His Worship the Mayor
Councillors
CITY OF MARION

CITY OF
MARION

NOTICE OF
FINANCE AND AUDIT COMMITTEE

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

Tuesday 27 February 2018

Commencing at 9.30am

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

22 February 2018

CITY OF MARION
FINANCE AND AUDIT COMMITTEE AGENDA
FOR THE MEETING TO BE HELD ON
TUESDAY, 27 FEBRUARY 2018
COMMENCING AT 9.30 AM
COUNCIL CHAMBER, ADMINISTRATION 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

<u>Corporate & Financial Management</u>

<u>Internal Audit</u>

8. **CONFIDENTIAL ITEMS**

8. **ANY OTHER BUSINESS**

Change of Date for August Finance and Audit Committee Meeting (currently coincides with General Council meeting on 14 August)

9. **MEETING CLOSURE**

The Audit Committee meeting shall conclude on or before 1 2.30 pm unless there is a specific motion adopted at the meeting to continue beyond that time.

10. **NEXT MEETING**

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

Time: 9.30am – 12.30pm
Date: 29 May 2018
Venue: Council Chamber, Administration Building

MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING

HELD AT THE ADMINISTRATION CENTRE

245 STURT ROAD, STURT

ON 12 DECEMBER 2017

PRESENT
Mr Greg Connor (Chair), Ms Kathryn Presser, Councillor Telfer and Councillor Kerry (from 9.47am)

In Attendance

Mr Adrian Skull	Chief Executive Officer
Mr Vincent Mifsud	General Manager Corporate Services
Ms Abby Dickson	General Manager City Development
Mr Tony Lines	General Manager, City Services
Ms Kate McKenzie	Manager Corporate Governance
Mr Ray Barnwell	Manager Finance and Contracts
Ms Deborah Horton	Governance Quality Coordinator
Ms Cassandra Gannon	Performance and Innovation Leader
Mr Mathew Allen	Manager Engineering and Field Services
Mr Justin Jamison	KPMG
Mr Jared Lawrence	KPMG

1. **OPEN MEETING**

   The meeting commenced at 9.33 am. 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 declared.

4. **CONFIRMATION OF MINUTES**

   9.33 am Confirmation of Minutes for the Finance and Audit Committee held 10 October 2017

   Moved Councillor Telfer, Seconded Ms Presser that the minutes of the Finance and Audit Committee (the Committee) meeting held on 10 October 2017 are confirmed as a true and correct record of proceedings.

   Carried Unanimously

5. BUSINESS ARISING

9.33 am Review of the Business Arising from previous meetings of the Finance and Audit Committee
Report Reference: FAC121217R5.1

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

The Committee noted that the commentary was fulsome and provided good detail.

The Manager Finance and Contracts provided a verbal update regarding the new accounting standards indicating that out of three (3) new standards, two (2) will not affect Local Government and the third item may impact on leases. Further analysis will occur in due course.

The Committee queried if the Council needed to undertake a commercial impact review of all Councils leases. The Committee was advised that this is not required at this point.

6. ELECTED MEMBER REPORT

9.38 am Elected Members' Report
Report Reference: FAC121217R6.1

Councillor Telfer assumed the report as read and mentioned that she will bring up some other items later in the meeting.

The Committee noted that the CEO had received an additional KPI from Council with focus on timely information being provided to Elected Members. The Committee recommended that Council provide some clarity to the CEO regarding how the KPI will be measured to ensure he can meet expectations.

7. REPORTS

Matters for Discussion

Corporate and Financial Management

9.43 am Framework and Key Assumptions for the preparation of the 2018/19 ABP&B and LTFP
Report Reference: FAC121217R7.1

The Manager Finance and Contracts indicated that the planning for the 2018/19 ABP&B and LTFP process is well advanced. A similar process to last financial year has been implemented with a number of touch points with the Committee and Council.

The Manager Finance and Contracts indicated that Council is reviewing a number of unfunded initiatives. The total of these unfunded initiatives is approximately $4.6m and these have yet to be prioritised.

The Committee noted the report.

The Committee queried if the employee costs of 2% was realistic? The CEO indicated that the AWU Employee Agreement is still not resolved. The last offer was again rejected by 84% of the AWU staff. Management will continue to work with staff in the New Year.

9.47am Councillor Kerry entered the meeting

The Committee indicated that the process is sound and management have refined it over the past few years to ensure good engagement with Council. The Committee also noted that the organisation has pushed targeted savings in recent years meaning there is less to be found in future years.

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City of Marion Minutes of the Finance and Audit Committee meeting held   *3*
Tuesday 12 December 2017 – Reference Number FAC121217

The challenge for Council is keeping rates low with a desire to increase spending. Council can further investigate extra savings through service reviews. If there are any services that council can charge for and hence create an opportunity for an additional revenue stream from non-rates sources these should be investigated.

The Committee recommended to management to use the budget tools to clearly identify to Council when budgets will tip cash into the red (deficit) or when the financial reserves are proposed to be used.

The Committee discussed rate capping noting that the models adopted in NSW would indicate that our current rate increases would be below the cap in any event.

Councillor Kerry raised the cost of the Oaklands Crossing and it was confirmed that Council was contributing $1.1m in cash and $3.9m of in kind support. Works will be re-prioritised to accommodate this in-kind support (which is common practice and will have little impact on the capital works program as a whole).

