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

Thursday 15 December 2016

Commencing at 3.00pm

In the Council 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 the Council Chamber is via the main entrance to the Administration building on Sturt Road, Sturt.

Adrian Skull
CHIEF EXECUTIVE OFFICER

9 December 2016

CITY OF MARION
FINANCE AND AUDIT COMMITTEE AGENDA
FOR THE MEETING TO BE HELD ON
THURSDAY 15 DECEMBER 2016
COMMENCING AT 3.00 PM
COUNCIL CHAMBER, ADMINIST
RATION CENTRE
245 STURT ROAD, STURT

1. **OPEN MEETING**

2. **KAURNA ACKNOWLEDGEMENT**

   We acknowledge the Kaurna 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**

5. **BUSINESS ARISING**

6. **ELECTED MEMBER REPORT**

7. **REPORTS**

   Matters for Discussion

   Corporate & Financial Management

8.   **CONFIDENTIAL ITEMS**

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 **Meeting of the Finance and Audit Committee** is scheduled to be held on:
Time: 2.00 pm – 5.00 pm
Date: 28 February 2017
Venue: Council Chamber, Administration Building

MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING

HELD AT THE ADMINISTRATION CENTRE

245 STURT ROAD, STURT

ON TUESDAY 4 OCTOBER 2016

PRESENT

Mr Greg Connor, Ms Kathryn Presser, Mr Lew Owens, Councillor Raelene Telfer and Councillor Tim Gard.

In Attendance

Mr Adrian Skull	Chief Executive Officer
Mr Vincent Mifsud	General Manager Corporate Services
Ms Abby Dickson	General Manager City Development
Mr Mat Allen	Acting General Manager, Operations
Ms Kate McKenzie	Manager Corporate Governance
Mr Ray Barnwell	Manager Finance
Ms Sherie Walzcak	Unit Manager Risk
Ms Deborah Horton	Unit Manager Performance & Improvement
Ms Penny Wood	Deloitte (via telephone for items 7.2 and 7.3)
Mr Jason Liu	Deloitte (for items 7.2 and 7.3)
Mr Justin Jamieson	KPMG (for item 7.12)
Mr James Rivett	KPMG (for item 7.12)

1. OPEN MEETING

The meeting commenced at 2.04 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 interests were disclosed.

4. CONFIRMATION OF MINUTES

4.1 2.04 pm Confirmation of Minutes for the Finance and Audit Committee held 16 August 2016
   Report Reference: FAC041016R4.1

   Moved Councillor Gard, Seconded Ms Presser that the minutes of the Finance and Audit Committee meeting held on 16 August 2016 is confirmed as a true and correct record of proceedings.

Carried

5. BUSINESS ARISING

5.1 2.05 pm Review of the Business Arising from previous meetings of the Finance and Audit Committee
Report Reference: FAC041016R5.1

The statement identifying business arising from the previous meetings of the Committee was reviewed and progress achieved against identified actions was noted.

The schedule of meetings was also reviewed noting that the chair was unavailable for the 6th December meeting. The Committee agreed to change the meeting date to Thursday, 15th December 2016 from 3pm to 6pm.

Moved Councillor Gard, Seconded Ms Presser, that the Finance and Audit Committee meeting scheduled for of 6 December 2016 be changed to Thursday, 15th December from 3 – 6 pm.

6. ELECTED MEMBER REPORT

6.1 2.07 pm Elected Member's Report
Report Reference: FAC041016R6.1

The report was taken as read and noted by the Committee.

Councillor Telfer highlighted that Council has been meeting regularly to progress priorities, including implementation of key infrastructure projects.

The Streetscape strategy and prioritisation was discussed and Council Members raised that the two demonstration projects were inconsistent with the criteria. It was noted that the two demonstration projects were within the existing capital works program and hence it created efficiency and opportunity to do those works. It seems that the criteria lacked connection with the existing capital work program.

The Committee noted that the Elected Member report states that Council had approved the two streets as demonstration projects but acknowledged that the criteria could have been clearer. The Committee recognised it is good management to undertake the demonstration project whilst Council is already undertaking works as this creates efficiency.

The Committee also queried the progress of the BMX project, noting that this will progress to a prudential management Section 48 report that will address the financial impact, risks and governance models. It was noted a detailed design has not yet been agreed.

7. REPORTS

Corporate & Financial Management

7.1 2.17 pm Finance and Audit Committee Annual Report to Council 2015/16
Reference No: FAC041016R7.1

The Committee noted the report and queried the operating surplus of $10m disclosed within the section on "External Audit". It was highlighted that this related to the previous financial year (2014/15 not 2015/16). It was also noted that the $10m operating surplus in 2014/15 was before capital expenditure and a number of long term strategies have now been considered and implemented in relation to Council's infrastructure assets, including whole of life costs.

The Committee provided the following feedback to be included within the annual report to Council:

- Under "Key discussion points for Council to Note", within the third point, could a further sentence be added that although the financial position of Council is solid, the financial management is a conservative approach and Council should consider further review of its rating strategy to ensure the best outcomes for its community.

- In the section regarding "Internal Audit & Service Reviews", within the third point, can a sentence be added that KPMG were appointed after a thorough tender process that occurred in the previous financial year.

- Within the "Future Works Program Proposal" of the Committee, can a sentence be added regarding further work on the financial management of Council's assets. This should include the governance arrangements and process regarding the use of the Asset Sustainability Reserve.

The Committee endorsed the Annual Report to Council for 2015/16 with the inclusion of the noted comments.

The chairman sought leave of the meeting to alter the order of the agenda as both the external auditors and internal auditors would not be attending until later in the meeting.

7.4   2.32pm Debtors Report
Reference No: FAC041016R7.4

The Committee noted the report and congratulated the organisation on the reduction of debt from its Sundry Debtors. It was noted that the Property Team and other relevant departments have been working closely with community groups to reduce the debt which has had a positive result on the total Sundry Debtors balance. It was highlighted that the smaller community groups can sometimes find themselves in financial difficulties and Council can assist them with the management of their debt. It was noted that Council is currently undertaking a review of its Leasing and Licensing Policy.

The Committee queried the Rates Debtors and if there had been any issues regarding the most recent property valuations. It was noted that only a handful of issues had been raised and these were being appropriately managed.

It was noted on page 197 of the agenda that the current rates in arrears figure is currently $710k which equates to 1% of total annual rates revenue. It was noted that in comparison to other Councils, this is very low. A number of the ratepayers with rates in arrears are on agreed payment plans with the Council.

ACTION

The Committee asked for some further information which will be circulated via email:

- **How many of the sundry debtors are more than 3 years old?**
- **How does the $710k rates in arrears compare with previous years?**
- **How many debtors does Council have and of these how many are in arrears?**

7.6   2.43pm Investment Performance 2015/16
Reference No: FAC0410167.6

The Committee again congratulated the organisation for its achievements within the investment performance. The Committee noted the report and suggested it would be useful to include some further benchmarking, particularly for commercial borrowings.

The Committee queried how our investment performance compares with state government and it was highlighted that the state government has their own bank, the South Australian Government Financing authority, (SAFA) which operates with less restrictions than the Local Government Finance Authority (LGFA).

It was noted that the LGFA provides Council with a bonus at the end of the financial year which is based on a combination of Council's investment and borrowing activity for the prior year. It is also noted that the LGFA is fully guaranteed by the State Government.

The Committee highlighted that if Council was to consider alternative investment options than the LGFA, the cost of managing Council's portfolio may be in the vicinity of a minimum of approximately $30k pa, depending on the approach (either a part time internal resource or through a broker).

7.7   2.50 pm Treasury Management and Reserve Funds Policy
Reference No: FAC041016R7.7

The Committee noted the report and the further rigour that had been included within the Treasury Management Policy.

It was suggested that it may be useful to provide further clarity in regards to what financial institutions Council could invest with and that this could be by way of detailing a minimum suitable credit rating that would be considered acceptable. This could potentially include Australian financial institutions beyond Australia's big 4 banks. The Committee suggested that this would be reasonable to consider. The Committee also suggested that the reference in the policy to Australian dollars be removed.

The Committee suggested that the paragraph in the policy stating "Investment of surplus funds outside of the above investment choices must be reported to Council for approval" should be removed as it seems to be a 'catch all' and isn't appropriate for a Treasury Management policy.

The Committee noted that the Reserve Funds Policy is being prepared for the December 2016 FAC meeting and they agreed with the inclusion of the five dot points listed on page 206 of the agenda.

The Committee agreed that further clarity is required regarding the Asset Sustainability Reserve (ASR) and its use. It was noted in the Treasury Management Policy that Council will "not *retain and quarantine money for particular future purposes unless required by legislation or contractual agreement with other parties*". Clarity is required regarding the purpose of this Reserve to ensure it doesn't conflict with this section in the Treasury Management Policy. The Committee also queried the existing parameters relating to the Community Facilities Partnership Program (CFPP) component of the ASR and that this requires further review.

The Committee noted that over time, some accounting reserves have been consolidated into the ASR.

The Committee also sought further clarity in regards to the Open Space Reserve and its purpose. It was highlighted to the Committee that the Open Space Reserve is required by legislation (Development Act) predominantly for quarantining open space

contributions provided by developers and that these funds needed to be applied to the development of open space facilities.

Risk Management

7.8   3.06 pm Fraud and Corruption Management Framework
Reference No: FAC041016R7.8

The Unit Manager Risk provided an overview of the report noting that Council had previously adopted the policy. The framework has now been finalised to underpin the policy. It provides direction at a high level regarding how fraud and corruption will be managed and monitored across the organisation.

The Committee thanked staff for the fulsome report and suggested the following matters be undertaken prior to the framework being formally endorsed:

- Ensure that the policy and framework has consistent policy governance regarding version control, dates adopted by council, etc.

- Review the relationship with the framework and the requirements of ICAC, to ensure compliance with the ICAC legislation. There may need to be two processes to apply – those investigated internally and those investigated by ICAC.

- Incorporate the receipt of gifts, benefits and hospitality within the Work Area Report checklist (Appendix 4).

- Include this in the Committees Annual Report as part of the work program for next year.

- Amend page 232 of the agenda to reflect the Procurement and Contract Management Policy that was endorsed at the Council Meeting of 27 September 2016.

The Committee noted that the General Manager Corporate Services provides an annual executive assurance sign off as part of the external audit regarding internal controls and fraud.

The Committee queried the organisations structure with Corporate Governance and Finance reporting to the same General Manager as an adequate separation of duties. It was noted that this structure is consistent with other similar organisations as the two functions are complimentary. It was also noted that within the Framework, there are two Responsible Officers (Manager Corporate Governance and Manager Human Resources). These positions are appointed by the Chief Executive Officer and provide an appropriate segregation of duties and reporting to the CEO.

3.15 pm Ms Kathryn Presser left the meeting

3.17 pm Ms Kathryn Presser returned to the meeting.

7.9   3.21 pm Business Continuity Plan
Reference No: FAC041016R7.9

The Business Continuity Plan (BCP) was noted by the Committee and they queried if it was enacted during the recent storm events and resultant State-wide power blackout. The CEO confirmed that it was enacted during the storm event on Wednesday, 28 September 2016 when power was lost to most of the state. The CEO indicated that he was very proud of the teams involved and in general things went very well considering the circumstances. The

lessons were around the communication network as emails and the land lines ceased operating and the mobile network had limited capacity. It was noted that the Administration building does not have a backup generator. This will be further investigated as a mitigation strategy in the upcoming months.

The Committee noted that although there is no formal community emergency response plan in place yet, various actions were enacted with minor flooding occurring at some locations. It was noted that the Sturt River through the Marion Caravan Park was closely monitored and Glandore Community Centre was advised that it may be used as a relief centre if the Patawalonga river burst its banks and residents in that area were required to evacuate.

The Committee noted that a desk top exercise will be held for training purposes in the upcoming months. The Committee suggested that the BCP could consider a further category of loss of key staff and identify what will occur in the event that key staff are not available for decisions making purposes. It was noted that individual recovery strategies identified critical roles and functions but agreed that the BCP could include further information around who has the authority for decision making in the absence of executive and senior management.

7.10 3.35 pm Local Government Association Mutual Liability Scheme Risk Review
Reference No: FAC041016R7.10

The Unit Manager Risk highlighted to the Committee that the methodology used for the review had significantly changed this year and staff had been considered in their responses, noting that a number of risk categories are progressing through an implementation phase. It is hopeful that scores will progress next year as the systems would have matured past implementation and into full operation.

The Committee noted the report and the bonus of $45,249 provided by the Local Government Association Mutual Liability Scheme (LGA MLS). The claims history was also considered noting that two professional indemnity claims are still impacting on the Councils claims loss ratio.

The Committee noted that this risk related specifically to public liability exposures and that WHS risks are monitored through the LGA Workers Compensation Scheme, rather than the LGA MLS.

The Committee felt that the proposed actions were adequate and these should be monitored to ensure progress before next year's review.

3.44 pm the chair adjourned the meeting for 10 minutes

3.54 pm meeting resumed.

Service Reviews and Internal Audit

7.11 3.55 pm Organisational Service Review Update and Stage Two Scopes for 2016/17
Reference No: FAC041016R7.11

The Committee noted the progress of the Service Review Program and that Council had adopted a program for the 2016/17 financial year. The program listed 13 reviews to be completed. The Committee suggested that implementation of recommendations may become an issue. If this occurs, further work and re-evaluation will need to occur to determine what is a manageable for the organisation.

The CEO advised the Committee that a pilot project is currently in progress which is focused on organisation resources and costs. This information will feed into the service reviews to assist management identify efficiencies. This work is being undertaken by Erica Comrie from Council Solutions and it is anticipated that the same body of work will occur at other Councils who are a part of Council Solutions.

It was noted that some service reviews would progress through other Committees of Council. For example, the Recruitment Service Review may progress to the People and Culture Committee. The outcomes of the reviews and the monitoring of the program would remain within the scope of the Finance and Audit Committee Terms of Reference.

The Committee provided feedback on each of the scope documents as listed below:

- Recruitment – the review could consider the pre-recruitment aspect in conjunction with Councils Vacancy Management Policy. It could also consider how roles are advertised. The internal stakeholders should include a selection of employees recruited within the last six months. The length of recruitment (time taken to recruit) should also be considered.

- Marion Outdoor Swimming Centre Review – It was noted that Council is working separately on the infrastructure issues and this review is focused on revenue and cost efficiency. Keeping the pool financial viable is the focus of the review, not the strategic directions of the pool. It was noted that some analysis regarding 'the point of difference' for this pool may be required as part of the review to identify specific marketing strategies. It was noted that sponsorship could be explored as part of this review and that it may be useful to get the views of customers. This review should assist the Council understand the 'product' it is offering to its community.

- Parking and Regulation – this review should define what a 'good day' is for the Community Safety Inspectors. For example, issuing no expiations or a lot of expiations? The Committee also suggested to confirm who are the experts in this field outside of Australia and seek their input. This can be through a desk top review.

- Governance – the Committee suggested that this review should be linked to the KPMG Corporate Reporting Review.

- Management of Recycling Depot – it will be important to seek the views of organisations that do this well – for example Southern Region Waste Authority (SRWRA). It was noted that this facility is not for public use and only the Council. It was suggested that this could be made clearer within the scope.

- Stores – it was noted that Council holds approximately $150k in stock and opportunities for improvement may exist around process for holding materials.

- Commonwealth Home Support Program – it was noted that the Neighbourhood centres were out of scope for this review.

- Drainage – clarification was sought regarding Councils role in stormwater management and it was noted that the City of Marion has 4 catchments within the City. It was highlighted that a drainage matrix is used to prioritise works and allocate resources.

**7.2   4.33 pm Independence of Council's Auditor for the Year Ending 30 June 2016
       Reference No: FAC041016R7.2**

Ms Penny Wood entered the meeting (via telephone) and Mr Jason Liu entered the meeting.

The Committee noted the statement provided by Council's Auditor attesting to their independence in accordance with the Local Government (Financial Management) Regulations 2011 for the 2015/16 financial year.

The CEO and the Chairperson of the Committee both indicated that they are willing to sign the statement that Council's external auditor (Deloitte Touche Tohmatsu) maintained their independence in accordance with the Local Government (Financial Management) Regulations 2011 for the 2015/16 financial year.

The statement was signed during the conduct of the meeting.

**7.3 4.36 pm Audited Annual Financial Statements for the year ending 30 June 2016
Reference No: FAC041016R7.3**

Ms Wood provided an overview of the report. It was highlighted that Council had received an unqualified Audit report and the key items for Council to consider included:

- $9.8m operating surplus with further detail provided within the analytical review on page 47 of the agenda. It was noted that the primary reason for the decrease is due to increase in depreciation expenditure resulting from a combination of the new cove Civic Centre and City Services buildings, in conjunction with change in the treatment of residual value of assets required by the revised accounting standards

- $10.451m of Carryovers & Unexpended Grants which demonstrates a reduction from last year's total of $15.156m. It was noted that the carryovers fit into four categories of capital, grants, new initiatives and operating, as well as retimed capital works. The Committee noted that KPMG (Internal Auditors) had completed a body of work on the capital carryovers and this resulted in a decrease from approximately $7m down to $3.5m.

The Committee queried a number of items as follows:

- The accounts reflect overspend and understand in various items with the overall result being positive. Further commentary could be provided to assist with understanding as to why these movements have occurred.

- The graph on page 35 reflects Council's total equity (ie. net asset) position and demonstrates a steady increase from 2007/08.

- The Statement of Comprehensive Income (Page 52) demonstrates a change in Revaluations Surplus in 2014/15 from $3.5m to -$4.5m in 2015/16. This specifically relates to a change in the Accounting Standard relating to depreciation, the removal of asset residual values and the compartmentation of assets.

- The Total Comprehensive Income figure on page 53 has reduced from $23.454m in 2014/15 to $6.345m in the current year. The Manager Finance advised that this was predominantly due to a significant decrease in "Physical resources received free of charge" ($7.6m) and the "Changes in Revaluation Surplus" ($8.1m) as discussed above. The large decrease regarding physical resources received free of charge, which has dropped from $8.2m to $650k was predominantly due to capital developments in the previous year relating to roads and retaining walls along Patpa Drive being recorded in the Accounts.

- It was noted that there had been movements in "Other Reserves" of $2.5m as noted in the Statement of Financial Position that had occurred pursuant to Council resolution in accordance with Council's Reserve Funds Policy.

- The collection and payment of the natural Resources Management levy noted on pages 63 and 66 were not the same. It was agreed that the explanation for this would be provided to the FAC separately via an email response.

Internal Controls

It was noted that 117 internal controls were tested with 111 being assessed as operating effectively. Of the six internal controls identified as having improvement opportunities to further strengthen Council's controls, with all of these being categorised as 'Low' under the risk matrix.

In addition, as outlined in their Management Letter Deloitte are satisfied that 5 of the 8 prior year Internal Financial Control audit findings have now been fully implemented, with one finding in process of implementation, and the remaining two findings acknowledged as acceptable given the low level of risk.

The Committee noted that two management letters are completed by the External Auditors as there are two separate audits, one being for the Annual Accounts and the other for the Internal Controls.

The audited accounts for the Southern Region Waste Resources Authority (SRWRA) and Council Solutions were both noted. It was noted that SRWRA had a strong financial position and its forecast future remediation liabilities are fully funded.

Moved Mr Owens, Seconded Ms Presser that the Finance and Audit Committee:

1. Recommends to Council that the audited Annual Financial Statements for the year ended 30 June 2016, as attached at Appendices 3-5, be adopted.
2. Notes Deloitte's management letter as attached at Appendix 6.
3. Notes the comparative analysis to prior year Audited Financial Statements (analytical Review), as attached at Appendix 2.

CARRIED

5.13 pm Ms Kathryn Presser left the meeting
5.16 pm Ms Kathryn Presser returned to the meeting.

7.5   5.16 pm Meeting with External Auditor in Confidence
Reference No: FAC041016R7.5

Moved Mr Owens, Seconded Councillor Telfer that the Finance and Audit Committee:

1. Pursuant to Section 90(2) and (3)(b) of the *Local Government Act 1999,* orders that all persons present, with the exception of Ms Penny Wood (Deloitte) and Mr Jason Liu (Deloitte) be excluded from the meeting as the Finance and Audit Committee meets with Councils external auditor to discuss the end of financial year audit, on 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 of the Council.

5.17 pm the meeting went into confidence

The independent and elected members of the Finance and Audit Committee met in Camera with the External Auditors. The Auditors indicated that they were most impressed with the support and engagement provided by the Administration. They have not experienced any issues in terms of the timeliness and quality of information provided. There were a number of recommendations from the previous year's audit which needed some attention, but they were of a minor nature. It was pleasing to note there were no "uncorrected misstatements nor "uncorrected disclosure deficiencies", and internal controls are in a sound state, and that an unqualified opinion would be provided to Council.

5.24 pm the meeting came out of confidence.

7.12 5.25 pm Internal Audit Program Status Report
Reference No: FAC041016R7.12

Mr Justin Jamieson and Mr James Rivett from KPMG entered the meeting.

