**Subject:** Deloitte Audit Engagement for the Year Ending 30 June 2016

**Report Reference:** FAC310516R7.1

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**REPORT OBJECTIVES:**

The purpose of this report is to provide details of Deloitte's audit engagement for the year ending 30 June 2016.

**EXECUTIVE SUMMARY:**

In February 2012, on the recommendation of the Audit Committee, Council endorsed the engagement of Deloitte as Council's external auditor for a term of 5-years in accordance with Section 128 of the Local Government Act 1999.

Deloitte's have provided a report which outlines their audit strategy in relation to the 30 June 2016 audit. (Appendix 1).

**RECOMMENDATIONS (3)**

**DUE DATES**

**That the Audit Committee:**

- |  |                    |
|--|--------------------|
| <b>1. Considers the outline of Deloitte's audit strategy for the 30 June 2016 audit.</b>                     | <b>31 May 2016</b> |
| <b>2. Notes the scope of the audit to be carried out by Deloitte for the year ending June 2016.</b>          | <b>31 May 2016</b> |
| <b>3. Notes that the Chief Executive Officer will execute the acknowledgement of the engagement letters.</b> | <b>31 May 2016</b> |

## **BACKGROUND**

The objective of Council's external audit is to provide an independent audit opinion of the accounts and annual financial reports of the City of Marion for each financial year covered by the term of the audit appointment. The external audit will also provide an independent audit opinion on the controls exercised by Council, to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with legislative provisions. The audit must meet both statutory requirements and Australian audit standards.

Section 125 and 129 of the Local Government Act 1999 together with the Local Government (Financial Management) Regulations 1999 set out the requirements for the conduct of Council's annual audit.

## **ANALYSIS:**

Provided at Appendix 1 is a copy of the Financial Statutory Audit Plan prepared by Deloitte for the year ending 30 June 2016. This sets out the responsibilities of Deloitte and Council in undertaking the audit, the scope of the audit, and various administrative matters including the audit timetable and fees.

On review of the Audit Engagement letters, it is noted that the scope of the audit proposed by Deloitte is in line with the scope of services detailed in the Contract for Services and as required under the Local Government Act 1999. Furthermore, the fees outlined for the services are consistent with those quoted in the original Deloitte tender for services and as such, appropriate approved budget allocations have been made.

## **CONCLUSION:**

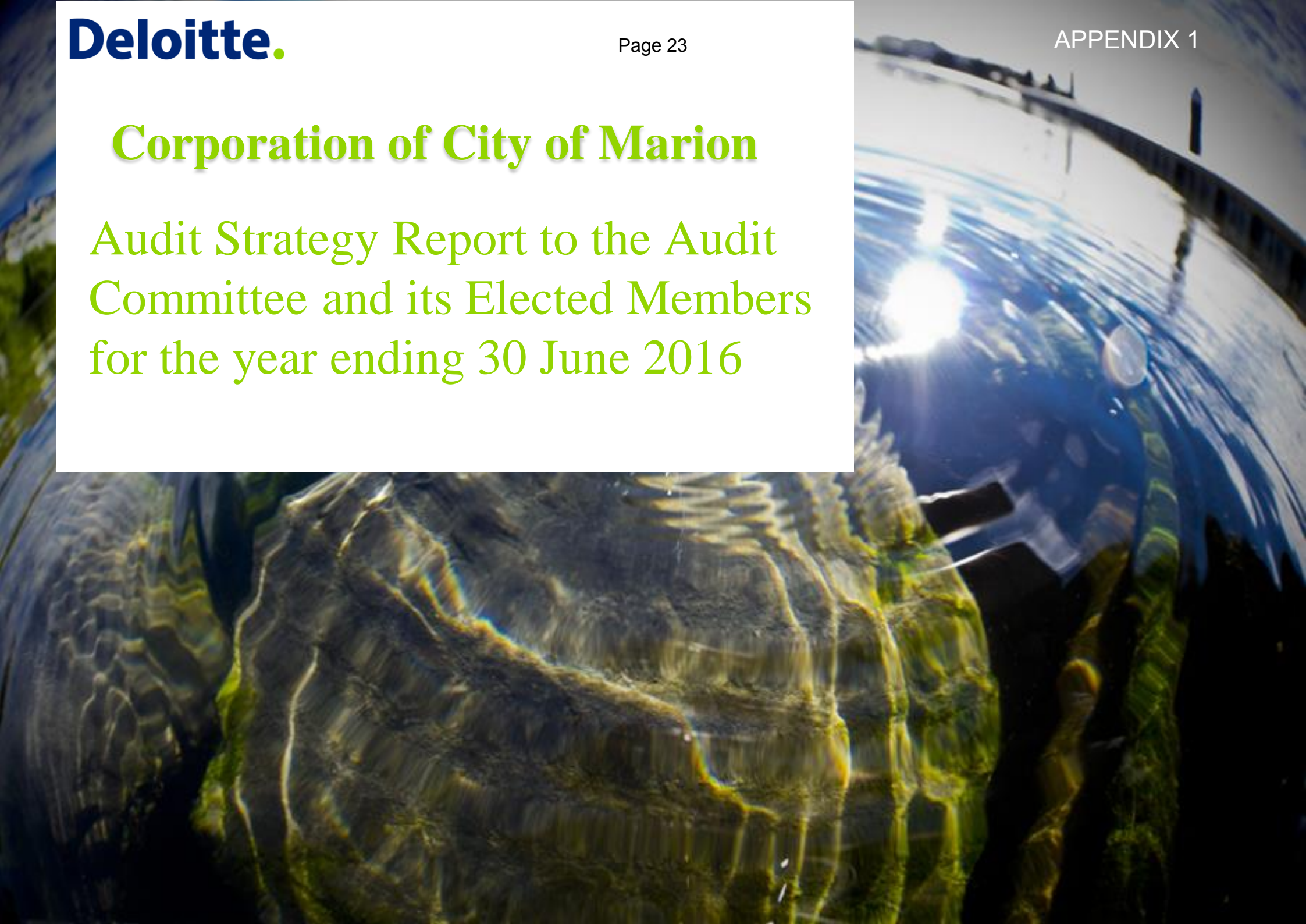
Undertaking an audit of Council's financial statements on an annual basis is a statutory requirement under the Local Government Act 1999.

The proposed scope of services outlined in the Audit Strategy for the year ending 30 June 2016 is consistent with the requirements of the Local Government Act 1999 and the Contract for Services between Council and Deloitte.

- Appendix 1:** Deloitte Financial Statutory Audit Strategy Report
- Appendix 2:** Deloitte Audit Engagement Letter – Financial Statements
- Appendix 3:** Deloitte Audit Engagement Letter – Internal Controls

## Corporation of City of Marion

Audit Strategy Report to the Audit Committee and its Elected Members for the year ending 30 June 2016



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1. Introduction



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Overview of Audit  
Strategy and  
Regulatory Oversight



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2. Risk Assessment  
and audit responses



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3. Summary of Key  
Deliverables



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4. Client Service  
Team



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5. FY16 Timetable

# 1. Introduction

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## 1.1 Overview

The objective of the audit is primarily to provide reasonable assurance, through the provision of an independent audit opinion, that the Council's annual financial report for the year ended 30 June 2016 is free from material misstatement.

### Introduction

We will also provide an independent opinion on Council's compliance with the requirements of Section 125 of the Local Government Act 1999 in relation to the Internal Controls established by the Council.

In addition to the above, there is a requirement to conduct small audits. We understand the small audits comprise:

- Workers Compensation Declaration
- Grant Acquittals

The scope of the statutory audit regarding the financial report will involve such procedures as required in accordance with the Australian Auditing Standards to enable an opinion to be formed as to whether the financial report of the Council has been prepared in accordance with the *Local Government Act 1999* including:

- a) giving a true and fair view of the Council's financial position as at year end and of its performance for the relevant financial year; and
- b) whether the report complies with Australian Accounting Standards, the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

### Scope of Audit

The scope of the statutory audit regarding the internal controls exercised by the Council will include such procedures as required to enable us to provide an opinion whether the controls exercised by the Council, during the financial year in relation to:

- the receipt, expenditure and investment of money,
- the acquisition and disposal of property; and
- the incurring of liabilities

were sufficient, in all material respects, to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with legislative provisions.

We will also report to senior management and the Audit Committee on matters relating to any unadjusted audit differences and matters associated with the control environment as they relate to your business objectives and risk framework that require future focus by management.

# 1. Introduction (cont'd)

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## 1.1 Overview

The reporting of major matters will take place as they arise, or as soon as practical. Throughout the audit process, issues and risks identified will be promptly communicated to senior management and the Audit Committee as appropriate.

Communication and reporting consists of:

- Discussions with management prior to year end, updating our understanding of the operations, internal controls, results for the period to date and to plan the approach to the audit for the current year
- Meeting with management on a regular basis throughout the duration of the audit to assess the status of the audit progress at each stage
- Conducting exit meetings with management at the conclusion of audit procedures
- Attending Audit Committee meetings as required for the purpose of tabling the audit plan and audit findings and also providing other relevant information such as upcoming regulatory and accounting changes
- Issuing an audit report as required by *Section 129 of the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011*.
- Issuing an opinion on internal controls as required by *Section 125 of the Local Government Act 1999*

### Communication and Reporting

Deloitte has developed important safeguards and procedures in order to ensure our independence and objectivity.

Specific safeguards include:

- the inclusion of a quality assurance review conducted by a Partner or Senior Director outside of the audit team, with the appropriate skill and expertise, who is independent to the engagement,
- the adoption of a partner rotation policy; and
- the provision of a statement of independence from Deloitte to the Council.

### Independence

We will reconfirm our independence and objectivity for the year ending 30 June 2016 in our final report to the Audit Committee.

### Engagement Letter

We have included the draft audit engagement letter as a separate document to be presented during the meeting.

# 2. Risk assessment and audit responses

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Our audit procedures are focused on those areas of most significant impact to the Council's financial statements and will further take into account Council's activities that are considered to represent the key risks to the results. We also obtain:

- an understanding of the business risks faced by the Council;
- hold discussions with management during both the interim and final audit visits, and
- review of Internal Audit reports, Control track reports and other relevant Council documentation

Focus area	Response and findings
Revenue	<b>Rates and statutory charges</b> As a material transaction cycle, revenues recognised from rates and statutory charges will be assessed for validity and completeness. The design and implementation of controls will be assessed combined with substantive testing.
	<b>Grant revenues</b> We shall consider the extent to which grant revenues have appropriately been deferred to the balance sheet as a result of unfulfilled obligations at period end and substantively test in detail.
Expenditure	Given the volume, magnitude and public accountability of Council expenditures the preventative and detective controls over expenditures, including the budgetary cycle will be given consideration. Substantive detailed testing will be performed to assess the validity of the underlying expenditures.
	Depreciation expenditure will be analysed for each asset category for compliance with Council approved policy with an assessment of useful lives and residual values.
Current Assets	Substantive testing to confirm existence and valuation per the financial statements.
	Liquid balances will be tested through controlled confirmation processes.



# 2. Risk assessment and audit responses

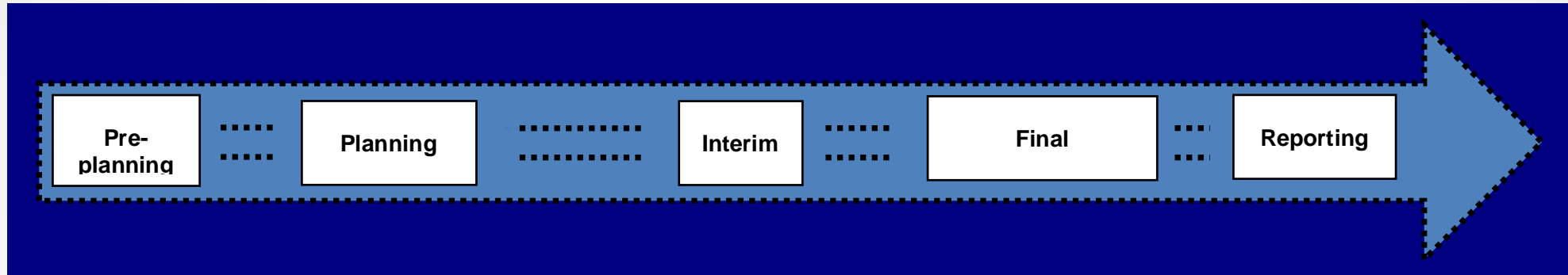
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Focus area	Response and findings
<b>Non-current Assets</b>	<p>Major project expenditures will be assessed to determine whether expenditure has been appropriately capitalised. Progress against budget will also be reviewed.</p> <p>In particular, review of capital expenditure approvals at inception of the project as well as verification of expenditure against Delegated Authorities throughout the project life.</p> <p>The methodology and basis for the determination of fair value of assets as well as the level of appropriate disclosures will be assessed.</p> <p>Independent review of the external valuation firm's assumptions by the audit team and our Deloitte infrastructure valuation specialist.</p>
<b>Liabilities</b>	<p>Compliance with any relevant financial covenants for any given year and classification of borrowings as current and non-current will be verified.</p> <p>Subsequent payment testing will be adopted to confirm completeness and valuation of liabilities.</p>
<b>Key Financial Indicators</b>	<p>Disclosures of key financial indicators within the financial report will be recalculated and analysed to confirm accuracy.</p>
<b>Other Statements</b>	<p>The full set of financial statements will be reviewed by Deloitte to ensure consistency of information throughout the report given knowledge gained from the audit and disclosure requirements.</p> <p>Other statements for relevant "small audits" will be conducted as required and as outlined above.</p>
<b>Council's compliance</b>	<p>Review of council's financial statements with reference to <i>Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011</i>.</p>
<b>Internal control assessment</b>	<p>Control assessment will be performed on a rotation basis for each of the six risk categories. For the financial year ending June 14 all six categories were tested. For the financial year ending Jun 15 Deloitte selected the risk categories of Assets and External Services for testing. In the current financial year, Deloitte will perform testing on Strategic Financial Planning and Liabilities.</p> <p>We will also include controls outside of the rotation where we have pinpointed that there may be further risk, ie: where there are changes in staff.</p>



# 3. Summary of key deliverables

## Phases of the Audit Process



Key activities in each phase of the audit process	Key deliverables
<p><i>Pre-planning</i></p> <ul style="list-style-type: none"> <li>• Arrange a preliminary discussion with client to identify key changes/issues</li> <li>• Confirm key deadlines and timing of key deliverables</li> <li>• Re-assess the engagement risk</li> </ul>	<p>Audit Strategy Report</p>
<p><i>Planning</i></p> <ul style="list-style-type: none"> <li>• Hold Design For Success meeting with all relevant parties</li> <li>• Document our understanding of the entity and its environment including internal control</li> <li>• Perform and document fraud enquiries</li> <li>• Perform the preliminary analytical review and determine materiality</li> <li>• Identify material balances, transactions and disclosures; identify risks of material misstatement and significant risks; develop the audit programs</li> <li>• Confirm internal controls to be tested at interim</li> <li>• Identify and meet with specialists/ experts, agree and document scope of work and key deliverables</li> </ul>	<p>Information requirements list List of internal controls to be tested at interim Specialist scoping memo</p>

# 3. Summary of key deliverables cont'd

Key activities in each phase of the audit process	Key deliverables
<p><i>Interim</i></p> <ul style="list-style-type: none"> <li>• Issue the engagement letter and the information requirements list</li> <li>• Prepare and mail bank/solicitor/debtor confirmations</li> <li>• Conduct interviews and review of relevant documentation in order to test the design and implementation of internal controls under Section 125 of the Local Government Act 1999.</li> </ul>	<p>Signed engagement letter Confirmation letters issued Debrief with Corporate Services Director and Internal Audit Manager to discuss draft findings</p>
<p><i>Final</i></p> <ul style="list-style-type: none"> <li>• Perform substantive audit procedures</li> <li>• Review the key deliverables provided by specialists and respond to issues raised, limitations on work and follow up on outstanding items</li> <li>• Engagement partner and Quality Control review of audit file</li> </ul>	<p>Audit work documented and reviewed Final deliverables by specialists</p>
<p><i>Reporting</i></p> <ul style="list-style-type: none"> <li>• Perform concluding analytical review</li> <li>• Document the evaluation of going concern</li> <li>• Document the evaluation of the effect of misstatements, both quantitative and qualitative</li> <li>• Review the financial statements</li> <li>• Perform and document the assessment of subsequent events</li> <li>• Issue board audit committee report</li> <li>• Obtain the management representation letter</li> <li>• Issue management letter/ other client reporting</li> <li>• Issue the signed independence declaration/ audit report</li> <li>• Conduct close out/debrief discussion with client</li> </ul>	<p>Signed management representation letter Board audit committee report Signed independence declaration Signed audit report Signed internal control opinion</p>

# 4. Client Service Team

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Our team is structured with the following personnel.

## Audit Team



**Penny Woods**  
Audit engagement partner



**Catherine Flower**  
Quality Control Director



**Jason Liu**  
Client Manager



**Matthew Trigg**  
Senior analyst



**Ray Chen**  
Experienced Analyst

## Corporation of the City of Marion

## Specialists



**David Hobbs**  
IT Partner



**Brad Wright**  
IT Director



**Andrew Scarff**  
Valuation Specialist

# 5. Timetable

Audit Task	Date
Presentation of the Audit Service Plan to the Audit Committee	31 May 2016
Planning	Week commencing 20 June 2016
Interim visit	Week commencing 20 June 2016
Final visit (including small audit of grants)	Weeks commencing 15 and 22 August 2016
Quality Assurance review of the financial statements and final discussions with the management	End of August 2016
Presentation of the audit report to the Audit Committee management recommendation letter and independence letter	October 2016 (date to be confirmed)



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Mr Adrian Skull  
Chief Executive Officer  
City of Marion  
PO Box 21  
OAKLANDS PARK SA 5046

26 May 2016  
Ref: PJW/JL

Dear Sir

### **The Objective and Scope of External Audit Services**

You have requested that we audit the financial report of the Corporation of the City of Marion ('the Council'), being a general purpose financial report which comprises the statement of financial position as at 30 June 2016, and the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Chief Executive Officer's declaration. You have also requested that we audit the financial reports of WorkCover contributions and various government grants ("small audits") as of and for the year ending 30 June 2016.

We are pleased to confirm our acceptance and our understanding of this engagement by means of this letter. This letter and our standard terms and conditions, which are enclosed with this letter, set out the basis on which we will provide our services to you. In the delivery of these services we may engage other Deloitte Member Firms including the Deloitte Extended Delivery Centre (EDC) to assist with certain aspects of this engagement. EDC refers to Deloitte Member Firms and their affiliates operating in India. We will at all times remain responsible for the work undertaken in the delivery of those services to you.

Our audit will be performed pursuant to the requirements of the Local Government Act, with the objective of expressing an opinion on the financial report. We will conduct our audit in accordance with Australian Auditing Standards. Those Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

Accordingly, we will undertake this engagement with the objective of reporting to the members of the Council on the financial report in the format outlined in the example Independent Auditor's Report as per Appendix A. It should be noted that there may be circumstances in which our report may differ from its expected form and content based on our audit findings.

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An audit involves performing audit procedures to obtain audit evidence about the amounts and other disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatement may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

In making our risk assessments, we consider internal control relevant to the entity's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial report that we have identified during the audit.

Our audit will be conducted on the basis that the Chief Executive Officer acknowledge and understand that they have the responsibility:

- (a) for the preparation of the financial report in accordance with the Local Government Act;
- (b) for such internal control as determined necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error; and
- (c) to provide us with:
  - (i) access to all information of which management, are aware that is relevant to the preparation of the financial report such as records, documentation and other matters;
  - (ii) additional information that we may request from management, for the purpose of the audit; and
  - (iii) unrestricted access to persons within the entity from whom we determine it necessary to obtain evidence.

As part of our audit process, we will request from management, written confirmation concerning representations made to us in connection with the audit.

We request that where any document containing the financial report indicates that the report has been audited, our auditor's report will also be included in the document.

## **Independence**

We confirm that, to the best of our knowledge and belief, we are independent of the Council in accordance with the independence requirements of the Local Government Act and applicable professional standards (the "Independence Rules").

### **Independence matters relating to the provision of services**

Deloitte, management and the Audit Committee will work together to assist Deloitte in maintaining independence and ensuring compliance with the Independence Rules.

Management and the Audit Committee that they will not engage Deloitte or accept any service from Deloitte that has not been subject to the pre-approval process or that could impair Deloitte's independence under the Independence Rules. All potential services are to be discussed with Penny Woods.

### Independence matters relating to hiring

Management will coordinate with Deloitte to ensure that Deloitte's independence is not impaired by hiring former or current Deloitte partners or professional employees (who are currently providing services to you or who have provided services to you within the last 12 months) in a role that could cause violation of the Independence Rules.

Subject to confidentiality obligations, management of the Council will ensure that they discuss all employment opportunities for a former or current Deloitte partner or professional employee with Penny Woods before entering into substantive employment conversations with the former or current Deloitte partner or professional employee.

### Electronic Presentation of the Audited Financial Report

It is our understanding that the entity intends to electronically present the audited financial report and auditor's report on its internet web site. Responsibility for the electronic presentation of the financial report on the entity's web site is that of the governing body of the entity. The security and controls over information on the web site should be addressed by the entity to maintain the integrity of the data presented. The examination of the controls over the electronic presentation of the audited financial report on the entity's web site is beyond the scope of the audit of the financial report.

### Fees

We look forward to full co-operation with your staff and we trust that they will make available to us whatever records, documentation and other information are requested in connection with our audit.

Our fees of \$36,431 (excluding GST) are inclusive of 4 small audits and \$1,061 of out-of-pocket expenses, which will be billed as work progress, are based on the time required by the individuals assigned to the engagement. Individual hourly rates vary according to the degree of responsibility involved and the experience and skill required. Note, the fee does not include the fee for the internal controls audit opinion as a separate engagement letter and fee letter will be issued to the Council.

Our fees per small audit not included above will be \$1,560 (excluding GST) as per small audits in the proposal letter.

### Payment Schedule

In accordance with established practice, our fees will become payable upon completion of each significant stage of the engagement, which we anticipate will occur as noted below. We will issue our invoices prior to the anticipated date to facilitate timely payment.

Stage	Invoice Date	GST Exclusive Amount \$	GST Inclusive Amount \$
Planning	4 July 2016	16,431	18,074
Final visit	22 August 2016	20,000	22,000
Total		36,431	40,074

### Team

The engagement partner responsible for services will be Penny Woods. Jason Liu will assist Penny in the management and execution of the audit services.





**Special Conditions**

Please note, as per the prior period, the attached standard terms and conditions are amended by deleting clauses 9.2 and 9.3.

Please sign and return the attached copy of this letter to indicate that it is in accordance with your understanding of the arrangements for our audit of the financial report.

Yours faithfully  
DELOITTE TOUCHE TOHMATSU

Penny Woods  
Partner  
Chartered Accountants

Acknowledged and accepted on behalf of the City of Marion by:

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

APPENDIX A - EXAMPLE INDEPENDENT AUDITOR'S REPORT

## Independent Auditor's Report to the Members of the Corporation of the City of Marion

We have audited the accompanying financial report of the Corporation of the City of Marion, which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Chief Executive Officer's declaration as set out on pages xx to xx.

### *The Chief Executive Officer's Responsibility for the Financial Report*

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the Local Government Act 1999 and the Local Government (Financial Management) Regulation 2011, and for such internal control as the Chief Executive Officer determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial report of the Corporation of the City of Marion presents fairly, in all material respects, the council's financial position as at 30 June 2016 and its financial performance for the year then ended in accordance with Australian Accounting Standards, Local Government Act 1999 and Local Government (Financial Management) Regulations 2011.

DELOITTE TOUCHE TOHMATSU

P J Woods  
Partner  
Chartered Accountants  
Adelaide, [date]

APPENDIX A - EXAMPLE INDEPENDENT AUDITOR'S REPORT

## Independent Auditor's Report to the Members of the Corporation of the City of Marion and the Grantor (the "Department")

We have audited the accompanying Financial Statement which comprises details of the grant monies received and expended (the "Report") of Corporation of the City of Marion ("the Recipient"). The Report has been prepared by the management of City of Marion in accordance with the Grant Program (the "Program") for the funding period from xx to xx.

### *Management's Responsibility for the Report*

Management is responsible for compliance with the Program and the preparation and fair presentation of the Report and has determined that the accruals basis of accounting is appropriate to meet the financial reporting requirements of the Program and the needs of the Members of the Corporation of the City of Marion and the Department. Management's responsibility also includes such internal control as management determine is necessary to enable compliance with the Act and the preparation and fair presentation of the Report that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the Report and whether the grant monies were expended in accordance with the Program based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the Report is free from material misstatement and whether the grant monies were expended in accordance with the Program.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Report and whether the grant monies were expended in accordance with the Act. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Recipient's preparation and fair presentation of the Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Recipient's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the Report presents fairly, in all material respects, the grant monies received and expended by the Recipient, in accordance with the accruals basis of accounting and the grant monies were expended in accordance with the Program for the funding period from xx to xx.

### *Basis of Accounting and Restriction on Distribution and Use*

Without modifying our opinion, we draw attention to the "Management's Responsibility for the Report" paragraph above which states that the Report has been prepared in accordance with the accruals basis of accounting. The Report is prepared to assist the Corporation of the City of Marion to meet the financial reporting requirements of the Program. As a result the Report may not be suitable for another purpose. Our report is intended solely for the Members and the Department and should not be distributed to or used by parties other than the Members and the Department.

DELOITTE TOUCHE TOHMATSU

P J Woods  
Partner  
Chartered Accountants  
Adelaide, [date]

APPENDIX A - EXAMPLE INDEPENDENT AUDITOR'S REPORT

# **Independent Auditor's Report to the Corporation of the City of Marion and Local Government Association Workers' Compensation Scheme ("the Scheme")**

We have audited the accompanying information as per the Actual Wage Declaration (the "Declaration") of the City of Marion ("the Employer") for the year ended 30 June 2016, as stamped by us for identification purposes. The Declaration has been prepared by the Employer in accordance with the requirements of the Scheme.

## *Employer's Responsibility of the Declaration*

The Employer is responsible for the preparation and fair presentation of the Declaration in accordance with the requirements of the Scheme. The Employer's responsibility also includes such internal control as the Employer determine is necessary to enable the preparation and fair presentation of the Declaration that is free from material misstatement, whether due to fraud or error.

## *Auditor's Responsibility*

Our responsibility is to express an opinion on the Declaration based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the Declaration is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the information as shown on the Declaration. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement, of information shown on the Declaration, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Declaration, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the employer, as well as evaluating the overall presentation of the Declaration.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## *Opinion*

In our opinion, the Declaration presents fairly, in all material respects, the information of the City of Marion for the year ended 30 June 2016 in accordance with the Scheme.

## *Basis of Preparation and Restriction on Distribution and Use*

Without modifying our opinion, we draw attention to the "Employer's Responsibility for the Declaration" paragraph above which states that the Declaration has been prepared in accordance with Scheme. The Declaration has been prepared to assist the City of Marion to meet its obligations under the Scheme. As a result, the Declaration may not be suitable for another purpose. Our report is intended solely for the Council of the City of Marion and the Scheme and should not be distributed to or used by parties other than the Council of City of Marion and the Scheme.

DELOITTE TOUCHE TOHMATSU

P J Woods  
Partner  
Chartered Accountants  
Adelaide, [date]

## **APPENDIX B - QUALITY AND RISK**

### **Independence**

#### **How we ensure independence**

Our commitment to independence and objectivity is the foundation of Deloitte's reputation for integrity and quality. Our commitment to independence starts with the tone at the top and is followed by careful and consistent implementation and monitoring of comprehensive independence quality controls, policies and procedures. Of particular note;

- On appointment, all partners and staff assigned to the audit engagement are required to confirm to the audit partner they are independent of all entities subject to audit, prior to commencing any work on the audit engagement.
- The City of Marion will be placed on our Restricted Entity list, which includes all entities which are restricted from the provision of independence impairing activities including investment or Board representation.
- Auditor independence is declared on an annual basis as part of signing the statutory audit opinion.

#### **No conflict of interest**

Deloitte is presently unaware of any conflicts of interest, potential or otherwise, that would in any way adversely affect our ability to perform services in accordance with the requirements of this proposal.

We are aware that the Council currently uses the Control Self Assessment tool as developed by Deloitte. We have confirmed that the use of this tool is neither a conflict of interest nor independence impairing. Further, the LGA and Treasury have confirmed that the use of the tool is not a conflict of interest or independence impairing.

#### **Partner rotation**

The Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 together restrict the audit partner tenure to no more than 5 consecutive years. Deloitte captures and monitors this legislative compliance as part of the annual planning documentation.

### **Quality**

#### **Our quality control procedures**

Deloitte has always maintained a firm-wide emphasis on professional service quality and quality control. For us, the components of quality are not static; we continually revisit, review and improve them.

Prior to signing an audit opinion, the following procedures are undertaken to ensure we provide assurance on the accuracy of the financial report and maintain the highest standards in the conduct of our audit.

#### **Quality Assurance Review**

Deloitte policy is to assign an Independent Review Partner or Director to all audits as Quality Assurance Reviewer (QAR). The QAR provides an additional level of objectivity and competency in relation to matters such as: resolution of significant issues; compliance with relevant accounting standards and other mandatory professional reporting requirements.

#### **Professional Standards Review**

In recognition of increasing standards of governance and independence, we have an additional level of quality assurance included in internal processes – the Professional Standards Review (PSR). PSR is aimed specifically at the quality of our deliverables and gives the City of Marion added assurance that appropriate independent and experienced professionals have reviewed all reports and financial statements bearing our opinion.

These processes provide your management and the Council with the highest level of confidence that your reporting complies with regulatory obligations.

#### **Client service assessment**

We will continuously seek input from you to ensure we fully understand and exceed your expectations. At the conclusion of the audit engagement, an independent partner of the firm will conduct a client service assessment to seek your feedback.

# Standard Terms and Conditions

## 1. This Agreement

This Agreement sets out the terms on which we will provide the Services to you. Where the Letter is addressed to more than one Addressee, each Addressee is a party to, and is bound by, the terms of this Agreement. We will treat you as having accepted this Agreement if you continue to instruct us after you receive it.

## 2. Term

This Agreement starts on the date you sign and return the Letter to us or when we first start work on the Services for you, whichever is first. Unless it is terminated earlier, this Agreement terminates when we have completed providing the Services to you and you have paid us our Fees.

## 3. Our Services

- 3.1 We will provide the Services to you in accordance with this Agreement and with the degree of skill, care and diligence expected of a professional providing services of the same kind.
- 3.2 We will use all reasonable efforts to complete the Services within any agreed time frame.

## 4. Our team

- 4.1 We will use reasonable efforts to ensure that our Representatives named in the Letter are available to provide the Services. However, if we need to, we may replace or reassign any Representative at any time on reasonable notice to you.
- 4.2 Each of us agrees that, during the term of this Agreement and for a period of six months after it ends, neither of us will directly or indirectly solicit for employment any Representative of the other who is involved with the Services. However, both of us may advertise or recruit generally.

## 5. About Deloitte

- 5.1 We are a Member Firm of DTTL. Accordingly, you acknowledge that:
  - (a) each of the Member Firms is a separate and independent legal entity operating under the names “Deloitte”, “Deloitte & Touche”, “Deloitte Touche Tohmatsu” or other related names;
  - (b) the Services are provided by us and not by DTTL or any other Member Firm; and
  - (c) neither DTTL nor any of the Member Firms is liable for each other’s acts or omissions.
- 5.2 Sometimes we may use other Member Firms to help us to provide the Services to you. Where this happens, we will be responsible for any work undertaken by another Member Firm and you agree that:
  - (a) none of the Member Firms, apart from us, will be responsible to you; and
  - (b) you will not bring any claim or proceedings in connection with the Services or this Agreement against any of the other Member Firms that we may use to provide the Services to you.
- 5.3 Any Member Firm that helps us to provide the Services to you will rely on subclause 5.2 and is, to the extent permitted by the Law of any relevant jurisdiction, an intended third-party beneficiary of, and entitled to enforce this Agreement as if it were a party to it.
- 5.4 If we provide you with Licensed Services, you acknowledge that:
  - (a) the relevant Licensed Entity will provide the Licensed Services directly to you;
  - (b) Deloitte enters into this Agreement as agent for the Licensed Entity; and
  - (c) the terms of this Agreement apply to the Licensed Services.

## 6. Confidentiality

- 6.1 Each of us agrees to protect and keep confidential any Confidential Information that is given to us by the other.
- 6.2 Except as set out in this Agreement, or where both of us agree otherwise in writing, we will only use or disclose your Confidential Information to provide the Services to you or other services you may request.

- 6.3 Where relevant, we may use, disclose and transfer your Information to other Member Firms and our Representatives, who will use and disclose it only to provide the Services to you.
- 6.4 We may disclose your Information to our own professional advisers and insurers on a confidential basis.
- 6.5 Subject to subclause 6.6, either of us may disclose any Confidential Information to the extent that it is required to be disclosed by Law, order of any court, tribunal, authority or regulatory body, rules of any stock exchange or any professional obligations or requirements.
- 6.6 A party disclosing any Confidential Information under subclause 6.5 must, where practical and to the extent permitted by Law, notify the other of the requirement to disclose and only disclose the minimum Confidential Information required to comply with the Law or requirement.
- 6.7 You agree that we may aggregate your Information and use and disclose that information in de-identified form as part of research and advice, including, without limitation, benchmarking services.
- 6.8 We will return your Information to you at any time at your request. We may also destroy it if you ask us to. However, we are entitled to retain a copy of any Information you provide to us or which forms part of our Work or our Working Papers, provided that we will continue to keep this Information confidential in accordance with this Agreement.

## 7. Personal Information and privacy

- 7.1 We will handle Personal Information in accordance with the Privacy Act and our privacy policy available at [http://www.deloitte.com/view/en\\_AU/au/privacy/index.htm](http://www.deloitte.com/view/en_AU/au/privacy/index.htm).
- 7.2 You agree to work with us to ensure that both of us meet any obligations that each of us may have under the Privacy Act including, where relevant, notifying the individual to whom the Personal Information relates of who we are and how we propose to use and disclose their information.
- 7.3 Where you provide us with any Personal Information, you confirm that you have collected the Personal Information in accordance with the Privacy Act, that you are entitled to provide the Personal Information to us and that we may collect, use and disclose the Personal Information for the purpose of providing the Services to you or as otherwise permitted by this Agreement.

## 8. Intellectual Property

- 8.1 Unless we agree otherwise, we will retain ownership of the Intellectual Property in our Work. We give you a royalty-free, non-exclusive, perpetual, world-wide licence to use and reproduce any Reports for the Purpose for which the Report was prepared and any related incidental internal purposes in accordance with the terms of this Agreement.
- 8.2 You agree we can use your logos and marks on our Work, unless you tell us otherwise.

## 9. Our Work

- 9.1 Our Work is for your exclusive use and must be used only by you and only for the Purpose.
- 9.2 Unless we give our Consent:
  - (a) our Work must not be used or disclosed for any other purpose or made available to any other person, except your Professional Advisers and Auditor, on the terms discussed in subclause 9.3, or except to the extent permitted by subclause 6.5;
  - (b) our Work and the Services may not be relied on by anyone other than you; and
  - (c) you must not name us or refer to us, our Work or the Services in any written materials (other than to your Professional Advisers and Auditor), or any publicly filed documents, except as required by Law.
- 9.3 You may provide a copy of our Report to:
  - (a) your Professional Advisers and Auditor, provided that you ensure that each Professional Adviser and Auditor:
    - (i) is aware of the limits placed on the use of our Report by this Agreement, including that they may not rely on the Report;
    - (ii) for the Professional Adviser, uses our Report only to advise you in relation to the Services or, for the Auditor, uses our Report only in conducting the Audit; and

- (iii) treats our Report as confidential and does not use or disclose our Report in a manner that is not expressly permitted by this Agreement;
  - (b) any other person who is acceptable to us, with our Consent, but only where that person has first executed an agreement provided by us.
- 9.4 We are not responsible to anyone (apart from you) who is provided with or obtains a copy of our Work without our Consent.
- 9.5 If we give you our Work in draft form or orally, we do so only on the basis that you may not rely on it in that form. Accordingly, we will not be responsible if you or anyone else relies on our draft Work or oral comments or advice.
- 9.6 You acknowledge that the final or signed copy of our Report is the definitive version.
- 9.7 Sometimes, circumstances may change after we have provided our final Work to you; unless we agree with you otherwise, we will not update any final Work we have provided to you.
- 9.8 You acknowledge that any use of or reliance on our Work that is contrary to this Agreement may expose us to a claim from someone with whom we have no relationship or whose interests we have not considered in providing the Services.
- 9.9 Accordingly, you agree to indemnify us against any Loss we may suffer or incur in respect of any claim or action by a third party that arises as a result of:
- (a) any use or distribution of, or reliance on, our Work that is contrary to the terms of this Agreement or a Consent; or
  - (b) any access to or use of our Work, by any of your Professional Advisers or Auditor.
- 9.10 This indemnity does not apply to any Loss incurred in defending a claim or action by a third party:
- (a) that results from any wilful misconduct or fraudulent act or omission by us;
  - (b) where that third party has signed an agreement with us that provides that it can rely on our Work; or
  - (c) where we have agreed in writing that our Work may be included in publicly available documents.

## 10. Our Fees

- 10.1 The Fees and the basis on which they are calculated are set out in this Agreement. We may review the Fees where:
- (a) an Unexpected Delay occurs;
  - (b) there is a change in the scope of the Services we agreed to provide to you; or
  - (c) you do not accept this Agreement within three months of the date of the Letter.
- 10.2 You agree to pay us the Fees for the Services in accordance with this Agreement.
- 10.3 Unless we state otherwise, our Fees exclude GST. You agree to pay any GST imposed on us, now or in the future, in relation to this Agreement. Where GST is payable on any taxable supply made under this Agreement, you agree that the Fee payable for this supply will be increased by an amount equivalent to the GST payable by us in respect of that supply.
- 10.4 We will charge you at cost for any expenses we incur in providing the Services to you. We will tell you what these expenses are before we incur them if they are anything other than incidental.
- 10.5 Unless we agree with you otherwise, we will use business class (or equivalent) for travel overseas and between the east and west coasts of Australia, and economy class for travel within the rest of Australia.
- 10.6 We will also charge you an administration, overhead and telecommunications charge, which is calculated at 5% of our Fees. This charge covers all our out-of-pocket expenses such as telecommunications, stationery and postage.
- 10.7 We will invoice you monthly in arrears for the Fees (unless we agree with you otherwise) and you agree to pay our invoice within 14 days of receiving it. You agree to pay any undisputed portions of an invoice even if there is a dispute between us about that invoice or another invoice. Where amounts remain due and unpaid we may charge you interest at an annual rate of 2% over the Bank Bill Swap Rate published in the Australian Financial Review on the date payment is due.
- 10.8 Without limiting any other rights we may have, we are entitled to suspend or terminate the Services, in whole or part, or to retain or withhold any Information we may hold in relation to the Services or any Work we have done for you if you do not pay our invoices on time.

- 10.9 If we are required to provide Information about you or the Services to comply with a statutory obligation, court order or other compulsory process, you agree to pay all of our reasonable costs and expenses we incur in doing so.

## 11. What you agree to do

- 11.1 You agree to co-operate with us and provide us with all reasonable and necessary assistance so that we can provide the Services to you. This includes providing us with timely and reasonable access as appropriate, to your premises, facilities, Information and Representatives.
- 11.2 In addition to any responsibilities you may have that are set out in the Letter, you are responsible for:
- (a) the performance of your Representatives;
  - (b) making timely decisions in connection with the Services;
  - (c) designating a competent employee to oversee the Services;
  - (d) evaluating the adequacy of the Services, as they have been described in the Letter, for your particular purposes and needs;
  - (e) providing us with accurate and complete Information. Where any Information that we require in order to provide the Services is to be provided by someone else, you are responsible for ensuring that Information is provided to us. You will need to give us all Information that is relevant to the Services, even if the same Information has been given to us previously during another engagement; and
  - (f) updating any Information where there has been a material change to that Information, including telling us if any of your circumstances change during the course of the Services.
- 11.3 You acknowledge that:
- (a) the Services may include advice and recommendations, but all decisions in connection with the implementation of such advice and recommendations will be your responsibility, and made by you;
  - (b) our ability to provide the Services depends on you meeting your responsibilities under this Agreement and instructing us or responding to our requests in a timely and effective manner; and
  - (c) we are entitled to and will rely on Information provided by you, the decisions you make and any approvals you give; and
  - (d) we will not be liable for any default that arises because you do not fulfil your obligations.

## 12. Unexpected Delay

- 12.1 We are not responsible to you or anyone else for any failure in providing the Services caused by an Unexpected Delay. We will tell you if there is a delay that will affect the Services and the cause of the delay, if known. You acknowledge that this Agreement will be varied to include any change to the scope of the Services, the Fees or the timeframes for completion of the Services if any delay requires it.
- 12.2 If we are required to perform additional services because of an Unexpected Delay, then this Agreement will also be varied to include those additional services and any additional Fees that apply.

## 13. Our responsibility to you

- 13.1 We are subject to a limitation of liability scheme approved under Professional Standards Legislation. Our aggregate liability to you is limited in the manner provided by the scheme. Please contact us if you require a copy of the relevant scheme.
- 13.2 Where the law requires it, our liability to you will not be limited. Where our liability is not limited by a scheme our aggregate liability to you for any Loss or causes of action arising in relation to this Agreement, including for negligence, is limited to the amount that is the lesser of ten times our Fees and \$20 million.
- 13.3 We will be liable to you only for that proportion of the total Loss that we have caused or to which we have contributed and we will not be liable for any Consequential Loss.
- 13.4 We will not be liable for any Loss, or failure to provide the Services, which is caused by an Unexpected Delay or which arises as a result of us relying on any false, misleading or incomplete Information.
- 13.5 The limit of liability set out above applies to all Addressees as a group and it is up to you to agree how the limit is allocated between you. You agree not to dispute the limit if you are unable to agree on how it will be allocated between you.

## 14. Conflict of interest

We have relationships with many clients. This means that after this Agreement starts we may identify circumstances that could cause us to have a conflict of interest. If this happens, we will evaluate the potential conflict and, depending on the circumstances, apply appropriate safeguards to manage it. For example, we may notify you of a



relationship that causes us a conflict and ask for your consent to continue to provide you with the Services. However, you acknowledge that we may need to terminate this Agreement if we are unable to resolve or manage a conflict of interest satisfactorily.

## 15. Insurance

We will maintain appropriate insurance in relation to the Services, including professional indemnity insurance in an amount of not less than \$10 million during the term of this Agreement and for a period of seven years after it ends.

## 16. Termination

16.1 Either of us may terminate this Agreement:

- (a) at any time by giving the other 30 days' written notice; or
- (b) immediately if the other suffers an Insolvency Event, is unable to pay all of its debts as and when they become due and payable, suspends payment of such debts or otherwise ceases to carry on business; or
- (c) immediately if the other commits any material breach of this Agreement that is either incapable of being remedied or is not remedied within 14 days of receipt of a notice requiring the breach to be remedied.

16.2 We may terminate this Agreement if:

- (a) you fail to meet your obligations under this Agreement including to pay our Fees within the time specified or to provide us with adequate Information or instructions; or
- (b) there is a change of circumstances beyond our reasonable control (such as auditor independence or regulatory related developments) that prevents us from providing the Services to you.

16.3 If this Agreement is terminated:

- (a) you agree to pay us the Fees for any work we have done and any expenses we have incurred up to the date of termination;
- (b) except as set out in this Agreement, and only where relevant, each of us will return to the other any documents or property of the other, except that we may retain one copy of all Information to allow us to satisfy our professional obligations and record keeping requirements;
- (c) the termination does not affect any accrued rights of either of us or any provision of this Agreement that continues to apply.

16.4 The provisions of this Agreement that survive its termination include those relating to clause 5, *About Deloitte*; clause 6, *Confidentiality*; clause 7, *Personal Information and privacy*; clause 8, *Intellectual Property*; clause 9, *Our Work*; clause 10, *Our Fees*; clause 13, *Our responsibility to you*; clause 15, *Insurance*; subclause 16.3, *Termination*; clause 17, *Dispute resolution*; and clause 18, *Disclosure of Tax Advice*.

## 17. Dispute resolution

- 17.1 Each of us agrees to use reasonable endeavours to resolve any dispute that arises in connection with this Agreement by mediation before bringing a legal claim or starting legal proceedings against the other.
- 17.2 Nothing in this clause prevents either of us from seeking any equitable relief in relation to our rights under this Agreement.

## 18. Disclosure of Tax Advice

In relation to Tax Advice and in compliance with Disclosure Laws, it is acknowledged and agreed that nothing contained in this Agreement shall be construed as limiting or restricting your disclosure of Tax Advice. It is also understood that none of your other advisers will or have imposed any conditions of confidentiality with respect to Tax Advice. Copies of any Tax Advice provided to others is on the basis that such recipients may not rely on such Tax Advice and that we owe no duty of care or liability to them, or any other persons who subsequently receive the same. Except as set out in this clause, all other terms of this Agreement remain unamended.

## 19. Relationship between the parties

We are engaged as an independent contractor. Neither of us is an agent or representative of or has the authority to bind the other. Neither of us will act or represent ourselves, directly or by implication, as an agent of the other or in any manner assume or create any obligation on behalf of, or in the name of, the other. This Agreement is not intended and will not be taken to constitute a partnership, agency, employment, joint venture or fiduciary relationship between us.

## 20. Entire agreement

20.1 This Agreement is the entire agreement between us for the Services. It supersedes all prior communications, negotiations, arrangements and

agreements, either oral or written between us in relation to its subject matter.

20.2 Any changes to this Agreement must be agreed to in writing by both of us.

## 21. Assignment

Neither of us may transfer, assign or novate this Agreement without the Consent of the other. However, we may assign this Agreement to any entity in Deloitte Australia or any successor to our business.

## 22. Electronic communication

Each of us agrees that we may communicate with each other electronically. You acknowledge that electronic transmissions are inherently insecure, can be corrupted or intercepted, may not be delivered and may contain viruses. Neither of us is responsible to the other for any loss suffered in connection with the use of e-mail as a form of communication between us.

## 23. Severability

If any of the terms of this Agreement are not legally enforceable then that term or the relevant part of it will be either amended as appropriate to make it enforceable or ignored, but in all other respects this Agreement will have full effect.

## 24. Governing Law

This Agreement is governed by the Laws of New South Wales and each party irrevocably submits to the jurisdiction of the courts exercising jurisdiction in that State.

## 25. Your feedback

We value your feedback. We aim to obtain, either formally or informally, a regular assessment of our performance. If you wish to make a complaint, please refer to the Complaints Management Policy available at [http://www.deloitte.com/view/en\\_AU/au/index.htm](http://www.deloitte.com/view/en_AU/au/index.htm) or write to the Complaints Officer at [complaints@deloitte.com.au](mailto:complaints@deloitte.com.au).

## 26. General

- 26.1 A waiver by one of us of a breach by the other party of any term of this Agreement does not operate as a waiver of another term or a continuing breach by the other of the same or any other term of this Agreement.
- 26.2 To the extent permitted by Law, we disclaim all warranties, either express or implied, in relation to the Services and the Work other than any written warranty made in the Terms.
- 26.3 The rights and remedies in this Agreement are cumulative and not exclusive of any rights or remedies provided by Law.

## 27. Reading this Agreement

In this Agreement:

- (a) headings are for convenience only and do not affect how this Agreement is interpreted;
- (b) the singular includes the plural and conversely;
- (c) the word person includes an entity, a firm, a body corporate, an unincorporated association or an authority;
- (d) a reference to this Agreement or an act or instrument is to this Agreement, or that act or instrument as amended, varied, novated or replaced from time to time;
- (e) a reference to dollars or \$ means Australian dollars;
- (f) an Annexure forms part of this Agreement; and
- (g) if there is any conflict between these Terms and any other part of this Agreement, the following order of priority will apply:
  - (i) the Letter;
  - (ii) the Annexure; and
  - (iii) the Terms.

## 28. Definitions

In this Agreement the following words have the meanings set out below:

**Addressee** means each person to whom the Letter is addressed and includes, where relevant, any additional parties who may agree to the terms of this Agreement.

**Agreement** means the Letter and the Terms.

**Annexure** means a document which is annexed or attached to the Letter and identified as an annexure or attachment to it

**Audit** means an audit under the *Corporations Act 2001* (Cth) or an equivalent Law, conducted in accordance with relevant auditing standards.



**Auditor** means an auditor who is appointed to conduct an Audit of you.

**Confidential Information** means and includes:

- (a) the terms of this Agreement and the details of the Services;
- (b) any information or material which is proprietary to a party or acquired by either of us solely as a result of the Services;
- (c) any Intellectual Property and methodologies and technologies that:
  - (i) you use in your business, and to which we are exposed in the course of providing the Services; or
  - (ii) we use to provide the Services;
- (d) any information designated as confidential by either of us; and
- (e) any Work we provide to you,

but excludes any information that:

- (a) is or becomes publicly available, except by a breach of this Agreement;
- (b) is disclosed to either of us by a third party provided that the recipient reasonably believes the third party is legally entitled to disclose such information;
- (c) was known to either of us before we received it from the other or is developed by either of us independently;
- (d) is disclosed with the other's Consent; or
- (e) is required to be disclosed as contemplated by subclause 6.5.

**Consent** means prior written consent which may be granted at the consenting party's discretion and which may be subject to conditions.

**Consequential Loss** means any loss or damage which is indirect, consequential, special, punitive, exemplary or incidental, including any loss of profit, revenue, anticipated savings or business opportunity, loss or corruption of data or systems, or damage to goodwill however caused or arising as a result of the Services or this Agreement.

**Deloitte** means the Deloitte Australia entity or entities entering into the Agreement as identified in the Letter.

**Deloitte Australia** means the Australian partnership of Deloitte Touche Tohmatsu, each of the entities under its control and any of their respective predecessors, successors or assignees.

**DTTL** means Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee.

**Disclosure Law** means Rule 3501(c)(i) of PCAOB Release 2005-014, or US Internal Revenue Code sections 6011 and 6111 and related Internal Revenue Service guidance, or any equivalent legislation, statute or subordinate legislation or guidance in any relevant jurisdiction relating to the disclosure of Tax Advice which applies to you or any Tax Advice we may give you.

**Fees** means the fees for the Services as stated in, or calculated in accordance with, this Agreement.

**GST** has the meaning given to it under *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

**Information** means any information, documents, materials, facts, instructions or Confidential Information provided to us by you or your Representatives or anyone else at your request.

**Insolvency Event** means and includes:

- (a) the making of an arrangement, compromise or composition with, or assignment for the benefit or, one or more creditors of a party;
- (b) the appointment of administrators, liquidators, receivers, a bankruptcy trustee or analogous person to, or over, all or part of a party's business, assets or securities;
- (c) an application being made, or a resolution being proposed, which seeks to effect such an appointment other than for a solvent reconstruction; and
- (d) the existence of a legislative presumption of insolvency in relation to a party.

**Intellectual Property** means all industrial and intellectual property rights throughout the world and includes rights in respect of copyright, patents, trade marks, designs, trade secrets, know-how and circuit layouts.

**Law** includes the *Corporations Act 2001* (Cth) and the rules of the United States Securities and Exchange Commission.

**Letter** means the engagement letter between us to which the Terms are attached.

**Licensed Entity** means a Deloitte Australia entity that holds a licence or registration.

**Licensed Services** means that part of the Services that are required to be provided by a Licensed Entity.

**Loss** means any losses, liabilities, claims, damages, costs or expenses (including interest where applicable and Consequential Loss), judgments or orders however caused or arising as a result of the Services or this Agreement.

**Member Firm** means a partnership or an entity that is a member of DTTL and each of that partnership's or entity's controlled entities, predecessors, successors, assignees, partners, principals, members, owners, directors, employees and agents.

**Personal Information** has the meaning given to it in the Privacy Act.

**Privacy Act** means the *Privacy Act 1988* (Cth).

**Professional Advisers** means your professional advisers who are advising you in relation to the Services but excludes any investor, agent, intermediary, underwriter, syndicate participant, lender or other financial institution or anyone who may provide you with any credit enhancement or credit rating.

**Professional Standards Legislation** means a Law providing for the limitation of occupational liability by reference to schemes that are formulated and published in accordance with that Law and includes the *Professional Standards Act 1994* (NSW) and any similar legislation in each state and territory in Australia.

**Purpose** has the meaning given to it in the Letter or our Work, or where silent on this, the purpose for which we provide our Work to you.

**Report** has the meaning given to it in the Letter or where the Letter does not set out a specific report, means any final form documents, reports or deliverables we provide to you as a result of the Services or this Agreement including those consisting of advice or opinions.

**Representative** means any officer, employee, consultant, agent, contractor or subcontractor of either of us, who is involved in the activities to which this Agreement relates and in the case of Deloitte, includes a partner.

**Services** means the services described in the Letter.

**Tax Advice** means any advice, whether written or oral, relating to tax, tax structuring or tax treatment provided by us as a result of the Services but excludes any tax due diligence Work which we prepare as a result of the Services.

**Terms** means these standard terms and conditions.

**Unexpected Delay** means any delay in providing the Services that is caused or contributed to by an act or event (including the non-performance of your obligations) that is beyond our control or was not reasonably foreseeable by us at the date of this Agreement.

**us** means Deloitte, or both you and Deloitte, as the context requires.

**we** and **our** means Deloitte and, where applicable as the context requires, the members of Deloitte Australia and any of their Representatives.

**Work** means any advice or materials including any reports, documents, advice, opinions, e-mails, notes or other deliverables, whether in draft or final form, in writing or provided orally, that we prepare either alone or in conjunction with you or provide to you as a result of this Agreement and includes any Reports but excludes our Working Papers or any source code.

**Working Papers** means any files or working papers created by us as our record of the Services, in any form.

**you** and **your** means each Addressee, and where applicable as the context requires, each Addressee's Representative.



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Mr Adrian Skull  
Chief Executive Officer  
City of Marion  
PO Box 21  
OAKLANDS PARK SA 5046

26 May 2016

Dear Sir

### **Independent Assurance Report on the Internal Controls of the Corporation of the City of Marion**

Thank you for the opportunity to provide services to the Corporation of the City of Marion ('the Council'). This letter and our standard terms and conditions (the "Terms") which are enclosed with this letter set out the basis on which we will provide our services to you.

### **Background**

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

### **Our engagement**

You have requested that we conduct a reasonable assurance engagement in order to express an opinion whether the Council has complied, in all material respects, with the requirements in relation to the design and implementation of internal controls as measured by *Section 125 of the Local Government Act 1999*. Our report will cover the period 1 July 2015 to 30 June 2016.

The purpose of the engagement is to audit the compliance of the Council with the requirements of *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls established by the Council to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period under review are in accordance with legislative provisions.

Our engagement will be conducted in accordance with Australian Standards on Assurance Engagements (ASAE 3100 *Compliance Engagements*), issued by the Australian Auditing and Assurance Standards Board. Our engagement will provide reasonable assurance as defined in these standards. The procedures we will perform are described in more detail in section 4 below.

These standards also require us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.com/au/about](http://www.deloitte.com/au/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

The scope of our engagement is limited to the matters set out in this letter. So that we are able to assist you effectively, please ensure that you are satisfied that the scope of our engagement. If you wish to discuss this with us further please let us know.

**Engagement team**

Penny Woods is the partner who is primarily responsible for the engagement. Jason Liu will assist with the engagement. From time to time we may need to include other partners and staff to assist us with our engagement. In the delivery of our services we may engage other Deloitte Member Firms including the Deloitte Extended Delivery Centre (EDC) to assist with certain aspects of this engagement. EDC refers to Deloitte Member Firms and their affiliates operating in India. We will at all times remain responsible for the work undertaken in the delivery of those services to you.

**Procedures**

Our engagement will include such procedures as we consider necessary in the circumstances, including, but not limited to obtaining an understanding of controls in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, evaluating management's assessment of these controls, assessing the risk that a material weakness exists, and testing and evaluating the design and implementation of internal controls on a sample basis based on the assessed risks.

**Reporting**

As part of our engagement, we will provide you with a report which contains our opinion. Our conclusion will state whether the Council has complied, in all material respects, with the requirements as measured by *Section 125 of the Local Government Act 1999*. An example of our report is contained in Appendix 1.

Our report may only be used by the members of the Council for the purpose described in this letter and otherwise, in the manner described in the Terms.

**The Member of the Council's responsibilities**

The Members of the Council are responsible for ensuring that the Council has complied, in all material respects, with the requirements as measured by *Section 125 of the Local Government Act 1999*.

The Members of the Council are also responsible for making all related information available to us for the purpose of our engagement.

Further, as part of our engagement, we will request from management written confirmation concerning representations made to us in connection with the engagement.

**Independence**

We confirm that, to the best of our knowledge and belief, we currently meet the independence requirements of the Australian professional accounting bodies in relation to an assurance engagement. In conducting the engagement, should we become aware that we have contravened these independence requirements, we will notify you on a timely basis.

**Inherent limitations**

Because of the inherent limitations of any compliance procedure, it is possible that fraud, error or non-compliance may occur and not be detected. A reasonable assurance engagement is not designed to detect all instances of non-compliance with *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls, as the engagement is not performed continuously throughout the period and the procedures performed in respect of compliance with *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls are undertaken on a test basis.

**Engagement Fees**

Our fees of \$15,276 (excluding GST) for the engagement will be billed as work progress, are based on the time required by the individuals assigned to the engagement. If you require us to provide additional services please let us know and we can provide you with an indication of the likely fees involved.

**Timing**

The engagement will be conducted at the same time as the statutory audit of the general purpose financial statements for the year ended 30 June 2016.

**Engagement assumptions**

The scope of our engagement, the time frames for completion and the fees have been prepared on the following assumptions:

- There are no undue complications or delays in performing the engagement.
- The scope of work and the procedures performed are the same as those which are outlined in this letter.
- You meeting your responsibilities as outlined in this letter and the Terms in a timely manner.

If these assumptions are wrong or the circumstances change then we may need to change the scope of the engagement, vary the fees or extend the timeframes for completion. We will contact you immediately we become aware of a potential delay, and agree on the best means to manage the issue.

**Acceptance**

Please confirm that you agree to these terms by signing, dating and returning the enclosed copy of this letter to us.

Please contact Penny Woods if you would like to discuss this letter and the terms of engagement with us.

We look forward to working with you.

Yours faithfully  
DELOITTE TOUCHE TOHMATSU

Penny Woods  
Partner  
Chartered Accountants

**Sign off by recipient:**

The Corporation of the City of Marion agrees to the terms of our engagement. Signed for and on behalf of the Corporation of the City of Marion by its duly authorised representative:

**Signature:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

DRAFT

**APPENDIX A - EXAMPLE INDEPENDENT ASSURANCE REPORT**

# **Independent Assurance Report on the Internal Controls to the members of the Corporation of the City of Marion**

We have been engaged by the Corporation of the City of Marion (the Council) to conduct a reasonable assurance engagement relating to the Council's compliance with the requirements of *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls established by the Council to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2015 to 30 June 2016 are in accordance with legislative provisions.

## **The Council's Responsibility for the *Internal Controls***

The Council is responsible for compliance with material requirements of *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property and incurring of liabilities are in accordance with legislative provisions.

## **Our Responsibility**

Our responsibility is to express an opinion on the Council's compliance with *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 *Compliance Engagements*, issued by the Australian Auditing and Assurance Standards Board, to express a conclusion whether, in our opinion, the Council has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls for the period 1 July 2015 to 30 June 2016. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

Our procedures included obtaining an understanding of controls in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, evaluating management's assessment of these controls, assessing the risk that a material weakness exists, testing and evaluating the design and implementation of internal controls on a sample basis based on the assessed risks.

## **Limitation on Use**

This report has been prepared for the members of the Council in accordance with *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than that for which it was prepared.

## **Inherent Limitations**

Because of the inherent limitations of any compliance procedure, it is possible that fraud, error or non-compliance may occur and not be detected. A reasonable assurance engagement is not designed to detect all instances of non-compliance with *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls, as the engagement is not performed continuously throughout the period and the procedures performed in respect of compliance with requirements as measured by the *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls are undertaken on a test basis.

The conclusion expressed in this report has been formed on the above basis.

## **Independence**

In conducting our engagement, we have complied with the independence requirements of the Australian professional accounting bodies.

**APPENDIX A - EXAMPLE INDEPENDENT ASSURANCE REPORT**

**Opinion**

In our opinion, the Council has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls, established by the Council to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2015 to 30 June 2016 are in accordance with legislative provisions

DELOITTE TOUCHE TOHMATSU

Penny Woods  
Partner  
Adelaide, *[Month, Year]*

DRAFT

## Standard Terms and Conditions

### 1. This Agreement

This Agreement sets out the terms on which we will provide the Services to you. Where the Letter is addressed to more than one Addressee, each Addressee is a party to, and is bound by, the terms of this Agreement. We will treat you as having accepted this Agreement if you continue to instruct us after you receive it.

### 2. Term

This Agreement starts on the date you sign and return the Letter to us or when we first start work on the Services for you, whichever is first. Unless it is terminated earlier, this Agreement terminates when we have completed providing the Services to you and you have paid us our Fees.

### 3. Our Services

- 3.1 We will provide the Services to you in accordance with this Agreement and with the degree of skill, care and diligence expected of a professional providing services of the same kind.
- 3.2 We will use all reasonable efforts to complete the Services within any agreed time frame.

### 4. Our team

- 4.1 We will use reasonable efforts to ensure that our Representatives named in the Letter are available to provide the Services. However, if we need to, we may replace or reassign any Representative at any time on reasonable notice to you.
- 4.2 Each of us agrees that, during the term of this Agreement and for a period of six months after it ends, neither of us will directly or indirectly solicit for employment any Representative of the other who is involved with the Services. However, both of us may advertise or recruit generally.

### 5. About Deloitte

- 5.1 We are a Member Firm of DTTL. Accordingly, you acknowledge that:
  - (a) each of the Member Firms is a separate and independent legal entity operating under the names “Deloitte”, “Deloitte & Touche”, “Deloitte Touche Tohmatsu” or other related names;
  - (b) the Services are provided by us and not by DTTL or any other Member Firm; and
  - (c) neither DTTL nor any of the Member Firms is liable for each other’s acts or omissions.
- 5.2 Sometimes we may use other Member Firms to help us to provide the Services to you. Where this happens, we will be responsible for any work undertaken by another Member Firm and you agree that:
  - (a) none of the Member Firms, apart from us, will be responsible to you; and
  - (b) you will not bring any claim or proceedings in connection with the Services or this Agreement against any of the other Member Firms that we may use to provide the Services to you.
- 5.3 Any Member Firm that helps us to provide the Services to you will rely on subclause 5.2 and is, to the extent permitted by the Law of any relevant jurisdiction, an intended third-party beneficiary of, and entitled to enforce this Agreement as if it were a party to it.
- 5.4 If we provide you with Licensed Services, you acknowledge that:
  - (a) the relevant Licensed Entity will provide the Licensed Services directly to you;
  - (b) Deloitte enters into this Agreement as agent for the Licensed Entity; and
  - (c) the terms of this Agreement apply to the Licensed Services.

### 6. Confidentiality

- 6.1 Each of us agrees to protect and keep confidential any Confidential Information that is given to us by the other.
- 6.2 Except as set out in this Agreement, or where both of us agree otherwise in writing, we will only use or disclose your Confidential Information to provide the Services to you or other services you may request.

- 6.3 Where relevant, we may use, disclose and transfer your Information to other Member Firms and our Representatives, who will use and disclose it only to provide the Services to you.
- 6.4 We may disclose your Information to our own professional advisers and insurers on a confidential basis.
- 6.5 Subject to subclause 6.6, either of us may disclose any Confidential Information to the extent that it is required to be disclosed by Law, order of any court, tribunal, authority or regulatory body, rules of any stock exchange or any professional obligations or requirements.
- 6.6 A party disclosing any Confidential Information under subclause 6.5 must, where practical and to the extent permitted by Law, notify the other of the requirement to disclose and only disclose the minimum Confidential Information required to comply with the Law or requirement.
- 6.7 You agree that we may aggregate your Information and use and disclose that information in de-identified form as part of research and advice, including, without limitation, benchmarking services.
- 6.8 We will return your Information to you at any time at your request. We may also destroy it if you ask us to. However, we are entitled to retain a copy of any Information you provide to us or which forms part of our Work or our Working Papers, provided that we will continue to keep this Information confidential in accordance with this Agreement.

### 7. Personal Information and privacy

- 7.1 We will handle Personal Information in accordance with the Privacy Act and our privacy policy available at [http://www.deloitte.com/view/en\\_AU/au/privacy/index.htm](http://www.deloitte.com/view/en_AU/au/privacy/index.htm).
- 7.2 You agree to work with us to ensure that both of us meet any obligations that each of us may have under the Privacy Act including, where relevant, notifying the individual to whom the Personal Information relates of who we are and how we propose to use and disclose their information.
- 7.3 Where you provide us with any Personal Information, you confirm that you have collected the Personal Information in accordance with the Privacy Act, that you are entitled to provide the Personal Information to us and that we may collect, use and disclose the Personal Information for the purpose of providing the Services to you or as otherwise permitted by this Agreement.

### 8. Intellectual Property

- 8.1 Unless we agree otherwise, we will retain ownership of the Intellectual Property in our Work. We give you a royalty-free, non-exclusive, perpetual, world-wide licence to use and reproduce any Reports for the Purpose for which the Report was prepared and any related incidental internal purposes in accordance with the terms of this Agreement.
- 8.2 You agree we can use your logos and marks on our Work, unless you tell us otherwise.

### 9. Our Work

- 9.1 Our Work is for your exclusive use and must be used only by you and only for the Purpose.
- 9.2 Unless we give our Consent:
  - (a) our Work must not be used or disclosed for any other purpose or made available to any other person, except your Professional Advisers and Auditor, on the terms discussed in subclause 9.3, or except to the extent permitted by subclause 6.5;
  - (b) our Work and the Services may not be relied on by anyone other than you; and
  - (c) you must not name us or refer to us, our Work or the Services in any written materials (other than to your Professional Advisers and Auditor), or any publicly filed documents, except as required by Law.
- 9.3 You may provide a copy of our Report to:
  - (a) your Professional Advisers and Auditor, provided that you ensure that each Professional Adviser and Auditor:
    - (i) is aware of the limits placed on the use of our Report by this Agreement, including that they may not rely on the Report;
    - (ii) for the Professional Adviser, uses our Report only to advise you in relation to the Services or, for the Auditor, uses our Report only in conducting the Audit; and



- (iii) treats our Report as confidential and does not use or disclose our Report in a manner that is not expressly permitted by this Agreement;
  - (b) any other person who is acceptable to us, with our Consent, but only where that person has first executed an agreement provided by us.
- 9.4 We are not responsible to anyone (apart from you) who is provided with or obtains a copy of our Work without our Consent.
- 9.5 If we give you our Work in draft form or orally, we do so only on the basis that you may not rely on it in that form. Accordingly, we will not be responsible if you or anyone else relies on our draft Work or oral comments or advice.
- 9.6 You acknowledge that the final or signed copy of our Report is the definitive version.
- 9.7 Sometimes, circumstances may change after we have provided our final Work to you; unless we agree with you otherwise, we will not update any final Work we have provided to you.
- 9.8 You acknowledge that any use of or reliance on our Work that is contrary to this Agreement may expose us to a claim from someone with whom we have no relationship or whose interests we have not considered in providing the Services.
- 9.9 Accordingly, you agree to indemnify us against any Loss we may suffer or incur in respect of any claim or action by a third party that arises as a result of:
- (a) any use or distribution of, or reliance on, our Work that is contrary to the terms of this Agreement or a Consent; or
  - (b) any access to or use of our Work, by any of your Professional Advisers or Auditor.
- 9.10 This indemnity does not apply to any Loss incurred in defending a claim or action by a third party:
- (a) that results from any wilful misconduct or fraudulent act or omission by us;
  - (b) where that third party has signed an agreement with us that provides that it can rely on our Work; or
  - (c) where we have agreed in writing that our Work may be included in publicly available documents.

## 10. Our Fees

- 10.1 The Fees and the basis on which they are calculated are set out in this Agreement. We may review the Fees where:
- (a) an Unexpected Delay occurs;
  - (b) there is a change in the scope of the Services we agreed to provide to you; or
  - (c) you do not accept this Agreement within three months of the date of the Letter.
- 10.2 You agree to pay us the Fees for the Services in accordance with this Agreement.
- 10.3 Unless we state otherwise, our Fees exclude GST. You agree to pay any GST imposed on us, now or in the future, in relation to this Agreement. Where GST is payable on any taxable supply made under this Agreement, you agree that the Fee payable for this supply will be increased by an amount equivalent to the GST payable by us in respect of that supply.
- 10.4 We will charge you at cost for any expenses we incur in providing the Services to you. We will tell you what these expenses are before we incur them if they are anything other than incidental.
- 10.5 Unless we agree with you otherwise, we will use business class (or equivalent) for travel overseas and between the east and west coasts of Australia, and economy class for travel within the rest of Australia.
- 10.6 We will also charge you an administration, overhead and telecommunications charge, which is calculated at 5% of our Fees. This charge covers all our out-of-pocket expenses such as telecommunications, stationery and postage.
- 10.7 We will invoice you monthly in arrears for the Fees (unless we agree with you otherwise) and you agree to pay our invoice within 14 days of receiving it. You agree to pay any undisputed portions of an invoice even if there is a dispute between us about that invoice or another invoice. Where amounts remain due and unpaid we may charge you interest at an annual rate of 2% over the Bank Bill Swap Rate published in the Australian Financial Review on the date payment is due.
- 10.8 Without limiting any other rights we may have, we are entitled to suspend or terminate the Services, in whole or part, or to retain or withhold any Information we may hold in relation to the Services or any Work we have done for you if you do not pay our invoices on time.

- 10.9 If we are required to provide Information about you or the Services to comply with a statutory obligation, court order or other compulsory process, you agree to pay all of our reasonable costs and expenses we incur in doing so.

## 11. What you agree to do

- 11.1 You agree to co-operate with us and provide us with all reasonable and necessary assistance so that we can provide the Services to you. This includes providing us with timely and reasonable access as appropriate, to your premises, facilities, Information and Representatives.
- 11.2 In addition to any responsibilities you may have that are set out in the Letter, you are responsible for:
- (a) the performance of your Representatives;
  - (b) making timely decisions in connection with the Services;
  - (c) designating a competent employee to oversee the Services;
  - (d) evaluating the adequacy of the Services, as they have been described in the Letter, for your particular purposes and needs;
  - (e) providing us with accurate and complete Information. Where any Information that we require in order to provide the Services is to be provided by someone else, you are responsible for ensuring that Information is provided to us. You will need to give us all Information that is relevant to the Services, even if the same Information has been given to us previously during another engagement; and
  - (f) updating any Information where there has been a material change to that Information, including telling us if any of your circumstances change during the course of the Services.
- 11.3 You acknowledge that:
- (a) the Services may include advice and recommendations, but all decisions in connection with the implementation of such advice and recommendations will be your responsibility, and made by you;
  - (b) our ability to provide the Services depends on you meeting your responsibilities under this Agreement and instructing us or responding to our requests in a timely and effective manner; and
  - (c) we are entitled to and will rely on Information provided by you, the decisions you make and any approvals you give; and
  - (d) we will not be liable for any default that arises because you do not fulfil your obligations.

## 12. Unexpected Delay

- 12.1 We are not responsible to you or anyone else for any failure in providing the Services caused by an Unexpected Delay. We will tell you if there is a delay that will affect the Services and the cause of the delay, if known. You acknowledge that this Agreement will be varied to include any change to the scope of the Services, the Fees or the timeframes for completion of the Services if any delay requires it.
- 12.2 If we are required to perform additional services because of an Unexpected Delay, then this Agreement will also be varied to include those additional services and any additional Fees that apply.

## 13. Our responsibility to you

- 13.1 We are subject to a limitation of liability scheme approved under Professional Standards Legislation. Our aggregate liability to you is limited in the manner provided by the scheme. Please contact us if you require a copy of the relevant scheme.
- 13.2 Where the law requires it, our liability to you will not be limited. Where our liability is not limited by a scheme our aggregate liability to you for any Loss or causes of action arising in relation to this Agreement, including for negligence, is limited to the amount that is the lesser of ten times our Fees and \$20 million.
- 13.3 We will be liable to you only for that proportion of the total Loss that we have caused or to which we have contributed and we will not be liable for any Consequential Loss.
- 13.4 We will not be liable for any Loss, or failure to provide the Services, which is caused by an Unexpected Delay or which arises as a result of us relying on any false, misleading or incomplete Information.
- 13.5 The limit of liability set out above applies to all Addressees as a group and it is up to you to agree how the limit is allocated between you. You agree not to dispute the limit if you are unable to agree on how it will be allocated between you.

## 14. Conflict of interest

We have relationships with many clients. This means that after this Agreement starts we may identify circumstances that could cause us to have a conflict of interest. If this happens, we will evaluate the potential conflict and, depending on the circumstances, apply appropriate safeguards to manage it. For example, we may notify you of a

relationship that causes us a conflict and ask for your consent to continue to provide you with the Services. However, you acknowledge that we may need to terminate this Agreement if we are unable to resolve or manage a conflict of interest satisfactorily.

## 15. Insurance

We will maintain appropriate insurance in relation to the Services, including professional indemnity insurance in an amount of not less than \$10 million during the term of this Agreement and for a period of seven years after it ends.

## 16. Termination

16.1 Either of us may terminate this Agreement:

- (a) at any time by giving the other 30 days' written notice; or
- (b) immediately if the other suffers an Insolvency Event, is unable to pay all of its debts as and when they become due and payable, suspends payment of such debts or otherwise ceases to carry on business; or
- (c) immediately if the other commits any material breach of this Agreement that is either incapable of being remedied or is not remedied within 14 days of receipt of a notice requiring the breach to be remedied.

16.2 We may terminate this Agreement if:

- (a) you fail to meet your obligations under this Agreement including to pay our Fees within the time specified or to provide us with adequate Information or instructions; or
- (b) there is a change of circumstances beyond our reasonable control (such as auditor independence or regulatory related developments) that prevents us from providing the Services to you.

16.3 If this Agreement is terminated:

- (a) you agree to pay us the Fees for any work we have done and any expenses we have incurred up to the date of termination;
- (b) except as set out in this Agreement, and only where relevant, each of us will return to the other any documents or property of the other, except that we may retain one copy of all Information to allow us to satisfy our professional obligations and record keeping requirements;
- (c) the termination does not affect any accrued rights of either of us or any provision of this Agreement that continues to apply.

16.4 The provisions of this Agreement that survive its termination include those relating to clause 5, *About Deloitte*; clause 6, *Confidentiality*; clause 7, *Personal Information and privacy*; clause 8, *Intellectual Property*; clause 9, *Our Work*; clause 10, *Our Fees*; clause 13, *Our responsibility to you*; clause 15, *Insurance*; subclause 16.3, *Termination*; clause 17, *Dispute resolution*; and clause 18, *Disclosure of Tax Advice*.

## 17. Dispute resolution

- 17.1 Each of us agrees to use reasonable endeavours to resolve any dispute that arises in connection with this Agreement by mediation before bringing a legal claim or starting legal proceedings against the other.
- 17.2 Nothing in this clause prevents either of us from seeking any equitable relief in relation to our rights under this Agreement.