9.58 am Finance & Audit Committee Work Program & Meeting Schedule for 2018
Reference No: FAC121217R7.2

The Committee reviewed the report and requested that the Committee's performance review be added to the work program in August 2018.

Action – Add the Committee performance review to the August 2018 meeting

Moved Councillor Kerry, Seconded Ms Presser that the Finance & Audit Committee:

1. Notes the proposed work program for 2018 identified at Appendix 1 to the report.

2. Adopts the following schedule of meetings for 2018;
    a. TUESDAY, 27 February 2018 (9.30am – 12.30 pm)
    b. TUESDAY, 29 May 2018 (9.30am – 12.30 pm)
    c. TUESDAY, 14 August 2018 (4.00 – 6.00 pm, followed by joint workshop with Council from 7.00 – 9.00 pm)
    d. TUESDAY, 2 October 2018 (9.30am – 12.30 pm)
    e. TUESDAY 11 December 2018 (9.30am – 12.30 pm)

Carried Unanimously

9.59 am Ombudsman SA Annual Report 2016/17
Report Reference: FAC121217R7.3

The Governance Quality Coordinator provided an overview of the report noting that Marion had a total of 26 complaints to the Ombudsman in the 2016/17 financial year. This equates to a total of 2% of all complaints made to the Ombudsman. Of these complaints, the Ombudsman declined to investigate 40% and referred the other 60% back to Council to manage.

Not all people who were referred back to the Council pursued their complaint. There were no major learnings from these complaints which often related to parking issues, development concerns or the complaints processes in general.

Council has recently reviewed its Grievances Policy and made some minor changes to ensure that Elected Members are informed throughout the process.

The Committee noted the report.

10.05am Auditor-General Report 2017 - status of key recommendations as at December 2017
Report Reference: FAC121217R7.4

The Committee noted the report and the progress made. The Committee request ed that management informed the Auditor Genera l of the progress made agai nst his recommendations by 31 December 2017 and ensured that any risks were appropriately managed on an ongoing basis.

Action – That Management write to the Auditor General by 31 December 2017 and advise of progress made against recommendation within the report.

10.07 am Property Internal Audit Update
Report Reference: FAC121217R7.5

The General Manager City Develop ment provided an overview of the re port noting that the new leasing policy is now in place. The Committee noted that the Land and Property team have come a long way but still require improvement. The renewal of the leases has been a long process but progress is b eing made. The org anisation is still strug gling to connect/engage with some community Committees.

It was noted that the new Leasing Policy has incentives included if the clubs/groups meet a number of requirements.

The Committee queried what was t he difference between a permit an d a lease? It was advised that a lease provides a contract for the access to land/building whilst a permit is often short term and allows permission for an element of the land/building to be temporarily used.

The Committee noted the report and the progress made. It was estimated that within the next 6 months a number of leases will be under control.

ACTION – the Committee requested that at the May 2018 Committee meeting a short report is provided regarding progress.

10.10 am Draft Building Asset Management Plan
Report Reference: FAC121217R7.6

The General Manager City Develop ment provided an overview of the re port noting that the report provides an update on building asset management plans and management is aware of the gaps in the program. It was also raised that there is a significant spike in the renewal requirements in 2025. The Commit tee advised that this sp ike needs to be spread evenly across a number of years as such a spike is n ot manageable. It was noted that the last building condition audit conducted identified a number of gaps and further detail and analysis is required to fill in these gaps. A more detailed review will occur to pr ovide this data which is estimated to be around $100k to complete.

The Committee also not ed that the new building condition audit will di scuss maintenance versus renewal and address any opportunities for asset optimisation.

The Committee advised that Counc il needs to consider ho w it will measure or wh at key performance indicator may be necessary to monitor community service levels for assets into the future.

The Committee also not ed that Council had co mpleted a community survey that h ad only received a 10% response rate. The Committee suggested that this could still be improved but did note that the Co uncil had completed the survey twice and a bet ter response was received the second time.

The Committee also noted that a survey had been completed regarding community leases and approximately 70% of these were returned.

It was highlighted that a 20% dissatisfaction was received from the community lease survey and the Committee suggested that council may like to investigate further into this.

Councillor Telfer raised that community facilities under lease often require repairs and maintenance meaning the little things that require fixing can take time to be resolved. This can cause dissatisfaction.

It seems that council inherited a number of properties over time and now a number of these are coming to the end of their useful life. When council was gifted buildings, not much was required at the time but they are now requiring significant work. The cost of this needs to be appropriately built into the Long Term Financial Plan but Council should also consider what buildings are surplus to requirements.

The Committee noted the report and suggested that further work was required before community engagement commenced.

Internal Audit

10.25 am Internal Audit Program 2017/18 Year 1
Report Reference: FAC121217R7.7

10.26 am Mr Justin Jamison and Mr Jared Lawrence from KPMG entered the meeting.

The Governance Quality Coordinator provided an overview of the report highlighting that the internal audit program was on track and a number of recommendations from the previous Plan had been closed out. Those that were still outstanding were all low risk. The Committee requested that when reporting overdue recommendations that the risk rating is included in the report.

The Committee also requested if a due date for a recommendation is extended, it is evidenced that the relevant General Manager has approved the extension and the reasons why.