The Committee noted the monitoring report sought clarity regarding the implementation of the recommendations from the Capital Works review. It was noted that some recommendations were at risk of not being implemented within agreed due dates. Further detail will be provided to the Committee in December 2016.

The Committee discussed each of the scopes as follows:

Cyber Security – the review will undertake a maturity assessment of the Councils risk exposure to cyber-attack and confirm what has been done to ensure that the environment is suitable to deal with the risks. It was noted that penetration testing was out of scope for this review.

5.31 pm Councillor Telfer left the meeting and did not return

Corporate Reporting – the review will focus on reviewing the information and analysis provided to Council and Executive for decision making. It will also look that how it is presented and the format to ensure it meets the end user's needs. It was noted that this needs to be connected to the Governance Service Review.

Accounts Receivable – the review will focus on receiving and receipting of monies, aged debtors process, mater file maintenance, monthly reconciliation, management of overdue rates and the collection of rates

8. CONFIDENTIAL ITEMS

Nil

9. ANY OTHER BUSINESS

Nil

10. MEETING CLOSURE

The meeting was declared closed at 5.42 pm

11. NEXT MEETING

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

Time: 3.00 pm – 6.00 pm
Date: Thursday, 15 December 2016
Venue: Council Chamber, Administration Building

....

CHAIRPERSON

/   /

CITY OF MARION

BUSINESS ARISING FROM FINANCE AND AUDIT COMMITTEE MEETINGS

AS AT 9 DECEMBER 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	The report 'Administration Building and Surplus Land at City Services' was considered at the 25 October 2016 General Council meeting (GC251016F01). Council resolved to refer to the Infrastructure and Strategy Committees the question of optimum long term accommodation of administrative operations and customer service operations. The question around the sale of the surplus land is still unknown.	Dec 2016
3.	8 March 2016	That the Project Management Report be brought to the next Committee Meeting	F Harvey	May 2016	The elements of the project management system are continuing to being developed and incorporation of project management methodology is being applied to all work area plans to better support monitoring and reporting on the achievement of Council's 3year business plan. A project management framework will be provided at the February 2017 FAC meeting.	February 2017
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	August 2016	A financial modeling tool has now been procured which will be used in the development of the 2017/18 budget and LTFP and future project scenario planning.	December 2016
5.	16 August 2016	Treasury Management and Reserve Funds Policy The Committee email any example of policies	R Barnwell V Mifsud	October 2016	The Committee provided example policies to the General Manager, Corporate Services.	February 2017

Report Reference: FAC151216R5.1

City of Marion
Finance & Audit Committee Action Arising Statement as at 9 December 2016

	Date of Meeting	Item	Responsible	Due Date	Status	Completed / Revised Due Date
		they may have used or seen in other industries. The Committee requested that further work be undertaken on the Reserve Funds Policy and Treasury Management Policy and they be presented to the next Committee meeting for consideration. Any updates can be included as part of the 2017/18 Annual Business Plan and LTFP process.			The treasury Management Policy was presented to the Committee in October 2016 and a report will be brought to the next Committee meeting further detailing suggested amendments to the Reserve Funds Policy and potential impacts on the LTFP. Further discussion with the Elected Members in relation to the Reserve Funds Policy will take place at the EM Forum on 21 Jan 2017. A report will be brought to the FAC meeting at the 28 February 2017 meeting.	February 2016
6.	16 August 2016	**Bi-Annual Performance and Effectiveness Review** That an Improvement Plan be developed and presented to the next meeting.	K McKenzie	October 2016	This is included within the agenda for 15 December 2016	December 2016
7.	4 October 20	**Debtors Report** The Committee asked for some further information which will be circulated via email: • How many of the sundry debtors are more than 3 years old? • How does the $710k rates in arrears compare with previous years? • How many debtors does Council have and of these how many are in arrears?	R Barnwell V Mifsud		This information is being provided via email	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

City of Marion

TUESDAY, 16 August 2016

Topic	Action
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

Topic	Action
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

Topic	Action
Outcomes and Action Plan for Audit Committee	Review and Feedback
Service Review Program – Scopes, Reviews and Monitoring - Governance Systems - Recruitment - Marion Outdoor Swim Centre	Review and Feedback
Internal Audit Program – Scopes, Reviews and Monitoring - Accounts Receivable - Purchase Cards	Review and Feedback

City of Marion

Work Program and Meeting Schedule 2017	Review and Feedback
Ombudsman SA Annual Report 2015-16	Review and Feedback
WHS Interim Report	Review and Feedback
External Audit Tender	Review and Recommendation
FAC Improvement Plan (Performance and Effectiveness Review)	Review and Endorse
Framework and Key Assumptions Annual Business Plan and Budget and Long Term Financial Plan	Review and Feedback

CITY OF MARION
FINANCE AND AUDIT COMMITTEE MEETING
15 DECEMBER 2016

Originating Officer:	**Kate McKenzie, Manager Corporate Governance**
	Councillor Raelene Telfer, Councillor Nick Kerry
Subject:	**Elected Members Report**
Report Reference:	**FAC151216R6.1**

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 Finance and Audit Committee meeting on 4 October, Council has held 5 (five) Council Meetings on 11 October, 25 October, 1 November (Special), 22 November and 13 December 2017.

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

11 October 2016

Finance and Audit Committee Annual Report to Council 2015-2016

The Council noted the Finance and Audit Committee's Annual Report to Council for 2015/16. The Council did not provide any feedback to the FAC.

Annual Corporate Performance Report 2015-16

The Council noted the following summary for the Annual Corporate Performance Report for 2015/16

- KPI 1 – Actual operating surplus for 15/19 (Target 0 - 6%)

This KPI was not met throughout the year as it exceeded the target range. The annual result shows a 12% operating surplus ratio.

- KPI 2 – Total Employee costs (staff plus agency) (Target < by at least 1.4% in dollar terms, over the 14/15 budget)

Employee costs decreased from the original adopted budget of $32.777 million in 2014/15 to $31.783 million in 2015/16. Savings included a reduction in senior management roles due to an organisational restructure undertaken in October 2015. The annual result was -3.5%.

- KPI 3 – Lost employee time due to injury (Target - Reduce by 1% compared to average of last 5 years).

The KPI was not achieved with the LTIFR being 27.3%. Refer to the WHS Update Report for further information for 2016/17.

- KPI 4 – Major Capital Works (>$4m each project) (Target Completed strictly on time and on budget (or better).

This KPI shows a consistent and acceptable result for the financial year. Both the Cove Civic Centre and the City Services Redevelopment were significant projects that were undertaken and reported during the financial year.

- KPI 5 - Specific Major Capital works projects ready for approval by Council (Target – 2)

This KPI gained momentum as the year progressed, with Edwardstown Oval securing $4m in Federal funding in July 2016. The State Government announced a $2m contribution for the BMX Project in June 2016. The Mitchell Park Sports and Community Club building upgrade progressed to Council in June 2016 and is seeking $10m in Federal Government funding.

- KPI 6 - Achieving goals of (3 year) Business Plan (Target – high level achievement)

This KPI achieved a consistent 'moderate level of achievement' throughout the year. The current Council began drafting a new three-year business plan aligned to the six themes of the Community plan at a forum in January 2016, with further reports provided to the Strategy Committee meetings in February and April 2016 and another Elected Member forum in July 2016. After a period of community consultation from 29 July – 19 August 2016, the final Business Plan was endorsed by Council (GC270915R03).

- KPI 7 - Alignment throughout administration to the strategic plan – towards 2040 and business plan (Target – High level of alignment)

This KPI achieved a consistent 'low level of achievement' throughout the year however, there has been a focus for the organisation to transition from its 10-year Strategic Plan "Broad Horizons, Bright Future 2010-20 to a new strategic framework with KPI 6 above commencing this transition.

Audited Annual Financial Statements for the year end 30 June 2016

The Council adopted the audited financial statements for the year ended 30 June 2016 noting that Council's ongoing strong financial performance, provides a sound basis for Council's long-term objectives set out in its Strategic Plan. In summary an Operating Surplus of $9.883m was achieved, which was $0.144m lower than 2014/15. The key factors that assisted in achieving this are the operating expenditure (excluding Depreciation) – net increase of $0.115m (0.2%) compared to 2014/15. This minimal decrease was achieved with employee costs only increasing by $26k (0.1%), despite Enterprise Agreement increases of between 3% and 3.4%.

The Annual Financial Statements of the City of Marion, for the year ended 30 June 2016, have been completed with no Audit findings with regards to the financial statements. Council's Auditors issued an unmodified audit opinion.

The Council also received the Southern Region Waste Resource Authority (SRWRA) 2015/16 audited Financial Statements and the Council Solutions Regional Authority 2015/16 audited Annual Financial Statements.

Investment Performance 2015/16

The Council considered the investment performance for 2015/16 noting that Council has complied with all elements of the Treasury Management Policy. This report was also considered by the FAC at its meeting in October 2016.

25 October 2016 General Council Meeting

Administration Building and Surplus Land

The Council considered this item in confidence but resolved in public to refer the matter to the Infrastructure and Strategy Committee to further analyse the long term accommodation of administrative operations and customer service operations for the City of Marion.

1 November 2016 – Special Council Meeting

Hard Waste Service Review

Council considered the hard waste fee for service models that had been considered by the FAC as part of the Hard Waste Service Review. The Council determined to make no change to the current service standard and acknowledged that appropriate management discretion will be applied to provide additional Hard Waste services where extenuating circumstances exist.

Recruitment of an Independent Audit Committee Member

The Council noted the resignation of Mr Lew Owens from the FAC and thanked him for his 7 years of service on the Finance and Audit Committee and his valuable contributions. The Council also noted the process to be undertaken by the People and Culture Committee for recruitment of a third independent Member to the Finance and Audit Committee.

Elected Member Positions and Committee

The Council considered its current committee structure and endorsed the structure to commence in 2017:

- Finance and Audit Committee
- Urban Planning Committee
- Review and Selection Committee
- Infrastructure and Strategy Committee

The Council resolved to disband the following Committees effective from 31 December 2016:

- People and Culture Committee
- Infrastructure Committee
- Strategy Committee

22 November 2016 General Council Meeting

Glenthorne Farm Community Engagement

The City of Marion has advocated for Glenthorne Farm being preserved for revegetation, open space, heritage interpretation and related public uses. The purpose of the community engagement strategy is to promote the community's aspirations for the future of Glenthorne and obtain a commitment from the State Government and University of Adelaide to have Glenthorne Farm preserved for revegetation, open space, heritage and public use consistent with Council's position. The Council endorsed an allocation of $26,400 to undertake the community engagement strategy to commence a public campaign in early 2017.

Elected Members appointed to the FAC

The Council appointed Councillor Telfer and Councillor Kerry to the Finance and Audit Committee for a term commencing on 26 November 2016 and concluding on 30 November 2017.

Edwardstown Oval – Federal Funding Deed

The Council resolved to accept the terms and conditions associated with the $4 million federal funding for the Edwardstown Oval Redevelopment from the Department of Infrastructure and Regional Development and authorises the Chief Executive Officer to sign the Federal Funding deed for $4 million from Department of Infrastructure and Regional Development towards the cost of the Edwardstown Oval Redevelopment.

13 December 2016 General Council Meeting

At the time this agenda was published, the General Council meeting of 13 December 2016 had yet to occur. The following items were listed on the agenda for consideration by the Council:

Review of Confidential Orders

This report notes that Council has 102 confidential orders, 56 are recommended for release, 11 are recommended for release upon execution of a lease and 35 are recommended to be retained.

Appointment of Independent Member – Finance and Audit Committee

This report recommends to Council that Ms Emma Hinchey be appointed to the FAC until November 2018.

SRWARA Audit Committee Reappointment

This report recommends that Council re-appoint Mr Greg Connor to the SRWRA Audit Committee until February 2019.

Leasing and Licensing Policy

This report recommends the adoption of a new Leasing and Licensing Policy.

RECOMMENDATION	DUE DATE
The Finance and Audit Committee note the report.	**December 2016**

CITY OF MARION
FINANCE AUDIT COMMITTEE MEETING
15 DECEMBER 2016

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

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

Subject: **Finance & Audit Committee Work Program & Meeting Schedule for 2017**

Reference No: **FAC151216R7.1**

REPORT OBJECTIVE

Setting an annual work program helps to ensure that the Finance and Audit Committee (FAC) addresses the scope of activities identified in the Committee's Policy and Terms of Reference. It ensures that the workload of the Committee is planned, managed and resourced. It allows the Committee to relay the dates and times of the meetings to the community and provides for upcoming business to be dealt with in a timely manner.

EXECUTIVE SUMMARY

The FAC Policy requires that the Committee meet at least quarterly at a time and place determined by the Committee, provided that all meetings are open to the public at the City of Marion building (Clauses 4.13 of the Finance and Audit Committee Policy). A schedule of meetings is to be determined by the Committee Members (clause 4.15 of the Finance and Audit Committee Policy).

A work program and meeting schedule for 2017 satisfying the requirements set out in the Policy has been compiled in **Appendix 1** for the Committee's consideration. The items included on the program are indicative only as items may be added, changed or moved during the year depending on areas of identified risk. As can be seen, the program addresses areas of responsibility as defined within the Committee's Terms of Reference, as well as providing opportunity for the improvement of the Committee's operations.

RECOMMENDATION: **DUE DATES**

That the Finance and Audit Committee:
1. **Notes the proposed work program for 2017 identified at**   **December 2016**
    Appendix 1 to the report.

2. **Adopts the following schedule of meetings for 2017;**   **December 2016**
    a.   **TUESDAY, 28 February 2017 (9.30am – 12.30 pm)**
    b.   **TUESDAY, 30 May 2017 (9.30am – 12.30 pm)**
    c.   **TUESDAY, 15 August 2017 (4.00 – 6.00 pm, followed by joint workshop with Council from 7.00 – 9.00 pm)**
    d.   **TUESDAY, 10 October 2017 (9.30am – 12.30 pm)**
    e.   **TUESDAY 12 December 2017 (9.30am – 12.30 pm)**

Appendix 1

SCHEDULE OF MEETINGS 2017			
Day	**Date**	**Time**	**Venue**
Tuesday	28 February 2017	9.30am – 12.30 pm	Administration Centre
Tuesday	30 May 2017	9.30am – 12.30 pm	Administration Centre
Tuesday	15 August 2017	4.00 – 6.00 pm Followed by 7.00 – 9.00 pm (Joint workshop with Council)	Administration Centre
Tuesday	10 October 2017	9.30am – 12.30 pm	Administration Centre
Tuesday	12 December 2017	9.30am – 12.30 pm	Administration Centre

INDICATIVE AUDIT COMMITTEE WORK PROGRAM - 2017
TUESDAY, 28 February 2017

Topic	Action
Draft Annual Business Plan and Budget 2017/18 and Draft Long Term Financial Plan	Review and Feedback
Corporate Risk Profile	Review and Feedback
Internal Audit Program – Scopes, Reviews and Monitoring	Review and Feedback
Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback
Outcomes of Auditor General Audit	Review and Feedback
Outcome of External Audit Tender	Review and Recommendation to Council

TUESDAY, 30 May 2017

Topic	Action
Audit Engagement for the Year Ending 30 June 2017	Review and Recommendation to Council
Draft Annual Business Plan and Budget (after public consultation) & Draft Long Term Financial Plan	Review and Feedback
Organisational Key Performance Indicators 2017/18	Review and Recommendation to Council
Internal Audit Program – Scopes, Reviews and Monitoring	Review and Feedback
Internal Audit Plan July 2017 – June 2019	Review and Feedback
Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback
Service Review Plan July 2017 - June 2019	Review and Feedback
Annual Review of WHS Program	Review and Feedback

TUESDAY, 15 August 2017 (Joint Workshop with Council)

Topic	Action
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
Meeting with Internal auditors in camera	Seeking feedback from Auditors
Joint Workshop with Council (4.00 pm – 6.00 pm)	Topic TBC

TUESDAY, 10 October 2017

Topic	Action
Audit Committee Annual Report to Council 2016/17	Review and Refer to Council
Independence of Council's Auditor for the year end 30 June 2017	Review and Recommendation to Council
Audited Annual Financial Statements for the year end 30 June 2017	Review and Recommendation to Council
Meeting with external auditors in camera	Seeking feedback from Auditors
Draft Compliance Framework	Review and Feedback
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 2016/17	Noting

Tuesday, 12 December 2017

Topic	Action
Internal Audit Program – Scopes, Reviews and Monitoring	Review and Feedback
Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback
Work Program and Meeting Schedule 2018	Review and Feedback
Ombudsman SA Annual Report 2016/17	Review and Feedback

CITY OF MARION
FINANCE AND AUDIT COMMITTEE MEETING
15 DECEMBER 2016

Originating Officer:	**Ray Barnwell, Manager Finance**
	Fiona Harvey, Manager Innovation and Strategy
General Manager:	**Vincent Mifsud, General Manager Corporate Governance**
Subject:	**Refined 17-18 Annual Business Plan and Budget Process**
Report Reference:	**FAC151216R7.2**

REPORT OBJECTIVES

To provide the Finance and Audit Committee with an overview of the revised planning and budgeting process for the development of the 2017-18 Annual Business Plan (ABP) and review of the Long Term Financial Plan (LTFP).

EXECUTIVE SUMMARY

The refined ABP and LTFP review process is focused on planning up front, ensuring all key inputs are analysed in the early stages of the process. This then gets integrated with the budgeting process. The refined process also focuses on a streamlined and centralised coordination of budgeting, more purposeful presentation and reporting to Council and the Finance and Audit Committee, and reduced focus on late reviews

Further benefits of the refined process include:

- Reduction in compilation effort, given early analysis of planning inputs and assumptions
- Strengthened up front high value planning and analysis effort
- Improved budget accuracy
- Improved tools to assess impacts of planning and budgeting decisions
- Improved ability to highlight the benefits being delivered through the refined process to staff

RECOMMENDATION   DUE DATE

That the Finance and Audit Committee:

1. **Notes the refined 2017/18 Annual Planning and Budgeting process, and review of the Long Term Financial Plan process**	**15 Dec 2016**

BACKGROUND

Over recent planning and budgeting cycles a range of opportunities for improvement have been highlighted to further integrate the planning and budgeting elements, streamline the process, improve accuracy and support dynamic modelling of scenarios based on testing assumptions and inputs into the budget.

Through a recent 'business optimisation project' the annual planning and budgeting process has been reviewed and refined to progress many of these improvement opportunities.

DISCUSSION

Significant work has progressed to review and refine the annual planning and budgeting process, and LTFP review. A comprehensive project plan has been developed focused on the integration of the planning and budgeting elements. A process map summarising the refined process is provided in Appendix 1.

An initial discussion with Elected Members was held on 29 November to gather inputs on the assumptions, parameters and potential new initiatives for 2017/18.

Work Area Plans have been further developed to map out all committed 2016/17 initiatives, their resources and budget impacts. This provides the framework and foundation for building the 2017/18 plans for all continuing and new initiatives.

An analysis of historical actual income and expenditure has been conducted to provide a robust baseline for the preparation of 2017/18 budgets. This baseline will also include the impact of identified savings opportunities to ensure public value is maximised in setting the 2017/18 budget.

A new LTFP tool is being developed to support scenario planning through the process.
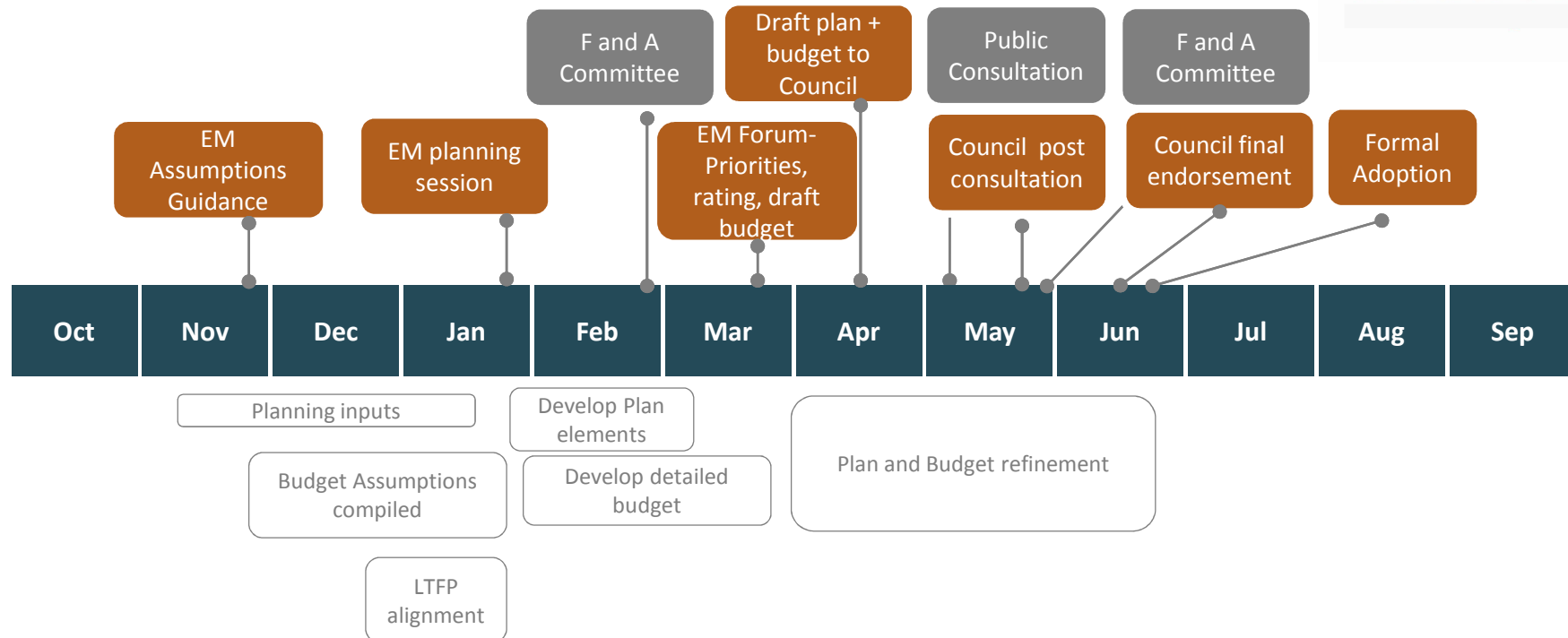
Refined 2017-18 Planning and Budgeting Process

The table below summarizes the key steps and timing in the planning and budgeting process. It highlights (in **orange**) the engagement points for the Finance and Audit Committee through the process. It also shows the critical decision points for Council (in **blue**) through the process.