## 18. Disclosure of Tax Advice

In relation to Tax Advice and in compliance with Disclosure Laws, it is acknowledged and agreed that nothing contained in this Agreement shall be construed as limiting or restricting your disclosure of Tax Advice. It is also understood that none of your other advisers will or have imposed any conditions of confidentiality with respect to Tax Advice. Copies of any Tax Advice provided to others is on the basis that such recipients may not rely on such Tax Advice and that we owe no duty of care or liability to them, or any other persons who subsequently receive the same. Except as set out in this clause, all other terms of this Agreement remain unamended.

## 19. Relationship between the parties

We are engaged as an independent contractor. Neither of us is an agent or representative of or has the authority to bind the other. Neither of us will act or represent ourselves, directly or by implication, as an agent of the other or in any manner assume or create any obligation on behalf of, or in the name of, the other. This Agreement is not intended and will not be taken to constitute a partnership, agency, employment, joint venture or fiduciary relationship between us.

## 20. Entire agreement

20.1 This Agreement is the entire agreement between us for the Services. It supersedes all prior communications, negotiations, arrangements and

agreements, either oral or written between us in relation to its subject matter.

20.2 Any changes to this Agreement must be agreed to in writing by both of us.

## 21. Assignment

Neither of us may transfer, assign or novate this Agreement without the Consent of the other. However, we may assign this Agreement to any entity in Deloitte Australia or any successor to our business.

## 22. Electronic communication

Each of us agrees that we may communicate with each other electronically. You acknowledge that electronic transmissions are inherently insecure, can be corrupted or intercepted, may not be delivered and may contain viruses. Neither of us is responsible to the other for any loss suffered in connection with the use of e-mail as a form of communication between us.

## 23. Severability

If any of the terms of this Agreement are not legally enforceable then that term or the relevant part of it will be either amended as appropriate to make it enforceable or ignored, but in all other respects this Agreement will have full effect.

## 24. Governing Law

This Agreement is governed by the Laws of New South Wales and each party irrevocably submits to the jurisdiction of the courts exercising jurisdiction in that State.

## 25. Your feedback

We value your feedback. We aim to obtain, either formally or informally, a regular assessment of our performance. If you wish to make a complaint, please refer to the Complaints Management Policy available at [http://www.deloitte.com/view/en\\_AU/au/index.htm](http://www.deloitte.com/view/en_AU/au/index.htm) or write to the Complaints Officer at [complaints@deloitte.com.au](mailto:complaints@deloitte.com.au).

## 26. General

- 26.1 A waiver by one of us of a breach by the other party of any term of this Agreement does not operate as a waiver of another term or a continuing breach by the other of the same or any other term of this Agreement.
- 26.2 To the extent permitted by Law, we disclaim all warranties, either express or implied, in relation to the Services and the Work other than any written warranty made in the Terms.
- 26.3 The rights and remedies in this Agreement are cumulative and not exclusive of any rights or remedies provided by Law.

## 27. Reading this Agreement

In this Agreement:

- (a) headings are for convenience only and do not affect how this Agreement is interpreted;
- (b) the singular includes the plural and conversely;
- (c) the word person includes an entity, a firm, a body corporate, an unincorporated association or an authority;
- (d) a reference to this Agreement or an act or instrument is to this Agreement, or that act or instrument as amended, varied, novated or replaced from time to time;
- (e) a reference to dollars or \$ means Australian dollars;
- (f) an Annexure forms part of this Agreement; and
- (g) if there is any conflict between these Terms and any other part of this Agreement, the following order of priority will apply:
  - (i) the Letter;
  - (ii) the Annexure; and
  - (iii) the Terms.

## 28. Definitions

In this Agreement the following words have the meanings set out below:

**Addressee** means each person to whom the Letter is addressed and includes, where relevant, any additional parties who may agree to the terms of this Agreement.

**Agreement** means the Letter and the Terms.

**Annexure** means a document which is annexed or attached to the Letter and identified as an annexure or attachment to it

**Audit** means an audit under the *Corporations Act 2001* (Cth) or an equivalent Law, conducted in accordance with relevant auditing standards.

**Auditor** means an auditor who is appointed to conduct an Audit of you.

**Confidential Information** means and includes:

- (a) the terms of this Agreement and the details of the Services;
- (b) any information or material which is proprietary to a party or acquired by either of us solely as a result of the Services;
- (c) any Intellectual Property and methodologies and technologies that:
  - (i) you use in your business, and to which we are exposed in the course of providing the Services; or
  - (ii) we use to provide the Services;
- (d) any information designated as confidential by either of us; and
- (e) any Work we provide to you,

but excludes any information that:

- (a) is or becomes publicly available, except by a breach of this Agreement;
- (b) is disclosed to either of us by a third party provided that the recipient reasonably believes the third party is legally entitled to disclose such information;
- (c) was known to either of us before we received it from the other or is developed by either of us independently;
- (d) is disclosed with the other's Consent; or
- (e) is required to be disclosed as contemplated by subclause 6.5.

**Consent** means prior written consent which may be granted at the consenting party's discretion and which may be subject to conditions.

**Consequential Loss** means any loss or damage which is indirect, consequential, special, punitive, exemplary or incidental, including any loss of profit, revenue, anticipated savings or business opportunity, loss or corruption of data or systems, or damage to goodwill however caused or arising as a result of the Services or this Agreement.

**Deloitte** means the Deloitte Australia entity or entities entering into the Agreement as identified in the Letter.

**Deloitte Australia** means the Australian partnership of Deloitte Touche Tohmatsu, each of the entities under its control and any of their respective predecessors, successors or assignees.

**DTTL** means Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee.

**Disclosure Law** means Rule 3501(c)(i) of PCAOB Release 2005-014, or US Internal Revenue Code sections 6011 and 6111 and related Internal Revenue Service guidance, or any equivalent legislation, statute or subordinate legislation or guidance in any relevant jurisdiction relating to the disclosure of Tax Advice which applies to you or any Tax Advice we may give you.

**Fees** means the fees for the Services as stated in, or calculated in accordance with, this Agreement.

**GST** has the meaning given to it under *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

**Information** means any information, documents, materials, facts, instructions or Confidential Information provided to us by you or your Representatives or anyone else at your request.

**Insolvency Event** means and includes:

- (a) the making of an arrangement, compromise or composition with, or assignment for the benefit or, one or more creditors of a party;
- (b) the appointment of administrators, liquidators, receivers, a bankruptcy trustee or analogous person to, or over, all or part of a party's business, assets or securities;
- (c) an application being made, or a resolution being proposed, which seeks to effect such an appointment other than for a solvent reconstruction; and
- (d) the existence of a legislative presumption of insolvency in relation to a party.

**Intellectual Property** means all industrial and intellectual property rights throughout the world and includes rights in respect of copyright, patents, trade marks, designs, trade secrets, know-how and circuit layouts.

**Law** includes the *Corporations Act 2001* (Cth) and the rules of the United States Securities and Exchange Commission.

**Letter** means the engagement letter between us to which the Terms are attached.

**Licensed Entity** means a Deloitte Australia entity that holds a licence or registration.

**Licensed Services** means that part of the Services that are required to be provided by a Licensed Entity.

**Loss** means any losses, liabilities, claims, damages, costs or expenses (including interest where applicable and Consequential Loss), judgments or orders however caused or arising as a result of the Services or this Agreement.

**Member Firm** means a partnership or an entity that is a member of DTTL and each of that partnership's or entity's controlled entities, predecessors, successors, assignees, partners, principals, members, owners, directors, employees and agents.

**Personal Information** has the meaning given to it in the Privacy Act.

**Privacy Act** means the *Privacy Act 1988* (Cth).

**Professional Advisers** means your professional advisers who are advising you in relation to the Services but excludes any investor, agent, intermediary, underwriter, syndicate participant, lender or other financial institution or anyone who may provide you with any credit enhancement or credit rating.

**Professional Standards Legislation** means a Law providing for the limitation of occupational liability by reference to schemes that are formulated and published in accordance with that Law and includes the *Professional Standards Act 1994* (NSW) and any similar legislation in each state and territory in Australia.

**Purpose** has the meaning given to it in the Letter or our Work, or where silent on this, the purpose for which we provide our Work to you.

**Report** has the meaning given to it in the Letter or where the Letter does not set out a specific report, means any final form documents, reports or deliverables we provide to you as a result of the Services or this Agreement including those consisting of advice or opinions.

**Representative** means any officer, employee, consultant, agent, contractor or subcontractor of either of us, who is involved in the activities to which this Agreement relates and in the case of Deloitte, includes a partner.

**Services** means the services described in the Letter.

**Tax Advice** means any advice, whether written or oral, relating to tax, tax structuring or tax treatment provided by us as a result of the Services but excludes any tax due diligence Work which we prepare as a result of the Services.

**Terms** means these standard terms and conditions.

**Unexpected Delay** means any delay in providing the Services that is caused or contributed to by an act or event (including the non-performance of your obligations) that is beyond our control or was not reasonably foreseeable by us at the date of this Agreement.

**us** means Deloitte, or both you and Deloitte, as the context requires.

**we** and **our** means Deloitte and, where applicable as the context requires, the members of Deloitte Australia and any of their Representatives.

**Work** means any advice or materials including any reports, documents, advice, opinions, e-mails, notes or other deliverables, whether in draft or final form, in writing or provided orally, that we prepare either alone or in conjunction with you or provide to you as a result of this Agreement and includes any Reports but excludes our Working Papers or any source code.

**Working Papers** means any files or working papers created by us as our record of the Services, in any form.

**you** and **your** means each Addressee, and where applicable as the context requires, each Addressee's Representative.

**CITY OF MARION  
FINANCE & AUDIT COMMITTEE MEETING  
31 May 2016**

**Originating Officer:** David Harman, Financial Accountant & Catrin Johnson, Strategy Partner

**Corporate Manager:** Ray Barnwell, Manager Finance

**General Manager:** Vincent Mifsud, General Manager Corporate Services

**Subject:** Annual Business Plan 2016/17 and Long Term Financial Plan

**Report Reference:** FAC310516R7.2

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**REPORT OBJECTIVES & EXECUTIVE SUMMARY:**

The purpose of this report is to provide the Finance & Audit Committee (FAC) with an update on the development of Council's Draft Annual Business Plan (ABP) 2016/17 and Draft Long Term Financial Plan 2016/17 to 2025/26 (LTFP) since the 8 March 2016 Finance and Audit Committee meeting and outcomes following the recent conclusion of the public consultation period.

Feedback and guidance is sought from the FAC on the Draft ABP 2016/17 and the LTFP prior to its formal consideration for adoption by Council. In particular, feedback is sought in regards to:

The recent inclusion of additional operating and capital expenditure as outlined in the following table:

	2016/17 \$000s	LTFP \$000s	
<b>Operating</b>			
Removal of Marion Learning Festival	(33)	(380)	
Increased maintenance of community occupied facilities	350	3,911	
Open Space resourcing increase 2016/17 - 2018/19	455	1,280	R
Cove Sports Netball Courts	65	65	R
Energy Efficiency Project funding increase	36	36	R
Streetscape Project design guide consultant	50	50	R
Defibrillators	16	16	R
BMX Contribution - 2017/18	0	750	
Edwardstown Oval - O&M - commencing 2018/19	0	1,053	R
Edwardstown Oval - Interest - commencing 2018/19	0	1,571	R
<b>Operating Total</b>	<b>939</b>	<b>8,352</b>	

	2016/17 \$000s	LTFP \$000s	
<b>Capital</b>			
Streetscape Policy Project	500	5,000	R
Increased Tennis Court funding	58	514	
1 Exceloo per annum	310	1,885	
Destination Playspace planning	260	622	
Edwardstown Oval redevelopment - 2017/18	0	4,000	R
Second Dog Park - 2017/18	0	487	R
Incorporation of further renewal regarding Swimming Pool	0	550	R
<b>Capital Total</b>	<b>1,128</b>	<b>13,058</b>	
<b>Increase in Expenditure</b>	<b>2,066</b>	<b>21,409</b>	
<b>Loan funding</b>			
Edwardstown Oval - New Borrowings	0	(4,000)	
Edwardstown Oval - Principal Repayments	0	1,695	
<b>Net Loan movements</b>	<b>0</b>	<b>(2,305)</b>	
<b>Net decrease in cash</b>	<b>2,066</b>	<b>19,104</b>	

A number of these items have been resolved by Council (marked in the table with an "R") to be included while others are included for modelling purposes and these are discussed in further detail within this report. In Summary the above items require an increase of \$8.3m in operating expenditure and \$13.1m in capital expenditure over the course of the LTFP, noting that this does not include the grant funded portion (\$4.0m) of capital funding for Edwardstown Oval, pending a successful application to the National Stronger Region Fund.

Considering these additional inclusions, Council still has some capacity available to undertake other projects, and could consider a number of projects over the course of the LTFP with the ability to loan fund approximately \$2.8m per annum worth of future capital projects, with more detail provided within this report.

## RECOMMENDATIONS (2)

### DUE DATES

That the Finance & Audit Committee:

1. **Note the additions to the current iterations of the Draft ABP 2016/17 and LTFP** **31 May 2016**
2. **Provide feedback on:** **31 May 2016**
  - the current iteration of the Draft ABP 2016/17 and LTFP (Appendix 1)
  - Council's future funding capacity under the current framework and assumptions
  - Council's current borrowing program

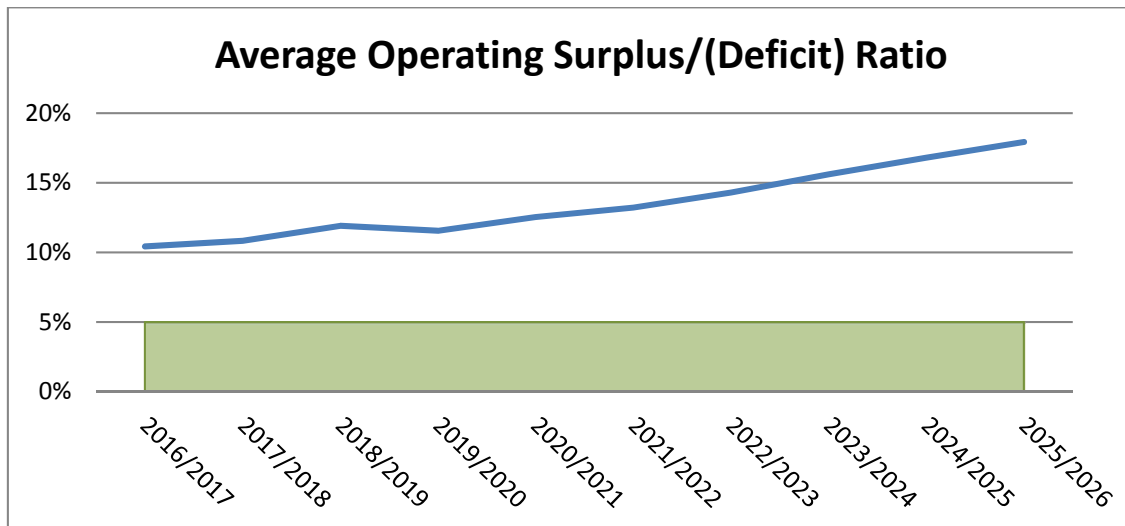
## Discussion

Since the ABP 2016/17 and the LTFP were presented to the FAC at its 8 March 2016 meeting (FAC080316R7.1) a number of changes have been incorporated.

Ongoing savings in operational expenditure achieved in 2015/16 in the order of \$3.2m are now embedded in councils cost structures and Draft 2016/17 ABP. In addition to these savings the 2016/17 Budget also incorporates forecast on-going gross savings in the order of \$447k achieved by organisational restructuring.

These identified savings have enabled a reduction in the proposed average rate increase down to 2.75% without impacting on current service levels to the community and have paved the way for Council to consider including increases in operating and capital expenditure as outlined in the Executive Summary.

These savings have also impacted Council's Operating Surplus Ratio, showing an ongoing increase:



Of the items included in the Executive Summary, resolutions have been made by Council to include additional operating expenditure totalling \$622k in the ABP 2016/17 (\$4,071k in the LTFP) and capital expenditure totalling \$500k in the ABP 2016/17 (\$10,037k in the LTFP).

For the purposes of modelling Council's financial capacity, items pending Council decisions include a further \$317k in the ABP 2016/17 for operating expenditure (\$4,281k in the LTFP) and \$628k in capital expenditure (\$3,021k in the LTFP)

Based upon its current financial position, the incorporation of these items into the LTFP has had no negative impact on Council's ongoing financial sustainability.

## Public Consultation

Public consultation of the Draft Annual Business Plan concluded on Tuesday 24 May 2016 with one deputation provided at the General Council meeting on that night. This public submission whilst thanking Council for its continued focus on lowering rates, raised concerns that the proposed increase of 2.75% was considerably higher than current inflation rates and requested council to consider the impact of rate increases on pensioners and questioned what relief was and could be made available to pensioners.

No other feedback was received throughout the consultation period.

## **Framework and Assumptions**

The framework and assumptions that the ABP and LTFP have been prepared under remain the same as presented to the Finance and Audit Committee at their 8<sup>th</sup> March 2016 meeting (FAC080316R7.1), with updates provided below where relevant.

### **Framework:**

- Council only approve new Major Projects where it has the identified funding capacity to do so.  
*Funding for the Edwardstown Soldiers Memorial Recreation Oval redevelopment has now been incorporated into the LTFP following the adoption of a Section 48 report (SFAC220216 and SGC080316R02) in relation to this major project. It was determined from these reports that funding capacity for this project exists. As resolved in the Section 48 report the progression of this project will be dependent upon a successful outcome of a grant funding application to the National Stronger Regions Fund (NSRF).*

### **Assumptions**

In developing the Draft LTFP and Draft ABP 2016/17, the following key assumptions have been impacted by recent resolutions made by Council:

- Service delivery levels are maintained at current levels (any changes to current service levels are to be approved separately by Council subject to financial capacity).  
*In line with a Streetscape Policy and Program of works currently being developed by Council provision has been made for an increased level of funding for an improved service standard for Streetscapes. As adopted by Council (GC240516R17) funding of \$0.55m has been incorporated into the 2016/17 Budget and \$5.05m over the term of the 10 year LTFP.*
- Capital Grants, subsidies and monetary contributions reflect tied monies received in relation to the purchase/construction of new assets and are budgeted in accordance with information known at the time of preparing this document.  
*Grant funding of \$4.0m has been included in the LTFP (2017/18 year) for the Edwardstown Soldiers Memorial Recreation Oval redevelopment, dependent upon a successful outcome of a grant funding application to the NSRF.*

## **Borrowings**

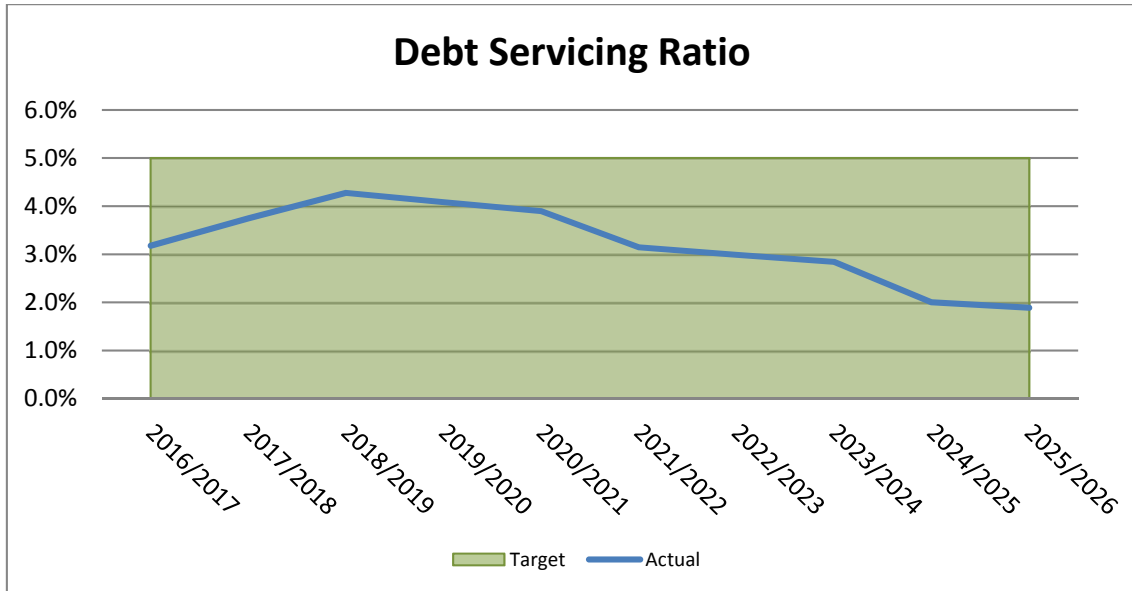
The borrowings program in Council's LTFP include the following projected new loans taken out over 15 year loan terms:

<b>Project</b>	<b>2017/18 \$000s</b>
Edwardstown Oval Redevelopment	\$4,000
Administration Building Essential Works - proposed	\$2,960
<b>Total new borrowings</b>	<b>\$6,960</b>

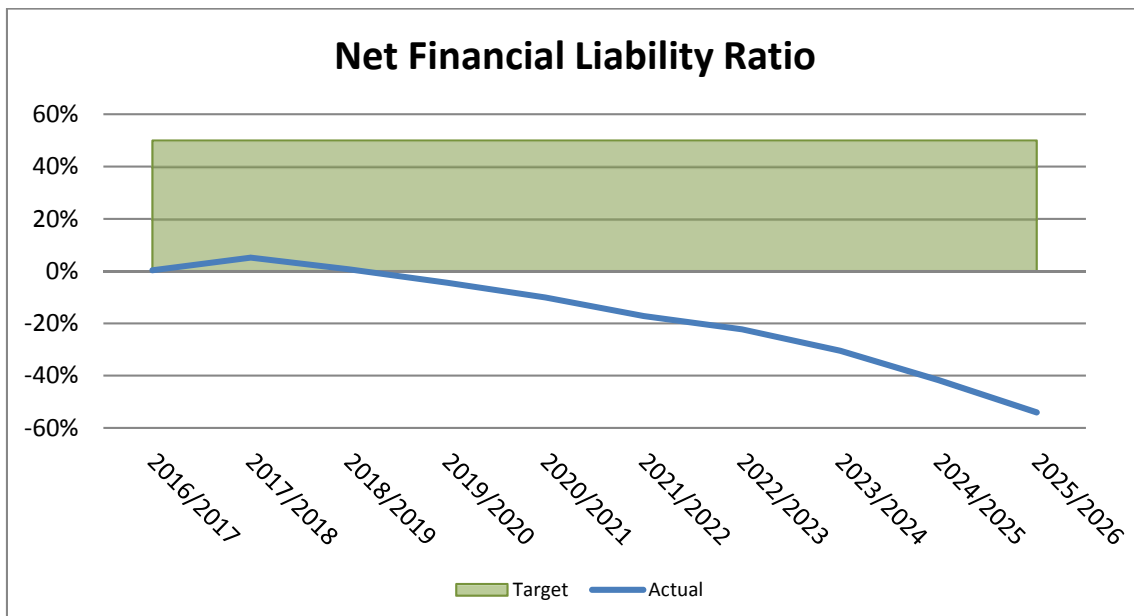
These borrowings are indicative and, with the inclusion of projected borrowings of \$5.3m in 2015/16 for the City Services Redevelopment, will see Council's borrowings projected to peak at \$19.6 million in 2017/18, with its Debt Servicing Ratio peaking at 4.3% in 2018/19 and its Net Financial Liabilities ratio well below the 50% target at 5.2% in 2017/18.



Council's Treasury Management Policy states that Council will "apply any funds that are not immediately required to meet approved expenditure (including funds that are required to be expended for specific purposes but are not required to be kept in separate bank accounts) to reduce its level of borrowings or to defer and/or reduce the level of new borrowings that would otherwise be required" meaning that there is a possibility that these borrowings may not be required.



Assuming that new borrowings within the LTFP of \$6.96m are required in 2017/18, Council's Debt Servicing Ratio is within target range over the course of the LTFP. As each \$1.0m of borrowings affects this ratio by approximately 0.13%, a further \$5.5m in borrowings could potentially be taken out in 2017/18, with capacity to borrow on average another \$2.875m per annum thereafter. This indicates a significant capacity to borrow within this ratio.



As with the Debt Servicing Ratio, the Net Financial Liability Ratio indicates a significant capacity for further borrowings. The borrowing plan detailed under the previous ratio would not see this ratio increase above 11.6% in 2017/18.



## Capacity within the LTFP

With a number of potential future projects currently being considered or to be considered by Council it is important to look at what funding capacity is available in the LTFP, based on the current framework and assumptions, while remaining within the target range of Council's financial KPIs.

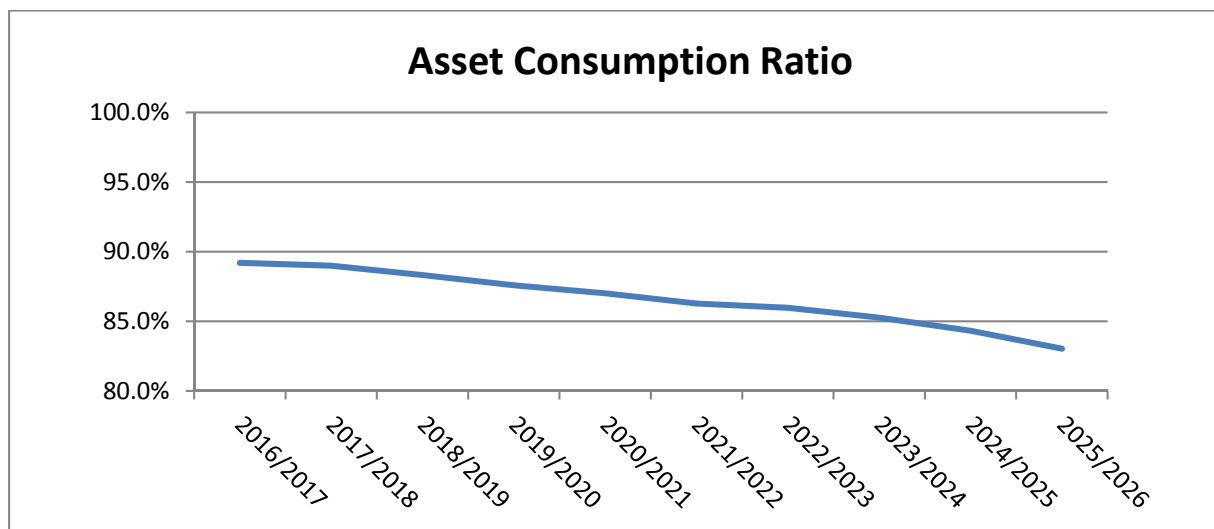
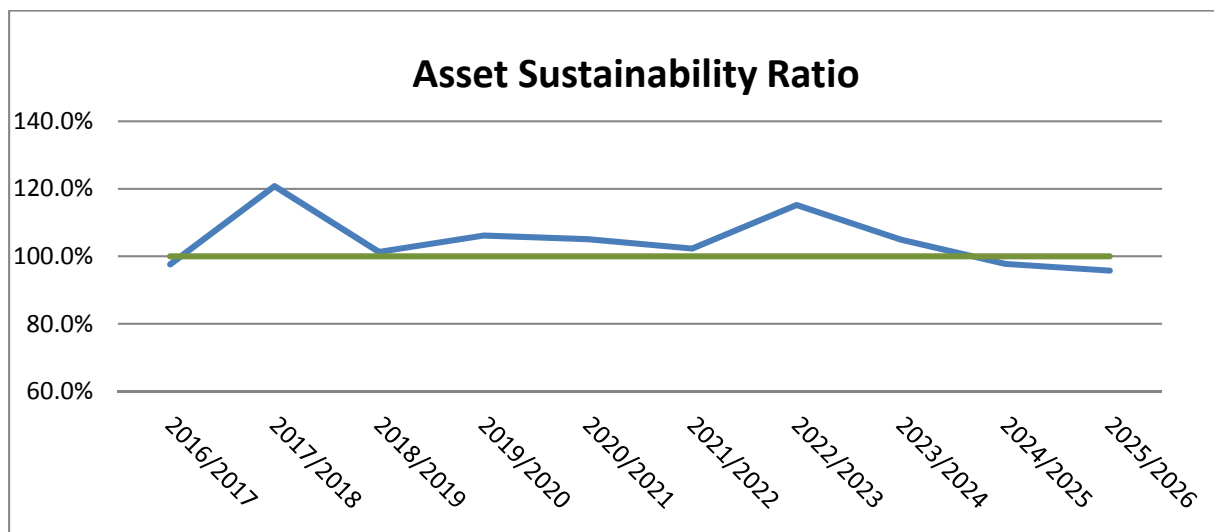
Discussions under the Borrowings section of this report highlight some capacity for Council to fund potential future new capital projects through borrowings. The funding of these borrowings would result in funding deficits in the middle years of the LTFP, which Council could cover through its projected cash holdings.

As a guide, each \$1.0m of new capital expenditure will require increased funding of approximately \$70k per annum for operating, maintenance and renewal. If this capital expenditure were to be loan funded, it would result in an additional funding requirement in the order of \$102k per annum in interest and principal over 15 years.

A guide to the timing relating to capacity for works is included as part of Appendix 1.

## Other Financial Ratios

All other ratios are within their targeted ranges with the exception of the Asset Sustainability ratio which is marginally above the established benchmark of 100%. Meeting these targeted ranges is consistent with Council meeting its objective of long-term financial sustainability.



Note that the target range for the Asset Consumption Ratio is between 80% and 100%.

### **Reserve Funds**

In regards to the cash balance, over the 10 years, Council's CFPP reserve fund will build up by \$33.775m, bringing Council's projected total reserve balances up to \$49.868m (assuming none of the projected funding surpluses are allocated to these reserves). The LTFP does not assume this gets spent and as a result, to keep these reserves fully funded, a similar increase in cash is required, and this is met with the current LTFP.

It should be noted that as this is fully cash backed, if it were to be spent on new capital projects over the course of the LTFP it would increase the Net Financial Liabilities ratio to approximately 10%. If this were coupled with the increase from the previously discussed borrowings then this would still be within the target range.

### **CONCLUSION:**

This report highlights the additions of a number of items since the previous iteration of the ABP 2016/17 and LTFP presented to the Finance and Audit Committee on 8 March 2016, drawing attention to the impacts on Council's ongoing Financial Sustainability. It also includes commentary around Council's capacity to fund future major capital projects.

### **Appendix 1 – Summarised Draft LTFP (including Draft ABP 2016/17 in year 1)**

## Appendix 1 - Summarised Draft LTFP (including Draft ABP 2016/17 in year 1)

	<b>Draft ABP&amp;B 2016/2017 \$000's</b>	<b>2017/2018 \$000's</b>	<b>2018/2019 \$000's</b>	<b>2019/2020 \$000's</b>	<b>2020/2021 \$000's</b>	<b>2021/2022 \$000's</b>	<b>2022/2023 \$000's</b>	<b>2023/2024 \$000's</b>	<b>2024/2025 \$000's</b>	<b>2025/2026 \$000's</b>
<b>(a) Operating Revenue</b>										
Rates										
General	71,001	73,683	76,466	79,355	82,353	85,464	88,692	92,042	95,519	99,127
Other	1,628	1,669	1,711	1,754	1,798	1,843	1,889	1,936	1,984	2,034
Statutory Charges	1,751	1,795	1,840	1,886	1,933	1,981	2,031	2,082	2,134	2,187
User Charges	1,595	1,635	1,676	1,718	1,761	1,805	1,850	1,896	1,943	1,992
Operating Grants and Subsidies	7,211	5,766	5,893	6,023	6,157	6,294	6,434	6,578	6,725	6,876
Investment Income	265	260	260	260	260	260	260	260	260	260
Reimbursements	619	634	650	666	683	700	718	736	754	773
Other	384	395	404	414	424	435	446	457	468	480
	<b>84,454</b>	<b>85,837</b>	<b>88,900</b>	<b>92,076</b>	<b>95,369</b>	<b>98,782</b>	<b>102,320</b>	<b>105,987</b>	<b>109,787</b>	<b>113,729</b>
<b>(b) Operating Expenses</b>										
Employee Costs	33,021	33,720	34,297	34,687	35,380	36,088	36,810	37,547	38,298	39,064
Contractual Services	16,488	16,067	17,157	17,697	17,935	18,352	19,002	19,325	19,885	20,460
Materials	5,209	5,308	5,441	5,578	5,718	5,862	6,009	6,160	6,315	6,473
Finance Charges	948	1,317	1,613	1,481	1,341	1,201	1,078	947	600	228
Depreciation	14,020	14,580	15,190	15,797	16,429	17,087	17,771	18,483	19,222	19,991
Other	6,244	7,097	6,843	6,675	6,842	7,013	7,557	7,377	7,561	7,750
<b>Less</b>	<b>75,930</b>	<b>78,089</b>	<b>80,541</b>	<b>81,915</b>	<b>83,645</b>	<b>85,603</b>	<b>88,227</b>	<b>89,839</b>	<b>91,881</b>	<b>93,966</b>
	<b>8,524</b>	<b>7,748</b>	<b>8,359</b>	<b>10,161</b>	<b>11,724</b>	<b>13,179</b>	<b>14,093</b>	<b>16,148</b>	<b>17,906</b>	<b>19,763</b>
<b>Operating Surplus/(Deficit) before Capital Revenues</b>										
	<b>8,524</b>	<b>7,748</b>	<b>8,359</b>	<b>10,161</b>	<b>11,724</b>	<b>13,179</b>	<b>14,093</b>	<b>16,148</b>	<b>17,906</b>	<b>19,763</b>
<b>Add</b>	<b>1,824</b>	<b>5,834</b>	<b>1,844</b>	<b>1,854</b>	<b>1,865</b>	<b>1,876</b>	<b>1,887</b>	<b>1,898</b>	<b>1,910</b>	<b>1,923</b>
<b>Equals</b>	<b>10,348</b>	<b>13,581</b>	<b>10,202</b>	<b>12,015</b>	<b>13,589</b>	<b>15,055</b>	<b>15,980</b>	<b>18,046</b>	<b>19,816</b>	<b>21,686</b>
<b>Adjust for non-cash items</b>										
<b>Add</b>	<b>14,020</b>	<b>14,580</b>	<b>15,190</b>	<b>15,797</b>	<b>16,429</b>	<b>17,087</b>	<b>17,771</b>	<b>18,483</b>	<b>19,222</b>	<b>19,991</b>
<b>Less</b>	<b>324</b>	<b>334</b>	<b>344</b>	<b>354</b>	<b>365</b>	<b>376</b>	<b>387</b>	<b>398</b>	<b>410</b>	<b>423</b>
<b>Equals</b>	<b>24,044</b>	<b>27,828</b>	<b>25,049</b>	<b>27,458</b>	<b>29,653</b>	<b>31,766</b>	<b>33,364</b>	<b>36,131</b>	<b>38,628</b>	<b>41,254</b>
<b>Funding available for Capital Investment expenditure</b>										
	<b>24,044</b>	<b>27,828</b>	<b>25,049</b>	<b>27,458</b>	<b>29,653</b>	<b>31,766</b>	<b>33,364</b>	<b>36,131</b>	<b>38,628</b>	<b>41,254</b>
<b>Capital</b>										
<b>Less</b>	<b>13,831</b>	<b>17,940</b>	<b>15,822</b>	<b>17,317</b>	<b>17,825</b>	<b>18,066</b>	<b>21,078</b>	<b>20,013</b>	<b>19,424</b>	<b>19,802</b>
<b>Less</b>	<b>4,690</b>	<b>12,512</b>	<b>3,950</b>	<b>3,921</b>	<b>4,775</b>	<b>4,873</b>	<b>4,981</b>	<b>5,091</b>	<b>4,207</b>	<b>4,294</b>
<b>Less</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>
<b>Equals</b>	<b>4,023</b>	<b>(4,124)</b>	<b>3,777</b>	<b>4,720</b>	<b>5,553</b>	<b>7,327</b>	<b>5,805</b>	<b>9,527</b>	<b>13,497</b>	<b>15,658</b>
<b>Net Overall funding Surplus/(Deficit)</b>										
	<b>4,023</b>	<b>(4,124)</b>	<b>3,777</b>	<b>4,720</b>	<b>5,553</b>	<b>7,327</b>	<b>5,805</b>	<b>9,527</b>	<b>13,497</b>	<b>15,658</b>

Funding transactions associated with accommodating the above net overall funding deficit (or applying the net overall funding surplus) are as follows:

		2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
	<b>Loans</b>										
	Loan Principal Receipts (Net)	-	6,960	-	-	-	-	-	-	-	-
Less	Loan Principal Payments	1,360	1,444	1,657	1,760	1,869	1,487	1,576	1,670	1,093	1,159
	<b>Loans - Increase/(Decrease)</b>	<b>(1,360)</b>	<b>5,516</b>	<b>(1,657)</b>	<b>(1,760)</b>	<b>(1,869)</b>	<b>(1,487)</b>	<b>(1,576)</b>	<b>(1,670)</b>	<b>(1,093)</b>	<b>(1,159)</b>
	<b>Movement in level of cash, investments &amp; accruals</b>										
	Cash Surplus/(Deficit) funding requirements	-	-	-	-	-	-	-	-	-	-
Less	Reserves Transfer from/(Transfer to)	(2,253)	(1,520)	(2,813)	(3,658)	(3,764)	(3,873)	(3,985)	(4,101)	(4,220)	(4,343)
	<b>Funding Surplus/(Deficit)</b>	<b>410</b>	<b>(128)</b>	<b>(693)</b>	<b>(698)</b>	<b>(80)</b>	<b>1,967</b>	<b>244</b>	<b>3,756</b>	<b>8,184</b>	<b>10,156</b>
<i>Equals</i>	<b>Funding Transactions</b>	<b>(4,023)</b>	<b>4,124</b>	<b>(3,777)</b>	<b>(4,720)</b>	<b>(5,553)</b>	<b>(7,327)</b>	<b>(5,805)</b>	<b>(9,527)</b>	<b>(13,497)</b>	<b>(15,658)</b>
	<b>Closing Cash Balance</b>	<b>23,072</b>	<b>24,463</b>	<b>26,583</b>	<b>29,544</b>	<b>33,227</b>	<b>39,067</b>	<b>43,296</b>	<b>51,154</b>	<b>63,557</b>	<b>78,056</b>
	<b>Reserve Account Balance*</b>	<b>17,591</b>	<b>19,111</b>	<b>21,924</b>	<b>25,582</b>	<b>29,346</b>	<b>33,219</b>	<b>37,204</b>	<b>41,305</b>	<b>45,525</b>	<b>49,868</b>

\* Note - the Reserve Account Balance includes the Asset Sustainability Reserve, the Open Space Reserve and the Grants & Carryover Reserve

### Impacts of Capacity Modelling on Funding Requirements

<b>Future Project 1</b>	Indicative Funding Capacity - Loan Funded Capital	-	-	5,500	-	-	-	-	-	-	-
	increased Operating, Maintenance and Renewal and Loan Funding	-	-	-	763	763	763	763	763	763	763
<b>Future Project 2</b>	Indicative Funding Capacity - Loan Funded Capital	-	-	-	2,875	-	-	-	-	-	-
	increased Operating, Maintenance and Renewal and Loan Funding	-	-	-	-	115	115	115	115	115	115
<b>Total net funding requirement for Capacity Modelling</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>3,638</b>	<b>878</b>	<b>878</b>	<b>878</b>	<b>878</b>	<b>878</b>	<b>878</b>
<b>Adjusted Funding Surplus/(Deficit)</b>		<b>410</b>	<b>(128)</b>	<b>(693)</b>	<b>(1,462)</b>	<b>(958)</b>	<b>1,089</b>	<b>(634)</b>	<b>2,878</b>	<b>7,306</b>	<b>9,278</b>
<b>Adjusted Closing Cash Balance</b>		<b>23,072</b>	<b>24,463</b>	<b>26,583</b>	<b>28,779</b>	<b>31,584</b>	<b>36,546</b>	<b>39,897</b>	<b>46,876</b>	<b>58,402</b>	<b>72,023</b>
<b>Adjusted Reserve Account Balance</b>		<b>17,591</b>	<b>19,111</b>	<b>21,924</b>	<b>25,582</b>	<b>29,346</b>	<b>33,219</b>	<b>37,204</b>	<b>41,305</b>	<b>45,525</b>	<b>49,868</b>
<b>Net Borrowings</b>		<b>14,129</b>	<b>19,645</b>	<b>23,488</b>	<b>24,603</b>	<b>22,734</b>	<b>21,247</b>	<b>19,671</b>	<b>18,002</b>	<b>16,908</b>	<b>15,749</b>
<b>Debt Servicing Ratio (Target less than 5.0%)</b>		<b>3.2%</b>	<b>3.7%</b>	<b>4.3%</b>	<b>4.8%</b>	<b>4.6%</b>	<b>3.8%</b>	<b>3.6%</b>	<b>3.4%</b>	<b>2.6%</b>	<b>2.4%</b>

**CITY OF MARION**  
**FINANCE AND AUDIT COMMITTEE MEETING**  
**31 MAY 2016**

**Originating Officer:** Kate McKenzie, Manager Corporate Governance

**General Manager:** Vincent Mifsud, General Manager Corporate Services

**Subject:** Organisational Key Performance Indicators 2016/17

**Report Reference:** FAC310516R7.3

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**REPORT OBJECTIVE:**

To seek the Finance and Audit Committees (FAC) feedback regarding the proposed Key Performance Indicators (KPI's) for 2016/17.

**EXECUTIVE SUMMARY:**

Organisational KPIs and measuring performance against these, is a critical mechanism to ensure Council is contributing to the aspirations of the Community and the goals within its strategic plans. This is done in a transparent way through inclusion of these KPIs in the Annual Business Plan and providing public performance reports to Council on a regular basis.

The organisational level KPIs provide the foundation for decision making and management through all levels of the organisation. They also provide key information for decisions and actions to be taken to address any performance gaps or opportunities for improvement.

**DISCUSSION:**

At its meeting of 24 May 2016, Council discussed the organisations KPI's for 2016/17 and resolved to seek comment and recommendations from the FAC in preparation for the KPI's to be considered and adopted by Council at its meeting of 14 June 2016 for inclusion within the Annual Business Plan.

There are a total of seven (7) KPI's that cover finance, staff, the business plan and community satisfaction. It is the intent of the Council that the KPI's are based on no substantial cuts to existing services provided to the community (unless by Council resolution) and applying a level of rate increase as set by Council.

	Key Performance Indicator	Measure/Range 2016/17 pa
A	Asset sustainability ratio	less than 80%
B	Net Financial Liabilities Ratio (* Council definition)	less than 50%
C	Staff net numbers (full time equivalent, employee and agency)	a reduction
D	Lost Employee Time due to staff absence (ie. worker's compensation)	Reduce by 1% (compared to average of last 5 years)
E	Employee retention	greater than 88%
F	Substantial and timely progress with 3yr Business Plan (2016/17, 2017/18, 2018/19) demonstrated in Work Plan Outcomes	greater than 70 %
G	Community Satisfaction. Overall satisfaction with each of (1) community facilities (2) sports facilities (3) events.	greater than 70%

*\* Net Financial Liabilities (Total liabilities – Non equity financial assets)  
 Council Own Source Revenue*

The table below provides the current 2015/16 KPI's for which there are currently seven covering a range of performance measures including financial, staffing, WHS, major projects and achievement of strategic goals.

	<b>Council Performance Measure</b>	<b>Target</b>
1	Actual operating surplus ratio for 2015/16 (adjusted for extraordinary items)	0-6%
2	Total Employee Costs (staff plus agency)	Decrease by at least 1.4%, in dollar terms, over the previous year adopted budget
3	Lost Employee Time due to injury	Reduce by 1% (compared to average of last 5 years)
4	Major Capital Works (>\$4m)	Completed strictly on time and on budget (or better)
5	Number of specific Major Capital Works proposals ready for approval by Council	2
6	Achieving goals of (10 year) Council Plan (as adopted in 2015)	High level of achievement
7	Alignment throughout administration to Community and Council Plan	High level of alignment

#### **RECOMMENDATION (1)**

#### **DUE DATE**

**That the Finance and Audit Committee provide comment and recommendation to Council at its meeting of 14 June 2016, regarding the proposed Key Performance Indicators for 2016/17 as outlined in this report.**

**31 May 2016**

**CITY OF MARION  
FINANCE & AUDIT COMMITTEE MEETING  
31 MAY 2016**

**Originating Officer:** Melissa Batt, Social/Cultural Sustainability Planner

**Corporate Manager:** Fiona Harvey, Manager Innovation and Strategy

**General Manager:** Abby Dickson, General Manager City Development

**Subject:** Cost Sharing with Councils

**Report Reference:** FAC310516R7.4

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**REPORT OBJECTIVES**

To provide the Finance and Audit Committee with a progress report regarding the process for identifying and considering prospects for structured cost sharing with councils, as per the resolution of Council in August 2015 (GC110815M02).

**EXECUTIVE SUMMARY**

A range of formal and informal cost sharing arrangements currently exist and a process to identify further potential cost sharing initiatives has been undertaken, which has been summarised in Appendix 1.

It is proposed to progress these potential cost sharing initiatives through the recently established service review process to enable further investigation to determine if an initiative is likely to result in a cost sharing arrangement or efficiency gain. Findings will be integrated into the reporting on the service review program to the Finance and Audit Committee and Council.

**RECOMMENDATIONS (1)**

**DUE DATES**

**That the Finance and Audit Committee:**

- |   |                    |
|---|--------------------|
| <b>1. Note that a number of potential new cost sharing initiatives have been identified that will be progressed through the service review program.</b> | <b>31 May 2016</b> |
|---|--------------------|

**BACKGROUND**

Council resolved on 11 August 2015 (GC110815M02):

1. That management commence to research the prospects of structured cost sharing between neighbouring city councils, giving priority to the most practical and cost beneficial opportunities.
2. That this research be ongoing and reported formally to Council and the Audit Committee.

A range of formal and informal arrangements currently exist where collaboration and partnership with other local government areas and organisations occurs, to either leverage external funding opportunities or realise cost sharing through sharing services and procurement, such as:

- Southern Region Waste Resource Authority
- Zone Emergency Management Committee
- Energy efficient street lighting
- Gross pollutant trap cleaning
- Metropolitan Seaside Councils Committee
- Council Solutions

- Local Government Association Asset Management Advisory Committee
- Local Government Finance Authority
- Local Government Risk Services
- Local Government Association Procurement

Avenues for seeking further cost sharing opportunities will be investigated through the following committees, groups and networks:

- Procurement Leaders Group
- Local Government Financial Managers group
- Local Government Community Managers Network
- Environmental Sustainability Network
- Revenue Professionals South Australia

## DISCUSSION

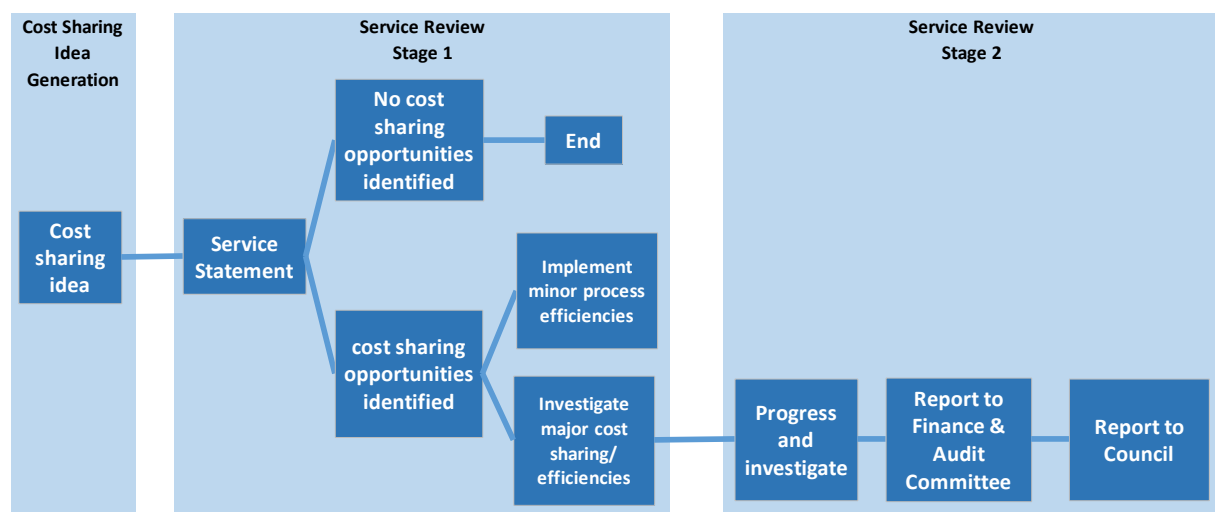
Further to the current cost sharing arrangements in place with a range of councils, and to expand our opportunities to achieve better outcomes, a process to identify new potential cost sharing initiatives was undertaken across the organisation. This process identified a range of potential cost sharing/cost saving opportunities particularly focused on regional approaches to procurement, use of contractors and consultants, and both sharing and provision of specialised expertise. A summary of the outcomes of this process is provided in Appendix 1.

The methodology proposed to further investigate the newly identified cost sharing initiatives and to ultimately determine if an idea is likely to result in a cost sharing or efficiency gain is to include the initiatives in the recently established service review process (illustrated in Figure 1 below).

Where Stage 1 of the Service Review process (via service statements) confirms that an initiative has the potential for cost sharing and/or efficiency gains, an initial assessment is made whether it is either minor or major. If it is minor, implementation will occur immediately (for example small process improvements or alterations in providing the service that are low impost but result in efficiencies or increased effectiveness).

If the cost sharing and/or efficiency gain is major (for example any change to the service which may include an upfront increase in cost, or amendment to the service itself) it will progress through a Stage 2 service review, thus enabling an accurate determination of what the sharing or efficiency impacts would be. Findings will be reported to the Finance and Audit Committee and Council through the service review program, to seek feedback on proceeding with implementation.

**Figure 1: Proposed cost sharing forward process**





**CONCLUSION**

The current service review process is an ideal platform to integrate an ongoing investigation into identifying new potential cost sharing initiatives. The service review process will seek to understand and analyse the impacts to current services, agreements and structures and recommend cost sharing proposals for implementation. It is proposed that the Finance and Audit Committee and Council have oversight of any cost sharing initiatives via the service review program reporting.

## FAC310516R7. APPENDIX 1 - Potential Cost Sharing Initiatives

Potential Cost Saving Idea	Example	Service Review Process	Department	2016/17 Work Area Plan
Fleet Management	Owning V's Leasing Fuel Procurement Maintenance & Servicing Shared use of Plant & Equipment	Stage 1: Service Statement	Contracts & Operational Support	Operational Support
Waste	Recycling of construction materials currently stored at Southern Depot and green waste generated through Council operations (i.e. not residential green waste)	Stage 1: Service Statement	Engineering & Field Services	Open Space Operations
Survey & Design Services	Regional approach	Stage 1: Service Statement	Engineering & Field Services	Engineering
Building Inspections	Regional approach	Stage 1: Service Statement	Development & Regulatory Services	Development Services
Immunisations	Regional approach	Stage 1: Service Statement	Development & Regulatory Services	Community Health & Safety
Legislation regulations (common)	Regional approach	Stage 1: Service Statement	Corporate Governance	Corporate Governance
Managed ICT support services	In-sourcing	Stage 1: Service Statement	Information & Communication Technology	Information & Communication Technology
Recycled water	Regional approach	Stage 1: Service Statement	Engineering & Field Services	Engineering
Road re-instatement	Regional approach	Stage 1: Service Statement	Engineering & Field Services	Civil
Small business advisory service	Regional approach	Stage 1: Service Statement	Economic Development	Economic Development
Training	Shared training coordinator Shared training plans Streamlined induction programs EM training Governance training LGA	Stage 1: Service Statement	Human Resources Corporate Governance	Human Resources Corporate Governance
Advertising & Graphic Design	In-sourcing	Stage 1: Service Statement	Corporate Governance	Communications
JIT stock holding (just in time stock holding)	Regional approach	Stage 1: Service Statement	Contracts & Operational Support	Operational Support

**CITY OF MARION  
FINANCE AND AUDIT COMMITTEE MEETING  
31 MAY 2016**

**Originating Officer:** Kate McKenzie, Manager Corporate Governance

**General Manager:** Vincent Mifsud, General Manager Corporate Services

**Subject:** Bi- Annual Performance and Effectiveness Review of the Finance and Audit Committee

**Report Reference:** FAC310516R7.5

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**REPORT OBJECTIVES:**

To seek the Finance and Audit Committee (FAC) views and feedback regarding how to effectively conduct the bi-annual review of the Committee's performance and effectiveness.

**EXECUTIVE SUMMARY:**

Regular review of a governing body's performance (including Committees) provides the time to reflect on how effective the group is operating. Understanding performance directly relates to improving the operations and outcomes of the Committee that will also improve the overall performance of the Council.

Section 4.10 of the FAC Terms of Reference states that the Committee will review its performance on a bi-annual basis to ensure the continual improvement of its performance. The Committee last undertook an effectiveness review in 2013 and reviewed its terms of reference and policy in 2015.

This report provides an overview of the proposed approach, timeline and tool for the Committee to consider and provide feedback.

**RECOMMENDATIONS (2)**

**DUE DATES**

**That the Finance and Audit Committee:**

- |   |                    |
|---|--------------------|
| <b>1. Review the proposed approach and timeline relating to the review of the Committee's performance and effectiveness and provide any feedback.</b> | <b>31 May 2016</b> |
| <b>2. Endorse the proposed survey in Appendix 1 subject to the following changes:</b>   | <b>31 May 2016</b> |
| -   |                    |
| -   |                    |
| -   |                    |

## **BACKGROUND:**

Good systems of governance and prudential management will provide community confidence in Council's decision making and the operations of the Council. The evaluation of a governing body's (or committee) performance is recognised as a valuable contribution to the governance of an organisation.

The FAC has been undertaking bi-annual reviews since 2009.

Previously, the Committee has used the services of Insync Surveys to conduct the Committee's performance review via an effectiveness survey. The survey used by Insync Survey is based on the Leblanc model with the benefit being that the data and results can be benchmarked against comparable organisations. The Survey is based on a framework of 10 areas that can impact the committee's effectiveness being:

- Committee structures and role clarity
- Committee composition
- Leadership, behaviours and dynamics
- Committee agenda, meetings and minutes
- Relationships, information and council reporting
- Risk management
- Internal control and compliance
- Internal audit
- Financial reporting
- External audit

Insync Survey's own the intellectual property of this survey. The Council is keen to explore alternative approaches for these types of reviews and hence this report provides various options for the FAC to consider.

## **DISCUSSION:**

There are a number of different options that can be considered to assess performance but generally a tool is developed to provide guidance on the review. The three options below describe the framework of different tools used to measure the performance of governing bodies.

**Option 1 – Australian Institute of Company Directors** recommends that an evaluation tool should canvas the following areas:

- Individual – the role, duties, competence (skills, knowledge, experience), leadership & decision making, member behaviours and the Chairman
- Board – the role, structure and membership, appointment, meetings (including meeting procedures, minutes and agendas), dynamics, competencies, legal standards
- Organisation – governance, management relationships and performance
- Stakeholder – engagement, reporting, relationships and reputation.

**Option 2 – ASX Corporate Governance Council** has published its 3<sup>rd</sup> addition of the Corporate Governance Principles and Recommendations. Although this document recommends corporate governance requirements for entities listed on the ASX, it can easily be applied to most organisations. There are eight (8) principles and 29 recommendations. The principles are:

1. Lay a solid foundation for management and oversight

2. Structure the board to add value
3. Act ethically and responsibly
4. Safeguard integrity in corporate reporting
5. Make timely and balanced disclosure
6. Respect the rights of security holders
7. Recognise and manage risks
8. Remunerate fairly and responsibility.

Recommendation 1.6 states that a listed entity should have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors. It should also report during that period whether a performance evaluation was undertaken or not.

There are a number of recommendations that can be translated to an evaluation such as this. Recommendation 4.1 is an example of parameters which could be included for evaluation.

#### Recommendation 4.1

A board should have an audit committee which:

- Has at least three members, all of whom are non-executive directors and a majority of whom are independent directors
- Is chaired by an independent director, who is not the chair of the board.

This recommendation also states that the role an Audit Committee is usually to review and make recommendations to the board in relation to:

- The adequacy of the corporate reporting processes
- Financial statement as a true and fair view of the financial position
- Appointment, independence and management of the external auditor
- Appointment, scope of work, and performance of the internal auditor

**Option 3 – Local Government Association** has also developed a tool that provides an evaluation of the issues that may be supporting or detracting from Council's effective management. This evaluation tool includes the following areas:

- Meeting procedures
- Quality of debate
- Committees and subsidiaries
- Skills knowledge and behaviour
- Access to information
- Supporting elected representation
- Mayor/chairperson induction and performance
- Leadership in direction and policy setting
- Representation
- CEO performance
- Council member's roles and responsibilities
- Working relationship and behaviours

- Probity and ethical behaviour
- Conflict resolution
- Training, personal development, knowledge and skills
- Mayor/Chairperson and CEO relationship
- Leadership and teamwork
- Mayor/chairperson performance

#### RECOMMENDED TOOL:

Based on the based examples provided, a draft Effectiveness Survey for the FAC has been developed for the FAC's consideration and feedback (**Appendix 1**). It has been developed based on the areas/topics that were present in each of the different tools and includes a total of 52 statements. The previously used Insync Surveys included a total of 80 statements.

If agreed upon, it is proposed that the tool is provided electronically to Members of the FAC and all Elected Members for completion. This will be an anonymous survey with individual responses not disclosed. This survey is more focused than the previous tool used with the downside being that the FAC cannot benchmark its performance and effectiveness against other organisations,

#### PROCESS AND TIMELINE:

If the FAC agree to use the survey proposed to evaluate its performance, the following process and timeline will occur.

Step	By When	Action/notes
FAC endorse draft evaluation survey, process and timeline	31 May	FAC Report
Distribute FAC Evaluation Survey to FAC Members and Elected Members	June	Circulate Survey (open for two weeks)
Completed evaluation survey to be returned to Manager Corporate Governance	30 June	The evaluation period is the previous two year's operations
Manager Corporate Governance to prepare a report	July	The report will provide analysis against FAC effectiveness survey.
Review results of assessment	August FAC meeting	FAC to meet and discuss outcomes of evaluation, identify opportunities for improvement, and develop an action plan.
Implement action plans	August →	Monitored through action arising statement at each meeting
Feedback to Council on outcomes of evaluation	October Council meeting	Presiding Member to advise Council of outcomes of evaluation through the FAC Annual Report to Council which occurs in October 2016
Re-evaluate	2018	

The proposed process is the same as previous years but managed internally rather than externally. Following the completion of the evaluation, a FAC improvement plan will be developed and implemented over the ensuing months. Progress against actions contained

within the improvement plan are tracked via the Committee's "business arising" item at each meeting.

**CONCLUSION:**

Understanding the performance of a governing body (or its Committees) is critical for the governance framework of an organisation. This process allows members to provide honest feedback to identify what is working well opportunities for improvement and address any issues that may emerge.

**APPENDIX 1 – Proposed survey**

<b>Performance Evaluation Survey Finance and Audit Committee</b>						
<b>Survey Statement</b>	1	2	3	4	5	<b>Comments</b>
	Strongly disagree		Agree		Strongly agree	
<b>1. Committee Structure and Membership</b>						
1.1	The structure of the Committee is appropriate to manage workload and obligations					
1.2	The balance of independent v's Council members is appropriate					
1.3	The Committee's terms of reference clearly outline roles and responsibilities.					
1.4	Committee members have the right skills, experience and knowledge					
1.5	Committee members are appropriately inducted					
1.6	Committee members are recruited based on required skills, experience and knowledge					
1.7	All Committee members understand their legal duties on behalf of the Council.					
1.8	The Committee does not rely on any one Committee Member to provide appropriate advice and experience					
1.9	The remuneration of the Committee is appropriate based on role, responsibility, skills/experience, time commitment and retention.					
<b>2. Committee Meetings</b>						
2.1	The Committee has a comprehensive work plan that covers the requirements of the Committee's Terms of Reference.					
2.2	The Committee meeting are appropriately scheduled (i.e. frequency, timing, duration, etc).					
2.3	Agendas and reports are distributed in a timely manner.					
2.4	The size of the agenda is manageable within the meeting.					
2.5	Committee reports are well written and can be easily understood.					
2.6	The business of the Committee is accurately captured in the minutes.					
2.7	The discussion within the Committee meetings are relevant and useful for decision making.					
2.8	Management does not unduly influence the recommendations of the Committee.					
2.9	The Committee uses confidential orders appropriately and conducts sessions without management present from time to time.					
2.10	The Committee has a useful process to following up actions from previous meetings.					



<b>3. Leadership and Integrity</b>							
3.1	All Committee members express their professional view within the meeting.						
3.2	All Committee members appropriately disclose any conflicts of interests.						
3.3	Committee members act in accordance with the City of Marion values being Respect, Integrity, Achievement and Innovation.						
3.4	The Committee works effectively as a team.						
3.5	The Committee Presiding Member has an effective and constructive working relationships with Council and management.						
3.6	The Committee presiding member builds healthy room dynamics.						
3.7	The Committee presiding member ensures that the Committees workload is managed appropriately.						
3.8	The Committee presiding member keeps the meeting focused and does not get side tracked.						
3.9	The Committee is adding value to the work of the City of Marion.						
<b>4. Relationships and Reporting</b>							
4.1	All Committee members understand how their role operates and the Committees reporting obligations to Council.						
4.2	The Council actively seeks the views of the Committee on matters relating to its terms of reference.						
4.3	The Committee's operations does not diminish the ultimate responsibility of the Council.						
4.4	The Committee has a constructive relationship with the Council.						
4.5	The Committee has a constructive relationship with Management.						
4.6	The Committee has appropriate access to information and staff.						
4.7	Management keep the Committee informed of relevant information and risks between meetings.						
4.8	The minutes, decisions and actions of the Committee are reported to Council in a timely and accurate manner.						

<b>5. Roles and Responsibilities</b>							
5.1	The Committee has a clear understanding of the Council's risk tolerance						
5.2	The Committee ensures that the organisation has appropriate internal controls, frameworks, systems and processes established for the management of risks.						
5.3	The Committee reviews and understands the organisations risk profile.						
5.4	The Committee is confident that senior executives understand their responsibilities for managing risks.						
5.5	The Committee is confident that the Council has appropriate internal controls established to manage risks						
5.6	The Committee receives comprehensive reporting that assesses the effectiveness of internal controls.						
5.7	The Committee has oversight of compliance with regulations, policies, best practice guidelines, instructions and contractual arrangements.						
5.8	The Committee has oversight and recommends to Council the engagement of the City of Marion's Internal Audit contract						
5.9	The Internal Audit function is appropriately resourced and managed.						
5.10	The Internal Audit Work plan is endorsed by the Committee and has the right balance of risk, compliance and financial matters to be reviewed.						
5.11	The Committee has robust discussion and agrees to the basis upon how financial reporting will be prepared.						
5.12	The Committee undertakes an in-depth review of the financial reporting disclosures for the City of Marion.						
5.13	The Committee receives comprehensive financial information and analysis that is used to support and assist Council with its prudential management and fiduciary responsibilities.						
5.14	The conditions of the External Auditors engagements are consistent with all relevant statutory requirements and accepted best practice principles.						

5.15	The Committee has oversight and recommends to Council the engagement of the City of Marion's External Audit contract						
5.16	The External Audit function is appropriately resourced and managed.						
5.17	The External Audit Work Plan is comprehensive and aligned to the requirements of the financial obligations of the Council.						
5.18	The Committee has oversight of the service review program and is confident it will deliver efficiencies to the organisation						
5.19	The Committee receives service reviews reporting and critically analyses the data provided.						

**CITY OF MARION  
FINANCE AND AUDIT COMMITTEE MEETING  
31 MAY 2016**

**Originating Officer:** Sherie Walczak, Unit Manager Risk

**Corporate Manager:** Kate McKenzie, Manager Corporate Governance

**General Manager:** Vincent Mifsud, General Manager Corporate Services

**Subject:** WHS Annual Risk Report

**Report Reference:** FAC310516R7.6

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### EXECUTIVE SUMMARY

The objective of this report is to provide the Finance & Audit Committee with an update on the current status of the Think Safe Live Well, Work Health and Safety (WHS) Management System and seek feedback on key strategies to ensure successful improvement and integration of the management system.

### BACKGROUND:

Since 2011, the City of Marion has consistently branded its WHS program and system as 'Think Safe Live Well'. 'Think Safe Live Well' focuses on three overlapping elements being:

1. Safety culture
2. Leadership
3. WHS Systems



Safety culture and leadership was the focus early in the Think Safe Live Well Program with effort spent on engaging with staff (particularly the Leadership Team), to enhance and embed 'wellbeing' as part of the WHS systems which provided a number of positive outcomes with respect to the embedding of a proactive culture of safety within our workforce.

Leading up to 2012, the national harmonisation review of the *Occupation Health, Safety and Welfare Act 1986*, and the implementation of the new Work Health Safety Act 2012, in conjunction with staff changes within the risk team, resulted in the WHS Management System receiving non-conformances in the Local Government Association Workers Compensation Scheme (LGAWCS) KPI Audit and Appraisal Report completed in 2013.

The Risk Team spent 2015 focusing on enhancing the WHS Management System and specifically addressing the non-conformance areas identified in the LGA WCS KPI Audit and Appraisal Reports relative to the system.

### RECOMMENDATIONS (2)

### DUE DATES

**That the Finance and Audit Committee;**

- |   |           |
|---|-----------|
| 1. Notes the report   | 31 May 16 |
| 2. Reviews and provides feedback on the WHS Monitoring Report noting the steps outlined for improving and embedding WHS outcomes. | 31 May 16 |

**DISCUSSION:****LGAWCS KPI Audit and Appraisal Report**

Each year, the City of Marion is audited by the LGAWCS. The nature of this audit will vary each year depending on the current industry focus. The purpose of these Audits is to test conformance of Council's WHS Management System against Return to Work SA's Code of Conduct for Self Insured Employers and specifically nominated elements within the Performance Standards for Self Insurers. The LGAWCS will provide recommendations with regard to closing out identified non-conformances and assisting Council to continuously improve their WHS Management Systems.

Year	Audit Results	Total Elements
2013	26 non-conformances (Objective Appraisal Report)	26
2014	4 conformance, 5 observations, 2 non-conformances (Partial Audit on specified elements).	11
2015	12 conformance, 2 observations, 9 non-conformances (Partial Audit on specified elements).	23
2016	Audit scheduled for October 2016	TBA

The LGAWCS KPI Audit and Appraisal Report 2015 resulted in improvement based on previous years however nine non-conformances were still identified. It did recognise *"that a considerable amount of good work has been conducted by the organisation to build and improve their WHSMS over the past year, and valiant attempts have been made to integrate WHS into other organisational departments and processes, such as Training and Contractor Management"*. The work integrating the critical elements of WHS into these work areas continues with oversight of the Executive Leadership Team.

It also recognised that the majority of the overarching system, policies and underpinning procedures have been developed and endorsed, however the implementation phase is lengthy. This work is ongoing and requires resources and time to be able to evidence appropriate levels of embedding across the organisation. Improvement is anticipated to be reflected in subsequent audits in the future.

**LGAWCS KPI Action Plan for Monitoring and Reporting**

Each year, in response to the LGAWCS recommendations to closing out identified non-conformances, Council is required to set an action plan which outlines its commitments in order to address the non-conforming elements of the audit.

The successful close out of the actions outlined in the action plan results in the receipt of a rebate based on the percentage of completed actions, as outlined in the action plan, to address the non-conforming elements of the audit and the claims history for Council.

The table below summarises the outcomes of his process for the past four financial years.

Year	Premium	Rebate	Net Cost	Action Plan Results
2012-13	\$1,132,413	\$376,286	\$756,127	97% Actions Complete
2013-14	\$1,143,320	\$421,112	\$664,848	84% Actions Complete
2014-15	\$1,202,920	\$308,152	\$952,128	39% Actions Complete
2015-16	\$1,300,245	not yet received	-	98% Actions Complete

Note: The rebate for 2015-16 has not been provided yet, however it is expected to be favourable due to the high percentage of actions successfully completed in this period.

## WHS Works Program




Work has continued towards building our WHS systems and processes, particularly identifying our key hazards and high risk areas for priority based system development.

Progress on these critical elements are outlined below:

- Review of **WHS Policies** and policy positions (Completed)
- Implementation and embedding of the underpinning **WHS Procedures** (70% progressed)
- Facilitation of a **Hazard Management** program across all Work Areas (80% progressed)
- A **WHS Training Program** based on the WHS Training Needs Analysis (75% progressed)
- A **Corrective & Preventative Action Register** to outline and prioritise the actions to address the LGA WCS KPI Audit non-conformances (completed)
- Integration of **WHS Contractor Management** critical elements with the Contracts and Procurement Framework (30% progressed)
- Review of **Workplace Emergency Management** Policy, Procedure, and individual Site Plans and with implementation of warden training and regulated testing programme across all work sites (70% progressed)

## Monitoring and Evaluation

The Monthly WHS Monitoring Report was developed last year to enable the ongoing monitoring of the WHS Works Program and follows the same dashboard style of the corporate performance reports.

	<b>Target met/exceeded</b> Includes items that are currently on track or have been completed on or ahead of schedule
	<b>Target not currently met but can get back on track</b> Off track performance is being reviewed and corrective action/improvement taken as appropriate
	<b>Target not met or in danger of not being achieved</b> Off track performance is being reviewed and corrective action/improvement taken as appropriate

This report includes both outcome based indicators (OBIs) and positive performance indicators (PPIs). OBIs are lag indicators which measure past performance and PPIs are lead indicators which are used to measure how well arrangements for WHS are performing.

This report is provided to the Executive Leadership Team on a monthly basis and the WHS Committee on a bi-monthly basis to ensure progressive monitoring of the progress of actions and the outcomes of statistical results.

The Monthly WHS Monitoring Report for April (Appendix 1) identifies that targets are being met in most areas with the exception of Item 1 and Item 8.

- Item 1 reports on the percentage of actions, outlined in the LGAWCS KPI Action Plan for Monitoring and Reporting, which have been completed as scheduled. Unfortunately, there has been a delay in the integration of the WHS Contractor Management critical elements with the Contracts and Procurement Framework. This work is currently being undertaken by the Manager Contracts and is scheduled for completion prior to the end of July which therefore shouldn't affect the receipt of the allocated rebate.
- Item 8 reports on the Lost Time Injury Frequency Rate with the target being to report a 1% reduction on the 5-year average of 22.2. This will not be achieved in 2015-16, however significant efforts are being made to address the improvement of our safety outcomes. A number of Hazard Prevention and LTI Reduction Strategies are currently being implemented including;
  - The organisation-wide hazard register is being reviewed to ensure all hazards are appropriately identified and that all hazardous tasks identified has a documented Safe Work Method Statement, Safe Work Procedure or Safe Operating Procedure

- Incident Management Training has been provided to all People Managers
- Manual Handling Training is being provided to all staff to address manual handling injuries
- Additional strategies are also being explored including specifying preferred medical practices who specialise in workplace injury, as well as accompanying workers to their initial medical consultation to inform the medical practitioner of modified work duties that are available in line with the worker's assessed capacity.

## **CONCLUSION**

Significant progress has been made to improve our safety outcomes by addressing the City of Marion's WHS systems, including policies, procedures and processes, and the embedding of these throughout the organisation's Work Areas.

The ongoing improvement of WHS systems, culture and leadership has been committed to as an ongoing program of work to fully embed and achieve integration in all work areas across the City of Marion.

Monthly

# WHS Monitoring Report 2015/2016



Month: April 2016

Measure	Type	To Measure	Target	Previously Reported	This Month's Report	Results
1 Policies, Procedures and Systems	PPI	Commitment to safe work practices to ensure zero harm	Delivered as per LGA WCS Action Plan	80% in March	59%	
2 WHS Training and Development	PPI	Commitment to provision of staff competencies for a safe work environment	Delivered as per scheduled in SPE	100% of actions completed	100% of actions completed	
3 Targeted activities, to enhance wellbeing outcomes	PPI	Commitment to provision of staff wellbeing in line with Think Safe Live Well Aspirations	Delivered as per schedule in SPE	100% of actions completed	100% of actions completed	

Notes:

1. THE LGA Action plan required Manager Contracts to complete a review of the Health, Safety & Environment inclusions to Contracts policy and relevant procedures during March. This has been subsequently been rescheduled as a May deliverable.
2. HSR training is now completed for 2015-16, Incident Management training sessions has been held for Leadership Team and HSRs. Manual Handling training has been booked for May.
3. Wellbeing project planning for 2016 is in progress and a Fit for Work program was held in March, the on-line health and wellbeing portal promoted to staff during April and infectious disease prevention, including flu vaccinations have been booked in May.

4 WHS Injury Reports	OBI	Number of occasions with injury to Workers	Decreasing - Ave last 12 months	5.8	6.3	
5 WHS Hazard/Near Miss Reports	OBI	Commitment to identify WHS risks to avoid injury to Workers	Increasing initially, then decreasing - Ave last 12 months	8.5	8.3	

Notes:

4. Injury report number has slightly increased during April consisting of 1 Lost Time Injury, 0 Medically Treated Injuries and 7 First Aid Injuries.
5. Hazard and near miss reports were below the rolling average during April 2016 but has been on an upward trend over the past 12 months and is higher than the 12 month average reported 12 months ago.

6 Lost Time Incident Rate	OBI	Number of Workers who reported a LTI per year divided by total workers - Cumulative figure (from CAT stats)	15/16 Target is Zero (0) (KPI is less than the 5 year average of 4.2)	3.3	3.9	
7 Lost Time Injury Duration Rate	OBI	Average duration of LTIs - Cumulative figure (from CAT stats)	Less than 5 year average of 18.2	16.2	16.2	
8 Lost Time Injury Frequency Rate	OBI	Number of LTIs recorded for every 1,000,000 hours worked - Cumulative figure (from CAT stats)	15/16 Target is Zero (0) (KPI is 1% less than 5 year average of 22.2)	22.2	23.6	

Notes:

7. The duration rate has spiked in 2015-2016 when compared to previous years due to 2 significant injuries resulting in a longer period of Lost Time. City of Marion's duration rate has been traditionally lower as a result of significant injury avoidance.
8. The LGA Claims Statistical Data is reporting 13 LTIs year to date however we have received an additional 2 claims which have lost time – both of which been accepted claims but the nature of reporting results in a lag in statistical data. Using the generic LGA formula, calculations based on 15 LTIs results in an LTIFR of 30.3 as at end of April.



**CITY OF MARION  
FINANCE AND AUDIT COMMITTEE MEETING  
31 MAY 2016**

**Originating Officer:** Sherie Walczak, Unit Manager Risk

**Corporate Manager:** Kate McKenzie, Manager Corporate Governance

**General Manager:** Vincent Mifsud, General Manager Corporate Services

**Subject:** Business Continuity Management

**Report Reference:** FAC310516R7.7

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### **EXECUTIVE SUMMARY**

The purpose of this report is to provide the Finance & Audit Committee with assurance that the City of Marion is managing its Business Continuity risk via its suite of documentation including the Business Continuity Management Policy, Framework and Plan in alignment with ISO22301 '*Societal security - Business Continuity Management Systems – Requirement and Guidelines*'.