Mr Jamison provided an overview of the Corporate Reporting Audit highlighting it was a broad review and looked at accuracy, timing and reporting. It was noted that a number of corporate reports lacked structure and didn't cascade through the hierarchy meaning that there are some gaps and duplication. Improvements could be made regarding monitoring and reporting as often the reports lacked rigor and did not report against targets and variances.

It was noted that the new Work Area Plan process and KPI reporting was heading in the right direction and demonstrated improvement.

Data integrity was an issue as often data was contained in spreadsheets without controls to ensure accuracy.

The Committee noted the report and the recommendations and requested a report be provided to the May 2018 Committee meeting regarding progress.

ACTION – the Committee requested that at the May 2018 Committee meeting a short report is provided regarding progress.

Mr Lawrence presented four scopes to the Committee as follows:

- Contractor Management – this audit focuses on the end to end life cycle from contract execution to delivery. The audit will focus on WHS, value for money, service delivery and performance.

- Volunteer Management – this audit will review the strategy, process and procedures. The audit will address the attraction, supervision and the value of volunteers. It will also explore a different model to see if further value can be obtained for the community.

- Fines and Enforcement – this audit will review the process for enforcement of various legislation, fines and waiving fines. The Committee raised the matter of the Westfield Marion agreement and it was noted that this will be addressed via the service review rather than through the internal audit.

- NDIS – it was noted that this was not a traditional internal audit and the review will address a range of opportunities, risks and what are the future strategies/opportunities in this space. It was noted that the bulk of the work will be completed by Ben Wallace and Liana Frame from KPMG who specialise in this area. The Committee sought assurance that KPMG will not be charging the City of Marion for work already completed by them in this field. Mr Lawrence confirmed that the review will focus on the opportunities for Marion specifically.

The Committee endorsed all scopes.

10.54 am	The meeting agreed for a short adjournment
10.54am	Meeting adjourned
11.00am	Meeting resumed

<u>Service Reviews</u>

11.00am Service Review Program 2017/18 - Update
Report Reference: FAC121217R7.8

The Performance and Innovation Leader advised the Committee that the program was progressing well and to date seven (7) reviews were completed. The reviews were generating good outcomes and savings for Council.

The Committee noted the report and the updated provided.

11.02am Service Review – Scopes
Report Reference: FAC121217R7.9

Two scopes were presented to the Committee for review being the Community Safety Inspectorate and the Open Space Transition Part 2.

The Performance and Innovation Leader advised the Committee that:

- The Community Safety review looks at the whole system of the Community Safety Team. This will also include the review of the Westfield Marion arrangements.

- The Open Space Transformation Part 2 will focus on service levels, productivity, quality, value and define meaningful metrics.

The Committee noted the scopes and recommended that the reviews look beyond local government and examine what may exist in the marketplace external to Councils that could be of benefit. It was also noted that any customer feedback obtained during the review is thorough and robust.

11.05am Service Review - Update - Public Place Litter
Report Reference: FAC121217R7.10

The Committee noted the report and it was highlighted that the review has been managed well by staff involved. It was noted that consultation had occurred with both staff and the union. The service review was now finalised and the implementation of the recommendations had now commenced.

8. CONFIDENTIAL ITEMS

11.09am Service Review – Report – Open Space Transformation Phase 1
Report Reference: FAC121217F01

Moved Councillor Kerry, Seconded Ms Presser that:

1. Pursuant to Section 90(2) and (3)(a) of the *Local Government Act 1999,* the Finance and Audit Committee orders that allpersons present, with the exception of the following persons: Councillor Janet Byram, Adrian Skull , Tony Line s, Vincent Mifsud, Abby Dickson, Kate McKenzie, Mathew Allen, Brett Jaggard, Cassandra Gannon, Mel Nottle-Justice and Karen Brewster be excluded from the meeting as the Committee receives and considers information relating to the *Service Review – Report – Open Space Transformation Phase 1*, 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 to personnel matters.

Carried Unanimously

Moved Councilor Kerry, Seconded Councillor Telfer that:

1. In accordance with Section 91(7) and (9) of the Local Government Act 1999 the Committee orders that this report, any attachment to this report and the minutes arising from this report having been considered in confidence under Section 90(2) and (3)(a) 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 2018.

Carried Unanimously

11.27 am the meeting came out of confidence

11.27am BMX Project – Update Report
Reference No: FAC121217F02

Moved Ms Presser, Seconded Councillor Telfer that:

1. Pursuant to Section 90 (2) and (3)(b)(i)(ii) of the *Local Government Act 1999,* the Finance and Audit Committee orders that all persons present, with the exception of the following persons: Adrian Skull, Chief Executive Officer; Vincent Mifsud, General Manager Corporate Services; Abby Dicks on, General Manager City Development; Tony Lines, General Manager City Services; Kate McKe nzie, Manager Corporate Governance; Donna Griffiths, Acting Manager City Activation; Ray Barnwell, Manager Finance and Contracts; Malcolm Eagles, Strategic Projects Officer; Councillor Janet Byram, City of Marion; Phil Freeman, Office of Recreation and Sport; Brian Delaney, Office of Recreation and Sport; Geoff Norris, City of Onkaparinga be excluded from the

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City of Marion Minutes of the Finance and Audit Committee meeting held 8
Tuesday 12 December 2017 – Reference Number FAC121217

meeting as the Council receives and consider s information relating to Section 4 8 Prudential Report – BMX Confidential, upon t he basis th at 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 could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council and would on balance, be contrary to the public interest.