Stage	Focus	Timing
1	High level draft budget model development: • Elected Members input in setting tolerance/ key assumptions, parameters for management • Draft Budget Model developed based on parameters set	29 November December- January
2	Refined process presented to the Finance and Audit Committee	15 December
3	Analysis of planning inputs – high level draft Budget development	November- January
4	Initial new priorities identified for draft Budget Model development	
5	• LTFP aligned with set parameters, Council resolutions and prioritised new activities • High Level draft Budget/LTFP modelling presented to Elected Members	January 21 January
6	Develop Draft Annual Business Plan /LTFP Framework and Assumptions - Finance and Audit Committee input sought	28 February

Report Reference: FAC151216R7.2

7	Draft Annual Business Plan /LTFP Framework and Assumptions endorsed and adopted by Council	14 March
8	• Draft Annual Business Plan and Comprehensive Draft Budget • Elected Member Forum – Rating data, rates discussion, 17/18 priority projects list modelling,	21 March
9	• Set Tentative Rates • Set draft priority projects list for consultation	
10	Draft Annual Business Plan endorsed and adopted for Community Consultation by Council	11 April
11	Community Consultation period (Min. 21 Days)	April / May
12	Community Consultation Feedback to Council	23 May
13	Final rates discussion Final priority projects discussions	
14	Finance and Audit Committee – Post Community Consultation Feedback	30 May
15	Final Draft Annual Business Plan and LTFP endorsed by Council for Adoption	13 June
16	Lock in final plan and budget in preparation for adoption	
17	Annual Business Plan / LTFP adopted	27 June

2017-18 planning and budget process

CITY OF MARION

| F and A Committee | Draft plan + budget to Council | Public Consultation | F and A Committee |

| EM Assumptions Guidance | EM planning session | EM Forum- Priorities, rating, draft budget | Council post consultation | Council final endorsement | Formal Adoption |

| Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep |

Planning inputs

Develop Plan elements

Budget Assumptions compiled

Develop detailed budget

Plan and Budget refinement

LTFP alignment

1

CITY OF MARION
FINANCE AND AUDIT COMMITTEE MEETING
15 DECEMBER 2016

Manager:	**Kate McKenzie, Manager Corporate Governance**
General Manager:	**Vincent Mifsud, General Manager Corporate Services**
Subject:	**Finance and Audit Committee Improvement Plan**
Report Reference:	**FAC151216R7.3**

REPORT OBJECTIVES

For the Finance and Audit Committee to review and agree to an improvement plan to be included within the Committees work program over the next two years.

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 completed its review in August 2016 which was presented to the Committee consideration. The Committee noted the report and the results of the review and suggested the Committee's improvement plan could be developed based on the following components:

- Improving the communication loop between Council and the Committee. Important decisions made by Council should be provided to the Committee in between meetings. For example, the rate reduction from 2.75% to 2.5% would be useful information to the Committee to know at the time of the decision.

- Further information regarding efficiency and benchmarking. The Committee did note that this information would start coming through with the Service Review Program.

- Advice on significant risks and changes in the risk environment. For example, the LGA membership decision could have been tested through the Committee to assist and support Council in their decision making.

- Notification to the Committee on major media issues.

Based on this feedback, a program of improvements has been listed in Appendix 1 for the Committees consideration and endorsement (if appropriate).

RECOMMENDATION	DUE DATE
That the Finance and Audit Committee review and endorse the improvement plan in Appendix 1 to be implemented over the next two years' subject to the following amendments: **-** **-**	**December 2016**

Appendix 1 – Improvement Plan

Topic	Action	Responsibility	Due Date
FAC Induction Process	- Induction meeting with all new members (including elected members to understand their needs). - Development of an induction kit including work program, financial statements, risk profile, etc	Manager Corporate Governance	February 2017 and as required.
Agenda Distribution	- Ensure all agendas are distributed within legislative timeframes (3 clear days – not including the day of the meeting) and where possible, issue agendas a day early.	Manager Corporate Governance	Based on meeting schedule
Quality of reports	- In line with Council reports, authors are requested to write short and concise reports (approximately 2 pages). Supporting material to be provided within Appendices	General Managers	On going
Follow up of actions	- Managers are requested to ensure that items identified in the business arising are delivered within agreed timeframes. If the actions cannot be completed for various reasons, discussions should occur with the FAC (and be noted in the minutes) that it is agreed that the item be removed	General Managers	On going
Information flow to the Committee	- Major risks, important decisions and issues are reported to the FAC as they occur rather than waiting for a meeting.	General Manager Corporate Services	On going
Reporting of significant risks to the Committee in-between meetings	- As above	General Manager Corporate Services	On going
Risk Tolerance	- Further work be completed with the FAC regarding the setting and recommending to Council a define risk tolerance. The corporate risk profile is due to be reviewed in February 2017	Unit Manager Risk	February 2017
Policy	- The development of a Policy Framework to set the strategy for both public and administrative policy and procedures	Manager Corporate Governance	May 2017
Compliance and Internal Controls	- The development of a Compliance Framework, including reporting requirements	Manager Corporate Governance	December 2017

CITY OF MARION
FINANCE AND AUDIT COMMITTEE MEETING
15 DECEMBER 2016

Manager:	**Kate McKenzie, Manager Corporate Governance**
General Manager:	**Vincent Mifsud, General Manager Corporate Services**
Subject:	**Policy Framework**
Report Reference:	**FAC151216R7.4**

REPORT OBJECTIVES

To provide the Finance and Audit Committee with an overview of the plan and approach to develop a Policy Framework for the City of Marion.

EXECUTIVE SUMMARY

It has been noted through the drafting of new policy and the review of existing policy, that the City of Marion would benefit from a more strategic and consistent approach to policy development.   A number of improvements opportunities have been noted such as:

- Most policies are a combination of policy and procedure and should be separated in two documents.

- Policy documents should be a high level document that provides clear, simple direction regarding how the Council intend to conducts its services, actions and business. It should include policy objectives and assist with decision making.

- Procedure documents should contain the detail of how the Policy will be implemented and actioned in day to day operations.

In addition to this, a review of the policy suite has been undertaken and many policies are:

- Outdated and do not have review dates.

- Some do not indicate when they were adopted and by whom.

- There seems to be a lack of strategic approach to policy development and policies have been developed based on need at the time rather than considering a holistic approach to guide decision.

There are a number of policies required by the Local Government Act 1999 (LG Act 1999) which include but not limited to the following:

- Procurement and Contract Management (section 49)

- Public Consultation (section 50)

- Elected Member Expense, Facilities, Support (Sections 77,78)

- Access to legal advice for Elected Members (78a)

- Elected Member Training and Development (80a)

- Assigning a name or changing the name of a road or public place (219(5))

- Order Making (259)

- Grievance Policy (270)

The requirement for a compliance framework has also been identified but it is suggested that the development of a Policy Framework should occur first to set the approach. The Policy Framework will establish a structure of policy documentation into grouping and categories that makes it easier for Council and employees to find and understand the contents of various policy documents. It will also develop a policy hierarchy being clear of what is public policy, Council policy and administrative policy.

Appendix 1 provides the high level approach for the Policy Framework and also identifies the other aspects that would feed into an overarching plan.

The actions and timeframe to deliver the Policy Framework are scoped as follows:

- FAC review and feedback on the high level Framework (December 2016)

- Define the City of Marion strategic needs from a policy perspective and the details of the framework – to be presented to FAC for review and feedback (February 2017)

- In conjunction with the internal auditors, develop an action plan for review, development and consolidation of policies and procedures (May 2017)

- Delivery of action plan to be monitored by the FAC (on going after May 2017)

CONCLUSION

The development of a Policy Framework will assist with a logical structure to organise policies and procedures into groupings and categories to assist the community, elected members and staff understand the decision making of the City of Marion.

RECOMMENDATION	DUE DATE
That the Finance and Audit Committee note the plan and approach to deliver the City of Marion Policy Framework and provide feedback on the high framework outlined in Appendix 1.	**December 2016**

Public Policy versus Governance Based Policy?

CITY OF MARION

Public Policy

Strategic objective
The vision for the theme

Public Policy
The commitments Council will set for everything it does to ensure the vision for the theme is achieved

Strategic planning
What achievements will we aim for over the longer term

Governance

Local government legislation

Other corporate legislation

Corporate Policy
The commitments the council organisation makes to ensure it complies with it's legislated requirements

Directives
The minimum requirements for all employees, processes and operations to ensure compliance with policy (and legislation)

Operational

Business Planning
At the operational level what needs to be done to meet plan, and how will that happen

Procedures
Detailed process documents, augmented by guidelines and work instructions, developed managed and owned at the operational level that need to comply with company policies

Delivery
Project planning, execution, change management and delivery to operationalize the strategic plan
Ongoing management of operations in line with public and corporate policy

Internal Audit
Programmed testing of compliance at the operational task level

Compliance Framework
Proactive monitoring of compliance with obligations (including events)

CITY OF MARION
FINANCE & AUDIT COMMITTEE
15 DECEMBER 2016

Originating Officer:	**Deborah Horton, Unit Manager Performance & Improvement**
Manager:	**Kate McKenzie, Manager Corporate Governance**
General Manager:	**Vincent Mifsud, General Manager Corporate Services**
Subject:	**Ombudsman SA Annual Report 2015/16**
Report Reference:	**FAC151216R7.5**

REPORT OBJECTIVES

To provide information extracted from the South Australian Ombudsman (the Ombudsman's office) Annual Report 2015/16 (the report) with particular reference and explanation of statistics relating to Local Government and the City of Marion.

EXECUTIVE SUMMARY

The Ombudsman's office received a total of 24 complaints relating to the City of Marion in 2015/16, these include;

- Four (4) complaints related to other agencies,

- Three (3) complainants did not provide outcomes or details for further investigation,

- Five (5) complaints were refused to be investigated,

- 12 complainants were referred back to the City of Marion.

This report provides the City of Marion with a greater understanding of the categories of complaints investigated and the administrative standards expected by the Ombudsman office and to identify possible areas for improvement where relevant.

RECOMMENDATION	DUE DATE
That the Finance and Audit Committee:	
1. Notes the report.	**15 Dec 2016**

BACKGROUND

The SA Ombudsman presents an annual report to Parliament which summaries the activities, investigations, initiatives and achievements for the past financial year. Of particular interest is the investigations undertaken by the Ombudsman relating to Local Government generally and the City of Marion. The full report can be accessed at: www.ombudsman.sa.gov.au

The report has presented information in a different format to that of previous years, no doubt due to the Ombudsman's increased jurisdiction over complaints in accordance with the *Independent Commissioner Against Corruption Act* (SA) 2013 and the enactment of the *Return to Work Act* (SA) 2014.

ANALYSIS:

Relevant Local Government highlights

- A total of 909 local government complaints within the Ombudsman's jurisdiction were 'received' during 2015/16 – 23 less than 2014/15.

- In June 2015, the Ombudsman commenced an audit of local council's implementation of the obligation under section 270 of the *Local Government Act 1999* to establish a procedure for an internal review of a council decision. The results of this audit have been published on the Ombudsman's website. Key messages of the audit include:-

    o Importance of the right of review for citizens and ratepayers to challenge decisions of council

    o The use of section 270 reviews under the Local Government Act by Councils are uneven and inconsistent

    o Councils are willing to 'strengthen and develop their decision making accountability measures'[1]

    The Ombudsman had written to all Councils requesting Councils to provide a response on recommendations within the report by 31 March 2017. He has indicated that he expects to finalise an implementation report on Council responses by 30 June 2017.

- The top three areas of complaints in local government relate to the following;

    o 182 complaints (19.8%) – unreasonable enforcement parking fines

    o 80 complaints (8.7%) – inappropriate development allowed

    o 53 complaints (5.8%) – inadequate complaint handling process

- The top three complaints received per /10,000 population were:-

    o District Council of Elliston, 65.6 complaints
    o City of Adelaide, 58.2 complaints
    o District Council of Coober Pedy, 49.9 complaints

- **Appendix 1,** diagram 1 provides a visual comparison of complaints received in metropolitan local government relating to the number of complaints per 10,000 head of population.

City of Marion Key Highlights

The following highlights have been extracted from the Ombudsman's Annual Report and comparing these statistics with six monthly reports received from the Ombudsman's Office.

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[1]Ombudsman SA, Right of Review, "An audit of Local Government Internal Review of Council Decisions Procedures, November 2016, page 50.

Report Reference: FAC151216R7.5

The phrase "*referrals back to the Agency*" used within documents produced by the Ombudsman's Office indicate that the complainant has been encouraged to contact Council.

In some instances, this contact may be the first time that Council may have heard of the complaint (they may have called anonymously) or there may be a record of the complaint and they have requested;

o   No further action from Council;

o   Further action from Council which has not been finalised at the time contact with the Ombudsman was made;

o   Requested further action from Council and are not satisfied with the outcomes.

In some cases, the complainant may not have contacted Council again, even after the request of the Ombudsman's office.

Key highlights include:

* The Ombudsman received in total 24 complaints pertaining to the City of Marion in 2015/16 (**Appendix 1** diagram 2 shows a comparison of complaints made over the past three financial years).[2]

* Five (5) complaints were declined to be investigated by the Ombudsman's office. Of these five complaints, two were initially referred back to Council and three were declined in the first instance. These three complaints related to;

    o   Unreasonable council process

    o   Unreasonable expiation notice

    o   Unreasonable decision to close a council facility/service

* 12 complaints were referred back to the City of Marion, of these 12, eight (8) complaints related to four (4) complainants (four complainants complained twice). The issues raised by the four complainants relate to;

    o   Failure to act on complaint about damage to wall

    o   Unreasonable development approval process

    o   Unreasonable decision regarding phone tower

    o   Failure to manage complaint and unreasonable investigation of complaint regarding disruptive neighbour

* The Ombudsman did not undertake any formal investigations under Section 25 of the *Ombudsman Act 1972* during the 2015/16 financial year and therefore no findings were made.

* Four (4) complaints registered with the Ombudsman's were resolved with assistance of, or by another agency;

    o   Two complaints related to rubbish collection.

    o   One complaint related to an unreasonable expiation notice which was not a Council expiation.

    o   One of the four complaints related to a failure to claim for injury. This related to a trip and fall in a sunken Testra pit by a resident on 9 Clifton Avenue, Morphettville. This claim was referred back to Telstra.

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[2] Ombudsman SA Annual Report 2015/16 pg 30 identifies 27 complaints, however 6 monthly reports received from the office identify 24.

- Three (3) complaints registered with the Ombudsman's office did not report outcomes which related to;

  o Unreasonable investigation of complaint regarding disruptive neighbour

  The Ombudsman has completed a formal investigation under Section 25 of the Ombudsmans Act in a previous financial year. This complaint relates to allegations of burning items/smoke coming from a neighbouring property. The City of Marion has undertaken a section 270 review of a council decision with process improvements made, but no change to the outcome. This matter is in the main a civil dispute, however the City of Marion continues to work with the Ombudsman's office and state government agencies and has allocated a Council contact officer to assist the complainant where possible.

  o Unreasonable complaint handling

  This complaint relates to allegations of 'unsightly' property and parking on the Council verge. A section 270 review was completed regarding the original decision of Council staff with process improvements made, but no change to the outcome. The complainants were not satisfied with the outcome and raised further complaints with the Ombudsman's office. The Ombudsman completed a formal investigation under Section 25 of the Ombudsman Act but the outcomes were not reported until July 2016 (hence after the conclusion of the financial year). The Ombudsman found that the council did not act in a manner that was unlawful, unreasonable or wrong within the meaning of section 25(1) of the Ombudsman Act regarding the length of time to complete the review. He also concluded that the internal review panel was not biased and did not ignore facts provided by the complainant. He did find that the Council had used the boundary survey data and relied upon this information to issue an expiation, therefore making a finding that the Council had acted in manner that was wrong within the meaning of section 25 of the Ombudsman Act and the Council should indicate to the complainants how the boundary survey data was used and offer the contribute the costs. These actions have been completed

  o Allegation of corruption by Elected Member

  This complaint related to the alleged conduct of an elected member during the development and progression of a Council major project. The Ombudsman sought comment direct from the Elected Member and the complaint did not progress to a formal complaint and hence the Ombudsman did not report any outcome.

CONCLUSION:

The Ombudsman plays an important role for investigation of complaints about local government agencies. The City of Marion continues to improve processes by ensuring that such reviews are based on good practice and continuous improvement.

Appendix 1   Additional Information - Diagrams

Appendix 2   Summary of complaints referred back to the City of Marion
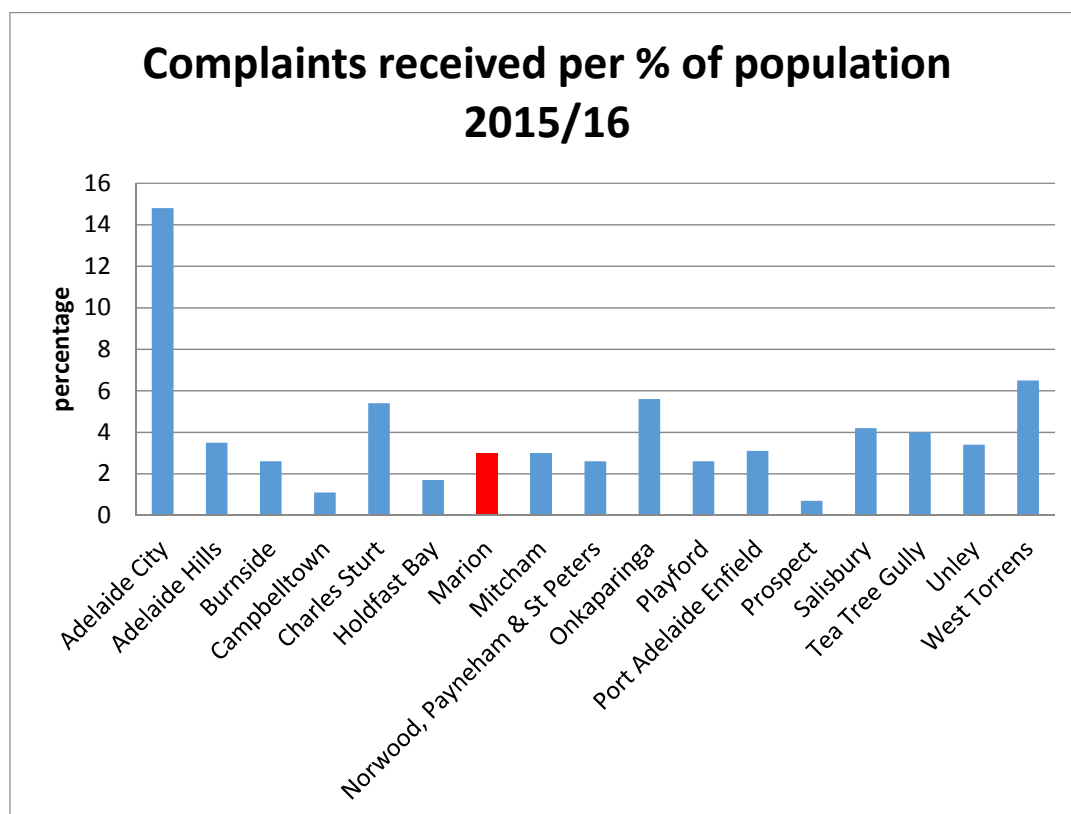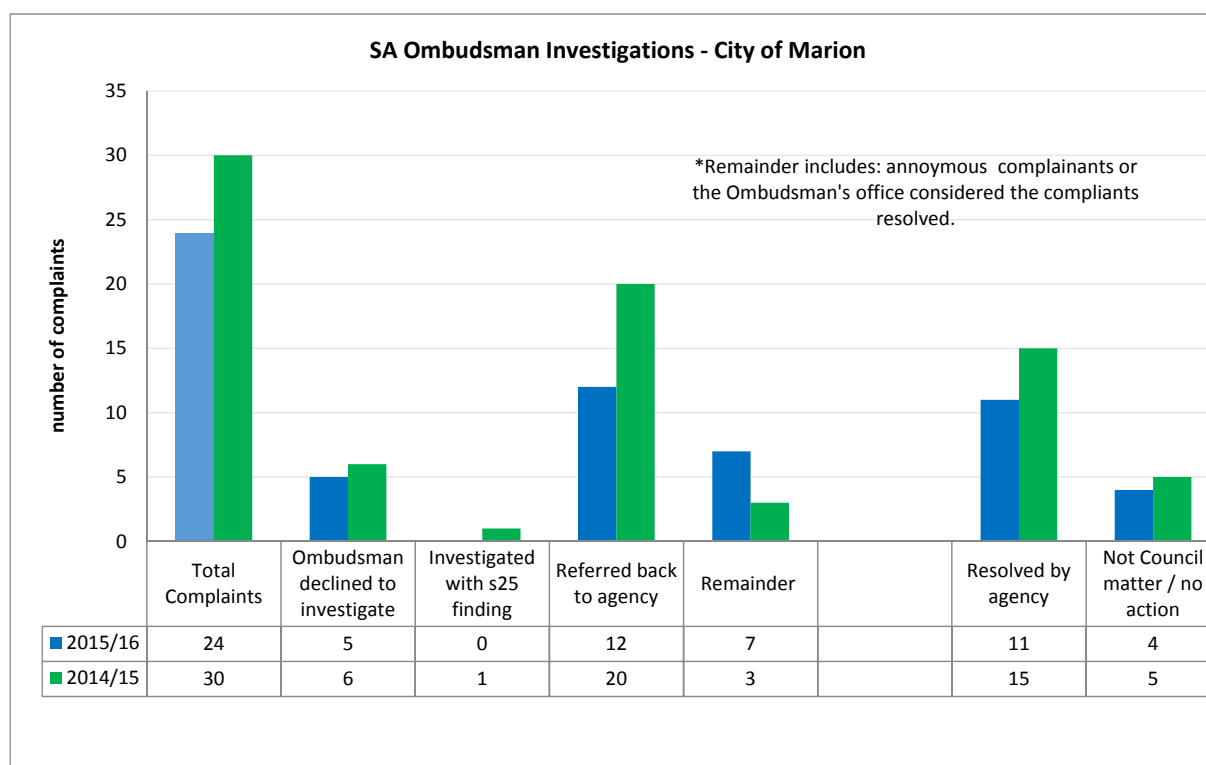
Appendix 1

Diagram 1

Complaints received per % of population 2015/16

Diagram 2

SA Ombudsman Investigations - City of Marion

*Remainder includes: annoymous complainants or the Ombudsman's office considered the compliants resolved.