The current versions of the Business Continuity Management Policy (Appendix A) and Framework (Appendix B) were last reviewed and endorsed by Council in 2013 and programmed for review in 2016 and are now attached for endorsement.

The Business Continuity Plan is an operational document that supports the Policy and Framework and is also due for review. As a consequence of the revised Policy and Framework, a more streamlined approach is proposed to be implemented resulting in updating the Business Continuity Plan to recognise the need for concise and direct instruction during the management of a business disruption event.

### **RECOMMENDATIONS (3)**

### **DUE DATES**

**That the Finance and Audit Committee:**

- |  |             |
|--|-------------|
| 1. Recommends that the revised Business Continuity Management Policy be submitted to Council for consideration and adoption.             | 31 May 2016 |
| 2. Recommends the revised Business Continuity Management Framework be submitted to Council for consideration and adoption.               | 31 May 2016 |
| 3. Review and provide feedback on the proposed 'next steps' in the implementation of the Business Continuity Plan and practical elements | 31 May 2016 |

## DISCUSSION

### Business Continuity Management Policy

The purpose of the Business Continuity Management Policy (BCMP) is “to formalise the Council’s commitment to business continuity management and to establish responsibilities for the application of business continuity management within Council operations”.

The review of the BCMP has resulted in three primary areas of change:-

- updating the Policy to align with the Community Plan and the aspirational goal of ‘wellbeing’
- updating the corporate style
- providing a more concise outline of the corporate objectives that underpin the City of Marion’s approach to business continuity.

These corporate objectives include: providing effective management during a disruptive incident, gaining an accurate understanding of the business impacts, minimising the cost and disruption to community services, enhancing business continuity capabilities by regular testing and training and embedding an awareness for business continuity across all levels of Council business.

The BCMP has been reviewed (Appendix A) and has been amended by:

- updating the Policy Statement to align with the Community Plan and the aspirational goal of ‘wellbeing’.
- revising the term ‘Principles’ to ‘Objectives’ to ensure clarity of our goals including updated Objectives as outlined:
  - changed ‘Guidelines’ to ‘Framework’ to align with the Risk Management framework structure
  - rationalised the guidance ‘to the Incident Management Team’ objective without losing context
  - standardised the frequency for undertaking the business impact analysis
  - rationalised the reference to documenting arrangements
  - clarified the context for annual exercises and testing
- The Roles and Responsibilities were amended slightly to reflect points highlighted above.

In summary, the proposed changes to the BCMP are mainly as a result of aligning it with the Risk Management Policy enabling a closer integration with other overarching strategic themes.

### Business Continuity Framework

The purpose of the Business Continuity Framework (BCF) is to provide context for the integration of Business Continuity across all areas of the business and focuses on our capability to continue operations following a disruptive event.

There is a reference to business continuity training and testing requirements along with a full definition section attached as an appendix to the Framework.

The BCF has been reviewed (Appendix B) and has been amended by:

- re-ordering components of the Framework arranged for a systematic flow
- revising the introduction to align with the Community Plan and the aspirational goal of ‘wellbeing’
- updating the terms and references to reflect the new corporate organisational structure
- updating the diagrams to reflect current organisational processes
- further defining roles and responsibilities
- adding additional definitions as required

- clarifying links to both the Workplace Emergency Management Plan and the Community Emergency Management Plan
- including a Business Impact Analysis Template as an Appendix.
- including a Recovery Strategy Template as an Appendix.

## **NEXT STEPS**

The next stage in managing Business Continuity risk is the embedding of key objectives as outlined in the revised Policy and Framework.

### **Business Continuity Plan**

The Business Continuity Plan (BCP) has been reviewed by the Risk Unit, with the aim of providing a document that contains all the relevant and pertinent information for effective and efficient handling of any disruptive business event, and is ready to go out to consultation with key internal stakeholders.

The BCP specifically outlines the concise instructions as to how to manage, control and communicate a disruptive business incident. It also provides the tool to analyse the impacts in preparation for a disruptive business incident and the templates to be used during a disruptive business incident to ensure resumption of business as usual.

This plan has the potential to be activated equally as a result of a workplace or community related disruptive event and has references to manage both scenarios and therefore alignment with the Workplace Emergency Management Plan and the Community Emergency Management Plan. It is also critical that it works in conjunction with the ICT Service Recovery Plan.

### **Practical Implementation**

A number of sessions are scheduled to be held July/August with Work Area Plan owners to assist them undertake a Business Impact Analysis assessment and develop the subsequent Recovery Strategy.

The Work Area Recovery Strategies will be compiled into a register along with several corporate level recovery strategies to cover overarching service requirements such as access to buildings and accessibility to ICT services. This register will then provide a key reference tool for the corporate response to any future disruptive business incident.

## **CONCLUSION**

The revised Business Continuity Management Policy and Framework, together with the suite of underpinning documentation and practices (including the Business Continuity Plan, Business Impact Analysis assessment and Recovery Strategies), will provide Council with assurance that the City of Marion is prudently managing its Business Continuity risk.

### **APPENDICES:**

- A. Revised Business Continuity Management Policy
- B. Revised Business Continuity Framework

# Business Continuity Management Policy



## 1. Policy Statement

The City of Marion ('the Council') is committed to excellence in governance. Business Continuity Management is an important component of the broader risk management program contributing to good governance and organisational resilience to achieve Council's Vision and strategic objectives, which focus on Community's wellbeing.

The purpose of this Policy is to formalise the Council's commitment to business continuity management and to establish responsibilities for the application of business continuity management within Council operations.

## 2. Policy Scope

This business continuity management policy applies to all operations and functions of the Council including operational, project and strategic. The scope of business continuity management will be to focus on time critical activities and supporting resources to enable delivery of the key services of the Council.

## 3. Definitions

**Business Continuity** – capability of the organisation to continue delivery of products or services at acceptable predefined levels following a disruptive incident.

**Business Continuity Management** – holistic management process that identifies potential threats to an organisation and the impacts to business operations those threats, if realised, might cause and which provides a framework for building organisational resilience with the capability of an effective response that safeguards the interests of key stakeholders, reputation, brand and value-creating activities.

**Incident** – situation that might be, or could lead to, a disruption, loss, emergency or crisis.

## 4. Objectives

To achieve Council's business continuity management objectives, the Council Business Continuity Management Framework (the 'Framework') has been established in accordance with the International Standards ISO 22301:2012 Societal Security Business Continuity Management Systems – Requirements and Guidance. The aim of the Framework is to provide guidance for a program to effectively manage disruptive events or situations that may impact on the key services of the Council.

The following objectives underpin the Council's approach to business continuity:

- To satisfy all internal and external obligations with regards to continuity of key services.
- To guide an Incident Management Team to effectively manage a disruptive incident.
- To regularly undertake a business impact analysis across all Council work areas to gain an understanding of their activities and supporting resources.
- To document cost effective business continuity arrangements for time critical activities to minimise disruption to critical community services.
- To enhance the capability of an Incident Management Team structure by undertaking annual exercises and testing business continuity arrangements and documentation.
- To embed business continuity management in the Council culture and values by undertaking awareness raising activities on an ongoing basis.
- To continually align with the risk management program.

## 5. Roles and Responsibilities

Council has the overall responsibility for risk, setting the organisation's risk appetite, oversight of the organisation's systems for managing risk including approving and reviewing the Council's Business Continuity Management Policy and Framework

To assist Council in discharging its responsibility in relation to business continuity management, the Council will seek the views of its Finance & Audit Committee. The responsibilities of the Committee are contained in the Committee's Policy and Terms of Reference.

Council has also delegated various powers and functions to the Chief Executive Officer to enable the setting of the policy and procedures to assist with the management of the Council risk profile.

The Chief Executive Officer has overall accountability for an effective risk management program and, therefore, the business continuity management program.

Note: The Framework provides further information on the business continuity management roles and responsibilities, with additional practical information held within the Business Continuity Plan.

## 6. References

City of Marion Risk Management Policy and Framework

City of Marion Business Continuity Framework

City of Marion Finance & Audit Committee Policy and Terms of Reference

ISO 22301:2012 Societal Security – Business Continuity Management Systems – Requirements and Guidance



# Business Continuity Framework

~~September 2013~~

~~March~~ May 2016

Version ~~1~~2

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## Introduction

The City of Marion is committed to excellence in governance. Business ~~C~~continuity ~~M~~management is an important component of the broader risk management program, contributing to good governance and organisational resilience to achieve Council's Vision and strategic objectives, which focus on ~~theeC~~Community's ~~best interests.~~ Wellbeing.

Business ~~C~~continuity ~~M~~management (BCM) has a focus on ~~improving~~ our capability to continue operations ~~(at acceptable levels)~~ following a disruptive incident and preparing Council ~~in how~~ to deal with disruptive incidents ~~in advance that might otherwise prevent it from achieving its objectives and in particular Council's critical community services.~~

The Business Continuity Framework ('the Framework') should be read in conjunction with the Business Continuity Policy ('the Policy'), which outlines Council's commitment to business continuity and the objectives for the business continuity program. With additional reference to the ~~and~~ Risk Management Policy and Risk Management Framework.

This ~~document sets out the Business Continuity f~~Framework ~~for business continuity management across the City of Marion and~~ is aligned to the International Standards ISO 22301:2012 (Requirements) and ISO 22313:2012 (Guidance) for business continuity systems.

An explanation of formal business continuity terms and definitions sourced from ISO22301:2012 appears s in Appendix 1.

The Framework is intended to be a plain language, easy to read overview ~~of the City of Marion's business continuity~~ ogram. ~~I~~it is not intended to be a document referenced at the time of a disruptive incident.

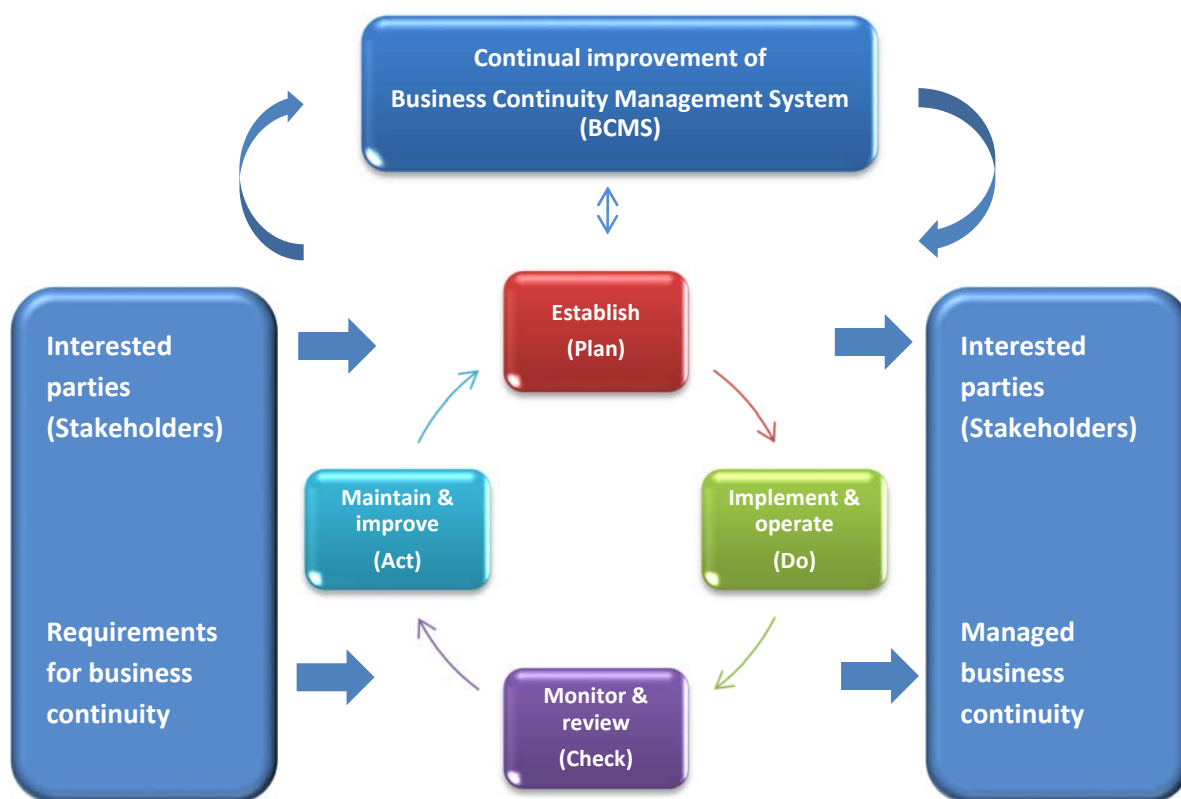
~~The primary audience for the Framework includes the City of Marion staff involved in the business continuity management program and management responsible for making decisions about the program implementation and ongoing development.~~

~~Whilst the Framework comprehensively explains the business continuity management process within the City of Marion, the key guiding documents to be referenced in the event of a disruptive incident will be concise, simple and easy to follow.~~

### Business Continuity Process

ISO 22301:2012 applies a 'Plan-Do-Check-Act' (PDCA) cycle to planning, establishing, implementing, operating, monitoring, reviewing, maintaining and continually improving the effectiveness of the organisation's business continuity (BCM) program. The process applying the PDCA cycle is shown in Diagram 1.

Diagram 1: 'Plan-Do-Check-Act' (PDCA) cycle - ISO 22301:2012



Explanation of the 'Plan-Do-Check-Act' (PDCA) model in ISO 22301:2012

Plan (Establish)	Establish business continuity policy, objectives, targets, controls, processes and procedures relevant to improving business continuity in order to deliver results that align with the organisation's policies and procedures. <u>Eg: Business Impact Analysis &amp; Recovery Strategies</u>
Do (Implement & operate)	Implement and operate the business continuity policy, controls, processes and procedures. <u>Eg: Business Continuity Plan</u>
Check (Monitor & review)	Monitor and review performance against business continuity policy and objectives, report the results to management for review, and determine and authorise actions for remediation and improvement. <u>Eg: Post Incident Review</u>
Act (Maintain & improve)	Maintain and improve the business continuity (BCM) program by taking corrective action, based on the results of management review and reappraising the scope of the BCM program and business continuity policy and objectives. <u>Eg: Incident Management &amp; Recovery</u>

Business continuity involves:

- ~~being clear~~ identifying key activities and on the Council's key services and the activities that they deliver them;
- knowing the priorities for resuming activities following a significant disruption
- identifying and the resources they required;
- having a clear understanding of the threats to these activities, including their dependencies (supporting resources), and knowing the impacts of not resuming them;
- having tried and trusted arrangements in place to resume these activities following a disruptive incident; and

- making sure that these arrangements are routinely reviewed and updated ~~so that they will be effective in all circumstances.~~

Activities are disrupted by a wide variety of incidents, many of which are difficult to predict ~~or analyse.~~ ~~By focussing on~~ By using the impact of the disruption as the focus, rather than the cause, business continuity determines priorities and processes ~~identifies those activities on which the organisation depends for its for continued service delivery survival, and enables us to determine what is required to continue, in order~~ to meet ~~its~~ Council's obligations. ~~Through business continuity management, we can recognise~~ The aim is to recognise in advance what needs to be done across all work areas, ~~to protect our resources (eg people, premises, technology and information), for the supply chain, our stakeholders and reputation,~~ ~~before a disruptive incident occurs.~~ ~~With that recognition, we are~~ It will then be possible ~~able~~ to take a realistic view on ~~the~~ responses ~~that are likely to be needed as and when a disruption occurs~~ so that we can be confident of managing ~~the~~ consequences and avoid~~ing~~ unacceptable impacts.

Business continuity can be effective in dealing with both sudden disruptive incidents (eg fire) and gradual ones (eg influenza pandemics), ~~where business continuity works collaboratively with both Workplace and Community Emergency Management Plans~~

The following diagrams (adapted from ISO 22313:2012) are intended to illustrate conceptually how business continuity can be effective in mitigating impacts in certain situations. No particular timescales are implied by the relevant distance between the stages shown in either diagram.

**Diagram 2: Mitigating impacts through effective business continuity – sudden disruption**

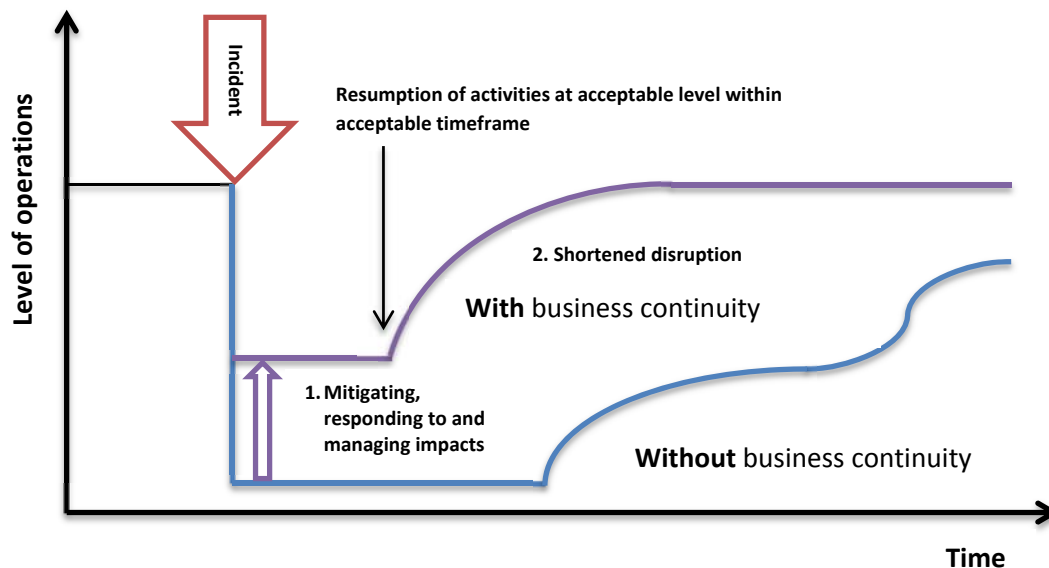
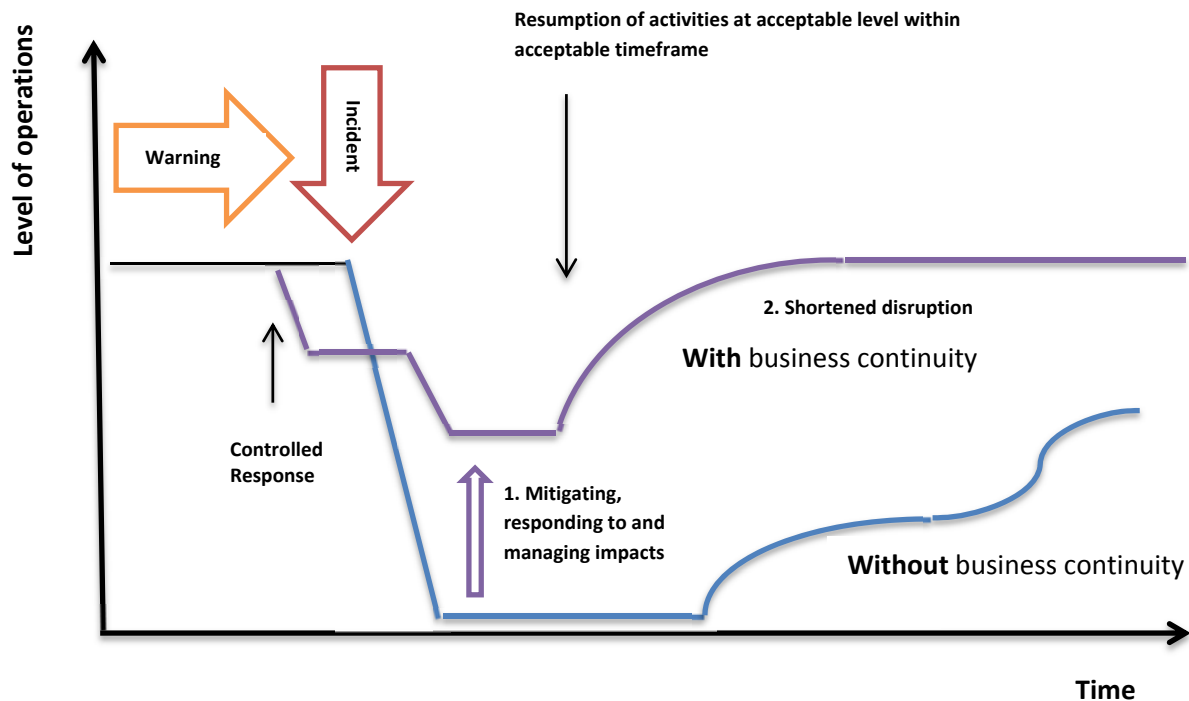


Diagram 3: Mitigating impacts through effective business continuity – gradual disruption



## Understanding Our Context

The internal and external factors that are relevant to our purpose and operations need to be understood so this information can be taken into account when establishing, implementing, maintaining and improving our business continuity program and assigning priorities.

### Internal Factors

The key services provided by Council will be directed by the [Council Business Plan](#) and confirmed by the Executive Leadership [Team Management Group](#).

### External Factors

The political, legal and regulatory requirements placed on the City of Marion in relation to the continuity of operations and services, as well as the interest of relevant stakeholders will be documented and kept up to date. For example, Section 7 of the South Australian Local Government [Act Act 1999](#) sets out the functions of a council.

These requirements will be taken into account in establishing, implementing and maintaining our business continuity program.

## Understanding the Needs and Expectations of our Stakeholders

Individuals, groups of people or other organisations that can affect, be affected by, or perceive themselves to be affected by the decisions of the City of Marion, whether under normal operations or during a disruptive incident will be identified.

By understanding the stakeholders' interests in, or perceptions of, Council under both normal and disruptive situations it is possible to develop appropriate continuity arrangements that meet their needs and expectations. It is particularly important to develop appropriate strategies and plans to facilitate communications with these stakeholders at the time of disruption.

The ~~Strategic and Organisational Excellence Unit~~ Strategy and Innovation Department will work with the ~~Risk Management Unit~~ Corporate Governance Department to provide a high level stakeholder 'map' or 'chart' to initiate the stakeholder analysis.

## Our Approach to Business Continuity

We have adopted the latest available literature on business continuity to ensure the program is based on current leading practice. In addition to the International Standards (ISO 22301 and 22313), the Risk Management Unit, as facilitators of the program, will also reference the Business Continuity Institute's Good Practice Guidelines 2013 Global Edition (A guide to global good practice in business continuity) and other credible resources developed to guide organisations implementing the International Standards.

## Scope of the Business Continuity Program

We have determined the scope of the business continuity program appropriate to our size, resource capacity and reasonable expectations of our stakeholders.

The business continuity program applies to all operations and functions within Council including operational, strategic and project ~~and strategic~~.

**The scope of the program is focussed on time critical activities and the supporting resources that enable delivery of our key services.**

The program is intended to satisfy all internal and external obligations with regards to continuity of key services.

The program will be positioned to apply to any incident or situation that sits between:

- Council's capacity for an effective 'business as usual' operational response; and
- a wide scale or catastrophic event which may be declared as a State or National Emergency, where Council's role may be to support the State response and/or Council could not reasonably be expected to resume 'business as usual' operations within days or weeks.

The program is aligned to the Council's risk management framework and the relevant risk management tools will be used.

## Roles and Responsibilities Structure

The Business Continuity Policy (~~Appendix 2~~) provides a high level explanation of business continuity responsibilities. The information below provides an overview of the business continuity roles and responsibilities. ~~It does not contain the broader responsibilities for the respective entity or position type.~~ Further ~~This additional~~ information can be obtained from the Business Continuity Plan relevant Terms of Reference or Position Descriptions.

## Overview of Roles & Responsibilities

Diagram 4: Overview of Roles & Responsibilities



### General Council

~~General~~ Council is responsible for setting the organisation's risk appetite, oversight of the organisation's systems for managing risk including approving and reviewing the City of Marion's Business Continuity Policy and Framework. The effectiveness of ~~the our~~ business continuity ~~program~~ is monitored and reported to the Chief Executive Officer and Executive Leadership Team via the Risk Working Group and through the review of reports from the Finance & Audit Committee. ~~and.~~

### Finance & Audit Committee

As part of its advisory and assurance role to Council, the Finance & Audit Committee reviews the risk profile annually, monitors the risk exposure to Council, determines the adequacy of risk management processes including ~~the business continuity management program.~~ The Committee reviews reports from management as well as external auditors regarding Council's assurance



program, making ~~es~~ recommendations to Council regarding ~~the~~ business continuity ~~arrangements,~~ ~~BCP reviews and testing outcomes.~~ ~~program.~~

## Chief Executive Officer

~~General~~ Council has delegated various powers and functions to the Chief Executive Officer to enable the ~~setting of~~ implementation of policy and procedures, to assist with the management of the City of Marion's risk profile, ~~and to ensure alignment with strategic plans.~~

With overall accountability for ~~the~~ business continuity ~~program~~, the Chief Executive Officer provides leadership and ensures appropriate resourcing and delegations are in place for an effective business continuity program ~~that delegates decision making down to the~~ at an appropriate level. ~~The day-to-day management responsibilities for business continuity are delegated to the Unit Manager Risk~~

## Risk Working Group

With membership including the Executive ~~Management Leadership Team~~ Group, the Risk Working Group oversees ~~the~~ business continuity ~~program~~ on ~~an on-going minimally quarterly~~ basis and confirms ~~the~~ reports to be provided to the Finance & Audit Committee. ~~Refer to the Terms of Reference for full membership and purpose.~~

## ~~Directors~~ General Managers

~~Directors~~ General Managers ensure participation of units within their portfolio in business continuity activities. General Managers ~~Directors~~ and the Chief Executive Officer will ensure business continuity is embedded in the culture, have positions within the incident management structure team and participate in training and exercises.

## Corporate Managers Leadership Team and People Managers

~~All leaders and m~~ Managers actively participate in ~~the~~ business continuity ~~program~~ by:

- monitoring activities supporting key services to ascertain if any changes may affect business continuity arrangements;
- maintaining awareness of business continuity activation processes and escalate issues as they arise
- participating in the business impact analysis process;
- ~~recommending and implementing and updating~~ business continuity recovery strategies ~~(procedures)~~ and communicating this information to staff;
- ~~maintaining and having~~ readily accessible up-to-date contact details for their staff and key stakeholders
- liaising with the Risk Management Unit to ensure ~~the currency of program all~~ related information is kept accurate maintained.

Managers may be selected to join the incident management structure team and participate in training and exercises.

## Unit Manager Risk

Accountable for the ~~day-to-day management and operational aspects of overarching~~ Business Continuity program including responsibility for:

- establishing, overseeing, reviewing and maintaining ~~the BCP~~ Business Continuity management Policy, Framework and Plan



- ensuring ~~the BCP~~business continuity meets the strategic needs of the organisation and is aligned to ~~the Australian Standard for~~ Business Continuity Management (ISO22301:2012)
- annually reviewing ~~the BCP on an annual basis~~ business continuity management and presenting findings to the Executive Leadership Team and the Finance & Audit Committee
- facilitating ~~the development and delivery of~~ appropriate training ~~in relation to BCP to all stakeholders across the organisation facilitating the~~ and testing of the Business Continuity Plan ~~and liaising with the ICT Department in~~ in collaboration with ~~testing~~ the ICT Service Recovery Plan
- engaging annually with all work areas to ensure that their needs are being met in the event of a business disruption

## Project Managers/Coordinators

Once business continuity arrangements are in place, project managers and coordinators will consider how the project may impact on the business continuity arrangements, either during the life of the project or on handover to operations.

## All Staff

All staff contribute to the business continuity process by:

- recognising, reporting and responding to situations or incidents that may impact continuity of operations;
- maintaining awareness that changes to activities supporting key services may impact on business continuity arrangements;
- ~~reporting changes to their manager; and~~
- ensuring manual 'workarounds' for processes and recovery strategies are kept current and reporting any gaps to their manager.

## Business Continuity Resources

Business continuity competency will be included in the Training Need Analysis requirements. ~~The City of Marion has experienced staff within t~~The Risk Management Unit ~~to~~ facilitate ~~the~~ business continuity ~~management management within~~ its wider risk management framework and act as document and system owners.

Management will ensure there are a sufficient number of staff formally trained in business continuity, having due regard to the size of the organisation and ensuring coverage.

## Guiding Information

The Risk Management Unit develops and continually improves guiding information and tailored resource tools for risk management activities, including business continuity, and for recording and reporting purposes. ~~Templates and tools for implementing business continuity management activities will be tailored by the Risk Management Unit for use within the City of Marion. The~~ accuracy of document content is crucial and a regular formal review ~~of documentation~~ is required ~~on a minimally annual basis~~, in consultation with managers of time critical activities or their supporting resources.

## Integration

Business continuity considerations will be integrated into the relevant organisational programs and operations, as listed:

- Strategic Management Framework
- Workplace Emergency Management Plan
- Community Emergency Management Plan
- Risk Management Framework
- ICT Service Recovery Plan

An overview of ~~the related programs~~ each follows:

## Strategic Management Framework

The ~~City of Marion~~ Strategic Management Framework elements include:

- Community Plan (30 years)
- Council Business Plan (~~310~~ years)
- Work Area Service Plans (~~34~~ years)
- Annual Plan (1 year)
- ~~Position Descriptions~~ Personal Development Plans

The Council Business Plan informs the strategic directions of Council and from that the key services can be confirmed. The Work Area Service Plan conveys the service levels and this information can be used as a reference when considering the minimum acceptable service levels to be provided following a disruptive incident.

## Workplace Emergency ~~Response Management Plan~~

Workplace emergency arrangements ensure a building or facility is evacuated in a safe and timely manner. Our emergency response arrangements ~~form part of the work health and safety program~~ are facilitated by the Risk Management Unit. In the event of a disruptive incident requiring building evacuation, the emergency ~~warden control officer teams structure~~ would hand over operations to an activated incident management team, as outlined in the Business Continuity Plan, in order for them to manage post emergency response events and oversee activation of appropriate business continuity arrangements.

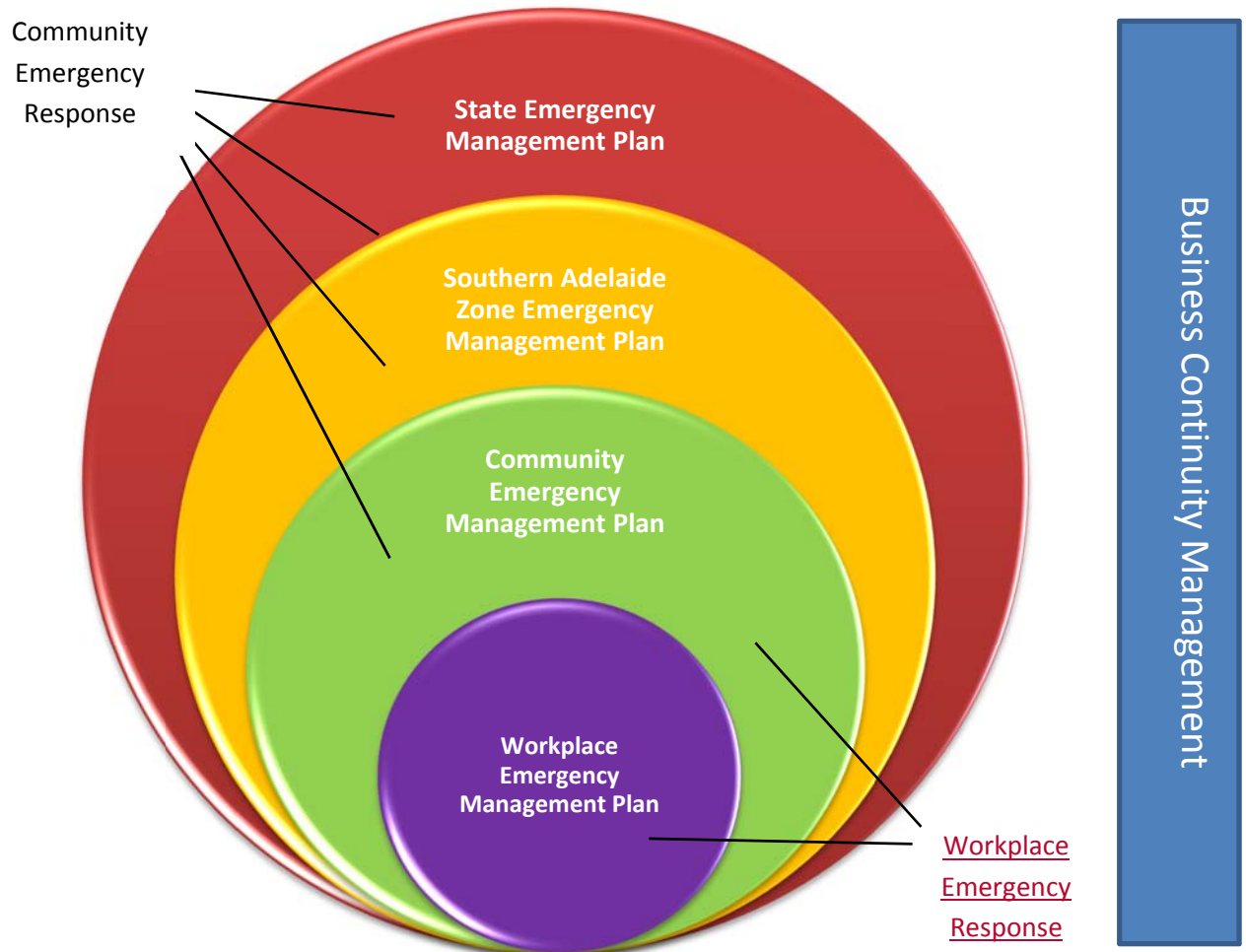
## Community Emergency Management Plan

We undertake emergency management planning and participate in exercises so we are prepared to respond effectively to requests from State Government, Control Agencies or Hazard Leaders ~~when it is responding during to~~ community level emergencies. We are active participants on the Southern Adelaide Zone Emergency Management Committee. The Risk Management Unit facilitates the Community emergency management plan in close consultation with the operational teams at City Services program. The incident management team may be activated during emergencies to coordinate our response and to oversee business continuity arrangements as required.

The ~~Sturt Community Emergency Risk Management~~ Southern Adelaide Zone Emergency Management Plan arrangements are taken into account in responding to community level emergencies and therefore there is an interface between that plan and the Business Continuity Plan.

**Diagram 5: Overview of Community and Workplace Emergency Response**

The diagram below shows the relationship between the various documents and indicates their intended use for community emergency response and response to City of Marion incidents.



**Risk Management Framework**

We undertake business continuity so we are prepared to respond quickly and effectively to an incident or situation that may disrupt or has disrupted our operations. The assessment of disruption risks is aligned to the Risk Management Framework. ~~The Risk Management Unit facilitates the business continuity management program.~~

**ICT Service Recovery Plan Service Continuity Plan (ICT SRP)**

It is vital that the ICT Service Recovery Plan ~~Service Continuity Plan~~ specifies the restoration of ICT services that support key services in the order of priority established by ~~the~~ business continuity ~~program~~ and endorsed by ~~e~~Executive Leadership Team management. The ICT Service Recovery Plan needs to work in conjunction with the Business Continuity Plan as both are often impacted at the

time of a business disruption and, hence, involve the same key personnel and have common aim of a prompt and efficient resumption of business.

## Evaluating the Performance of the BCM Program

~~The performance of the bBusiness eContinuity mManagement program will be monitored by the Risk Working Group and Audit Committee. The objectives of the program, as outlined in the Business Continuity Management Policy will be monitored annually to ensure their implementation and maintenance.~~

~~In addition to the program objectives, via the following activities: will be monitored:~~

- regular review and updating of the documentation;
- distribution of updated documentation to all relevant recipients;
- evidence that outcomes lessons learnt from reviews and exercises have been implemented and where appropriate incorporated into the business continuity processes program; and
- ~~implementation of required actions and recommendations from exercise reports.~~

~~The bBusiness continuity program is included in the scope of our assurance program. The annual risk management review includes business continuity and is undertaken by the Local Government Association Mutual Liability Scheme incorporates a review of the business continuity management program.~~

~~Where there are gaps in the ICT Service Continuity Plan requiring funding to achieve the business continuity requirements, the ICT and Knowledge Management Unit will work with the Risk Management Unit, as part of the business continuity management program, to develop options for consideration by executive management. The options may include modifying the continuity requirements in cases where the costs to meet those requirements cannot be justified.~~

## Business Excellence Framework

~~The implementation and review of the Business Continuity Management Framework incorporates the Business Excellence Framework principles.~~

## Implementation Plan

~~Our Risk Management Implementation Plan outlines the activities being undertaken to enable us to meet the risk management principles documented in the Risk Management Policy. The implementation plan is a key mechanism for documenting the continuous improvement activities for the risk management program. A business continuity management section of the implementation plan will link with the business continuity management project plan.~~

~~Reports on implementation plan activities will be provided to the Risk Working Party by the Risk Management Unit.~~

## Business Continuity Elements

The business continuity elements described in ISO 22313:2012 *Societal security – Business continuity systems – Guidance* comprises five key elements:

- [Operational Planning & Control](#)
- [Business Impact Analysis & Risk Assessment](#)
- [Business Continuity Recovery Strategies](#)
- [Business Continuity Plan](#)
- [Exercises & Testing](#)

**Diagram 6: Business Continuity Elements**



A description of the elements for business continuity follows.

### Operational Planning & Control

Having established the business continuity objectives (as outlined in the [Principles Objectives](#) of the Business Continuity Management Policy), the first step is to create a program to ensure business continuity is managed appropriately and its effectiveness is maintained.

The program will involve:

- agreeing on a suitable methodology (ISO 22301 and 22313) for implementing business continuity
- ~~implementing~~ ~~ation-taking~~ a planned approach, such as utilising project management methodology to set project milestones and required deliverables (which will be documented in a project plan and linked to the risk management implementation plan)
- maintaining documentation to track action taken and monitor changes

- ~~program~~ reporting to executive management (via the Risk Working Group) for monitoring that planned changes are controlled, unintended changes are reviewed and appropriate action is taken; ~~and~~
- ensuring the currency accuracy of information and effectiveness of the process and ongoing cycle of activities to maintain an active and effective program beyond the life of the implementation project.

## Business Impact Analysis & Risk Assessment

Gaining agreement and understanding of priorities and requirements for business continuity is achieved through business impact analysis (BIA) and risk assessment.

A business impact analysis will: ~~include the following:~~

- identify activities that support the provision of Council's key services;
- ~~setting assess maximum acceptable outage times to~~ prioritised time linesframes for resuming these activities at an endorsed minimum acceptable level, taking into consideration the time within which the impacts of not resuming them would become unacceptable; ~~and~~
- identify dependencies and supporting resources ~~(which include corporate support functions) for these activities,~~ including suppliers, outsource partners and other relevant stakeholders.
- assess 'maximum tolerable period of disruption' or~~assess~~ the impacts over time of not performing these activities;

The Risk Management Unit will liaise with the Innovation & Strategy ~~and Organisational Excellence~~ Unit to foster a coordinated approach to continuous improvement activities and process mapping. ~~such as reviewing existing process maps or undertaking new process mapping activities.~~

The business impact analysis enables us to prioritise for the resumption of activities that support our key services. This understanding will enable us to select appropriate business continuity recovery strategies.

These prioritised activities are usually referred to as 'critical activities' within ~~the~~ business continuity ~~program~~. **The 'critical' term relates to time or impact criticality, rather than a perception of some activities being more important than others.**

The workarounds currently in place for the critical activities will be documented during the business impact analysis process, as this information will be used when considering business continuity recovery strategies. ~~and establishing business continuity procedures.~~

Risk assessment promotes understanding of the risks relating to critical activities and their dependencies and the potential consequences of a disruptive incident.

The risk assessment will focus on identifying vulnerabilities within our operations and infrastructure linked to the underlying value they support as well as ~~and~~ understanding the impact of their non-availability and its stakeholders. Business continuity is not ~~primarily~~ about identifying, assessing and reporting every conceivable risk or allocating probabilities (likelihood) to event occurrences.

## Business Impact Analysis Report

A ~~Business Impact Analysis R~~report will be provided to the eExecutive management Leadership Team Risk Working Group for endorsement and agreement on the critical activities and

~~dependencies~~ (supporting resources) that will require business continuity recovery strategies. The report will also outline the situations that will trigger and justify activation of the business continuity plan~~procedures~~ including an incident management structure~~team response~~.

## Business Continuity Recovery Strategies

Having undertaken the business impact analysis and modified risk assessment, the next step is to consider how continuity will be achieved for the time critical activities and supporting resources that enable delivery of key services.

In setting the recovery strategies, we will consider how we will utilise resources such as people, buildings, work environment and associated utilities, facilities, equipment and consumables, ICT systems, transportation, finance, partners and suppliers, and information and data. If ICT systems fail, being able to gain manual access to required information may enable critical activities to continue.

A robust business continuity management program approach will usually consider as a minimum, developing business continuity recovery strategies for these four scenarios:

- inability to access buildings and/or equipment (eg trucks);
- inability to access~~shortage of~~ staff;
- inability to access technology;~~and~~
- inability to access key suppliers or partners.

There are three levels at which strategies can be set:

1. ~~F~~Full availability – cannot fail;
  2. ~~e~~Continuity within timeframe requirements at an agreed minimum service level; and
  3. ~~d~~Do nothing.
- 1) Full availability is provided where any disruption to the activity cannot be tolerated. This expensive strategy option is unlikely to be cost effective in many instances, when we take into account the nature of the services we provide to the community. Examples where this strategy may be necessary are activities affecting community safety, such as our response to fallen trees.
  - 2) Where continuity of the activity can be phased over a period of time, the levels of operational capability at fixed points in time will be agreed and the type and amount of resources needed will be identified. This strategy is the option most frequently adopted by organisations, as it allows for a gradual and managed increase in capability with defined resource requirements.
  - 3) ‘Do nothing’ is an acceptable option for some activities. However, there are impacts that, if not managed, will subsequently have serious implications. These may be financial or, more likely, affect the local community.

There may be cost implications for each recovery strategy chosen. These costs should be compared against the cost of disruption, although in some cases the impact of financial cost cannot be applied to the activity. It may be that the greatest impact could be community safety.



The business continuity recovery strategies will be endorsed by the Executive Leadership Team ~~for development as documented business continuity procedures.~~ With the supporting resources and cost implications will be considered in the decision making process.

## Establish & Implement Business Continuity Procedures

This step involves establishing, documenting and implementing procedures (key tasks) for the selected business continuity strategies, ~~to manage a disruptive incident and continue critical activities~~ based on the agreed timeframe requirements identified in the business impact analysis.

~~The~~ A Business Continuity Plan sets out the key actions ~~business continuity procedures (key tasks)~~ to be implemented in response to a disruptive incidents and ~~is focussed on time/ or has a time/~~ impact focus for those critical activities identified as ~~that~~ supporting Council services.

The development of ~~both~~ the Business Continuity Plan ~~/s and Incident Management Guide~~ will be done in consultation across the organisation in order to minimise incorrect assumptions, ~~being integrated into planning.~~ As these documents are used under challenging and stressful circumstances, they will need to be concise, simple and easy to follow.

The Business Continuity Plan documentation will form part of a suite of interconnected documentation covering workplace emergency response (building evacuation), incident management, business continuity and recovery management appropriate to Council and its obligations.

The Business Continuity Plan will provide guiding ~~include~~ information such as ~~including~~:

- initial activation triggers;
- activation and stand down processes;
- Incident Management Team structure, nominees and team role descriptions;
- an agenda for the initial meeting of the Incident Management Team covering tasks such as situation assessment, communication and decision making;
- requirements and location/s for an incident management base from which to operate; and
- checklists to act as prompts for team members.

~~The~~ Incident management ~~structure~~, including an agreed incident management team ~~structure with nominated staff~~ will be put in place when a situation arises that cannot be managed effectively as part of 'business as usual' operations or may justify activation of the ~~Business~~ Continuity Management Plan ~~procedures.~~

~~There may be circumstances where the Incident Management Team would be activated to manage a crisis situation which does not directly threaten the continuity of key services. In such circumstances the Incident Management Guide would be used but the Business Continuity Plan would not be activated.~~

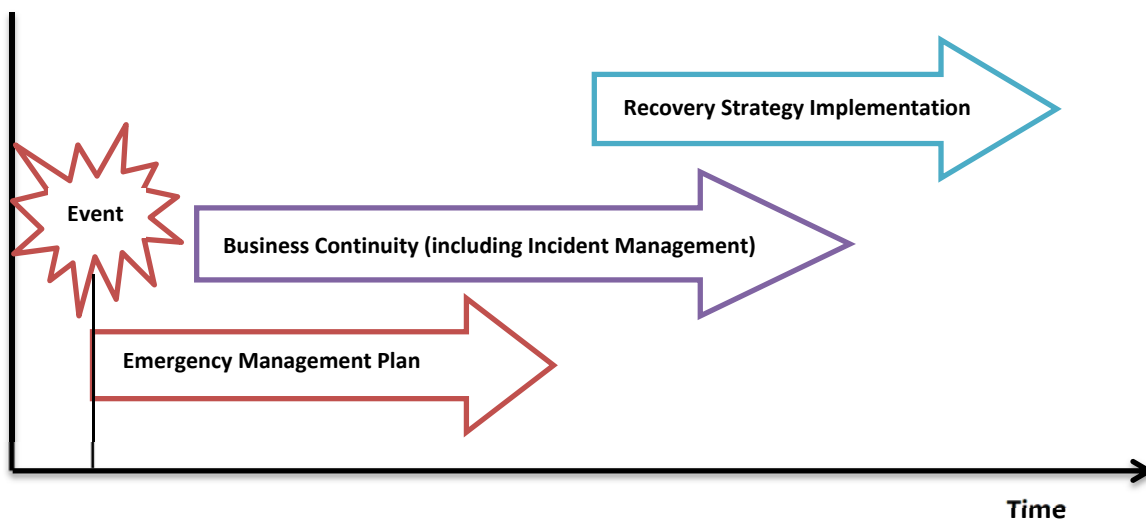
The Risk Management Unit will work with the Communications Unit, ~~Media and Engagement Unit~~ to prepare a critical ~~IMT~~ communications plan ~~strategy~~ containing internal and external communications protocols that will be:

- specific – with regard to the immediate steps that should be taken during a disruption;
- flexible – so that they may be used to respond to unanticipated scenarios and changing internal and external conditions;



- focussed – they should clearly relate to the impact of events that could potentially disrupt operations and be developed based on stated assumptions; and
- effective – in terms of minimising the consequences of incidents through implementation of appropriate business continuity strategies.

**Diagram 7: Overlapping Relation of Business Continuity with Emergency Management, Incident Management and Recovery Strategies**



The above chart shows the overlapping nature of the activities. A major disruptive incident requiring a building evacuation (the emergency management response) will involve handover from the eEmergency Control Officers wardens to an activated Incident Management Team and for commencement of business continuity activities. Prior to stand down of the Incident Management Team it will develop activate Recovery StrategiesPlan and appoint a manager to phase out the continuity procedures and progressively resume normal operations.

### Awareness Raising, Training and Testing

Those who hold positions that are named in Business Continuity Plan/~~s or the Incident Management Guide~~ will be made aware of their role and have the appropriate training to enable them to fulfill their responsibilities.

### Awareness Raising Activities

An ongoing awareness program will be implemented by the Risk Unit to ensure all staff are familiar with incident management activation procedures and initial steps that will be taken in the event of a disruptive incident affecting their work place.

Risk and business continuity will be a standard team meeting agenda item to enable issues to be raised and reported up through line management. Other in-house staff communication opportunities will also be used to raise awareness of the business continuity management program.

### Exercising & Testing

The Business Continuity Plan ~~and Incident Management Guide~~ can only be relied upon unless when regular exercises have been held to build confidence in incident team members and check the content of the plans are accurate, realistic and appropriate.

There are various forms of exercise but it is important to:

- test the systems;
- exercise the plans; ~~and~~
- allow rehearse the people to rehearse the scenarios.

Exercising and testing is intended as is not about achieving a 'pass' or 'fail' but ensuring the plan works as intended. ~~It is also~~ a training opportunity for those who are named in the documents and to ensure the plan is both practical and accurate.

~~Exercises will have defined a~~  
Aims and objectives that may include:

- ~~agreement that~~ everyone understands sing their role and that there is an overall appreciation of the plan;
- ~~checking that a check that~~ activation procedures/call-out communications work;
- ~~ensuring that the~~ office accommodation, equipment, systems and services provided are appropriate and operational ~~; and~~
- verifying the critical activities can be recovered within their required time frames and to the level of service required.

Exercises & testing will be undertaken ~~in a manner so they do not without~~ -'risking' the organisation by causing disruptions. They will be ~~practical and~~ cost-effective, designed to build confidence ~~in the plans.~~ and appropriate to Council.

There are various forms of exercises ranging from desktop review, where the participants review and challenge the content of the plans, a 'walk through' where the interaction between players is assessed, to a full plan test where the site or building is shut and a move undertaken to an alternative location. All exercises will involve formal planning and an exercise plan.

Although full plan testing is the only way to assure all concerned parties that the incident and continuity management arrangements will work when required, such an extensive exercise is only considered appropriate when the exercise program is mature, incident management team members are well rehearsed, extensive exercise planning has been undertaken ~~to minimise risks~~ and the potential impact on service delivery has been managed.

Rehearsing the team players is vital, as people demonstrate different characteristics when put under pressure. A real activation will be a stressful situation and it is important to understand the strengths and weaknesses of the individuals concerned. Normal management culture surrounding decision making is based on consensus with the maximum information available to all parties. At times of plan activation the management style may have to be more directive (depending on circumstances), working with less than perfect information.

## **Exercise Report**

At the conclusion of each exercise, a debrief session will be held to capture lessons learnt and required document changes. An exercise report will be prepared including recommendations for

action and presented to the Risk Working Group. Implementation of exercise report recommendations will be monitored and reported to the Risk Working Group.

## Ongoing BCM Program Activities

Business continuity management is ~~a program of work with~~ an ongoing cycle of activities to ensure ~~currency accuracy~~ of all information and ~~to~~ enable an effective response in the event of a disruptive incident.

Changes to service delivery, including continuous improvement activity outcomes and organisational or structural ~~le~~ changes will be monitored by ~~executive and corporate managers the leadership team~~ to alert the Risk Management Unit of any potential impact on the effectiveness of ~~the~~ business continuity ~~program~~.

~~The program will be maintained and improved by implementing the results of internal and external reviews of the BCM program and exercise activities.~~

## Appendix 1 – Definitions

Term	Meaning (*as per ISO 22301:2012 Business Continuity Systems - Requirements)
<b>Activity</b>	Process or set of processes undertaken by an organisation (or on its behalf) that produces or supports one or more products and services Example – Such processes include accounts, call centre, IT, manufacture, distribution.
<b>Business continuity</b>	Capability of the organisation to continue delivery of products or services at acceptable predefined levels following a disruptive incident
<b>Business continuity management BCM)</b>	Holistic management process that identifies potential threats to an organisation and the impacts to business operations those threats, if realised, might cause, and which provides a framework for building organisational resilience with the capability of an effective response that safeguards the interests of its key stakeholders, reputation, brand and value-creating activities
<b>Business continuity management system (BCMS)</b>	Part of the overall management system that establishes, implements, operates, monitors, reviews, maintains and improves business continuity
<b>Business continuity plan (BCP)</b>	Documented procedures that guide organisations to respond, recover, resume, and restore to a pre-defined level of operation following disruption Note: The management system includes organisational structure, policies, planning activities, responsibilities, procedures, processes and resources
<b>Business continuity program</b>	Ongoing management and governance processes supported by senior management and appropriately resourced to implement and maintain business continuity management
<b>Business impact analysis</b>	Process of analysing activities and the effect that a business disruption might have upon them
<b>Document</b>	Information and its supporting medium
<b>Documented information</b>	Information required to be controlled and maintained by an organisation and the medium on which it is contained Note 1: Documented information can be in any format and on any media from any source. Note 2: Documented information can refer to:- <ul style="list-style-type: none"> <li>• The management system, including related processes;</li> <li>• Information created in order for the organisation to operate (documentation);</li> <li>• Evidence of results achieved (recorded)</li> </ul>
<b>Effectiveness</b>	Extent to which planned activities are realised and planned results achieved
<b>Event</b>	Occurrence or change of a particular set of circumstances Note 1: An event can be one or more occurrences, and can have several causes. Note 2: An event can consist of something not happening. Note 3: An event can sometimes be referred to an 'incident' or 'accident'. Note 4: An event without consequences may also be referred to as a 'near miss', 'incident', 'near hit', 'close call'.
<b>Exercise</b>	Process to train for, assess, practice, and improve performance in an organisation Note 1: Exercises can be used for: validating policies, plans, procedures, training, equipment, and inter-organisational agreements; clarifying and training personnel in roles and responsibilities; improving inter-organisational coordination and communications; identifying gaps in resources; improving individual performance; and identifying opportunities for improvement, and controlled opportunity to practice improvisation.

	Note 2: A test is a unique and particular type of exercise, which incorporates an expectation of a pass or fail element within the goal or objectives of the exercise being planned.
<b>Incident</b>	Situation that might be, or could lead to, a disruption, loss, emergency or crisis
<b>Infrastructure</b>	System of facilities, equipment and services needed for the operation of an organisation
<b>Management system</b>	Set of interrelated or interacting elements of an organisation to establish policies and objectives, and processes to achieve those objectives Note 1: A management system can address a single discipline or several disciplines. Note 2: The system elements include the organisation's structure, roles and responsibilities, planning, operation, etc Note 3: The scope of a management system can include the whole organisation, specific and identified functions of the organisation, specific and identified sections of the organisation, or one or more functions across a group of organisations.
<b>Maximum acceptable outage (MAO)</b>	Time it would take for adverse impacts, which might arise as a result of not providing a product/service or performing an activity, to become unacceptable Note: See also maximum tolerable period of disruption.
<b>Maximum tolerable period of disruption (MTPD)</b>	Time it would take for adverse impacts, which might arise as a result of not providing a product/service or performing an activity, to become unacceptable Note: See also maximum acceptable outage.
<b>Resources</b>	All assets, people, skills, information, technology (including plan and equipment), premises, and supplies and information (whether electronic or not) that an organisation has to have available to use, when needed, in order to operate and meet its objective
<b>Risk</b>	Damage, injury, loss or other unintended occurrence, resulting from an unplanned event, impacting on achieving Community outcomes and Council objectives Note: Outcomes and Objectives can have different aspects (such as relating to people, WHS, social, cultural, financial, environmental, business continuity, organisational, reputation or public administration and can apply at different levels (such as strategic, organisational services and/or projects)
<b>Risk appetite</b>	Amount and type of risk that an organisation is willing to pursue or retain
<b>Risk assessment</b>	The overall process of risk identification, risk analysis and risk evaluation
<b>Risk management</b>	Coordinated activities to direct and control an organisation with regards to risk
<b>Stakeholder</b>	Those people and organisations who may affect, be affected by, or perceive themselves to be affected by a decision, activity or risk Note: A decision maker can be a stakeholder
<b>Testing</b>	Procedure for evaluation; a means of determining the presence, quality or veracity of something Note 1: Testing may be referred to as a 'trial' Note 2: Testing is often applied to supporting plans



Appendix 2 – Business Impact Analysis template

The aim of this document is to analyse the operational and financial impacts resulting from the loss of individual services/activities and the point in time\* at which this impact would occur

Organisational	SLT	Work Area/Team	Services/Activities		Location	Critical Roles	Maximum Acceptable Outage Time*	Maximum Tolerable Period of Disruption	Site/ Access Required	ICT Required	Plant/ Fleet Required	Comments (eg: do you have the resources identified? Any gaps? Proposed solutions)
			Mandatory	Discretionary								
CEO	HR	HR Partnering										
General Manager Operations	Engineering & Field Services	Civil										
		Engineering										
		Open Space Services										
	Community & Cultural Services	Libraries										
		Arts & Cultural Development										
		LKCC										
		Community Development										
		Community Wellbeing										
		Customer Service										
General Manager City Development	City Property (new)	Land & Property										
		MSC										
		MCC										
	Innovation & Strategy	Strategy										
		Environmental Sustainability										
		Open Space & Recreation										
		Asset Systems										
	Econ. Development	Economic Development										
	Development & Regulatory Services	Development Services										
		Community Health & Safety										
	Strategic Projects	Strategic Projects										
General Manager Corporate Services	Finance	Finance										
	ICT	ICT										
	Contracts	Contracts										
		Operational Support Unit										
	Corporate Governance	Governance										
		Communications										
		Risk Management										



Appendix 3 – Work Area Recovery Strategy template

Work Site Location		Last Review Date:		Next Review Date	
PART 1: Site Recovery					Action Owner/ (Delegate)
1.Ensure safety of building and occupants <i>Depending on the nature of the incident:</i>  - Ensure that everyone on site is accounted for and is safe in accordance with Workplace Emergency Plan for the site. - If necessary, emergency services have been contacted					Site Chief Warden (Deputy Warden/ECO team)
2. Report incident to People Manager and Unit Manager Risk					Staff Member (People Manager)

PART 2: Work Area Recovery			
Ref.No.	Service Function: (prioritise with most critical first)	Maximum Acceptable Outage Time (Hrs/Days/Wks)	Action Owner/ (Delegate)
1.			
2.			
3.			

PART 3: Team Profile							
Staff Name	Role	Work Pattern (FTE/Days/Location)	Service Function Ref.No.	Contact Number	Address	Additional contact details (eg: spouse/partner etc)	General Comments

PART 4: Critical Contacts List					
Contact Name/Company	Contact No.	Contact Email	Service Function Ref.No.	Address	General Comments



**CITY OF MARION  
FINANCE AND AUDIT COMMITTEE MEETING  
31 MAY 2016**

**Originating Officer:** Kate McKenzie, Manager Corporate Governance  
**General Manager:** Vincent Mifsud, General Manager Corporate Services  
**Subject:** Internal Audit Program  
**Report Reference:** FAC310516R7.8

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**REPORT OBJECTIVES:**

To provide the Finance and Audit Committee (FAC) with:

1. An overview of the status of the Internal Audit Program,
2. The Building Insurance and Asset Valuation Review Scope and Report (Appendix 1)
3. The final report for Payroll (Appendix 2)

**EXECUTIVE SUMMARY:**

The FAC endorsed the Internal Audit Program 2015-2017 at its meeting of 15 December 2015 (AC151215R7.7).

The delivery of the program is on track with 4 of the 6 projects now complete, 1 project in first draft and discussions occurring on the final project.

The Purchase Card Review has been delayed from the 2015/16 work program due to system changes and was replaced with the Building Insurance and Asset Valuations Review.

**RECOMMENDATIONS (3)**

**DUE DATES**

**That the Finance and Audit Committee notes and provides any feedback on:**

- |   |                    |
|---|--------------------|
| <b>1. The progression and management of the Internal Audit Program</b>                    | <b>31 May 2016</b> |
| <b>2. The Building Insurance and Asset Valuation Review Scope and Report (Appendix 1)</b> | <b>31 May 2016</b> |
| <b>3. The final report for Payroll (Appendix 2)</b>                                       | <b>31 May 2016</b> |

**BACKGROUND:**

The Internal Audit Program is a key element of the City of Marion Risk Management Framework with the objective to provide independent, objective assurance regarding the operations of Council. The Internal Audit Program brings a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal controls and governance process.

KPMG have been appointed as the City of Marion's internal auditor for a two year period concluding on 30 June 2017 (with the option for an additional 2 years on the contract).

In consultation with the Executive Leadership Team (ELT) and key Senior Managers, KPMG developed the Internal Audit Plan 2015 – 2017, that was considered and endorsed by the FAC at its meeting of 15 December 2015.

Internal Audit Plan Status

The Plan identifies six (6) projects to be completed for the 2015/16 financial year. The Purchase Card Review was scheduled to commence in March 2016, however this review has been delayed due to a change in internal software and processes. It is anticipated that this review will now occur at the beginning of 2017.

Therefore, the Insurance and Asset Valuation Review was added to the scope of the internal audit program as a replacement for the Purchase Card Review. This review has been scoped and now completed.

Four (4) projects have now been completed in total, being:

- The Development of a two-year Internal Audit Plan,
- Capital Works (Carryovers),
- Building Insurance and Asset Valuations (Appendix 1),
- Payroll Operations (Appendix 2).

The Cash handling report is 75% complete with the final report currently being finalised. This will be presented to the FAC in August 2016.

The final project to be completed this financial year is "People, Leadership and Culture Management". Discussions are currently occurring regarding this review and a further update will be provided at the next FAC meeting

To date, all reviews have been delivered within the agreed scope and within budget.

The table below provides a summary of the program to date.

Project	Review due to commence	Scope	In progress	1 <sup>st</sup> Draft	Final Draft	FAC
Internal Audit Plan 2015-2017	Nov 15	✓	✓	✓	✓	✓
Capital Works Program Delivery	Jan 16	✓	✓	✓	✓	✓
Payroll	Jan 16	✓	✓	✓	✓	✓
Purchase Cards	March 16	✓	Deferred till 2017			
Cash Handling	March 16	✓	✓	✓		
Building Insurance and Asset Valuation	April 16	✓	✓	✓	✓	✓

People, Leadership and Culture Management	July 16					
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### Building Insurance and Asset Valuation (Appendix 1)

The aim of the Building Insurance and Asset Valuation internal audit review was to consider the overall management and reasonableness in the relation to building insurance for the assets utilised by sporting clubs and community groups.

The Audit focused on:

- Process in relation to how building insurances are determined (including the valuation process)
- Process in relation to how insurances are on-charged to sporting clubs and community groups
- Overall governance, transparency and equity in relation to building insurance arrangements
- Review of one sporting club invoices over the past three years
- High level consideration of insurance arrangements.

A total of eight (8) findings were made with six (6) being moderate and two (2) being low. The recommendations relate to the improvement of systems and processes. The implementation of these recommendations has already commenced.

### Payroll (Appendix 2)

The aim of the Payroll Internal Audit Review was to assess the effectiveness and efficiency of the processes and internal controls in relation to payroll operations, assessment of whether salaries, wages and related payments are made in accordance with relevant terms and conditions of employment and consideration of better practice in relation to CoM's current payroll operations.

The Audit focused on:

- Operating guidelines and procedural documentation for payroll processes
- Roles and responsibilities in relation to payroll operations including segregation of duties
- Employee master data and change control processes
- Processes to ensure that salaries and wages are calculated and paid accurately in line with employment terms and conditions including one-off payments or allowances, leave and superannuation
- Payroll run approval process
- Monitoring and reporting processes including general ledger reconciliations and variance reporting.

A total of six (6) findings and one (1) improvement opportunity were made. One (1) recommendation was high, three (3) moderate and two (2) low. The findings related to overall improvement and efficiencies to the payroll processes.

Monitoring of Implementation of Recommendations

The table below provides information regarding the implementation of recommendations from the Internal Audit Plan 2015-2017.

Project	No. of recommendations	In progress	Overdue	Completed	Comments
Capital Works Program Delivery	8	8	0	0	All recommendations are due in September 2016.
Payroll	6	6	0	0	
Building Insurance and Asset Valuation	8	6	0	0	

**CONCLUSION**

The Internal Audit Program provides assurance to the Council (via the FAC) that operations, internal controls and processes are operating in an efficient and effective manner.



KPMG ENTERPRISE

City of Marion

Internal audit of building insurance  
arrangements for the City of Marion's  
sporting and community facilities

27 May 2016





## Disclaimer



### **Inherent Limitations**

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## Objective and scope



### Objective

This internal audit project considered the overall management and reasonableness in relation to building insurance for the City of Marion's (CoM) building assets utilised by sporting clubs and community groups.

### Scope

To address the overall objective above, the scope of this internal audit project considered building insurance arrangements for the CoM buildings which are subject to lease or licence by sporting clubs and community groups, including:

- Processes in relation to how building insurances are determined, including valuation processes
- Processes in relation to how insurances are on-charged to sporting clubs and community groups
- Overall governance, transparency and equity in relation to building insurance arrangements
- Review of the Edwardstown Recreation Ground Committee of Management invoices for the past three years to ensure correct valuations and insurance allocations have been applied
- High-level consideration of the appropriateness of the Local Government Association's Asset Mutual Fund.

Please note that the scope of this internal audit excluded building insurances for properties which are owned and occupied directly by the CoM (e.g. Administration building, Civil Services building).

### Key findings and recommendations

The number of findings identified through this internal audit is shown in the table below. Details of the findings identified and the recommendations are included in this report under the summary of internal audit findings section. These findings and recommendations were discussed with CoM Management. Management has accepted the findings and has agreed action plans, responsibilities and timeframes to address the recommendations.

	Critical	High	Moderate	Low
Number of internal audit findings	-	-	6	2





## Background



### Introduction

The CoM owns community, cultural, recreational and sporting facilities which are available for community organisations to lease and use. Within each of these facilities there are assets such as buildings, fences, playgrounds, fields, turf, bins, benches, etc. The CoM insures these assets and on-charges insurance contributions for those assets which are exclusively leased to sporting and community organisations.

There are approximately 1,300 individual assets, valued at approximately \$91 million, which are utilised by sporting clubs and other groups, with approximately \$125k insurance contributions paid by the CoM and re-charged back to sporting/community entities. This equates to 25% of the total asset insurance cost to Council (based on the 30 June 2015 LGRSAMF invoice of \$502,914).

### Valuations

The CoM engages Maloney Field Services to undertake valuations of building and related assets. Valuations are used for both financial and insurance purposes. A full valuation is performed every three years, based on physical inspection of the assets. Desktop valuation reviews are performed annually, for each of the intervening two years. It should be noted that the current contract with Maloney Field Services is due to expire on 30 June 2016 and CoM is planning to tender valuation services in the near future. The valuations process has been led by the CoM Assets Team.

### Lease arrangements

Within lease contracts it is stated that the CoM will ensure that the CoM owned assets will be insured. Any applicable costs of insurance can then be re-charged to the lessee of the property. The CoM re-charges contributions that are directly related to the leased facility. Conversely, insurances for assets which are shared, publicly accessible assets are paid by the CoM.

For instance, contributions for an adjacent playground used by the not exclusively for the lessee is not recharged.

### Insurance Arrangements

The CoM holds insurance for assets with the Local Government Risk Services Asset Mutual Fund (LGRSAMF). The

LGRSAMF is a discretionary, mutual fund for South Australian Local Governments. The LGRSAMF is a commercial agreement between the Local Government Association (LGA) and Jardine Lloyd Thomson Pty Ltd.

The insurance arrangements for buildings is led by the CoM Risk Team

LGRSAMF contributions are based on two rates at the discretion of the CoM under Schedule A and Schedule B. These schedules have different excess and contribution amounts. The contribution percentage is based on the valuation that CoM provides to the fund. It is at the discretion of the CoM which schedule they insure assets under. The following table shows the contribution percentage and excess amounts for Schedule A and B.

### Work done so far by CoM

In December 2015, management reviewed the process for building insurance. As part of this exercise, there were

Insurance options			has
	Excess	Contribution	
Schedule A	\$1,000	0.14407%	
Schedule B	\$500	0.22802%	



## Background



The two main attributes which were changed at this time included:

### 1. Transfer of all assets to Schedule A

It was decided by CoM management in early 2016 that due to the minimal number of claims made to the fund that all assets on Schedule B would be transferred to Schedule A, providing a lower contribution percentage (but higher excess), on the basis that savings achieved through lower contributions should outweigh potential higher excess costs.

Based on the valuation and split of assets in 2015/16, this transfer would result in savings of approximately 10% or \$33k on the annual contributions.

In 2015/16 to date there have been 6 incidents in which claims have been made to the fund with a claim amount to date of \$56k. There are 2 incidents which are awaiting further information to determine if they will lead to a claim.

### 2. Review of types of assets insured

CoM management assessed the assets being insured and determined that there were various types of assets which posed a minimal risk of loss and therefore from a cost/benefit analysis decided to no longer maintain insurance over those assets. These asset classes included:

#### Bins:

Bins on an individual basis are valued below the \$1,000 excess level for insurance. Management has assessed the likelihood of the total loss of multiple bins is low. After this assessment, the CoM has removed the majority of bins from the insurance schedule. There are still a number of bins listed on the insurance schedule. The CoM should ensure a formalised business decision is made on the appetite to insure bins and apply it consistently over the asset portfolio.

#### Car Parks:

CoM Management has elected to remove all car parks, except for the Marion Swimming Centre/Western Avenue Reserve car park, from the insurance schedule from December 2015. This decision was based on the fact that Council does not insure its roads and footpaths and the removal of car parks from the insurance schedules provides

a consistent approach.

Within Section 29.1 of the Edwardstown Soldiers Memorial Recreation Ground contract it is stated that:

*"The Council must insure the Property (not including the Licensee's fixtures and fittings) against damage by fire, storm, tempest, earthquake, flood, explosion, lightning, malicious damage and such other risks as the Council thinks fit for full reinstatement value."*

The contract states that the premises will be covered for earthquake, whereas management have removed car parks from the insurance schedules. The CoM should ensure that the insurance cover for occupied premises is in line with the executed contracts from a legal perspective. The adequacy of this decision is out of scope for KPMG.

The exercise performed by management resulted in a credit from the fund covering the whole financial year for the following:

Credit/Adjustment Note	
	30/06/2015 – 30/06/2016
Schedule A - various deletions/additions/ changes required by Council.	\$18,078.40 cr
Schedule B - transferred to Schedule A - excess now \$1,000 each and every loss	\$32,939.00 cr



## Background



### On-charging of contributions to community groups

Historically, all on-charged insurances have been based on the asset valuation but there has been limited transparency of on-charged contributions available to the facility occupiers. For example, the Occupiers are sent an invoice on an annual basis that is a lump sum charge for insurance, with no break down as to what makes up this value, in relation to assets insured, or the contribution rate.

On-charging of insurance costs has been led by the CoM Land and Property Team.

This improvement opportunity was identified in the December 2015 CoM review to enhance transparency to the occupier. When fully implemented, the link between the insurance schedule and the asset valuations will be clearly linked to assets on the valuation report.



## Summary of internal audit findings



Ref #	Description of internal audit findings	Rating of internal audit findings			
		Critical	High	Moderate	Low
1	Improved alignment between the asset valuations report and the insurance schedules (both assets and valuations) is required			✓	
2	Increased transparency in relation to re-charged contributions is required			✓	
3	Lack of segregation of duties in respect of insurance schedule preparation and review			✓	
4	Formal guidelines should be developed and implemented to ensure a consistent approach in relation to which assets are insured			✓	
5	Improved visibility of insured assets is required in relation to miscellaneous asset groups			✓	
6	No formalised policies or procedures implemented in relation to insurance arrangements			✓	
7	Previous year's valuations are used for Insurance Schedules (as opposed to current year's)				✓
8	Asset insurance arrangements should be considered				✓



## Internal audit findings to be actioned



### Finding 1 – Improved alignment between the asset valuations report and the insurance schedules (both assets and valuations) is required

**Risk rating: Moderate**

#### Finding(s) and Impact

A significant number of instances were identified where the asset value in the insurance schedules did not match the valuation provided by Maloney Field Services. These variances were not explained and not documented.

Further investigation identified evidence that in the 2014-15 year an exercise was performed where the insurance schedule was manually reviewed against the valuations. Required changes to the insurance value were identified. These changes were not updated on the valuation schedule, therefore the incorrect values were submitted back to the LGRSAMF.

KPMG reviewed the last three financial years worth of data for Edwardstown Oval and in each year it was identified that the insurance schedules did not agree back to the valuations. The variance for Edwardstown assets was approximately \$200k for 2013/14 and 2014/15.

If the insurance schedule values erroneously differ from the valuations there is a risk that the assets are not appropriately insured.

#### Recommendation(s)

The following recommendations are made:

1. The insurance schedules received back from the LGRSAMF each year should not be used as the originating document. Rather the CoM asset register should be used as the originating document (e.g. as the "single source of truth") extracted from the CoM Authority/Civica system, both for the valuations data and the insurance schedule.
2. Any changes made to the insurance valuation amount should be documented within the asset register.

#### Agreed Management action(s)

Agree that a 'single source of truth' document should be used for the purpose of building valuations for insurance and this will be done moving forward. It is noted that the current valuation process is due to conclude at the end of June.

Valuations are currently completed as at 31 March (March month end) each year and the CoM will work with our Building Valuers to bring this forward to 28 February (February month end), to enable the timeline to align with the insurance renewals (The LGRSAMF require the data by mid May).

This process will be appropriately coordinated between the relevant departments (Risk, Asset Systems and Finance).

#### Responsibility

Sherie Walczak, Unit Manager Risk

#### Target date

July 2016



## Internal audit findings to be actioned



### Finding 1 – Improved alignment between the asset valuations report and the insurance schedules (both assets and valuations) is required (continued)

**Risk rating: Moderate**

#### Finding(s) and Impact

This could result in assets being insured for an amount greater than necessary, or assets insured for an amount lower than required. Assets under insured could result in inappropriate compensation for an insurable event.

Assets that are over insured is an inefficient use of rate payers funds for the CoM assets, and a higher cost to the lessee of the facility.

#### Recommendation(s)

#### Agreed Management action(s)

#### Responsibility

Sherie Walczak, Unit Manager Risk

#### Target date

July 2016



## Internal audit findings to be actioned



### Finding 2 – Increased transparency in relation to re-charged contributions is required

**Risk rating: Moderate**

#### Finding(s) and Impact

There is limited transparency on what makes up the re-charged contributions. Lessees are invoiced for the contributions with a lump sum. The composition of the lump sum is not provided to the lessee. KPMG could not readily reconcile the assets in the insurance schedules and the lump sum figure re-charged to the lessee (this is conducted manually by the Land and Property's team property leasing officer).

The impact of this limited transparency is that lessees could be re-charged the incorrect insurance costs by the CoM and don't have visibility of what their insurance contribution covers.

This was also identified by management during the December 2015.

#### Recommendation(s)

It is recommended that the "single source of truth" document, refer to Finding 1, is used to record which contributions should be re-charged to asset lessees. This level of detail can then be provided to the lessee being re-charged as a supported schedule to the invoice.

#### Agreed Management action(s)

**Agreed. The insurance schedules will be prepared from a single document and a break down provided to Land and Property for on-charging to the lease/licencee.**

#### Responsibility

**Sherie Walczak, Unit Manager Risk**

#### Target date

July 2016



## Internal audit findings to be actioned



### Finding 3 – Lack of segregation of duties in respect of insurance schedule preparation and review

**Risk rating: Moderate**

#### Finding(s) and Impact

Under the current insurance Asset Mutual Fund process, there is lack of appropriate segregation of duties.

The current process involves the Insurance, Claims & Wellbeing Officer receiving insurance schedules from the LGRSAMF and completing a manual review process and subsequently returning the schedules to the LGRSAMF. Historically, there has been no formal review or approval process prior to submission.

Similarly, there has been lack of segregation of duties between preparing re-charge invoices and review/approval processes by the Land and Property team.

Formalised segregation of duties will result in better accountability throughout the process, reduce the risk of error and provide greater oversight to ensure appropriateness of insurance arrangements.

#### *Overall process owner:*

Currently, insurance arrangements are impacted by the lack of an overall process owner. The process is characterised by sequential steps where data is handed over between teams (Asset Team, Risk Team, Land and Property, Finance) which impacts the overall oversight and integrity of the process.