Carried Unanimously

Moved Councillor Telfer, Seconded Ms Presser that:

1.   In accordance with Se ction 91(7) and (9) of the Local Government Act 1999 the Committee orders that this report, Section 48 Prudential Report – BMX Confidential and the minutes arising from this report having been considered in confidence under Section 90(2) and (3)(i)(ii) of the Act, except when required to effect or comply wit h Council's resolution(s) regarding this matter, be kept confidential and not available for public inspection for a period of 12 months from the dat e of this meeting. This confidentiality order will be reviewed at the General Council Meting in December 2018.

Carried Unanimously

11.54am the meeting came out of confidence

9.   ANY OTHER BUSINESS

The Committee thanked Ms Presser for her professionalism, contribution and well considered advice to the Committee over the past two and a half years.

Ms Presser also thanke d the Committee and re cognised the progress achieved during her time on the FAC.

The Chair also thanked staff for their effort s during the year and wished everyone a merry Christmas and happy new year.

10.   MEETING CLOSURE

The meeting was declared closed at 11.57 pm.

11.   NEXT MEETING

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

Time: 9.30am
Date: 27 February 2018
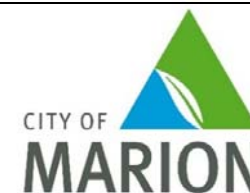**Venue: Council Chamber, Administration Building**

....
CHAIRPERSON

       /   /

CITY OF MARION

BUSINESS ARISING FROM FINANCE AND AUDIT COMMITTEE MEETINGS

AS AT 21 February 2018

	Date of Meeting	Item	Responsible	Due Date	Status	Completed / Revised Due Date
1.	30 May 2017	**Auditor-General Report – Examination of governance arrangements in local government: February 2017** **Report Reference: FAC300517R8.3** Advise the Auditor-General in writing once all recommendations have been completed.	K McKenzie	Dec 2017	The Compliance Framework remains the outstanding action from the Audit, which now has a re scheduled timeframe of 30 June 2018 due to resources and workload.	30 June 2018
2.	12 Dec 2017	**Auditor-General Report** That Management write to the Auditor General by 31 December 2017 and advise of progress made against recommendation within the report.	K McKenzie	December 2018	Status update was provid ed to the AG in December 2018. The A G acknowledged receipt of the email.	December 2018
3.	12 Dec 2017	**Property Internal Audit Update** The Committee requested that at the May 2018 Committee meeting a short report is provided regarding progress.	C Hampton	May 2018	Listed on the schedule for May	
4.	12 Dec 2017	**Corporate Reporting Internal Audit** The Committee requested that at the May 2018 Committee meeting a short rep ort is provid ed regarding progress.	K McKenzie	May 2018	Listed on the schedule for May	

* completed items to be removed are shaded

Report Reference: FAC270217R5.1

SCHEDULE OF MEETINGS 2018

Day	Date	Time	Venue
Tuesday	**27 February 2018**	**9.30am – 12.30 pm**	**Administration Centre**
Tuesday	**29 May 2018**	**9.30am – 12.30 pm**	**Administration Centre**
Tuesday	**14 August 2018**	**4.00 – 6.00 pm Followed by 7.00 – 9.00 pm (Joint workshop with Council)**	**Administration Centre**
Tuesday	**2 October 2018**	**9.30am – 12.30 pm**	**Administration Centre**
Tuesday	**11 December 2018**	**9.30am – 12.30 pm**	**Administration Centre**

INDICATIVE AUDIT COMMITTEE WORK PROGRAM - 2018
TUESDAY, 27 February 2018

Topic	Action
Elected Member Report	Communication Report
Draft Annual Business Plan and Budget 2018/19 and Draft Long Term Financial Plan	Review and Feedback
Insurance Review (Confidential)	Review and Recommendation to Council
Internal Audit Program – Scopes, Reviews and Monitoring	Review and Feedback
Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback
Organisational Key Performance Indicators 2018/19	Review and Recommendation to Council

TUESDAY, 29 May 2018

Topic	Action
Elected Member Report	Communication Report
Draft Annual Business Plan and Budget 2018/19 (after public consultation) & Draft Long Term Financial Plan	Review and Feedback
Internal Audit Program – Scopes, Reviews and Monitoring	Review and Feedback
Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback
Corporate Risk Profile	Review and Feedback
Update on Property Internal Audit Review	Update report
Corporate Report Internal Audit Update	Update report

Report Reference: FAC270217R5.1

TUESDAY, 14 August 2018 (Joint Workshop with Council)

Topic	Action
Elected Member Report	Communication Report
Annual Review of WHS Program	Review and Feedback
Valuations of Buildings and Assets	Review and Feedback
Internal Audit Program – Scopes, Reviews and Monitoring	Review and Feedback
Service Review Program – Sco pes, Reviews and Monitoring	Review and Feedback
Meeting with Internal auditors in camera	Seeking feedback from Auditors
Joint Workshop with Council	Topic TBC
FAC Performance Review	Review and Feddback