	Total Complaints	Ombudsman declined to investigate	Investigated with s25 finding	Referred back to agency	Remainder		Resolved by agency	Not Council matter / no action
2015/16	24	5	0	12	7		11	4
2014/15	30	6	1	20	3		15	5

Report Reference: FAC151216R7.5

Summary of complaints '*referred back to the Agency'*

- 12 complaints were 'referred back' to the City of Marion with claims of various unreasonable outcomes, which were managed by the respective area responsible for the complaint with a short summary provided of any action as a result of the complaint;

  o Failure to act on complaint about damage to wall (two)

    ▪ A complaint was registered twice with the Ombudsman by the same complainant and a Section 270 review of a council decision was undertaken by staff. The essence of the complaint is a civil matter (treatments to fencing and land dividing the properties). The complainant sought remedy through courts. Council considers the matter closed.

  o Failure to enforce conditions relating to a balcony screening (one)

    ▪ City of Marion attended a residence to assess a complaint made about a balcony overlooking a neighbouring bedroom window. Minor treatments were made to the balcony area in accordance with the Development Act to address the complainant's privacy concerns. The matter was closed in August 2016.

  o Unreasonable development approval process (two)

    ▪ The complainant requested a Section 270 review of a council decision contending council incorrectly processed a proposed development as a category two development rather than a category three development. The outcome of the Section 270 review resulted in no change to the decision. Not satisfied with the outcome, the complainant sought remedy through the Environment Resources and Development Court and appealed to the Supreme Court of South Australia unsuccessfully. The matter is considered closed.

  o Unreasonable refusal to replace fence (one)

    ▪ City of Marion was unaware that a complaint was made to the Ombudsman and no complaint has subsequently been received by Council.

  o Unreasonable decision regarding phone tower (two)

    ▪ A complaint was made to the Ombudsman's Office twice from the same complainant regarding the installation of a telephone tower on adjoining land. The matter was pursued by the complainant through the Environment Resources and Development Court unsuccessfully.

  o Unreasonable enforcement action (one)

    ▪ City of Marion was unaware that a complaint was made to the Ombudsman and no complaint has subsequently been received by Council.

  o Failure to repair damage to driveway (one)

    ▪ City of Marion was unaware that a complaint was made to the Ombudsman and no complaint has subsequently been received by Council.

  o Failure to act on complaint (one)

    ▪ A barking dog complaint was registered by one complainant on behalf of two other neighbours. Council undertook a Section 270 review, the

outcome recommended seven process improvements including mediation between the neighbours. The complainant contacted the Ombudsman's office on 4 March 2016 prior to Council's final report sent on 23 March 2016. The Ombudsman referred the complainant back to Council. There have been no further complaints since the report was finalised and the matter is considered closed.

o   Unreasonable request for repairs to footpath (one)

▪   City of Marion was unaware that a complaint was made to the Ombudsman and no complaint has subsequently been received by Council.

CITY OF MARION
FINANCE AND AUDIT COMMITTEE MEETING
15 DECEMBER 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 Interim Risk Report**

Report Reference: **FAC151216R7.6**

EXECUTIVE SUMMARY

The objective of this report is to provide the Finance & Audit Committee (FAC) 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:

The FAC was provided with the WHS Annual Risk Report at its meeting on 31 May 2016 (FAC310516R7.6).

The Committee noted that in 2014 the Risk Team incurred a 75% turnover of staff. The team operated on reduced resources for an extended period of time whilst recruitment was occurring, which is reflected in the audit results for 2014/15 with only 39% of agreed actions completed. In 2015/16, 98% of agreed actions were completed with good progress being made across the organisation.

The Committee also noted that the current Key Performance Indicator for the Lost Time Injury Frequency Rate (LTIFR) of a 1% reduction could be altered to reflect a stretch target. The Committee also suggested it would be useful to compare information, statistics and trends from other Councils.

The Committee suggested that safety should be a focus for Council and Council should consider a WHS item as part of its agenda as an on-going item.

The Committee also noted that WHS is being further integrated through the organisation and is included as part of Work Area Planning, Professional Development Plans for staff, etc.

The Committee noted the report and requested that an interim report be provided in six months as a means to update the Committee.

RECOMMENDATIONS: **DUE DATES**

That the Finance and Audit Committee:

1. **Notes the report**		**15 December 16**
2. **Reviews and provides feedback on performance results and steps outlined for improving and embedding WHS outcomes.**		**15 December 16**

DISCUSSION:

LGAWCS KPI Audit Report

Each year, the City of Marion is audited by the Local Government Association Workers Compensation Scheme (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. Table 1 below demonstrates the audit results for the past two years, keeping in mind that the audit topics vary from year to year.

Table 1: WHS and RTW Audit Results

Year	Work Health and Safety	Return to Work	Total
2015	0 conformances, 2 observations, 9 non-conformances	12 conformances	23
2016	3 conformances, 1 observation, 7 non-conformances	8 conformances, 1 observation, 5 non-conformances	25

The LGAWCS KPI Audit and Appraisal Report 2016 resulted in improvement based on the previous year's WHS results, however the number of conformances reduced in the RTW audit. The majority of non-conformances related to minor issues within documentation that had not been identified in the previous audit.

It did however recognise *"that a signification amount of work has been completed by the City of Marion over the last 12 months on the development/setting up of the framework of the WHS Management System and commencing the embedding of this system across the organisation".* The work integrating the critical elements of WHS into work areas continues with oversight from the Executive Leadership Team.

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 this process in comparison to last year. There has been significant input and effort from many work areas across the organisation in order to achieve significant improvement in the closing out of identified actions.

Table 2: LGAWCS Premiums and Action Plan Results

Year	Premium	Rebate	Special Distribution	Net Cost	Action Plan Results
2015-16	$1,300,245	$308,152	$46,608	$945,485	98% Actions Complete
2016-17	$1,296,216	not yet received	$46,608	TBD	100% Actions Complete

Note: The rebate for 2016-17 has not been provided yet, however it is expected to be favourable due to all actions being successfully completed in this period.

Key Performance Indicator – Lost Time Injury Frequency Rate

The organisational KPI for the LTIFR was revised by Council for the 2016/17 year to reduce the 2015/16 result of 27.3 by 25% to achieve an LTIFR of below 20.4.

Safety indicators are measured and monitored against our industry counterparts being Group A Councils ([1]GaC) measure improvement. Two important safety indicators measured are Lost Time Injuries ([2]LTIs), outlined in Tables 3 and 4 from internal incident reporting data, and Lost Time Injury Frequency Rate ([3]LTIFR) from the LGA's Claims Analysis Portal data, outlined in Figure 1.

Table 3: Number of LTIs per month - Financial Year 2015-16

Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Total
0	1	4	2	2	0	3	1	2	1	2	0	**18**

Table 4: Number of LTIs per month - Financial Year 2016-17

Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Total
0	1	2	0	1								**4**

Figure 1: LTIFR per month – Financial Year comparison against Group A Councils
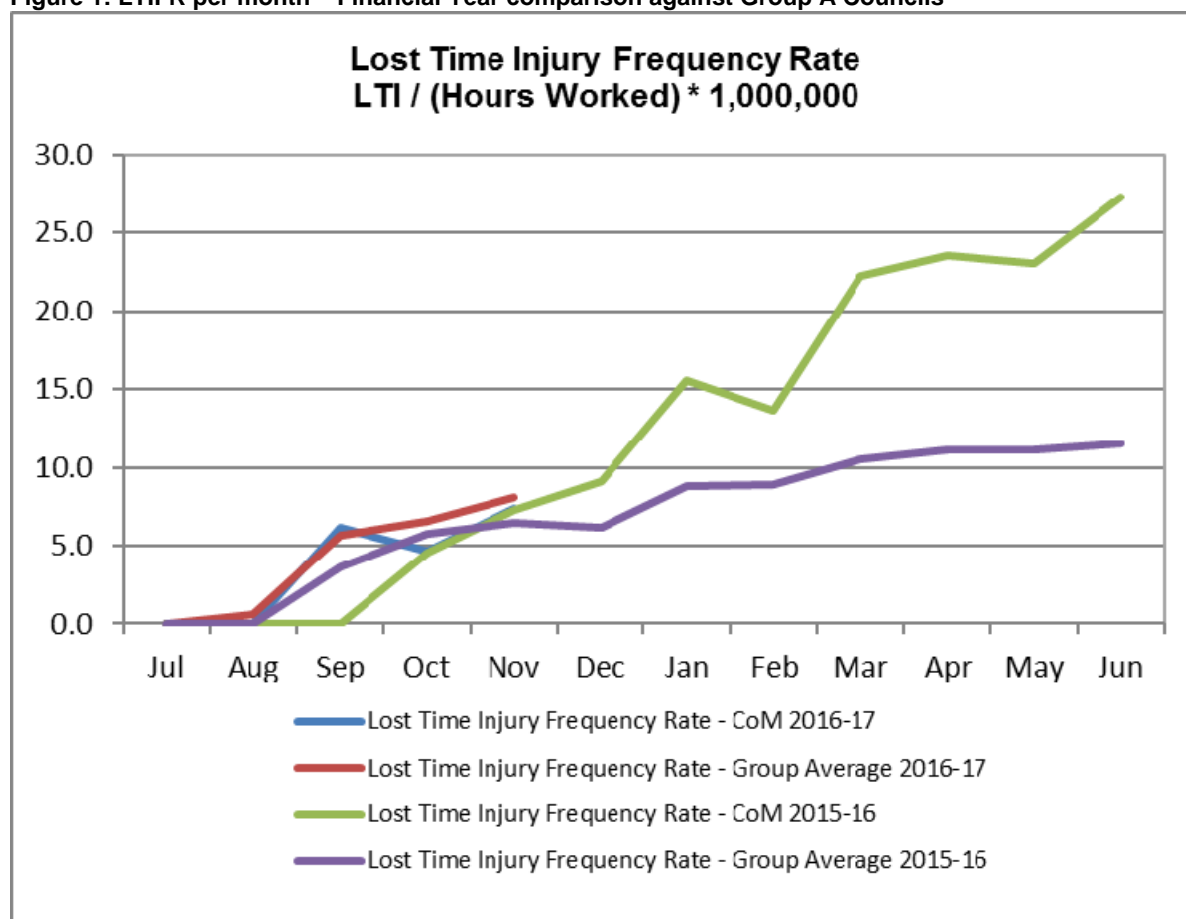
Note: The graph will always trend up as it starts at zero each financial year.

Although we have recorded four LTI's as at the end of November, for which claims have been lodged with the LGAWCS, the LGAWCS claims data reports an LTIFR of 7.4. This figure is only representative of two LTI's due to the third and fourth LTI, either not being accepted yet, or the fortnightly payroll data for time lost has not yet been processed by the Scheme.

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1 GaC are metropolitan councils with more than 300 staff ie Marion, Adelaide, Charles Sturt, Onkaparinga, Playford, Port Adelaide Enfield, Salisbury and Tee Tree Gully.

2 LTIs are those injuries where a whole work day or more has been lost due to a workplace injury.

3 LTIFR is an industry standard tool for measuring LTI's within a given accounting period which enables comparison to other organisations for the purpose of benchmarking.

Report Reference: FAC151216R7.6

The four LTI's recorded have been categorised into four primary classes of injuries;

1. One x Manual handling (muscular stress while lifting or carrying).
   A back injury whilst sorting concrete from recycling piles.
2. One x Falls from the same and differing levels (slips, trips and falls).
   A broken ankle whilst walking on a wet slippery surface.
3. One x Repetitive movement (low muscle loading).
   An elbow strain from a manual labour task, ie repetitive spreading of mulch.
4. One x Mental Stress Claim.
   This claim is the result of an allegation of bullying and is yet to be determined.

Other Achievements

The emphasis being placed on the Think Safe Live Well vision of Zero Harm with Enhanced Wellbeing has improved a number of other performance indicators as outlined in table 5 below:

Table 5: Alternative Performance Indicators

Performance Indicator	Ave of past 5 years	2015/16 result	% Variation
LTI days	459	257	-44.0
Total Days Lost	732	523	-28.5
Number of Claims	35	25	-28.5
Net Paid	$497,706	$336,843	-32.3

WHS Reporting

To ensure that safety is a focus for Council, a Monthly WHS Performance Report is now being tabled at the last General Council Meeting of the month as a standing agenda item.

WHS Integration

WHS is further being integrated through the organisation and is now included as part of Work Area Planning and Professional Development Plans by outlining LTI's to date and the percentage of HSE Hazard Register actions undertaken within timescales.

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.

These strategies aim to reduce the number of LTI's. This will support the achievement of Council's revised KPI of a 25% reduction in the LTIFR for the 2016-17 reporting period which also aligns with The Think Safe Live Well program's vision of "Zero harm with enhanced wellbeing" and reduce the risks to staff in the workplace.

CITY OF MARION
FINANCE AND AUDIT COMMITTEE MEETING
15 DECEMBER 2016

Manager:	**Ray Barnwell, Manager Finance**
General Manager:	**Vincent Mifsud, General Manager Corporate Services**
Subject:	**External Audit Tender - Update**
Report Reference:	**FAC151216R7.7**

REPORT OBJECTIVES AND EXECUTIVE SUMMARY

The current external audit contract with Deloitte is due to expire at the conclusion of the audit for the 30 June 2016 financial year. A report was presented to the Finance and Audit Committee (FAC) at its meeting on 16th August (FAC160816R7.3) providing an overview of the approach and timeline for the external audit tender. The FAC is required to oversee the tender process and make a recommendation to Council at the conclusion of the tender.

The purpose of this report is to provide the FAC with an update in regards to the external audit tender.

BACKGROUND

Sections 128 and 129 of the *Local Government Act 1999* outlines the requirements regarding Council's obligations to have an auditor, the conditions of their appointment and the conduct of the auditor.

The appointment of an auditor must not exceed a period of 5 years and a firm may be reappointed at the expiration of a terms of office if the audit partner that held the office of auditor of the council for at least 5 successive financial years, does not then play a significant role in the audit of the council for at least 2 financial years.

UPDATE

The tender documentation has been prepared and the process commenced in accordance with the recommendations made by the FAC at their 16th August 2016 meeting:
1. A short list of four companies (2 large and 2 medium size firms) have been approached as part of a select tender process, on the basis that they are known to have the capability, capacity, experience and/or knowledge specific to Local Government to conduct this type of audit.
2. In this process the market will be tested for the type of contract term and what would be best for the organisation, on the basis of either a (1) 5 year fixed price contract or (2) 3 year plus two years fixed price contract.
3. A report seeking FAC consideration of the recommended tenderer will be brought to the 28 February 2017 meeting.

RECOMMENDATION	DUE DATE
That the Finance and Audit Committee notes this Tender update report.	**15 Dec 2016**

CITY OF MARION
FINANCE & AUDIT COMMITTEE MEETING
15 DECEMBER 2016

Originating Officer:	**Deborah Horton, Unit Manager Performance & Improvement**
Manager:	**Kate McKenzie, Manager Corporate Governance**
General Manager:	**Vincent Mifsud, General Manager Corporate Governance**
Subject:	**Internal Audit Program Status Report**
Report Reference:	**FAC151216R7.8**

REPORT OBJECTIVES

To provide the Finance and Audit Committee (the Committee) with an overview of the status of the internal audit program.

EXECUTIVE SUMMARY

The Committee endorsed the Internal Audit Program 2015-17 at its meeting of 15 December 2015 (AC151215R7.7).

Since the last Finance & Audit Committee meeting (FAC041016R7.12) Corporate performance reporting, Accounts Receivable and IT Cyber Security internal audits have commenced.

The Purchase Card review (deferred from 2015/16) is also in progress.

Implementations of recommendations are in the main on track with overdue recommendations and their associated risk status reported separately.

RECOMMENDATION:	**DUE DATE**
That the Finance & Audit Committee:	
1. **Notes this report and provides any feedback on the progression and management of the Internal Audit Program.**	**15 Dec 2016**

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 various operations of Council. The Internal Audit Program brings a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal controls and the governance process.

DISCUSSION

Internal Audit Plan 2016/17

The following table provides information regarding the approved projects for 2016/17;

Project	Commence Date	Scope	Progress	1st Draft	Final Draft	FAC
Corporate Performance Reporting	Nov 16	✓	Due to commence in Jan 17			May 17
Accounts Receivable	Oct 16	✓	✓			Feb 17
Purchase Cards	Dec 16	✓	✓			Feb 17
IT Security – Cyber maturity	Nov 16	✓	✓	✓		Feb 17
Policy Framework review	March 16	FAC Feb 17				May 17
Property Portfolio Management	March 16	FAC Feb 17				May 17

Corporate performance reporting

This project has been scheduled to commenced in January 2017. It is unlikely that the final report will be ready for the February 2017 meeting and hence more realistic that the final report will be presented to the Committee in May 2017.

Accounts receivable

This review has commenced with the majority of field work completed. The review has focused on procedures for receiving and receipting monies, aged debtors process, master file maintenance, monthly reconciliations, management of overdue rates and the collection of rates. A close out meeting has yet to occur. It is anticipated that this report will be presented to the Committee in February 2017.

Purchase cards

This review has commenced and field work is in progress. The review is focusing on transactions, supporting documentation, reconciliations and authorisation of payments and the effectiveness of key controls. It is anticipated that this report will be presented to the Committee in February 2017.

IT Cyber Security

This review has commenced and the field work is complete. KPMG have utilised a "cyber security maturity model" to identify the current level of cyber maturity across the organisation with particular emphasis on;

- Leadership and governance,
- Operations and technology,
- Information Risk Management,
- Human Factors,
- Legal and compliance
- Business Continuity Management.

The report is in draft with preliminary findings currently being considered by management. The report does reflect that the City of Marion is operating above the Australian average for Local Government organisations but some further improvement is required to increase maturity levels. This review is 90% completed and will be reported to the FAC in February 2017.

Monitoring Internal Audit Recommendations

The table below provides the status of recommendations from the Internal Audit Plan 2015-2017 as at 30 November 2016.