#### Recommendation(s)

The following recommendations are made:

#### *Insurance Schedule:*

1. The insurance schedule is prepared based on the asset register and insurance valuations by one officer (i.e. Insurance, Claims & Wellbeing Officer)
2. The insurance schedule is reviewed by asset owners (i.e. managers responsible for the assets) for review and endorsement of the items to be insured – for example input into the process in relation to any assets coming up for renewal.
3. The schedule is reviewed by a manager (i.e. Unit Manager Risk) – It is recommended that the CoM considers whether the Unit Manager Risk should be nominated as the overall “process owner”.
4. The General Manager provides overall approval on insurance prior to submission to the LGRS, subject to delegations of authority noting the insurance contribution is greater than \$300,000.

#### *Re-charge of contributions*

5. Insurance contributions to be re-charged should be prepared by one officer (i.e. Property Leasing Officer).
6. Re-charged items should be reviewed/approved by a manager (i.e. Land and Property Manager).

#### Agreed Management action(s)

**It is noted that these recommendations (or similar) were identified by management in December 2015.**

**Agree with this recommendation and the process has now been built into the draft procedures accordingly.**

#### Responsibility

Sherie Walzcak, Unit Manager, Risk

#### Target date

30 June 2016





## Internal audit findings to be actioned



### Finding 4 – Formal guidelines should be developed and implemented to ensure a consistent approach in relation to which assets are insured

**Risk rating: Moderate**

#### Finding(s) and Impact

There are no formal guidelines in place to determine which assets should be and should not be insured. The absence of guidelines can result in inconsistent decisions being applied.

From discussions with management we noted that a decision has been made in 2015/16 that car parks will no longer be insured (due to the perceived low risk) and items under \$1,000, such as bins, will not be insured.

#### Recommendation(s)

It is recommended that the CoM develops guidelines as part of the insurance policy framework in relation to which assets are insured. This should include:

1. The level of risk that the CoM wants to accept, such as not insuring car parks or bins.
2. Individual items valued at less than the insurance excess should not be insured.

#### Agreed Management action(s)

**It is noted that this recommendation (or similar) was identified by management in December 2015.**

**Agree with recommendation. The development of procedures are in progress and will be completed by 30 June 2016.**

#### Responsibility

Sherie Walczak, Unit Manager Risk

#### Target date

30 June 2016



## Internal audit findings to be actioned



### Finding 5 - Improved visibility of insured assets is required in relation to miscellaneous asset groups

**Risk rating: Moderate**

Finding(s) and Impact	Recommendation(s)	Agreed Management action(s)
<p>There is approximately \$17.5m of assets which are grouped under miscellaneous titles. This includes roads and footbridges, miscellaneous property and playground equipment (not specifically mentioned elsewhere).</p> <p>These groups cannot be reconciled back to the valuation to provide a breakdown of what makes them up. Therefore, it cannot be verified that these groups are complete or accurate, and these assets cannot be re-charged where necessary.</p> <p>Per the 2015/16 Asset Mutual Fund Asset Schedule, there is \$6.3m in assets described as playground or playground equipment. Included in this total is \$2.2m which has been grouped together and labelled "Playground Equipment (not specifically mentioned elsewhere)". This miscellaneous category cannot be broken down to see which individual assets make up the balance.</p> <p>This inconsistent approach of specifying some assets and grouping of others could result in the risk of dispute by the LGRS if a claim was to be made. There is also a risk that assets are either under or over insured with the lack of transparency.</p>	<p>The following recommendations are made:</p> <ol style="list-style-type: none"> <li>Assets recorded as miscellaneous or grouped assets should be avoided. Assets should be individually specified within the insurance schedule with associated insurance values.</li> <li>Asset Managers should be consulted in relation to which items should be insured.</li> </ol>	<p><b>5.1 Upon review of the valuations data, there are no lumped/grouped assets as per the finding. However, grouping of assets (ie 'park furniture' which includes various different types of assets) has previously occurred in the manual translation of valuation data into the insurance schedules. The finding was identified in the internal review undertaken by management in December 2015 and the recommendation has already been included in the draft procedures to ensure all assets are individually identified within the insurance schedules moving forward, with the only grouping undertaken being for like assets (ie multiple park benches in our open space reserves).</b></p> <p><b>5.2 The finding was identified in the internal review undertaken by management in December 2015 and the recommendation has already been included in the draft procedures to ensure all assets to be insured are approved by the relevant budget holder accountable for the asset.</b></p>
Responsibility	Sherie Walczak, Unit Manager Risk	
Target date	July 2016	



## Internal audit findings to be actioned



### Finding 6 – No formalised policies or procedures implemented in relation to insurance arrangements

**Risk rating: Moderate**

#### Finding(s) and Impact

There are currently no formalised policies or procedures implemented at the CoM in relation to asset insurance arrangements.

The current process in place is an informal process which is not documented. Consequently, there is currently limited transparency as well as lack of key controls to ensure the accuracy and appropriateness of insurance arrangements.

This was identified in the December 2015 review and draft policies and procedures have been developed by the Unit Manager Risk.

#### Recommendation(s)

It is recommended the draft policies and procedures are reviewed and approved for formal implementation within the CoM.

#### Agreed Management action(s)

**Agreed – the procedures are in draft and expected to be completed by the end of the financial year.**

#### Responsibility

**Sherie Walczak, Unit Manager Risk**

#### Target date

**30 June 2016**



## Internal audit findings to be actioned



### Finding 7 – Previous year's valuations are used for Insurance Schedules (as opposed to current year's)

**Risk rating: Low**

#### Finding(s) and Impact

Under the current asset insurance process the prior year valuation is used for the following year's insurance schedule. Consequently valuations are 12 months out-of-date when they are used for insurance purposes (e.g. the 2015/16 insurance schedules are based on the June 2014 valuation).

Maloney Field Services performs their valuation to have it completed by the end of June for financial statement purposes. The insurance period runs from 30 June to 30 June. The LGRSAMF requires the insurance information to be submitted prior to the finalisation of the valuations.

There is a risk that the valuation data doesn't reflect up-to-date valuations when submitted to the LGRSAMF. This misalignment could result in over or under statement of asset values, or the omission or inappropriate inclusion of assets either acquired or disposed of during the year.

#### Recommendation(s)

It is recommended the CoM considers whether the valuation and insurance period could align so the CoM can use the current year valuation for the following year's insurance.

#### Agreed Management action(s)

**Valuations are currently completed as at 31 March (March month end) each year and the CoM will work with our Building Valuers to bring this forward to 28 February (February month end), to enable the timeline to align with the insurance renewals (The LGRSAMF require the data by mid May). In order to ensure compliance with Australian Accounting standards and material movements (Additions or Disposals) that subsequently occur after the February month end valuation date, will be appropriately adjusted for in the Year End Statutory Accounts.**

**It should be noted that a full valuation of our Buildings is only conducted once every 3 years, with desktop valuations being conducted in the intervening 2 years. Only material variations arising from the desktop valuations will be adjusted in the annual Insurance Schedule.**

**This process will be appropriately coordinated between the relevant departments (Risk, Asset Systems and Finance).**

#### Responsibility

Fiona Harvey, Manager Strategy and Innovation and Ray Barnwell, Manager Finance

#### Target date



## Internal audit findings to be actioned



### Finding 8 – Asset insurance arrangements should be considered

**Risk rating: Low**

#### Finding(s) and Impact

The CoM has been a member of the Asset Mutual Fund (AMF) for many years for the purposes of Asset Insurance. The Asset Mutual Fund is a discretionary pooled insurance fund which is managed by Local Government Risk Services (LGRS), an entity of Jardines Lloyd Thompson (JLT).

A recent report by the Auditor-General of South Australia titled the “examination of the local government schemes” reported a number adverse findings in relation to the LGA’s contract management arrangements including monitoring of contract performance, remuneration, variations and delegations of authority.

It should be noted that the scope of the AG review included the Workers Compensation and Public Liability Indemnity Schemes, which are established via the Local Government Act (1999) but excluded the Asset Mutual Fund which is an ancillary fund provided by JLT via the LGRS entity. However, the matters raised most likely extend to the asset mutual scheme.

#### Recommendation(s)

*It should be noted that the LGA is currently in the process of undertaking a review of insurance arrangement in place for the local government sector, including consideration of the ongoing appropriateness and value for money of the Asset Mutual Fund. It is recommended that the City of Marion consults with the LGA to understand the status of the LGA’s review process, as well as considers the overall benefits of remaining as part of the broader sector arrangements.*

It is recommended that the CoM continue to monitor how the LGA is progressing with the implementation of the recommendations within the AG’s report, particular the recommendation to market test the schemes. When this process is concluded, Council should assess its position.

Factors that could be included as part of the consideration include:

- Risk profile of the CoM compared to other members of the Asset Mutual Fund (currently all members pay a standard contribution rate, not tailored to their risk profile).
- The capability and capacity of the CoM to manage alternative insurance arrangements compared to the level of assistance provided by current arrangements.

#### Agreed Management action(s)

**It is agreed that the CoM will regularly review how the LGA is progressing with the recommendations of the AG’s report. The LGA is currently in the process of market testing its insurance arrangements. Once the process is completed regarding the market testing, CoM will assess how to move forward with its insurance arrangements.**

#### Responsibility

Kate McKenzie, Manager Corporate Governance

#### Target date

September 2016



## Internal audit findings to be actioned



### Finding 8– Consideration of the Asset Mutual Fund and other options

**Risk rating: Low**

Finding(s) and Impact	Recommendation(s)	Agreed Management action(s)
	<ul style="list-style-type: none"> <li>▪ The cost difference between the LGRSAMP and other providers including any performance based rebate arrangements</li> <li>▪ The “smoothing” achieved in relation to annual contributions via a pooled scheme versus direct insurance market fluctuations.</li> <li>▪ The value of the insurance provided by the Asset Mutual Fund compared to other providers including the discretionary nature of the LGRSAMP and State Government guarantees.</li> <li>▪ Customer service arrangements.</li> <li>▪ Transition costs and any potential foregone value associated with being a member of the LGRSAMP pooled arrangements.</li> </ul>	
Responsibility	Kate McKenzie, Manager Corporate Governance	
Target date	September 2016	



## Appendix 1 - Stakeholder consultation



The following CoM personnel were consulted as part of this internal audit engagement:

Stakeholder	Position
Kate McKenzie	Manager Corporate Governance
Sherie Walczak	Unit Manager Risk
Amanda Jane Culpin	Insurance, Claims and Wellbeing Officer
Brenton Mitsos	Team Leader, Asset Systems
Sue Bowden	Property Leasing Officer

### The future process:

In order to ensure that the process going forward is complete, accurate and transparent, the following high-level process is recommended:







## Appendix 3 – Testing summary



### Edwardstown Soldiers Memorial Recreation Ground – Three-year comparison

KPMG was requested to audit the invoices for the past three years in relation to the building/asset insurance for the Edwardstown Soldiers Memorial Recreation Ground. The purpose of this audit was to assess the reasonableness of the amounts re-charged to the Edwardstown Ground's Committee of Management.

The following table shows the actual contribution recharged to the Edwardstown Committee of Management for the last three years.

Financial year <sup>4</sup>	Actual Contribution Recharged <sup>1</sup>	Theoretical Contribution Recharged <sup>2</sup>	Re-charge variance <sup>3</sup>	Credit already applied <sup>5</sup>	Final Variance
2015/16	\$7,321	\$7,321	\$0	NA	NA
2014/15	\$11,031	\$9,662	\$1,369	-\$1,989	-\$619
2013/14	\$10,880	\$9,562	\$1,318	-\$2,010	-\$692

#### Notes:

- The actual contribution recharged amount is sourced from invoices issued by the CoM to the Edwardstown Committee of Management in relation to insurances. It should be noted that the recharging invoices were at a lump sum level and recharged amounts could not be readily reconciled back to the individual assets being insured, particularly for the 2013/14 and 2014/15 years. Please refer to Finding 2.
- The "theoretical contribution recharge" is based on KPMG's "best endeavours" of what can be traced back from the recharged amounts, insurance schedules and the valuation spreadsheets, noting the following:
  - For 2015/16, asset insurance contributions recharged to Edwardstown could be traced back from supporting invoice information, insurance schedules and the valuations data (based on amendments made in December 2015). Hence, there is no variance noted.
  - For 2013/14 and 2014/15, there are two key issues including (i) for assets which can be matched from the insurance schedules to the valuation spreadsheet, valuations are not the same (e.g. insurance schedules have not been updated correctly and (ii) not all assets can be readily matched. Hence, the theoretical contribution recharge should be treated as indicative. Please refer to Finding 1.
- The variance amount is the difference between the actual amounts recharged and the theoretical contribution recharge. As the theoretical contribution recharge should be treated as indicative, the variance must also be treated as indicative.



## Appendix 3 – Testing summary



### Notes (continued):

4. Financial years actual contribution recharge amount changed materially between 2014/15 and the 2015/16 year because of two reasons including: (i) a decision was made by the CoM to no longer insure the car park and retaining wall assets associated with the Edwardstown Ground, and (ii) a decision was made by the CoM to transition all assets on insurance schedule B to insurance schedule A which has a higher excess offset against a lower contribution percentage.
5. In February 2016 the Edwardstown Committee queried the CoM in relation to what has been re-charged to them in relation to insurances. An investigation was performed by the CoM and at the time credit notes were provided in relation to the valuation of the Football Clubrooms for the 2012/13, 2013/14 and 2014/15 years. This process was not necessary for 2015/16 due to the amendments processed in December 2015. These credit notes were a result of a significant variance for a single asset (the Football Clubrooms) which was valued by Maloney's at \$1.7m, compared to the insurance schedule at \$3.1m.



## Appendix 4 – Classification of internal audit finding ratings



The following framework for internal audit ratings has been developed for prioritising internal audit findings according to their relative significance depending on their impact to the process. The individual internal audit findings contained in reports will be discussed and rated with City of Marion Management.

Rating	Definition	Examples of business impact	Action required
<b>Extreme/Critical</b>	Issue represents a control weakness, which could cause or is causing severe disruption of the process or severe adverse effect on the ability to achieve process objectives.	<ul style="list-style-type: none"> <li>• Detrimental impact on operations or functions.</li> <li>• Sustained, serious loss in reputation.</li> <li>• Going concern of the business becomes an issue.</li> <li>• Decrease in the public's confidence in the Council.</li> <li>• Serious decline in service/product delivery, value and/or quality recognised by stakeholders.</li> <li>• Contractual non-compliance or breach of legislation or regulation with litigation or prosecution and/or penalty.</li> <li>• Life threatening.</li> </ul>	<ul style="list-style-type: none"> <li>• Requires immediate notification to the Council Audit Committee via the Presiding Member</li> <li>• Requires immediate notification to the Chief Executive Officer.</li> <li>• Requires immediate action planning/remediation actions</li> </ul>
<b>High</b>	Issue represents a control weakness, which could have or is having major adverse effect on the ability to achieve process objectives.	<ul style="list-style-type: none"> <li>• Major impact on operations or functions.</li> <li>• Serious diminution in reputation.</li> <li>• Probable decrease in the public's confidence in the Council.</li> <li>• Major decline in service/product delivery, value and/or quality recognised by stakeholders</li> <li>• Contractual non-compliance or breach of legislation or regulation with probable litigation or prosecution and/or penalty.</li> <li>• Extensive injuries.</li> </ul>	<ul style="list-style-type: none"> <li>• Requires immediate General Manager notification.</li> <li>• Requires prompt management action planning/remediation actions (e.g. within 30 days)</li> </ul>



## Appendix 4 – Classification of Internal Audit Finding Ratings



Rating	Definition	Examples of business impact	Action required
<b>Moderate</b>	Issue represents a control weakness, which could have or is having moderate adverse effect on the ability to achieve process objectives.	<ul style="list-style-type: none"> <li>Moderate impact on operations or functions.</li> <li>Reputation will be affected in the short-term.</li> <li>Possible decrease in the public's confidence in the Council.</li> <li>Moderate decline in service/product delivery, value and/or quality recognised by stakeholders.</li> <li>Contractual non-compliance or breach of legislation or regulation with threat of litigation or prosecution and/or penalty.</li> <li>Medical treatment required.</li> </ul>	<ul style="list-style-type: none"> <li>Requires General Manager and/or Manager attention.</li> <li>Requires short-term management action (e.g. with 3-6 months)</li> </ul>
<b>Low</b>	Issue represents a minor control weakness, with minimal but reportable impact on the ability to achieve process objectives.	<ul style="list-style-type: none"> <li>Minor impact on internal business only.</li> <li>Minor potential impact on reputation.</li> <li>Should not decrease the public's confidence in the Council.</li> <li>Minimal decline in service/product delivery, value and/or quality recognised by stakeholders.</li> <li>Contractual non-compliance or breach of legislation or regulation with unlikely litigation or prosecution and/or penalty.</li> <li>First aid treatment.</li> </ul>	<ul style="list-style-type: none"> <li>Requires Manager attention.</li> <li>Timeframe for action is subject to competing priorities and cost/benefit.</li> </ul>



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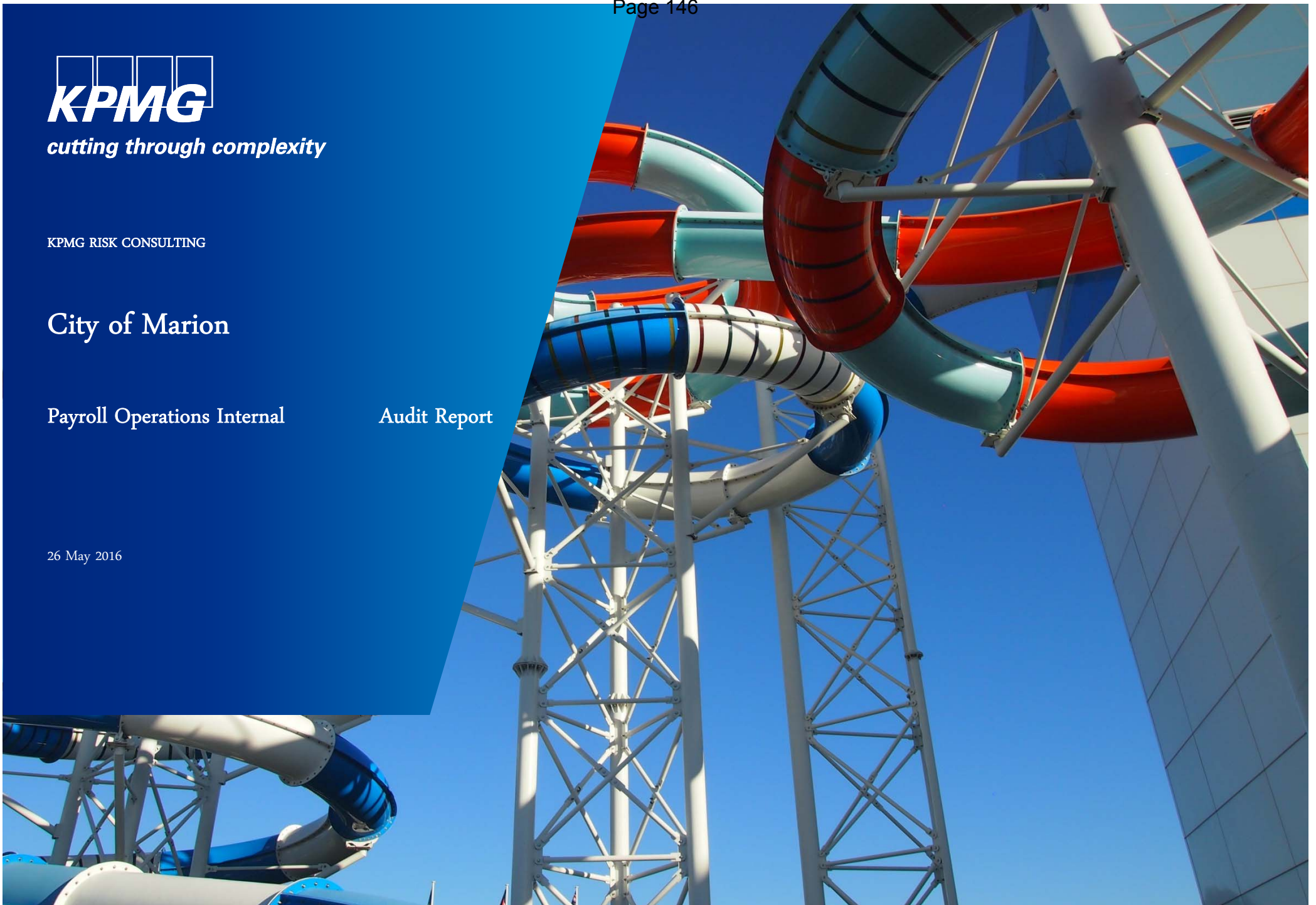
KPMG RISK CONSULTING

City of Marion

Payroll Operations Internal

Audit Report

26 May 2016



**Inherent Limitations**

This report has been prepared as outlined in the Executive Summary of this report. The services provided in connection with the engagement comprise an advisory engagement which is not subject to Australian Auditing Standards or Australian Standards on Review or Assurance Engagements, and consequently no opinions or conclusions intended to convey assurance will be expressed. Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that have been subject to the procedures we performed operate, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to its effectiveness of the greater internal control structure. The procedures performed were not designed to detect all weaknesses in control procedures as they are not performed continuously throughout the period and the tests performed on the control procedures are on a sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

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

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Executive Summary



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## Executive Summary

In accordance with the 2015-17 Internal Audit Plan of City of Marion (“COM”), an internal audit focusing on payroll operations has been performed. The key aspects of the internal audit are detailed below.

### Objective

The objective of this internal audit project was to assess the effectiveness and efficiency of CoM’s processes and internal controls in relation to payroll operations, assessment of whether salaries, wages and related payment are made in accordance with relevant terms and conditions of employment and consideration of better practice in relation to CoM’s current payroll operations.

### Scope

To address the overall objective above, the scope of the payroll operations internal audit project included consideration of the following:

- Operating guidelines and procedural documentation in relation to payroll processes
- Roles and responsibilities in relation to payroll operations including segregation of duties
- Employee master data and change control processes (new starters, variations, separations)
- Processes to ensure that salaries and wages are calculated and paid accurately in line with employment terms and conditions including one-off payments (e.g. termination payments) or allowances, leave and superannuation
- Payroll run approval processes
- Monitoring and reporting processes including general ledger reconciliations and variance reporting

Please note that the effectiveness of key payroll controls relating to CoM’s internal control framework were assessed as part of this project.

### Key findings and recommendations

The number of findings identified during the course of this internal audit project is shown in the table below. A full list of the findings identified and the recommendations made is included in this report under the [Summary of Internal Audit Findings](#). Classification of internal audit findings is detailed in [Appendix 3](#) to this report.

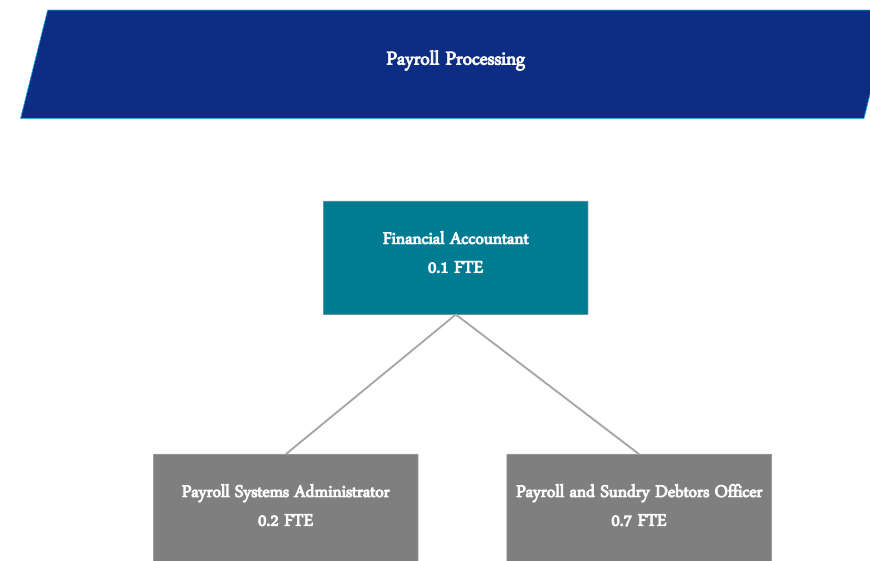
These findings and recommendations were discussed with CoM Management responsible for the payroll function. Management has accepted the findings and has agreed action plans, responsibilities and timeframes to address the recommendations.

	Critical	High	Moderate	Low	PIO
Number of internal audit findings	-	1	3	2	1

### CoM's payroll team structure

The CoM's payroll team consists of a Financial Accountant who oversees the function (0.1 FTE), a Payroll Systems Administrator (1.0 FTE but only 0.2 FTE on payroll processing) and a Payroll and Sundry Debtors Officer (0.7 FTE). The Payroll and Sundry Debtors Officer is expected to perform the Accounts Receivable role at 0.3 of an FTE. This effectively means that there is 2.0 FTE staff in the payroll department, but with only 1.0 FTE relating to payroll processing. The initial input of timesheets and additional payment calculations are the key responsibilities of the Payroll Systems Administrator and Payroll and Sundry Debtors Officer. The final review and approval of the payment run is completed by the Financial Accountant with release of the payment completed after a second independent review and approval from the Financial Co-ordinator.

KPMG was advised that the CoM's payroll team transitioned into the Finance department in late 2011 at a time when payroll had 2.0 FTE's specifically focussed on payroll processing. In transitioning into Finance the payroll function was merged with the Sundry Debtors role (0.5 FTE) and an immediate efficiency gained by reducing the combined FTE from 2.5 down to 2.0 under a new structure that also resulted in a new role (Payroll System Administrator) that was primarily focussed on system administration, development and process improvement. The restructuring of existing resources in the transition into Finance enabled, through the Payroll System Administrator role, a specific strategic focus on system administration, development and process improvement which has progressively led to process improvements and the enabling of electronic processes to replace antiquated manual ones. Many opportunities exist in this area as software providers add enhancements and they continue to be proactively explored and implemented wherever possible.



## Payroll Process

### Fortnightly pay-runs

Depending on the employment contracts, staff are grouped into Wages (“Outside Staff”) and Salaries (“Inside Staff”). Staff are remunerated on a fortnightly rotation with each pay run falling on separate weeks.

Each pay run consists of a series of steps:

- ▶ Timesheet completion [by staff]
- ▶ Timesheet authorization [by Supervisors/Managers]
- ▶ Payroll processing [by Payroll Team]
- ▶ Payroll review [by payroll preparer, then Financial Accountant and ultimately Financial Co-ordinator]
- ▶ Preparation and authorisation of EFT payment (Bank SA Online) [by Financial Accountant, then Financial Co-ordinator]
- ▶ Reporting [by Payroll Team]

These steps are monitored and completed by Payroll team members. A significant portion of the payroll process involves manual data entry, changes and reconciliations, with limited process automation.

For the “Salaries” (Inside Staff) around 74% of employees are on auto-pay with the remaining 26% (Library and Swimming Centre staff) submitting hardcopy timesheets. On the other hand, for the “Wages” (Outside staff), the process largely consists of manually entering hard copy timesheets into the system. Inside staff make up approximately 75% of the workforce, whilst Outside staff are approximately 25% of the workforce.

### End-of-month procedures

In addition to the regular pay-runs, the Payroll team has procedures to complete end-of-month processing and clear monthly figures in preparation for next month’s processing. These activities include:

- ▶ Payroll reports and end-of-month accruals/ledger posting by account
- ▶ Leave liability and excessive leave reporting
- ▶ Register of Salaries (required by the Local Government Act 1999)
- ▶ Reconciliations

## Systems

Five key systems are utilised in the payroll process. The systems are as follows:

Payroll Systems		
Civica	Authority	CoM's official payroll system utilised for entry of leave and adjustments to Master File data and staff payments. Staff on auto-pay (74% of Inside Staff) have their hours automatically calculated by Authority. This is also the financial accounting system used by CoM for the tracking and managing of all financial activities.
	BIS & BI Query	CoM's key reporting tools. Enables Payroll to produce their month end reporting as well interrogate and report on key data such as outstanding leave balances.
Lotus Notes		CoM's official timesheet submission system for inside staff (who are not on auto-pay) and those who work different hours to their standard contracts. Hours are input into the Lotus Notes timesheet system by the staff member and approved by their manager.
Open Office Customer Service Events System		The key communication tool between the Payroll Team and the employees. Utilised primarily for processing forms and requests made by employees such as requests for leave and adjustments to their personal details. Upon receipt of requests, the Payroll Team keys information into Civica for processing.
Blue Point		CoM utilises Blue Point as their official centralised electronic file storage system, and as such Payroll personnel files are securely stored here.
Bank SA Online		Online banking system which is utilised to create and authorise Electronic Funds Transfer (EFT) payments to employees.

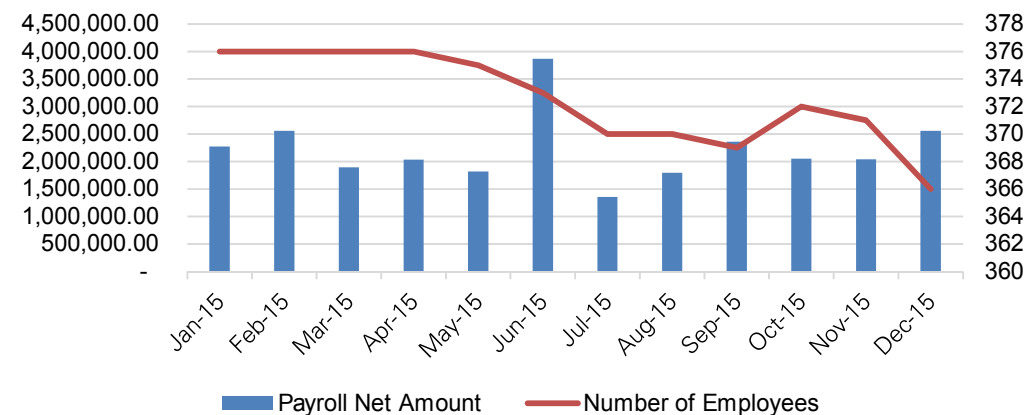
## Payroll data analysis

As part of this internal audit, we performed high-level data analysis over CoM's payroll data. This included employee information for pay slips dated between 1 January to 31 December 2015.

Data analysis over the period highlighted:

- Total payroll of approx. \$26.6 million per annum
- Average of \$2.2 million per month
- Spikes in some months due to a third payroll run and redundancy payments made (June).
- Average number of employees (by headcount) is approximately 373
- The graph below summarises payroll transactions including the number of employees, pay slips and net amounts.

Summary of Payroll Transactions: Number of employees and net amount  
(1 Jan 2015 to 31 Dec 2015)



### Positive Observations

In addition to the findings and performance improvement opportunities under [Summary of Internal Audit Findings](#), Internal Audit also noted the following positive observations:

- The City of Marion has completed a comprehensive review of the LGA “Better Practice Model – Financial Internal Control for South Australian Councils” and has applied the model for their purposes
- Substantial efforts have been made to put controls in place to manage a considerably manual process
- The Payroll team are suitably skilled and experienced in Marion’s operations to administer the Payroll function

### Internal Control Framework

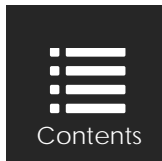
The Local Government Act 1999, in particular s129, requires external auditors to provide an opinion regarding internal controls of councils. The external audit opinion is restricted per s129 of the Act to the application of s125 as it relates to financial internal controls. This has applied to prescribed metropolitan councils since 2013-14.

The City of Marion currently utilises ControlTrack to assist with administering the internal control framework. The CoM has taken the “Better Practice Model – Financial Internal Control for South Australian Councils” and adopted this model for their purposes by including additional controls in place along with removing those controls which were deemed not relevant. The most recent review of these controls was conducted in May 2015. An analysis of the controls included in the “Better Practice Model”, and the City of Marion’s application of these controls can be found in Appendix 2 to this report.

As part of the Payroll Operations Internal Audit, testing considered the effectiveness of key payroll controls including those related to:

- ▶ Set-up of new employees (as it relates to payroll)
- ▶ Changes to Payroll Masterfile
- ▶ Payment of casuals/additional hours
- ▶ Payment of overtime
- ▶ Reconciling of timesheets
- ▶ Applying for leave
- ▶ Employee resignation and termination
- ▶ Transmitting of EFT payments

## Summary of Internal Audit Findings



Ref #	Description of internal audit findings	Rating of internal audit findings					Target date
		Critical	High	Moderate	Low	PIO	
F1	New entries and adjustments made to the employee Master File are not being regularly reviewed		✓				31/03/2016 Completed
F2	Insufficient communication between HR and Payroll Team			✓			30/09/2016
F3	Lack of review and timeliness of reconciliation process			✓			30/06/2016 Completed
F4	Increased monitoring of excessive and negative leave balances is required			✓			1 to 3: 30/09/2016 4: 31/12/2016
F5	Limited security of personnel files				✓		31/05/2016 Completed
F6	Timeliness of manual timesheet collection and input				✓		31/12/2016
PIO1	Opportunity to automate payroll processes via a new payroll system					✓	31/12/2016

## Internal Audit Findings to be Actioned

### Finding 1 – New entries and adjustments made to the employee Master File are not being regularly reviewed

Risk rating: High

#### Finding(s) and Impact

Employees will send masterfile change requests to Payroll in writing which include:

- Changes to bank details
- Changes to superannuation details
- Changes to contact details

Payroll will also receive data in relation to changes to pay levels directly from HR on an annual basis.

Information regarding employee terminations and new employee additions is also sent from HR as they occur.

Upon receipt, the Payroll Officer manually creates or edits employee details within the Masterfile in Civica Authority. It was noted that there is no formal review of the Master file data inputs and adjustments and the system has the functionality to re-activate terminated employees.

Without review of masterfile data, this increases the risk that masterfile changes are processed inaccurately or fraudulently which could lead to incorrect employee payments.

#### Recommendation(s)

It is recommended that a report is prepared on a monthly basis which details all Masterfile changes made. This report should be reviewed by the Financial Accountant with a sample of changes spot checked back to supporting documentation. Any variances should then be investigated in a timely manner. Particular focus should be placed on changes to bank and superannuation details, along with employees terminated.

A detailed review should also take place at the time changes to pay levels are applied to ensure details have been captured accurately.

#### Agreed Management action(s)

A change has been made to the existing deduction report that is checked every pay run, to now include a more complete “change report” encompassing all changes to payroll Masterfile data that will be reviewed monthly by the Financial Accountant. Note that this was implemented in February 2016 and will also highlight the addition of all new employees.

Currently, the “New Employee Checklist”, SLT/ELT package changes, termination calculations, EA pay rate increases are all currently checked by someone independent of the initial calculations.

#### Responsibility:

Manager Finance

#### Target date:

31/3/2016 (Completed)

## Internal Audit Findings to be Actioned

### Finding 2 – Insufficient communication between Human Resources and Payroll Team

Risk rating: Moderate

#### Finding(s) and Impact

Internal Audit noted instances in which there was insufficient communication between HR and Payroll around the following key processes:

- ▶ Contractual negotiations
- ▶ New starters
- ▶ Employees returning to work after long term leave
- ▶ Terminations

It was noted that there was reasonable segregation of duties controls between HR and Payroll functions, however there is no formal procedure or process within HR that clearly states they are required to consult with Payroll prior to offering new contracts, notifying Payroll of new starters, employees returning to work or terminations. Instances of untimely communication were sighted throughout the audit fieldwork.

Without timely communication of employee movements, this creates the risk that employees are being over or underpaid or not being paid in a timely manner.

#### Recommendation(s)

It is recommended that HR incorporate a formal process into their current procedures which includes ensuring that Payroll is informed of any staff movements on a timely basis. This should be evidenced by a formal, dated sign off/written evidence e.g. email/letter to demonstrate that the communications occurred.

#### Agreed Management action(s)

The Payroll team will work with HR to formalise and implement an appropriate process of notification.

As part of the current Lotus Notes Replacement Program, a centralised electronic file storage system will replace the two existing systems (Bluepoint and Lotus Notes) that are being used and is expected to be established so that there is only one location for storing employee files that only Payroll and HR will have access to.

#### Responsibility:

Manager, Finance and Manager, HR

#### Target date:

30/09/2016



## Internal Audit Findings to be Actioned

### Finding 3 – Lack of review and timeliness of reconciliation process

Risk rating: Moderate

#### Finding(s) and Impact

City of Marion's Payroll team is required to conduct a total of 15 account reconciliations in relation to Payroll - 10 monthly, 1 Quarterly and 4 Annual reconciliations. After conducting testing over two reconciliation periods (June & December) it was noted that a number of the reconciliations were being conducted as scheduled.

It was also noted during testing that, with the exception of two, reconciliations were not prepared within two weeks of month end and that two of the June month end reconciliations had not been appropriately authorised by an independent reviewer (noting that the values of these two accounts were immaterial).

Lack of review and timeliness of reconciliations present the risk that errors in Payroll process going unidentified and risk of fraudulent activity not being detected.

#### Recommendation(s)

It is recommended that the Payroll team focus on ensuring all reconciliations are prepared and reviewed in a timely manner.

#### Agreed Management action(s)

The process has been reviewed and a reconciliation register put in place to ensure reconciliations are performed when required, and if not reasons are noted on the register (eg when zero balance or no movement since prior period reconciliation).

In regards to the timeliness issue, a number of the reconciliations relating to employee provisions are only performed annually as part of the year-end accounting process. Due to the requirement of payroll accruals being dependent on post-year end pay runs being processed these reconciliations cannot be accurately performed within two weeks of month end and are not considered a critical requirement during the financial year. As such the existing process for these particular reconciliations will continue.

#### Responsibility:

Manager, Finance

#### Target date:

30/06/2016 (Completed)

# Performance Improvement Opportunities

## Finding 4 – Increased monitoring of excessive and negative leave balances is required

Risk rating: Moderate

### Observation(s)

Each month the Payroll Officer prepares an Excessive Leave Balance Report which outlines the total hours of annual leave, long service leave, in-lieu entitlement and sick leave hours for those employees outside of Policy (this includes excessive leave balances along with leave balances in negative). This report is then distributed via email to all People Managers.

This is an important control as Civica currently allows leave over and above leave entitlements to be entered into the system without an exception being raised.

As per the January, 2016 Excessive Leave Balance Report, there were 6 employees who were in excess of their annual leave balance (89 hours in total), 45 employees in excess of their in-lieu entitlement (861 hours) and 37 employees with a negative sick leave entitlement (1,567 hours in total).

Additionally, approximately 25% of the workforce has greater than 4 weeks accumulated annual leave (which is outside of Policy). This suggests that a large portion of the work force are not taking their leave in a timely manner which leads to an excessive leave liability to the City of Marion.

*Continued on next page*

### Recommendation(s)

It is recommended that, due to the importance of this control, more rigor around review and escalation is placed around the Excessive Leave Balance Report. This should include:

1. The report being distributed in a more user-friendly format i.e. broken down to Manager/Divisional level to be able to pinpoint issues more easily, along with summarized reporting highlighting the areas/employees who have exceeded their leave balance or have an excessive leave liability.
2. Messaging from the Executive Team is conveyed around the importance of maintaining reasonable leave balances and also targeting those employees who have exceeded their leave balance.
3. Escalation occurs within a Senior/Executive Leadership forum to ensure action is being taken e.g. included as an agenda item for the ELT for the foreseeable future.

### Agreed Management action(s)

1. A new BIS view has been implemented that provides better filtering options. A new report will be created that allows managers to review only their staff with balances outside of the acceptable policy limits.
2. There is a strong focus from ELT and HR on appropriately managing excessive and negative leave balances. This has included SLT Managers providing HR with forward leave plans to manage leave for their Departments. In addition appropriate communications have come from ELT and education of managers indicating that negative leave balances will not be allowed and excessive leave balances need to be appropriately managed. These approaches are now imbedded in ongoing ELT and Division meetings.
3. Excessive Leave is now a discussion point at monthly SLT meetings and the CEO is sending out regular communications following the release of the monthly Excessive Leave report.

### Responsibility:

1 to 3: Manager Finance and Manager HR

### Target date:

1 to 3: 30/09/2016

## Performance Improvement Opportunities

### Finding 4 – Increased monitoring of excessive and negative leave balances (cont'd)

Risk rating: Moderate

Observation(s)	Recommendation(s)	Agreed Management action(s)
<p>In addition to this, it is noted that instances were found where leave was being recorded on timesheets, instead of completing a Leave Form as required. Whilst authorisation of the timesheet is considered to be authorisation of the leave, this is problematic when timesheets are submitted after the leave has already been taken.</p> <p>Currently there are limited implications for employees or their Managers if no actions are taken as a result of these reports.</p>	<p>4. Additionally it is recommended that more emphasis be placed around the requirement to fill and authorise Leave Form requests in advance of leave being taken.</p>	<p>4. <b>Viability of Online Leave within Authority is being reassessed to see if enhancements will meet City of Marion's needs. System limitations are being noted with the intent of implementing alternate options where deficiencies exist. This will rely upon a working "roster" program being developed for Authority to work completely. To fully implement this across council will require all outside staff to have computer logins with access to PCs to submit leave applications.</b></p>

**Responsibility:** 4: Manager, Finance

**Target date:** 4: 31/12/2016 (relies on next major update to Authority for rostering)



## Internal Audit Findings to be Actioned



### Finding 5 – Limited security of Personnel Files

Risk rating: Low

#### Finding(s) and Impact

It was noted that hard copy Personnel Detail folders are created upon a new employee joining the organisation. Key sensitive personnel details stored within these folders include tax file numbers, bank details and medical records.

These folders are stored within lockable cabinets on site within the Payroll Office. However upon inspection these cabinets are not locked.

Limited security of Personnel files increases risk of disclosure of sensitive information.

#### Recommendation(s)

It is recommended when Payroll Staff are absent from the Payroll Office that the cupboards be secured under lock and key. In addition the key should be stored in a secure location and only accessible to Payroll Staff.

#### Agreed Management action(s)

A Combination Lock Box has been obtained and fitted in payroll, for storage of the key for the lockable cabinets. All cabinets are now appropriately locked and only Payroll and HR staff are aware of the combination for the Lock Box.

Council is currently in the process of replacing its ageing core Lotus Notes and Records Management platforms. It is hoped that the new upgraded records management platform may enable the storage and transfer of Payroll files across to an electronic record keeping repository. This option will be explored as part of the current ICT project and will require appropriate liaison with Records Management to ensure compliance with the relevant record keeping Act(s).

#### Responsibility:

Manager, Finance (Completed)

#### Target date:

31/05/2016

## Internal Audit Findings to be Actioned

### Finding 6 – Timeliness of manual timesheet collection and input

Risk rating: Low

#### Finding(s) and Impact

It was noted that the current timesheet collection and preparation process for Wages (Outside) staff is highly inefficient, requiring the Payroll and Sundry Debtors Officer (Payroll Officer) to visit the City Services site to collect the Wages staff timesheets each fortnight. Once received the timesheets are manually coded by the Payroll Officer into Civa. This process on average takes one day including the collecting and coding of timesheets.

Prior to the manual coding of the timesheets Internal Audit noted some additional issues:

- Manager/Supervisor reviews – it was noted that there is minimal to no reviews being conducted prior to signing off timesheets by both the Managers and Supervisors. This has contributed to Payroll receiving timesheets that are inaccurate. This creates additional time and responsibility for Payroll to thoroughly review and follow-up on timesheets which have been filled inaccurately.

#### Recommendation(s)

It is recommended that a notification is sent to all Wages employees reminding them of their responsibility to complete timesheets on a timely basis. Targeted communications should be sent to Managers/Supervisors of the depots reminding them of their accountability to review timesheets, to ensure accuracy and completeness.

Trends around 'repeat offenders' could also be reviewed and monitored in order to send out more targeted communication to those that continue to not review and/or submit inaccurate timesheets.

#### Agreed Management action(s)

Communication has been issued to Wages staff bringing the cut-off time for submission of timesheets and other forms forward from Monday to close of business on Friday.

Further communication/training to take place outlining the responsibilities of being a member of the Leadership Team including the review and authorization of timesheets, and following up staff who are not completing them in a timely or accurate fashion.

Fortnightly meetings between the Payroll Officer and SLT Managers to discuss issues with timesheets and other forms with a focus on recurring issues have also commenced.

*Continued on next page*

#### Responsibility:

Manager, Finance and Manager, HR

#### Target date:

31/12/2016



## Internal Audit Findings to be Actioned



### Finding 6 – Timeliness of manual timesheet collection and input (cont'd)

Risk rating: Low

#### Finding(s) and Impact

- ▶ Missing timesheets – payruns are often held up due to large amounts of timesheets missing. Ultimately this responsibility should lie with each employee to complete their timesheet on a timely basis, with overall accountability resting with the Managers and Supervisor of the depots.
- ▶ Coding errors – time is spent by the Payroll Officer following up with employees who have not coded their job specific time in their timesheet correctly.

Payroll on average spend at least two FTE days a fortnight completing the manual coding process.

Lack of timeliness of timesheet collection, input and review presents the risk of timesheet fraud and inaccurate payments made to employees.

#### Recommendation(s)

#### Agreed Management action(s)

Refer to PIO1 on page 17 for commentary relating to potential solutions for the manual coding process.

#### Responsibility:

Manager, Finance and Manager, HR

#### Target date: December 2016

31/12/2016



## Internal Audit Findings to be Actioned



### PIO1 – Opportunity to automate payroll processes via a new payroll system

#### Finding(s) and Impact

It was noted that the current Payroll system Civica is limited in its functionality and automation. Limitations of Civica include the following:

- ▶ Timesheet entry – currently all timesheets are required to be manually keyed into the system by the Payroll Officer each fortnight. This includes entry of all hours, leave and other allowances.
- ▶ Monitoring of leave – the system does not raise any exceptions if leave is entered in excess of each employees accumulated leave balance.
- ▶ Termination of employees – when a employee is terminated, IT is notified and the employees file within the Master File is made inactive. However the employee file can not be completely deleted from the system and hence as Payroll have the ability to edit the Master File they also have the ability to reactivate a terminated employees file.

#### Opportunity(ies)

It is recommended that the City of Marion continues to investigate the use of a system with functionality to be able to automate some of these processes to tighten the control environment as well as achieve some efficiencies within the payroll processing.

#### Agreed Management action(s)

**Feedback from staff and management on existing systems has not been overly favourable.**

**As the salary timesheets are currently part of Lotus Notes, a new timesheet system is required within the Lotus Notes replacement project, with Civica currently developing a solution in Authority, which will be appropriately explored (current cost estimates are around \$20,000). Use of an appropriate module in Authority is the preferred way forward, given this incorporates the organization's key financial system.**

**If a specialist payroll system were to be considered a business case would need to be developed outlining potential costs, benefits and downfalls. A new system would need to be able to export General Ledger entries relating to the payroll transactions into a format that could be imported directly into Authority.**

*Continued on next page*

#### Responsibility:

Manager, Finance and Manager, ICT

#### Target date:

31/12/2016 (for investigation)



## Internal Audit Findings to be Actioned



### PIO1 – Opportunity to automate payroll processes via a new payroll system (cont'd)

Finding(s) and Impact	Opportunity(ies)	Agreed Management action(s)
-----------------------	------------------	-----------------------------

- Manual calculations – the Payroll team utilise excel spreadsheets created in house to calculate payments such as termination and annual leave cash outs. As well as the calculating and monitoring long service leave. These spreadsheets are heavily manual and time-consuming to use.

Along with the recommendations made in this report, the Payroll team have implemented a significant number of manual processes and calculations in an attempt to mitigate risks, however efficiencies can be gained from implementation of more automated processes.

Responsibility:	Manager, Finance and Manager, ICT
Target date:	31/12/2016 (for investigation)



## Appendix 1 – Stakeholders Consulted

Name	Position
Ray Barnwell	Manager Finance
David Harman	Financial Accountant
David Howell	Payroll Systems Administrator
Sarah Reichman	Payroll & Sundry Debtors Officer
Rachel Read	Unit Manager, HR Partnering



## Appendix 2 – Payroll controls assessment



The following tables outline the relevant controls identified in the LGA “Better Practice Model – Financial Internal Control for South Australian Councils”. The tables highlights the City of Marion’s current state against each control, with any discrepancies linking into the findings highlighted in section 4 above..

### A2.1 – Risk 1: Payroll expense is inaccurately calculated.

Control	Type	Control Description	Current State	Finding/PIO
1	Core	Standard Programmed formulae perform payroll calculations	Authority calculates the employees pay after time sheets have been manually coded & input by the Payroll Officer.	N/A
2	Core	Overtime hours worked and payments for such overtime are authorized by management for all eligible employees.	Outside staff have their hard copy time sheets signed off by their manager, while Indoor staff must have their time sheets processed through to payroll by their manager. Any sign off is taken by the payroll team to be an approval of the overtime worked. Internal Audit conducted sample testing of timesheet approval with no discrepancies found.	N/A

## Appendix 2 – Payroll controls assessment

### A2.2 – Risk 2: Payroll disbursements are made to incorrect or fictitious employees

Control	Type	Control Description	Current State	Finding/PIO
1	Core	The transfer of the bank file should be restricted to authorized officers who are not involved in the preparation of the pay run	The transfer of the bank file is restricted to the Financial Accountant and Financial Co-ordinator with no access for those Payroll Officers preparing the payrun. The Financial Accountant does however have access to prepare the pay run and transfer the bank file. On the rare occasion that the Financial Accountant is involved in the preparation of the pay run, they are restricted from approving the pay run. The Financial Coordinator and Finance Manager will transfer the bank file. A sample of pay-runs throughout the year were tested with no exceptions noted.	N/A
2	Core	Payroll system generates exception reports detailing all payroll changes that are regularly reviewed by management who investigate and approve variances	There is no formal change register/exception report for changes made to personnel details such as bank details which is reviewed on a regular basis.	F1 (refer to page 9)
3	Core	Employees are not added to the payroll records or paid without receipt of the appropriate forms duly authorized by responsible Council Officers.	The payroll team does not add any employees to the payroll files until they receive notification from HR in the form of receipt of a signed letter of offer to the new employee. Accompanying this letter of offer is the new employee's bank details, superannuation form, TFN and any other personal details required for their file. A sample of employee additions were tested with no exceptions identified.	N/A
4	Core	Employee records to include employment details and/or contract terms and conditions, authorisations for payroll deductions and leave entitlements.	Personnel files are maintained in hard copy and soft copy (within Blue Point). Files contain employment details, signed contracts and entitlement information. The hard-copy personnel files are currently not securely stored.	F5 (refer to page 12)

## Appendix 2 – Payroll controls assessment

### A2.2 – Risk 2: Payroll disbursements are made to incorrect or fictitious employees

Control	Type	Control Description	Current State	Finding/PIO
5	Core	Officers responsible for originating/preparing payroll disbursements are precluded from authorizing transfer of same.	The transfer of the bank file is restricted to the Financial Accountant and Financial Coordinator with no access for those Payroll Officers preparing the payrun. The Financial Accountant does however have access to prepare the pay run and transfer the bank file. On the rare occasion that the Financial Accountant is involved in the preparation of the pay run, they are restricted from approving the pay run. The Financial Coordinator and Finance Manager will transfer the bank file.	N/A
6	Core	Any non-routine payroll queries or queries of a managerial/strategic nature are investigated by Senior Management.	There is an exceptions report produced at the end of every pay run which is reviewed and if required investigated by the senior management team.	N/A
7	Core	Employees made inactive in payroll records immediately upon termination. Termination report provided as supporting documentation with request for an EFT. Comparison of subsequent current employee listings made by independent person to verify correctness.	Currently the employee is only made inactive through the addition of a termination date in their pay role file. Employees can however be reactivated in the system and there are no checks around this occurring.	F1 (refer to page 9)
8	Core	All employee deductions must be substantiated with documented approval provided by employee.	Employee deductions must have an accompanying signed form by the relevant employee to substantiate the requirement for the deduction.	N/A

## Appendix 2 – Payroll controls assessment

### A2.3 – Risk 3: Time and/or attendance data is either invalid, inaccurately recorded or not recorded at all.

Control	Type	Control Description	Current State	Finding/PIO
1	Core	Overtime hours worked and payment for such overtime are authorized by management for all eligible employees.	Outside staff have their hard copy time sheets signed off by their manager, while Indoor staff must have their time sheets processed through to payroll by their manager. Any sign off is taken by the payroll team to be an approval of the overtime worked. Internal Audit conducted sample testing of timesheet approval with no discrepancies found.	N/A
2	Core	Total of payment summaries for the year is reconciled to the general ledger and payroll.	At the end of the financial year, the trial balance which is a report generated from the same information used to generate the payment summaries is reconciled to GL This is reviewed by the Manager Finance.	N/A
3	Core	Relevant staff are required to complete timesheets and/or leave forms, authorize them and have approved by the supervisor/manager.	All staff are required to fill out a leave form and send it through to payroll for processing. These leave forms are required to be signed off and approved by their manager. From the testing performed, it is noted that currently not all employees are filling out leave forms, but only noting their leave on timesheets. The approval of timesheets is considered to be approval of leave, however at times, timesheets are not received until after the leave has been taken.	F4 (refer to page 12)

### A2.4 – Risk 4: Payroll master file does not remain pertinent and/or unauthorised changes are made to the master file.

Control	Type	Control Description	Current State	Finding/PIO
1	Core	Significant changes (supported by adequate audit trail) to the payroll master files approved by management.	Currently employees must send requests through to Payroll in writing requesting a change to their master file. This change will be completed by the Payroll Officer within the system with no second review or approval.	F1 (refer to page 9)
2	Core	All payroll suspense accounts are reconciled and reviewed by management or other supervisory personnel on a timely basis.	Payroll suspense accounts are required to be reconciled and reviewed on a timely basis, however from the testing performed it was noted that a number of the required reconciliations were actually being conducted.	F3 (refer to page 11)

## Appendix 2 – Payroll controls assessment

### A2.5 – Risk 5: Voluntary and statutory payroll deductions are inaccurately processed.

Control	Type	Control Description	Current State	Finding/PIO
1	Core	The listing of payroll deductions is periodically reviewed by management for accuracy, compliance with statutory requirement and ongoing pertinence with changes compared to authorized source documents to ensure that they were input accurately.	At the end of every pay roll preparation there is a payroll deductions listing printed and placed with the variances report to be reviewed by the Financial Accountant before the EFT file is signed off.	N/A
2	Core	All payroll deductions must be approved by the relevant employee.	Any payroll deductions must have accompanying paper work to support the requirement for that deduction to occur.	N/A
3	Core	Access to the payroll deduction listing is restricted to authorized officers.	The payroll deductions listing is electronically stored in restricted files.	N/A

### A2.6 – Risk 6: Salary sacrifice transactions are inaccurately processed.

Control	Type	Control Description	Current State	Finding/PIO
1	Core	All original salary sacrifice transactions must be approved by the relevant employee. Payroll staff must ensure that such approval has been obtained prior to processing transactions into the payroll system.	Salary sacrifice transactions must have a signed form from the employee before they commence the transaction.	N/A

### A2.7 – Risk 7: Employees are terminated in breach of statutory and enterprise agreements.

Control	Type	Control Description	Current State	Finding/PIO
1	Core	Establish employee termination policies and procedures, including statutory regulation and union requirements. Regularly review and update these policies and procedures.	The payroll team have a termination checklist which they follow once the termination letter has been received from HR. They have a signed copy of this file in every termination file and keep a hard copy of all termination calculations as well as a soft copy. From the testing performed over terminations, there were no exceptions to this control.	N/A

## Appendix 3 – Classification of Internal Audit Finding Ratings

The following framework for internal audit ratings has been developed and agreed with City of Marion's Management for prioritising internal audit findings according to their relative significance depending on their impact to the process. The individual internal audit findings contained in reports will be discussed and rated with City of Marion's Management.

Rating	Definition	Examples of business impact	Action required
<b>Extreme/Critical</b>	Issue represents a control weakness, which could cause or is causing severe disruption of the process or severe adverse effect on the ability to achieve process objectives.	<ul style="list-style-type: none"> <li>• Detrimental impact on operations or functions.</li> <li>• Sustained, serious loss in reputation.</li> <li>• Going concern of the business becomes an issue.</li> <li>• Decrease in the public's confidence in the Council.</li> <li>• Serious decline in service/product delivery, value and/or quality recognised by stakeholders.</li> <li>• Contractual non-compliance or breach of legislation or regulation with litigation or prosecution and/or penalty.</li> <li>• Life threatening.</li> </ul>	<ul style="list-style-type: none"> <li>• Requires immediate notification to the Council Audit Committee via the Presiding Member</li> <li>• Requires immediate notification to City of Marion's Chief Executive Officer.</li> <li>• Requires immediate action planning/remediation actions</li> </ul>
<b>High</b>	Issue represents a control weakness, which could have or is having major adverse effect on the ability to achieve process objectives.	<ul style="list-style-type: none"> <li>• Major impact on operations or functions.</li> <li>• Serious diminution in reputation.</li> <li>• Probable decrease in the public's confidence in the Council.</li> <li>• Major decline in service/product delivery, value and/or quality recognised by stakeholders</li> <li>• Contractual non-compliance or breach of legislation or regulation with probable litigation or prosecution and/or penalty.</li> <li>• Extensive injuries.</li> </ul>	<ul style="list-style-type: none"> <li>• Requires immediate City of Marion's General Manager notification.</li> <li>• Requires prompt management action planning/remediation actions (i.e.. 30 days)</li> </ul>

## Appendix 2 – Classification of Internal Audit Finding Ratings

Rating	Definition	Examples of business impact	Action required
<b>Moderate</b>	Issue represents a control weakness, which could have or is having moderate adverse effect on the ability to achieve process objectives.	<ul style="list-style-type: none"> <li>Moderate impact on operations or functions.</li> <li>Reputation will be affected in the short-term.</li> <li>Possible decrease in the public's confidence in the Council.</li> <li>Moderate decline in service/product delivery, value and/or quality recognised by stakeholders.</li> <li>Contractual non-compliance or breach of legislation or regulation with threat of litigation or prosecution and/or penalty.</li> <li>Medical treatment required.</li> </ul>	<ul style="list-style-type: none"> <li>Requires City of Marion's General Manager and/or Senior Manager attention.</li> <li>Requires short-term management action (i.e. 60 days).</li> </ul>
<b>Low</b>	Issue represents a minor control weakness, with minimal but reportable impact on the ability to achieve process objectives.	<ul style="list-style-type: none"> <li>Minor impact on internal business only.</li> <li>Minor potential impact on reputation.</li> <li>Should not decrease the public's confidence in the Council.</li> <li>Minimal decline in service/product delivery, value and/or quality recognised by stakeholders.</li> <li>Contractual non-compliance or breach of legislation or regulation with unlikely litigation or prosecution and/or penalty.</li> <li>First aid treatment.</li> </ul>	<ul style="list-style-type: none"> <li>Timeframe for action is subject to competing priorities and cost/benefit (i.e. 90 days).</li> </ul>





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**CITY OF MARION  
FINANCE AND AUDIT COMMITTEE MEETING  
31 MAY 2016**

**Originating Officer:** Deborah Horton  
Unit Manager Performance & Improvement

**Corporate Manager:** Kate McKenzie  
Corporate Governance Manager

**General Manager:** Vincent Mifsud

**Subject:** Service Review Framework and Processes

**Report Reference:** FAC310516R7.9

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**EXECUTIVE SUMMARY:**

In February 2016, as a result of the organisation restructure, the Performance and Improvement Team (PIT) was created in order to deliver, manage and monitor a service review program that could be integrated into annual organisational planning processes.

This report seeks to inform the Committee of the work undertaken to date and to seek feedback on the tools and processes created in order to assist the organisation review all its services by 30 June 2016 (stage one). The information gathered from the stage one reviews will collate the relevant data based upon the principles of commercial viability, public value and innovation, that will assist the Finance & Audit Committee to prioritise and scope the next level of service reviews to be undertaken across the organisation with further rigour (stage two).

This report includes the following documents;

1. Service Review Framework (Appendix 1)
2. Service Statements (stage one) (Appendix 2)
3. Criteria Assessment for Service Statements (stage one) (Appendix 3)
4. Service Review Report Analysis Template (Appendix 4)
5. Service Review (stage two) draft documentation (Appendix 5)

**RECOMMENDATIONS (1):-**

**DUE DATES**

1. That the Finance & Audit Committee note the progress of the Performance and Improvement Team and provide feedback on;
  - a) Service Review Framework
  - b) Service Statements (stage one)
  - c) Criteria Assessment for Service Statements (stage one)
  - d) Service Review Report Analysis Template
  - e) Service Review (stage two) draft documentation

**31 May 2016**

## BACKGROUND

Since February 2016, the City of Marion has developed a service review structure and framework with a concerted effort to achieve efficiency and effectiveness that will create on-going savings that can be passed onto the rate payer.

The 2016-2018 Service Review Program will review Council services, programs and processes underpinned by the principles of commercial viability, public value and innovation with the intent to:

- improve service quality
- seek efficiencies
- streamline processes

The service review will be undertaken in a two stage process, with all services of council being reviewed by way of a service statement (stage one) by 30 June 2016. Results of stage one reviews will be analysed and presented to the Finance & Audit Committee (FAC) in August 2016 to determine which services need to be prioritised for a more rigorous second stage service review.

This report seeks to inform the FAC of the work undertaken to date and to seek feedback on the tools and processes created.

## DISCUSSION

### Service Review Framework (Appendix 1)

The framework aims to establish the process and tools used to undertake a service review including how to;

- understand a service and its intention (stage one)
- undertake an in-depth review (stage two)
- track the implementation of recommendations of the review

The framework is supported by the following principles:

- Commercial viability: Services with high levels of commercial viability have lower costs that meet a high level of community need with potential for high return. High return could mean reaching a wider audience without increasing costs exponentially or the ability for the service to be a fee for service, or changed in some way in order to provide either a more streamlined service or offered to complement another service.
- Public value: Services that meet or exceed a high level of community need with low to moderate levels of resources being used are services deemed as having a high public value.
- Culture of Improvement: Services are aligned with annual work area plans and are aligned strategically. At any point in time these services can be identified and are reviewed on a yearly basis demonstrating improvement performance of the organisation in the long term and maximising positive outcomes for the community.

### Service Statements (stage one) (Appendix 2)

The service statements are effectively a short survey designed to capture base line data that will ascertain key elements of the service as it is currently delivered and budgeted including;

- Provide a succinct history of the service
- Determine the level of alignment of the service with strategic goals, core business and the needs of the community – is Council providing the right service?

- Level of alignment with intended performance outcomes and whether the service is delivered in an efficient and effective manner – is Council providing the right service well?
- The viability of external business opportunities in relation to the service – what can we improve?

The PIT are working with individual departments in order to assist with the completion of the service statements across the organisation and have requested that the relevant Manager and General Manager authorise the information contained within the statement. PIT have implemented mechanisms to verify and ensure the integrity of the information included.

### Criteria Assessment for Service Statements (stage one) (Appendix 3)

The data once extracted from stage one is then analysed in terms of *organisational risk* and *capacity* in order to highlight the services that;

- have a high/low public value
- have a high/low cost
- are resourced and operating efficiently/inefficiently
- have undertaken a high/low level of review previously
- can be improved relatively easily with minimal impost but maximum gain

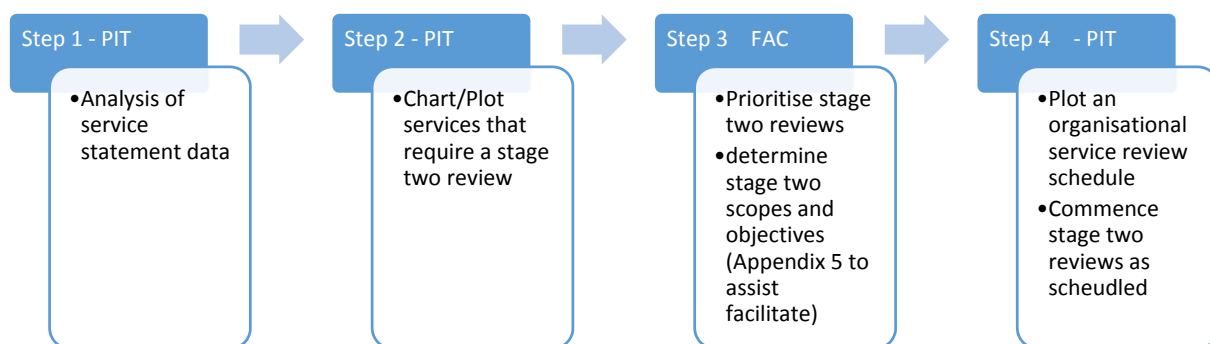
Most questions in the service statement are given values, however there are some questions that have been identified as requiring further assessment at a stage two level.

### Service Review Report Analysis Template (Appendix 4)

A report template has been created which gives a one-page summary of the service statement which will be made available to the service provider. In addition, the PIT will explain the results of each service statement to the relevant manager of that service to ensure the results reflect hypothesis and if not, investigate/clarify why.

### Service Review (stage two) draft documentation (Appendix 5)

A stage two service review is a more rigorous process and there are a number of actions that need to be undertaken prior to the commencement of stage two reviews including;



It is important that Council is kept informed of the service review status and that any proposed changes to services are presented to Council for their consideration and endorsement.

### CONCLUSION

The City of Marion has embarked upon an integrated approach to service reviews across the organisation and in doing so has created various processes. By critically analyzing the attached documents and providing feedback, the FAC will add further value in improving the service review function.



## ***Service Review Framework***

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<i>Version</i>	3 – 31 March 2016
<i>Authorisation Date</i>	4 April 2016
<i>Review Date</i>	April 2017
<i>Author</i>	Kate McKenzie/ Deborah Horton
<i>Authorised by:</i>	ELT

## Introduction

Since the Local Government Elections in November 2014, the City of Marion has clearly expressed a commitment to lower rates for the community. The Council has developed a Service Review Framework and Program with a concerted effort focusing on achieving efficiency and effectiveness with the aim to achieve on-going savings that can be passed onto the rate payer.

The 2016-2018 Service Review Program will review Council services, programs and processes with the intent to:

- improve service quality
- seek efficiencies
- streamline processes
- determine what services Council wishes to alter/cease or introduce for better community outcomes.

The aim is to integrate the Service Review Framework into our planning processes across Council to provide a standard approach and establish continuous improvement practices. The Service Review Framework is therefore directly aligned to Council's strategic objective of 'Wellbeing' through its six (6) themes of:

- Livable
- Biophilic
- Innovative
- Prosperous
- Connected
- Engage

This framework aims to establish the process and tools used to undertake a service review including how to:

- understand a service and its intention (stage one)
- undertake an in-depth review (stage two)
- track the implementation of recommendations of the review

This framework is supported by the following principles:

- **Commercial viability:** Services with high levels of commercial viability have lower costs that meet a high level of community need with potential for high return. High return could mean reaching a wider audience without increasing costs exponentially or the ability for the service to be a fee for service, or changed in some way in order to provide either a more streamlined service or offered to complement another service.
- **Public value:** Services that meet or exceed a high level of community need with low to moderate levels of resources being used are services deemed as having a high public value.
- **Culture of Improvement:** Services are aligned with annual work area plans and are aligned strategically. At any point in time these services can be identified and are reviewed on a yearly basis demonstrating improvement performance of the organisation in the long term and maximising positive outcomes for the community.

## **Service Reviews**

### What is a Service Review?

A service review is a review of an organisation's services designed to identify potential service delivery improvements. A Service Review can be used to improve an organisation's efficiency and effectiveness, and assists in addressing financial sustainability. Local government is one of the largest providers of services for the community. Councils have progressively taken on greater responsibilities for delivering services as community expectations have grown and other levels of government have devolved various functions. By systematically reviewing its services, council can redesign its mix of services, achieve efficiency gains and potentially generate additional income.

### What is the purpose?

The purpose of a service review is to understand the current and likely future state of a service including:

- The needs of the community and/or organization
- The cost of delivering the service
- External factors which may influence delivery or planning for a service such as legislation, funding, demand, trends, etc.
- Internal Policies and strategy which may influence delivery or planning

### How can Services Reviews help our business?

The Service Review Program will help Council to:

- Define what services it will provide to its community
- Meet legislative compliance obligations
- Review service models and service levels
- Meet community expectations
- Identify efficiency and effectiveness opportunities in delivering services
- Address political and community pressures

### The Service Review Program

The aim of the service review program is to review all Council services over a three year period to provide assurance to the Council and the Community that services are meeting community expectations and operating in a cost effective manner. The underlying principles of a service review are to ensure the service offered is commercially viable, meets or exceeds public value and to imbed service reviews across the organisation to facilitate a culture of innovation and continuous improvement.

Once each service has been identified, a Service Statement (stage one) will be completed which will also be undertaken as part of the Work Area Planning on an annual basis. The Service Statement will review and analyse baseline data to establish if a further in-depth review is warranted.

If the review progresses to the next stage, a formal review will be undertaken with the following steps to occur;

- Plan
- Do
- Check
- Implement
- Monitor

For the purpose of this framework, a service is identified as a service, facility and/or program provided, undertaken, coordinated or funded by the City of Marion.

## **Roles and Responsibilities**

### **Council**

- Approve proposed changes to services, service levels, introduction of new services or the ceasing of services.
- Note changes to service delivery models where outcomes remain the same.
- Note changes to operations for services that result in greater efficiency and effectiveness.
- Note recommendations from the Finance and Audit Committee regarding Service Review outcomes and the monitoring of the program.

### **Finance and Audit Committee (F&AC)**

- The review and provision of feedback in relation to all stage two reviews
- Ensuring the effectiveness of the service reviews function and maintaining a reliable system of internal control.
- The provision of an effective means of communication between the external auditor, service reviews provider, management and Council.
- Critically analyse and follow up any service review report that raises significant issues and review management's response to, and actions taken as a result of issues raised.
- Review the appropriateness of special assignments undertaken by service review providers at the request of the Chief Executive Officer.
- Review the level of resources allocated to a service review and the scope of its services and authority.
- Review and provide advice on service reviews, and in particular:
  - the scope of the review before it is commenced
  - input into the questions to be asked and data to be collected and analysed
  - comment on all draft service review reports before the final report is presented to Council.

### **Executive Leadership Team (ELT)**

- Lead service reviews and support the process across the organisation
- Assess the outcomes of stage one service reviews in order to determine the stage two service review program and priorities
- Determine how the service review will be conducted, prioritised, timelines, number of reviews
- Monitor progress and Key Performance Indicators

### **General Managers (GM's)**

- Support and lead the service review process
- Ultimately responsible for the planning, resourcing and delivery of a service review including implementing any review recommendations.
- Discuss with their SLT any concerns or issues regarding the service review as they arise.

### **Strategic Leadership Team (SLT)**

- Responsible for the planning, resourcing and delivery of a service review including implementing any review recommendations.
- Discuss with their relevant GM and relevant unit managers any concerns or issues regarding the service review as they arise.

### **Manager, Corporate Governance (MCG)**

- Management and guidance of the Performance and Improvement Team in delivery of the service review program and the processes underpinning service reviews.



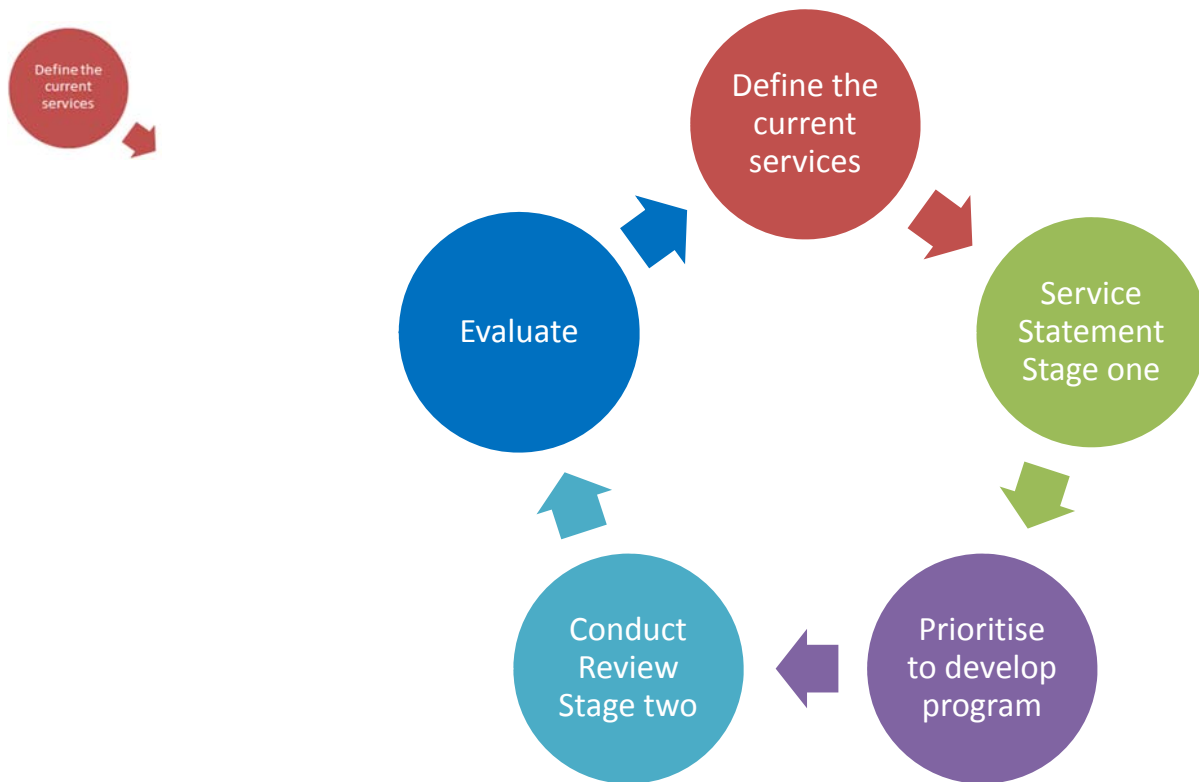
Performance and Improvement Team (PIT)

- Responsible for the creation of the framework and tools to support and facilitate service reviews so they are structured logically, efficiently and effectively.
- Support the SLT Manager via researching / benchmarking and data analysis.
- Ensure mechanisms are in place to imbed a regular and methodical service review for each business unit with a focus on the key principles.
- Assist with draft report writing and preparing data/reports for workshops and presentations.
- Work across the organisation cohesively regarding capturing, monitoring and reporting data including working closely with the Strategy Team.