TUESDAY, 2 October 2018

Topic	Action
Elected Member Report	Communication Report
Independence of Council's A uditor for the year end 30 June 2018	Review and Recommendation to Council
Audited Annual Financial St atements for the year end 30 June 2018	Review and Recommendation to Council
Investment Performance 2017/18	Noting
Debtors Report	Noting
Meeting with external auditors in camera	Seeking feedback from Auditors
Local Government Risk Services Audit	Review and Feedback
Internal Audit Program – Scopes, Reviews and Monitoring	Review and Feedback
Service Review Progr am - Scopes, Reviews an d Monitoring	Review and Feedback

Tuesday, 11 December 2018

Topic	Action
Elected Member Report	Communication Report
Internal Audit Program – Scopes, Reviews and Monitoring	Review and Feedback
Service Review Progr am - Scopes, Reviews an d Monitoring	Review and Feedback
Work Program and Meeting Schedule 2019	Review and Feedback
Ombudsman SA Annual Report 2017/18	Review and Feedback
Framework and Key Assumptions for preparation of 2019/20 ABP and LTFP	Review and Feedback

CITY OF MARION
FINANCE AND AUDIT COMMITTEE MEETING
27 FEBRUARY 2018

Originating Officer:	**Kate McKenzie, Manager Corporate Governance**
	Councillor Raelene Telfer, Councillor Nick Kerry
Subject:	**Elected Members' Report**
Report Reference:	**FAC270218R6.1**

REPORT OBJECTIVE:

Section 4.20 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 12 December 2017, Council has held two (2) General Council Meetings on the 30th January 2018 and the 13 February 2018.

At these two (2) meetings, the Council made the following decisions that relate to the Finance and Audit Committee Terms of Reference in chronological order:

GENERAL COUNCIL – 30 January 2018

Leave of Absence – Mayor Hanna
Mayor Hanna sought and was granted a leave of absence from the Council as follows:

The Mayor is granted a leave of absence with effect from the closure of the General Council Meeting of 30 January 2018 until 30 March 2018.

The Deputy Mayor Janet Byram will undertake official functions and duties (as required) during this period.

BMX Project – Update Report
Council considered a confidential r eport regarding the progress of the BMX project. This discussion was confidential but the following resolution was public. If the Committee is seeking further detail, the Committee will need to move into confidence.

1.   Notes the BMX project budget funding shortfall for all 3 site options as outlined in this report

2.   Defers the decision on the site until the City of Onkaparinga's decision on a suitable site is communicated to the City of Marion.

3.   Continues to pursue additional funding to reduce the project budget shortfall.

Release of confidential report – Investigation

Council determined to release a re port from 2015 relating to an investigation, wh ere rental payments in arears for a commun ity facility exceeded $80k by whic h time the debt was potentially unrecoverable. Since this investigation has occurred, steps are now in place to ensure debts to do not fall to this level without relevant reporting and notification.

GENERAL COUNCIL 1 February 2018

Appointment of Expert Member – Finance & Audit Committee
Council appointed Ms Natalie Johnston as the Expert Member of th e Finance and Audit Committee to commence for a period of 13 February 2018 to 30 November 2020.

Corporate Risk Quarterly Report - October to December 2017
Council noted the quarterly risk report with 14 high rated risks. The risks cover a diverse rang e of work areas as follows:

- Civil Services
- Community Health & Safety
- Contracts
- Development Services
- Environmental Sustainability
- Governance
- Information Communications & Technology
- Open Space & Recreation
- Risk

The Corporate Risk Profile will be reported to the next FAC meeting in May 2018

WHS Monthly Report
Council noted this repo rt and the current LTIFR is 6.2 which is 33% below the 9.3 LTIFR reported at the same time last year.

COMMITTEES
The following Committees also met and discussed the following matters relating to the FAC's Terms of Reference:

Infrastructure and Strategy Committee – 6 February 2018

The Committee discussed various major projects includ ng Edwardstown Oval Redevelopment and BMX

Urban Planning

Nil

Review and Selection Committee – 30 January 2018 and 6 February 2018

The Committee shortlisted and recommended to Council the appointment of Natalie Johnston as independent member to the FAC.

Elected Member Forums

Elected Member Forums have continued to work on o pen space and playgrounds, tree strategy, walking a nd cycling strate gy, to name a few top ics. Progress is being made on selection of capital works within the 18/19 budget.

RECOMMENDATION	**DUE DATE**
	27 Feb 2018
The Finance and Audit Committee note the report.	

**CITY OF MARION
FINANCE & AUDIT COMMITTEE MEETING
27 FEBRUARY 2018**

Originating Officer:	**David Harman, Unit Manager Statutory Finance & Payroll, Elaine Delgado, Strategic Leader – Innovation & Strategy**
Corporate Manager:	**Ray Barnwell, Manager Finance and Contracts Fiona Harvey, Manager Innovation and Strategy**
General Manager:	**Vincent Mifsud, General Manager Corporate Services**
Subject:	**Draft Annual Business Plan 2018/19 and Long Term Financial Plan**
Report Reference:	**FAC270218R7.1**

REPORT OBJECTIVES & EXECUTIVE SUMMARY:

The purpose of this report is to provide the Finance & Audit Committee (FAC) with an update on the development of Council's Annual Business Plan (ABP) process for 2018/19 and to provide a coinciding update on the development of the Draft Long Term Financial Plan 2018/19 to 2027/28 (LTFP).