It is noted that a total of 30 recommendations have been made, with 18 completed (including all high recommendations), 3 are on track and 9 are overdue;

Project	Findings	On Track	Overdue	Completed	Comments
Capital Works Program	8		6	2	All recommendations from this audit were due 30 September 2016. The six recommendations yet to have been completed relate a broad review of Asset management. This will be addressed during the Asset Information Management planning cycle and service review, which is scheduled to occur Qtr 3 commencing January 2017.
Payroll	6		2	4	The two outstanding recommendations relate to process improvements relying upon software, one relates to the new Sharepoint system (which is not fully integrated) and another regarding BIS systems with 'user setups requiring finalisation before rollout can commence'.
Building Insurance & Asset Valuation	8	1	0	7	The outstanding recommendation relates to insurances and the original due date was 30 September 2016. The Council has requested a report to come to Council in March 2017 regarding the cost benefit of the LGA. This work will form part of that report. The due date has been adjusted to March 2017.
Cash Handling	8	2	1	5	Two recommendations are due to be implemented 30 December 2016 and 30 June 2017 and are therefore on track.

The remaining overdue recommendation relates to process and policy improvements that have been reviewed and are scheduled for approval with the Executive Leadership Team |
| **TOTAL** | **30** | **3** | **9** | **18** | before implementation in December 2016. |

The table below indicates the risk rating of those recommendations that are overdue and their associated risks;
s

Project	Low	Moderate	High	Critical
Outstanding recommendations by priority				
Capital Works Program	4	2		
Payroll		2		
Cash Handling		1		

CONCLUSION

The Internal Audit Program provides assurance to the Council (via the Finance & Audit Committee) that operations, internal controls and processes are operating in an efficient and effective manner.

CITY OF MARION
FINANCE & AUDIT COMMITTEE MEETING
15 DECEMBER 2016

Originating Officer:	**Deborah Horton, Unit Manager Performance & Improvement**
Manager:	**Kate McKenzie, Manager Corporate Governance**
General Manager:	**Vincent Mifsud, General Manager Corporate Governance**
Subject:	**Organisational Service Reviews Qtr 1 2016/17 Recommendations**
Report Reference:	**FAC151216R7.9**

REPORT OBJECTIVES

To provide the Finance and Audit Committee (the Committee) with options and recommendations of the following first three service reviews due quarter one, 2016/17 financial year:

- Governance (Appendix 1)
- Recruitment (Appendix 2)
- Marion Outdoor Swim Centre (Appendix 3 - confidential report)

EXECUTIVE SUMMARY

In line with the Service Review Program for 2016/17, three service reviews have progressed though quarter one being Governance: Council Reporting and Elected Member Support, Recruitment and the Marion Outdoor Swim Centre.

RECOMMENDATIONS	**DUE DATES**
That the Finance & Audit Committee:	
1. **Notes this report.**	**15 Dec 2016**
2. **Provide feedback on the proposed service review recommendations for;** - **Council Reporting and Elected Member Support – Appendix 1** - **Recruitment – Appendix 2** - **Marion Swim Centre – Appendix 3 - confidential report**	**15 Dec 2016**

BACKGROUND

At its meeting of 27 September 2016, Council endorsed the Service Review Program for 2016/17 (GC270616R05). This program identified 13 services in total, scheduled across the four quarters of the financial year. Following this endorsement on 4 October 2016, the Finance & Audit Committee was presented the quarter one and two scoping documents for the first set of service reviews. This report provides the reports including 'options' and 'recommendations' of each of the three services scheduled and reviewed this first quarter.

ANALYSIS

Organisational service reviews 2016/17

The service review program identified the following reviews to be completed in quarter one 2016/17, with a synopsis provided below;

Governance (Appendix 1)

This review focussed upon council reporting processes and Elected Member support to ensure that these services are delivered in an efficient manner. The report highlights the manual nature of the service and identifies improvements and efficiency through the implementation of software. There are a total of 4 high level recommendations to be implemented over the next 12 months.

Recruitment (Appendix 2)

This review identified that recruitment is an essential service provided by the Human Resources team and various efficiencies have been identified that build upon innovative approaches to recruitment.

City of Marion Outdoor Swim Centre (Appendix 3 – confidential report)

Building upon the work already undertaken on the pool regarding a Master Plan, this review focused upon differing management options.

FUTURE MONITORING AND REPORTING

The following table provides a status update of the service reviews currently in progress, followed by an update on the next reviews which will be reported to the Finance & Audit Committee in February 2017;

Organisational Service Review Program 2016/17 (As endorsed 27 September 2016 (GC270616R05))					
Service	**Y**	**N**	**Progress %**	**1st Draft (F&AC)**	**Final Report Council**
1. Recruitment (Q1)	✓		100%	15/12/16	
2. Maintenance of Council Facilities (Q4)	-				
3. Marion Swim Centre (Q1)	✓		100%	15/12/16	
4. Parking & Abandoned vehicles (Q2)	✓		10%		
5. Asset Information Systems (Q3)	-				
6. Governance (Q1)	✓		100%	15/12/16	
7. Records Management (Q3)	-				

Report Reference: FAC151216R7.9

8. Management of Recycling Depot (Q2)	✓		10%		
9. Stores – Storage & Inventory (Q2)	✓		10%		
10. Cwth Home Support Program(CHSP) (Q2)	✓		25%		
11. Roads (Civil) and Road & Footpath Wks (Engineering) (Q3)	-				
12. Drainage	✓				
13. Libraries	✓		35%		

Note: this table identifies the status of the review only.

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. Feedback from the Committee on the scopes and progress of the program will assist management in the overall objectives and deliverables.

Governace Service Review Report

CITY OF
MARION

Council Reporting and Elected Member Support

Service Review Report

Version: *draft*
Date: *1 December 2016*
Prepared by: *Kate McKenzie, Manager Corporate Governance*
                 Jaimie Thwaites, Unit Manager Governance and Records

Governace Service Review Report

Index

Governace Service Review Report

Executive Summary

This report provides a review, analysis and recommendations regarding the Elected Member Support and Council Reporting functions to determine whether this service is being delivered in an efficient and effective manner that meets customer needs.

The services outlined within this report are primarily defined by the Local Government Act 1999 (the Act) and various Regulations but the process for delivery can be varied to suit the needs of the customer.

The scope for this service review was presented to the Finance and Audit Committee at its meeting of 4 October 2016 and the review has been completed through October to November 2016.

The review highlights that the services are delivered within legislative parameters and there is opportunity for refinement of the services, rather than large scale change.

Overall, the review makes 4 recommendations to improve the service for the Elected Members and Staff.

The main area for refinement identified in the review relates to the manual processes used. Efficiencies can be gained through the investment of technical/software solutions to deliver a better service.

1 Background

1.1 Service reviews

The term 'corporate governance' is defined by ASX Corporate Governance Council as "*the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled within corporations".* Good corporate governance will promote shareholder confidence and this translates to community confidence in a local government.

The governance arrangements for local government are largely defined by the Local Government Act 1999 (the 'Act') and various regulations but the processes (how the service is delivered) will vary from Council to Council to suit the needs of the individual Council.

This service review is focused on improving the Elected Member Support and the Council reporting functions that are currently delivered to the Elected Members at the City of Marion.

1.2 Objectives

The review will include consideration of:

- The role and functions performed by the Corporate Governance Department in delivering these services.
- Definition of the services provided to Elected Members including meeting and reporting for Council, Committees, Elected Member Forums, Ward Briefings and other ancillary services. The Development Assessment Panel is out of scope for this review.
- The value of the functions performed by the Governance Team in delivering these services.
- Legislative requirements.
- Identifying service levels, standards and processes.
- The costs associated with providing the service to determine if cost reductions or increases could be warranted.
- Service and activity innovations.
- Identify and recommend opportunities for improvement.
- Utilisation of external service providers for software to eliminate inefficient practices.

1.3 Service history

Many of the functions delivered by the Corporate Governance department have been established to support the requirements of the Act. For example, sections 6, 7 and 8 of the Act define the principle role of a Council, the functions of a Council and principles to be observed by Council. Section 8(a) of the Act requires that a Council must uphold and observed open, responsive and accountable government when performing its roles and functions. With this in mind, governance processes are developed to incorporate these broad principles. The functions listed below are undertaken by the Governance Team to deliver the requirements of the Act and Regulations.

- Preparation of agendas and minutes for Council (section 83(3)(4))
- Prepare Council reports as required and undertake supporting research (83(4)(b))
- Preparation of agendas and minutes for Committee Meetings (section 87(8)(9)
- Preparation of agendas and briefs for Elected Member Forums (Local Government (General) Regulations 2013)
- Maintain the progress report for the implementation of Council decisions at the conclusion of each Council Meeting, including the review of status updates provided by staff (section 99(1)(a)).
- Set up and support arrangements for the conduct of Council and Committee meetings including the ordering of supplies, meals, etc (ancillary service)
- Provide the following support to Elected Members:
  - Provision of advice and preparation of requested information (section 61)
  - Provision of support and facilities (section 78)
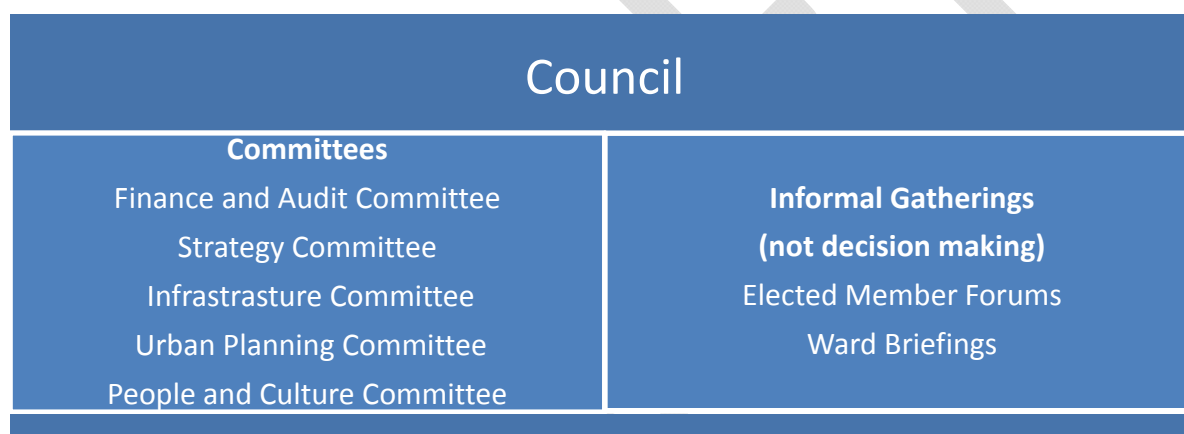 - Developing, maintaining and reporting against various Elected Member Policy

- o Maintain Elected Members Registers such as register of interests (section 68) and expenses and allowances on a quarterly basis.
- o Arrange for reimbursement of Elected Member business expenses (section 79)
- o Coordinate registration and payment for Elected Members attending conferences/seminars (section 88a)
- o Maintain the Elected Members room and distribute information and documents as require (ancillary service)
- o Prepare and maintain the Schedule of Delegations and Authorised Officers (section 44 and 260)
- o Annual review of Confidential orders (section 91(9))

Note – not all of these functions/services are addressed within this review

1.4   Structure of Council's decision making processes

The City of Marion is represented by 13 Elected Members, comprising of a Mayor and 12 Councillors representing 6 wards. Decision making of the Council occurs through a majority vote at Council meetings, various committee meetings or by staff through delegated authority. Informed decision making is critical to ensure that decisions are made in the best interest of the wider community. The structure outline in diagram 1 outlines the various means for Council to receive information and/or make decision.

Diagram 1 – Structure and meetings held during 2016

Council	
Committees	**Informal Gatherings**
Finance and Audit Committee	**(not decision making)**
Strategy Committee	Elected Member Forums
Infrastrasture Committee	Ward Briefings
Urban Planning Committee	
People and Culture Committee	

During 2016, the following number of meetings occurred (including special meetings);

- Council   21
- Finance and Audit Committee   7
- Strategy Committee   4
- Infrastructure Committee   5
- Urban Planning Committee   5
- People and Culture Committee   6
- Elected Member Forums   25
- Ward Briefings   52

TOTAL   125 meetings

In October 2016, Council reviewed its decision making structure and determined to implement the following structure to commence in 2017.

Council	
Committees	**Informal Gatherings**
- Finance and Audit Committee - Urban Planning - Strategy and Infrastructure - Review and Selection	- Elected Member Forums - Ward Briefings
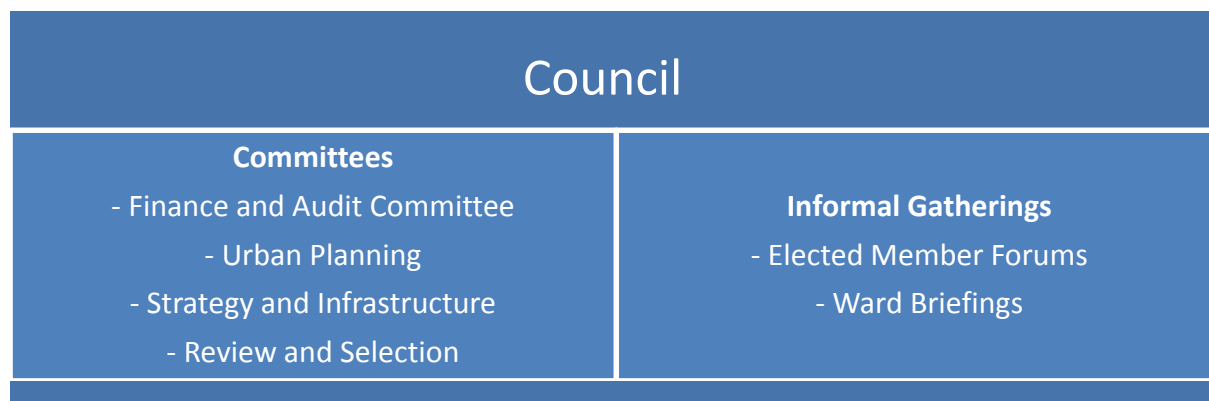
In planning for 2017, the following number of meetings have been scheduled;

- Council   18
- Finance and Audit   5
- Infrastructure and Strategy   10
- Urban Planning   6
- Review and Selection   4 (Ad-hoc committee – anticipating approx. 4 meetings)
- Elected Member Forums   13
- Ward Briefings   50 (TBC)
- **TOTAL**   **106**

1.5   Current service process

General Council Meeting

The process for General Council Meetings has been processed mapped to understand the current state which includes defining the costs.

Diagram 2 demonstrates at a high level the current process and average costs. It is important to note that these costs have been based on an average of 20 reports per meeting (this includes motion on notice, petitions, etc.). It is also noted that the complexity of the reports will vary from meeting to meeting, hence the figures should be used as a guide only.

- The average time taken for a Council meeting cycle (including all staff time) from start to finish is 12 days (1 day equals 8 hours). The time has been calculated on an average of 20 reports per meeting
- The average costs per meeting cycle is $8k
- The average annual cost is $136k. The cost has been calculated on an average of 17 general Council meetings per year
- The highest cost is associated with the agenda development and distribution being $61k for the 2016 calendar year

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Diagram 2 – General Council Meeting Process – high level
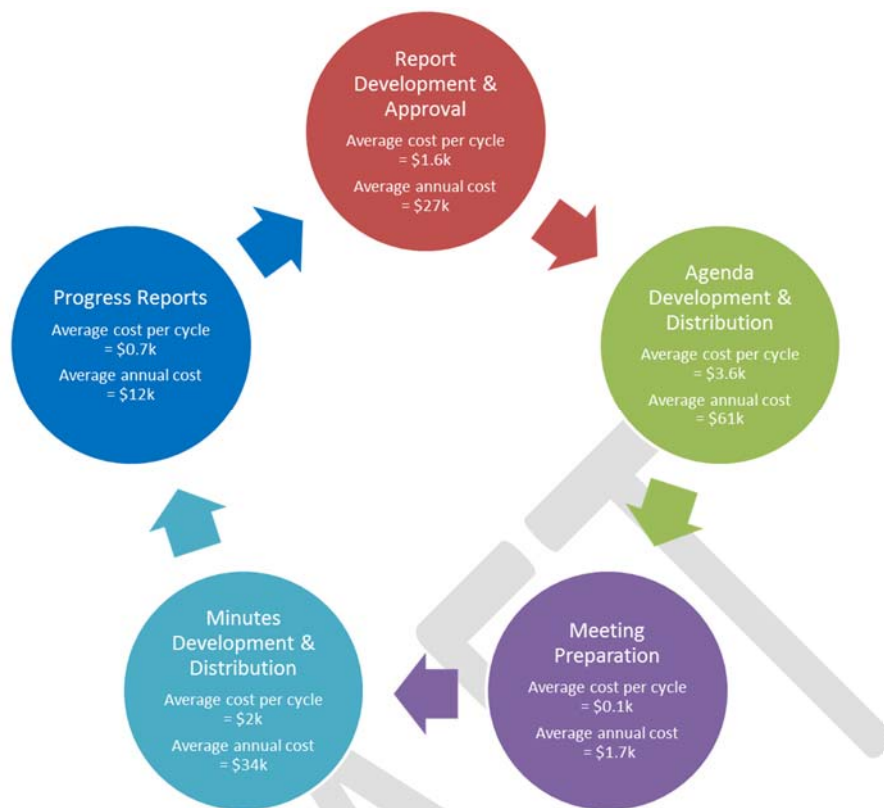
Committee Meetings

The process for Committee Meetings has been processed mapped to understand the current state which includes defining the costs. The Urban Planning Committee has been used for this purpose.

Diagram 3 demonstrates at a high level the current process and average costs. It is noted that:

- The average time taken to process an Urban Planning Committee meeting cycle (including all staff time) from start to finish is 5 weeks, 1 day and 4 hours. The reason for the time involved is due to the complexity of the reports and attachments. The development of a Development Plan Amendment can take a staff member several weeks/months to compile.
- The average costs per meeting cycle is $12.1k. The cost per meeting is more than Council meetings due to the complexity of the reports and attachments required for decision making.
- The average annual cost for the Urban Planning Committee is $60.5k.
- The highest cost is associated with the report development and approval with the average cost for this part of the service being $53k for the 2016 calendar year.
- It is noted that the time and costs have been calculated on a basis of 5 reports per meeting and 5 meetings per year.

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Diagram 3 – Committee Meeting Process – high level

Report
Development &
Approval
Average cost per cycle
= $10.6k
Average annual cost
= $53k

Agenda
Development &
Distribution
Average cost per cycle
= $0.7k
Average annual cost
= $3.5k

Meeting
Preparation
Average cost per cycle
= $0.1k
Average annual cost
= $0.5k

Minutes
Development &
Distribution
Average cost per cycle
= $0.7k
Average annual cost
= $3.5k
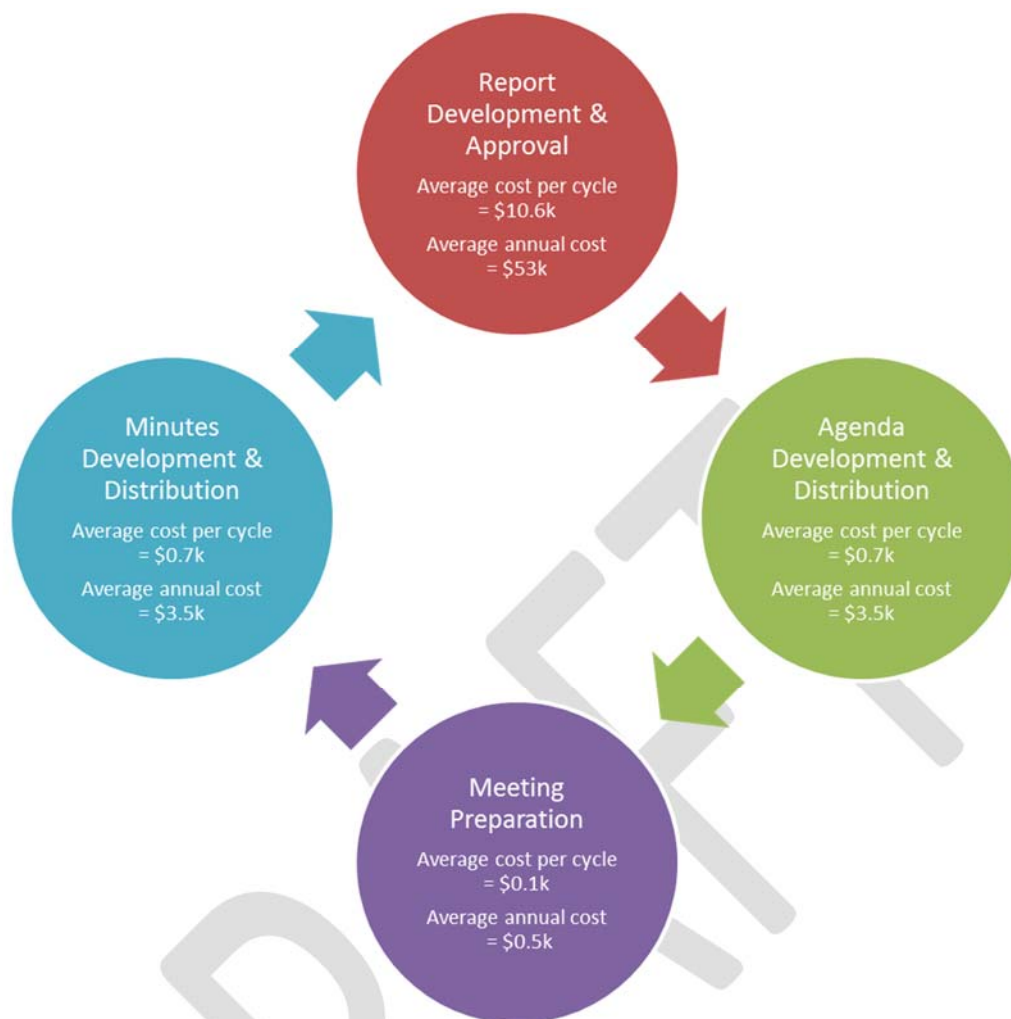
Ward Briefings

Ward briefings are informal interactions between Elected Members of individual Wards, or a combination of Wards, and staff. Ward briefings are focussed on operational issues within the ward or wards e.g. infrastructure, facilities, city development, and open space.