## City of Marion Service Reviews – reporting matrix

Recommendations the service review must address:	Broad explanation	Roles and Responsibilities					
		Administration			Elected Member Forum	Finance & Audit Committee	Council
		Corporate Performance & Improvement Team	Strategic Leadership Team (Business Unit)	ELT			
<b>Commercial viability</b>	<b>Recommendations that have a commercial approach that;</b> <ul style="list-style-type: none"> <li>• <b>make financial sense (i.e. in/decrease in cost)</b></li> <li>• <b>drive better value for money with existing resources</b></li> <li>• <b>Identify if the service is the right service</b></li> <li>• <b>Result in more effective and efficient services being delivered</b></li> </ul>	<ul style="list-style-type: none"> <li>• Support with tools / processes to analyses</li> <li>• Report for benchmarking</li> </ul>	<ul style="list-style-type: none"> <li>• Recommend &amp; Implement</li> <li>• Allocate resources accordingly</li> </ul>	<ul style="list-style-type: none"> <li>• Challenge and lead</li> </ul>	<ul style="list-style-type: none"> <li>• Note</li> </ul>	<ul style="list-style-type: none"> <li>• Review</li> <li>• Recommend</li> <li>• Endorse scope for stage two</li> </ul>	<ul style="list-style-type: none"> <li>• Approve any proposed changes to the cost of services</li> </ul>
<b>Public value</b>	Recommendations that; <ul style="list-style-type: none"> <li>• Analyse if the service <i>is</i> meeting a community need</li> <li>• How far reaching is the need?</li> <li>• Answering the question if we are servicing a minority/majority?</li> </ul>	<ul style="list-style-type: none"> <li>• Support with tools / processes to analyses</li> <li>• Report for benchmarking</li> </ul>	<ul style="list-style-type: none"> <li>• Recommend &amp; Implement</li> <li>• Allocate resources accordingly</li> </ul>	<ul style="list-style-type: none"> <li>• Challenge and lead</li> </ul>	<ul style="list-style-type: none"> <li>• Note</li> </ul>	<ul style="list-style-type: none"> <li>• Review</li> <li>• Recommend</li> <li>• Endorse scope for stage two</li> </ul>	<ul style="list-style-type: none"> <li>• Approve any proposed changes regarding the level of service including in/decrease of service</li> </ul>
<b>Culture of innovation and continuous improvement – what will the community need in five years?</b>	Recommendations that; <ul style="list-style-type: none"> <li>• Enable monitoring and analysis to determine if the service continues to meet community need,</li> <li>• Capture opportunities for improvement at a point in time</li> </ul>	<ul style="list-style-type: none"> <li>• Support with tools / processes to analyses</li> <li>• Report for benchmarking</li> </ul>	<ul style="list-style-type: none"> <li>• Recommend &amp; Implement</li> <li>• Allocate resources accordingly</li> </ul>	<ul style="list-style-type: none"> <li>• Challenge and lead</li> </ul>	<ul style="list-style-type: none"> <li>• Note</li> </ul>	<ul style="list-style-type: none"> <li>• Review</li> <li>• Recommend</li> <li>• Endorse scope for stage two</li> </ul>	<ul style="list-style-type: none"> <li>• Approve any proposed changes regarding the level of service including in/decrease of service</li> </ul>

## Service Review Framework - diagram



**Define the**  **current services**

Defining the current service – initial comprehensive list of what we do.

- This service list is reviewed and updated as a result of reviewing Work Area Plans on an annual basis and updated as a result of a service review being undertaken.
- Assessment against the City of Marion's Strategic Plan to determine the services' strategic alignment including how well the service is strategically linked.



## Service statement - Stage one

This process will include a short systematic survey, designed to identify key elements of the service as it is currently budgeted, delivered and evaluated. It will also become a first level service review and will identify if a more rigorous (stage two) service review is required.

The “Service Statement” (attached) survey will be undertaken by Manager or Unit Manager level, which will;

**Attachment 1**

- Provide a succinct history of the service
- Determine the level of alignment of the service with strategic goals, core business and the needs of the community – is Council providing the right service?
- Level of alignment with intended performance outcomes and whether the service is delivered in an efficient and effective manner – is Council providing the right service well?
- The viability of external business opportunities in relation to the service – what can we improve?

The data extracted is then analysed in terms of *organisational risk* and *capacity* in order to highlight the services that;

- have a high/low public value
- have a high/low cost
- are resourced and operating efficiently/inefficiently
- have undertaken a high/low level of review previously
- can be improved with minimal impact but maximum gain

The result of the survey will be provided to the relevant Manager and General Manager for their review and sign-off to ensure the integrity of the information.

The following table identifies the criteria and weighting given of the data to be extracted from the “Service Statement”;

Description	% Weighting
Historical information (previous high/low level of review)	57
Commercial viability (high/low cost, resourced in/efficiently)	17
Public value (high /low)	17
Continuous improvement – identified strategies	9
	100

## Complementing organisational planning

In order to ensure the service reviews are imbedded across the organisation, the “Service Statement” will complement the information contained within work area plans (WAPs) by linking them to each other. This will ensure information regarding the service is recorded succinctly and readily available in the one area. This will be achieved three fold;

- by direct questioning,
- any service that has been identified as having the capacity to improve with minimal impact to resources will be recorded directly in the business unit’s WAPs (listed under “Improvement and Innovation”) for immediate implementation. This data will be monitored by the responsible service providers and will be captured for reporting purposes in conjunction with the Strategy and Performance Improvement Teams;
- Completed “Service Statements” will be filed in **V:\Reports\Business Tools\**

Prioritise  
to develop  
program

## Prioritise to develop program

The data extracted from the stage one service review process above will effectively provide base line data in the form of a prioritised list of services that are recommended for a more in-depth review (stage two) based upon an initial analysis of organisational risk and capacity. Services that fall into a high priority category require the responsible SLT member to seek guidance from the relevant GM.

This data will inform the creation of an integrated service review program for the entire organisation which will be monitored and supported by PIT under the guidance of MCG. Reporting of the status of service reviews across the organisation can be provided at any point in time and will be managed by PIT.

It is expected that a reporting process will be provided to the ELT that will align with existing corporate reporting back to Council. In addition, a regular fortnightly meeting will be held with the CEO to provide them with a status update on the progress of the service review program.

Conduct  
Review  
Stage 2

## Conduct Review – Stage two

The methodology of stage two simply follows the logical steps which are discussed further below. It is essentially another process within the service review framework that critiques the service with further rigor as extracted in stage one. This process is managed by SLT but will be supported by PIT offering skills that can assist with research, benchmarking, process mapping (as the service is currently offered) and any additional statistical analysis.



Plan

### Plan

Define the scope of the review, its purpose, objectives and goals. This includes identification of the service's deliverables, opportunities, limitations, resources, budgets, timeframes and any other linkages with previous reviews or other planned reviews.

A service review scoping document will be required to be completed by SLT (attached), with sign-off from the relevant GM, PIT will analyse the data as a result of the completed scoping document and this analysis along with a covering report will be presented to the F&AC in order to undertake their responsibilities including;

- scoping the review before it is commenced
- input into the questions to be asked and data to be collected and analysed.

### Attachment 2

Do

### Do

With the scope and purpose defined with input from the F&AC, this section is the 'doing' of the review. This section captures the appropriate information needed to critically analyse the service in order to achieve the reviews purpose, objectives and goals. It is predominately the responsibility of the SLT member to undertake this task however, the PIT can assist providing additional resources and probity advice.

This stage could include researching relevant industry standards and comparing them to the current service, benchmarking with other industries, undertaking further risk analysis of potential service changes, remodelling service standards or financial models based on variables such as future resource capacity, identification of future community need, etc. It is

expected that a list of potential recommendations for the service will be prepared which should include at the very minimum;

- Maintain the service
- Reduce the service
- Increase or change the quality and/or delivery of the entire or elements of the service
- Not provide the service

Engagement with key stakeholders will be included at this stage involving, but not limited to;

- Service users
- Contracted service providers
- Industry service providers
- Survey or interviews with staff
- Union
- Public and Private Sector agencies

Check

### **Check**

This stage requires checking of the data that has been collated thus far and compiling such into a report for the F&AC to review. A report template (see attached) will provide a basis of the type of information required that will be presented to the F&AC which will also incorporate recommendations.

### ***Attachment 3***

The F&AC at this stage may request further information and therefore additional elements to be included or it may recommend minor alterations to the recommendations before being submitted to Council for final endorsement.

Implement

### **Implement**

At this stage, recommendations approved by Council will be required to be implemented by the relevant SLT manager. This process will follow usual practice under the progress reporting system currently in place.

The PIT and Strategy teams will work together in order to track and record service review recommendations separately as part of periodic organisational corporate reporting and to ensure that innovative improvements are recorded into WAPs, implemented and by natural progression through this process, realigns behaviours that challenge our every-day processes to incorporate better practices and innovative solutions.

Monitor

### **Monitor**

The PIT, under the guidance and direction of the MCG, will monitor and adjust this stage two process as it evolves. Any opportunities for improvement will be incorporated as they arise.

Evaluate

### **Evaluate**

This step in the process of service reviews will be the responsibility of PIT. It will critique each step of the process in order to ensure service reviews are effectively achieving their intended outcomes. This framework forms the very basic structure of service reviews as the reviews and process will require flexibility in their approach as each service review may differ markedly from the next.



Define the  
current  
services

### **Define the current services**

As a circular process, the services are again defined. Given each service identified by Council would have undertaken a stage one review, it is important to determine what the current services are and again, if they continue to meet their intended outcomes.

Please complete each question, placing a cross ☒ in the most relevant box available for each question where provided. It's appreciated that all answers to the questions will be based upon known information at the time the survey was undertaken.

Date :							
	Name	Position	Work Area				
Conducted by:							
<b>1. About the service</b>							
a) Name of the service?							
b) What does the service do? <i>(i.e. Provides Work, Health &amp; Safety systems, support and guidance to all staff)</i>							
c) Who uses the service?							
						Mandatory	Discretionary
d) Is the service mandatory (by legislation) or discretionary (we choose to provide it)?						☐	☐
						Yes	No
e) Is there a service standard associated with the service?						☐	☐
f) If yes, please elaborate:						Yes	No
						Yes	No
g) If yes, is the service standard being met?						☐	☐
h) Does the delivery of service involve other departments across Council?						☐	☐
i) If yes, please list other departments involved with the service: <i>(i.e. Finance for accounts, Communications for PR, etc.)</i>						☐	☐
j) Please provide the following service budget details:						2013/2014	2014/2015
						2015/2016	
Budget allowance/income for service \$						\$	\$
Salary/wages for service \$						\$	\$
Expenditure for service \$						\$	\$
						Yes	No
k) Is the service budgeted for in the long term financial plan?						☐	☐
						Contracted (Mosaic/Agency)	FTE
						Council Employed	FTE
						Other (Volunteers)	FTE
l) How does Council resource this service?						☐	☐
						Yes	No
m) Do you consider this service to be resource intensive?						☐	☐
						Yes	No
						Don't Know	
						Building	Plant & Equipment
						Software & Tech	Vehicle
						Other	N/A
n) What assets and infrastructure are associated with the service that are council owned?						☐	☐
o) What assets and infrastructure are associated with the service that are <i>not council owned</i> ?						☐	☐
						Liveable	Biophilic
						Innovative	Prosperous
						Connected	Engaged
						Excellence	
p) Which council theme does this service <i>most</i> align with? <i>Please select one only</i>						☐	☐
						Very High 81%+	High 51-80%
						Moderate 21-50%	Low 0-20%
						Don't Know	
q) How well does this service align with the selected council theme ?						☐	☐
						Yes	No
						Don't Know	
r) Do you collect data that monitors performance of the service?						☐	☐
						Fortnightly	Monthly
						Quarterly	Yearly
						Other	
s) If yes, how often do you collect this data?						☐	☐
t) Please elaborate upon any data collected: <i>(i.e. survey's, attendance numbers, benchmarking, etc.)</i>						Yes	No
						Yes	No
u) Has this service undergone a review? <i>If yes, please provide date (if known)</i>						☐	☐
						Completed	Commenced
						Not Started	Don't Know
v) If yes, what is the status of the recommendations from the review?						☐	☐



## 2. Principle One: Commercial viability

	Grant	%	Rates	%	User Charge	%	Other	%	Don't Know	%	
a) How is the service funded? <i>Please indicate percentage of funding</i>	<input type="checkbox"/>	_____	<input type="checkbox"/>	_____	<input type="checkbox"/>	_____	<input type="checkbox"/>	_____	<input type="checkbox"/>	_____	
b) Could the service be offered for a fee or charge?									Yes <input type="checkbox"/>	No <input type="checkbox"/>	Don't Know <input type="checkbox"/>
c) Are there any constraints that limit Council's ability to ask for a fee or charge for this service?									<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Is the service offered as a result of a decision of Council?									<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Are there any constraints that restrict the delivery of the service?									<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f) If yes, please elaborate: <i>(transient or insufficient funding, requires expensive technology to implement etc.)</i>											

## 3. Principle Two: Public value

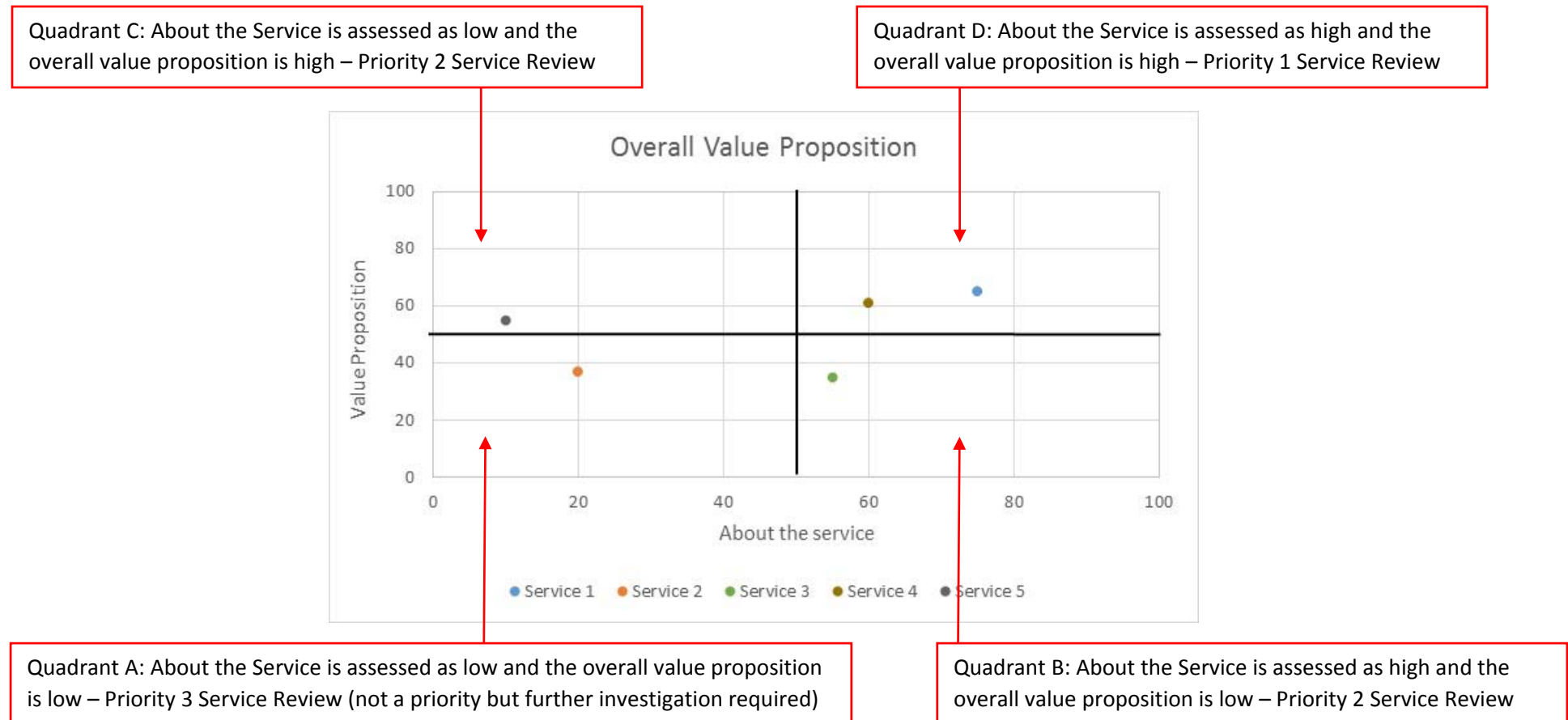
	Very High 81%+	High 51-80%	Moderate 21-50%	Low 0-20%	Don't Know
a) What is the current level of usage of the service for the target audience? (those whom the service is intended to)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) What is the current level of usage of the service by other groups?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) What is the level of community need for this service?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) What is the current level of satisfaction of the service by the target audience?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) What is the current level of satisfaction of the service by other groups?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f) Is the demand for the service increasing or decreasing?	<div> <div>Remain the Same <input type="checkbox"/></div> <div>Increase <input type="checkbox"/></div> <div>Decrease <input type="checkbox"/></div> <div>Don't Know <input type="checkbox"/></div> </div>				
g) How is the service promoted to the target audience?	<div> <div>Social Media (Facebook/Twitter) <input type="checkbox"/></div> <div>Website <input type="checkbox"/></div> <div>Advertising (Flyer/Brochure) <input type="checkbox"/></div> <div>Event <input type="checkbox"/></div> <div>None <input type="checkbox"/></div> <div>Other <input type="checkbox"/></div> </div>				
h) If other, please elaborate:					

## 4. Principle Three: Culture of innovation/continuous improvement

	Actual Service	Delivery of Service	Internal Processes	Costs	Charge	Don't Know
a) Does the service have any of the following documents?	<div> <div>Processes <input type="checkbox"/></div> <div>Procedures <input type="checkbox"/></div> <div>Policies <input type="checkbox"/></div> </div>					
b) Can improvements be made immediately offering high value, minimal/no cost to the following:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Have these improvements been incorporated in the Work Area Plan for implementation?	<div> <div>Yes <input type="checkbox"/></div> <div>No <input type="checkbox"/></div> </div>					
d) If no, why haven't these improvements been incorporated in the Work Area Plan?	Budget <input type="checkbox"/>	Approval <input type="checkbox"/>	Software & Tech <input type="checkbox"/>	Staff <input type="checkbox"/>	Processes/Procedures/Policies <input type="checkbox"/>	Other <input type="checkbox"/>
e) Do you engage with the target audience for this service?	<div> <div>Yes <input type="checkbox"/></div> <div>No <input type="checkbox"/></div> </div>					
f) If yes, how do you engage with the target audience?	Surveys <input type="checkbox"/>	Face to Face <input type="checkbox"/>	Focus Groups <input type="checkbox"/>	Meetings <input type="checkbox"/>	Workshops <input type="checkbox"/>	Other <input type="checkbox"/>
g) If no, should you engage with the target audience for this service?	<div> <div>Yes <input type="checkbox"/></div> <div>No <input type="checkbox"/></div> </div>					
h) If no, please elaborate:						
i) How often do you engage with the community?	Fortnightly <input type="checkbox"/>	Monthly <input type="checkbox"/>	Quarterly <input type="checkbox"/>	Yearly <input type="checkbox"/>	Other <input type="checkbox"/>	

## CRITERIA ASSESSMENT FOR SERVICE STATEMENTS (STAGE ONE)

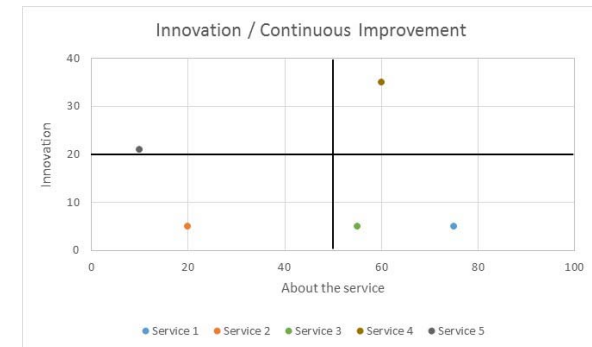
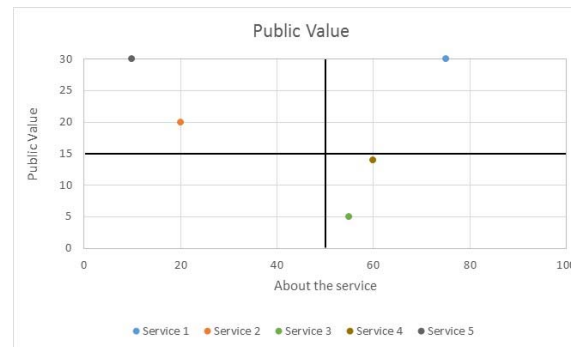
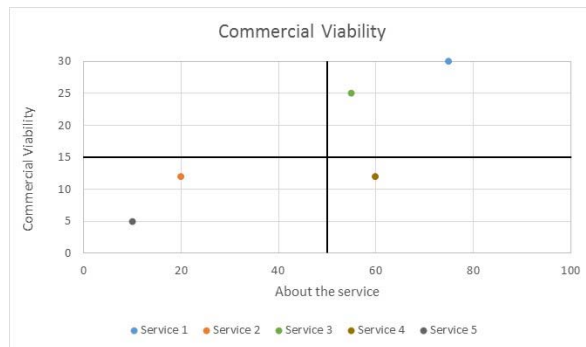
All Services will be assessed via a Service Statement (Stage one of the Service Review process), designed to identify key elements of the service as it is currently budgeted, delivered and evaluated, according to the principles of commercial viability, public value and culture of innovation / continuous improvement. The outcomes of the Service Statement criteria assessment will identify if a more rigorous (Stage two) service review is required, according to the following parameters and evaluation:



# CRITERIA ASSESSMENT FOR SERVICE STATEMENTS (STAGE ONE)

How to read the scatter plot examples:

- Service 1: Assessed as Quadrant D (please see above) for About the Service and the Overall Value Proposition indicating this service is of high priority for a Stage two Service Review. Analysis by the three principles (please see below) demonstrates that this service is of high Commercial Viability (Quadrant D), high Public Value (Quadrant D) with medium levels of opportunity for Innovation and Continuous Improvement (Quadrant B).
- Service 2: Assessed as Quadrant A (please see above) for About the Service and the Overall Value Proposition indicating this service is of low priority for a Stage two Service Review. Analysis by the three principles (please see below) demonstrates that this service is of low Commercial Viability (Quadrant A), medium Public Value (Quadrant C) but there is little opportunity for Innovation (Quadrant A).
- Service 3: Assessed as Quadrant B (please see above) for About the Service and the Overall Value Proposition indicating this service is of medium priority for a Stage two Service Review. Analysis by the three principles (please see below) demonstrates that this service is of high Commercial Viability (Quadrant D), medium Public Value (Quadrant B) with medium levels of opportunity for Innovation and Continuous Improvement (Quadrant B).
- Service 4: Assessed as Quadrant D (please see above) for About the Service and the Overall Value Proposition indicating this service is of high priority for a Stage two Service Review. Analysis by the three principles (please see below) demonstrates that this service is of medium Commercial Viability (Quadrant B), medium Public Value (Quadrant B) with high levels of opportunity for Innovation and Continuous Improvement (Quadrant D).
- Service 5: Assessed as Quadrant C (please see above) for About the Service and the Overall Value Proposition indicating this service is of medium priority for a Stage two Service Review. Analysis by the three principles (please see below) demonstrates that this service is of low Commercial Viability (Quadrant A), medium Public Value (Quadrant C) with medium levels of opportunity for Innovation and Continuous Improvement (Quadrant C).



# CRITERIA ASSESSMENT FOR SERVICE STATEMENTS (STAGE ONE)

SECTION 1 – About the service		Score = 1	Score = 2	Score = 3	Score = 4	Score = 5
1a)	Name of the service?	No assessment required				
1b)	What does the service do?	No impact is service is not fulfilled	Low impact is service is not fulfilled	Medium impact is service is not fulfilled	High impact is service is not fulfilled	Very high impact is service is not fulfilled
1c)	Who uses the service?	Not known	Localised specific group (internal / external)	Specific resident groups, large internal groups	General public, clubs and other organisations supported by the City of Marion	Potentially all City of Marion residents AND / OR groups that are not the intended audience
1d)	Is the service mandatory or discretionary?	Not being assessed				
1e)	Is there a service standard associated with the service?	Yes	N/A	N/A	Don't know	No
1f)	If yes, please elaborate	Not able to assess due to large variations anticipated in responses				
1g)	If yes, is the service standard being met?	Yes	N/A	N/A	Don't know	No
1h)	Does the delivery of service involve other departments across Council?	Yes	N/A	N/A	Don't know	No
1i)	If yes, please list other departments involved with the service	One other department	Two other departments	Three other departments	Four other department	Five or more departments
1j)	Please provide the following service budget details (for 2013/2014, 2014/2015 and 2015/2016):					
	Budget allowance / income for service	No income generated OR not known OR remain the same	Increase of \$1 to \$49,000 (comparing 2013/2014 to 2015/2016)	Increase of \$50,000 to \$99,000 (comparing 2013/2014 to 2015/2016)	Increase of \$100,000 to \$499,000 (comparing 2013/2014 to 2015/2016)	Increase of greater than \$500,000 OR any decrease (comparing 2013/2014 to 2015/2016)

# CRITERIA ASSESSMENT FOR SERVICE STATEMENTS (STAGE ONE)

SECTION 1 – About the service		Score = 1	Score = 2	Score = 3	Score = 4	Score = 5
1j)	Please provide the following service budget details (for 2013/2014, 2014/2015 and 2015/2016):					
	Salary / wages for service	No salary / wages OR any decrease OR not known OR remain the same	Increase of up to \$9,999 (comparing 2013/2014 to 2015/2016)	Increase of \$10,000 to \$19,000 (comparing 2013/2014 to 2015/2016)	Increase of \$20,000 to \$49,999 (comparing 2013/2014 to 2015/2016)	Increase of greater than \$50,000 (comparing 2013/2014 to 2015/2016)
	Expenditure for service	No expenditure for service OR any decrease OR not known OR remain the same	Increase of \$1 to \$49,000 (comparing 2013/2014 to 2015/2016)	Increase of \$50,000 to \$99,000 (comparing 2013/2014 to 2015/2016)	Increase of \$100,000 to \$199,000 (comparing 2013/2014 to 2015/2016)	Increase of greater than \$200,000 OR any decrease (comparing 2013/2014 to 2015/2016)
1k)	Is the service budgeted for in the long term financial plan?	Yes	N/A	N/A	N/A	No
1l)	How does Council resource this service?	Volunteers OR Other (eg incorporated body)	Combination of Council Employed AND Volunteers OR Council Employed	Combination of Contracted AND Council Employed AND Volunteers	Combination of Contracted AND Council Employed	Contracted
	FTE	0.1-2.9	3-4.9	5-6.9	7-9.9	10+ OR zero
1m)	Do you consider this service to be resource intensive?	No	N/A	N/A	Don't know	Yes
1n)	What assets and infrastructure are associated with the service that are Council owned?	To be assessed at Stage two				
1o)	What assets and infrastructure are associated with the service that are <i>not</i> Council owned?	To be assessed at Stage two				

# CRITERIA ASSESSMENT FOR SERVICE STATEMENTS (STAGE ONE)

SECTION 1 – About the service		Score = 1	Score = 2	Score = 3	Score = 4	Score = 5
1p)	Which Council theme does this service most align with? (Please select one only)	Not being assessed				
1q)	How well does this service align with the selected Council theme?	Very high 81%+	High 51-80%	Moderate 21-50%	Low 0-20%	Don't know
1r)	Do you collect data that monitors performance of the service?	Yes	N/A	N/A	Don't know	No
1s)	If yes, how often do you collect this data?	Fortnightly	Monthly	Quarterly	Yearly	Other
1t)	Please elaborate upon any data collected	To be assessed at Stage two				
1u)	Has this service undergone a review?	Yes	N/A	N/A	N/A	No OR Don't know
	Date	In the last year	In the last 2 years	In the last 3 years	In the last 5 years	Greater than 5 years ago OR Don't know
1v)	If yes, what is the status of the recommendations from the review?	Completed	N/A	Commenced	N/A	Not Started OR Don't know
MAXIMUM SCORE FOR ABOUT THE SERVICE			95			

# CRITERIA ASSESSMENT FOR SERVICE STATEMENTS (STAGE ONE)

SECTION 2 – Principle One: Commercial viability		Score = 1	Score = 2	Score = 3	Score = 4	Score = 5
2a)	How is the service funded?	Rates	User Charge OR Combination of Rates and User Charge	Combination of Rates, Grant and User Charge	Grant OR Combination of Grant and User Charge OR Any combination including Other	Don't know OR Other
2a)	Please indicate the percentage of how the service is funded	Rates	User Charge OR Combination of Rates and User Charge	Combination of Rates, Grant and User Charge	Grant OR Combination of Grant and User Charge OR Any combination including Other	Don't know OR Other
2b)	Could the service be offered for a fee or charge?	Established at 2a) there is already a fee or charge	No	N/A	Don't know	Yes
2c)	Are there any constraints that limit Council's ability to ask for a fee or charge for this service?	Established at 2a) there is already a fee or charge	Yes	N/A	Don't know	No
2d)	Is the service offered as a result of a decision of Council?	N/A	No	N/A	Don't know	Yes
2e)	Are there any constraints that restrict the delivery of the service?	N/A	No	N/A	Don't know	Yes
2f)	If yes, please elaborate	To be assessed at Stage two				
<b>MAXIMUM SCORE FOR COMMERCIAL VIABILITY</b>						
			<b>30</b>			

# CRITERIA ASSESSMENT FOR SERVICE STATEMENTS (STAGE ONE)

SECTION 3 – Principle Two: Public value		Score = 1	Score = 2	Score = 3	Score = 4	Score = 5
3a)	What is the current level of usage of the service for the target audience?	Very high 81%+	High 51-80%	Moderate 21-50%	Low 0-20%	Don't know
3b)	What is the current level of usage of the service by other groups?	N/A	Low 0-20%	Moderate 21-50%	High 51-80%	Very high 81%+ OR Don't know
3c)	What is the level of community need for this service?	N/A	Low 0-20%	Moderate 21-50%	High 51-80%	Very high 81%+ OR Don't know
3d)	What is the current level of satisfaction with the service by the target audience?	Very high 81%+	High 51-80%	Moderate 21-50%	Low 0-20%	Don't know
3e)	What is the current level of satisfaction with the service by other groups?	Very high 81%+	High 51-80%	Moderate 21-50%	Low 0-20%	Don't know
3f)	Is the demand for the service increasing or decreasing?	Remain the same	N/A	Increase OR Decrease	N/A	Don't know
3g)	How is the service promoted to the target audience?	Not being assessed				
3h)	If other, please elaborate	No assessment required				
<b>MAXIMUM SCORE FOR PUBLIC VALUE</b>		<b>30</b>				



# CRITERIA ASSESSMENT FOR SERVICE STATEMENTS (STAGE ONE)

SECTION 4 – Principle Three: Culture of Innovation / continuous improvement		Score = 1	Score = 2	Score = 3	Score = 4	Score = 5
4a)	Does the service have any of the following documents?	Processes AND Procedures AND Policies	Combination of any 2 options	1 out of 3 options	Processes only	None
4b)	Can improvements be made immediately offering high value, minimal / no cost to the following:	N/A	Don't know	Internal processes	Delivery of service OR Delivery of service AND Internal processes	Actual service OR Costs OR Charge OR any combination including one of these three options
4c)	Have these improvements been incorporated in the Work Area Plan for implementation?	Yes	N/A	N/A	N/A	No
4d)	In no, why haven't these improvements been incorporated in the Work Area Plan?	Budget	Software & Tech	Processes / Procedures / Policies	Staff OR any combination of previous options	Approval OR Other OR any combination
4e)	Do you engage with the target audience?	Yes	N/A	N/A	N/A	No
4f)	If yes, how do you engage with the target audience?	Face to face OR Meetings	Focus Groups	Workshops OR any combination of options	Surveys	Other
4g)	If no, should you engage with the target audience for this service?	No	N/A	N/A	N/A	Yes
4h)	If no, please elaborate	To be assessed at Stage two				
4i)	How often do you engage with the community?	Fortnightly	Monthly	Quarterly	Yearly	Other
MAXIMUM SCORE FOR CULTURE OF INNOVATION / CONTINUOUS IMPROVEMENT				40		

Date :

Name

Position

Work Area

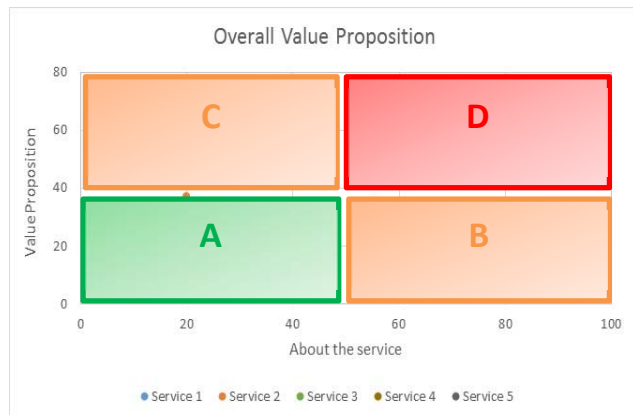
Conducted by:

Performance &amp; Improvement Team

Service Name: Click or tap here to enter text.

**What do the results mean?**

The following diagram identifies the priority and an explanation of each quadrant where the results of the data captured from the service statement will be plotted. The same weighting and explanation is to be applied to each principle and resulting pivot table;



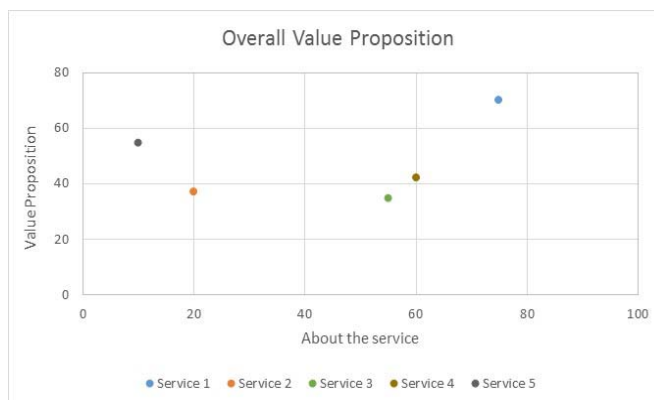
**D, Priority 1:** Service is assessed as high and the overall value proposition is high.

**B & C, Priority 2:** Service is assessed as high and the overall value proposition is low. Or the service is assessed as low and the overall value proposition is high.

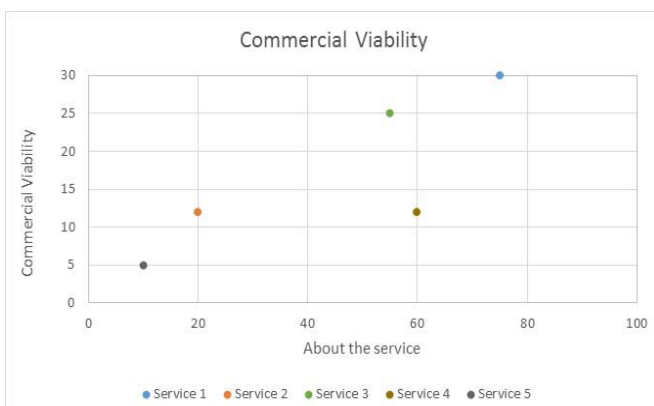
**A, Further investigation:** Service is assessed as low and the overall value proposition is low.

**1. Service statement results - About the service**

A service statement was completed in **Click or tap to enter a date.**, with the following results;

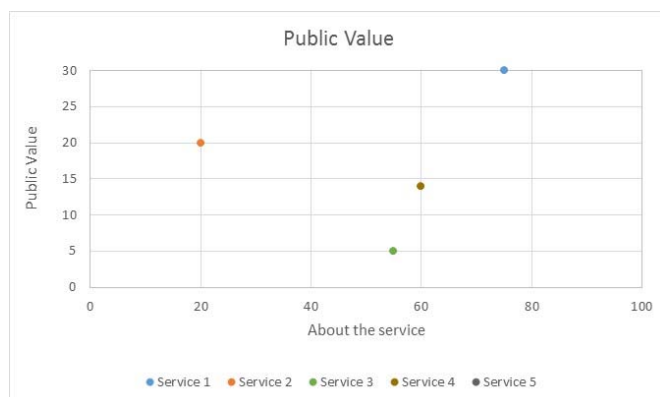


Insert analysis in here regarding overall value proposition,  
 Insert analysis in here regarding overall value proposition  
 Insert analysis in here regarding overall value proposition  
 Insert analysis in here regarding overall value proposition  
 Insert analysis in here regarding overall value proposition  
 Insert analysis in here regarding overall value proposition.  
 Insert analysis in here regarding overall value proposition.  
 Insert analysis in here regarding overall value proposition.

**2. Commercial viability**

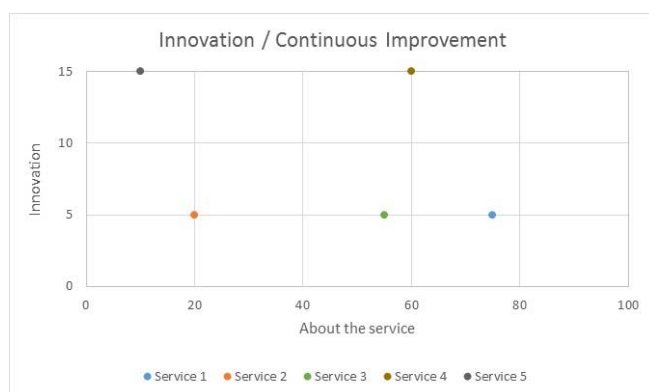
Insert analysis in here regarding commercial viability,  
 Insert analysis in here regarding commercial viability  
 Insert analysis in here regarding commercial viability  
 Insert analysis in here regarding commercial viability  
 Insert analysis in here regarding commercial viability  
 Insert analysis in here regarding commercial viability  
 Insert analysis in here regarding commercial viability  
 Insert analysis in here regarding commercial viability  
 Insert analysis in here regarding commercial viability.

### 3. Public Value



Insert analysis in here regarding public value, Insert analysis in here regarding public value Insert analysis in here regarding public value Insert analysis in here regarding public value Insert analysis in here regarding public value Insert analysis in here regarding public value Insert analysis in here regarding public value Insert analysis in here regarding public value.

### 4. Continuous Improvement



Insert analysis in here regarding innovation/continuous improvement, Insert analysis in here regarding innovation/continuous improvement, Insert analysis in here regarding innovation/continuous improvement, Insert analysis in here regarding innovation/continuous improvement, Insert analysis in here regarding innovation/continuous improvement, Insert analysis in here regarding innovation/continuous improvement, Insert analysis in here regarding innovation/continuous improvement.

## Service Review Scope (Stage two) DRAFT

Date :

Name

Position

Work Area

Conducted by:

Performance Improvement Team

Service Name: Click or tap here to enter text.

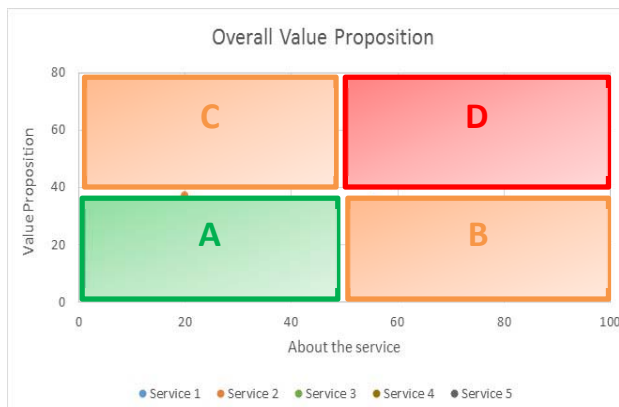
Description of service: Click or tap here to enter text.

Finance &amp; Audit Com: FACXXXX16R0X

 Maintain svc ☐ Increase svc ☐ Decrease svc ☐ Modify svc ☐ Other ☐

INVESTIGATE THE SERVICE WITH A FOCUS OF:

A service statement was completed in **Click or tap to enter a date.**, with the following overall results thereby identifying this service as a **Click or tap here to enter text.** See diagram below; (insert the most relevant diagram which prioritised the review as a stage two, this could be overall, commercial viability, public value or innovation).



**D, Priority 1: Service is assessed as high and the overall value proposition is high.**

**B & C, Priority 2: Service is assessed as high and the overall value proposition is low. Or the service is assessed as low and the overall value proposition is high.**

**A, Further investigation: Service is assessed as low and the overall value proposition is low.**

Given the results above, this review will address/ incorporate the following elements;

A. Stakeholders engaged: *if 'other', please specify;*

Staff	Union	Industry	Government	Other
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

B. Communications plan:

Yes	No	N/a
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

C. Fee for service models:

Mandatory	Voluntary	Free 1 <sup>st</sup> time, fee subsequent	Membership	Hybrid
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

D. Resources used to undertake the review:

Internal PIT	%	Internal Dept	%	External	%	Other	%
<input type="checkbox"/>	-----	<input type="checkbox"/>	-----	<input type="checkbox"/>	-----	<input type="checkbox"/>	-----

E. Proposed Timeframes for the review: *please specify;*

3 mth	6 mth	Other
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(as opposed to timeframes for recommendations as a result of the review)

F. Proposed budget to undertake review: \$0000.00

Gov Budget	%	Dept Budget	%	External	%	Other	%
<input type="checkbox"/>	-----	<input type="checkbox"/>	-----	<input type="checkbox"/>	-----	<input type="checkbox"/>	-----

G. Undertake cultural survey indicators for:

Buildings	Collection	Events	Program	Projects	Other
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



**CITY OF MARION  
FINANCE AND AUDIT COMMITTEE MEETING  
31 MAY 2016**

**Originating Officer:** Deborah Horton  
Unit Manager Performance & Improvement

**Corporate Manager:** Kate McKenzie  
Corporate Governance Manager

**General Manager:** Vincent Mifsud  
General Manager Corporate Services

**Subject:** Service Review Progress Reports

**Report Reference:** FAC310516R7.10

---

**EXECUTIVE SUMMARY:**

In October 2015 (AC131015R7.10) the Audit Committee (now known as the Finance & Audit Committee) endorsed a new approach to service reviews with such to be;

- delivered within a three-year period,
- predominantly undertaken internally,
- integrated into work area planning and processes annually.

In addition to defining the organisation's future approach to service reviews, a number of services were identified to be reviewed concurrently including: Hard Waste and Living Kaurna Cultural Centre (see report AC151215R7.9) and Libraries. The Learning Festival has been added to this list of service reviews after it was identified by Council that the service should be reviewed (GC250815R03).

The purpose of this report is to provide the Finance and Audit Committee (the Committee) with an update on each of the services that have been reviewed since December 2015. In addition, the Committee's guidance is sought regarding each service review's status and future recommendations prior to seeking Council's endorsement, as is defined within the Committee's Terms of Reference (see report GC220915R07);

- Hard Waste
- Living Kaurna Cultural Centre (LKCC)
- Libraries
- Learning Festival
- Organisational wide service reviews to date

**RECOMMENDATIONS (1):**

**DUE DATES**

***That:***

- |  |             |
|--|-------------|
| 1. The Finance & Audit Committee note the progress of and provide feedback on the service reviews undertaken to date.          | 31 May 2016 |
| 2. The Finance and Audit Committee provide feedback on the Marion Library Service Review Project Brief included as Appendix 1. | 31 May 2016 |

## BACKGROUND

As a result of an organisational restructure operational as at 29 February 2016, the Performance and Improvement Team (PIT) was created to manage and deliver the service review program. The following table provides an update of each of the services reviewed thus far;

Service	Commenced		Status		
	Y	N	Progress %	1st Draft (F&AC)	Final Report Council
Hard Waste	✓		80%	✓ Mar-16	Aug-16
Living Kurna Cultural Centre (LKCC)	✓		50%	✓ May-16	-
Libraries	✓		50% scope only	✓ May-16	-
Learning Festival	✓		80%	✓ May-16	Jun-16
Organisational Wide Service Reviews	✓		40%	✓ May-16	-

## DISCUSSION

### Hard Waste

On 13 October 2015, the Audit Committee provided staff guidance regarding the scope and objectives of the Hard Rubbish service review. This resulted in a review being undertaken internally and a report being presented to the March Finance and Audit Committee meeting (FAC080316R8). At this meeting, the Committee reviewed the report noting that additional elements should be included in the review, namely;

- liaison with the Southern Region Waste & Recycle Authority (SRWRA) for alternative future waste options,
- hazardous waste and e-waste options for residents including communication mechanisms for information and promotion,
- Analysis and application of fee for service models.

A final report is proposed to be presented to Council on 23 August 2016 with the above addressed.

### LKCC

A service review has commenced with a report being presented to the Committee (see separate report to this meeting).

### Libraries

The Park Holme, Cove Civic Centre and the Marion Cultural Centre Libraries have commenced a service review as aligned with the newly implemented service review framework. The Committee's feedback is sought on the Marion Library Service scope document for the service review (attached as Appendix 1).

### Learning Festival

The learning festival completed a service review as aligned with the newly implemented service review framework. A separate report is provided (see separate report to this meeting) with a final report proposed to be presented to Council on 27 June 2016.

### Organisational service reviews to date

In order to review all of the City of Marion's services by the 30 June 2016, the organisation has undertaken a significant amount of work.

A previously developed list of the organisation's services has been reviewed by all strategic leadership staff in order to update and record a complete list. This list continues to evolve as

services are further defined across the organisation as a result of completing service statements (stage one review).

The framework and associated documentation that articulates the service review process is provided in a separate report (see separate report to this meeting) however at the time of writing, stage one reviews had commenced across the organisation with several service statements having been completed with analysis and verification of these statements proceeding.

A report will be presented to the 16 August 2016 Finance & Audit Committee detailing the outcome of stage one service statements and a proposed schedule for stage two reviews.

**CONCLUSION:**

The Service Review Program provides assurance to the Council (via the Finance and Audit Committee) that the services Council provides are operating in an efficient and effective manner.



## Service Review Scope –

<b>Project Name:</b>	Service Review – Marion Library Service
<b>Project Number:</b>	tba
<b>Project Sponsor:</b>	Tony Lines
<b>Project Manager:</b>	Liz Byrne
<b>Date:</b>	May 2016

### 1. Description of Project:

The Marion Library Service Review will assist Council to determine the future directions of the entire library service – including services, programs and activities. The Library Service Review will provide analysis on current operations, the effectiveness of the service, and the relevance of its services and resources. The outcomes of the Service Review will report on the public value and financial sustainability of the Library Service whilst ensuring its services meets current and future community and customer expectations.

For the purposes of this review Marion Heritage Research Centre will be excluded.

### 2. Project Objectives

The objectives of the service review are to undertake an analysis of the Marion Library Service in terms of strategic alignment, bench marking against national standards and guidelines to determine the most effective business model for the Marion Library Service.

The review will include consideration of:

- The role and functions performed by the Marion Library Service;
- The associated community value;
- Service levels and standards;
- How Marion Libraries assist with the achievement of the Community Plan for the City and Council
- Consulting with key stakeholders including customer focus groups;
- Performance of the Marion Library Service;
- Cost and potential savings;
- Exploring alternative funding arrangements including user charges and grants.
- Improved resource usage;
- Benchmarking with other library services;
- Exploring service delivery models including service sharing, strategic relationships, community enterprises;
- Reviewing internal operations including staffing structure, processes, and work practices;
- Exploring methods to optimise resource usage, including rationalising and making better use of assets;
- Service and activity innovations;
- Identify and recommend opportunities for improvement

### 3. Deliverables

To achieve the project objectives, the review will involve the following stages:

- Define purpose – the purpose will be clarified and linkages with the Community Plan;
- Map Core Services – the core services will be defined and mapped;
- Gathering of data on Library usage, income generation, customer satisfaction systems and processes;
- Engagement of external consultant to assist with gap analysis, future directions, peer review and expertise;
- Review organisation structure of Marion Library Service;
- Community and stakeholder engagement;
- Identify Service improvements;
- Prepare report – a final report with recommendations will be prepared for Council and Finance & Audit Committee review.

### 4. Description of Project Constraints:

Potential constraints on undertaking the service review include:

**Staffing and resourcing:** There are interim staffing arrangements in place across the library service due to a number of positions being vacant and being undertaken in an acting capacity since July 2015.

**Community consultation:** the review of the Marion Library Service will require community and stakeholder consultation, the timing and context of which is yet to be determined.

### 5. Justification/Comments supporting the Project:

Council has requested Service Reviews across the organisation. Council identified the Marion Library Service as a priority.

The service review is timely due to the number of staff positions being fulfilled in an acting capacity and the opening of Cove Civic Centre in late July 2015.

### 6. Project Stakeholders

#### Internal Stakeholders

Operational support – manager and staff  
 Human resources  
 Internal users of the facility  
 Executive Leadership Team  
 Finance & Audit Committee  
 Council

#### External Stakeholders

Public Library Services  
 Education Department – school & kindergartens

Residents/Community  
 South Australian Public Library Network (SAPLN)  
 Libraries Board of South Australia  
 Businesses  
 Australian Services Union

## 7. Program & Milestones

Project brief to Finance and Audit Committee for review and feedback 31 May 2016  
 Project Scope preparation for External Consultant June 2016  
 Engagement of External Consultant July 2016  
 Project team – first meeting scheduled July 2016  
 Elected Member forum scheduled for August 2016  
 Undertake review process July 2016 – March 2017  
 Consultants final report March – 30<sup>th</sup> June 2017  
 Project Plan for implementation of outcomes July – September 2017  
 Implement outcomes of review to be completed by June 2018

## 8. Estimated Project Cost

This project is to commence on the basis that internal resources are available to collect and collate relevant data. External consultants will be engaged to contribute/undertake the following:

1. Compilation of project plan and order of priorities
2. Financial analysis of service provision data
3. Gap analysis and future directions
4. Completion of final report

A budget of \$25,000 has been assigned from the Service Reviews budget to undertake this work.

## 9. Project Governance

**Project Sponsor:** Executive Leadership Team – CEO, General Manager  
**Project Manager:** Liz Byrne, Manager Community and Cultural Services  
**Project Team (internal):**  
 Kate McKenzie, Manager Corporate Governance  
 Rachel Read, HR partner  
 Patrice Pearson, Community Engagement Officer  
 Michelle Stewart, Planning and Performance Officer  
 Jackie Dolling, Ola Wleklinski, Jayne Webster, Unit Managers - Libraries  
 Business Unit Support Officer – Community and Cultural Services  
**Project Team (external):** to be determined by Consultant

## 10. Risk Management Approach

Risk may include:

- Need for specialist knowledge or available resources to undertake research
- Time and appropriate resources to complete a thorough review of the service

- Potential lack of relevant data and information
- Union involvement

**Project Brief Sign-Off**

**Project Manager**

_____	_____	_____
<b>Name</b>	<b>Signature</b>	<b>Date</b>

**Project Sponsor**

_____	_____	_____
<b>Name</b>	<b>Signature</b>	<b>Date</b>

DRAFT

**CITY OF MARION  
FINANCE & AUDIT COMMITTEE  
31 MAY 2016**

**Originating Officer:** Marg Edgecombe  
Unit Manager Community & Cultural Development

**Corporate Manager:** Liz Byrne  
Manager Community & Cultural Development

**General Manager:** Tony Lines  
General Manager Operations

**Subject:** Living Kurna Cultural Centre (LKCC) Service Review

**Report Reference:** FAC 310516R7.11

---

**REPORT OBJECTIVES:**

To provide the Finance and Audit Committee (the Committee) with a report detailing the outcomes of an internal service review of Council's Living Kurna Cultural Centre (LKCC) and to seek the Committee's feedback regarding the proposed management models.

**EXECUTIVE SUMMARY:**

A review of the services provided by the LKCC was initiated earlier this year, following the Finance and Audit Committee's endorsement of a service review project brief at its meeting on 15 December 2015 (AC151215R7.9).

This report outlines a range of options for the Committee's collective consideration and response, as provided for in its Terms of Reference (item 2.2.5 endorsed on 22 September 2015 GC220915R07) and in keeping with the newly established internal service review framework (see FAC310516R7.9). The report has considered five options for the future delivery of services and operation of the centre, based upon the three principles of commercial viability, public value and innovation, including;

1. Continue the current service as-is with slight improvements
2. Operate the service based upon a Kurna Community Governance Model immediately
3. Transition the service based upon a Kurna Community Governance Model
4. Operate the service via a third party
5. Discontinue the service and dispose of the assets.

Subsequent to information collected during the consultation period, the service review team further developed two of the above options, that being a co-management model between Kurna Nation Cultural Heritage Association (KNCHA) and Council (option 2B) and operating the service via a third party (Option 2C).

**RECOMMENDATIONS (1):**

**DUE DATES**

**That the Finance & Audit Committee provide feedback on the Living Kurna Cultural Centre Service Review Report 2016 (Appendix 1) particularly with regard to Option 2B and Option 2C.**

**31 May 2016**



*Living Kurna Cultural Centre  
Service Review Report*



Version: V4  
Date: 24 May 2016  
Prepared by: Marg Edgecombe, Unit  
Manager, Community  
Cultural Development

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## Executive Summary

This report provides the outcome of a Service Review of the Living Kaurna Cultural Centre (LKCC) including Fairford House and associated activity on Warriparinga.<sup>1</sup>

The City of Marion has invested in the LKCC since it was built in 2001 following receipt of a Centenary of Federation grant to develop it. LKCC is a unique service for the City of Marion and for Local Government in South Australia. The location of the significant cultural asset, including both Kaurna and early European settlement history, provides the City of Marion with unique opportunities and distinctive challenges. The site has spiritual and cultural significance to the Kaurna People, as well as being an open space and early settlement heritage site enjoyed by Aboriginal and non-Aboriginal community alike.

The LKCC delivers a number of service activities in the areas of cultural and community programming, venue hire and support for Kaurna groups and business.

The review was undertaken from January to early May 2016, following the endorsement of the LKCC Service Review Brief by the Finance and Audit Committee on 15 December 2015 (AC1512157.9).

The report includes:

- Analysis of the LKCC service in terms of alignment to Council's Strategic Plan
- Overview of the history of the service
- Analysis of current service standards and service costing
- Five different options for service delivery
- Recommendations for future service delivery.

The report acknowledges that there have been some limitations in data collection and consultation processes including:

- Complexities and sensitivities in consultation with the Kaurna community
- Limited feedback from wider stakeholders.

The report identifies two models for service delivery (Option 2B Joint Governance with Kaurna Community and Option 2C Management by Third Party) that should be considered further by Council.

Industrial awards and enterprise agreements applying to the City of Marion require a consultative process to be undertaken with employees and their representative union where those employees will be impacted by the formulation of plans that have a direct impact on them. This requirement applies where the formulation of plans impacts on the composition, operation, size of the workforce or in the skills required, alteration in the hours of work, the need for retraining or transfer of employees to other work location and the restructuring of jobs. The purpose of these industrial arrangements is to provide an opportunity for employees and their union to have their viewpoints heard and taken into account prior to a decision being made. The Options for consideration (2B and 2C) currently impact on one staff member. Appropriate consultation will be undertaken prior to confirming any decision impacting this staff member.

---

<sup>1</sup> Warriparinga, where the LKCC is situated, is located on the Sturt River, between Sturt Road, Marion Road and South Road. A further description on the spiritual and cultural significance of the site to the Kaurna people, and hence its relevance to the LKCC service, is included in section 1.3.1 Background and History. For the community, at times the term Warriparinga and LKCC are interchangeable. For the purpose of this Service Review LKCC includes the services delivered from LKCC, including Fairford House and the grounds and walking tracks around Warriparinga, used for the cultural tours.

## 1 Background

The purpose of a Service Review is to understand the current and likely future state of a service. This report provides an analysis of a rigorous process as identified within the City of Marion Service Review Framework. Council has identified Community Services as a priority for Service Reviews. The LKCC has been identified as the first Community Service to begin this process.

### 1.1 Review Objectives

The objectives of the review are to undertake an analysis of the current LKCC service in terms of strategic alignment and determine the most effective business management model for the Centre. The review included consideration of:

- Whether Council should be 'in this business'
- Current service standards and service costing
- Community capacity outcomes
- Alternative management models

(see Attachment 1 - LKCC Service Review Brief

This LKCC Service Review provides analysis on the history of the service, current operations, public value, financial sustainability, stakeholder concerns, as well as potential options for delivery through alternative models of the Centre, and recommends future service delivery models based on community consultation.

Warriparinga and the LKCC services most strongly align with the strategies in the City of Marion Strategic Plan Towards 2040 and Business Plan in the following way:

**Table 1: LKCC alignment to City of Marion Strategic Plan**

<b>Liveable City</b>	<ul style="list-style-type: none"> <li>• Neighbourhoods that reflect local character, heritage and enable a sense of belonging</li> <li>• An inclusive community embracing diverse culture, active living and healthy lifestyles</li> </ul>
<b>Biophilic City</b>	<ul style="list-style-type: none"> <li>• A city that reflects a deep value of the natural world</li> <li>• Improved condition, diversity and connectivity of ecosystems</li> </ul>
<b>Prosperous City</b>	<ul style="list-style-type: none"> <li>• A diverse and welcoming City offering both residents and visitors a wide range of leisure and cultural experiences</li> </ul>
<b>Connected City</b>	<ul style="list-style-type: none"> <li>• A road network that supports safe walking, cycling and vehicle travel and connects neighbourhoods</li> </ul>
<b>Engaged City</b>	<ul style="list-style-type: none"> <li>• Meaningful opportunities for community engagement, partnerships and co-creation</li> </ul>
<b>Innovative City</b>	<ul style="list-style-type: none"> <li>• A City that harnesses creativity, research and collaboration to pursue innovative ideas</li> </ul>
<b>Council of Excellence</b>	<ul style="list-style-type: none"> <li>• Delivery of maximum community value through effective, efficient and equitable service delivery</li> <li>• Council has the skills, tools and capacity to deliver services, programs and projects to meet the community expectations</li> </ul>

### 1.2 Service Requirements Under Legislative Provisions

While there is no existing legislation on the provision of services such as the LKCC, the nature of the State Heritage Listed buildings (Fairford House) and surrounds attracts legislative actions. Development which

affects State Heritage Listed buildings (including maintenance and repairs) requires development approval and advice sought from the State Heritage Branch.

### **1.2.1 Role of Local Government in Indigenous Services**

The Local Government Act (LGA) of South Australia stated objectives relating to the LKCC Service include:

- To encourage the participation of local communities in the affairs of local government and to provide local communities, through their councils, with sufficient autonomy to manage the local affairs of their area
- To encourage local government to provide appropriate services and facilities to meet the present and future needs of local communities.

The Act also states functions of Local Government (relating to the LKCC Service) is to:

- Provide and co-ordinate various public services and facilities and to develop its community and resources in a socially just and ecologically sustainable manner
- Encourage and develop initiatives within its community for improving the quality of life of the community.

Both the Australian Local Government Association (ALGA) and the LGA of SA have policy statements on the role and commitment of local government in the delivery of services to local indigenous communities.

ALGA states: “Local Government recognises the need for a partnership with Aboriginal peoples and Torres Strait Islanders. This includes direct participation of Indigenous Australians and their organisations in local and regional, economic and strategic planning and development”.

The LGA SA Policy Manual (2013) outlines local government’s commitment to:

- Developing and promoting, as appropriate, Indigenous involvement in events and celebrations of significance which respect to the dignity and protocols of the local Indigenous community
- Taking effective action on issues of social and economic concern where they lie within the sphere of interest and responsibility of Local Government
- Participating in education processes which enhance the increased knowledge, understanding and appreciation of Aboriginal and Torres Strait Islander culture and heritage and the needs of Indigenous communities
- Developing strategies that improve the level of participation of Aboriginal and Torres Strait Islander people in Local Government at all levels.

### **1.2.2 Council’s Work with Aboriginal People**

The City of Marion continues to be pro-active in working with the local Kurna people in developing services and furthering reconciliation. The City of Marion was the one of the first Councils to fly the Aboriginal Flag and Torres Strait Islander Flag. Since 1991 Council has worked closely with the Kurna people, through the Warriparinga Interpretive Centre Inc (WIK), which was established to develop the Warriparinga site. This included the development of the Tjilbruke Gateway, a symbolic installation of the Tjilbruke Dreaming, incorporating Aboriginal input in the Warriparinga Wetlands development, and the development of LKCC.

Council, along with the Cities of Onkaparinga and Holdfast Bay and Yankalilla Council was a signatory to the Kurna Tappa Iri Regional Agreement (KTIRA) 2005-2008. This was a non-legally binding, aspirational agreement between the four Southern Councils and the Kurna Community to work collaboratively with “an agenda for change”, celebrating the traditional ownership of land by the Kurna Nation and creating opportunities for Aboriginal people to contribute to decision making and place making, and to develop cultural and economic opportunities throughout this region.

The framework of the KTIRA was based on seven key objectives:

1. Developing leadership, governance and business capabilities
2. Recognising Traditional Kurna Ownership
3. Promoting Kurna identity, cultural and values
4. Protecting significant places sites and objects
5. Improving Kurna's influence and holding over culturally important land
6. Creating sustainable economic opportunities
7. Developing the Tjilbruke Track.

While the KTIRA 2005-2008 ceased at the end of the agreement period, a number of key achievements and objectives were met by the agreement or have continued to influence the development of the original objectives of the Agreement. This includes the development of the Kurna People and the Local Government Indigenous Land Use Area (ILUA) Agreement.

The City of Marion, alongside City of Adelaide and City of Salisbury, was also one of the first Local Government bodies in South Australia to develop a Reconciliation Action Plan (RAP). The first City of Marion RAP covered the period 2013/14, and has been subsequently followed by the RAP 2014/15 and the development of the three year 2016/19 RAP yet to be endorsed by Council. The LKCC is one of the significant facilitators in achieving some of the objectives of the RAP.

In July 2013 Council resolved to be a signatory to the Kurna People Local Government Indigenous Land Use Area (ILUA) Agreement. The ILUA Agreement involves 28 of the 68 local government Councils in South Australia covering 83% of the population of South Australia. These 28 Councils are all the Councils within the boundaries of the Kurna native title claim. The ILUA Agreement assists Council in meeting its responsibilities under the Federal Native Title Act and South Australian Heritage Act; includes an Aboriginal heritage protocol which promotes and facilitates protection of Aboriginal heritage and a pre-determined, uniform and consistent approach in this regard across all participating Councils; builds relationships with indigenous parties; and delivers indigenous community benefits, including employment opportunities/training.

### 1.3 Service History

The service delivered from the LKCC (including Fairford House), has been offered to the community by the City of Marion's Community Cultural Development Unit since a corporate restructure in August 2010. Prior to that (from 2001 to August 2010) the service was delivered as part of the Community Development Department.

From on-going data collected to evaluate the service it is known that:

- Approximately 21,741 people utilised the LKCC during the last full financial year (2014/15) consisting of:
  - 5,096 users of the cultural education program
  - 5135 through venue hire
  - Approximately 7050 visitors at organised events in the park (including approximately 5,000 visitors to the Marion Celebrates Festival<sup>2</sup>)
  - An estimated 2,600 walk-in / non-booking related visitors per year
  - Approximately 1,860 telephone enquires per year.
- The average cost to deliver the service over the last three full financial years was \$277,000 (Total Operating less Depreciation).

<sup>2</sup> Marion Celebrates, Many Cultures, One Earth Festival, is the bi-annual, City of Marion community and cultural festival. The past three festivals have been held at Warriparinga, the last one being March 2015.

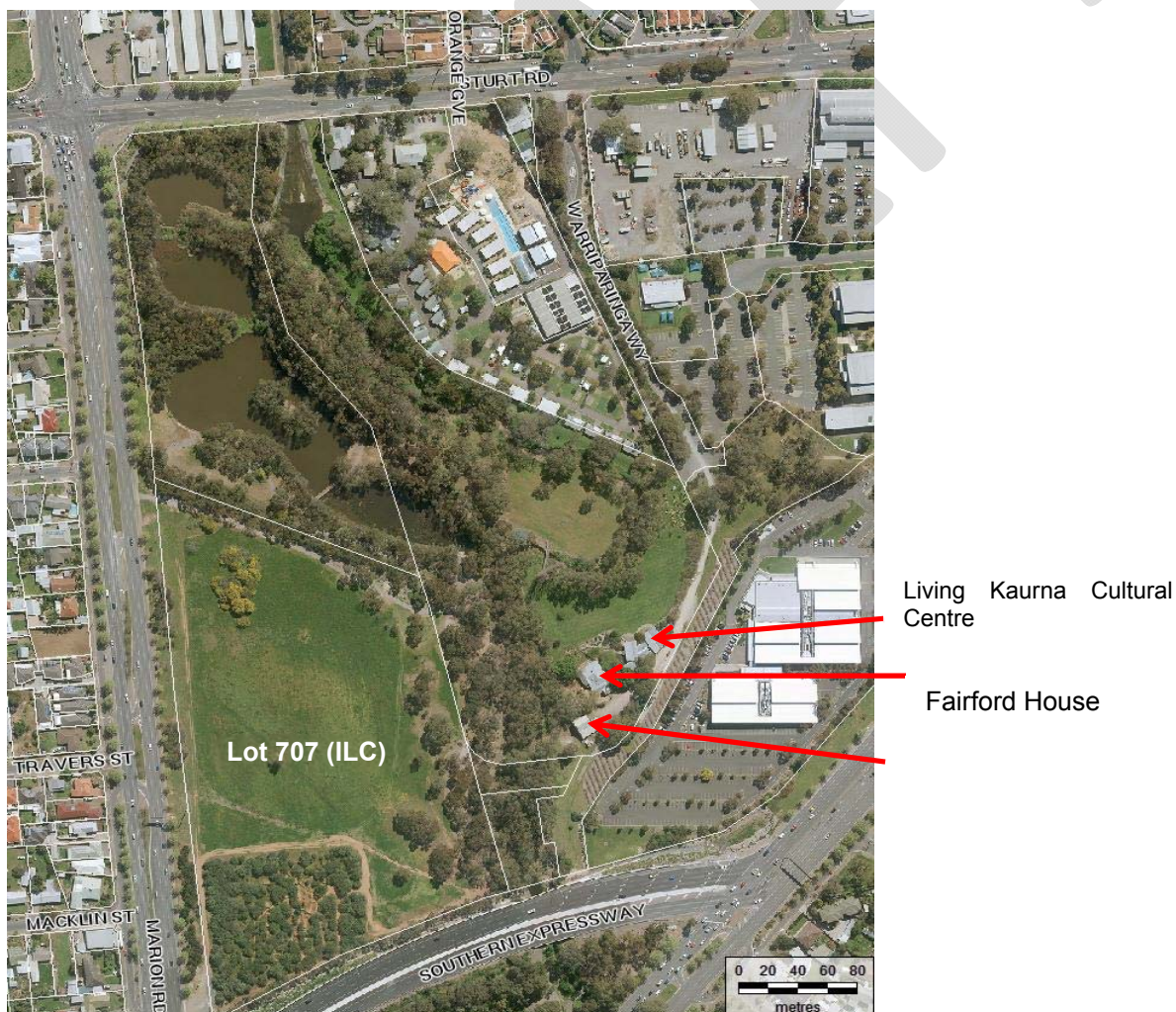


- The average cost per visitor to deliver the service over the last three full financial years is approximately \$13.80. This has been reduced over the three years to \$10.18 per person.
- The average cost per resident to deliver the service over the last three full financial years is approximately \$3.15.
- The service is delivered by two full-time City of Marion staff supported by a casual, part-time Cultural Officer and fee-for-service cultural workshop leaders.

### 1.3.1 Background and History

Warriparinga, based on the Sturt River, is an important cultural heritage site in the City of Marion where Aboriginal and early European heritage sit side by side. For the Kaurna people of the Adelaide Plains, this site is a traditional ceremonial meeting place still used today. Warriparinga is an important part of the Tjirbruki Dreaming (see Attachment 2 - Tjilbruke Story). As a place of spiritual and cultural significance, many Kaurna people liken its importance to the Kaurna community to a Western cathedral or church, Eastern temple or Islamic Mosque.

The site is also one of the last intact examples of an early European settlement and land use surviving within metropolitan Adelaide, demonstrating early buildings, a relatively unchanged river, and a historic horticultural and garden setting. Fairford House, dating back to 1843, and the associated out-buildings are significant as a rare example of a building complex having a long association with a single family. The Laffer family acquired the property in 1876 and it remained in the family for 112 years. The original South Road ford crossing, just south west of the Coach House, gave its name to the homestead.



**Figure 1: Site Map Warriparinga and Lot 707**

Warriparinga - including Fairford House, the Coach House and the grounds - are State Heritage Listed. This combination of the Aboriginal and early colonial history, preserved in the urban landscape, highlights the uniqueness of the site.

Adjacent to Warriparinga is Lot 707, purchased on behalf of the Kurna People by the Indigenous Land Corporation. While not under any influence of Council, the future use of Lot 707 has potential impact on the future of the LKCC.

### 1.3.2 Development of LKCC

The LKCC was built in 2001 as a result of the City of Marion attracting Commonwealth Centenary of Federation Funding for this purpose. The original focus for the facility, based on the Deed of Grant issued by the Commonwealth Government, included the following objectives:

#### Cultural and Social:

- Providing a place for spiritual renewal
- Cultural renewal, ceremony, celebration and ritual gathering for the Kurna people
- A place for Kurna people to undertake business in an environment with cultural connection

#### Educational and Environmental:

- Becoming a learning place for Kurna people and future generations and revive traditional practices in customs, arts, history and language
- Develop Kurna people management skills and encourage self-determination, self-esteem and independence
- Develop program of Aboriginal and European cultural activities that promote the historical and cultural significance of the site
- Offer opportunities for environmental studies, research and monitoring projects
- Restore the Kurna and European horticultural heritage and ensure environmental best practices are implemented on site

#### Commercial and Financial:

- To maximise the revenue potential of the LKCC
- Develop unique and authentic programs and product lines and package/promote the products commercially
- Provide training, employment and business enterprise opportunities for the empowerment and economic development of the Kurna people
- Seek assistance (financial, goods or expertise) from outside organisations to enhance the development of the LKCC.





**Figure 2: Living Kurna Cultural Centre**

In 2001 the City of Marion also entered into a Memorandum of Understanding (MOU) with the Kurna Aboriginal Community Heritage Association (KACHA). The MOU described how the City of Marion and KACHA would work together. The objectives of the MOU were:

- A willingness to settle past differences and resolve issues of concern
- A desire to work co-operatively and in partnership to develop projects and initiatives for the long-term benefit of Kurna people and other indigenous and non-indigenous people
- A desire to conduct relations on a basis of mutual respect and understanding
- To encourage and recognise Aboriginal people's rights to self-determination and self-management
- To assist Kurna People develop a sustainable future and to conserve and develop their cultural and heritage.

An Interim Committee was formed to develop relationships and build foundations to enable a properly constituted committee, which could take over responsibility for the Centre operations. The Interim Committee then worked with the City of Marion to further develop the LKCC.

The MOU was in place from 2001 to 2005. At this point, relationships between the Interim Committee, some members of KACHA and LKCC staff became untenable, which, together with concerns regarding operational processes, resulted in the LKCC being temporarily closed. A full review of services and operating systems was undertaken to determine how the City of Marion could ensure the success of the LKCC. The Centre reopened in January 2006 and has been operated by Council since then.

## **1.4 Service Delivery**

The LKCC delivers a number of service activities in the areas of cultural and community programming, venue hire and support for Kurna groups and business.

### **1.4.1 Cultural and Community Programming**

The cultural education program to schools and groups currently includes cultural tours, Aboriginal Art workshops and traditional weaving workshops.

Different tours have been conducted over the years depending on the availability of tour guides. The current tour of the Warriparinga covers topics such as interpretation of the significance of the Warriparinga site to the Kaurna people and the European settlement history; an introduction to Kaurna dreaming stories, with a focus on Tjilbruke Dreaming; an appreciation of the native plant, bush tucker, and medicine plants; the use of tools and artifacts by the Kaurna people; introduction to Kaurna language, culture and music; and an explanation on the making and playing of the Didgeridoo.

The Aboriginal Art workshops provides an overview of different forms of Aboriginal art and craft; an explanation of how to understand and interpret symbols used in Aboriginal art; a description of various Dreaming Stories and how they are interpreted in contemporary Aboriginal art; and an opportunity to do a hands-on painting workshop.

The traditional weaving workshop, taught by the local Southern Elders Weaving Group, includes a sharing of the Elders knowledge, life and cultural traditions while learning the different weaving techniques.

#### 1.4.2 Gallery and Retail Outlet

The small Gallery supports local Aboriginal artists living on Kaurna lands through the exhibition and sale of art and craft. The retail arm of the Gallery stocks a range of gift items such as soaps and candles, South Australian native food products, bush tucker cookbooks and plant growing, a selection of Kaurna language books and CDs (including some specifically for children), Kaurna biographies, maps of Aboriginal lands across Australia, and posters of bush tucker plants and native fish.

#### 1.4.3 General Cultural Enquiries and Cultural Timeline Display

Staff regularly respond to telephone and face-to-face enquiries regarding Kaurna language, cultural practices and protocols, and native bush tucker and medicine plants. There is a great deal of interest from the general community, and many educational institutions direct their students to the LKCC to undertake research. The Kaurna timeline display on the wall of the hallway provides an overview of the history of the Kaurna people. Visitors and students are invited to spend time reading and digesting the information displayed at the Centre.

#### 1.4.4 Community Activities

A range of community activities are held at the LKCC. A Kaurna Family Day is held annually to celebrate for NAIDOC Week. Programs for the development of cultural understanding and practice in young people have been held over the years, in partnership with external youth service providers and dependent on external funding.

The LKCC also supports various Aboriginal service providers with in-kind venue support to host community events at the Centre, such as the highly successful *Blak Nite* youth arts festival held in 2013. The City of Marion bi-annual community and cultural festival, *Marion Celebrates, Many Cultures, One Earth* has been held at Warriparinga since 2011, the last one being held on 29 March 2015.

#### 1.4.5 Venue Hire and Use

Another revenue stream for the LKCC is the hire of both the LKCC venue and the boardroom of Fairford House. The main function room of LKCC can host up to 30 people seating and is ideal for meetings and workshops. The meeting room of Fairford House seats up to 14 people comfortably in a boardroom style. Booking fees include the provision of minor meeting equipment such as media projectors, white board, tea and coffee. While the current lack of Wi-Fi at the Centre limits some contemporary meeting procedures, and both venues are only able to accommodate reasonably small groups, it is an ideal setting for workshops, strategic planning, private meetings, community events and launches due to its tranquil surrounds. A range of organisations, including community groups, business and corporate groups,



Government departments and non-government organisations, the City of Marion, and occasionally private individuals, hire the venues.

The LKCC venue is also utilised for some of the LKCC cultural education programs (particularly the weaving and in the past, the Art workshops) and some visiting school groups in inclement weather when visiting for outdoor tours. The venue is available free of charge for Kurna groups to meet and undertake business. The Friends of Warriparinga use the boardroom in Fairford House for their committee meetings free of charge.

The Warriparinga Park is also available to be booked for larger outdoor events. Aboriginal service providers, schools, community groups, large family party groups, walking groups, exercise groups all use the park and book it for organised events. Users are required to make an application for a special event permit through the Land and Property department and a booking through the LKCC.

#### 1.4.6 Support for Kurna Groups and Business

One room in Fairford House is currently being leased to Kurna Nation Cultural Heritage Association (KNCHA) as office space and storage of records. There are four years remaining on this lease. The Environmental Protection Authority (EPA) is using part of a room in Fairford House as office space for a Kurna Liaison Officer for the Catchment to Coast project.

The Friends of Warriparinga are provided with storage space for their administrative records and house their gardening equipment in the Coach House.

#### 1.4.7 Centre Marketing

The LKCC is promoted through:

- City of Marion website
- LKCC Facebook page
- Screen in Council facilities
- Event flyers and posters across the City of Marion
- Libraries and Cultural Events 'What's On' quarterly brochure
- Council 'What's On' Section in the Messenger Newspapers
- Council Ward News
- General brochure distributed to tourism destinations around Adelaide (currently in review)
- Cultural Education Program information via Department Education and Child Services distribution list and the Association of Independent schools of SA distribution list (annually)
- Event advertisements in the Messenger Newspapers
- Word of mouth through the Aboriginal community.