The process for 2018/19 has built upon and strengthened the new process implemented in 2017/18, with a key focus on upfront planning, ensuring all key inputs are analysed in the early stages to ensure integration with the budget process.

Feedback and guidance is sought from the FAC regarding:

- The development of the Draft ABP 2018/19 and LTFP, including the proposed use of Council's Accounting Reserves to offset the funding requirements of new initiatives incorporated into the Draft 2018/19 Budget and LTFP

- The reasonableness, fairness and equity of the potential rating approaches for 2018/19 (as per the rate modelling contained in this report), including in the context of Council's LTFP and on-going financial sustainability.

- Alignment of the rate modelling options provided in this report to Council's Budget and Treasury policies which, are centred on achieving a breakeven funding (cash) position or better whilst adopting and maintaining a LTFP which ensures Council operates in a financially sustainable manner

- Organisational KPI's

The 2018/19 Annual Business Planning process will continue with further development of the 2018/19 Draft ABP, which is set to go out for public consultation in April/ May 2018. The outcome of that consultation will be brought back to the FAC at its next meeting on 29 May 2018.

RECOMMENDATIONS (1)

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DUE DATES

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That the Finance & Audit Committee:

1. **Provides feedback and guidance in regards to the:**   **27 February 2018**

   o **The development of the Draft ABP 2018/19 and LTFP, including the use of Council's Accounting Reserves to offset the funding requirements of new initiatives incorporated into the Draft ABP 2018/19 and LTFP**

   o **Reasonableness, fairness and equity of the potential rating approaches for 2018/19 (as per the rate modelling contained in this report), including in the context of Council's LTFP and on-going financial sustainability**

   o **Alignment of the rate modelling options provided in this report to Council's Budget and Treasury policies which, are centred on achieving a breakeven funding (cash) position or better whilst adopting and maintaining a LTFP which ensures Council operates in a financially sustainable manner**

   o **Organisational KPI's**

BACKGROUND:

Council is required by the *Local Government Act 1999* to prepare and adopt an ABP each year, and in doing so determine the key strategic priorities for the ensuing 12 months in the context of Council's Strategic Plans. The LTFP and ABP are an integral part of Council's suite of Strategic Management Plans. The city's Community Vision – 'Towards 2040', 2017-2027 Strategic Plan and 3-year 2016-2019 Business Plan, set the foundation for the development of the ABP and LTFP.

The Draft ABP 2018/19 and Draft LTFP are being prepared under the framework adopted by Council at its meeting on 9 May 2017 General Council Meeting (GC090517R07) with further refinement by Council during this 2018/19 budget process. This encompasses maintaining current services and service delivery levels for the community, as well as meeting Council's planned capital renewal programs over the life of the LTFP.

Discussion

The ABP is Council's statement of its intended programs and outcomes for the year. It links long-term planning, as set out in Council's Strategic Plans and Asset Management Plans, with the allocation of resources in the budget. It also establishes the basis for review of the Council's performance over the year published in its annual report.

The development of an ABP is required under Section 123 of the *Local Government Act 1999*. The document should include the following:

- a summary of Council's longer term objectives, as set out in the Strategic Plan;
- significant influences for the year including financial factors, asset renewal needs and progress on continuing projects;
- Council's specific objectives for the next year against which its performance will be measured;
- the activities (services and projects) that Council intends to undertake to achieve its objectives;
- a summary of the proposed sources of revenue for the year;
- Council's proposed approach to rating for the year and what it means for ratepayers.

The ABP is being prepared in accordance with the requirements of the Local Government Act and Local Government (Financial Management) Regulations. It will include appropriate information about the rates and charges that Council intends to levy as well as a range of other information required by the Local Government (Financial Management) Regulations. The budget will include statutory statements being Income Statement, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows. In addition to these statements, a 'Funding Statement' will be provided that details funding sources and a net overall funding (cash) position.

In the development of the ABP 2018/19, consideration has been given to Council's strategic management framework, financial parameters, organisational KPI's and key issues identified through the environmental scanning process, as well as the relevant federal, state and regional strategies and plans.

Linking the ABP to the Three-year Business Plan

Almost all of the projects within the 2016-2019 Business Plan are in delivery. Whilst some projects are complete, 2018-19 is set to follow on from 2017-18 being a high achievement focused program with many of the projects due for final delivery in 2018-19. A small number of phases of projects/programs are scheduled to begin in 2018/19 (year 3 of the plan):

Liveable	• Undertake an evaluation and review of at least a further 12 council services to ensure they continue to provide maximum value to our community, now and into the future • Continue delivery of priority elements of the Marion/Oaklands Park Streetscape Masterplan
Valuing Nature	• Subject to the investigation of the potential to establish a water supply business using the Oaklands Wetlands water distribution network, plan a water supply business in conjunction with ongoing use of the Oaklands Wetlands water
Engaged	• No new projects beginning in 2018/19
Prosperous	• No new projects beginning in 2018/19
Innovative	• No new projects beginning in 2018/19
Connected	• No new projects beginning in 2018/19

Elected Members have also identified a further suite of initiatives for inclusion in the 2018-19 ABP (see below). Financial and resource mode lling is currently being undertaken to better understand the impacts of the addition of these initiatives.