The process for Ward Briefings has been processed mapped to understand the current state which includes defining the costs.

Diagram 4 demonstrates at a high level the current process and average costs. It is noted that:

- The average time taken for a Ward Briefing cycle from start to finish is 5.5 hours
- The average cost per Ward Briefing cycle is $0.34k
- The average annual cost for Ward Briefings is $17.7k

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Diagram 4 – Ward Briefing Process – high level

1.6   Service delivery

The services are delivered primarily from the Corporate Governance Department through the Manager Governance, Unit Manager Governance and Records and the Governance Officer. The following percent of time is attributed to providing Elected Members Support:

- The Manager Corporate Governance 40%
- Unit Manager Governance and Records 60%
- Governance Officer 100%

The Executive Leadership Team, the General Manager Executive Assistants and various other managers and staff are also included in the process but the mechanics are driven from Corporate Governance. The Corporate Governance team are the 'go to' people within the organisation for queries relating to Elected Members, Council and Committee Meetings. This includes scheduling, governance advice, drafting reports and framing recommendations. The level of report authors will vary depending on the matter at hand and its complexity (for example, a manager may be the report author or an officer).

Diagram 5 demonstrates the FTE across the Corporate Governance department. The highlighted yellow indicates those staff with a high involvement in the Council reporting process (with the exception of the Records and FOI Partner and Records Officer who are not involved in the process).

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Diagram 5– Corporate Governance Department and FTE (17)

Manager Corporate Governance (1 FTE)

Governance and Records
Unit Manager (1 FTE)
Governance Officer (1 FTE)
Records and FOI Partner (1 FTE)*
Records Officer (2 FTE) *

Risk
Unit Manager (1 FTE)
WHS Coordinator (1FTE)
RIsk Coordinator (1FTE)
Claims and Insurance Officer (1 FTE)

Communications
Unit Manager (1 FTE)
Public Relations Officer Events (1 FTE)
Communications Advisor (1 FTE)
Digital Communications Co-ordinator (1 FTE)

Performance and Improvement
Unit Manager (1 FTE)
Corporate Reporting Officer (1 FTE)
Business Improvement Officer (1 FTE)

* Records and FOI Partner and Records Officer not involved in the process

1.7 Satisfaction of the service

In September 2016, the Elected Members completed the Council Annual Performance and Effectiveness survey. One of the key areas addressed within the survey included Council meetings, agenda, reports and minutes. From this survey, the follow information has been obtained.

Positive responses:

- Agendas and minutes are distributed in a timely manner
- The minutes provide an accurate record of the meetings
- Council uses its confidential provisions appropriately

Opportunities for improvement:
- The Council has an appropriate meeting schedule to deal with matters in a timely manner
- The Council agendas are well planned with important issues prioritise
- The size of the agenda is manageable within the meeting
- The reports are well written and can be easily understood
- The debate during Council meetings is maximised including reports being taken as read, matters kept on topic and no one dominating
- Management responses during council meetings assist decision making
- Resolutions of Council are followed up and implemented on time.
- Ability for Elected Members to search and find previous reports / resolutions

1.8 Benchmarking

Consultation has occurred with two Councils regarding this service review.

City of Charles Sturt

The City of Charles Sturt has a total of 17 members, comprising of a Mayor and 16 Councillors representing 8 wards. As at 30 June 2016, the Council had 80,628 electors and a total of 457.4 full time equivalent (FTE) staff.

The Manager Governance has a portfolio of Elected Member Support, Governance, Work Health Safety, Claims and Insurance, Procurement and Contract Management and Fleet.

The Council meets twice per month being the 2nd and 4th Tuesday of the month commencing at 7pm. It has four standing Committees that report direct to Council being Audit, and three Committees aligned to the organisation structure being Corporate Services, Assets and City Services. The Asset and City Services Committee met on the 1st Monday of the month and the Corporate Services Committee meets on the 3rd Monday of the month. The Committees membership include the Mayor (ex-officio), the presiding member and seven elected members (half of the total Council).

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Other matters to note regarding City of Charles Sturt include:

- The Executive Team and Governance Manager met up front to discuss upcoming meetings and reports. This meeting is a high level to determine the flavour of the report, recommendations and confirm what staff should be involved in the drafting of the report.
- The agendas are compiled using word documents with macros. There is no software program used to combine the agenda, minutes, etc. This is a manual process.
- The Governance Officer will complete a final review to check for accuracy but the General Managers have the final sign off on reports within their portfolio. There is no peer review of the final draft agenda.
- The Committees received more reports and Council is used to ratify the Committee recommendations, meaning that the Council agendas are smaller than the City of Marion's.
- Informal gatherings are held between 6 to 7 pm before a Council or Committee meeting if required.
- A draft Council agenda is not distributed to Elected Members. The only agenda distributed is the final document
- The FTE attributed to this services includes a Governance Officer (1 FTE), Team Leader Governance and WHS (0.5 FTE) and Manager Governance (0.3 FTE).

City of Tea Tree Gully

The City of Tea Tree Gully has a total of 13 members, comprising of a Mayor and 12 The City of Tea Tree Gully has a total of 13 members, comprising of a Mayor and 12 Councillors representing 6 wards. As at 30 October 2016, the Council had 72,776 electors and a total of 386 full time equivalent (FTE) staff.

The Manager Governance & Policy has a portfolio of Elected Member Support, Governance and Policy, Risk Management, Internal Audit, Emergency Management, Insurance and management of the legal contract.

The City of Tea Tree Gully meets twice per month being the 2nd and 4th Tuesday of the month commencing at 7pm. It has five Committees that report direct to Council being Strategic Planning and Development Policy Committee, Governance and Policy Committee, Traffic Management Safety Committee, Audit Committee, and CEO Performance and Remuneration Review Committee. The Committees meet at various dates and times (for example, the Governance and Policy Committee meets at 6.30 pm on the third Wednesday of every second month, the Strategic Planning and Development Committee meets at 6.30 pm on the fifth Tuesday of the month where there are five Tuesdays in a month, CEO Performance and Remuneration Review Committee on an ad hoc basis as required).

A CEO workshop is held with Elected Members every 3rd Tuesday of the month which are held in accordance with Council's Informal Gatherings Policy. Elected Member training and development sessions are held on the 1st Tuesday of every month.

Other matters to note regarding City of Tea Tree Gully include:

- The agendas are compiled using a software product called Infocouncil. The software provides a product for managing Council agendas, reports, minutes and associated actions in an automated format and integrates with the electronic records management system (TRIM). The Council has approximately 100 licenses for the product and it has an annual fee of approximately $16k.
- The General Managers have the final sign off on reports within their portfolio. A peer review of the final notice, agenda (including reports) and minutes is undertaken by the CEO.
- Informal gatherings are primarily managed through the CEO workshop held on the 3rd Tuesday of the month (and Elected Member training and development depending on the nature of the topic).
- A draft Council agenda is not distributed to Elected Members. The only agenda distributed is the final document which is distributed to Elected Members electronically.

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- The FTE attributed to this service (listed in the above dot points only) is approximately 1.75 FTE.

1.9 Expenditure and income

The following is a breakdown of the costs from the operating budget of Council for 2014/15, 2015/16 and forecast for 2016/17. This graph does not include labour budgets.

	14/15 (Actual)	15/16 (Actual)	16/17 (Budget)
Council meetings	9,437	5,549	5,212
Section 41 Committees	26,049	20,041	25,002
Audit Committee	22,977	14,248	20,750

These costs are attributed to the set up and management of the meetings. The reduction in costs for Council meetings can be attributed to the implementation of electronic distribution of agenda and minutes meaning the courier costs reduced. These costs do not include the Council meal provided before the meetings.

2 Key findings

On reviewing the information provided, it is important to note that an effective Council report supports good decision making.

Observations made within this review include:
- The services identified are manual and use word, excel and PDF to deliver a final product and service to Elected Members. The procurement and implementation of a software product would increase efficiency, improve reporting and reduce the risk of human error within the process. It also has the potential to address a number of the improvement opportunities identified by Elected Members (refer to section 1.7) including the ability to research previous decisions and reports.
- A majority of the services are aligned to legislative requirements and are required to be undertaken.
- The FTE to manage the service is similar to other Councils of similar size.
- The workload for Council and Committee reporting for the Governance Officer, Unit Manager Governance and Records and Manager Corporate Governance is constant. There are weekly tasks that must be completed to deliver this service. The Christmas period when meetings cease for approximately 5 to 6 weeks is the only down time throughout the year. During this period, governance staff are encouraged to take annual leave.
- There is opportunity to reduce costs by reducing the number of meetings but the question must be raised if this will impact on the quality of the decision making? Would less meetings simply mean larger agendas?
- The agenda development and distribution for Council Meetings could be further analysed to see if processes can be simplified. This should be progressed with the key stakeholders. Items to consider include:
  - The draft agenda process for Council. This is costed at approximately $24k per calendar year. Further consideration of the value of this process or if it can be delivered in a more efficient manner would be beneficial.
  - Internal peer review of Council reports. This is costed at approximately $25k. Further consideration of the value of this process or if it can be delivered in a more efficient manner would be beneficial.
- The Urban Planning Committee was used as an example for the purposes of this report. The cost of managing a technical committee such as this is approximately $60k

Governace Service Review Report

per year. The cost per meeting is higher than Council due to the complexity of the reports. It is therefore important that the Committee is adding value to Council decision making and progressing Council strategies/initiatives. This needs to be considered when determining the Committee structure into the future.

- The Ward briefings deliver a face to face service to the Elected Members. The cost to deliver these per annum is approximately $18k. Further refinement of the process could be considered to ensure that the meetings are efficient and a good use of both Elected Members and Staff time.

3   Options considered for the service

The service is delivered within the legislative framework, including all agendas and minutes complying with statutory requirements. The service is delivered to the required standards but there are some opportunities to enhance quality and improve efficiency.

Reviewing the process maps demonstrates the manual nature of the service. Efficiencies can be gained through automating the service through software. This will reduce the risk of human error in the process, strengthen internal controls and be more functional across the different work sites. The upfront costs for software and annual licence fee (if applicable) are likely to be offset by gains in efficiency and increase functionality of the products.

It is important to note that staff within the Corporate Governance department are operating at 100% capacity with existing business as usual task and business initiatives to deliver for 2016/17. To procure and implement an automated system to assist in the delivery of this service, it is recommended that a short term project officer be employed to deliver a quality product for the organisation. It is estimated that this may be a 3 to 6 month project. Research was undertaken in 2007 and 2010 to deliver a product of this nature and the project did not progress as the business as usual tasks took priority for the governance staff therefore limiting the opportunity to implement (i.e. the meeting cycle for Council, Committees, Elected Member Forums and Ward Briefings will take priority of project delivery).

Options to consider would include:

- Sharepoint has recently been implemented across the organisation. Further work could occur regarding what SharePoint can offer and deliver for the organisation. Some additional technical design work may be required.

- Infocouncil is a product specifically designed for Local Government to create, publish and store Council minutes and agendas. It is used by 170 Councils across Australia. The product is designed to create efficiency and automate processes. How the product integrates with Council's other software (including records management) would need to be assessed.

Analysis needs to occur to determine which option will meet the needs of the both staff and elected members.

Recommendations

Recommendation 1 – develop a project scope to further investigate options for streamlining the Council and Committee meeting process. The project scope needs to be developed including research on the above two options. It will also need to address the manual processes and the automation of items such as manual sign off, hard copy, version control, search functionality, tracking of Council resolutions. The project scope will also need to address resources and timeframe for implementation. Any additional costs will need to be included within the budget for 2016/17 and implementation could commence post 30 June 2017.

Recommendation 2 – stakeholder engagement regarding process efficiency and value.
The review has identified some larger costs associated with the processes. Further stakeholder engagement is required with both Elected Members and the Executive Management Team to determine the value of these processes. It may be the cost is justified as the process adds value to the decision making of Council (February 2017).

Recommendation 3 – Refine processes. Once the value of processes has been confirmed with key stakeholders, this needs to be confirmed within the Council Report Writing Guidelines and made available to all staff (June 2017)

Recommendation 4 – training and education. Once the Council Report Writing Guidelines have been confirmed, staff are required to be trained on process and requirements for reporting writing (August 2017)

Recruitment
Service Review Report

Version:	*2*
Date:	*9 December 2016*
Prepared by:	*Steph Roberts – Manager Human Resources &*
	Deborah Horton – Unit Manager Performance & Improvement
	Melissa Nottle-Justice – Business & Improvement Officer

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Executive Summary

The recruiting function is essential and given the relatively low spend, there is limited capacity for this service to find efficiencies that will reduce costs in a significant way as a result of the service review. It is noted too, that the spend associated with recruitment comes from the department seeking to recruit rather than the Human Resources area (with the exception of staff budget).

This review recommends that recruitment continue to be internally managed, with improvements made to internal processes that will;

- Eliminate duplication of tasks
- Identify when consultancies are used providing clarity for recruiters
- Utilise software systems to their full potential
- Implement a regular review of contracts with external providers (medical and psychometric testing) to ensure Council obtains value for money

Background

1   Service reviews

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.

An overarching assessment of the administrative (internal staff time) recruitment function (vacancy to appointment) has shown that the approximate cost to provide the service (based upon 2015/16 financial year) is:

- $1,600 per recruitment cycle for externally recruited positions[1] and $4,500 as a holistic figure including all costs such as internal staff time, medicals, consultancies, advertising and psychometric testing.
- $620 per recruitment cycle for internally recruited positions[2] and $655 as a holistic figure including all costs such as internal staff time and medicals.

1.1 Service Statements (Stage 1 results)

The service statements identified "Recruitment" as a priority two service review, and "Values and Culture" as a priority one. Recruitment was reprioritised with the view that greater opportunities for efficiencies existed over and above values and culture which was being initiated across the organisation at the time the service reviews were being scheduled.

1.2 Recruitment review objectives

The review included consideration of:
- The role and functions performed by the Human Resources Team, SLT Managers requiring staff and the recruitment panel
- The use of agency staff (Council Solutions contract)
- Reviewing internal operations including processes and work practices and service levels
- The costs associated with providing the service
- Service and activity innovations

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[1] Excluding medical, consultant and advertising costs
[2] Excluding medical, consultant and advertising costs

- Utilisation of external service providers in particular, preferred supplier arrangements (note these arrangements are not exclusive)
- Reviewing advertising costs (print vs online)
- Identify and recommend opportunities for improvement
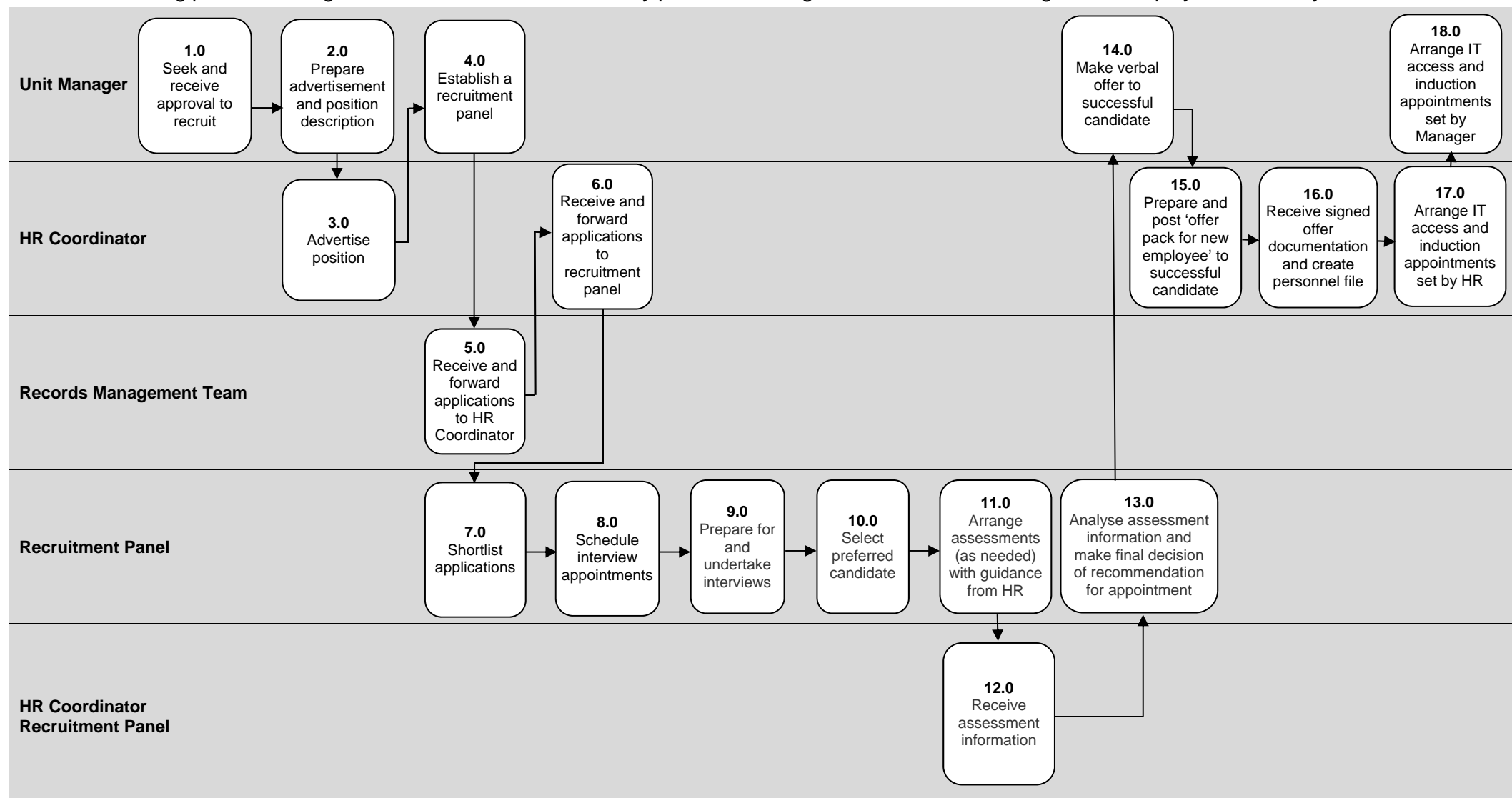
1.3 The Recruitment function

The human resources department currently facilitate and manage recruitment, providing leaders internally with the tools and information to effectively manage the recruitment process from start to finish. Please see 1.4 Current Service Process and 'Attachment 1' for an analysis of Government recruitment options. Note, some of the recommended workforce planning considerations Marion Council are already exploring or in the process of implementing, such as working with schools for our Gap Year initiative, exploring University placements and offering traineeships to attract younger employees, with consideration of our ageing workforce.

Recruitment - Service Review Report

1.4 Current service process

The following provides a diagram of how the service is currently provided at a high level detail for recruiting of new employees externally:

1.4.1 Participation rates

There was a reduction of recruitment rates between 2013/14 and 2014/15 of 24, however the recruitment rates increased between 2014/15 and 2015/16 by 9. Please refer to Table and Chart 1 for recruitment rates across the organisation over the past three financial years.

Table 1: Recruitment Rates

Vacancy Recruited	2013/14	2014/15	2015/16
Vacancies Internally Recruited	33	23	17
Vacancies Externally Recruited	31	17	32
TOTAL	**64**	**40**	**49**

Note: On 16 June 2014 the then called Executive Management Group (now referred to as the Executive Leadership Team) endorsed the recommended advice from the then Organisational Development (now referred to as Human Resources) to implement a recruitment freeze for 3 months. Since this time a more stringent approach to vacancy management has been adopted and continues to be inforce today.