#### 1.5 Current Staffing Level

The staffing levels at the LKCC over the years have been variable. Consistent roles have included the Coordinator (previously also responsible for other areas in Council) and the Administration Officer role. Both roles have been employed by the City of Marion. The Cultural Officer position(s) have either been employed through an employment agency and rostered based on cultural program bookings, or employed on a fee for service basis.

A review of the Community Cultural Development Unit undertaken in 2014 recommended that the Cultural Officer position be converted to a City of Marion position with flexibility built into the role to meet rostering demands for tours. This has not been progressed due to Council's vacancy management policy and this Service Review.

Since the resignation of the previous Coordinator of the Centre in June 2015, temporary staff arrangements have been put in place until the outcomes of this Service Review are finalised.

The staffing resource allocation has been consistent over the past three years as follows:

**Table 2: LKCC Staff Resource Allocation**

Role	FTE	Employment	Responsibilities
<b>Coordinator</b>	1.0	City of Marion	Program development and management, facilities management, Aboriginal community liaison, WHS, people management, financial management, sourcing grant funding, marketing, strategic planning.
<b>Administration Officer</b>	1.0	City of Marion	Customer service, venue and tour booking coordination, processing invoices, receiving and receipting of money, venue set up and maintenance, distribution of marketing material, maintaining Gallery and retail outlet, maintaining Centre processes and procedures, etc.
<b>Cultural Officer</b>	Hourly	Casual through agency	Delivery of cultural interpretation and education programs, responding to customer enquiries regarding Kurna culture, assisting with development of culturally appropriate programming. Rostered hours dependent on tour bookings. Currently available to the City of Marion for 15 - 20 hours per week.
<b>Arts Workshop Facilitator</b>	Hourly	Casual through agency	Delivery of art workshops as per bookings. Rostered hours dependent on workshop bookings.
<b>Southern Weavers</b>	Per workshop	Fee for service	Delivery of weaving workshops as per bookings. Fee for service for workshops undertaken.

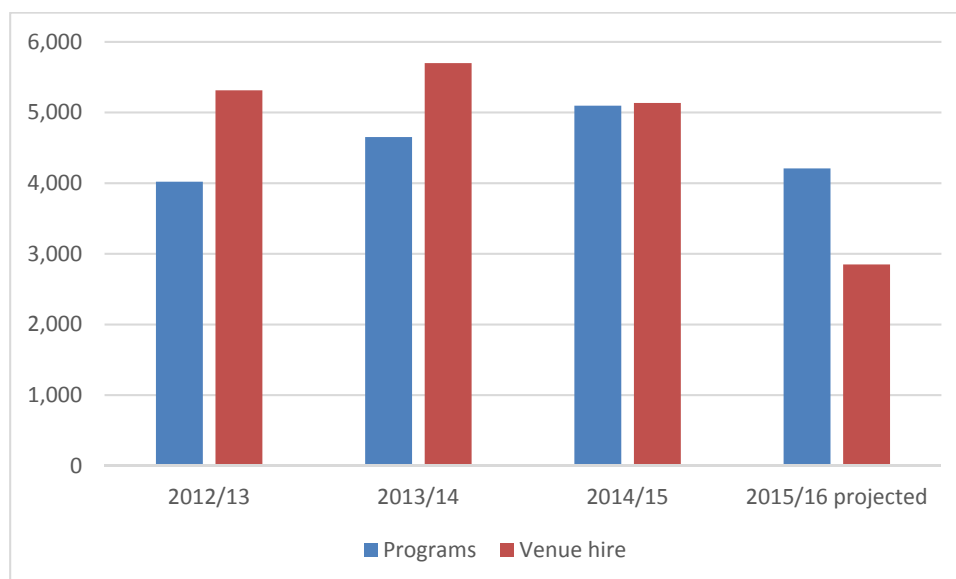
## 1.6 Participation Rates

Participation rates for the service are somewhat seasonal. The Cultural Education Program is accessed mostly in school term times. Venue hire is accessed throughout the year. Data shows that consistently the busier times are between July and November and March to May.

The following table shows comparative data of participants of the Cultural Education Program and number of participants visiting the Centre through room hire, since 2012/13 to projected end of 2015/16. The data shows the volatile nature of the service due to the variation in the participant numbers to booking ratio i.e. bookings of programs and room hire are relatively stable, whereas the number of people attending each booked time frame are variable.

**Table 3: Participation Rates for Programs and Venue Hire (only)**

Year	Programs	Venue hire	TOTAL	% difference to previous year
<b>2012/13</b>	4,021	5,314	9,335	-
<b>2013/14</b>	4,654	5,700	10,334	+11%
<b>2014/15</b>	5,096	5,135	10,231	-1%
<b>2015/16 projected</b>	4,210	2,850	7,060	-31%



**Figure 3: Three Year Comparison of Programs and Venue Hire (only)**

#### 1.6.1 Cultural Education Program and community activities

Data collected from 2012/13 to the end of the 3rd quarter of this year (2015/16) indicates that 13,038 students have accessed the Cultural Education programs. An additional 3,408 people accessed the program from corporate, non-government organisations and community groups, bringing the total participants of the program to 16,446 over that period. While there is a suggested minimum number of participants per tour of 10 people, the numbers of Cultural Education programs booked and numbers of participants in each program is variable.

The following analysis shows the participation rates over the past three years including the rates of participation and capacity of the service utilising current resource levels.

**Table 4: Participation Rates and Capacity – Cultural Education Program**

Cultural Education Program	Total Tours	Actual Capacity*	Participant Numbers	Native Plant Culture and Music	Intro to Warriparinga	Art	Weaving
<b>2012/13</b>	155	65%	4,021	106	Not offered	26	23
<b>2013/14</b>	196	82%	4,654	148	Not offered	30	18
<b>2014/15</b>	199	83%	5,096	96	27	56	20
<b>2015/16 projected</b>	150	63%	4,200	112	17	14	18
<b>Total</b>	700		17,971	462	44	126	79

\* Actual capacity is calculated based on the potential of 240 tours per annum (2 tours per day, 3 days per week given current tour leader availability).

Current capacity is based on the availability of the Cultural Officer, which is limited to 3 days a week with occasional availability for another day a week. This is specialist work requiring cultural knowledge and the Centre is reliant on the availability of Kurna people with that knowledge.

The Introduction to the Warriparinga Tour was offered to the Junior Primary sector for a limited period based on the availability of a particular casual staff member who developed and presented the tour at the time. This team member has since gained permanent, full-time employment in the Families and Youth sector.

Cultural Education programs can run concurrently, i.e. a school may book two programs in one visit and do one in the morning and one in the afternoon swapping the groups between the two activities. Numbers of visitors per group can vary between the minimum of 10 people to classes of over 30 students.

### 1.6.2 General Cultural Enquiries and Cultural Timeline Display

The LKCC team respond to telephone and “walk-in” enquiries on a daily basis regarding Kaurna language, Aboriginal cultural practices and protocols, and native bush tucker and medicine plants. Enquires are made by a range of people including members of the general public, tourists and students of all ages requesting specific information on Aboriginal history and cultural practices.

Data has not been kept consistently, however since July 2015 data has been sampled at various times of the year and extrapolated to an annual figure as described in Tables 5 and 6 below:

**Table 5: LKCC Enquiries – Approximate Walk-in Visitors per Year**

Gallery	Shop	General Enquiry	Cultural Info.	Student Research	Other	Searching for Cafe	Total
480	220	495	370	460	195	380	<b>2,600</b>

**Table 6: LKCC Enquiries – Approximate Telephone Enquiries per Year**

General Information	Cultural Information	Student Research	Request ‘Welcome to Country’	Other (Plants, etc)	Total
655	380	125	300	400	<b>1860</b>

### 1.6.3 Gallery and Retail Outlet

While the gallery is not a high income generating concern, it does return a small annual surplus and provides a valuable service and attractive foyer space for the venue.

A total of \$17,864 has been paid to artists from artwork sold on consignment in our gallery since 2012/13. This has supported approximately 30 individual artists. An 18% commission on sale of artworks is retained by the City of Marion.

### 1.6.4 Venue Hire

As with the Cultural Education program, the numbers of venue hire bookings and participation rates through the venue hire are variable. From 2012/13 to projected end of 2015/16, 1019 venue hire bookings have been made with 37,803 people visiting the Centre.

The hours of utilisation over this period are shown in Table 7 below:

**Table 7 Venue Hire –Utilisation Rates**

Utilisation	LKCC	Fairford House	Total
<b>Full capacity in hours</b>	1,600	1,600	3,200
<b>Actual hours 2012/13</b>	893	453	1,346
<b>Actual hours 2013/14</b>	952	327	1,279
<b>Actual hours 2014/15</b>	742	211	953
<b>Actual hours 2015/16 (projected)</b>	540	240	780

At present the service is operating at approximately 34% capacity for venue hire for LKCC and 15% for Fairford House. The capacity is based on the assumption that the LKCC room and the Board Room in Fairford House is available for a total of 1,600 hours per year, based on Monday to Friday, 9.00 am to 5.00 pm (excluding public holidays, closure over Christmas and use of the rooms for cultural programs).

Capacity rates have been higher in previous years. There has been a noticeable drop in venue bookings both in LKCC and Fairford House. Anecdotally Council is being told by regular customers from the Not for Profit, NGO and Government Sector that funding is tighter and hosting meetings, professional development and training sessions at the venue is not as available to them as in past years. The availability of rooms for hire in Fairford House has reduced due to the office accommodation of KNCHA and the partnership agreement with the EPA.

There is also a considerable drop in the use of the venues by internal City of Marion groups probably because of the increased meeting rooms at Cove Civic Centre, City Services and Administration building. For example, in the period July to December 2014 (pre Cove Civic Centre and City Services) compared to July to December 2015 (post Cove Civic Centre and City Services) the bookings from internal City of Marion groups dropped by 85% at LKCC and 45% at Marion Cultural Centre.

The capacity of utilisation of the rooms for hire, over the last 3.75 years is tabled below.

**Table 8: Capacity rates of venue hire**

Capacity	LKCC	Fairford House
<b>% 2012/13</b>	56%	28%
<b>% 2013/14</b>	60%	20%
<b>% 2014/15</b>	46%	13%
<b>% 2015/16 projected</b>	34%	15%

### 1.7 Satisfaction with the Service

As part of evaluating the services offered at LKCC, two surveys were conducted. The surveys were held from 7 December 2015 to early May 2016 with the 'LKCC Program' survey designed to evaluate the programs offered at the Centre and the 'LKCC Facility' survey aimed at measuring the customer experience and impact of the Centre.

The surveys were available on Council's community consultation website, Making Marion. They were deployed by contacting parties that had hired the venue and recent participants of the programs offered at LKCC. While only low levels of participation in the surveys were achieved, the results indicate the service is valued. A high level summary of results for the Cultural Education Program (Table 9) and Venue Hire (Table 10) are shown below with full survey data supplied in Attachment 3 - Customer Satisfaction Report.

#### 1.7.1 Cultural Education Program Survey

The LKCC Program survey (total of nine respondents, equating to a response rate of 18.4%) established that:



- The bulk of respondents were female (89%) and the most represented age group was 40 to 49 year olds (44%)
- Not for profit and government groups represented the majority of respondents at 33% each
- Professional networks were the most effective form of marketing identified (78%)
- The native plant, bush tucker, Kurna Cultural and Music workshop / tours was the most utilised cultural service at the centre
- 78% thought the fees for workshops were either excellent / good / reasonable value for money, however, the remaining 22% felt it was too expensive
- Encouragingly there were two thirds of respondents that felt the program increased their awareness of Kurna and other Aboriginal Cultural practices and issues.

**Table 9: Cultural Education Program Customer Survey Summary**

Survey Response	LKCC Programs - Survey Summary		
	Overall	Value for Money	Likely to Return
<b>Positive response</b>	89%	78%	67%
<b>Negative response</b>	11%	22%	11%
<b>Unsure</b>	N/A	N/A	22%

### 1.7.2 Venue Hire Survey

The LKCC Facility survey (total of 16 respondents) established that:

- The majority of respondents were female (75%), and there was an even spread of age groups represented
- The feedback related predominantly to the Centre and not the other venues available at the site
- 47% of respondents that utilised the facility were educational groups, followed by not for profit groups (21%) and government (16%)
- Word of mouth was the most effective form of marketing (35%)
- All respondents indicated satisfaction with the general amenity of the facility, the equipment / services provided and the level of customer service
- 60% thought the venue hire fees were either excellent or good value for money, however, 20% felt it was too expensive
- There were 47% of survey participants that only hired the venue once a year
- The majority indicated they would book the venue again (81% responded with 'Very likely' or 'Likely')
- The overall satisfaction with the LKCC was 94% with only one respondent indicating that they were not satisfied.

**Table 10: Venue Hire Survey Summary - Customer Service**

Survey Response	LKCC Venue Hire - Survey Summary			
	General amenity	Equipment and services	Level of customer service	Likely to book venue again
<b>Positive response</b>	100%	100%	100%	81%
<b>Negative response</b>	-	-	-	13%
<b>Unsure</b>	N/A	N/A	N/A	6%

**Table 11 Venue Hire Survey Summary - Value for Money**

Survey Response	LKCC Venue Hire – Value for Money
<b>Positive value</b>	73%
<b>Comparable to other venues</b>	7%
<b>Too expensive</b>	20%

### 1.7.3 City of Marion Facilities and Events Survey

The Facilities and Events Survey questionnaire was designed by the City of Marion's Elected Member body. The survey was held from 7 March to 21 April 2016 with the aim of evaluating the City of Marion's facilities and events. Results from the survey (total of 99 respondents) show that:

- the majority of respondents were very satisfied (70%) and satisfied (25%) that the LKCC facilities are well maintained
- 47% were very satisfied and a further 42% were satisfied with the level of personal safety / security when using the LKCC facilities
- overall satisfaction with the facility was high with a total of 95% of respondents indicating they were very satisfied or satisfied.

For the full survey results relating to LKCC See Attachment 4 - City of Marion Facilities and Events Survey relating to LKCC

### 1.8 Risks Associated with the Service

Current operational risks associated with this service include:

- Financial – income dependent on capacity of hirers and users to pay benchmarked fees and charges. Variation in the participant numbers to booking ratio for the Cultural Education Program leads to variable income from year to year.
- Staff resourcing – risks associated with the current structure of staffing for Cultural Officer position where a core function of the Centre is resourced through casual staffing.
- Relationships with Kurna – while the relationship between Council and the Kurna Community is reasonable, the current input by Kurna Community to the Cultural Program is limited resulting in lack of appropriate direction for programs.
- Environmental risks – associated with maintaining the unique natural environment.
- Assets – the recent building audit reports that all assets require some work to maintain their structural integrity. (For full report see Attachment 5 – Warriparinga Building Assessment Summary Report).
- Cultural / Social – the irreplaceable cultural heritage of the site (Kurna and European settlement) and State Heritage Listing of the site attracts specific responsibility for maintaining it for the community.

### 1.9 Expenses and Revenues

The LKCC has continued to be funded over the years through a combination of operating budgets and grant funding.

Over the past three years, staff have worked consistently to reduce the overall operating cost of the LKCC without compromising the service. The budget cost has reduced by 31.6%. Savings have been made through a review of staffing costs, savings in building maintenance, and efficiencies in general facility operation costs and a minor increase in revenue.

The following table highlights the operating expenses and revenue for the 3-year period 2012/13 to 2014/15.

Table 12: Operating Expenses and Revenue for 3 Year Period 2012/13 to YTD 2015/16

	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual YTD 2015/16
<b>Operating Income</b>				
Living Kurna Cultural Centre - Operating	0	0	-270	0
Warriparinga - Fairford House	-10,038	-4,872	-3,676	-2,675
LKCC - Cultural Tours	-35,611	-39,989	-45,127	-20,640
LKCC - Gallery	-10,829	-4,589	-9,562	-7,074
LKCC - Venue Hire	-25,133	-18,295	-25,530	-9,716
<b>Operating Income Total</b>	<b>-81,611</b>	<b>-67,745</b>	<b>-84,165</b>	<b>-40,105</b>
<b>Operating Expenditure</b>				
Living Kurna Cultural Centre - Operating	46,394	40,022	38,008	9,862
Living Kurna Cultural Centre - Labour	173,673	188,997	152,825	72,440
LKCC - Cultural Tours	4,149	2,275	3,297	1,534
LKCC - Cultural Tours Labour	75,426	65,366	41,985	26,406
LKCC - Gallery	9,385	2,734	6,930	3,876
LKCC - Venue Hire	2,567	784	505	611
Warriparinga	382	4	0	0
<b>Operating Expenditure Total</b>	<b>311,976</b>	<b>300,182</b>	<b>243,550</b>	<b>114,729</b>
<b>Net Cost to Council - Operations</b>	<b>230,365</b>	<b>232,437</b>	<b>159,385</b>	<b>74,624</b>
<b>Building Maintenance Expenditure</b>				
Living Kurna Cultural Centre	70,293	40,964	47,319	26,415
Warriparinga - Fairford House	20,782	14,819	14,576	13,821
Depreciation	65,778	65,778	75,431	56,573
<b>Building Maintenance Expenditure Total</b>	<b>156,853</b>	<b>121,561</b>	<b>137,326</b>	<b>96,809</b>
<b>Net Cost to Council - Building Maintenance</b>	<b>156,853</b>	<b>121,561</b>	<b>137,326</b>	<b>96,809</b>
<b>Net Cost to Council - Total Operating</b>	<b>387,218</b>	<b>353,998</b>	<b>296,711</b>	<b>171,433</b>

**Additional building maintenance expenditure not related to operations**

Warriparinga - Coach House	5,116	2,049	2,073	1,695
Warriparinga - Toilet	3,703	5,613	2,305	4,302

## Notes:

- The above figures exclude capital works and grant funded income and expenditure.
- Labour Costs in 2014/15 are offset by \$16,343 of Long Service Leave (LSL) paid from the LSL provision account.
- 2015/16 Actual year to Date is to 31 March 2016
- Operations include marketing, stationary, photocopying & printing, WHS & minor equipment, minor repairs and maintenance.



- Cultural Officer labour includes Tours, Art & Weaving workshops & Cultural Development.
- All figures exclude GST.

### 1.9.1 Fees and Charges

The fees and charges are set in accordance with Council Policy in relation to user pays principles. Where it can be demonstrated that members of the community are unable to meet the full cost, concessions may apply.

Fees and charges for the Cultural Education Program are benchmarked annually with similar venues offering school excursions (such as the Adelaide Zoo, Cleland Reserve, Tandanya) and venue hire (other similar sized venues and other Council venues attracting a venue hire charge).

The current fees and charges for the Cultural Education Program are outlined in Table 13 and for Venue Hire in Table 14. Fee and charges are inclusive of GST.

**Table 13: Fee and Charges for the Cultural Education Program 2015/16**

Program and item	Fees and Charges
<b>Cultural Tour fee – Adult</b>	\$21.00
<b>Cultural Tour fee – Concession/student</b>	\$11.00
<b>Art workshop – Adult</b>	\$22.50
<b>Art workshop – Concession/student</b>	\$12.50
<b>Weavers – Adult</b>	\$21.00
<b>Weavers – Concession/student</b>	\$11.00

- All tours require a minimum of 10 paying participants
- Weaving workshops incur an additional cost of \$50 per workshop, which includes room set up, clean up and material supply
- Other than the art workshop all other workshops have maximum capacity of 30 people – if more than 30 LKCC negotiates extra guides.

**Table 14: Fees and Charges for Venue Hire 2015/16**

Room Hire LKCC	Hourly rate	Half day rate	Full day rate
<b>Education / Community Group rate</b>	\$68.00	\$130.00	\$228.00
<b>Corporate / Government rate</b>	\$115.00	\$190.00	\$345.00
<b>Kitchen</b>			\$110.00
<b>Full use – LKCC &amp; Park</b>			\$600.00
<b>Education / Community Group rate</b>	\$50.00	\$75.00	\$150.00
<b>Corporate / Government rate</b>	\$80.00	\$130.00	\$250.00

### 1.10 Linkages with Other Service Reviews

As previously stated (Section 1.3.2) a review of processes was undertaken in 2005 to ensure the Centre's sustainability. Since the reopening of the Centre in 2006, it has been managed by Council.

A structural review of the Community Cultural Development Unit was undertaken in 2014 and was endorsed by the Executive Management Group (EMG) in June 2014. Key outcomes of the LKCC structural review included:

- Restructure of the Coordinator position
- Recommendation to bring the Cultural Officer position from agency to City of Marion employment.

The endorsement of the structural review coincided with the endorsement of Council's Vacancy Management Policy. Following a review of this process in March 2015, it was decided that due to the

impending Service Reviews across the organisation, no permanent positions at the LKCC would be progressed.

### 1.11 Public Value of Service

The public value of LKCC can be measured across the four pillars of sustainability in that it provides social, cultural, environmental and economic value to the Kurna community and the broader community as follows:

#### 1.11.1 Social and Cultural

- As a Centre for Reconciliation, the cultural programs, history board and cultural advice provide necessary education about Kurna and wider Aboriginal history.
- These programs are an expression of trust and respect for the cultural practices of Aboriginal people.
- The significance of Warriparinga to the Tjilbruke Dreaming cannot be underestimated. As a key dreaming story for the Kurna people, Tjilbruke Dreaming is a complex and multi-layered story that tells of creation, the law, and human relationships still relevant today.
- The Centre is also a meeting place for the Kurna community, providing a connection to a place of cultural significance at which to undertake business, ceremonial rituals and social interaction.
- The gallery and the art programs encourage the expression of culture through the creative process, communicating values, beliefs and ideas to a wide audience.
- As long term volunteers on the site, the Friends of Warriparinga (FoW) also benefit from the social aspect and the sense of belonging engendered through their environmental role.

#### 1.11.2 Environmental

- The environment of the site is important in providing an eco-system around the Sturt River that supports native habitat for fauna and river invertebrates.
- As one of the only places where the Sturt River is in its natural state, the site provides a haven in the centre of the urban landscape for the wider community to enjoy and revitalise through connection to nature.
- Along with Council, the FoW have rehabilitated the Warriparinga site (excluding the Wetlands) from a weedy, unloved space into a rich environmental eco-system supporting numerous indigenous plants, which have ensured native birds, lizards and frogs have been attracted back to the site.

#### 1.11.3 Economic

- The employment of Aboriginal people through the cultural program provides economic opportunity.
- The gallery and retail outlet provides opportunity for Kurna artists and other Aboriginal artists living on the Adelaide Plains to sell their arts, crafts, books and bush tucker products.

### 1.12 Building Asset Assessment

An independent audit was undertaken in March 2016 to assess the integrity and overall condition of the LKCC and associated assets at the Warriparinga site (see Table 15 below).

Table 15 Building Asset Report – Summary Warriparinga

Facility	Overall Rating	ERUL* in years	Total Replacement Value	Replacement value of various components
<b>Coach House</b>	4 – Poor (20%)	7.5	\$292,236	\$46,805
<b>Fairford House</b>	3 – Average (50%)	23.5	\$922,391	\$462,806
<b>LKCC</b>	3 – Average (50%)	25	\$1,001,009	\$502,931
<b>Toilet (exterior)</b>	4 - Poor (20%)	25	\$26,433	\$13,156

\* Estimated Remaining Useful Life

The Coach House is an old historic building that has not been used for a long time and as a consequence is in very poor condition. It has an estimated remaining useful life of 7.5 years in its current condition. The Coach House exterior carport roof sheeting is rusted and holed, with the timber posts and beams rotted, which were identified as a safety issue.

Fairford House received an overall rating of 3 (average score) and a remaining useful life estimate of 23.5 years. Fairford House was built over 100 years ago with the recent audit acknowledging its previous renovations. The highest repair costs items include: external fittings such as fly screen frames, sub structural veranda posts and repairs to walls to mend occasional cracking due to earth movement, and damp at the base of the rear walls. No safety issues were identified with this audit.

LKCC received an overall rating of 3 (average score) and a remaining useful life estimate of 25 years. The LKCC is built on steel stumps with a steel and timber frame and corrugated iron roof. The highest repair costs to the building include the replacement of the timber flooring which is showing wear/tear from pedestrian access/egress and the timber on some windows deteriorating due to external elements. Safety issues identified as a result of the audit include the exterior veranda as a trip hazard due to decking boards separating at the joints. In summary, all assets require considerable funds in order to restore in part, or maintain their structural integrity.

It should be noted that Fairford House, the Coach House and the heritage gardens are State Heritage Listed.

## 2 The Review

### 2.1 Methodology and project stakeholders

The LKCC Service Review has been conducted over a staged approach. The Finance and Audit Committee endorsed the LKCC Service Review project brief on 15 December 2015. At that time the City of Marion Service Review Framework was yet to be developed and endorsed.

### 2.2 Service Review Team

A team of relevant City of Marion staff including the General Manager Operations, Manager Community and Cultural Services, and Unit Manager Community Cultural Development, has undertaken the LKCC Service Review, supported by an external Aboriginal Advisor Klynton Wanganeen and a community engagement practitioner Barbara Chappell from Simply Speaking.

Klynton Wanganeen is a descendant of the Narungga and Ngarrindjeri nations with also Adnyamathanha and Ngadjuri heritage. He is the former South Australian Zone Commissioner for ATSIC, responsible for Land, Water and Development, Economic and Social participation. From February 2008 to October 2011 he was the inaugural Commissioner for Aboriginal Engagement, appointed by his Excellency the Governor of South Australia. Klynton has an intimate knowledge of the Aboriginal community of South Australia, and knowledge of state and national Aboriginal issues, through his involvement and participation on key regional, state and national bodies and boards. Klynton works as a private consultant in areas such as cultural awareness/competence, strategic planning, governance, leadership, mentorship, facilitation and Aboriginal community engagement.

Barbara Chappell is an experienced community engagement practitioner living and working in South Australia with an IAP2 licence to train participants in public participation and emotion and outrage management. She holds a Masters of Conflict Management and a background in the development and implementation of community engagement framework models in Local Government. Barbara is the author of the Local Government Association Community Engagement Handbook.

The team has relied on input from the following stakeholders:

#### Internal

- Elected Members – through a forum held on 15 March 2016
- Executive Leadership Team and Senior Leadership Team
- Finance
- Human Resources
- Governance
- Strategy
- Land and Property
- Environmental Sustainability and Water Resources
- Economic Development

#### External

- Kurna Community through KNCHA and other key Kurna Cultural Knowledge Holders, at two community consultation sessions held 15 April 2016 and 11 May 2016, along with several meetings with key Kurna leaders.
- Service users including customers of the Cultural Education Program and venue hire via on-line customer satisfaction surveys.
- Friends of Warriparinga.
- Australian Services Union representative through meetings with Council's Human Resources group and the Union Representative, to ensure the appropriate industrial processes are in place.

- Letters requesting feedback on the role of the Centre were sent to:
  - Local Members of Parliament
  - Kyam Mayer, Minister for Aboriginal Affairs and Reconciliation
  - Marnie Wetenhall and Craig Hendry from Department of Prime Minister and Cabinet
  - Nerida Saunders, Aboriginal Affairs and Reconciliation, DSD
  - Manager, Cross Curriculum Priorities Projects and Consultation, Department for Education and Child Development
  - CEO History SA
  - CEO Tourism SA
- Letters to G6 Councils and other Local Governments were sent requesting benchmarking data on investments and resourcing made towards Aboriginal Services.

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### 3 Key Findings

Evidence gathered during this review has identified the following high-level key findings:

- The LKCC offers a valued cultural and community service to both the Aboriginal and non-Aboriginal community
- The Kurna community are keen to be involved in the future operations of the Centre
- At present the Kurna community do not have the capacity to independently operate the Centre
- Both a co-management model between the Kurna Community and the City of Marion, and the potential delivery through Third Party Operator, are in keeping with the original intentions of the LKCC as a centre for reconciliation and cultural education and renewal
- Customer satisfaction with the Centre remains high
- Potential exists to review fees and charges
- Council assets associated with the delivery of the service on average have 24 years of useful life (LKCC and Fairford House). The Coach House, a State Heritage Listed building, requires considerable investment in order to maintain it and provide further potential service delivery and revenue.

#### 3.1 Benchmarking

##### 3.1.1 Provision of Aboriginal Services by Other Councils

While recognising the uniqueness of the LKCC and Warriparinga as a cultural asset for the City of Marion, an exercise to determine the level of investment by other Councils was undertaken as part of this review.

Nine Councils provided information about services delivered such as Aboriginal related public art and open space, community arts programs, NAIDOC week and Reconciliation Week celebrations, Reconciliation Action Plans and grants management. However, comparable data and dollar investment was not consistent across all Councils which precluded meaningful benchmarking.

##### 3.1.2 Aboriginal Cultural Tourism Operating Systems

A review of related Aboriginal Cultural Tourism ventures in South Australia was undertaken. In benchmarking this area, it is important to understand issues facing Aboriginal communities in South Australia and the context of the structures of Aboriginal governance in Cultural Tourism and Cultural Education Centres.

Due to the way that Aboriginal mission stations were formed, there is some contention with Traditional owners regarding community governance models. They are not necessarily the same thing. The communities of Point Pearce, on the Yorke Peninsula, and Raukkan on the Coorong, were formed by gathering five or six cultural groups and putting them in the mission stations. As a result, a particular family could have lived in that community for a hundred years and be a part of the governance structures but still not be a Traditional Owner. This has become more relevant since the establishment of the Native Title Act. Only Traditional Owners have the right to negotiate Native Title Agreements such as ILUA's and to undertake Heritage Monitoring. There is a constant struggle between community governance and Traditional Owners and in some instances if there are business opportunities associated with cultural tourism this is, quite often, contentious.

There are quite a number of Cultural tourism ventures around Australia and all have differing governance structures. Mostly they have an iconic attraction. They vary from Uluru (Ayers Rock and the Olgas), Kakadu (National Park), Monkey Mia (Dolphins), and Rockhampton and Townsville (Rainforest and Great Barrier Reef).



There are a number of such businesses in SA but they all have different governance structures which have come about due to individuals, families or communities seeing opportunities and developing them. Each venture is not without its issues.

### **Family Run Business Model**

The Coulthard family operations in the Flinders Ranges, just outside of the Nepabunna community, constantly deals with the issues of a family having ownership of a tourism venture based on culture but the Nepabunna community and the wider Adnyamathanha community having little or no input into the venture, no benefit and no control over cultural content.

### **Family/Community model**

Camp Coorong is owned by the Ngarrindjeri community via the Ngarrindjeri Land and Progress Association but has been run by one family on behalf of the community, but not inclusive of all of the community. Its function is towards building reconciliation and cultural understanding. It focuses on the education sector and the national and international sector. The business model is to bring in visitors but not to focus on making a profit.

### **Government/Tourism models**

Yalata Whale Watching has been outsourced to a tourism operator by the Aboriginal Lands Trust with the involvement of the Local Government. This is because of the current lack of capacity within the community. It is envisaged that eventually the community will build their capacity and the operation will be handed over to community control. The Yalata community hold the lease under the Aboriginal Lands Trust as a result of the Atomic Bomb testing at Maralinga, however, they are not the Traditional Owners of that country. This government decision causes resentment from the Traditional Owners.

Tandanya cultural centre is governed by a 10-member Board who are required to be of Aboriginal and / or Torres Strait Islander descent. Day to day operations at Tandanya are managed by the Artistic and Cultural Director with three core functions of artistic and cultural programming, Corporate Services, and Commercial and Business Development.

### **Sole-operator model**

There are a number of Aboriginal individuals who provide cultural tourism services, through dance, art and craft, bush tucker and language classes that do not have the infrastructure. They too come in for criticism from within their communities over the business and cultural content.

## **3.2 Partnering Groups and Organisations**

There are a number of key stakeholders that can provide advice and services to the future of LKCC.

The three main elected Kurna committees provide important cultural knowledge for LKCC staff, the Kurna Community and users of the Centre. They are:

- KNCHA (Cultural Heritage)
- Kurna Yerta (Land rights)
- Kurna Warra Pintyanthi (Language Group).

The Friends of Warriparinga (FoW) are an incorporated group of volunteers who provide knowledge of both the native planting and European heritage garden at Warriparinga. The FoW have, for the past 25 years, been dedicated to planting, preserving and maintaining the vegetation along the Sturt River as it winds its way through Warriparinga, the only place left on the Adelaide Plains with its original river bed. They have transformed the Warriparinga site (excluding the Wetlands) from a weedy, neglected space into a rich environmental eco-system supporting numerous indigenous plants, which in turn provide habitat

for native birds, lizards and frogs. Any future planning for the LKCC would ideally include the valued and on-going relationship that has developed between the FoW, the Kurna Community and Council.

There are opportunities to enhance the offerings of the LKCC by exploring partnerships with Aboriginal organisations such as Tauondi Aboriginal College and Tandanya. All three organisations provide Cultural experiences, catering of Aboriginal bush tucker, arts, crafts, and education programs. Currently these organisations operate independently but there is potential to collaborate on cultural tourism, training and development programs for young people as well as operational areas such as shared marketing.

Further partnerships with neighbouring Councils such as Cities of Mitcham and Holdfast Bay could provide opportunity for joint marketing of significant local sites, as would the re-visiting of the partnership established for the Tappa Iri Regional Agreement (Yankalilla Regional Council and Cities of Onkaparinga and Holdfast Bay) to develop the Tjilbruke Track.

### **3.3 Other Influencing Considerations**

#### **3.3.1 Lot 707**

Lot 707 is a parcel of land situated adjacent to Warriparinga facing Marion Road. The Indigenous Land Corporation (a corporate Commonwealth entity) purchased the land on behalf of the Kurna people. Plans are in place to utilise part of Lot 707 to develop an Elders Independent Housing facility that provides opportunities for LKCC to link cultural programming with health initiatives. Elders living within the accommodation at Lot 707 could be actively engaged with services at LKCC providing opportunities for inter-generational activities and sharing of cultural knowledge.

At present there are also plans to sell off part of the land for other development. This provides potential economic benefits for the Kurna through either sale of land or investing in further development such as accommodation, in the form of apartments or potentially a motel and small shopping centre. How Kurna choose to invest any economic return derived from Lot 707 is a decision for them. Any economic benefits from Lot 707 will strengthen the financial capacity and sustainability of the Kurna community, which in turn may build their capacity to have a greater role in the services delivered from LKCC and/or contribute to a co-management of the facility.

The process of negotiating and putting in place governance arrangements for Lot 707 also adds to the skills and knowledge the Kurna would need for running a venture such as the LKCC. The working group for Lot 707 includes Kurna members with expert advice from organisations such as the Indigenous Land Corporation, the SA Aboriginal Foundation, and Indigenous Business Australia. These organisations provide valuable advice to Kurna and when Lot 707 is developed some of those organisations will continue to be involved in the Management committee to make sure that there is strong governance and leadership until a time when their involvement is no required. It could be envisaged that this arrangement would also be available to the Kurna should they be involved in the governance of the LKCC.

Further capacity building for the Kurna derives from their involvement with the State Government Regional Authority Pilot program. The Kurna People have submitted an Expression of Interest to be one of two Regional Authorities funded and supported by the State and should the application be successful, the benefits will support any future business opportunities suggested above.

#### **3.3.2 Tourism Opportunities**

As a significant Kurna and European cultural heritage site, Warriparinga as a whole and LKCC and Fairford House and its outbuildings as facilities, offer many tourism opportunities. Some of these opportunities could be provided as service improvements to the existing service such as the use of the commercial kitchen for a catering arm and/or café on Fridays and weekends. Survey data shows that approximately 15% of the walk-in visitors (Monday to Friday) are looking for a café facility. Anecdotally staff are told that users of the park on weekends would use a café.



Other opportunities, such as the restoration of the Coach House, would require significant investment to maximise potential.

### 3.4 Options Considered for the Service

Five options for governance and operational models were considered by the Service Review team and taken to community consultations. Analysis of each model, taking into account feedback collected during the consultation process is as follows:

**Table 16: Options for Potential Models of Service Delivery**

Option	Option1: Current Service Delivery with Service Improvements
Scenario	Maintain
Description	<ul style="list-style-type: none"> <li>Service continues in its current form and format with programming and staffing improvements introduced to increase income, social, cultural and economic impacts and site activation</li> </ul>
Cost	<ul style="list-style-type: none"> <li>Cost to Council of \$277,000* per annum with potential increase in staffing and programming for additional program delivery</li> <li>* calculated from total expenditure in 3 year average (2012/13 – 2014/15) Total Operating Cost less Depreciation.</li> </ul>
Resourcing	<ul style="list-style-type: none"> <li>Existing staffing with additional costs for casual cultural officer as per program needs</li> </ul>
Advantages	<ul style="list-style-type: none"> <li>No disruption to community expectations or current service users</li> <li>Stable systems in place such as Finance, Payroll, Contracts, Maintenance, data collection, etc.</li> <li>Ensure on-going maintenance of heritage assets</li> </ul>
Disadvantages	<ul style="list-style-type: none"> <li>Limited ownership from Kurna Community in terms of service delivery, future direction, business opportunity</li> <li>On-going full cost of service to Council</li> </ul>
Risk	<ul style="list-style-type: none"> <li>Not meeting Kurna community expectations</li> <li>Projected growth in cultural tourism is not achieved</li> </ul>

Option	Option 2A: Kurna Community Governance - Direct Handover, Limited Transition Support
Scenario	Change
Description	<ul style="list-style-type: none"> <li>Kurna community lease the facility and run it as a business, with direct handover (limited support from Council)</li> </ul>
Cost	<ul style="list-style-type: none"> <li>Potential saving of \$138,500 in operational costs per annum as a 50/50 co-funded with Kurna</li> <li>Costs associated with possible redeployment of existing LKCC staff</li> <li>Year 1 legal cost of advice and drafting Agreement</li> </ul>
Resourcing	<ul style="list-style-type: none"> <li>Staff resources in managing Agreement and lease</li> <li>Staff resources in on-going maintenance of buildings and reserve</li> <li>Staff resources in maintaining relationship with Kurna community</li> </ul>
Advantages	<ul style="list-style-type: none"> <li>Meets aspirations of Kurna Community</li> <li>Strong cultural assets; e.g. Tours, Cultural Dancing, Cultural Education</li> </ul>

	<ul style="list-style-type: none"> <li>More opportunity for Aboriginal Grant Funding not available to local government</li> </ul>
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>Kurna may become risk averse or not innovate – doing the basics without trialing new options</li> <li>Kurna currently do not have the capability to run the Centre independently, and do not have a good track record of running the Centre</li> </ul>
<b>Risk</b>	<ul style="list-style-type: none"> <li>Service may wind down with no support</li> <li>Personalities impact leadership from Aboriginal community, large families may have too much say in development and direction of Centre</li> <li>Accusations from the community that it was not supported for success</li> <li>Kurna may choose not to invest income derived from Lot 707 development into LKCC</li> </ul>

<b>Option</b>	<b>Option 2B: Transition to a Kurna Community Governance Model</b>
<b>Scenario</b>	Change
<b>Description</b>	<ul style="list-style-type: none"> <li>Kurna community lease the facility and run it as a business, but with a transition of service delivery from the City of Marion to Kurna Community over a 5 year period</li> </ul>
<b>Cost</b>	<ul style="list-style-type: none"> <li>Potential saving of \$138,500 in operational costs per annum as a 50/50 co-management with Kurna</li> <li>Costs associated with possible redeployment of existing LKCC staff</li> <li>Year 1 legal cost of advice and drafting Agreement</li> </ul>
<b>Resourcing</b>	<ul style="list-style-type: none"> <li>Staff resources in managing Agreement and lease</li> <li>Staff resources in on-going maintenance of buildings and reserve</li> <li>Staff resources in maintaining relationship with Kurna community</li> </ul>
<b>Advantages</b>	<ul style="list-style-type: none"> <li>Meets aspirations of Kurna Community – preferred Kurna model</li> <li>Strong cultural assets; e.g. Tours, Cultural Dancing, Cultural Education</li> <li>Increased capacity building for Kurna community</li> <li>Reduces the risk of failure</li> <li>More opportunity for Aboriginal Grant Funding not available to local government</li> </ul>
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>Kurna will need significant guidance in transitioning to run the centre, and do not have a good track record of running the centre</li> </ul>
<b>Risk</b>	<ul style="list-style-type: none"> <li>Personalities impact leadership from Aboriginal community, large families may have too much say in development and direction of Centre</li> <li>Kurna may choose not to invest income derived from Lot 707 development into LKCC</li> </ul>

<b>Option</b>	<b>Option 2C: Open Tender for Third Party Organisation (e.g. Volunteer / Friends / Conservation / Cultural / Tourism Group)</b>
<b>Scenario</b>	Change
<b>Description</b>	<ul style="list-style-type: none"> <li>A third party would lease the facility and run the business</li> <li>Management agreement to specify: maintain cultural programming, Kurna capacity building, respect of the Kurna and European settlement heritage of the site, on-going engagement with the Kurna community and Friends of Warriparinga, and targets for Aboriginal employment</li> </ul>

<b>Cost</b>	<ul style="list-style-type: none"> <li>Potential saving of \$75,000 per annum (refer Table 18)</li> <li>Costs associated with redeployment of existing LKCC staff</li> <li>Year 1 legal cost of advice and drafting Agreement</li> </ul>
<b>Resourcing</b>	<ul style="list-style-type: none"> <li>Staff resources in managing Agreement and lease</li> </ul>
<b>Advantages</b>	<ul style="list-style-type: none"> <li>New organisation will have track record and business-focused systems in place</li> <li>Potential to attract experienced cultural tourism operator</li> <li>New operator has potential to share staffing with LKCC</li> </ul>
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>Model not supported by Kurna Community</li> <li>Kurna interests could be overlooked</li> <li>Loss of opportunity for building capacity in Kurna Community in business and governance</li> </ul>
<b>Risk</b>	<ul style="list-style-type: none"> <li>Damage to relationship between Kurna and Council</li> <li>Third party may not demonstrate the same cultural focus</li> </ul>

<b>Option</b>	<b>Option3: Close the Centre - Dispose of Asset</b>
<b>Scenario</b>	Close the service
<b>Description</b>	<ul style="list-style-type: none"> <li>The Centre be closed, and Council dispose the asset</li> </ul>
<b>Cost</b>	<ul style="list-style-type: none"> <li>Potential saving of \$277,000 per annum</li> <li>Costs associated with redeployment of existing LKCC staff</li> </ul>
<b>Resourcing</b>	<ul style="list-style-type: none"> <li>Any resourcing costs associated with the sale of the asset would be offset by income derived from sale</li> </ul>
<b>Advantages</b>	<ul style="list-style-type: none"> <li>Financial gain to Council</li> </ul>
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>Kurna community, Friends of Warriparinga and Council do not support this option</li> <li>Loss of significant Kurna and South Australian cultural asset to the community</li> <li>Against values espoused in the Reconciliation Action Plan.</li> </ul>
<b>Risk</b>	<ul style="list-style-type: none"> <li>Damage to relationship between Kurna and Council</li> <li>Reputational risk to City of Marion</li> <li>Site is community land – may require Ministerial approval and have potential Native Title implications</li> <li>Risk of loss of State Heritage Listed site.</li> </ul>

### 3.5 Summaries of Consultation Data

#### 3.5.1 Elected Member Forum

Members of the Service Review team presented an outline of the intended Service Review process, a brief background to the service, initial service data collected and an early analysis of potential service models to an Elected Member Forum on 15 March 2016. Elected Members discussed the potential for each option and associated elements the Service Review should include. Elected Members advised their preference for Options 2B and 2C.

### 3.5.2 Kurna Community Consultations

Consultation with the Kurna community was held at LKCC on 15 April 2016. Members of KNCHA, Kurna Yerta and Kurna Warra Pintyanthi, were invited to attend, along with other key cultural knowledge holders and interested Aboriginal community members (Kurna and non-Kurna). The consultation day was attended by 31 people and was facilitated by community engagement expert Barbara Chappell and assisted by Aboriginal advisor Klynton Wanganeen. While planned and structured, the day was highly emotive. Past issues and concerns were raised and discussed throughout the day, which at times threatened to derail the process of genuine engagement. The colonisation and dispossession of the Kurna people's traditional land still resonates with the community today, and led to emotional responses when issues of land ownership and cultural renewal were discussed.

Many Kurna people do not get involved in Native Title as they have other priorities. There are some strong willed Kurna people involved in the LKCC that other Kurna don't want to engage with. However, follow up meetings with key Kurna committee office holders provided further contribution to the thinking of the Service Review team.

While the Kurna are still building their capacity for self-governance, this is being assisted by involvement in processes such as the State Government Regional Authority Pilot Program and negotiations regarding Lot 707. During the consultations there was a strong feeling that ownership and control by Kurna was preferred. Option 2B was by far the preferred model of governance.

Option 2C raised concerns of a loss of ownership of the spiritual and cultural connection to Warriparinga. Option 3 was seen as an insult to the Kurna and the non-Aboriginal community.

A report from the Kurna consultation is provided as Attachment 6 – Kurna Consultation Report.

### 3.5.3 Friends of Warriparinga

Friends of Warriparinga (FoW) were consulted and provided a comprehensive written response (see Attachment 7 – Feedback from Friends of Warriparinga). The FoW, while acknowledging it is not their place to interfere in Kurna affairs and decisions, are nevertheless committed to reconciliation and the Warriparinga site. Their preference would be for Option 1, a continuation of services by Council but if that is not possible then Option 2B would be the preferred model. Regardless of whatever governance option is selected, the FoW are committed to continuing their service at the site.

### 3.5.4 Letters to Wider Stakeholders

Nine letters were sent to a wider stakeholder group. Two responses were received from the State Government, including the Minister for Aboriginal Affairs and Reconciliation, Kyam Maher. Both State Government respondents acknowledged the importance of the LKCC in furthering reconciliation between the Aboriginal and non-Aboriginal community as well as the vital role of the Centre in furthering Kurna cultural education. Minister Kyam commented:

"At this time, there are no known Aboriginal services or cultural spaces in Adelaide that are self-funding or operating as viable commercial enterprises without some level of government support. The limitation of funds and the high reliance on volunteer participation make it unrealistic to suggest that at this point in time the Kurna community is able to realise a fully self-funded community service operation such as the LKCC.

Community cultural spaces and services contribute to the well-being of the whole of the local community and can improve the reputation of Council. All levels of government have a responsibility to resource and support Aboriginal services, and I support the City of Marion to maintain the LKCC and ensure it remains accessible to community. I would also highlight the risk of introducing cost recovery models of operation that may unintentionally result in a reduction or loss of community access, participation and engagement with the LKCC's programs and resources."

See Attachment 8 – Letters from Wider Stakeholders.

### **3.5.5 Internal staff**

Feedback was received from some internal staff working groups as follows:

#### **Water resources Coordinator**

There is scope to get involved in active management of the wetlands and the river corridor given the continued use of the surrounding environment for cultural tours/educational training. The wetlands and river maintenance provide opportunities for environmental training and capacity building as well as potential economic opportunities. Council regularly use contractors/and staff to undertake maintenance tasks such as erecting and cleaning signs, painting furniture, pruning trees, removing branches, repairing fixtures and fittings, removing woody weeds, mowing and planting aquatic and riparian plants. There is scope to train and develop Kurna people to undertake this important work in caring for country.

#### **Environmental Sustainability**

The Environmental Sustainability Team provided feedback on the value of the Warriparinga site in general. The value is in the functioning wetland and improving water quality and as a refuge for native plants and animals in an urban environment.

The City of Marion is currently partnering with the Natural Resource Management (NRM) Board (Adelaide and Mt Lofty Ranges) through hosting an Education Officer. Feedback provided from their perspective described the value of LKCC and the Warriparinga site as an opportunity to explore wetland function, explore the good level of biodiversity in terms of terrestrial and aquatic plants, wetland birds, birds in nest boxes, macroinvertebrates (water bugs) to study. They also recommend the cultural tours to their client group (schools and education groups). While well received some of the schools report that the fees for the tours are at the top end of the range for a 'walk and talk' type activity, which puts some groups off from visiting. The NRM staff also highly value the site as a space for holding Professional Development sessions and meetings, both for teachers and NRM staff.

#### **Economic Development**

The LKCC is represented at the Marion Visitor Economy Working Group. This group, comprised of business and tourism related operators across the City of Marion, work together to add value to the current visitor experience and attract more visitors to the region. The group is currently developing a 'Seven Days in Marion' visitor information package, highlighting the experiences for visitors to the Council region. The group will consider potential social, environmental, cultural and economic impacts of anticipated visitor growth in the future and advise on and develop the implementation of annual events, promotions and celebrations across the City of Marion region that provide economic, environmental, cultural and community benefits.

City of Marion Economic Development staff are part of a metropolitan Council working group of South Australian Tourism Industry Council. This group is looking at ways to create joint approaches to promoting key assets and trails. For example, there has been talk of developing an Aboriginal Cultural Trail through City of Port Adelaide Enfield, City of Holdfast Bay, City of Marion and City of Onkaparinga. This partnership approach is vital, as visitors are not aware of council boundaries.

Visitors choose South Australia as a destination, primarily for food and wine experiences and increasingly are looking for unique cultural experiences (particularly through the cruise market). The LKCC is a unique visitor asset that could attract many visitors as part of the Seven Days in Marion project or through a 'trail'. However, this would mean that consideration would need to be given to ensuring that visitors receive an exceptional experience and customer service. The centre would need to look at opening in the evenings and weekends and potentially offer some sort of food and drink. Consideration would also need to allow for bookings to be made on the day (to cater for casual visitors) and as well as group bookings (through



wholesalers / schools). A more sophisticated tourism plan would need to be created if we were to create a true visitor experience.

### 3.6 Further Development of Options

Following the consultation process and based on the collection of relevant data, the Service Review team focussed on Options 2B and 2C as preferred potential options for service delivery and governance model.

A SWOT analysis for each of these options was undertaken as well as a process for implementation outlined as follows:

#### 3.6.1 Option 2B Implementation Model

1. Establish an Agreement between City of Marion and Kurna (KNCHA) during period July-December 2016, to incorporate the following.
2. Run the LKCC centre through a LKCC Steering Group, Terms of Reference to include:
  - a. Functions and Roles:
    - i. Responsible for the overall business and cultural success of the LKCC, including preparation and implementation of a Business Plan
    - ii. Ensuring outcomes align with stakeholder requirements
    - iii. Development and approval of budgetary strategy
    - iv. Defining, realising and measuring benefits
    - v. Monitoring and managing risks
    - vi. Reporting on performance.
  - b. Membership:
    - i. Three from City of Marion (possibly from Operations, Finance and Governance)
    - ii. Three from Kurna (paid an honorarium, quantum to be agreed).
  - c. Operational arrangements:
    - i. Report to City of Marion CEO
    - ii. Chaired by City of Marion GM Operations
    - iii. Budget approved in accordance with City of Marion Annual Budget process
    - iv. Meet monthly during formative stages, and then bi-monthly
    - v. Operate in an open and transparent manner
    - vi. Consensus decision-making.
  - d. Specific priorities:
    - i. Employ Kurna staff, and/or other Aboriginal and Torres Strait Islanders peoples
    - ii. Promote Kurna culture
    - iii. Increase centre promotion and therefore visits and revenues from tours / educational events
    - iv. Develop Kurna capability
    - v. Develop links with Indigenous Land Corporation and Indigenous Business Australia to enhance the success of the centre
    - vi. Maintain the site, including minor capital renewal.
  - e. City of Marion to additionally:
    - i. Employ all LKCC staff
    - ii. Provide Finance (including budgeting and LTFF), HR and IT support
    - iii. Provide minute secretary
    - iv. Continue to have legal ownership of the centre.
3. Fund LKCC through 50:50 funding from City of Marion and Kurna (Kurna funding to be sourced from grants and/or Lot 707 redevelopment revenues), with any revenue increases being re-invested into the Centre or reducing the joint funding quantum.

4. Monitor the success of the LKCC Model through agreed annual performance metrics (e.g. annual audited financial results, number of visitors, customer satisfaction, site maintenance, Steering Group meetings), as well as quarterly performance monitoring through the Budget review process.
5. Allow 18 months (till end 2017) for the model to be implemented (i.e. Agreement signed, Steering Group formed, funding sources in place, performance metrics agreed).
6. Should the model:
  - a. Not be fully implemented in 18 months (or after any reasonable extension period), then management of the centre should be openly tendered to third parties
  - b. Not achieve the agreed annual performance metrics (allowing sufficient remedy time), then management of the centre would revert to City of Marion, and possibly be openly tendered to third parties
7. Review the Agreement (with Kurna or any third party) after five years.

### 3.6.2 Option 2C Implementation Model

1. Call open tenders during period July-December 2016 for Third Party Organisation (e.g. volunteer / friends / conservation / cultural / tourism groups) to run LKCC of behalf of Council.
2. Establish an Agreement between City of Marion and successful Group, to commence January-June 2017, and to incorporate the following.
3. Run the LKCC centre:
  - a. Functions and Roles:
    - i. Responsible for the overall business and cultural success of the LKCC, including preparation and implementation of a Business Plan
    - ii. Realising and measuring required outcomes
    - iii. Monitoring and managing risks
    - iv. Reporting on performance.
  - b. Operational arrangements:
    - i. Report to City of Marion General Manager
    - ii. Employ all LKCC staff
    - iii. Develop Annual Budget with endorsement from City of Marion General Manager
  - c. Specific priorities:
    - i. Desirably employ Kurna staff, and/or other Aboriginal and Torres Strait Islanders peoples
    - ii. Increase centre promotion and therefore visits and revenues from tours / educational events
    - iii. Promote Kurna culture, continued reconciliation, and Warriparinga as a spiritual home
    - iv. Develop Kurna capability
    - v. Consider development of links with Indigenous Land Corporation and Indigenous Business Australia to enhance the success of the centre
    - vi. Maintain the site, including minor capital renewal.
  - d. City of Marion to continue to have legal ownership of the centre.
4. Fund LKCC through annual City of Marion payment (determined through the open tender process), with successful group providing remaining funding / resources and realising LKCC revenues.
5. Monitor the success of the LKCC Model through agreed annual performance metrics (e.g. annual audited financial results, number of visitors, customer satisfaction, site maintenance).

6. Should the model not achieve the agreed annual performance metrics (allowing sufficient remedy time), then management of the centre could revert to City of Marion, and possibly be re-tendered.
7. Review the Agreement after five years.

### 3.6.3 Option 2B and 2C Strengths and Weaknesses

**Table 17: Options 2B and 2C Strengths and Weaknesses**

	Option 2B Joint Governance with Kurna Community	Option 2C Management by Third Party
<b>Strengths</b>		
Maintains intent of the original Commonwealth Deed of Grant for the LKCC as a Centre for cultural education, cultural renewal and to support reconciliation between Aboriginal and non-Aboriginal Australians	Y	Y
Savings to Council	Y	Y
Enhanced program offerings through partnerships with organisation such as Tauondi Aboriginal College and Tandanya. These organisations offer culture experiences, catering of Aboriginal bush tucker, arts and crafts and cultural education. While they currently operate independently, future opportunities for shared marketing and tourism operations exist	Y	Y
Preferred Kurna delivery model	Y	
Development of Lot 707 and the Elders Independent Housing facility could enhance opportunities to access Warriparinga and the LKCC	Y	
More active role by Kurna Community in program development and service delivery due to strong cultural knowledge and assets	Y	
Capacity building opportunity for Kurna Community in business and governance skills	Y	
Expert 'conservation / cultural / tourism' operator running the Centre		Y
Council divested of day to day operational risks		Y
Potential financial investment in redevelopment of Coach House to generate further income		Y
<b>Weaknesses</b>		
Possible redeployment of existing Council staff employed at LKCC	Y	Y
Significant Council staff time and resources in maintaining governance model and relationships	Y	
Potential for governance model to be derailed by past issues and poor track record	Y	



	Option 2B Joint Governance with Kurna Community	Option 2C Management by Third Party
Potential for Kurna to be unable to meet financial responsibility of attraction of grants (State and Federal funding environment for Aboriginal services, arts and culture is becoming increasingly reduced) or monies derived from Lot 707 development within the proposed timeframe, or Kurna may choose not to invest income derived from Lot 707 development into LKCC	Y	
Reputational risk to Council and damage to relationship between Kurna and Council		Y
Kurna interests and aspirations could be overlooked		Y

### 3.6.4 Option 2B and 2C Cost Comparison

In very broad terms, the LKCC model option costings could be as follows:

**Table 18: Approximate Costs of Implementation Options**

Option	Direct Cost to City of Marion	Indirect Cost to City of Marion
<b>Status Quo</b>	\$300,000	Medium – support from management, governance, HR, Finance, IT
<b>2b – Steering Group with Kurna</b>	\$150,000 (through 50:50 joint funding) \$25,000 legal costs in Year 1	High – in addition to the above, membership of Steering Group
<b>2c – Management by Third Party</b>	\$225,000 (less than direct City of Marion cost through labour sharing, reduced rent, other) \$25,000 legal costs in Year	Low – no month to month support, ongoing management review

#### **4 Recommendations**

1. That Options 2B and 2C to taken to a General Council Meeting for a decision by Council on the preferred model of governance.
2. Consultation requirements arising under applicable enterprise agreements are undertaken prior to a report to Council seeking endorsement of the management model.
3. That the endorsed option be implemented in accordance with the proposed implementation model.

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## Attachments

Attachment 1	LKCC Service Review Brief
Attachment 2	Tjilbruke Story
Attachment 3	Customer Satisfaction Report
Attachment 4	City of Marion Facilities and Events Survey relating to LKCC
Attachment 5	Warriparinga Building Assessment Summary Report
Attachment 6	Kurna consultation report
Attachment 6	Feedback from Friends of Warriparinga
Attachment 8	Letters from Wider Stakeholders.

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## LKCC Service Review report Attachment 1

### PROJECT BRIEF

<b>Project Name:</b>	Service Review – Living Kurna Cultural Centre (LKCC)
<b>Project Number:</b>	2
<b>Project Sponsor:</b>	Adrian Skull/Abby Dickson
<b>Project Manager:</b>	Liz Byrne
<b>Date:</b>	November 2015

#### 1. Description of Project:

The Living Kurna Cultural Centre (LKCC) Service Review will assist Council to determine the service level and management model for the Centre and its cultural program delivery. It will provide analysis on the current operations, as well as options for potential improvements to service delivery and/or options for delivery through other models. The outcomes of the service review will report the financial sustainability of the centre whilst ensuring its services meets current and future community expectations.

#### 2. Project Objectives

The objectives of the review is to undertake an analysis of the LKCC service in terms of strategic alignment and determine the most effective business management model for the Centre. The review will include consideration of:

- whether Council should be in this business;
- current service standards and service costing;
- cultural programming objectives;
- community capacity outcomes; and
- alternative management models.

#### 3. Deliverables

##### Project Deliverables:

The focus of the review is to review the efficiency and effectiveness of the facility in the delivery of a Kurna cultural facility and meeting venue. The review will establish

- The role and function performed by the LKCC
- The associated community and cultural value
- Performance of venue hire arm of the Centre
- How the Centre assists with the achievement of the mission for the city and council
- Identify and recommend opportunities for improvement

This review will not include review of other indigenous and reconciliation services provided by Council.

**Approach:**

To achieve the project objectives the review will involve the following stages:

- Gathering of data on Centre usage, income generation, customer satisfaction; systems and processes
- Community and stakeholder engagement
- Review structure of the Centre
- Define Purpose – the purpose will be clarified and linkages with the Community Plan
- Map Core Services – the core services will be defined and mapped
- Identify Service improvements
- Prepare Report – a final report with recommendations will be prepared for council and audit committee review.

#### 4. Description of Project Constraints:

Potential constraints on undertaking the service review include:

**Staffing and resourcing** – The Interim staffing arrangements will be put in place to ensure the Unit Manager is available to devote time to the service review.

**Community consultation:** the review of the LKCC will require community consultation with the Kurna community, the timing of which and availability of the key stakeholders is yet to be determined. Other external stakeholders availability (ie schools) will be limited over School holiday period.

#### 5. Justification/Comments supporting the Project:

Council has requested Service Reviews across the organisation. Council identified Community Services as a priority. Executive Management has identified the LKCC as a Community Service to begin this process. The LKCC is a unique service for City of Marion, situated on a significant site for Kurna people.

The service review is timely due to recent staff movements and increased capacity of the Kurna Nation Cultural Heritage Association and Kurna Yerta to work in partnership with Council to develop meaningful programs that support Kurna cultural renewal and cultural education to the broader community.

The LKCC service review will build on the work undertaken as part of the Arts and Cultural Development Unit Review February to July 2014.

Other projects that may impact on the services of the LKCC are the future development of an Elders Village on Lot 707, the Darlington Interchange, the Kurna and the Local Government Indigenous Land Use Agreement.

#### 6. Project Stakeholders

##### Internal Stakeholders

Operational support – manager and staff  
Human resources  
Internal users of the facility  
Executive Leadership Team  
Audit committee  
Council

#### **External Stakeholders**

Kaurna Nation Cultural Heritage Association  
Kaurna Yerta  
Wider Kaurna community  
Friends of Warriparinga  
Education Department  
Customers ie NGOs and other Corporate hirers  
Residents/community  
Neighbouring Businesses  
DPTI  
Indigenous Land Corporation  
Union

### **7. Program & Milestones**

Finalise project plan week commencing 16/11/15  
Project brief to CEO for feedback 23/11/15  
Project brief to Audit Committee for information 15/12/15  
Project team – first meeting scheduled for late November  
Undertake review process from mid-November 2015 to early March 2016  
Elected Member forum scheduled for 16 February 2016  
Implement outcomes of review mid-March 2016 onwards

### **8. Estimated Project Cost**

This project is to commence on the basis that internal resources are available to collect and collate relevant data. An external consultant will be engaged to undertake an analysis of the existing service data, community consultation with the Kaurna Community, analysis of service provision models, and other strategic alignments of the service (see attached task list). A budget of \$20,000 has been assigned from the Service Reviews budget to undertake this work.

### **9. Project Governance**

**Project Sponsor:** Executive Leadership Team – CEO, General Manager  
**Project Manager:** Liz Byrne, Manager Community and Cultural Services  
**Project Team (internal):** Kate McKenzie, Manager Corporate Governance, Marg Edgecombe, Unit Manager, Community Cultural Development, David Barrett, Unit Manager Cultural Facilities, Rachel Read, HR Manager, Patrice Pearson, Community Engagement Officer, Michelle Stewart, Planning and Performance Officer.

Project Team (external): to be determined by Consultant

#### 10. Risk Management Approach

Risk may include:

- Availability of staff to participate in the review
- Availability of project manager and sponsor to progress the review
- Review is being undertaken prior to the set-up of the service review program. There is potential for changes to the service review process
- Need for specialist knowledge or available resources to undertake research
- Time and appropriate resources to complete a thorough review of the service
- Potential lack of relevant data and information
- Change management process
- Union involvement
- Confidence in analysis of alternative options for service delivery

## Tjilbruki Dreaming

The Dreaming is a complex and multi-layered story that tells of creation, the law and human relationships.

Tjilbruke was an ancestral being of the Kaurna People of the Adelaide Plains, whose lands extended from Parewarangk (Cape Jervis) in the south to Crystal Brook in the north. Tjilbruke's much loved nephew, Kulultuwi, killed a kari (emu) that rightfully belonged to Tjilbruke. He forgave him for this mistake, however, Kulultuwi was subsequently killed by his two part brothers, Jurawi and Tetjawi supposedly for breaking the law.

Tjilbruke, being a man of the law, had to decide if Kulultuwi had been lawfully killed. He determined Kulultuwi had been murdered. Tjilbruke avenged the crime by spearing and burning the two nephews, killing them. This happened in the vicinity of what is now called Warriparinga.

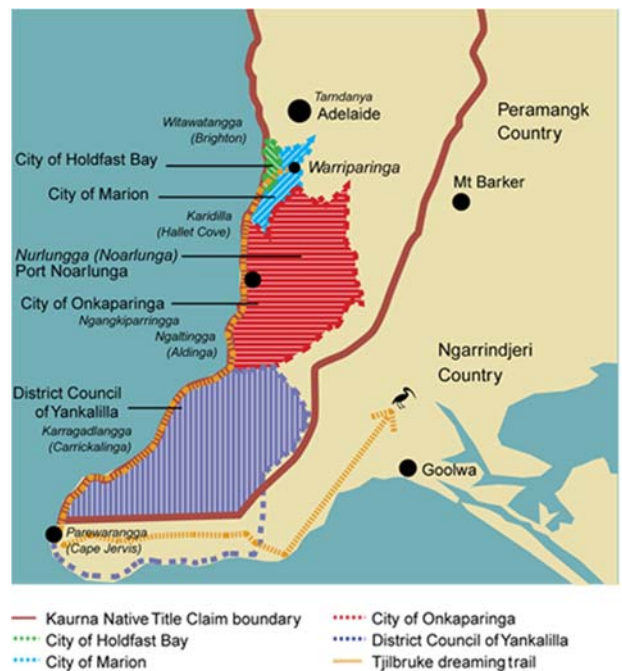
Tjilbruke then carried Kulultuwi's partly smoked dried body to Tulukudank (a fresh water spring at Kingston Park) to complete the smoking and then to Patparno (Rapid Bay) for burial in a perki (cave). Along his journey he stopped to rest and, overwhelmed by sadness, he wept. His tears formed the freshwater springs along the coast at Ka'reildun (Hallett Cove), Tainba'rang (Port Noarlunga), Potartang (Red Ochre Cove), Ruwarung (Port Willunga), Witawali (Sellicks Beach), and Kongaratinga (near Wirrina Cove).

Saddened by these events Tjilbruke decided he no longer wished to live as a man. His spirit became a bird, the Tjilbruke (Glossy Ibis), and his body became a martowalan (memorial) in the form of the iron pyrites outcrop at Barrukungga, the place of hidden fire (Brukunga - north of Nairne in the Adelaide Hills). Tjilbruke was a master at fire-making.

The Warriparinga Project has given the Kaurna people an opportunity to protect and maintain the site as an important place to celebrate the Dreaming.



Tjilbruke Gateway installation at Warriparinga, developed between 1995-97 by Margaret Worth, Sherry Rankine, a Kaurna artist and Gavin Malone.





# Project Report

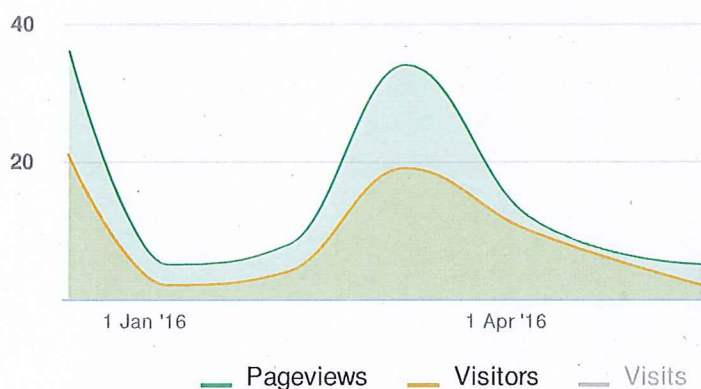
Date Range

## Making Marion

### Living Kaurna Cultural Centre Evaluation



#### Visitors Summary

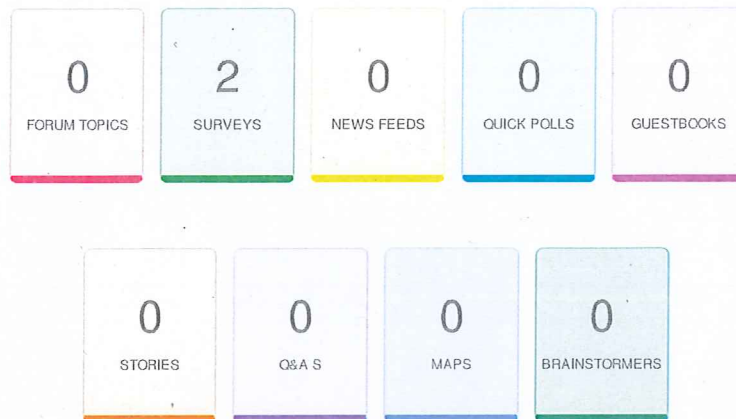


#### Highlights

TOTAL VISITS	59	MAXIMUM SINGLE DAY VISITORS	14	ENGAGED VISITORS	25	INFORMED VISITORS	32	AWARE VISITORS	52
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Aware Participants	52	Engaged	25
Aware Actions Performed	Participants	Engaged Actions Performed	Registered    Unverified    Anonymous
Visited a Project or Tool Page	52	Contributed on Forums	0    0    0
Informed Participants	32	Participated in Surveys	1    8    16
Informed Actions Performed	Participants	Contributed to Newsfeeds	0    0    0
Viewed a video	0	Participated in Quick Polls	0    0    0
Viewed a photo	0	Posted on Guestbooks	0    0    0
Downloaded a document	0	Contributed to Stories	0    0    0
Visited the Key Dates page	0	Asked Questions	0    0    0
Visited an FAQ list Page	0	Placed Pins on Maps	0    0    0
Visited Instagram Page	0	Contributed to Brainstormers	0    0    0
Visited Multiple Project Pages	7		
Contributed to a tool (engaged)	25		

## ENGAGEMENT TOOLS SUMMARY

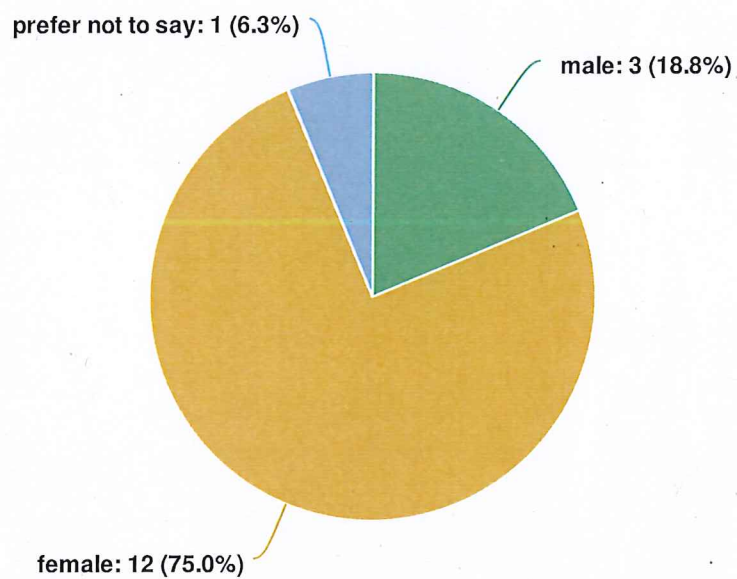
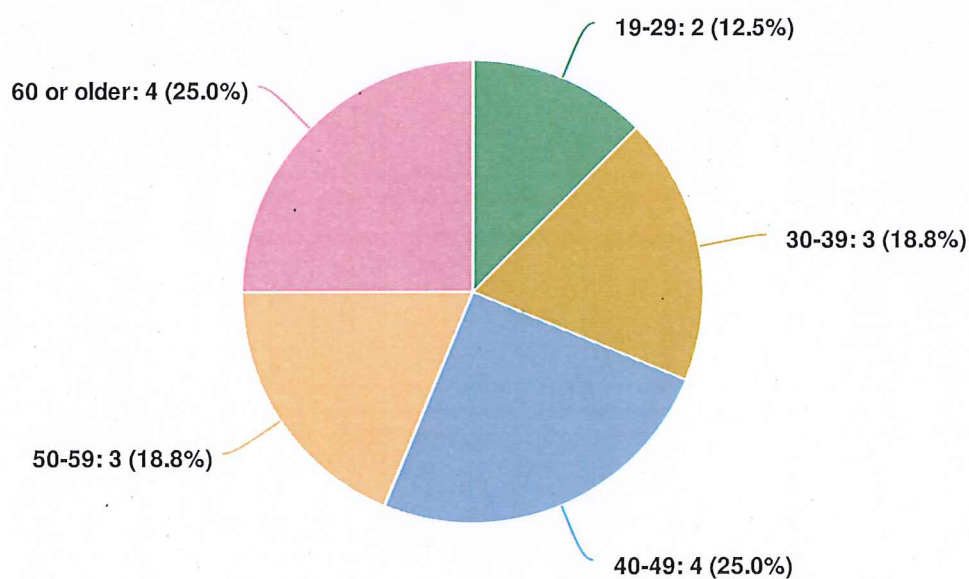


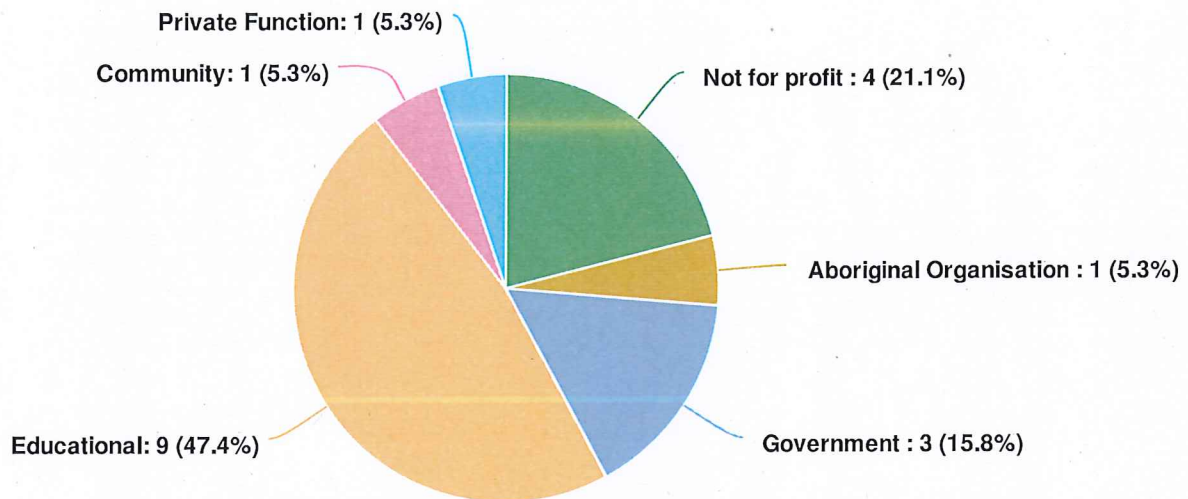
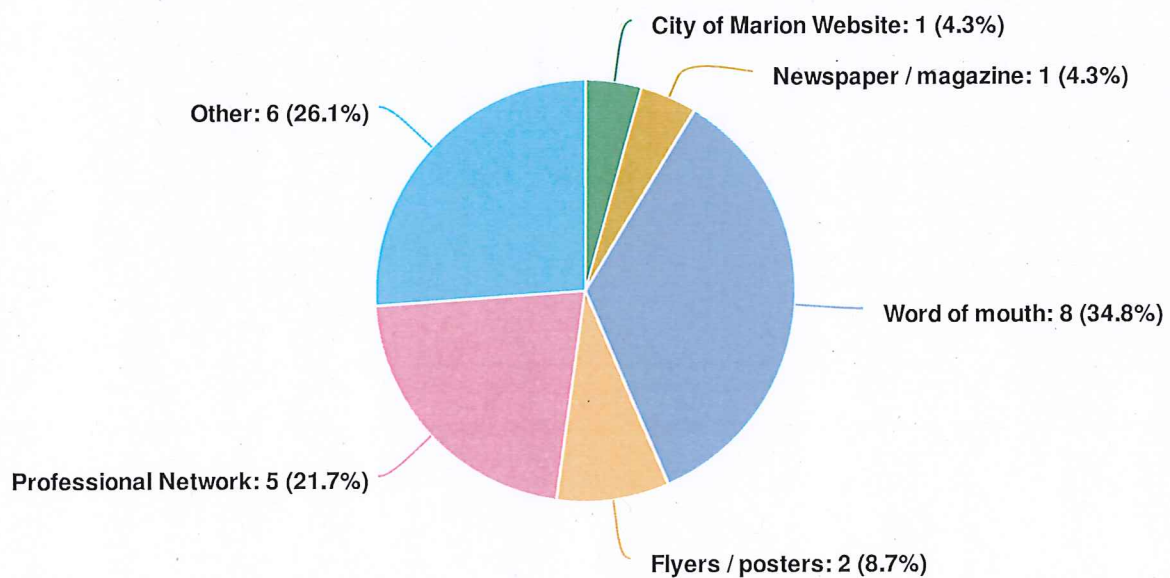
Tool Type	Engagement Tool Name	Tool Status	Visitors	Contributors		
				Registered	Unverified	Anonymous
Survey Tool	Living Kaurna Cultural Centre Facility Survey	Published	17	0	0	16
Survey Tool	LKCC Program Survey	Archived	22	1	8	0

**ENGAGEMENT TOOL: SURVEY TOOL**

Tool title/name: Living Kaurua Cultural Centre Facility Survey

VISITORS	17	CONTRIBUTORS	16	CONTRIBUTIONS	16
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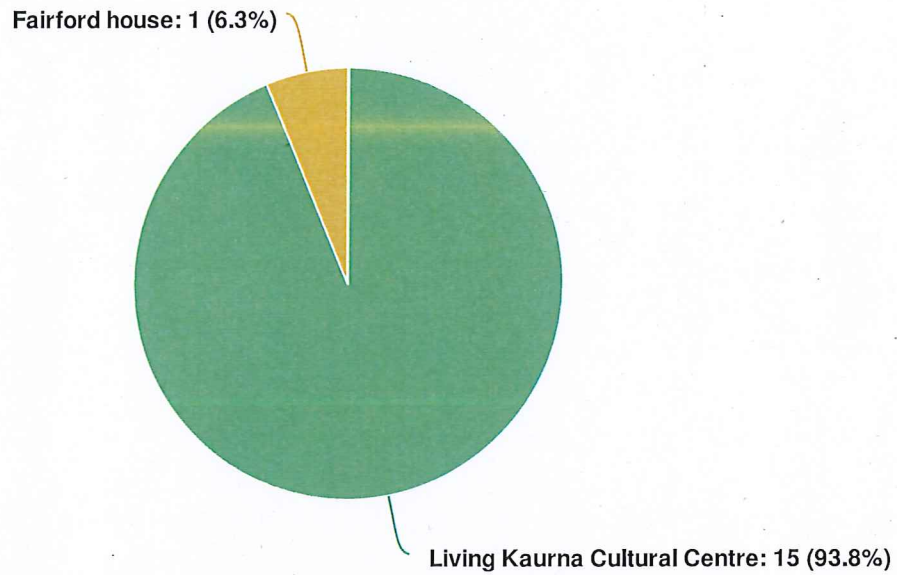
**Are you***Optional question***What is your age?***Optional question*

**What is your business/group?***Optional question***Where did you hear about the Living Kaurna Cultural Centre?***Optional question*



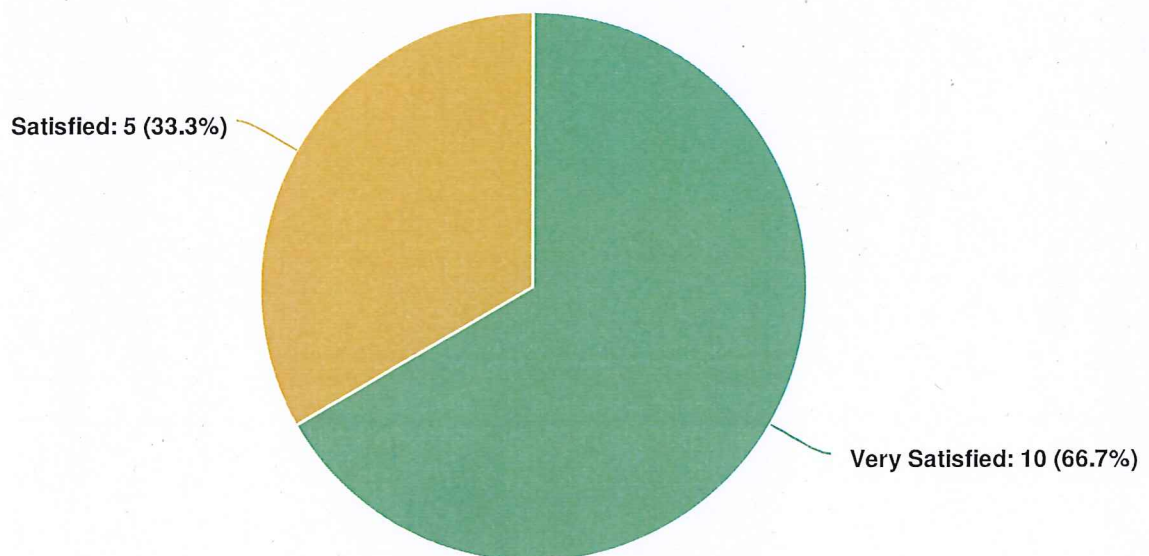
### Which venue did you or do you use?