Organisational Key Performance Indicators

Organisational KPIs and measuring performance again st these, is a critical mechanism to ensure Council is contr ibuting to the aspiration s of the Co mmunity and the goals within its strategic plans. This is done in a transparent way through inclusion of these KPIs in the Annual Business Plan and providing public performance reports to Council on a regular basis.

The table below provides the eight current 2017/18 Organisational KPI's covering a range of performance measures including financial, staffing, WHS, major projects and achievement of strategic goals.

In developing the 2018/19 Annual Business Plan feedback and comment is sought on the existing 2017/18 Organisational KPI's, in particular any potential improvements to the Organisational KPI's for inclusion in 2018/19 Annual Business Plan. Comments (in blue) provide Administration's suggested changes/improvements for 2018/19

It is the intent of the Council that the Organisational KPI's are based on no substantial cuts to existing services provided to the community (unless by Council resolution) and applying a level of rate increase as set by Council.

Key Performance Indicator	Core Target	Stretch Target
Financial Sustainability	Council maintains a break even or positive cash funding position in delivering its annual budget	
Delivery of agreed projects identified in the Annual Business Plan and the third year targets in the 3 year Plan	Greater than or equal to 95%	
Lost Time Injury Frequency Rate Significant improvements (~60%) were achieved in LTIFR during 2015/16, with further improvements expected in 2017/18 (~30%). Now that improved systems, processes and culture are embedded in the organisation it is expected that improvements in LTIFR will	Greater than or equal to 10% reduction from the previous year's result	Greater than or equa l to 15% reduction from the previous year's result

Report Reference: FAC270218R

stabilise to around 10% reduction p.a. in the short to medium term		
Total employee costs (including agency staff)	Less than or equal to 3% increase in actual employee costs (including agency staff) against prior year's actual costs	Less than or equal to 2% increase in actual employee costs (including agency staff) against prior year's actual costs
Retention of key staff	Greater than or equal to 80% key staff retained	Greater than or equal to 90% key staff retained
Overall satisfaction with Council's performance Improvements to survey response rates from community were seen in 17/18 compared with 16/17 however there are further opportunities to connect with broader segments of the community using a diverse range of tools. Opportunities will be explored for 2019/20	Greater than or equal to 75 % rated as satisfied or above	Greater than or equal to 85% rated as satisfied or above
Asset Sustainability	Asset Sustainability Ratio greater than or equal to 80%	Asset Sustainability Ratio greater than or equal to 90%
Delivery of Council's capital works program This measure will be improved by including both works delivered and expenditure of capital funds in 2018/19	Greater than or equal to 80% delivery of Council's planned capital works program (adjusted for extraordinary items)	Greater than or equal to 90% delivery of Council's planned capital works program (adjusted for extraordinary items)

Rate Modelling and Comparative Rating Data

One of the key elements of Councils ABP and LTFP framework is that the City of Marion maintains its position for an average residential rate which remains among the lower rating metropolitan councils. For 2017/18 the City of Marion had the 5th lowest average residential rate of the 18 metropolitan councils. It is forecast that the currently proposed rate increase is likely to keep the City of Marion's position among the lower rating councils.

AVERAGE RESIDENTIAL RATE 2017/18

Report Reference: FAC270218R

Rating Options

The assumption for Council's currently adopted LTFP includes a rates increase of 2.2% plus growth, forecast at 1.0%. The currently adopted LTFP forecasts a breakeven cash position for 2018/19.

Council in the development of the Draft ABP 2018/19 propose to include a number of new initiatives (2018/19 - $6.723m) that impact on this adopted balanced funding/ (Cash) position for 2018/19 and throughout the LTFP. Council proposes to draw on its accounting reserves to offset the required increase in expenditure in order to deliver a Draft ABP 2018/19 and LTFP with a balanced funding position.

Three models were init ially considered at an Elected Member Forum in January 2018 with annual average rates increases of 1%, 1.8% (0.5% below current Adelaide CPI of 2.3%) and 2.2% over the LTFP. The 1% model proved to be financially unsustainable with funding / (cash) deficits over the life of the LTFP and is now precluded from further consideration.

The 1.8% and 2.2% model will continue to be considered by Council with the rate for 2018/19 and throughout the LTFP continuing to be modelled and assessed as part of this ABP process with the objective of delivering a <u>balanced funding position for 2018/19 and throughout the LTFP</u>.

The following table summarises the comparison between the 1.8% and 2.2% rate models in relation to Council's:
- Operating Surplus
- Cash Surplus; and
- Closing Cash Balance

	1.80%		2.20%		Variance	
	2018/19	LTFP	2018/19	LTFP	2018/19	LTFP
	$000s	$000s	$000s	$000s	$000s	$000s
Operating Surplus	1,851	7,867	2,143	9,795	292	1,928
Cash Budget Surplus	181	37,962	474	59,252	293	21,290
Closing Cash Balance	24,698	67,757	24,983	86,927	285	19,170
Closing Reserve Balance	10,478	14,389	10,478	14,389	-	-

The above table compares the financial impacts of ongoing rate increases of 1.8% and 2.2% In both scenarios the closing cash balance is likely to be sufficient to ensure Council's reserves are cash backed and therefore projects a sustainable option.