Chart 1: Vacancies Recruited
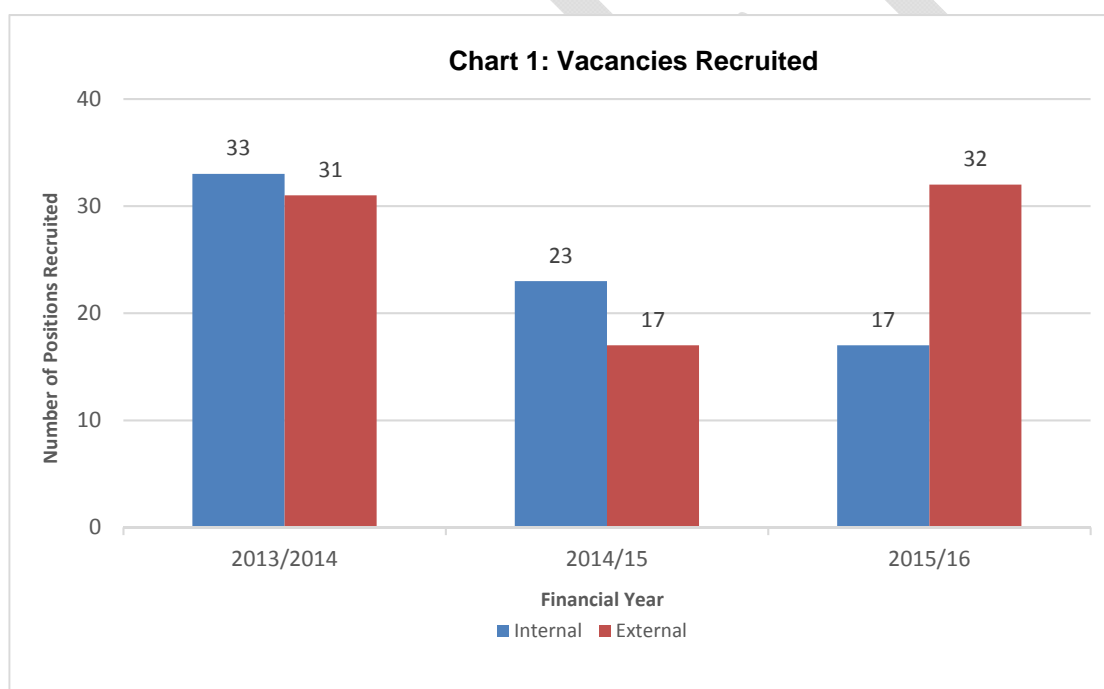
1.4.2 Satisfaction of the service

An important component of the service review was to include and consider a survey of the recruitment function from a selection of internal stakeholders.[3] The following provides a synopsis of the survey, please see 'Attachment 2' for full details.

Past recruitment panel members and recruited staff (over the past six months) were asked to respond to a series of survey questions about their experiences with the process to determine opportunities for improvements. The demographic profile of respondents was middle to senior

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[3] Finance & Audit Committee meeting 4 October 2016 (FAC041016R7.11)

management. There were twelve respondents but not every question was answered by all survey participants (96% participant rates).

The main findings from the **panel member** survey indicated opportunities for improvement with the documents prepared or referred to by the panel including the position description, job advertisement, interview questions and reference check templates. Panel members indicated that they were adequately prepared to conduct interviews but some (42%) felt they were drawing on their own personal experience.

The main findings from the **recently recruited staff** survey were that there are opportunities for improvement with the length of time taken to go through the pre-employment checks such as references, medical and police. Communication about changes could also be improved. The relevancy of pre-employment medicals for particular roles could be an area for review.

1.4.3 Risks associated with the service[4]

- Recruitment panel members potentially not adequately trained in interviewing skills
- Lack of focus on Candidate care
- Referencing and interview guide not linked to the Council Values (cultural fit)
- Recruiting Contract over Permanent (consideration of the requirements in the Enterprise Agreements)
- Not managing probationary periods
- Vacancy Management Policy implications
- Instances of the recruiting Manager not listening to the advice from Human Resources, against hiring and the potential issues this can create longer term
- Managers are not consistently informed of recruitment outcomes (SLT)

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[4] These risks were identified at a SWOT analysis meeting with Human Resources and key stakeholders on 20 September 2016.

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1.4.4 Expenditure and income

The recruitment function is not a significant spend across the organisation. During 2015/16, there has been a concerted effort and therefore significant decrease in the use of consultants for the recruitment function and hence costs ($29,000 saving from 2014/15 and $107,000 from 2013/14). This reduced spend is also reflective of the implementation of the Vacancy Management Policy which has been in operation since 2013. The cost of medicals has increased in 2015/2016 due to the implementation of the Drug and Alcohol Policy requiring pre-employment Drug and Alcohol screening along with the increase in external recruitment and therefore more medicals being required. In addition, there has been a significant decrease in costs associated with advertising ($26,470 (2014/15) to $8,096 (2015/16)) due the use of online ($183 approximate per advert) instead of print ($1,500 approximate per advert) advertising.

Please refer to Table and Chart 2 for recruitment expenditure details across the organisation over the past three financial years.

Table 2: Recruitment Expenditure

Recruitment	2013/14	2014/15	Comparison between 2013/14 & 2014/15	2015/16	Comparison between 2014/15 & 2015/16
Medical assessments	$3,205	$2,919	-$ 285.10	$11,701	$ 8,782
Consultant fees	$202,823	$96,012	-$106,811.00	$67,344	-$28,668.00
Advertising costs	$27,732	$26,470	-$ 1,261.49	$8,096	-$23,843.48
Psychometric testing	$16,884	$17,790	$ 906.00	$12,808	-$ 4,981.75
TOTAL	**$250,643**	**$143,192**	**-$107,451.59**	**$90,707**	**-$52,484.63**

Chart 2: Recruitment Expenditure
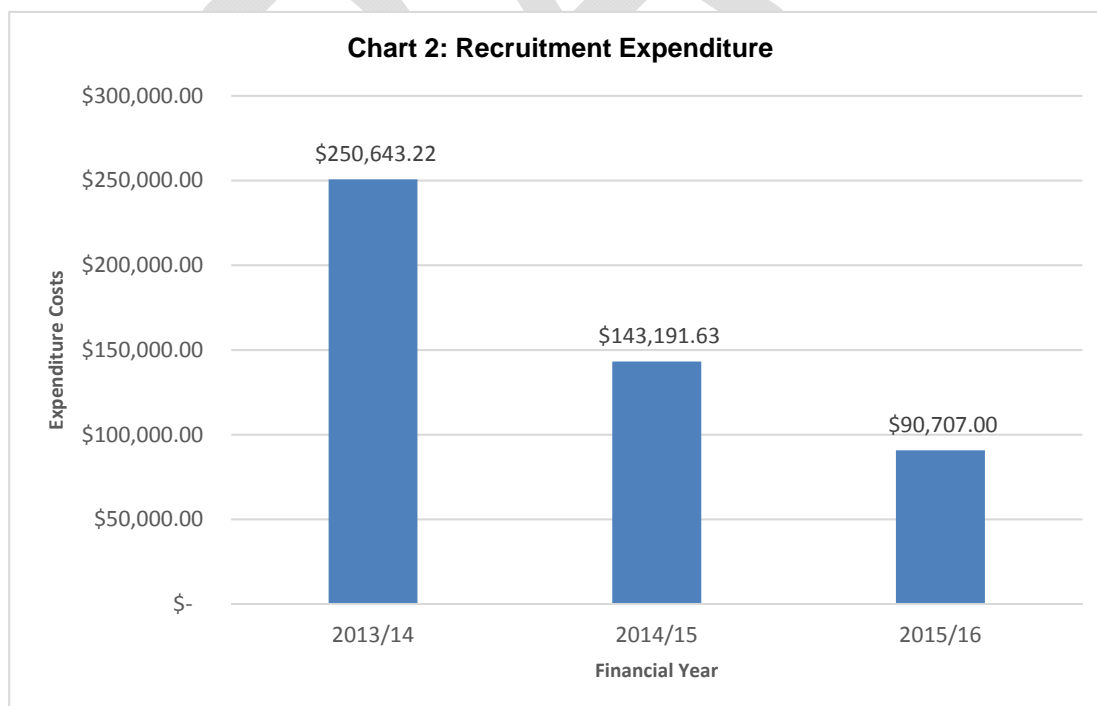
There is no income that is generated by or to this service. The highest spend associated with the service is understandably upon consultants.

1.4.5 Time taken to recruit

The time taken to recruit (candidate care) has been identified as a risk associated with recruitment and was identified as an opportunity for improvement as a result of an internal survey. The length of time it took from advertising to placement was appropriate to a great extent. This response includes levels ranging from levels 3 to Senior Leadership Team. In general, the time taken is fairly consistent, however, there are occasional anomalies that affect the timeframe.

The approximate internal staff time taken to undertake the recruitment process from vacancy to appointment (excluding use of consultants) is:

- 1d[5] 5h 37m per recruitment cycle for externally recruited positions
- 5h 37m per recruitment cycle for internally recruited positions

The Review

2   Methodology and project stakeholders

Internal Stakeholders
- Executive Leadership Team
- Senior Leadership Team
- Leadership Team
- All staff (potential recruits)
- Human Resources
- Finance & Audit Committee
- Council
- Employees recruited in the last 6 months & recruitment panel

External Stakeholders[6]
- Australian Services Union (ASU)
- Australian Workers Union (AWU)
- Suppliers
- Suppliers with contact arrangements

3   Key findings

3.1 Assessment of requirements under state legislation

No legislative provisions are impacted as a result of this service review.

3.2   Benchmarking

The Cities of Charles Sturt, Onkaparinga, Mitcham and Tea Tree Gully Councils were contacted and requested to complete a survey regarding various elements of their recruitment processes, with three responses provided. The majority of responses provided qualitative data with the results providing no obvious nor significant differences to approaching recruitment.

In essence, none of the other councils surveyed utilise recruitment as advertised by the Local Government Association SA, the recruitment function across all four Council's is rather standard, with minor differences between Councils in administering the recruitment function and providers used for medicals.

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[5] 1d = 8 hours
[6] Although identified, these agencies were not directly consulted.

Recruitment - Service Review Report

Onkaparinga

HR Staff: 3 Staff – Talent & Acquisition Advisor (level 7, 1 x FTE) HR Officers (1 x level 4 and 1 x level 5 both .4 FTE)
HR staff responsible for:
- Approval to fill the vacancy (job analysis forms, position descriptions, classification)
- Facilitation of advertisements, selection panels, candidate feedback

Talent & Acquisition Advisor
- Design and implement recruitment strategies
- Provide services to assist the organisation; partnering with leaders, providing guidance, advice and support in relation to strategies relating to the attraction and selection of new employees.

Medicals
Pre-employment medicals for all staff with outside workers and library staff as an additional functional capacity test. Use CHG at Mile End for many years.

Agencies
Consultants used for Senior roles (Stillwell's) and Davies Stuart for shortlisting services, however Onkaparinga undertakes recruitment in house via a Talent & Acquisition officer (June 2016).

Uses Randstad (under Council Solutions) for temporary labour hire.

Charles Sturt

HR Staff: 3 Staff – to assist with the recruitment function (train/educate managers on process)
Recruitment is outsourced.
HR staff responsible for:
- In conjunction with managers and team leaders, generate job advertisements
- Provide training in recruitment and selection techniques
- Assist Managers to develop behavioural based questions
- Administer psychometric testing and debrief results to selection panels
- Monitor recruitment & selection process to ensure compliance with policy.

Medicals
Pre-employment medicals for staff working in the following: Information Technology, Library Services, Community Safety Officers, Community Centre Staff, Fleet and Asset Management Services – all field staff. Uses "Jobfit" for medicals which provides an electronic / automated service.

Agencies
Consultants are used for difficult to fill roles: Engineering, Information Technology. The selection of Agencies is determined upon previous experience, knowledge, recommendations (no formal process).

Tea Tree Gully

OD Staff: 2 FTE - Coordinator Organisational Development Services (Level 4) and Organisational Development Services Officer (Level 3)
Recruitment is a combination of outsourced and contracted.
Organisational Development Staff responsible for:
- coordinate external recruitment in conjunction with recruitment agency
- administer the recruitment process once the successful applicant is selected.
- Manage and administer a variety of other human resource/ recruitment functions.

- Responsible for liaising with the agency, placing the advert on the intranet and TTG website, record keeping, coordinating pre-employment medicals and police checks, drafting the offer letter, setting up the systems for new starters, liaising with the Payroll team, induction.

Recruiting Manager:
- Responsible for completing a recruitment requisition, drafting the advert and updating the position description
- coordinating the interviews and completing the recruitment recommendation, advising the successful applicant and unsuccessful applicants that were interviewed.

Medicals
The Health and Safety Business Partner previously determined which medicals apply for which positions in conjunction with Corporate Health Group (CHG). If it is a new position, HR consult with the Business Partner in determining which medical is required. There is the general medical assessment, hearing test and drug and alcohol screening. For physical positions there also a short or long functional capacity evaluation depending on the role.

Agencies
- Responsible for advertising, handling enquiries, responding to applicants, shortlisting, conducting phone interviews and reference checks,
- Advising all unsuccessful applicants that were not interviewed.

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4 Options considered for the service

Option	Scenario	Description	Savings ($)	Cost to implement ($)	Benefits	Risks
A	Maintain internally with improvements	HR continues to facilitate recruitment in its current form with minor improvements to the service such as;			• No major disruption for current service users • No significant change to internal operations	
		• Better utilisation of online recruitment software minimising internal resource impacts.	$4,892 per FY (estimate only)	$0 (access is provided free with purchase of advertisement)	• Quick process • Less administrative function • Candidate applications can be received directly and managed by the Manager recruiting (removes double handling) • Documentation located centrally • Easier capabilities to track and manage candidates • Able to contact 'like' candidates in bulk • Manager provided with faster access to candidate applications	• Compliance with Record keeping • Data security and recall • Data ownership • Separate process still required for internally advertised positions • Further detailed analysis is required taking into consideration the risks identified and ensuring the change in process will yield overall value for the City of Marion • Potentially correspondence with Marion is less personal • Calculations based on current software and may change due to transition to new system
		• Improvements to current recruitment templates, forms and process mapping to eliminate like tasks from like areas, duplications, centralisation to improve accessibility to documents	Depends on resourcing, skill level and amount of changes required	Depends on resourcing, skill level and amount of changes required	• Clearer role delineation with tasks • Streamline processes reducing duplication and potentially saving time	• Spending too much time with minimal return / efficiencies • Changes may require staff training and costs to conduct it
		• Training of relevant Leaders on interviewing skills	NA	Internal resources	• Improved experience for candidates • Increased confidence of panel members	NA

Recruitment - Service Review Report

Option	Scenario	Description	Savings ($)	Cost to implement ($)	Benefits	Risks
		• Medical testing providers reviewed	Depends on resourcing, skill level and amount of changes required	Depends on resourcing, skill level and amount of changes required	• Improved service or more relevant service • Possible opportunity to bulk purchase or enter shared contract arrangements resulting in potential cost savings	• Change of providers may result in loss of benchmarking to other Councils • Administration costs to conduct the review may yield nominal value
		• Current contracts with Recruitment providers reviewed.	Depends on resourcing, skill level and amount of changes required	Depends on resourcing, skill level and amount of changes required	• Improved service or more relevant service • Possible opportunity to bulk purchase or enter shared contract arrangements resulting in potential cost savings	• Administration costs to conduct the review may yield nominal value
Alternative delivery models						
B	Outsource entire function	Council seeks a tender for all recruitment services for a nominal period.	Unable to determine until process and timelines are defined	Unable to determine until process and timelines are defined	• Resources spent on recruitment function can be re-allocated • Improvements listed under Option A become void.	• Reputational risks • Outsourcing results in higher costs • Recruitment process is not flexible for the diversity of roles available within Council • Intellectual property relating to recruitment and staff personnel files are held by a third party
C	Council Partnership Arrangement	Council to partner with another Council for the provision of recruitment services.	Unable to determine until process and timelines are defined	Unable to determine until process and timelines are defined	• Building relationships • Potential to build / foster other programs such as secondments and shared resources, skill transferring	• Identification of which Council to partner and on what basis • Neighbouring Council's appetite for sharing function • Capacity if function increases rather than decreases (impact on resources and cost efficiencies) • Investment in relationship building outweighs cost savings

5   Recommendations

The following recommendations are made in relation to this particular service:

#	Recommendation	Due date	Action Officer
1	Recruitment continue to be internally managed, with improvements made to internal processes and a progress report back to the Finance & Audit Committee in February 2017.	February 2017	Manager Human Resources

Attachment 1

Summary of research into recruitment practices November 2016

Attachment 2

Recruitment Survey Results

Recruitment - Service Review Report

SUMMARY OF RESEARCH INTO RECRUITMENT PRACTICES
NOVEMBER 2016

Context

This research is provided as part of the 2016 Recruitment Service Review and discusses current practice in the local government industry and other relevant sectors, for the purposes of comparison to systems and processes at the City of Marion and identify potential opportunities for improvements.

Summary of findings

1. The Australian Centre for Excellence for Local Government (ACELG) released an issues paper in June 2012 as part of the Learning in Local Government project: Workforce Planning and Development – Capacity Building Opportunities. This paper explored various themes in workforce planning including attraction, recruitment and retention of employees. The main findings relevant to the current Recruitment Service Review are paraphrased as follows:

   - The general view of respondents that were interviewed as part of this issues paper is that potential candidates have a poor perception of or misunderstand the role of local government. Promoting flexible and family-friendly work practices as well as other initiatives such as scholarship programs, graduate development programs, apprenticeships and traineeships would also help to position local government as an employer of choice.

   - Collaborations with local schools, colleges and universities can also be an avenue for recruiting future staff. Efforts to raise students' awareness about the career, employment opportunities and benefits of working in councils can help boost the number of quality applications received during a recruitment process. This can be as simple as disseminating information or providing internship programs enabling students to spend time working at a council.

   - Partnerships amongst groups of councils may also assist with recruiting skilled staff, by maximizing promotional efforts, by supporting group traineeships, by enabling councils to share senior professionals, or by improving career opportunities.

   - Another creative approach may be targeting non-traditional labour pools. These include, amongst others, women, indigenous people, carers, single parents and migrants. Councils can develop strategies to encourage these groups to apply for positions and thus widen the applicant pool from which they are able to recruit. Regional skilled migration programs can be developed in conjunction with local Chambers of Commerce to target specific local skills shortages.

   - Councils may also need to be innovative in how they carry out their recruitment. Social media is growing in importance as a way of keeping in touch with potential candidates, letting them know of vacancies and of the benefits of working for local government.

   - Gender and diversity issues continue to pose challenges for councils. In order for local government to serve its communities best, staff ethnic and gender profiles should reflect those of its residents. In 2010 the Australian Local Government Women's Association launched its 50:50 Vision – Councils for Gender Equity Program to address this imbalance. Councils can participate in the program and gain recognition for the work that they are doing to promote gender equity within their organisations. Penrith City Council wanted to attract

women to their outdoor positions. They removed the requirement of previous experience for entry level outdoor roles. Interested applicants are required to complete an application and aptitude test. This resulted in more females recruited to outdoor positions and demonstrates the importance of evaluating who is excluded as a result of selection criteria and whether these criteria are really necessary for a candidate to able to carry out the job successfully.

- Developing and upskilling existing employees can be more efficient and cost-effective than attracting highly qualified external candidates who may be less likely to stay with the organisation. Individual staff development programs built into performance management processes can improve staff retention and fill skills gaps. Consideration needs to be given to business continuity strategies as moving staff up can create vacant positions at lower levels that may require recruitment and need to be managed.

- For smaller councils, a perceived and real lack of career pathways can be a particular problem which requires innovation solutions. Partnerships with other councils may be used to enhance career progression, enabling staff to continue to grow and develop their skills where opportunities in just one council are limited. Secondments with government agencies could be used in a similar way.

2. The South Australian Local Government Association (LGASA) provide a panel of seven firms that specialise in legal, human resource, industrial relations and recruitment services. Councils can seek quotes directly from each provider and the LGA have negotiated a favourable rate structure that should provide significant value to the sector. The panel of providers are engaged under 2 year contracts, up for review in December 2016.

3. The Western Australian Local Government Association (WALGA) offers a consultancy service to assist local governments with recruitment issues. Their services are employed by councils when it is considered inappropriate for Elected Members to use council employees to assist with the recruitment and selection of the Chief Executive Officer, and for councils that do not have the resources or time required. WALGA Recruitment also assists with Visa administration for council's looking to employ international candidates or who currently have overseas employees that require further Visa applications.

4. The Local Government Association in Queensland (LGAQ) work with recruitment agencies to provide LGAQ Total Solutions and HR Advance. LGAQ Total Solutions offer recruitment services for executive positions and unique, specified vacancies that are hard to fill. They provide capacity gap and interim placements that can backfill for unexpected or extended leave and positions vacant due to long recruiting processes. HR Advance provide a web based tool kit that creates legally binding contracts bypassing the need for solicitors, compliant policy documents, employee document management, knowledge centre and document storage.

5. The South Australian state government agency - Shared Services SA do not offer recruitment services, however the Federal Government do through their Shared Services Centre that's part of the Department of Education, Training and Employment. As part of their service catalogue they offer delegate support, entry level programs, specialist recruitment, recruitment operational support and reporting.