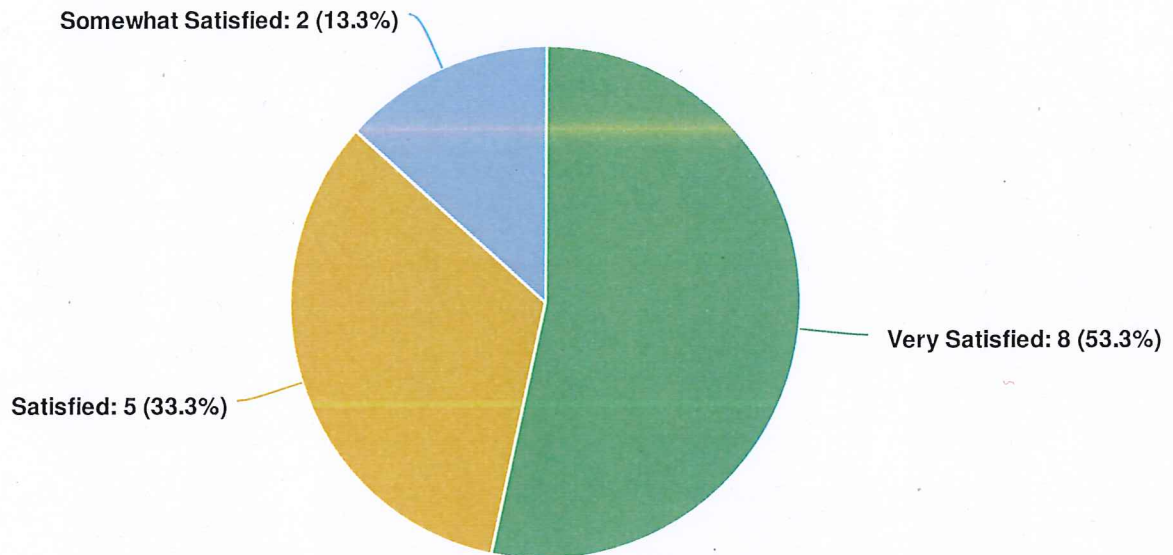
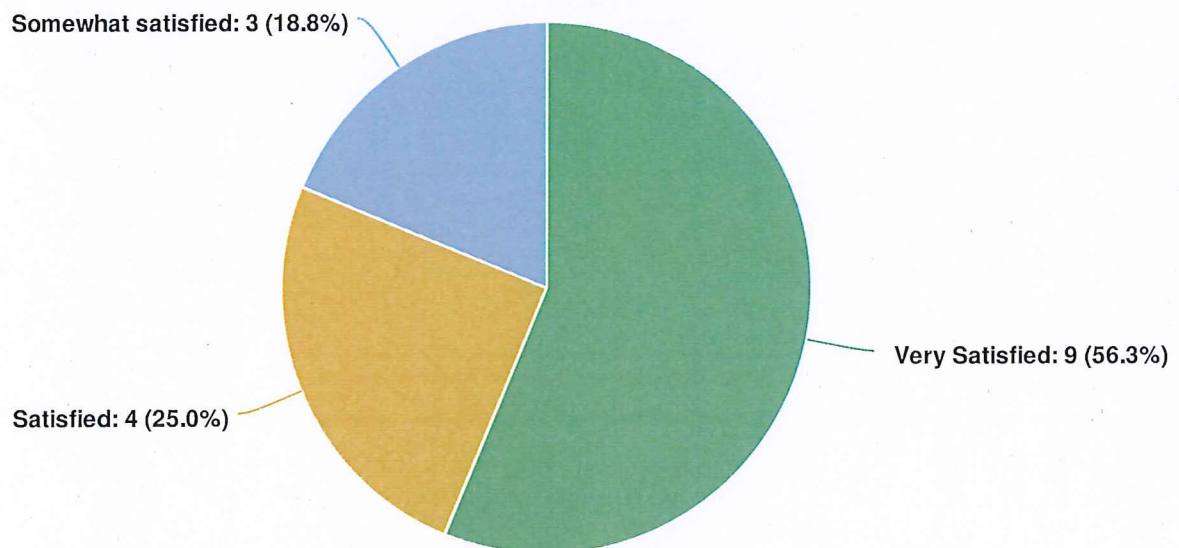
*Optional question*

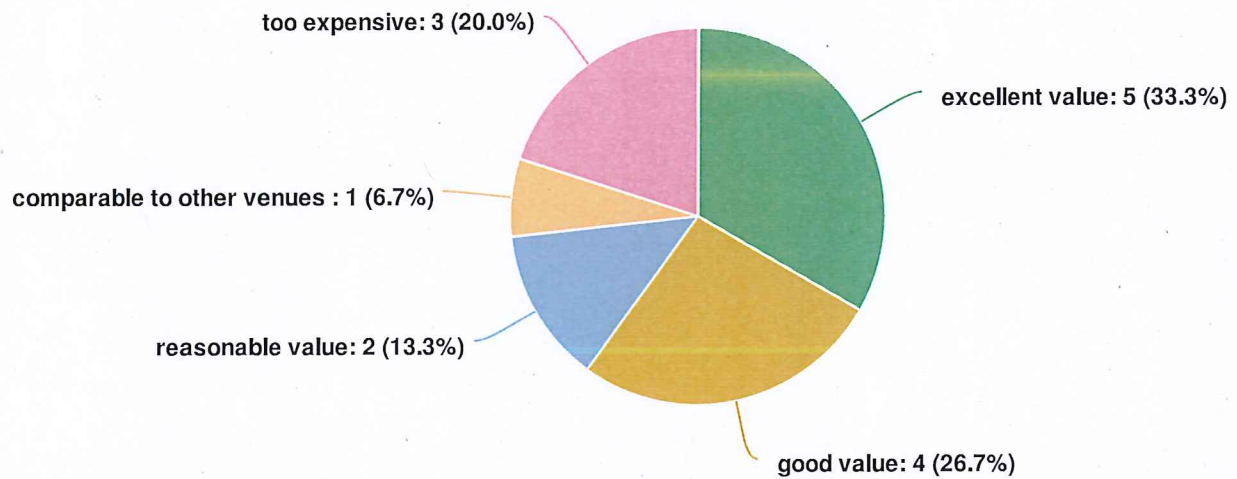
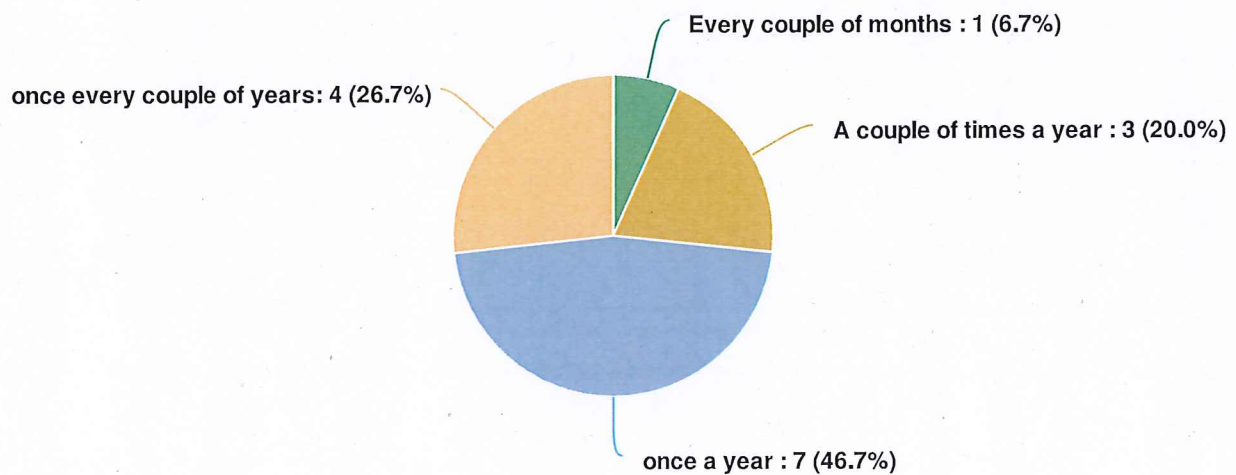


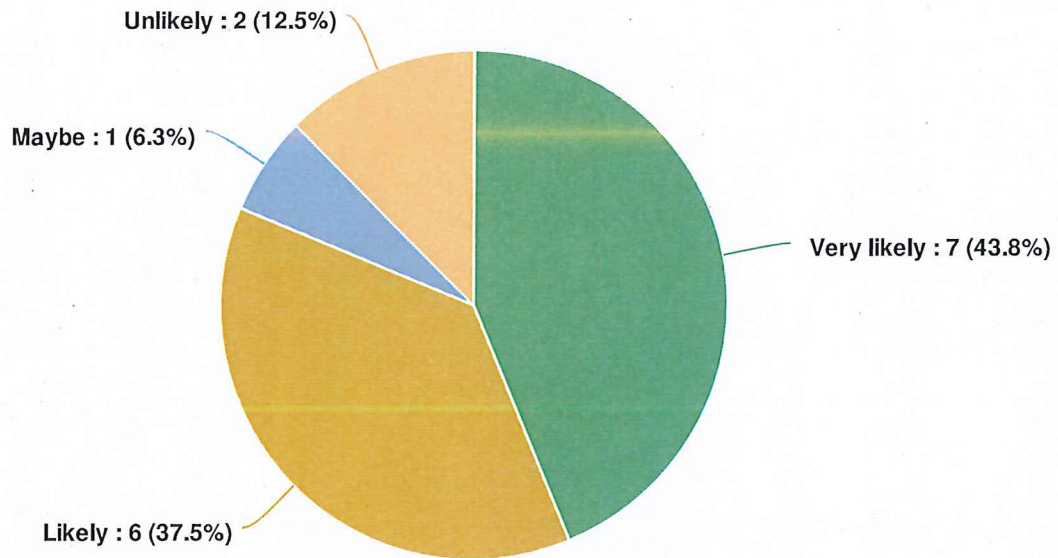
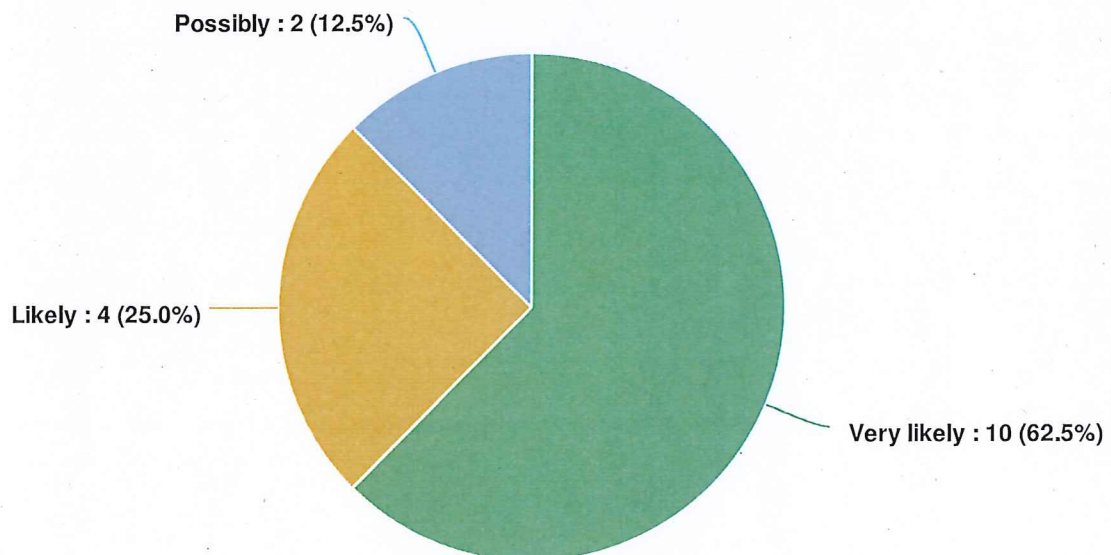
### How satisfied were you with the general amenity of the facility?

*Optional question*



**How satisfied were you with the equipment/services provided?***Optional question***How satisfied were you with the level of customer service you received?***Optional question*

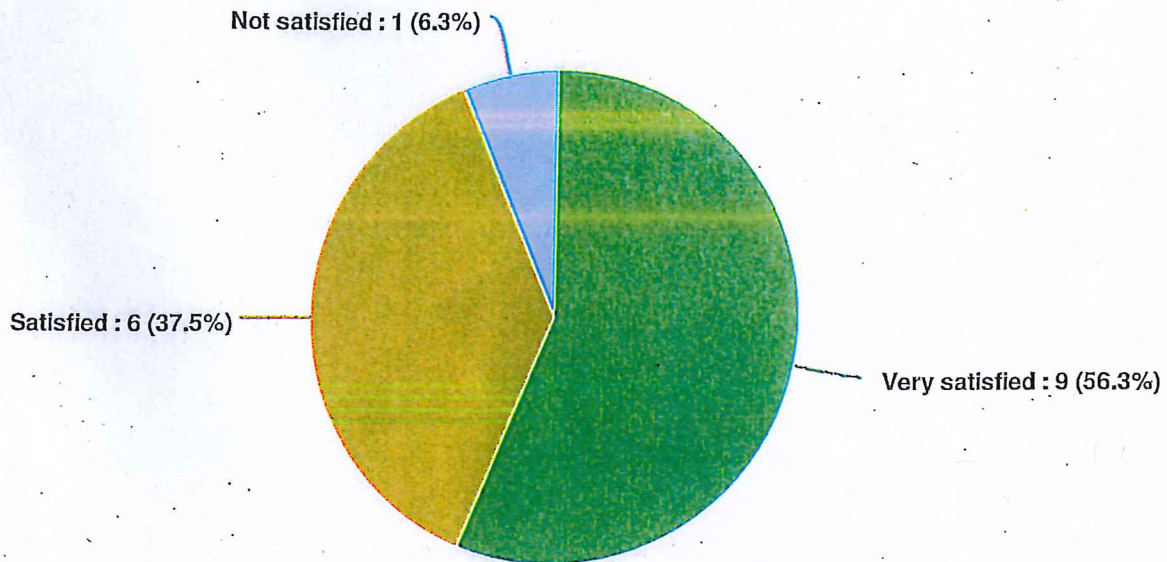
**Do you think our venue hire fees are value for money?***Optional question***How often do you use the Living Kurna Cultural Centre for venue hire?***Optional question*

**How likely are you to book the venue again?***Optional question***How likely are you to recommend the venue to other people?***Optional question*



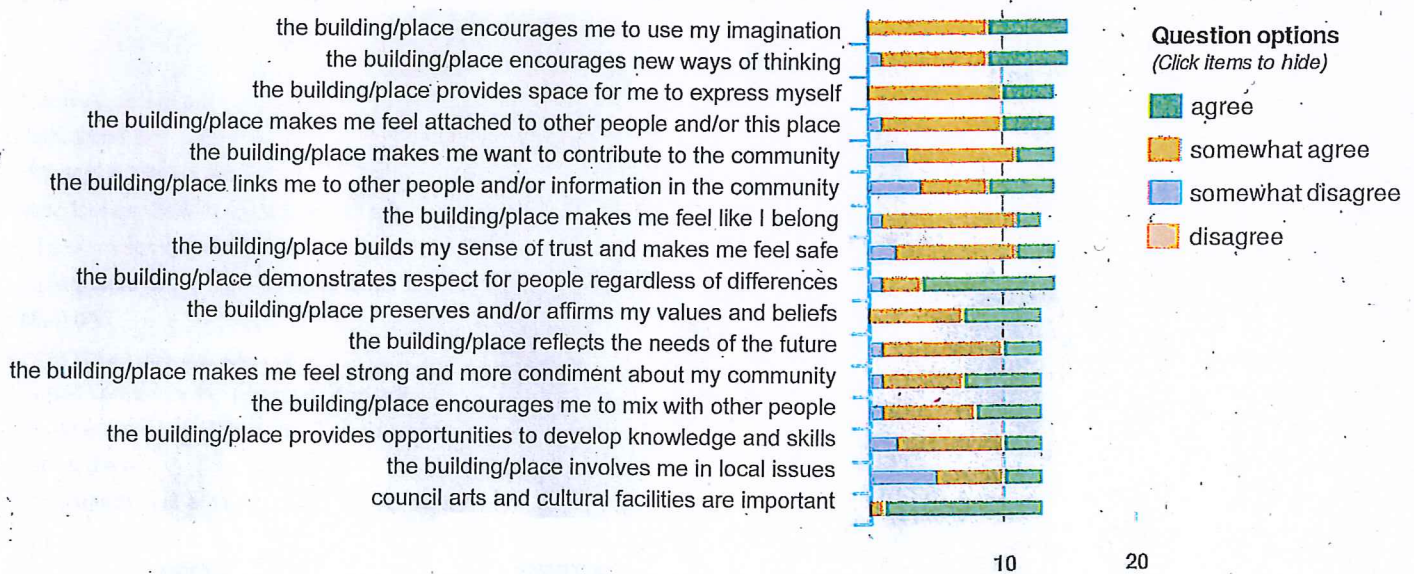
### Overall satisfaction with the Living Kaurna Cultural Centre

Optional question



please tell us to what extent you agree or disagree with the following statements

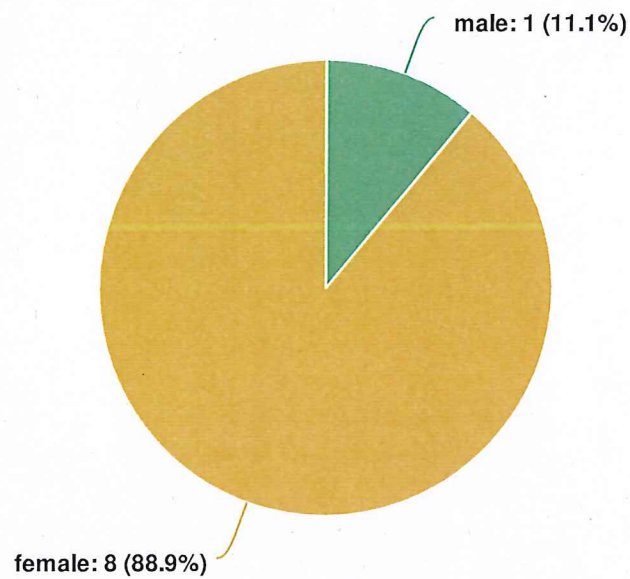
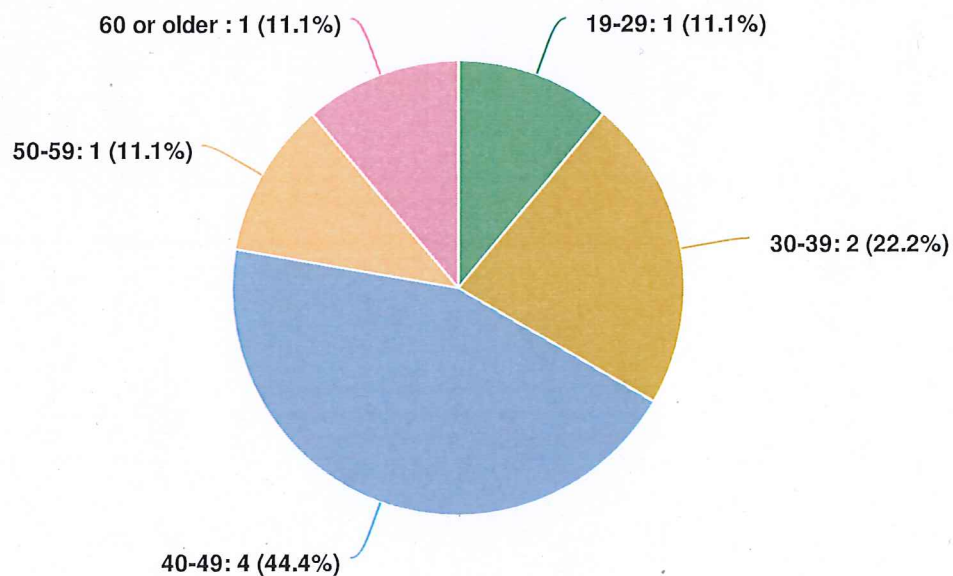
Optional question

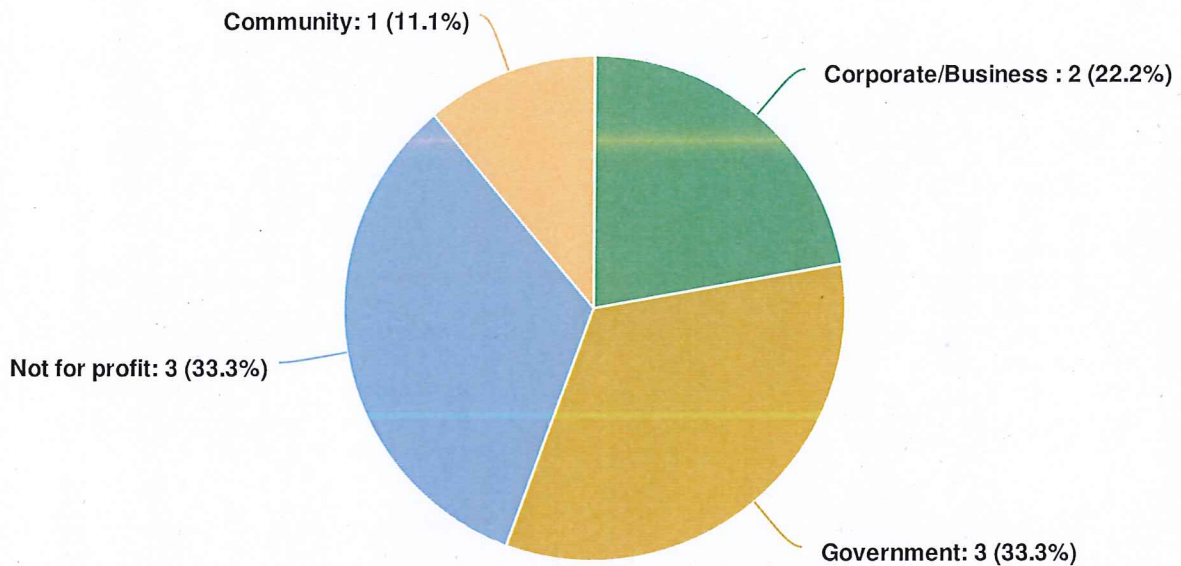
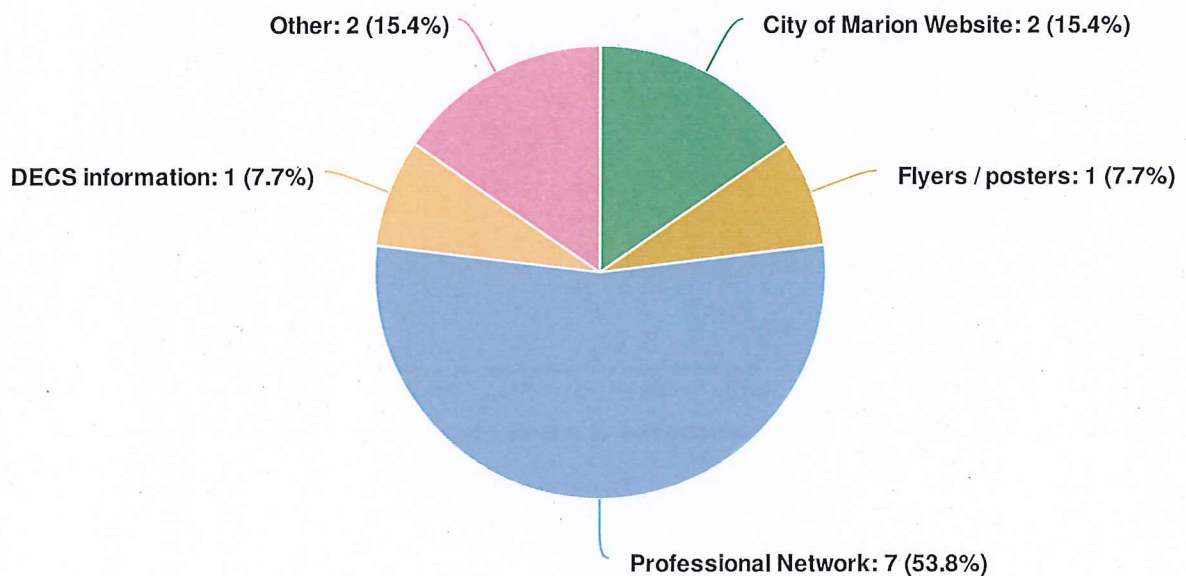


**ENGAGEMENT TOOL: SURVEY TOOL**

Tool title/name: LKCC Program Survey

VISITORS	22	CONTRIBUTORS	9	CONTRIBUTIONS	9
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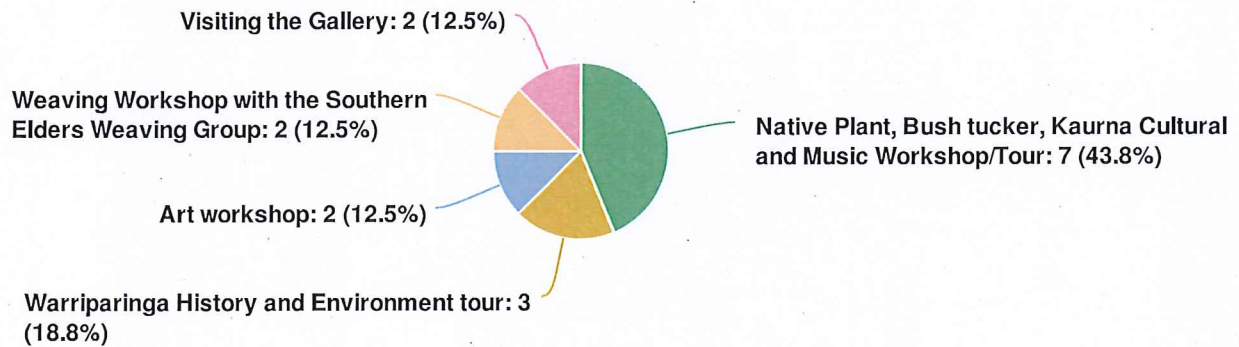
**Are you***Optional question***what is your age***Optional question*

**What is your business/group?***Optional question***Where did you hear about the Living Kaurna Cultural Centre?***Optional question*



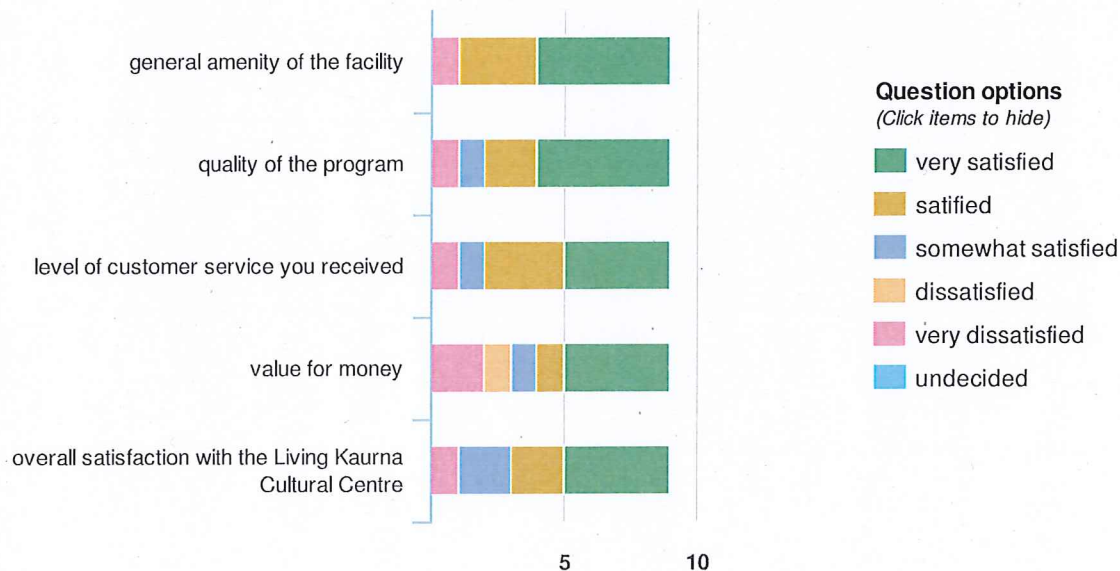
### Which Cultural Service did you or do you use?

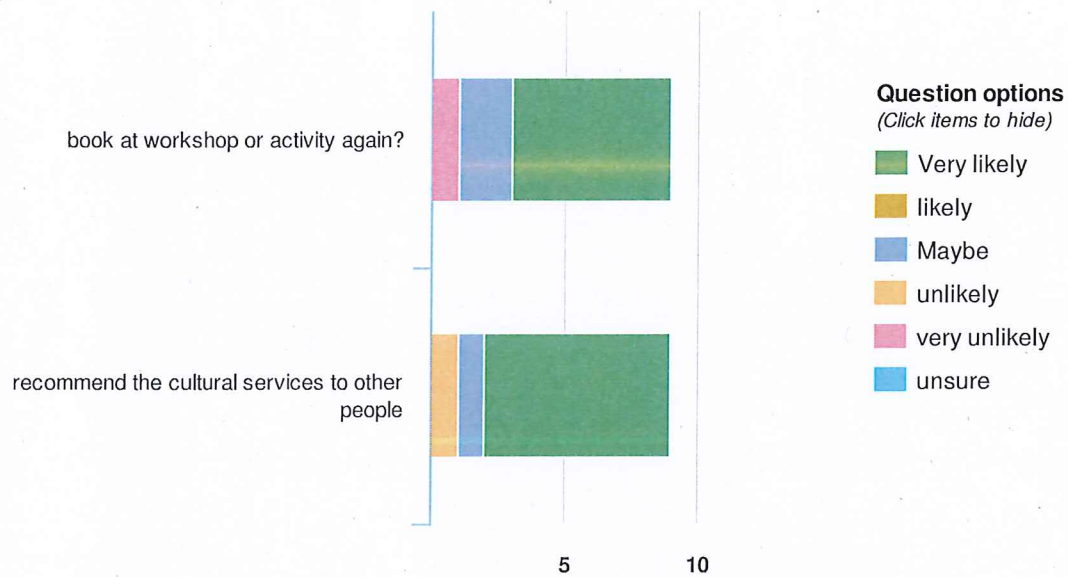
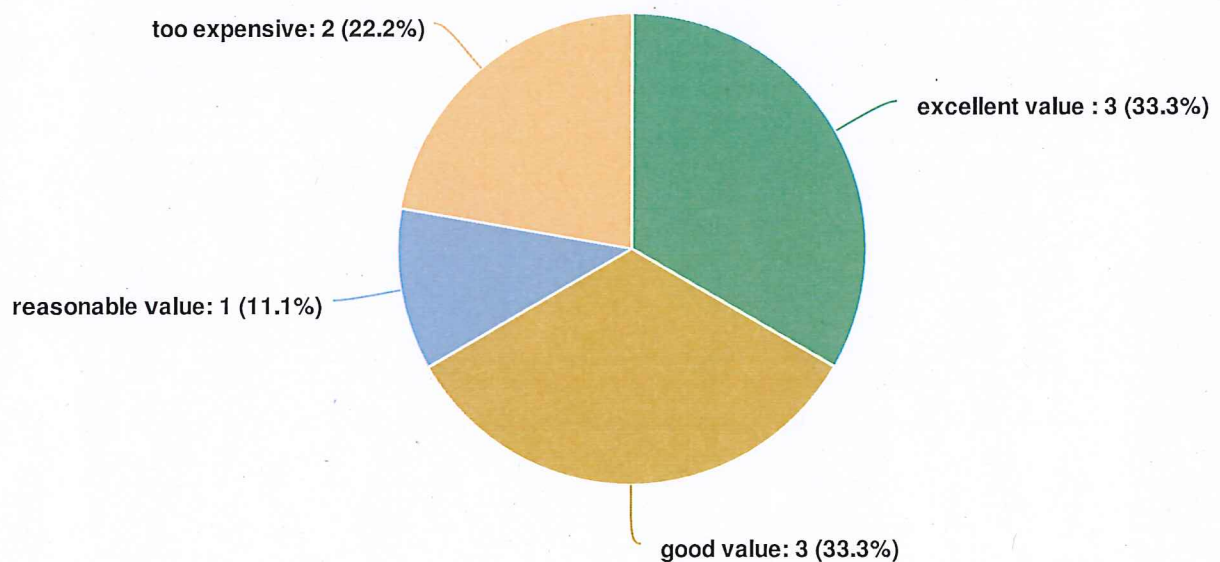
Optional question



### How satisfied were you with the:

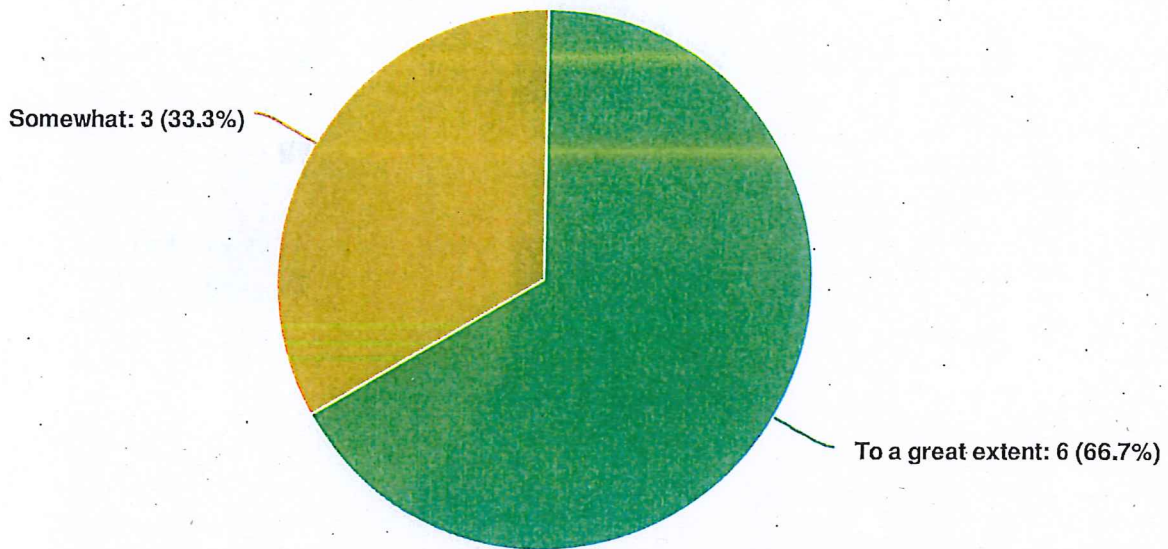
Optional question



**How likely are you to:***Optional question***Do you think our workshops fees are value for money?***Optional question*

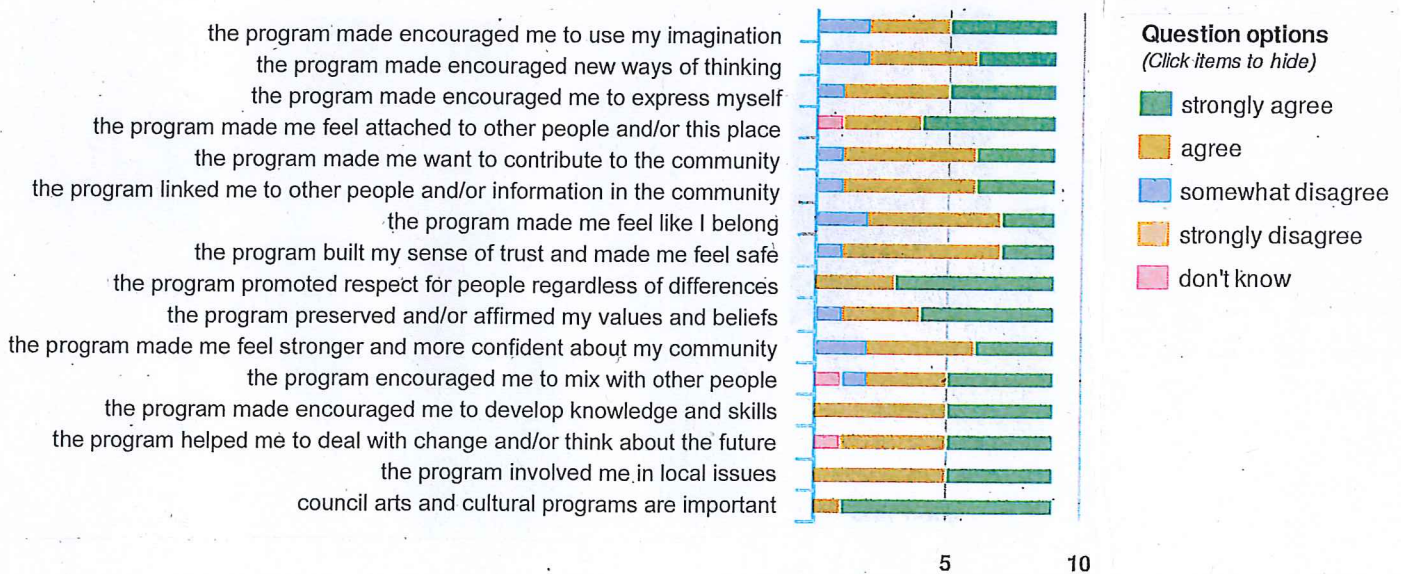
**To what extent did the program increase your awareness of Kaurna and other  
Aboriginal Cultural practices and issues?**

*Optional question*



**Please tell us to what extent you agree or disagree with the following statements**

*Optional question*



## City of Marion Facilities and Events Survey

### INTRODUCTION

The Facilities and Events Survey questionnaire was designed by the City of Marion's Elected Member body. They were provided with recent examples of Community Surveys conducted by other councils to determine best practice and assist with question formulation, in late 2015.

The survey was held from 7 March to 21 April 2016 with the aim of evaluating the City of Marion's facilities and events. The survey is an important business tool for gaining a better understanding of the community's perception of the performance of Council and to inform future service delivery models and assist with strategic planning.

### METHODOLOGY

The City of Marion's Rates database was used as the survey sample data source. A systematic sample of the 39,243 households in the City of Marion was conducted by the Corporate Performance Officer. Every 40<sup>th</sup> household was selected to gain a demographically representative sample of all suburbs in the City of Marion, totalling 1,000 households that received a hardcopy survey questionnaire. There were 75 respondents to the hardcopy survey equating to a response rate of 7.5%.

The survey was also available on Council's community consultation website, Making Marion. This was deployed as a self-enumerating survey and respondents were not targeted as part of a sample. There were 24 respondents to the online survey.

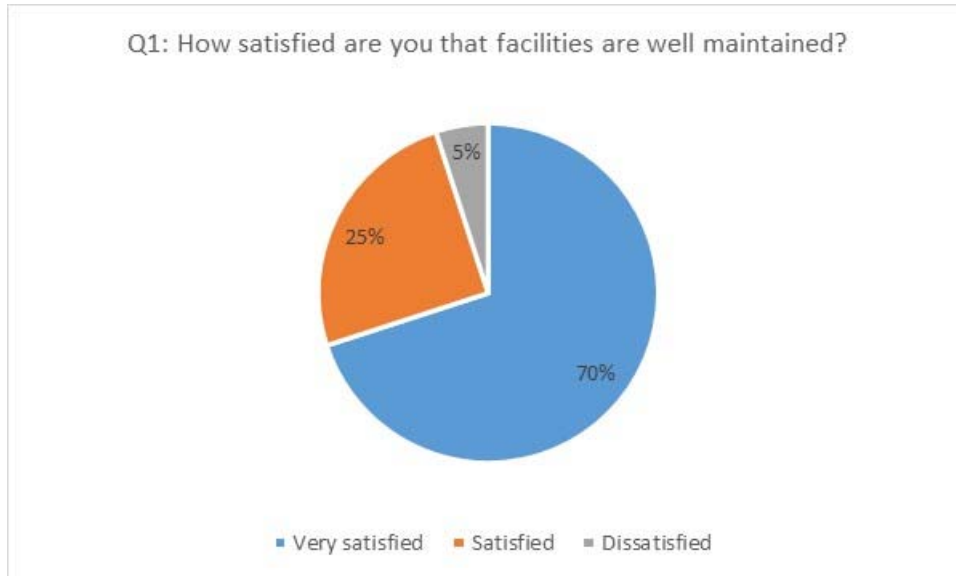
Method	Frequency/ Count	Percentage of Total
Online	24	24.2%
Hard copy	75	75.8%
<b>TOTAL</b>	<b>99</b>	<b>100.0%</b>

The survey consisted of 19 questions that covered a wide range of Council facilities and events. There were also five questions designed to collect demographic information on the survey participants.

Respondents were specifically asked to provide feedback on the Living Kurna Cultural Centre (LKCC):

#### Question 1: How satisfied are you that facilities are well maintained?

Of the 99 respondents in total only 20 provided a response to this question, equating to a response rate of 20.2%. Of those that provided a response, there were 14 respondents or 70% that were very satisfied. A further 25% (or 5 respondents) were satisfied and one respondent indicated they were dissatisfied.



**Question 2: How satisfied are you with the level of personal safety/security when using the facilities?**

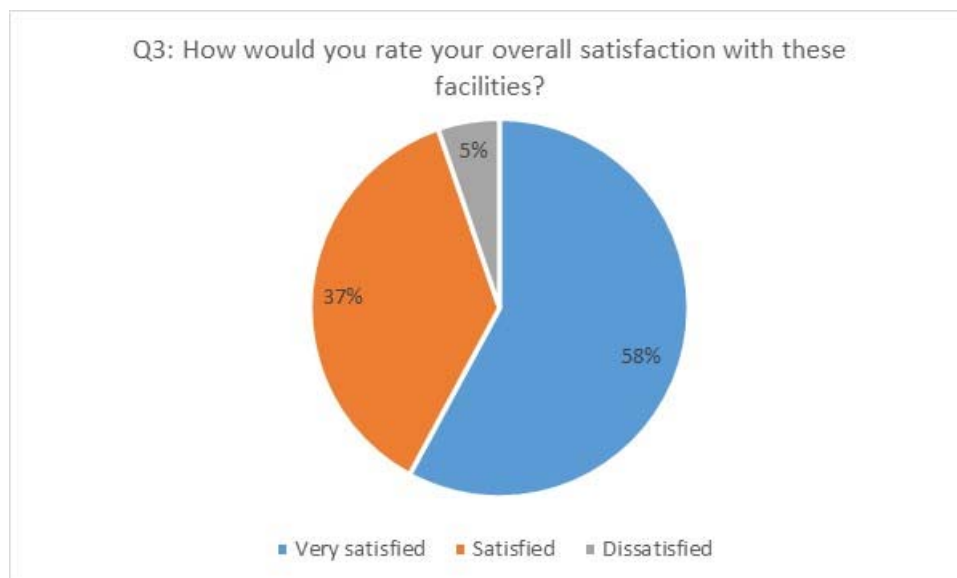
Of the 99 respondents in total only 19 provided a response to this question, equating to a response rate of 19.2%. Of those that provided a response, there were 9 respondents or 47% that were very satisfied. A further 42% (or 8 respondents) were satisfied and two respondents indicated they were dissatisfied with the level of personal safety/security at LKCC.



**Question 3: How would you rate your overall satisfaction with these facilities?**

Of the 99 respondents in total only 19 provided a response to this question, equating to a response rate of 19.2%. Of those that provided a response, there were 11 respondents or 58% that were very satisfied. A further 37% (or 7 respondents) were satisfied and one respondent indicated they were dissatisfied with the LKCC.





**Question 4: If you haven't used City of Marion community facilities in the past 2 years please tell us why?**

There were 80 respondents that either indicated they haven't used the LKCC or chose not to respond, representing 80.8%. The non-response rate for this question was 53.8% or 43 survey participants. There were three respondents that created their own response category of 'Never used'. Of those that responded to this question 42.5% or 34 people indicated why they don't use the LKCC (including 'Don't know / not sure').

There were 19 respondents (or 19.2% of the total that responded to the survey) that indicated they have no interest in the LKCC. One person advised that they can't get there and another advised that it's too far away. A further two indicated they go somewhere else and 11 didn't know or were not sure.

RESPONSE	COUNT OF RESPONDENTS
No interest	19
I can't get there	1
I go somewhere else	2
Too far away	1
Don't know / not sure	11
<b>SUB-TOTAL</b>	<b>34</b>
No response	43
Never used	3
<b>TOTAL</b>	<b>80</b>



City of Marion  
Building Assessment Summary Report  
Warriparinga

March 2016



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*GHD has prepared the preliminary cost estimate set out in this report ("Cost Estimate") using information reasonably available to the GHD employee(s) who prepared this report; and based on assumptions and judgments made by GHD through a combination of visual inspection, interpretation and current construction rates as listed in Rawlinsons Construction Handbook.*

*The Cost Estimate has been prepared for the purpose of budget forecasting and must not be used for any other purpose.*

*The Cost Estimate is a preliminary estimate only. Actual prices, costs and other variables may be different to those used to prepare the Cost Estimate and may change. Unless as otherwise specified in this report, no detailed quotation has been obtained for actions identified in this report. GHD does not represent, warrant or guarantee that the [works/project] can or will be undertaken at a cost which is the same or less than the Cost Estimate.*

*Where estimates of potential costs are provided with an indicated level of confidence, notwithstanding the conservatism of the level of confidence selected as the planning level, there remains a chance that the cost will be greater than the planning estimate, and any funding would not be adequate. The confidence level considered to be most appropriate for planning purposes will vary depending on the conservatism of the user and the nature of the project. The user should therefore select appropriate confidence levels to suit their particular risk profile.*

# 1. Introduction

The purpose of this report is to provide a summary overview of the key issues resulting from the assessment.

The detailed results of the audit and photographs have been provided as an Excel spreadsheet and accompanying folder of JPEG photos linked from the spreadsheet.

The spreadsheet provides details including condition, replacement dates and costs, identified defects, recommended defect repairs, recommended maintenance schedule and costs.

Warriparinga encompass' 4 separate facilities that have been individually assessed in this report. The facilities include:

- Coach House.
- Fairford House
- Living Kaurna Cultural Centre
- Toilet Block

## 2. Asset Condition

Each asset was assigned an overall condition rating ranging from 1 – Excellent to 5 – Failed.

Table 1 Condition Ratings

Condition Rating	Description	Action	Remaining Asset Life
1-Excellent	New condition, no visible signs of wear and tear or defects	No additional maintenance required	100%
1.5	In between Excellent and Good		95%
2-Good	In excellent condition with only very slight condition decline (obviously no longer new)	Scheduled maintenance required, no component replacement required.	80%
2.5	In between Good and Average		75%
3-Average	In a fair condition, minor evidence of deterioration of the element which could potentially shorten life.	Minor maintenance intervention and/or minor component replacement required.	50%
3.5	In between Average and Poor		30%
4-Poor	In poor condition with evidence of minor isolated failure in an element which will reduce future life and increase maintenance cost	Significant ongoing maintenance intervention or major component or asset replacement required.	20%
4.5	In between Poor and Failed		10%
5-Failed	In very poor condition with evidence of multiple failures and the inability of the element to continue to satisfactorily provide the intended purpose, or;  Statutory or Occupational Health and Safety elements requiring IMMEDIATE action. Total failure of the element, extreme risk in leaving asset in service, including asbestos	Asset requires decommissioning and/or replacement.	5%



## 2.1 Building Conditions

### 2.1.1 Coach House



Figure 1 Coach House

Figure 2 and Table 2 provide a condition profile by estimated replacement costs totalled for all the inspected elements. The coach house is an old historic building that has not been used and been neglected for many years. It is very run down and in a poor condition with movement cracking in the rendered stone walls. The corrugated iron roof has holes and the carport timbers are rotting and unsafe. There was no access to the upper floor. The building is in poor to very poor condition and will require maintenance in line with the attached excel spreadsheet.

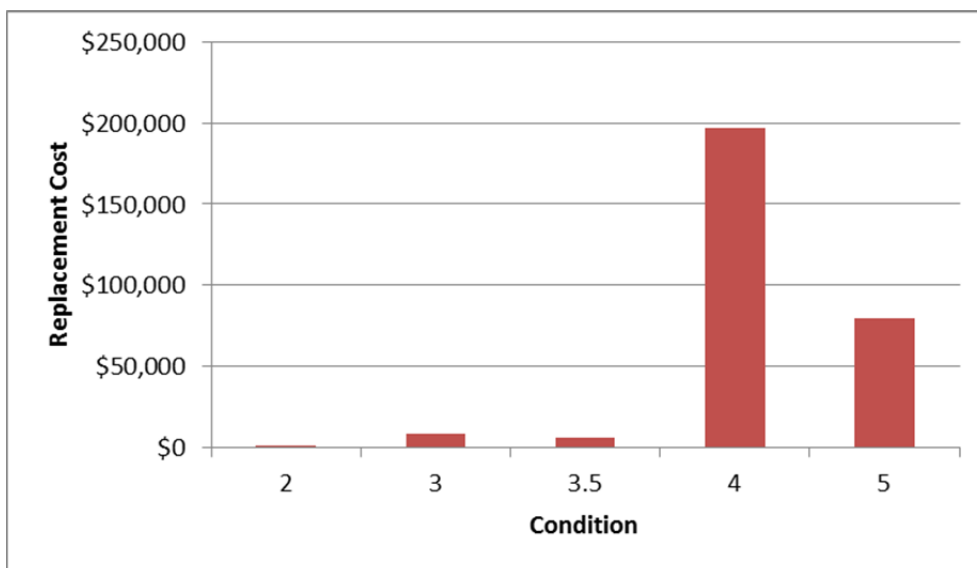



Figure 2 Condition Profile


Table 2 Condition Profile

Condition Rating	Replacement Value
2	\$1,176
3	\$8,820
3.5	\$5,880
4	\$196,980
5	\$79,380
<b>Grand Total</b>	<b>\$292,236</b>

The following table highlights the components identified that were assessed as being condition 4 or 5.

Table 3 Condition Issues

Component	Equipment / Attribute	Defect Description	Photo
Exterior Structures	Carport	Roof sheet rusted and holed. Timber posts and beams rotted.	
External Fittings	Fixed Windows	Broken Window, wooden frame rotting.	No photo available
Roof	Guttering	Guttering falling off. Debris on roof and gutters.	
Roof	Roof Covering	Roof sheet holed.	
Wall Exterior Fabric	Wall	Wall fabric and finish deteriorated.	

Flooring	Timber	Old and bowed timber flooring.	No photo available
Wall	Finish	Paint peeling and areas of chipping on stone wall render.	No photo available
Roof Structural	Roof	Corrugated iron roof has holes.	No photo available
Sub-Structure	Joists/Bearers	Timber joists and bearers are rotting.	
Sub-Structure	Structural Framing Timber/Steel	Timbers unsound throughout building.	No photo available
Sub-Structure	Stumps/Bracing	Stumps and bracing found rotting	No photo available
Sub-Structure	Sub-Floor Drainage	Concealed but assumed to be in similar condition to rest of building.	No photo available
Wall Structural	Wall	Roof sheet rusted and holed. Timber posts and beams rotted.	No photo available

### ***Estimated Remaining Useful Life***

Using a condition based approach to determine the estimated remaining useful life (RUL) of each element; a theoretical RUL can be estimated for the building. This RUL assumes that the element undergoes appropriate maintenance. Any renewal or refurbishment would increase the RUL.

For this estimation, only the RUL of core structural elements have been included and averaged i.e. Stumps/bracing, joists/bearers, roof structure and covering, walls, hard stands etc. Items that are easily and regularly renewed or replaced, and generally of lesser overall value, are not included in the average e.g. floor coverings, finishes, switchboards, doors etc.

The **Estimated RUL** for this building is **7.5 years**.

For the individual estimated RUL of each element, refer to the Condition Register spreadsheet provided, in the column labelled 'Inspection Residual Life'.

### ***Total and Depreciated Replacement Values***

Based on the sum of assessed elements, the total replacement value is **\$292,236**.

Based on collective RUL for each element as a percentage of value, the depreciated replacement sum of the assessed elements is **\$46,805**

## 2.1.2 Fairford House



Figure 3 Fairford House

Figure 4 and Table 4 provide a condition profile by estimated replacement costs totalled for all the inspected elements. Fairford house is an old house built around 100 years ago. It has stone rendered walls, timber floors and a corrugated iron roof. It has previously been restored and is now used as offices and meeting rooms. The current condition overall is average taking into consideration all the investigated elements. Maintenance is recommended in line with attached excel spreadsheet

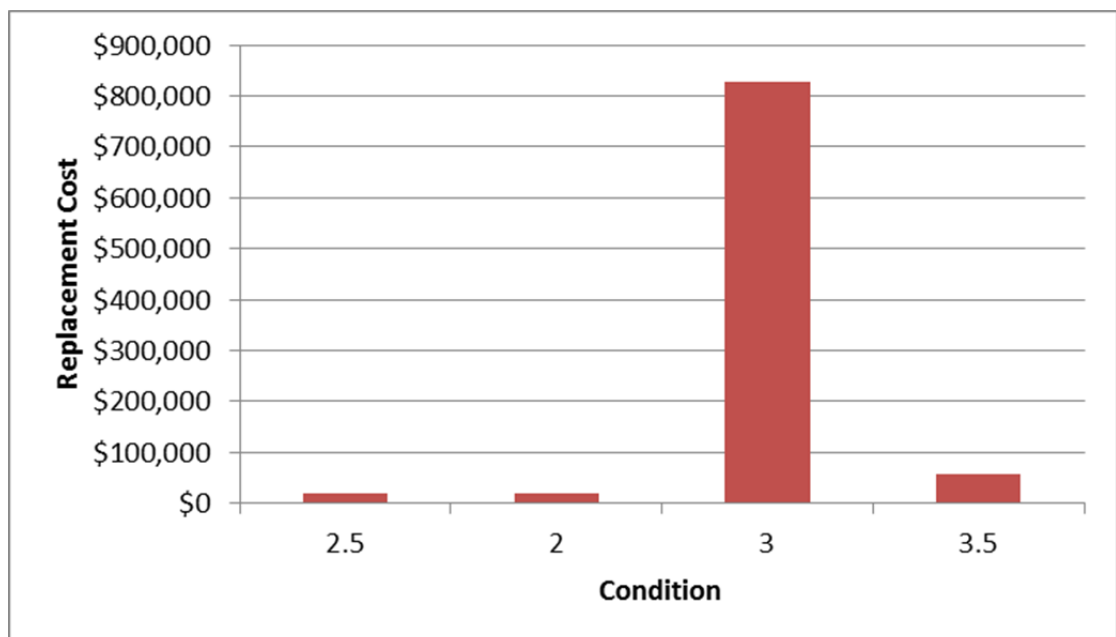


Figure 4 Condition Profile

Table 4 Condition Profile

Condition Rating	Replacement Value
2.5	\$18,950
2	\$18,003
3	\$828,589
3.5	\$56,850
<b>Grand Total</b>	<b>\$922,391</b>

The following table highlights the components identified that were assessed as being condition 4 or 5. No elements were assessed as condition 4 or 5.

Table 5 Condition Issues

Component	Equipment / Attribute	Defect Description	Photo
Nil			

### ***Estimated Remaining Useful Life***

Using a condition based approach to determine the estimated remaining useful life (RUL) of each element; a theoretical RUL can be estimated for the building. This RUL assumes that the element undergoes appropriate maintenance. Any renewal or refurbishment would increase the RUL.

For this estimation, only the RUL of core structural elements have been included and averaged i.e. Stumps/bracing, joists/bearers, roof structure and covering, walls, hard stands etc. Items that are easily and regularly renewed or replaced, and generally of lesser overall value, are not included in the average e.g. floor coverings, finishes, switchboards, doors etc.

The **Estimated RUL** for this building is **23.5 years**.

For the individual estimated RUL of each element, refer to the Condition Register spreadsheet provided, in the column labelled 'Inspection Residual Life'.

### ***Total and Depreciated Replacement Values***

Based on the sum of assessed elements, the total replacement value is **\$922,391**.

Based on collective RUL for each element as a percentage of value, the depreciated replacement sum of the assessed elements is **\$462,806**



## 2.1.3 Living Kurna Cultural Centre



Figure 5 Living Kurna Cultural Centre

Figure 6 and Table 6 provide a condition profile by estimated replacement costs totalled for all the inspected elements. The Kurna Cultural Centre building is built on steel stumps with a steel and timber frame and corrugated iron roof. There are some sections with concrete floors and besa block walls with most cladding being colourbond sheeting and polycarbonate sheeting. The building is around 20 years old. The overall condition of the building is average. Maintenance in line with up keeping or prolonging existing conditions are stated in attached spreadsheet.

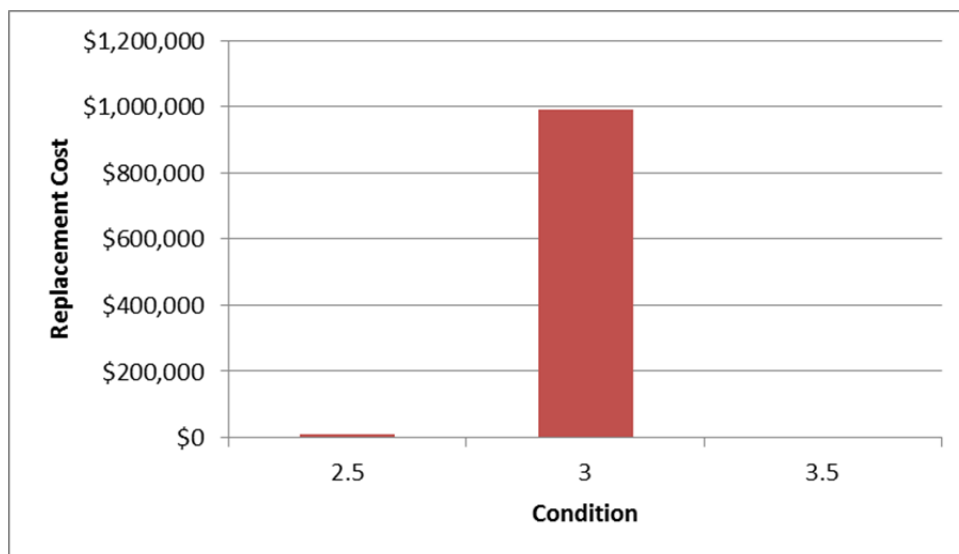


Figure 6 Condition Profile

Table 6 Condition Profile

Condition Rating	Replacement Value
2.5	\$10,325
3	\$989,651
3.5	\$1,033
<b>Grand Total</b>	<b>\$1,001,009</b>

The following table highlights the components identified that were assessed as being condition 4 or 5. No elements were assessed as condition 4 or 5.

Table 7 Condition Issues

Component	Equipment / Attribute	Defect Description	Photo
Nil			

### *Estimated Remaining Useful Life*

Using a condition based approach to determine the estimated remaining useful life (RUL) of each element; a theoretical RUL can be estimated for the building. This RUL assumes that the element undergoes appropriate maintenance. Any renewal or refurbishment would increase the RUL.

For this estimation, only the RUL of core structural elements have been included and averaged i.e. Stumps/bracing, joists/bearers, roof structure and covering, walls, hard stands etc. Items that are easily and regularly renewed or replaced, and generally of lesser overall value, are not included in the average e.g. floor coverings, finishes, switchboards, doors etc.

The **Estimated RUL** for this building is **25 years**.

For the individual estimated RUL of each element, refer to the Condition Register spreadsheet provided, in the column labelled 'Inspection Residual Life'.

### *Total and Depreciated Replacement Values*

Based on the sum of assessed elements, the total replacement value is **\$1,001,009**.

Based on collective RUL for each element as a percentage of value, the depreciated replacement sum of the assessed elements is **\$502,931**.

## 2.1.4 Toilet Block



Figure 7 Toilet Block

Figure 8 and Table 8 provide a condition profile by estimated replacement costs totalled for all the inspected elements. The toilet block is steel and timber framed structure with colourbond roof and cladding and a concrete floor covered with tiles. There is also some polycarbonate exterior wall cladding to allow light in. The storeroom at the rear was unable to be inspected as no key was available onsite at time of inspection. The building is in average condition and will require maintenance in line with the attached excel spreadsheet

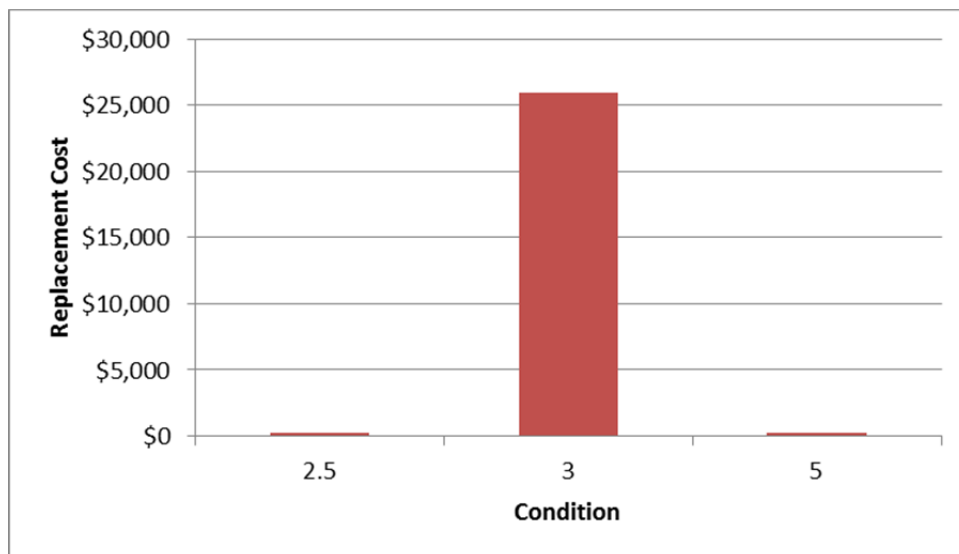


Figure 8 Condition Profile




Table 8 Condition Profile

Condition Rating	Replacement Value
2.5	\$243
3	\$25,948
5	\$243
<b>Grand Total</b>	<b>\$26,433</b>

The following table highlights the components identified that were assessed as being condition 4 or 5. No elements were assessed as condition 4 or 5.

Table 9 Condition Issues

Component	Equipment / Attribute	Defect Description	Photo
Roof	Downpipes	Downpipe missing.	

### ***Estimated Remaining Useful Life***

Using a condition based approach to determine the estimated remaining useful life (RUL) of each element; a theoretical RUL can be estimated for the building. This RUL assumes that the element undergoes appropriate maintenance. Any renewal or refurbishment would increase the RUL.

For this estimation, only the RUL of core structural elements have been included and averaged i.e. Stumps/bracing, joists/bearers, roof structure and covering, walls, hard stands etc. Items that are easily and regularly renewed or replaced, and generally of lesser overall value, are not included in the average e.g. floor coverings, finishes, switchboards, doors etc.

The **Estimated RUL** for this building is: **25 years**.

For the individual estimated RUL of each element, refer to the Condition Register spreadsheet provided, in the column labelled 'Inspection Residual Life'.

### ***Total and Depreciated Replacement Values***

Based on the sum of assessed elements, the total replacement value is **\$26,433**.

Based on collective RUL for each element as a percentage of value, the depreciated replacement sum of the assessed elements is **\$13,156**

### 3. Forecast Expenditure

#### 3.1 10 year Expenditure Forecast

Following graphs and tables display expenditure forecast for identified defect repairs, replacement/renewal costs of elements that are estimated to reach the end of their useful lives within the 10 year forecast window and the recommended annual maintenance costs involved with the facility. The site has been broken down into each assessed building/facility.

##### 3.1.1 Coach House

The estimated **Average Annual Expenditure** for this building which includes defect repairs, renewal and maintenance) over the 10 year forecast window is: **\$63,534 per annum**.

Maintenance costs have been included in the establishment with further details attached in spreadsheet.

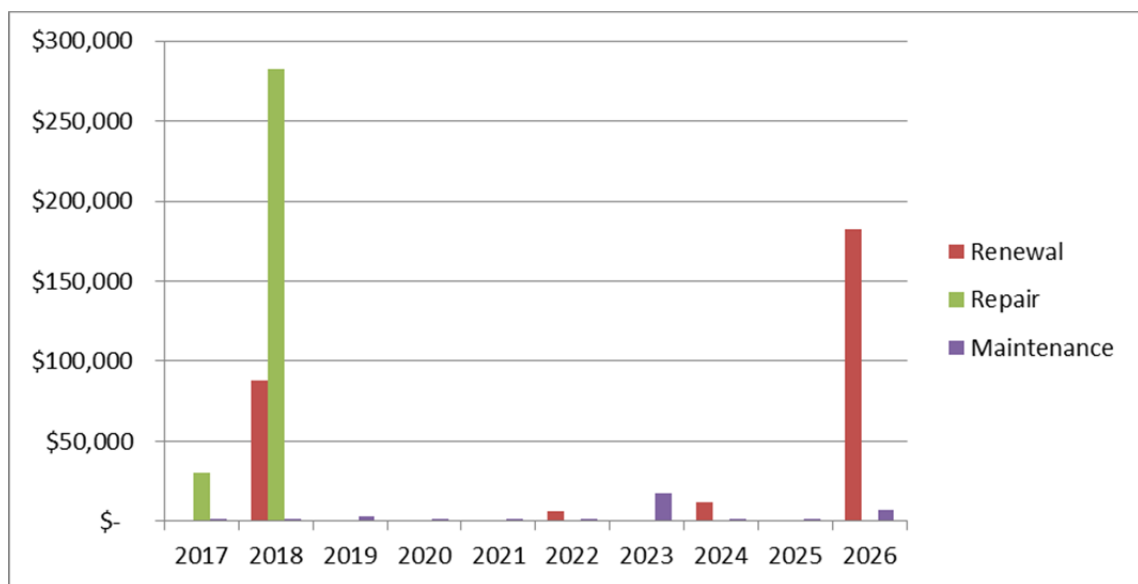


Figure 9 10 year Repair and Renewal Forecast

Table 10 10 year Repair and Renewal Forecast

Replacement Year	Renewal	Repair	Maintenance	Total
2017		\$30,000	\$1,050	\$31,050
2018	\$88,200	\$282,500	\$1,050	\$371,750
2019			\$3,050	\$3,050
2020			\$1,050	\$1,050
2021			\$1,150	\$1,150
2022	\$5,880		\$1,050	\$6,930
2023			\$17,166	\$17,166
2024	\$11,760		\$1,050	\$12,810
2025			\$1,050	\$1,050
2026	\$182,280		\$7,050	\$189,330
<b>Total</b>	<b>\$288,120</b>	<b>\$312,500</b>	<b>\$34,716</b>	<b>\$635,336</b>
<b>10 Year Average</b>	<b>\$28,812</b>	<b>\$31,250</b>	<b>\$3,472</b>	<b>\$63,534</b>





The following table highlights the highest value components identified for replacement in the 10 year forecast window.

Table 11 Highest Value Replacement Items 10 year Forecast

Component	Equipment / Attribute	Replacement Year	Replacement Cost
Sub-Structure	Structural Framing Timber/Steel	2026	\$44,100
Sub-Structure	Stumps/Bracing	2026	\$44,100
Roof Structural	Roof	2026	\$29,400
Roof	Roof Covering	2018	\$14,700
Sub-Structure	Joists/Bearers	2026	\$11,760
External Fittings	Fixed Windows	2018	\$8,820

The following table highlights the defects identified with the highest repair costs.


Table 12 Highest Cost Repair Items

Component	Equipment Attribute	Defect Description	Photo
Sub-Structure	Structural Framing Timber/Steel	Timbers unsound throughout building.	
Roof	Roof Covering	Roof sheet holed.	
Roof	Guttering	Guttering falling off. Debris on roof and gutters.	
Wall Exterior Fabric	Wall	Wall fabric and finish deteriorated.	

### Safety Issues

Safety issues identified during the site inspection involving Coach House are shown in below table

Table 13 Safety Issues

Component	Equipment / Attribute	Defect Description	Photo
Exterior Structures	Carport	Roof sheet rusted and holed. Timber posts and beams rotted.	

## 3.1.2 Fairford House

The estimated **Average Annual Expenditure** for this building which includes defect repairs, renewal and maintenance) over the 10 year forecast window is: **\$39,924 per annum**.

Maintenance costs have been included in the establishment with further details attached in spreadsheet.

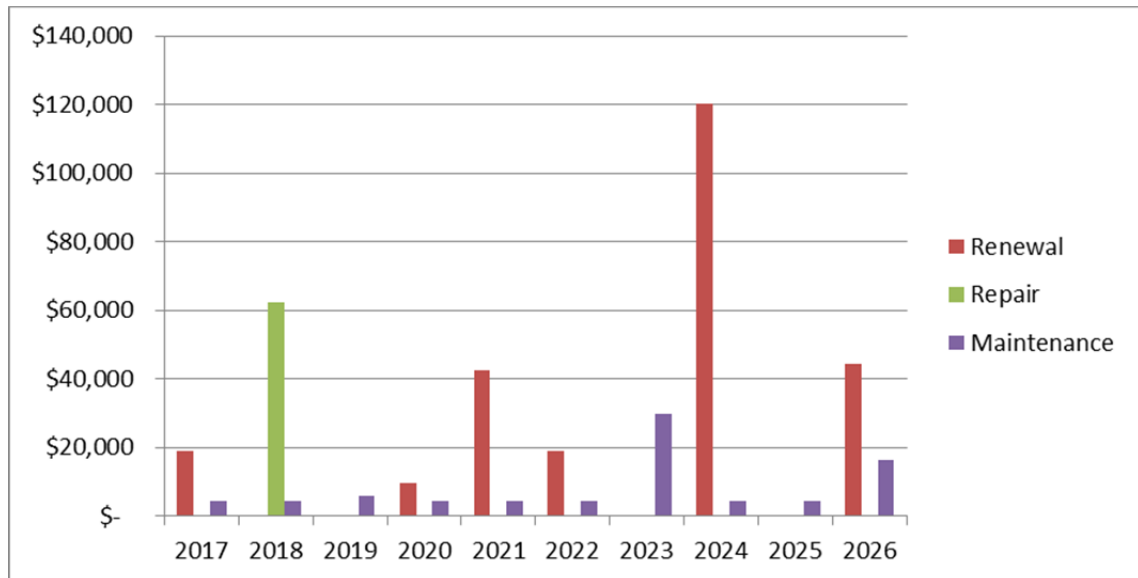


Figure 10 10 year Repair and Renewal Forecast

Table 14 10 year Repair and Renewal Forecast

Replacement Year	Renewal	Repair	Maintenance	Total
2017	\$18,950		\$4,300	\$23,250
2018		\$62,200	\$4,300	\$66,500
2019			\$5,816	\$5,816
2020	\$9,475		\$4,300	\$13,775
2021	\$42,638		\$4,450	\$47,088
2022	\$18,950		\$4,300	\$23,250
2023			\$29,800	\$29,800
2024	\$120,333		\$4,300	\$124,633
2025			\$4,300	\$4,300
2026	\$44,533		\$16,300	\$60,833
<b>Total</b>	<b>\$254,878</b>	<b>\$62,200</b>	<b>\$82,166</b>	<b>\$399,244</b>
<b>10 Year Average</b>	<b>\$25,488</b>	<b>\$6,220</b>	<b>\$8,217</b>	<b>\$39,924</b>




The following table highlights the highest value components identified for replacement in the 10 year forecast window.

**Table 15 Highest Value Replacement Items 10 year Forecast**

Component	Equipment / Attribute	Replacement Year	Replacement Cost
Water Fixtures	Pipe work	2016	\$47,375
Access	Stairs	2022	\$37,900
Fire Services	Fire Services	2024	\$28,425
Ceiling	Finish	2024	\$28,425
Wall	Finish	2021	\$28,425
HVAC	HVAC	2024	\$23,688
General electrical	Power Points	2024	\$18,950

The following table highlights the defects identified with the highest repair costs.

**Table 16 Highest Cost Repair Items**

Component	Equipment Attribute	Defect Description	Photo
External Fittings	Soft Screens	3 fly screen frames missing.	
Sub-Structure	Structural Framing Timber/Steel	Veranda posts leaning.	
Wall Structural	Wall	Movement cracking evident. Damp at base of rear walls.	

### **Safety Issues**

No safety issues were identified during the site inspection.

**Table 17 Safety Issues**

Component	Equipment / Attribute	Defect Description	Photo
Nil			

### 3.1.3 Living Kurna Cultural Centre

The estimated **Average Annual Expenditure** for this building which includes defect repairs, renewal and maintenance) over the 10 year forecast window is: **\$32,838 per annum**.

Maintenance costs have been included in the establishment with further details attached in spreadsheet.

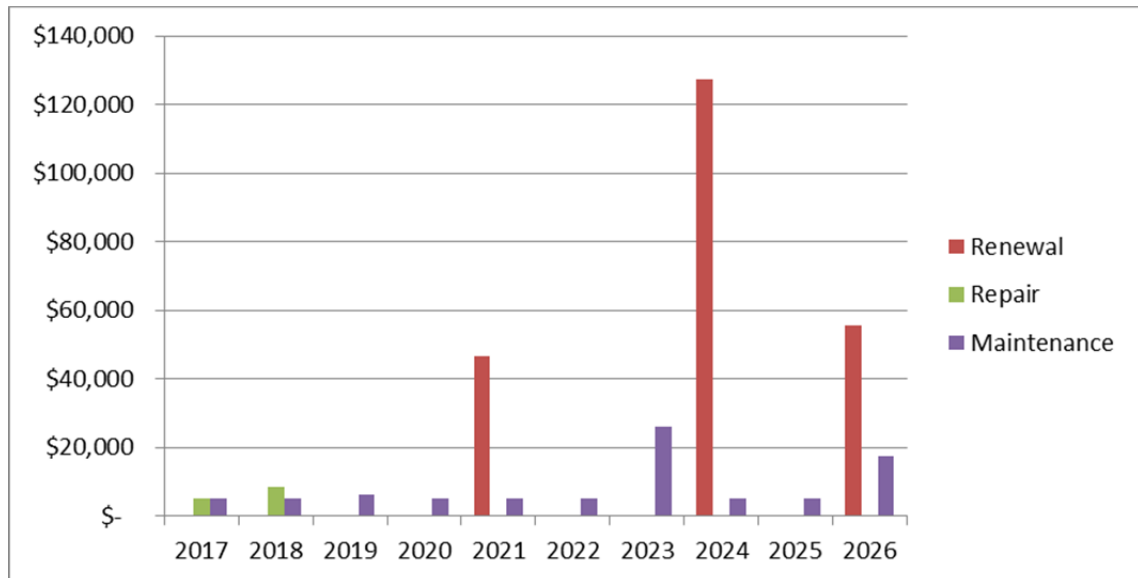


Figure 11 10 year Repair and Renewal Forecast

Table 18 10 year Repair and Renewal Forecast

Replacement Year	Renewal	Repair	Maintenance	Total
2017		\$5,000	\$5,000	\$10,000
2018		\$8,700	\$5,000	\$13,700
2019			\$6,180	\$6,180
2020			\$5,000	\$5,000
2021	\$46,463		\$5,295	\$51,758
2022			\$5,000	\$5,000
2023			\$26,150	\$26,150
2024	\$127,514		\$5,000	\$132,514
2025			\$5,000	\$5,000
2026	\$55,755		\$17,325	\$73,080
<b>Total</b>	<b>\$229,731</b>	<b>\$13,700</b>	<b>\$84,950</b>	<b>\$328,381</b>
<b>10 Year Average</b>	<b>\$22,973</b>	<b>\$1,370</b>	<b>\$8,495</b>	<b>\$32,838</b>



The following table highlights the highest value components identified for replacement in the 10 year forecast window.

Table 19 Highest Value Replacement Items 10 year Forecast

Component	Equipment / Attribute	Replacement Year	Replacement Cost
Access	Stairs	2026	\$41,300
Fire Services	Fire Services	2024	\$30,975
Ceiling	Finish	2024	\$30,975
Wall	Finish	2021	\$30,975
HVAC	HVAC	2024	\$25,813
General electrical	Power Points	2024	\$20,650
Lighting	Internal Lights	2024	\$20,650
Flooring	Lino/vinyl	2024	\$20,650
Interior Fittings	Doors	2026	\$20,650
Lighting	External Lights	2021	\$15,488
Switchboard	Cabinet condition	2026	\$10,325

The following table highlights the defects identified with the highest repair costs.

Table 20 Highest Cost Repair Items


Component	Equipment Attribute	Defect Description	Photo
External Fittings	Fixed Windows	Timbers on some windows deteriorating. Paintwork deteriorated.	
Flooring	Timber	Wear spots showing under chairs.	



***Safety Issues***

Safety issues identified during the site inspection involving the Cultural Centre are shown in below table.

Table 21 Safety Issues

Component	Equipment / Attribute	Defect Description	Photo
Exterior Structures	Veranda	Veranda decking boards separating at joints.	

### 3.1.4 Toilet Block

The estimated **Average Annual Expenditure** for this building which includes defect repairs, renewal and maintenance) over the 10 year forecast window is: **\$1,696 per annum**.

Maintenance costs have been included in the establishment with further details attached in spreadsheet.

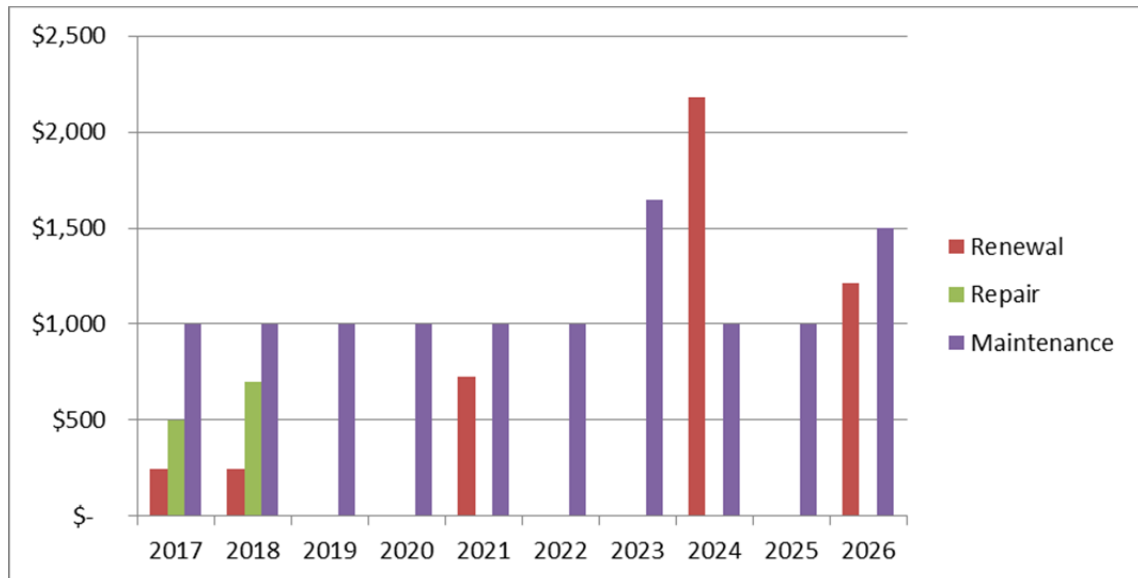


Figure 12 10 year Repair and Renewal Forecast

Table 22 10 year Repair and Renewal Forecast

Replacement Year	Renewal	Repair	Maintenance	Total
2017	\$243	\$500	\$1,000	\$1,743
2018	\$243	\$700	\$1,000	\$1,943
2019			\$1,000	\$1,000
2020			\$1,000	\$1,000
2021	\$728		\$1,000	\$1,728
2022			\$1,000	\$1,000
2023			\$1,650	\$1,650
2024	\$2,183		\$1,000	\$3,183
2025			\$1,000	\$1,000
2026	\$1,213		\$1,500	\$2,713
<b>Total</b>	<b>\$4,608</b>	<b>\$1,200</b>	<b>\$11,150</b>	<b>\$16,958</b>
<b>10 Year Average</b>	<b>\$461</b>	<b>\$120</b>	<b>\$1,115</b>	<b>\$1,696</b>

No components were identified to be considered for replacement within the 10 year forecast window.

Table 23 Highest Value Replacement Items 10 year Forecast

Component	Equipment / Attribute	Replacement Year	Replacement Cost
Ceiling	Finish	2024	\$728
Wall	Finish	2021	\$728
Lighting	Internal Lights	2024	\$485

The following table highlights the defects identified with the highest repair costs.

Table 24 Highest Cost Repair Items

Component	Equipment Attribute	Defect Description	Photo
Roof	Guttering	Debris on roof and gutters.	
Roof	Downpipes	Downpipe missing.	

### Safety Issues

No safety issues identified during inspection of the Toilet Block

Table 25 Safety Issues

Component	Equipment / Attribute	Defect Description	Photo
Nil			

### 3.2 Sustainability Issues

The following elements were also inspected at the commencement of each building inspection in order to assess key sustainability issues. Below states each recorded aspect for each individual building.

#### 3.2.1 Coach House

##### **Lighting**

Fluorescent lighting has been used. It will be beneficial to use LED fittings for energy efficiency when the whole building is refurbished.

##### **Insulation**

No insulation installed in the building.

##### **Air Conditioning System**

There is no air conditioning in the building.

#### 3.2.2 Fairford House

##### **Lighting**

Halogen and fluorescent lighting has been used and is in a fair condition but could be upgraded to LED fittings when next replacing fittings to be more energy efficient.

##### **Insulation**

No insulation installed for building.

##### **Air Conditioning System**

Split systems installed for the building, it is in a fair condition.

#### 3.2.3 Living Kurna Cultural Centre

##### **Lighting**

A mixture of halogen and fluorescent fittings are used and could be upgraded to LED when next replacement is due for greater energy efficiency.

##### **Insulation**

Blanket insulation has been used throughout against the roof sheeting.

##### **Air Conditioning System**

Air conditioning is a mix of split systems and evaporative units, all of which are in a fair condition.

#### 3.2.4 Toilet Block

##### **Lighting**

Fluorescent lighting used and in an average condition. Option exists to upgrade to LED when next replacing fittings for better energy efficiency.

##### **Insulation**

Blanket insulation has been used against the roof sheeting.

##### **Air Conditioning System**

No air conditioning installed.

## 4. Methodology

GHD were commissioned by the City of Marion to undertake a condition audit of buildings and structures to identify defects, assess remaining lives, replacement dates and estimated replacement costs.

### 4.1 Methodology

The methodology adopted by GHD for the development of this report was as follows.

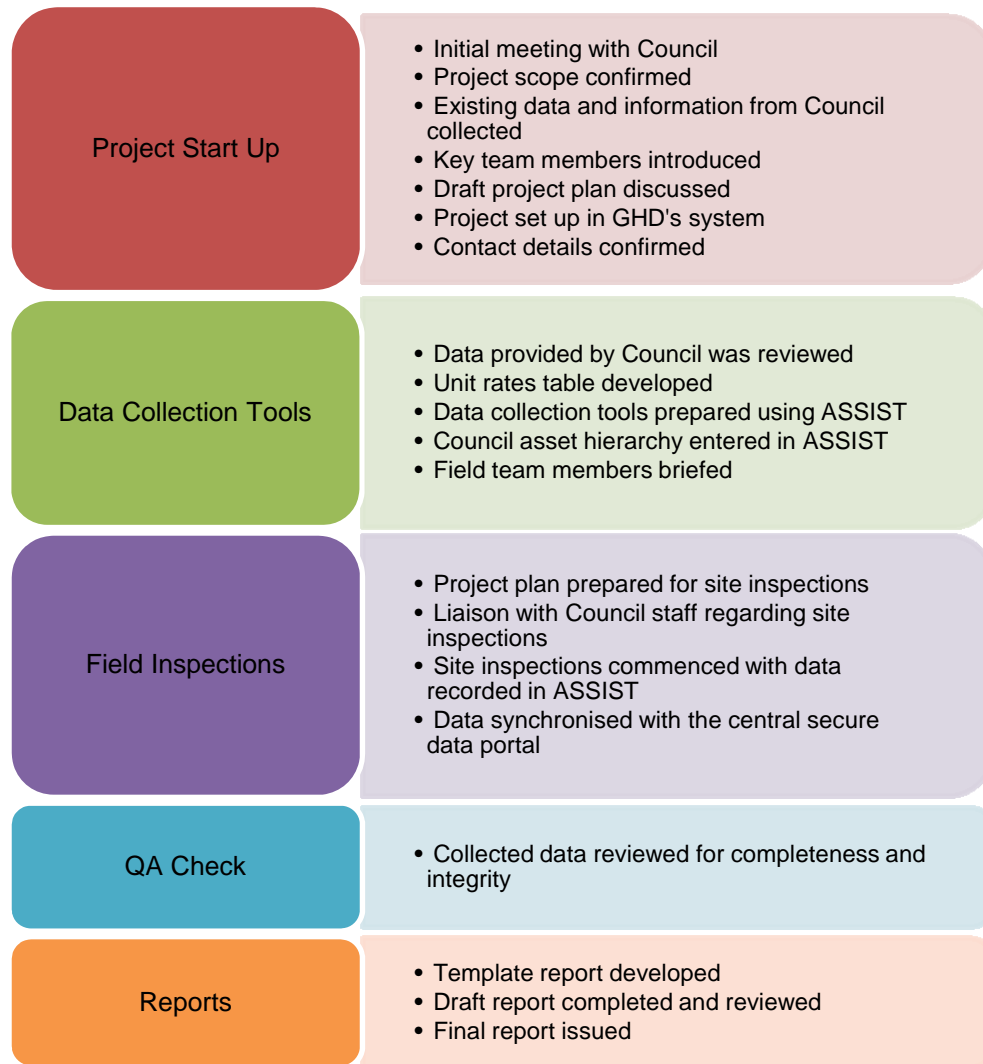


Figure 13 Methodology

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Document Status

Rev No.	Author	Reviewer		Approved for Issue		
		Name	Signature	Name	Signature	Date
Rev 0	B Craig	S. Thacker		S. Thacker		31-03-16

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LKCC Service Review report – Attachment 6

**SUMMARY OF NOTES  
FROM  
LIVING KAURNA CULTURAL CENTRE SERVICE  
REVIEW  
15 APRIL 2016**





# LKCC SERVICE REVIEW 2016

Consultation Day 15 April 2016



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# LKCC SERVICE REVIEW 2016

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# LKCC SERVICE REVIEW 2016

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## OPENING QUESTIONS

### What do you think is the purpose of the Living Kaurna Cultural Centre?

#### Summary of Comments for discussion

##### Cultural Learning

Education, Connecting / Strength, Spiritual connection, Cultural connection.

It's Kaurna land. Education. Coming together. Community strength. Community strength. Spiritual connection.

It's Kaurna land. Education. Coming together. Community strength. Spiritual connection.

To share knowledge of Kaurna culture and strengthen that knowledge within the community.

##### Cultural Healing

Healing. History. Ceremony. Links to dreaming. Cultural. Community strength.

Healing.

- Preserving the land in "almost" its closest as possible original condition.
- Preservation of native history.
- Share knowledge on sustainable living and environmental practices.

To give us Kaurna people the respect and rights we deserve as human beings

The land has meaning to us Kaurna people. We are spiritually grounded with this land and it is well within our rights to have it left and untouched by people who don't want to respect it the way we do. Respect. Reconciliation. Recognition.

##### LKCC activities and uses

- As the name says – a place to practice, promote and share a living Kaurna culture. More importantly the LKCC should be a place that Kaurna people feel belongs to them. It is the one place in all of Kaurna country that comes close to a place that people might feel some sense of ownership – even though it is actually owned by Kaurna people.
- Program for different aspects of the community e.g. youth, Elders, men, women
- It should be a place where Kaurna people can practice their culture, run it themselves, be an opportunity for Kaurna people to gain employment (meaningful employment).
- A place to build Kaurna economy. Employ the Kaurna community

#### Consensus on purpose of LKCC for discussion

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• It's Kaurna land.</li> <li>• Education.</li> <li>• Connecting / coming together.</li> <li>• Community strength.</li> <li>• Spiritual connections.</li> <li>• Cultural activities.</li> </ul> | <ul style="list-style-type: none"> <li>• Links to dreaming – creation.</li> <li>• Ceremony.</li> <li>• History.</li> <li>• Healing.</li> <li>• Employment opportunities.</li> <li>• Respect and recognition.</li> </ul> |
|---|---|

# LKCC SERVICE REVIEW 2016

Consultation Day 15 April 2016



## What services and activities would you like to see at the Centre?

### Comment

#### Cultural Learning

- Learning more about land / trees. Landscaping and learning about the plants.
- Taught to generation (44) before we lose it.
- More study and learning, cultural, language, the heart of the land.

#### Cultural Healing

- Culturally healing. Language (Kurna). Elderly final outcome. Respect and recognition. Support in housing.
- Cultural healing. Language (Kurna). Elderly final outcome. Respect. More education for kids to learn.
- Cultural Healing. Bush food. Language. Employment. Respect. Cultural activities.
- Kurna value for services.
- We are consultants in our own right – culture, identity, knowledge.
- Paid according to our value.

#### Youth

- Youth groups. Dreaming stories for the young and youth. Employment for Kurna people. Cultural links. Healing for everyone. Respect. Camps. Youth services

#### LKCC Activities and Uses

- Venue for Kurna meetings
- Sharing of culture stories.
- Venue for workshop: Kurna language, weaving, dancing, artefact making, song and other Kurna cultural practices/workshops.
- Venue for Kurna language “camp” for Kurna people (Kurna Warra Yarangka).
- Kurna language courses – through school of languages (but need to find a teacher).
- If Kurna people wish to share their culture, LKCC is a good venue for cultural tours, sale of artefacts, art, books etc.
- Recreation – sport / yoga groups / fitness groups. Recreation and sport.
- Venue for Kurna Heritage Day and similar events.
- Venue for excursions so that others can learn about Kurna culture and history – and able to meet with Kurna people on their own terms.
- Events. Community engagement. Cultural tours – bus going up Tjilbruke trail.

#### Community Connection

- Community engagement. NAIDOC events / Reconciliation day events.
- Cultural tours. Bus tours including other events.

#### Festival Fringe Participation

- Greater Fringe / Festival participation. The Fringe – better marketing of venue. Health groups – public yoga, cardio class. Cooking groups. Art opens. Kurna bus for touring around Adelaide.

#### Lot 707

Would like to see the development of lot 707 under request of Kurna people to establish:

- indigenous hub in the southern suburbs
- Provide health services
- Information about available services.

# LKCC SERVICE REVIEW 2016

Consultation Day 15 April 2016



## OPTION 1: CURRENT SERVICE WITH IMPROVEMENTS

### What are the strengths and opportunities with this option?

Comment
<b>Ownership</b>
Ownership of our own centre. Ownership of land.
Kaurna need to be involved in joint management of parks land. No engagement from Kaurna community.
Ownership of our own centre. Ownership of land.
None.
Ownership of our own centre. Ownership of our land.
No ownership of our own land / Centre. No connecting / recognising our people here and gone! Healing.
No ownership of our own land! No connecting / recognition of our people here and gone!
No ownership of this land.
What's ours and what's not Kaurna land.
<b>Continuity</b>
Involvement of council has a sense of continuity. Better record keeping.
Continuity with council.
Continuity. Ability to expand under council support network.
Learn together to know what is right and wrong.
Stability (financial)

### What are the weaknesses or concerns with this option?

Comment
<b>Balance of Operational Control</b>
Run by city council. No Kaurna people involved.
Run by the council.
Is that we stand 2 <sup>nd</sup> . We own this land, we have been struggling for years.
No rights.
White man taking over and we lose what we had. We have to stand and fight for what we believe in. Stop our culture dying. We been fighting for years for our rights – we're all one.
The Kaurna people are not consulted in regards to finance / funding. Limited job opportunities. Lack of transparency.
Limited job options amongst Kaurna community.
Limited job opportunities. Limited consultation with wider community.
Resources operational.
Disempowerment to Kaurna community, with no security on Kaurna involvement & no guarantee of culturally appropriate programs.

# LKCC SERVICE REVIEW 2016

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## What are the roles and responsibilities of the Kaurna community for this option?

Comment
<b>Leadership</b>
Leadership. Recognition of culture. Cultural leadership.
Leadership advice.
<b>Representation</b>
Strong representation. Continuity from community. Commitment from community.
Strong representation. Put forward community voices.
<b>Planning</b>
Kaurna need to be involved with the planning at the start of the project.

## What are the roles and responsibilities for Council for this option?

Comment
<b>Understanding Kaurna Culture</b>
Understanding our culture.
Understanding Kaurna people and how we live! Culturally.
Understanding Kaurna people culture
<b>Employment of Aboriginal Workers</b>
Council should have aboriginal workers in this area.
Should have Kaurna Aboriginal workers in the area. .
Council should have Aboriginals working with them.
Recruitment and retention of Aboriginal employment. Transparency.
<b>Capacity Building</b>
Provide governance support. .
Present funding opportunities when applicable
Community development officer to work with the community to organise events (same as below)
<b>Community Engagement</b>
Need to be more engaging with Kaurna people.
Community development officer to work with the community to organise events.

## Any other considerations?

Comment
<b>Elder Involvement</b>
I would like to see my Kaurna Elders be involved in the last decision making.
Elders need to be more involved.
Kaurna Elders need to be involved.
Elders need to be involved.

# LKCC SERVICE REVIEW 2016

Consultation Day 15 April 2016



## OPTION 2A: CHANGE TO SERVICE DELIVERY MODEL "KAURNA COMMUNITY GOVERNANCE"

### What are the strengths and opportunities with this option?

Comment
<b>Ownership</b>
We want to own our own centre and run it with Kaurna people.
Ownership.
Leadership and ownership.
No greater control.
<b>Community Empowerment &amp; Capacity Building</b>
This will empower the Kaurna community to be able to work with the council. The council can assist the Kaurna people in business plans.
Community operated. Job opportunities and security.
Community operated. Employment opportunities.
Empowerment of Kaurna community, Self-determination - would make it possible to apply for funding otherwise not available being run by Council.

### What are the weaknesses or concerns with this option?

Comment
<b>Limited Support</b>
One concern is that if we have full ownership, we would have limited support from the council.
That Kaurna people get limited support.
Is that Kaurna people get a limited support.
Little bit of council support.
<b>Limited Capacity</b>
Would be set up to fail without suitable qualifications / management.
We're simply not at capacity to take complete control. Limited transitional support may undermine any chance for success.
Not community owned. Without the appropriate qualifications of management it will be set up to fail.
Not having the resources, it would be difficult in running a business.
Financial insecurity

### What are the roles and responsibilities of the Kaurna community for this option?

Comment
<b>Living Culture</b>
To keep our culture alive within our community.
To keep our culture alive.

# LKCC SERVICE REVIEW 2016

Consultation Day 15 April 2016



## Comment

Kaurna people are to be responsible for our own centre.

Kaurna people to take ownership of the centre.

## Capacity Building

Qualifications to do the job. Commitment.

Commitment. Qualifications to do the job.

Financial, community engagement, employ qualified workers.

Provide support with business operations. Upskilling Kaurna people with: governance, marketing, operational.

Create a database for volunteers, create relationships with possible stakeholders, Education Department, Tourism SA

## What are the roles and responsibilities for Council for this option?

### Comment

#### Cultural Awareness & Recognition

To consider the many years of fight we endured and now we are getting recognised they want to limit us.

Council need to provide support to Kaurna people.

That we finally become owners of our own Centres and recognised as it.

#### Governance Training for Kaurna Community

Business plans. Training and employment. Governance. Strategic planning. Correct award for the role. Reconciliation planning.

Business plan. Training and employment. Governance. Strategic planning. Correct award for the role. Reconciliation planning.

Kaurna should take more responsibilities.

Governance training, help formulate business plan, training opportunities.

## Any other considerations?

### Comment

#### Future

That we finally become owners of our own centres and recognised as it.

May be better to merge with existing ATSI groups.



# LKCC SERVICE REVIEW 2016

Consultation Day 15 April 2016



## OPTION 2B: CHANGE TO SERVICE DELIVERY MODEL “TRANSITION TO KAURNA GOVERNANCE MODEL”

### What are the strengths and opportunities with this option?

Comment
<b>Independence</b>
To take ownership.
Greater opportunity for independent governance.
Kaurna have a more active role in what happens at Warriparinga through LKCC. With support of Council, a step towards self-determination
<b>Good Business</b>
It would give Kaurna people the skills and knowledge of running a business in an effective and efficient manner.
Opportunity to create money. The Kaurna people will not need to be concerned with building maintenance. Lease agreement to protect both parties.
If leased to trusted business and good decisions are made, it could be beneficial to the centre.

### What are the weaknesses or concerns with this option?

Comment
<b>Risk in transition</b>
By not providing a pathway for Kaurna people into business, will only set Kaurna people up to fail. This is important that we succeed and council need to work in collaboration with Kaurna people.
Loss of council support and protection. Increase in liability.
Concern that model is similar to the original model for LKCC, but with no follow through, there wouldn't be much to prevent this changing.
<b>Timeframe Management</b>
Limited time only – 5 years. Whatever is set up could be limited to 5 years. Need a skilled committee to execute services
Over a 5yr period, then consider ownership for the Kaurna people
Only 5 years – limited time

### What are the roles and responsibilities of the Kaurna community for this option?

Comment
<b>Leadership</b>
To take leadership and with leadership comes responsibility.
To take control.
<b>Embrace Opportunity</b>
Could be successful – café could be open etc.
Be the driving force for change – ideas – groups – café.

# LKCC SERVICE REVIEW 2016

Consultation Day 15 April 2016



## Comment

Sits with Council to negotiate roles and responsibilities

## What are the roles and responsibilities for Council for this option?

### Comment

#### Leadership

Empower Kaurna people to self-determine to determine our own future.

To consider ownership.

To facilitate smooth transition in time period outlined.

#### Property Maintenance

Maintenance of building. Responsible for utilities / insurance.

Insurance. Maintenance.

## Any other considerations?

### Comment

#### Governance

I am unsure of our ability to function as an independent body. We don't have the ability to do this at this time.

For this option something needs to be very clearly indicated through a contract that the intentions for an eventual hand over are sincere.

#### Cultural Recognition

Fighting the fight, to become recognised and to become ownership.

# LKCC SERVICE REVIEW 2016

Consultation Day 15 April 2016



## OPTION 2C: CHANGE TO SERVICE DELIVERY MODEL “OPEN TENDER FOR APPROPRIATE ALTERNATIVE ORGANISATION”

### What are the strengths and opportunities with this option?

Comment
<b>Ownership</b>
I don't agree with this. I prefer the empowerment of Kurna people.
We want to become owners of our own Cultural Centre.
<b>Risks</b>
What is the current employment target? Is it being met at present? How can you ensure it will be met? I don't see any benefit to the community.
<b>Benefit</b>
Decreased liability. Financial pressure removed.
Better resourced and funded.

### What are the weaknesses or concerns with this option?

Comment
<b>Loss of Ownership</b>
That a third party is not required.
May not be culturally appropriate.
Limited input from Kurna community
<b>Risks</b>
It will become profit focussed.
Conflict between three parties.
If it's not managed properly it may change hand numerous times.
Loss of development opportunities.
Would limit culturally appropriate services.
There are already too many agendas that don't sit well in regards to cultural protocols and laws.

### What are the roles and responsibilities of the Kurna community for this option?

Comment
<b>Cultural Recognition</b>
That we become recognised and our culture is always weighed up.

### What are the roles and responsibilities for Council for this option?

Comment
<b>Capacity Building</b>
That we need to be able to become independent as a Kurna.

# LKCC SERVICE REVIEW 2016

Consultation Day 15 April 2016



## Any other considerations?

### Comment

There would be too much focus on business and won't be balanced with cultural integrity.

## OPTION 3: CLOSE THE CENTRE

### What are the strengths and opportunities with this option?

#### Comment

#### Value of LKCC to the Community

No I don't agree with this option. This is an important asset for the Kaurna people and the wider community. Closing it down will be a great loss.

Revisit original Terms of Reference.

Not an option.

Kaurna ownership.

Not an option – this is an insult!

Not applicable.

### What are the weaknesses or concerns with this option?

#### Comment

#### Disrespect & Loss

Disrespect to the Kaurna people. Disrespect to the local community and neighbourhood. Disrespect to services who use the space. A step backwards in reconciliation.

Disrespectful to the Kaurna community. Loss of culture. Essentially creating another stolen generation due to culture being taken. Not fair.

Re-ownership.

It would mean everything done in the past was for nothing more than tokenism.

#### Future of Living Culture

Loss of ability to develop structures for supporting future generations. A community feeling of disconnection with land.

It will leave a big hole in the community.

### What are the roles and responsibilities of the Kaurna community for this option?

#### Comment

#### Protect Living Culture

The Kaurna people need to and will continue to fight for their land! Our land.

Re-ownership.

It would be devastated losing a resource would be detrimental to the reconciliation process.

#### Leadership and Collaboration

# LKCC SERVICE REVIEW 2016

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## Comment

None, they will be completely stripped from us and the land that we have a spiritual connection with would be demolished for people who are racists and in it for the money. Us the Kaurna people will fight for our land!

## What are the roles and responsibilities for Council for this option?

### Comment

#### Leadership and Collaboration

The need to take leadership and work with the Kaurna people.

Re-ownership.

To dissolve cultural centre.

## Any other considerations?

### Comment

#### Protect Living Culture

Re-ownership.

Would likely further the feelings of loss, cultural and spiritual disconnection. Overall would have a divisive effect.

# LKCC SERVICE REVIEW 2016

Consultation Day 15 April 2016



## OTHER COMMENTS

### Do you have any other thoughts or comments?

Comment
<b>Governance</b>
Council need to build relationships with the Kaurna. Leader to leader. Council to Kaurna. We need to discuss the Terms of Reference with Council.
We have been fighting for years and years and have been hitting ourselves against the wall for many, many years and we fight for a property that actually belongs to us and we sit again and talk, we have talked to Marion Council for years. Give us our ownership back. The terms of Reference, revising the MOU, have a workshop with the community or the Heritage Board.
Revisit the Terms of Reference and MOU.
Working together with council – learn from each other
Who is the Community Development Officer and what are they doing?
Where are the grant applications to support community projects?
We shouldn't have to pay for land we walk on. It's wrong for us to pay a lease. People pay for courses to run the building.
This process is an insult to Kaurna people – 1 day is not enough. Kaurna people need legal representation.
<b>Loss of Living Culture</b>
Wouldn't like to see the place go – gathering area where cultures come together to talk about where we walk. Bring young people here to connect them to the land and spirit. Sad to lose that – coming together so we can all understand each other's culture and language. If Kaurna running as culture centre, learn language, look after land, personally great to read, speak and write language and culture – it would feel really good. Know bush plants – what good to each, connections to animals, learn about our totem? For future generations, if we lose our culture we lose the next generation - what Aunties and Uncles have fought for. If it wasn't for our ancestors fighting for us we wouldn't be here. Discussion on Kaurna / non-Kaurna disturbing as I don't know who I am. Brought up as Kaurna. Generations have been fighting for land and we are tired as a people. When will the government support and stop cheating us out of our own land?
<b>Collaboration</b>
I would be more than happy to meet with Tony and Auntie Georgina at a future meeting to discuss options.
I think we can benefit if we work hand in hand but us Kaurna people are respected. As Kaurna Aboriginal youth, I have a deep connection with this land and I just want it to be respected. My family have come here for years to connect with the land as that's what our ancestors have done. I just want it to be left and respected.
It is important that the LKCC lives up to its name. LKCC is a wonderful way for City of Marion to "give back" something (of great spiritual importance) to Kaurna people.
Lot 707 provides a fantastic opportunity for Kaurna and Adelaide plains people to establish an indigenous meeting hub. I would love to see within a 5-10 year development plan with extensive consultation. Thank you for the opportunity to voice concerns and vision.

# LKCC SERVICE REVIEW 2016

Consultation Day 15 April 2016



## PURPOSE OF THE CENTRE

### Appendix A - All individual comments as written by participants

#### Comment

It provides a beautiful location to reconnect with nature, which is good for the soul and wellbeing.  
 Healing I believe!  
 Bring my children / nannas to be free.  
 Employment opportunities.  
 Showing respect, teaching respect to my lil family.  
 Being self-sufficient.  
 Acknowledgement!!!  
 The centre is a place of mourning.  
 A spiritual place for All First Nations people to come together.  
 A place of celebration, a healing place, a place of belonging.  
 Country for Kurna people – a place to come together, a place of reconciliation, a place of arts and culture and belonging.  
 Cultural safety, healing and a place of re-establishing our Kurna cultural identity.  
 A sacred place for Kurna people.  
 Ownership of the place by the Kurna people.  
 Self-determination: by Kurna, for Kurna, by Kurna.  
 Our land! Our people!  
 Other South Australian's have other places – this is ours. We need to make this a registered sacred site.

## PARKING LOT

### Past issues

- Holly Cottage relocated to Warriparinga (Georgina)
- Warriparinga – Conceptual Framework developed by Georgina and Paul Dixon.
- Council represents the State.
- MOU fell apart due to not understanding the traditionalist model represented by the apical ancestors.
- Building (Centre) as icon of Kurna recovering from the past – spiritually, culturally.
- KACHA was supposed to sign an agreement to keep these things going.
- Recognise instability in the processes – CoM and Kurna.

### Present issues

- Revisit original Terms of Reference (Georgina's boxes).
- Jamie Goldsmith paper.
- Lease vs gifted back to Kurna community "rank". Promise by Marion Council to gift land, not lease.
- Terms and Conditions of Jamie's employment.
- Kurna employment opportunities / mentoring.
- Never a consideration of what's in it for Kurna people.
- Decisions on what happens on Kurna land needs to be decided by Kurna (culturally appropriate).
- Have another consultation with Aboriginal people who are not Kurna and non-Aboriginal people who use the centre.
- Business plan – development.
- Leader to Leader – meet with Kurna re Terms of Reference. Looking at old ways of being to move into future.
- Outcomes from today need to be shared back to the Kurna community.
- Insufficient time to discuss a very important issue.
- Expediency in rushing the process to allow Aboriginal people to guide their own process.
- Impacts wider community too – others – non-Aboriginal and Aboriginal (non-Kurna) value the centre.
- Terms of reference workshop – meet with Tony Lines.
- WLK constitution.
- Tony wants to listen.

### Future issues

- Tourism.
- Access philanthropy.

# Living Kurna Cultural Centre Service Review Feedback Session 11 May 2016 Notes



## LKCC Service Review Feedback Session Notes

11 May 2016

Living Kurna Cultural Centre

Facilitated by Barbara Chappell from Simply Speaking

**Present:** Suzanne Russell, Russell Milera, Jesse Hannam, Margaret Hannam-Mitchell, Klynton Wanganeen (Consultant), Jamie Goldsmith (LKCC, City of Marion), Suscha Benson (LKCC City of Marion), Tony Lines (City of Marion), Liz Byrne (City of Marion), Marg Edgecombe (City of Marion),

**Apologies:** Lynette Crocker, Jeffrey Newchurch, Alan Sumner, Merle Simpson

1. Kurna Greeting was conducted by Suzanne Russell.

Barbara opened the meeting and encouraged the people present to come together and focus on the best of what is, in order to imagine what could be, i.e. how do people want LKCC to be. To give an example of how we can focus on the best of what is, she presented a clip from Monty Python's the Life of Brian entitled "What have the Romans ever done for us" to illustrate the sharing of positive impacts of what has been achieved that we often overlook.

2. Marg and Tony reported back on the meeting that was held on Friday 6 May with Lynette Crocker, Merle Simpson and Georgina Williams (apologies from Jeffrey Newchurch) as arranged at the consultation session on 15 April.
  - The meeting was productive and the original MOU documents were tabled and discussed. The essence of the original MOU is still the mode in which both Council and Kurna would wish to progress in the future.
  - Ideas from the Tappa Iri Agreement were also discussed and agreed that some of those ideas could be readopted for LKCC, and for Council to revisit the partnership with the other Southern Councils in the future.
  - Georgina proposed that members of the Kurna community need to meet to work through some existing issues to develop a shared vision so that future opportunities at LKCC can progress. Merle and Georgina committed to progressing that.
  - Georgina reiterated the vision for the site to be one of Interactive History incorporating both the Kurna and early European History of the site.
  - We discussed the need to devise a process of recognition of the original visionaries for Warriparinga (especially Georgina Williams and Paul Dixon).

Discussions today included developing a descriptor plaque that can be placed alongside the "MOU" painting currently hanging at LKCC.

It was also discussed to ensure that all who were involved in the setting up of LKCC be acknowledged.



## Living Kurna Cultural Centre Service Review Feedback Session 11 May 2016 Notes



3. Barbara then took the group through the collated feedback for each option (attached). It was acknowledged that the consultation session on 15 April was a very emotional day. Further feedback was discussed by those present as follows:

### **Purpose of LKCC**

- Noted by Klynton that the statement "It's Kurna Land" should read "It's not Kurna Land" as Kurna don't *own* the land.

### **Services and activities at the Centre**

- The importance of Aboriginal employment opportunities was discussed.
- The social conscience and corporate responsibility of all levels of Government was raised – "paying the rent".

### **Option 1 – Current Service with Improvements**

- General feeling that this option is another way to redistribute what should rightly belong to Kurna community
- Needs to be a balance in operational control

### **Option 2 A – Kurna Governance – direct handover, no transition**

- There needs to be a greater understanding of what business models would be used to undertake this model - a discussion on the difference between a company model or a not for profit organisation or collection of sole traders
- Capacity building was an issue that was raised - who builds the capacity and who could Kurna partner with to do that? Flinders University and TAFE were suggested.
- Discussion on the Centre also being a Centre for Reconciliation and the importance of ensuring other Aboriginal people felt welcome and engaged in the Centre. The group was reminded that it is a requirement of the Aboriginal Regional Authority Model (to which Kurna have committed) is to work with other Aboriginal and Torres Strait Islander groups on their traditional land.

### **Option 2 B – Transition to Kurna Governance Model**

- A commitment to Country and caring for the environment of Warriparinga needs to be included as part of this proposal so that Councils of the future are not tempted to sell off parts of Warriparinga.
- The proposed five-year time frame was discussed. It was agreed this was reasonable and that there be key points along the way to review progress i.e. at 18 months, 3 years and 4 ½ years.

# Living Kurna Cultural Centre Service Review Feedback Session 11 May 2016 Notes



- Options could be included on how to extend the potential of an agreement.
- It was discussed who should set Key Performance Indicators for the Centre. Some felt it should be Kurna only. Some felt it should be a combination of Kurna and City of Marion as both are key stakeholders in this process.
- Discussion on the limited community resources – people are time poor and some are spread thin re being on boards.
- Need to set realistic goals.
- It was reiterated (by Tony) that any lease arrangement under a full Kurna management model would be a peppercorn rent arrangement.

## **Option 2 C –Open Tender for Appropriate Organisation**

- A discussion on what an appropriate, alternative organisation would look like.
- This option moves from a 2 party process (Kurna / Council) to a three party model (Kurna / Council / Alternate organisation) with concerns that Kurna could get lost in that process.
- Concerns of the trend of various community service providers bidding for services and then cutting staff and services. Concern that LKCC could lose out with this model.
- A question was asked “What if it was an environmental group or a cultural tourism operator?” The room strongly felt that the passion has to come from the Kurna community and not go to another organisation.
- Questions on why open land needs to be making money – can it do both?
- Needs to be clarified if the Centre is expected to be not for profit, profit for purpose or profit driven.

## **Option 3 – Close the Centre**

- While acknowledging that inclusion of this option provided a balanced scope of options it was discussed that this option made people defensive at the consultation rather than productively looking at all of the suggested options. This was acknowledged by Council.
- The offering of a range of options for consultation (5) was discussed and how that is important so that everyone sees there are levels of thinking and not just being asked to make a choice of one option over another.
- Agreed that this was not an option for either Kurna or Council.

## **4. Other discussion**

- Discussion on how Warriparinga is utilised by the Kurna community after hours, walking the land, just being there. Kurna have had to keep fighting for open land.
- A discussion about the consultation process and appropriate dissemination of information. Learning opportunity for Council in the process about how information is distributed throughout the community and who helps to get the messages out

## Living Kurna Cultural Centre Service Review Feedback Session 11 May 2016 Notes



- Process of agendas and the booklets used at the consultation may not have been as culturally appropriate as one-to-one visits or conversations. While that approach was not practical in the timeframes, it was discussed that holding the consultations at LKCC as a Kurna meeting place was the next best option.
- Many Aboriginal people are dealing with broader life issues, disadvantage and feelings of disempowerment that some may have distanced themselves emotionally from the decision making process about LKCC. "Just another consultation".
- Council Officers working to balance overall community and Council body demands on their time and resources.
- It was suggested that there needs to be a broad system for Aboriginal people to take part in consultations.
- It was noted that many communities are also engaged in consultations, in their own time, on a volunteer basis.
- Council acknowledged the feedback.
- Council shared the commitment to being accountable to this process and to working with Kurna for the best mutual outcomes.

### **5. Next steps**

- A report on recommendations to Council will be presented to the Finance and Audit committee on 31 May and then to a General Council meeting on 14 June.

Council thanks everyone for their time and thinking during this process and to their and on-going passion for and commitment to the Living Kurna Cultural Centre.



## **Review of LKCC and associated European heritage, May 2016 Input from Friends of Warriparinga (FoW)**

### **Background to FoW's work**

This voluntary group is an Incorporated Association that for 25 years has been dedicated to preserving Warriparinga and restoring it to its pre-1836 condition. FoW members work along the stretch of river abutting the heritage area (not at the Wetlands). Restored to become the only place left on the Adelaide plains with a river running through a natural environment, it was transformed by the group from an unattractive and neglected weedy area into a beautiful haven in suburbia. It now has some 90 species of indigenous trees, shrubs, herbs and grasses that provide a habitat for native animals such as birds, lizards and frogs.

Given its transformation, the site acts as an invaluable educational resource for school and university groups and the general public (FoW undertake tours and presentations from time to time). It also provides a natural recreation area, the availability of which is recognised by the World Health Organisation as essential for community wellbeing.

Unfortunately, Warriparinga remains under constant pressure from urban development and FoW lobby hard to protect it. The most recent success is the stopping of a plan to build yet another road across the Sturt River at Warriparinga as part of the Darlington project.

### **FoW's relationship with Marion Council**

The work of FoW is clearly aligned with CoM's Wellbeing objective, particularly through the theme of biophilia. FoW worked independently from Council for many years, but a closer relationship has gradually developed, greatly aided by liaison with a number of supportive Council staff. FoW served on the Steering Committee for the recent Wetlands redevelopment. In recent years, finding both Fairford garden (an important public face of the old house) and Fairford's enclosed side garden in a neglected state, the group has worked to maintain these in a presentable condition. FoW have obtained Council grants for woody weed removal and received acknowledgement through a number of awards. FoW's efforts were greatly aided when the CoM nursery agreed to take over the group's plant propagation, but the subsequent closure of the nursery has unfortunately undermined the group's work.

### **FoW's relationship with the Kaurna, the LKCC and other Aboriginal groups**

Recognition of the importance of Warriparinga to the Kaurna people is enshrined in the FoW Constitution. The work of FoW predated the establishment of the LKCC by a decade, and created a natural environment that supported such an enterprise. FoW developed an informal and friendly relationship with the staff of the LKCC and continue to ensure that the plantings meet the needs of the cultural tours (bush medicine, fibre plants, etc.). The group maintains the small garden area in front of the LKCC.

For the past few years FoW meetings have been held in Fairford, the room booking being through the LKCC. Storage of FoW's tools, books, etc. also occurs on site, again through arrangements with the LKCC. FoW have provided an information booth at Kaurna events and made a presentation to LKCC staff on the history of Warriparinga and FoW.

FoW have been consulted by the Indigenous Land Corporation about the plans for Indigenous housing on Lot 707, to ensure that the landscaping will be appropriate and integral to the riverside area. FoW also provide community work opportunities for young Aboriginal people through a MoU with the juvenile justice services.

### **FoW's views about the proposed models**

FoW have been invited to comment on the proposed models, and do so on the understanding that it is

not FoW's place to interfere in Kurna affairs and decisions. Nevertheless, the LKCC was established as a reconciliation project, and reconciliation (or conciliation, as some would prefer), concerns the relationship between Indigenous and non-Indigenous people, and in that context, and given the group's lengthy association with Warriparinga and the LKCC, it offers the following thoughts.

To preface these comments, the group notes that some of the financial loss comes not from the LKCC, but from the maintenance of the European heritage assets on site, which would presumably continue to need maintenance whatever the future of the LKCC. Furthermore, any financial loss needs to be weighed against the enormous community benefits, in terms of environmental and cultural assets, wellbeing and education, that the site provides, noting that schools from across the state access this site as a unique learning opportunity.

To take Option 3 first, the closure of the LKCC, this seems unthinkable. To close a venture deemed as a reconciliation project would send a terrible signal about the relationship between the Kurna and non-Kurna communities and greatly damage the reputation of CoM as a progressive council. The lack of regular monitoring of the site would inevitably lead to further vandalism of the heritage assets and public toilet.

Option 1, for CoM to continue managing the LKCC in association with the Kurna, with enhanced services, seems the best option. It has often struck FoW members that the LKCC, Fairford and the Coach House (if duly renovated) all have greater potential for use. Someone we know tried to book the LKCC for a wedding and was unable to do so. We have no doubt that the beautiful surroundings of Warriparinga would create a demand for it as a venue for such events, if done well. As visitors presently find the LKCC closed on weekends, opportunities are lost to 'capture' families visiting then. A small cafe would doubtless be valued by the many workers from local businesses who take a stroll through the area in their lunchbreaks (weekdays). Such facilities would have to be well-advertised and well-run, as a poor reputation would develop otherwise.

Furthermore, the potential of the site as an educational centre could be enhanced. While many schoolchildren already benefit from the cultural education, a further opportunity would be to use the facilities for 'nature learning' – an educational concept that has become important in recent years. The river, plants, animals and Wetland all provide the opportunity for nature-based play and projects, and would enhance CoM's biophilic reputation. If the Kurna wished, the centre could link nature education with cultural education about animal and plant usage.

Option 2C (for an outside organisation to run the LKCC as a business) is not something FoW would support. No matter what efforts were made to keep a reconciliation focus, this would inevitably be diminished by a non-Indigenous organisation lacking a spiritual connection with the land. It also seems potentially insulting to relegate any Kurna involvement to a secondary role within a non-Indigenous business on such an important Kurna site.

The wholesale transfer of responsibility to the Kurna (Option 2A) seems to FoW to run the risk of overwhelming their capacity to manage such an enterprise, given their small numbers and numerous calls on their time. However, this is something for the Kurna, not FoW, to judge. If Option 1 is ruled out, then Option 2B seems preferable, to provide appropriate support for a gradual handover to the Kurna to ensure that governance capacity is put in place.

## **Closing comments**

The presence of FoW at Warriparinga predated the establishment of the LKCC. The group's work in restoring and maintaining the riverine environment will continue, regardless of which option is selected. The group would hope to maintain a good relationship with the LKCC, and to continue to be supported in its contribution by having ongoing access to meeting and storage facilities on site. If nature-based education should happen to come onto the agenda, FoW would be willing to consider whether the group has the capacity for some kind of involvement (for years we worked with Darlington schoolchildren on site, and several of our current members are former educators).

(Prepared by Rosalyn Shute, spokesperson, Friends of Warriparinga, in consultation with members of FoW)





Government  
of South Australia

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The Hon Kyam Maher MLC

Mr Tony Lines  
General Manager, Operations  
City of Marion  
PO Box 21  
OAKLANDS PARK SA 5047

SCANNED

Dear Mr Lines

Thank you for your letter dated 6 April 2016 seeking comment on the City of Marion's review of the Living Kurna Cultural Centre (LKCC).

As you would be aware, Warriparinga forms the start of the Tjilbruke Dreaming Trail, which is an Aboriginal story significant to the Kurna people and the LKCC provides a focal point for the passing of the Tjilbruke story to future generations.

Through its services and facilities, the LKCC provides a tangible presence for the Kurna community in terms of preservation and celebration of Kurna cultural heritage on Kurna country to the wider Aboriginal community and the community in general. The LKCC provides important opportunities for community development, education and engagement that support Reconciliation and I support its ongoing operation in association with the Kurna people.

There are two key Kurna organisations operating in Adelaide; Kurna Nation Cultural Heritage Association and Kurna Yerta.

The Kurna Nation Cultural Heritage Association is a community based organisation focused on preservation of Kurna heritage and active participation in the protection of Kurna sites, objects and ancestral remains. The organisation relies upon ad-hoc funding to participate in the active management of Kurna heritage.

Kurna Yerta is the Kurna Peoples Native Title claim group. The Claim Group is focused on realising a determination under the *Native Title Act 1993* for Native Title of the Greater Adelaide area. Kurna Yerta relies upon voluntary community participation and limited funding to achieve its Native Title aspirations.

In addition to these Kurna lead organisations, there are a number of Aboriginal services and cultural spaces in Adelaide operating through Commonwealth, State or Local Government based funding or a combination of these sources.

Minister for Employment  
Minister for Aboriginal Affairs and Reconciliation  
Minister for Manufacturing and Innovation  
Minister for Automotive Transformation  
Minister for Science and Information Economy

Level 10, 1 King William Street Adelaide SA 5000 | GPO Box 11071 Adelaide SA 5001 DX 103 Adelaide  
Tel 08 8303 2500 | Fax 08 8303 2597 | Email [ministermaher@sa.gov.au](mailto:ministermaher@sa.gov.au) | [www.ministers.sa.gov.au](http://www.ministers.sa.gov.au) | ABN: 85 524 915 929





At this time, there are no known Aboriginal services or cultural spaces in Adelaide that are self-funding or operating as viable commercial enterprises without some level of government support. The limitation of funds and the high reliance on volunteer participation make it unrealistic to suggest that at this point in time the Kaurna community is able to realise a fully self-funded community service operation such as the LKCC.

Community cultural spaces and services contribute to the well-being of the whole of the local community and can improve the reputation of Council. All levels of government have a responsibility to resource and support Aboriginal services, and I support the City of Marion to maintain the LKCC and ensure it remains accessible to community. I would also highlight the risk of introducing cost recovery models of operation that may unintentionally result in a reduction or loss of community access, participation and engagement with the LKCC's programs and resources.

The Department for State Development – Aboriginal Affairs and Reconciliation already provides significant support for Aboriginal organisations around policy coordination, heritage advice, economic development, and governance and leadership measures. As I mentioned above, all levels of government should be supporting Aboriginal organisations and services and the continuation of the LKCC would be a tangible commitment by the City of Marion.

For any further discussion on this matter, please contact Mr Roger Thomas, Manager Aboriginal Heritage Team, Aboriginal Affairs and Reconciliation, Department of State Development on telephone 8226 8900 or by email at [roger.thomas@sa.gov.au](mailto:roger.thomas@sa.gov.au).

Yours sincerely

A handwritten signature in blue ink, appearing to read "Kyam Maher".

Kyam Maher MLC  
Minister for Aboriginal Affairs and Reconciliation

13 / 05 / 2016

SCANNED







**Australian Government**

**Department of the Prime Minister and Cabinet**

Mr Tony Lines  
General Manager, Operations  
City of Marion  
PO Box 21  
OAKLANDS PARK SA 5046



Dear Mr Lines,

I write in reply to your letter of 6 April 2016, to myself and Craig Hendry, Deputy Regional Manager, regarding the Living Kaurna Cultural Centre and the service reviews being undertaken by the City of Marion.

By way of background, the Department of the Prime Minister and Cabinet is the lead agency for Indigenous Affairs in the Australian Government. The Department works closely with the South Australian Government and Local Government Authorities around South Australia. Apart from engagement with these branches of government, the Department has a strong engagement relationship with Aboriginal communities and organisations. It also, through the Indigenous Advancement Strategy, funds delivery of services to Aboriginal organisations, and State and Local Government entities.

Closing the gap and improving opportunities for Indigenous Australians requires the sustained effort and focus from all levels of government. Local Government Authorities play a pivotal role in this process and providing cultural appropriate services to their communities.

Regarding your reference to "potential support from State Government in supporting local Aboriginal service delivery", you may wish to contact Aboriginal Affairs and Reconciliation, in the South Australian Department of State Development.

As the Department of the Prime Minister and Cabinet has no formal role in the operation of the Living Kaurna Cultural Centre, I would not offer to make comment on the third paragraph of your letter, where you mention options the Council may be favouring.

The Department of the Prime Minister and Cabinet is well aware of the Living Kaurna Cultural Centre's significance to the Kaurna people and its role as a focal point for Kaurna community activities and engagement. It is also a key point for engagement between the Kaurna community and the broader community, promoting knowledge



and understanding of Kurna culture. I understand it hosts community activities at times such as NAIDOC Week, and in fact the City of Marion has previously received Australian Government funding to conduct NAIDOC Week activities.

Its role is a facility that can be hired by organisations for functions is presumably a good way to promote Kurna culture, along with the 'shop front' part of the Centre, where art can be purchased and there are displays about the Kurna people and culture.

In summary, I am not in a position to make specific comments on aspects such as future models of delivery that the Council may choose. I note the significant role the Centre plays in Kurna culture and across the broader Kurna community, and I am pleased to note that consultation with the Kurna community is being undertaken regarding the service review of the Living Kurna Cultural Centre.

Yours sincerely



Marnie Wettenhall  
A/g Regional Manager  
South Australian Regional Network  
Department of the Prime Minister and Cabinet

22 April 2016

SCANNED

**CITY OF MARION  
FINANCE AND AUDIT COMMITTEE MEETING  
31 MAY 2016**

**Originating Officer:** Cassandra Gibson-Pope, Unit Manager Community Wellbeing

**Corporate Manager:** Liz Byrne, Community & Cultural Services

**General Manager:** Tony Lines, Operations

**Subject:** Marion Learning Festival Service Review

**Report Reference:** FAC310516R7.12

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**REPORT OBJECTIVES:**

This report is to provide the Finance and Audit Committee with the outcomes of the service review undertaken on the City of Marion's Learning Festival and seek direction for the future of the event.

**EXECUTIVE SUMMARY:**

From 2001 until 2014 the City of Marion has delivered an annual Learning Festival. Over a period of 14 years, the Learning Festival offered many opportunities for lifelong learning through activities, demonstrations, programs, workshops, seminars and displays. The Learning Festival was initially held at Westfield Marion in conjunction with Council's Community and Neighbourhood Centres, Libraries and Cultural Centres. No event occurred in 2015 resulting in a budget savings for 2015/16. It was a recommendation of the GC250815R03 report that the Learning Festival undergo a service review.

The Marion Learning Festival was assessed via a Service Statement (Stage 1 of the Service Review process), designed to identify key elements of the service as it is currently budgeted, delivered and evaluated, according to the principles of commercial viability, public value and culture of innovation / continuous improvement. The outcomes of the Service Statement criteria assessment are to identify if a more rigorous (Stage 2) service review is required, according to the following parameters and evaluation. It was determined that a Stage 1 Service Review was considered appropriate for this service.

This report outlines a range of recommended options for the Finance and Audit Committee's consideration, which aim to address the future of the City of Marion's Learning Festival. It recommends that the City of Marion discontinue the delivery of a Learning Festival in its current format and to take advantage of the alternate avenues for the City of Marion to promote lifelong learning opportunities to the community and to promote the variety of services of beyond its walls.

**RECOMMENDATIONS (3)****DUE DATES****That the Finance and Audit Committee:**

- |  |                                 |
|--|---------------------------------|
| <ol style="list-style-type: none"> <li>1. Endorse option 3 as the preferred model for the promotion of Lifelong Learning opportunities within the City of Marion</li> <li>2. Approve the use of allocated funding of \$14,000 towards Council's involvement in two contemporary learning related events per year.</li> </ol> | <p>May 2016</p> <p>May 2016</p> |
|--|---------------------------------|

**3. Approve the returning of \$18,150 funds as savings to the Council budget. May 2016**

**BACKGROUND**

Lifelong Learning Philosophy

In 2007 the City of Marion endorsed the Learning Community Strategy 2008 - 2010. This demonstrated the City of Marion's intention to foster, support and celebrate learning in its community. Through this strategy, the City of Marion sought to recognise its role in supporting, developing and delivering learning opportunities in order to produce positive social, cultural and economic outcomes. The strategy aimed to foster both formal and informal learning, to empower people and communities and to build regional capacity by creating an environment where potential is enhanced and skills and knowledge are acquired.

At the time, five goals were identified as part of the Marion Learning Community Strategy which also linked to State Government strategic directions:

1. Access to Learning
2. Celebration of Learning in Marion
3. Collaboration and Partnership
4. Promotion of Learning
5. Learning in Community Settings

The strategy represented a major commitment by the City of Marion to innovative practice where learning is seen as a foundational theme that underpins healthy lifestyle, prosperity, tolerance, environmental management and creativity. These are all important elements that continue today reflected in the of the City of Marion's vision to be a prosperous City.

*By 2040 our city will be a diverse and clean economy that attracts investment and jobs, and creates exports in sustainable business precincts while providing access to education and skills development.*

Event History

The Learning Festival was first held in the City of Marion in 2001. The Learning Festival has been a part of the City of Marion's annual event calendar, originally in partnership with Westfield Marion and in conjunction with learning organisations including Flinders University and TAFE and many other learning providers. Over the years, Council received funding from Department of Further Education, Employment, Science and Technology, Department of Education and Children's Services, Department of Recreation and Sport and SA Works, in addition to Council allocated funds. No additional grant funding has been received for this event since 2013.

The Festival has been a collaborative project involving staff from across the organisation and managed by the Unit Manager, Community Wellbeing. Internal stakeholders have included representatives from Neighbourhood Centres, Libraries, Economic Development, Arts and Cultural Development, Marion Cultural Centre, Living Kurna Cultural Centre, Governance and Organisational Development.

While initially held within Westfield Marion and Council facilities such as the Neighbourhood and Cultural Centres. In recent years, the Learning Festival has been held at different venues within the city including Hallett Cove Shopping Centre, Marion Cultural Centre and Glandore Community Centre. The 2014/15 Learning Festival, held at Tonsley TAFE had 1700 people attend and participate in activities. The festival program included more than 80

events covering the categories of arts and culture, environment, healthy lifestyles, leisure, digital technology, careers and business, as well as two citizenship ceremonies.

#### Other service considerations

Since 2001, the various internal Council stakeholders have worked effectively to incorporate the principles of lifelong learning into daily operations. For example, the Community and Neighbourhood Centres have developed a substantial program of learning activities as a result of successful grant funding submissions. Programs such as the Adult Community Education (ACE) programs offered at these Centres are a successful demonstration of lifelong learning activities at a community level. The Centres are developing a strong focus as community hubs and as a stepping-stone to other more formal learning and employment opportunities, assisted by substantial grant funding of \$214,561 per annum for three years from the State Government Department for Communities and Social Inclusion.

Likewise, Libraries have a strong focus on lifelong learning for many years. Marion Libraries provide lifelong learning opportunities through the provision of access to knowledge, information and works of imagination through a range of resources, services and programs. It does this through access to materials in all formats in order to meet the needs of individuals and groups for education, information and personal development via programs that improve both digital and information literacy and recognition that learning occurs throughout an individual's lifespan both informally and formally. Marion Libraries contribute to economic prosperity by helping people improve their skills and life chances. The development of the Cove Civic Centre provides opportunities for community and for businesses to access training, information, workshops and resources tailored specifically to small business.

Council's Environmental Sustainability business unit facilitate *Common Thread* a series of free, monthly sustainability workshops held at the Marion Cultural Centre. The Economic Development business unit offer advice, workshops training opportunities in the areas of business and skills development. Staff resources within all of the lifelong learning locations i.e. the Community and Neighbourhood Centres, the libraries, the Cove Civic Centre, Marion Cultural Centre and Living Kurna Cultural Centre, are working together to deliver many and varied learning programs and experiences on an on-going basis.

## **DISCUSSION AND ANALYSIS**

### The Service Review

In April 2016, a stage one service review process assessed the Marion Learning Festival. The service and overall value proposition scored as low, indicating this service be considered for discontinuation. Although there is some commercial viability associated with the Marion Learning Festival, public value and opportunities for innovations and continuous improvement were considered low.

See Appendix 1 - Service Statement Overall Value Proposition assessment.

The outcomes of the Service Review provide a number of opportunities to ensure lifelong learning continues to be delivered through various Council business units.

## Models for consideration for the Promotion of Lifelong Learning within the City of Marion

<b>Option 1</b>	<b>Status Quo</b>
	<b>Continue to deliver the Marion Learning Festival as an annual event.</b>
Financial Implications	<ul style="list-style-type: none"> <li>• \$32,150 budget allocation.</li> <li>• Additional operational costs incurred by Neighbourhood Centres, Library business units.</li> </ul>
Resourcing	<ul style="list-style-type: none"> <li>• Management of Learning Festival is not achievable within existing staffing resources.</li> <li>• The staffing structures within the Neighbourhood Centres business unit have changed since the 2014 event. The capacity of the Unit Manager of Community Wellbeing to continue to oversee the management of this event is limited.</li> </ul>
Advantages	<ul style="list-style-type: none"> <li>• The Festival format is known and understood by the community.</li> </ul>
Disadvantages	<ul style="list-style-type: none"> <li>• The event was not held in 2015.</li> <li>• No community interest has been registered for the event.</li> <li>• No opportunity for Council to participate in contemporary learning events held in SA.</li> <li>• Management of the event no longer possible within existing staff allocations.</li> </ul>

<b>Option 2</b>	<b>Discontinue Marion Learning Festival &amp; return Council funds</b>
	<b>No longer deliver an annual Marion Learning Festival.</b>
Financial Implications	\$32,150 budget savings
Resourcing	<ul style="list-style-type: none"> <li>• No resourcing for the event would be required.</li> </ul>
Advantages	<ul style="list-style-type: none"> <li>• Budget savings of \$32150</li> <li>• No impact to existing staff resources</li> </ul>
Disadvantages	<ul style="list-style-type: none"> <li>• Opportunity for Council to promote and celebrate lifelong learning opportunities in an annual event are removed.</li> <li>• Loss of reputation to City of Marion</li> <li>• No opportunity for City of Marion to promote the greater appreciation of all City of Marion services and programs beyond the current avenues of marketing and promotion.</li> </ul>

<b>Option 3</b>	<b>Discontinue Marion Learning Festival in current format and retain \$14,000 of funding for City of Marion presence at contemporary lifelong learning events</b>
	<p><b>City of Marion would no longer delivery its own Learning Festival. The City of Marion would participate in contemporary lifelong learning events delivered regionally or state-wide.</b></p> <p>City of Marion's Community and Cultural Services Department and other relevant areas of Council would staff stalls and offer interactive information at a maximum of 2 events per annum.</p> <p>Planning, resourcing and staffing of these initiatives provided</p>

	through the existing resources of the Community and Cultural Services Department including Neighbourhood Centre and Library business units.
Financial implications	<ul style="list-style-type: none"> <li>• \$14,000 * see table for cost break down</li> <li>• Savings of \$18,150 per annum.</li> </ul>
Resourcing	<ul style="list-style-type: none"> <li>• Staffing of stalls could be achieved within existing staffing resources.</li> </ul>
Advantages	<ul style="list-style-type: none"> <li>• Allows flexibility to use the \$14,000 for participation in events and provide residents with a greater appreciation of Council services and programs.</li> <li>• Provides an opportunity to build the City of Marion's community and business profile to enhance a greater take-up of Council initiatives. Examples include participation at contemporary lifelong learning events such as <i>The Mini Makers Fair</i> at Tonsley, the State-wide Adult Learners' Week celebrations and local initiatives including the Cove Family Day.</li> <li>• Opportunity to utilise marketing and promotional opportunities offered through such events.</li> <li>• Efficiency gains to staffing resources.</li> </ul>
Disadvantages	<ul style="list-style-type: none"> <li>• No opportunity for community groups to participate in a City of Marion operated Learning Festival.</li> </ul>

**\*Breakdown of costs**

Cost per Event x 2	Stall hire	\$4,000
	Contractors	\$1,000
	Advertising & Printing	\$1,000
	Incidental/ materials	\$1,000
	<b>Total</b>	<b>\$7,000</b>

**Financial implications**

In the past the City of Marion has received grant funds to the value of \$10,000 per annum from the previous Department of Further Education, Employment, Science and Technology (DFEEST) through the Adult Community Education Grant scheme to support Adult Learners Week. No funding has been received since 2012/13 as this grant allocation has ceased and been replaced by smaller grant allocations available to organisations during Adult Learners' Week.

Although Council has an allocated budget amount of \$32,150 per annum to deliver the Marion Learning Festival substantial amounts of funds from other budgets were allocated to resource the event. These expenses are associated with the general operations and management of the festival. They include a proportion of wages allocated to the Unit Manager of Neighbourhood Centres (now Community Wellbeing), Libraries staff, neighbourhood centres and other departments who participated in the event. Therefore, the actual cost associated with delivering the event was significantly greater than the allocated budget amount. Therefore, option 3 (the preferred option) would provide some savings to Council.

## **CONCLUSION**

After a period of 14 years, it is appropriate for Council to consider whether to continue with a Learning Festival as an approach to lifelong learning. The stage one service review has determined that the current format of the event is no longer an effective way of fostering learning within the city.

It is recommended that the Finance and Audit Committee endorse option 3 as the preferred means to continue building the City of Marion's reputation for innovation in the provision of lifelong learning opportunities.

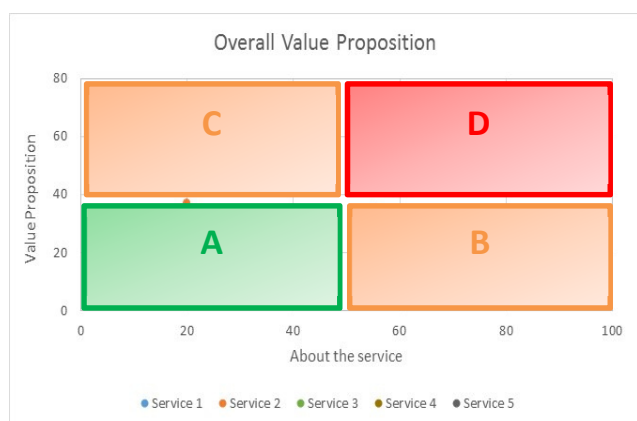
Appendix1 - City of Marion Service Statement Results, April 2016

Date: 18 April 2016. Results summarised from a service statement completed on the 11 April 2016.

	Name	Position	Work Area
Conducted by:	Michelle Stewart	Corp Performance	Performance & Improvement Team
Service Name:	Learning Festival		

### What do the results mean?

The following diagram identifies the priority and an explanation of each quadrant where the results of the data captured from the service statement will be plotted. The same weighting and explanation is to be applied to each principle and resulting pivot table as explained below. *About the service* (x axis) is the score for the first section of the Service Statement (Questions 1a to 1v). The maximum score is 100 and is used to measure against the overall value and each principle individually. The *overall value proposition* (y-axis) is the total combined score for the three principles of Commercial Viability, Public Value and Culture of Innovation/Continuous Improvement.

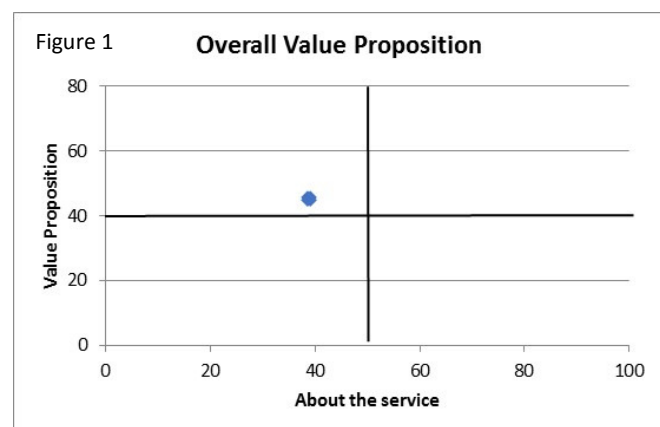


**D, Priority 1:** Service is assessed as high and the overall value proposition is high.

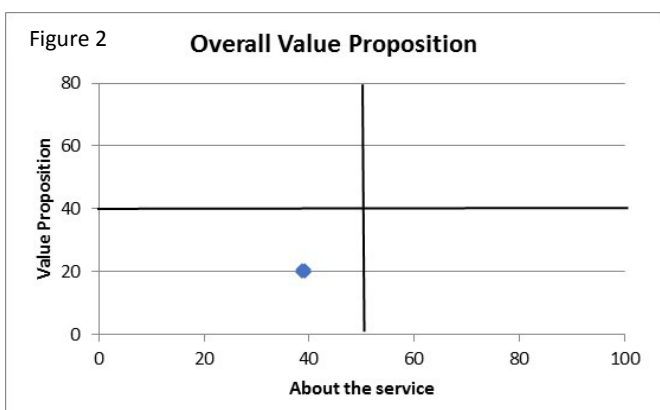
**B & C, Priority 2:** Service is assessed as high and the overall value proposition is low. Or the service is assessed as low and the overall value proposition is high.

**A, Further investigation:** Service is assessed as low and the overall value proposition is low.

### 1. Service statement results - About the service



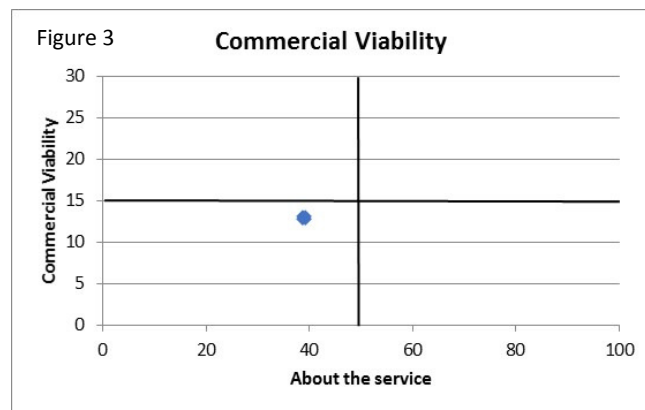
*About the service* scored 39 out of 100, with an *overall value proposition* 45 out of 80. The assessment of the Learning Festival's Public Value showed that there was a series of questions that could not be answered due to a lack of information around the utilisation, community need and levels of satisfaction with the service (Questions 3a to 3e), this can be explained as the service did not occur during 2015-16 with no evaluation undertaken at the previous event in 2014-15. Rebasng the data to remove the questions that could not be answered results in Figure 2 below.



This shows the same x-axis result for *about the service* but shows a decline in the *overall value proposition*, to a score of 20. This is more representative of the assessment of the service and shows the *overall value proposition* has moved from Quadrant C to Quadrant A, indicating this service is of low value.

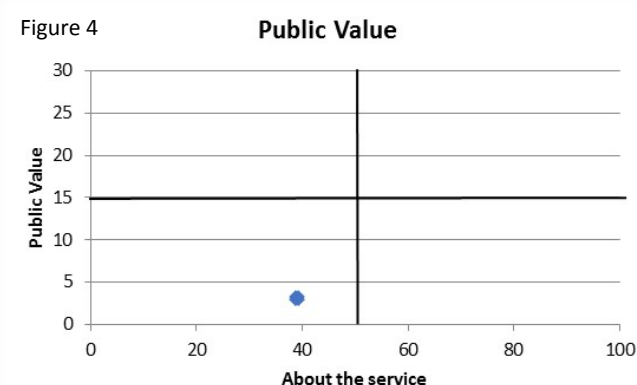


## 2. Commercial viability



The assessment of the principle of **Commercial Viability** for the Learning Festival resulted in a low score of 13 out of a maximum of 30. The Quadrant A result indicates this service is of low *commercial viability*.

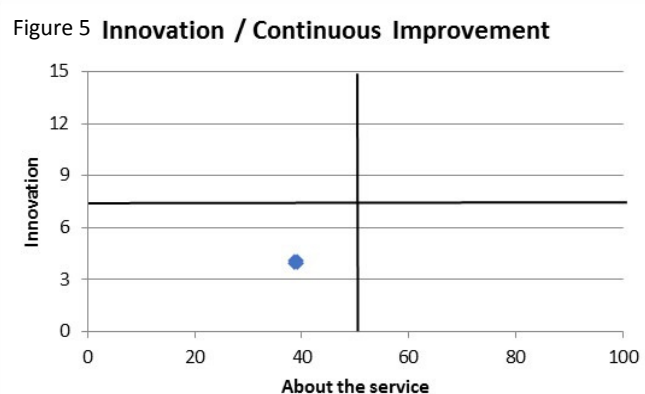
## 3. Public Value



The assessment of the principle **Public Value** for the Learning Festival resulted in a score of 3 out of a maximum of 30. The Quadrant A result indicates this service is of low *public value*.

This data was rebased to remove the questions that could not be answered.

## 4. Continuous Improvement



The assessment of the principle **Innovation/Continuous Improvement** for the Learning Festival resulted in a low score of 4 out of a maximum of 15. The Quadrant A result indicates this service is of low *innovation/continuous improvement*.

**CONCLUSION:** The *service* and *overall value proposition* has been assessed as low, indicating this service could be considered for discontinuation. Although there is some *commercial viability* associated with the Learning Festival, *public value* and opportunities for *innovation and continuous improvement* are low.