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6. The Australian Local Government Association (ALGA) have recently launched a new research study on trends and challenges for local council recruitment over the next 5-10 years. The study specifically reviewed external hiring, skill shortages, legislative impacts, digital strategies, work flexibility and corporatisation. The research was commissioned by CouncilJobs and executed by Jetty Research. The study involved a focus group to firstly determine the relevant questions and two nationwide surveys of 220 council human resources managers and 536 jobseekers on CouncilJobs.com. The final report is expected to available in November 2016. There were six key findings:

   - Council HR Managers have a very different view to employees on workplace flexibility
   - Hiring from outside council ranks is a continuing trend, particularly in finance and corporate services
   - There is a need for a national approach to skills shortages, with research showing there were too few good candidates available, particularly in the areas of engineering, health and planning
   - There are differing attitudes between employers and employees to the rise and implications of council corporatisation
   - Legislation is viewed as a 'handbrake' on pay and on attracting and retaining talent (although this view differed across states)
   - Recruitment methods have well and truly shifted from print to online.

7. The Department of the Prime Minister and Cabinet have developed a Blueprint that outlines as ambitious agenda to equip the Australian public services and the nation for the challenges of the future. Included in this document is the following table, attempting to debunk myths about recruitment processes in Australia.

MYTH	FACT
An agency must have a specific vacancy to recruit	Agencies can recruit to a specific role or more generally to a level
Agencies cannot personally contact people and invite them to apply	Individuals can be targeted and encouraged to apply but they still need to compete in a merit-based selection exercise. Suitable people can also be contacted and encouraged to transfer to jobs at the same classification level, without a need for a competitive process
A selection panel must have three members	There is no rule governing the size of selection committees although ideally selection panels consist of two or three people
Interviews are mandatory	There is no legislation requiring agencies to use a particular assessment method. There is no requirement to hold an interview, it is simply one of a wide range of selection methods available
All internal applicants must be interviewed	All applicants need to be assessed fairly, but there is no requirement to interview all candidates

MYTH	FACT
All interviewees need to be asked the same questions	It is good practice to ask the same questions but it is not a requirement. Additional questions might help gain further information or clarify and applicant's response
A referee report is required for every applicant	There is no requirement to obtain referee reports. However obtaining references for candidates in strong contention for a role is highly recommended

REFERENCES:
1. ACELG Learning in Local Government: Workforce Planning and Development Capacity Building Opportunities Issues Paper 4, June 2012
2. http://www.lga.sa.gov.au/page.aspx?u=6672, Viewed 2 November 2016
3. http://walga.asn.au/Recruitment-Services.aspx, Viewed 2 November 2016
4. http://www.lgaqtotalsolutions.com.au/recruitment/services, Viewed 2 November 2016
5. https://www.ssc.gov.au/, Viewed 2 November 2016
6. http://alga.asn.au/?ID=14755, Viewed 2 November 2016
7. http://apo.org.au/resource/ahead-game-blueprint-reform-australian-government-administration, Viewed 7 November 2016

RESULTS FROM RECRUITMENT SURVEY WITH PANEL MEMBERS

Past recruitment panel members were asked to respond to a series of survey questions about their experiences with the process to determine opportunities for improvements. The demographic profile of respondents was middle to senior management.

There were seven respondents to the survey but not every question was answered by all survey participants.

The main findings from this survey are that there are opportunities for improvement with the documents prepared or referred to by the panel including the position description, job advertisement, interview questions and reference check template. Comments provided by the respondents provide further insight in to the processes that could be prioritised for review. Panel members indicated that they were adequately prepared to conduct interviews but some felt they were drawing on their own personal experience. Some other improvement recommendations were provided by one respondent as part of the last survey question.

Question 1
The length of time it took from advertising to placement was appropriate?

There was one respondent that felt the time was appropriate to a very great extent. The majority said 'a great extent' (5 respondents) and one that felt the time taken was appropriate to a moderate extent.

Graph 1: Responses to Question 1
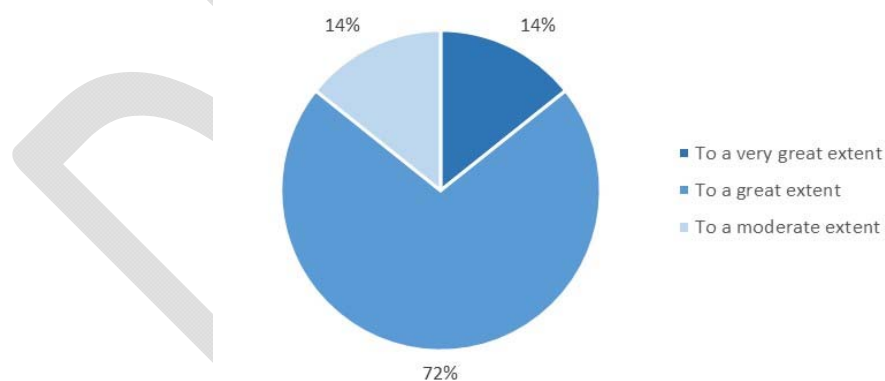
Survey participants were asked for reasons and one respondent indicated that they were unable to place 1 of 4 positions.
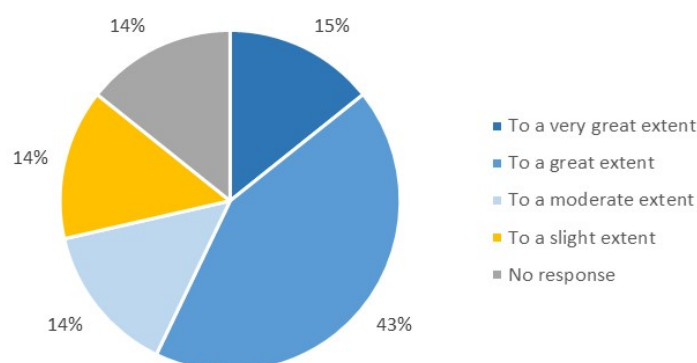
Question 2
HR provided relevant and appropriate advice and support during the recruitment process?

Half of respondents (50% or 3) felt the support provided by HR was to a great extent. There was one respondent each that said it was to a very great extent, moderate extent and slight extent. There was also one respondent that did not provide a response.

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Two respondents provided further comments:
1. Given there were four positions, it was challenging to manage the four and there were times and parts of the process additional support would have been great.
2. I had to follow up and check the process at every step eg the advert – didn't realise I had to prepare (and there wasn't a template) until I checked were things were up to.

Graph 2: Responses to Question 2

Question 3
During the recruitment process, a number of documents need to be prepared or referred to by the panel, including the position description, job advertisement, interview questions and reference check template. Have you found the resources / templates available to be adequate?

There were 43% of respondents (3 people) that felt the resources were adequate to a moderate extent. 29% or 2 respondents indicated they were to a great extent, one respondent said to a very great extent. There was one respondent that felt the resources / templates were not at all adequate. This indicates an opportunity for improvement.

Graph 3: Responses to Question 3
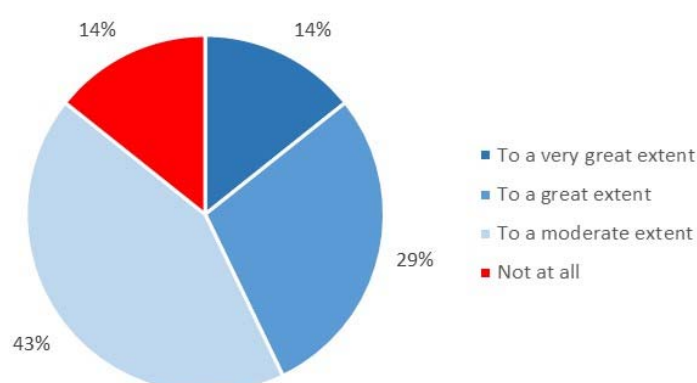
Three respondents provided further comments:
1. Have used past knowledge and documentation as a baseline and documents I could find on Combi. Didn't realise there was a job advertisement template.

2. Think when we did recruitment we were in the swap over between the old and the new – with the new values being introduced. Once I had new templates it was pretty straight forward.
3. Would be useful to have a central library of interview questions and job adverts. I have my own but would be better to have this provided by HR and be organisational wide. HR support and input into PDs and other recruitment documents is very limited with responsibility mainly resting with Manager.
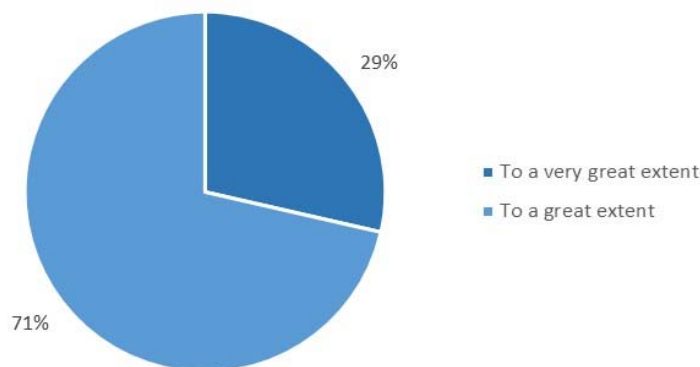
Question 4
Do you feel adequately prepared to conduct interviews?

There were five respondents that felt adequately prepared to conduct interviews (or 71%) to a great extent. The remainder of 29% felt they were prepared to a very great extent.

Three respondents provided further comments:
1. Would be good to understand if there are any corporate requirements re people, experience, mix on the panels.
2. Only because of my previous recruitment experience.
3. Through experience.

Graph 4: Responses to Question 4

■ To a very great extent
■ To a great extent

Question 5
As a panel member, did you have a good understanding of what your role and responsibilities were in the recruitment process?

The majority of survey participants said they understood to a great extent (57% or 4 respondents) and 43% were to a very great extent.

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Graph 5: Responses to Question 5

43% ■ To a very great extent
57% ■ To a great extent
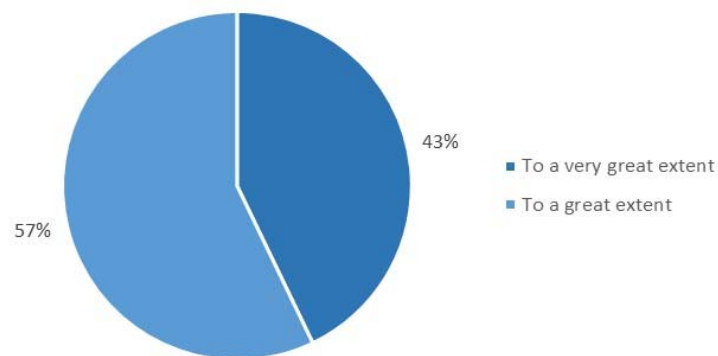
Two respondents provided further comments:
1. Applications collated and provided to panel members for review. Recruitment and Selection Flowchart/Process Map outlining responsibilities Recruitment and Selection Kit including templates and process map in handling multiple recruitment and selection process at one time, further support needed. Should there be a summary of process and recommendation of preferred candidate that goes to SLT and ELT for approval before offer of position?
2. Only because of my previous recruitment experience.

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RESULTS FROM RECRUITMENT SURVEY WITH RECENTLY RECRUITED EMPLOYEES

Recently recruited employees were asked to respond to a series of survey questions about their experiences with the process to determine opportunities for improvements. There were five respondents to the survey.

The main findings from this survey are that there are opportunities for improvement with the length of time taken to go through the pre-employment checks such as references, medical and police. Communication about changes could also be improved. The relevancy of pre-employment medicals for particular roles could be an area for review.

Question 1
The length of time it took from advertising to placement was appropriate?

There were two respondents or 40% that felt the length of time was appropriate to a very great extent. There were also two that indicated it was to a moderate extent and one said to a great extent.

NOTE: This question is the same as the first question in the Recruitment Survey with Panel Members.

Graph 1: Responses to Question 1
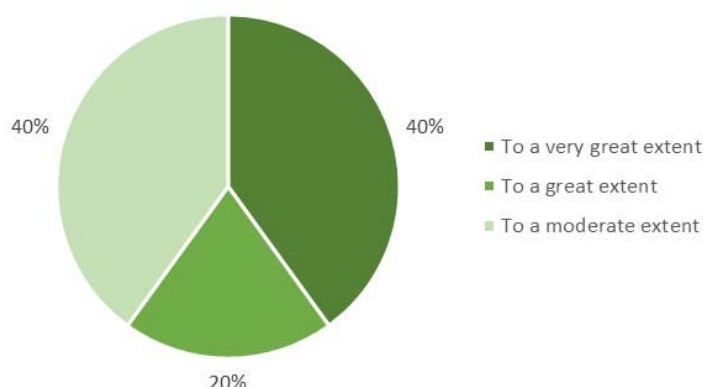
Two respondents provided further comments:
1. Think that instead of reference check, wait a week, then do medical, than wait a week, then do police check adds 2-3 weeks to process. Once preferred candidate is chosen all these could be undertaken at same time – would save at least 2 weeks.
2. Took about 6 weeks

Question 2
The panel kept me informed during the recruitment process?

40% of survey participants (or 3 people) felt they were informed to a very great extent and 60% said to a great extent.

One respondent commented that the 'Package changed after interview (car usage). Change was OK, communication could have improved'.

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Graph 2: Responses to Question 2
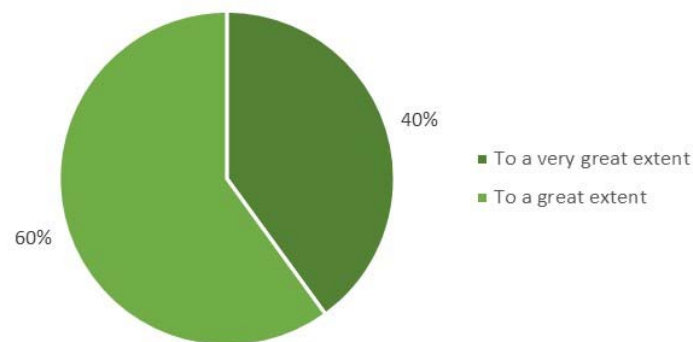
Question 3
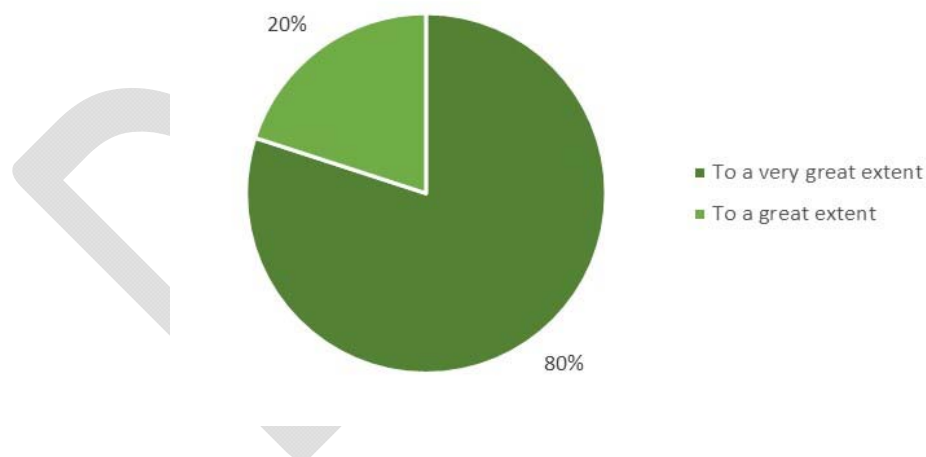I was given enough notice to attend the interview.

All respondents answered 'Yes'.

Question 4
The panel conducted the interview process in a professional manner?

There were 4 respondents (or 80%) that felt the panel were professional to a very great extent and the remaining 20% to a great extent.

Graph 3: Responses to Question 4

Question 5
Do you feel a pre-employment medical was relevant for your role?

One respondent felt it was relevant to a very great extent, 40% said it was to a great extent and another 40% said to a moderate extent.

Two respondents provided further comments:
1. Drug screening yes – relevant. Rest of tests were labour related which isn't part of my role.
2. Didn't phase either way, never been in a position for a medical to be required before. Neutral feelings.

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Graph 4: Responses to Question 5
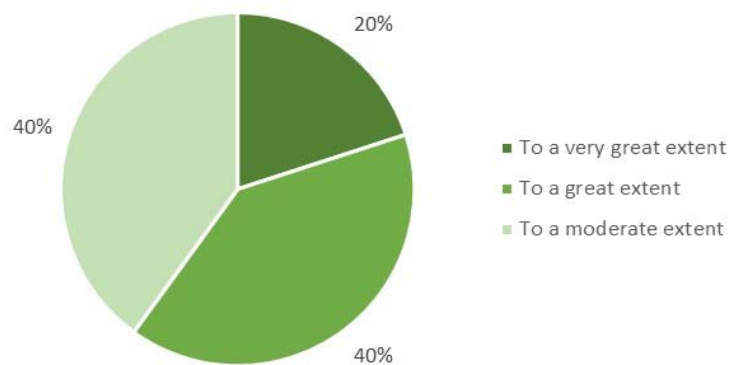
Question 6
Further comments / Anything that could be improved throughout the process

The following open ended comments were provided by respondents:
1. All good!
2. All good – felt welcomed.
3. To expand I understand the need for a reference check, medical check and police check as part of the process but if dealt individually amount to up to a couple of weeks. Not sure if it's because to the potential cost factor for the police and medical checks you do them after each other but as stated they can take up to a week to 10 days each – then giving notice to existing employers the process from interview to starting the job can be 6 weeks or so. Of course not complaining in any way but combining the medical / police check process could save 1-2 weeks unless there's a cost issue involved.
4. All straight forward, well informed.

**CITY OF MARION
FINANCE & AUDIT COMMITTEE MEETING
15 DECEMBER 2016**

CONFIDENTIAL REPORT

Originating Officer:	**Deborah Horton, Unit Manager Corporate Performance**
Manager:	**Kate McKenzie, Manager Corporate Governance**
General Manager:	**Abby Dickson, General Manager City Development**
Subject:	**Organisational Service Reviews Qtr 1 2016/17**
Reference No:	**FAC151216F01**

If the Finance & Audit Committee so determines, this matter may be considered in confidence under Section 90(3)(d) of the *Local Government Act 1999* on the grounds that the report contains information relating to commercial information of a commercial nature (not being a trade secret) the disclosure of which (i) could reasonably be expected to prejudice the commercial position of a person who supplied the information, or to confer a commercial advantage on a third party; and (ii) would, on balance, be contrary to the public interest.

**Adrian Skull
Chief Executive Officer**

RECOMMENDATION:

1. **That pursuant to Section 90(2) and (3)(d) of the *Local Government Act 1999,* the Finance & Audit Committee orders that all persons present, with the exception of: Adrian Skull Chief Executive Officer, Vincent Mifsud General Manager Corporate Services, Abby Dickson General Manager City Development, Tony Lines General Manager Operations, Ray Barnwell Manager Finance, Kate McKenzie Manager Corporate Governance, Carol Hampton, Manager City Property, David Harman Financial Accountant, Deborah Horton Unit Manager Performance & Improvement, Melissa Nottle-Justice Business Improvement Officer be excluded from leaving the meeting as the Committee receives and considers information relating to the City of Marion Outdoor Swim Centre, upon the basis it 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 on the grounds that the report contains information relating to commercial information of a commercial nature (not being a trade secret) the disclosure of which (i) could reasonably be expected to**

prejudice the commercial position of a person who supplied the information, or to confer a commercial advantage on a third party; and (ii) would, on balance, be contrary to the public interest.

REPORT OBJECTIVE AND EXECUTIVE SUMMARY

This report provides several future management options for the City of Marion Outdoor Swim Centre as a result of an internal service review. This report excludes the public to enable fluid conversation regarding commercial operations.

RECOMMENDATIONS: **DUE DATES**

That the Finance and Audit Committee:

1. **Insert recommendation**   **Dec 2016**

2. **In accordance with Section 91(7) and (9) of the Local Government Act 1999 the Council orders that this report, City of Marion Outdoor Swim Centre Service Review 2016 and the minutes arising from this report having been considered in confidence under Section 90(2) and (3)(d) of the Act,** except when required to effect or comply with Council's resolution(s) regarding this matter, **be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the General Council Meeting in December** 2017.   **Dec 2016**

CITY OF MARION
FINANCE & AUDIT COMMITTEE MEETING
15 DECEMBER 2016

CONFIDENTIAL REPORT

Originating Officer:	**Kate McKenzie, Manager Corporate Governance**
General Manager:	**Vincent Mifsud, General Manager Corporate Services**
Subject:	**Internal Audit Contract**
Report Reference:	**FAC151216F02**

If the Finance and Audit Committee so determines, this matter may be considered in confidence under Section 90 (3)(d) of the Local Government Act 1999 on the grounds that the report deals with commercial information of a third party.

Adrian Skull
Chief Executive Officer

RECOMMENDATION:

1. That pursuant to Section 90(2) and (3)(d) of the Local Government Act 1999 the Committee orders that all persons present, with the exception of the following persons Adrian Skull (Chief Executive Officer), Vincent Mifsud (General Manager Corporate Services), Kate McKenzie (Manager Corporate Governance), be excluded from the meeting as the Committee receives and considers information relating to contract for the provision of Internal Audit Services upon the basis that the 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 commercial information that could reasonably be expected to prejudice the commercial position of the person who supplied the information.