Appendix 1 provides a detailed extract from the LTFP software that shows the impact of these changes, including a number of key financial indicators highlighting the movements against the scenario based on Council's previously adopted assumptions.

In comparing the two options now being considered, an average rate increase of 1.8% over the 10-year term of the LTFP provides the most balanced cash position. Funding surpluses are forecast to be achieved in all years over the 10 year term for both models with the 2.2% model achieving $59.252m over 10 years compared to $37.962m with the 1.8% model. The 1.8% was also aligned to Sept year on year Adelaide CPI, which has recently increased to 2.3% year on year to December 2017.

Additions to the 2018/19 ABP & LTFP

The Draft ABP 2018/19 and LTFP incorporate proposed funding of $6.723m for 21 initiatives (20 new) and funding $14.189m over the 10 years of the LTFP. The financial impact of these

initiatives is outlined in the table below. The table also indicates where the new initiatives are proposed to be funded from, either through rates or funding availability from Council's Reserves (Asset Sustainability Reserve (ASR) or CFPP).

	Recurrent / Once Off	Funded from	2018/19	LTFP
Operating			**$000s**	**$000s**
Marion Cultural Centre external hire enhancement project	Once off	Rates	55	10
Remnant Native Vegetation Plan	Recurrent	Rates	300	2,500
Enhanced Tree Planting Program	5 years	Rates	138	2,506
Replacement of the Asset Management ICT System	Once off	Rates	1,020	1,540
Design for erosion control at River Parade Hallett Cove	Once off	Rates	60	60
Glenthorne Farm Community Access Advocacy	Once off	Rates	26	26
Light Square Upgrade	Once off	Rates	20	29
City of Marion Fringe Hub at the Marion Cultural Centre	Once off	Rates	15	15
Indigenous and Disability Traineeships	Recurrent	Rates	120	1,200
Valuing Marion's Nature (replacement for Discovery Circle Program)	Recurrent	Rates	30	300
Mitchell Park Scoreboard	Once off	Rates	20	20
Oaklands Education Centre	2 years	Rates	75	100
Total Operating Initiatives Loaded			**1,879**	**8,306**
Capital				
Young St/Lander Rd Upgrade	Once off	Rates	200	290
Edwardstown Oval Public Toilet	Once off	Rates	200	290
MCC Plaza Activation	Once off	Rates	40	40
Weed Steamer	Once off	Rates	25	50
Coastal Walkway Reinstatement	Once off	ASR	350	350
Marion Outdoor Pool Masterplan	2 years	ASR/ Rates	1,193	6,034
Tennis Facilities at Seacombe Heights	Once off	CFPP	480	480
Morphettville Park Sports Redevelopment	2 years	CFPP	290	1,290
LED Project ($1,033k brought forward)	Once off (ongoing savings)	ASR\ Rates	2,066	(2,941)
Total Capital Initiatives Loaded			**4,844**	**5,883**
Total Initiatives Loaded			6,723	14,189
Funded from Reserves (CFPP & ASR)			(4,379)	(7,308)
Net decrease in cash			**2,344**	**6,881**

Movement in Council's Accounting Reserves

Council's currently adopted LTFP and subsequent Council Resolutions in 2017/18 include a number of planned Reserve fund transfers. In order to alleviate the potential required rate increase to support and deliver the new initiatives proposed for inclusion in the Draft ABP 2018/19 there are additional proposed reserve fund transfers incorporated into the Draft ABP 2018/19 and LTFP. The net impact on Council's Accounting Reserves over the next two years is a reduction of $13.5m from a balance of $21.5m to $8.1m.

The remaining balance is after allocating all funding required to meet existing Council resolutions, including funding for Council's contribution to major projects such as 'Soccer in the South' ($2.5m) and the Edwardstown Oval Redevelopment ($4.8m) and allowing for the key projects listed below to be carried out over the next two years;

LED Lighting Project (2 years contribution in 2018/19)		$ 2.066m
Coastal Walkway reinstatement (2018/19)		$ 0.350m
Tennis facilities at Seacombe Heights (increased from $175k)		$ 0.480m
Morphettville Park Sports redevelopment (2018/19)		$ 0.290m
Morphettville Park Sports redevelopment (2019/20)		$ 1.000m
Marion Outdoor Pool – Stage 1	(2017/18)	$ 0.320m
Marion Outdoor Pool – Stage 2	(2018/19)	$ 1.193m
Marion Outdoor Pool – Stage 3	(2019/20)	$ 1.930m

Report Reference: FAC270218R

Borrowings

Council borrowings are set to reduce from $7.9m in 2017/18 to $6.8m by 30 June 2019. With the level of cash reserves council currently holds the Draft 2018/19 Budget assumes no new borrowings will be taken out in 2018/19.

The LTFP incorporates additional future borrowings of $12.96m, currently timed in the LTFP for the 2019/20 year. These borrowings relate to Council's contribution towards the Mitchell Park Sports and Community Centre ($10m) and essential renewal works for the Administration Centre ($2.96m), subject to Council approval. Council's borrowings are currently forecast to peak in 2019/20 at $18.6m reducing to $3.5m by the end of the current LTFP.
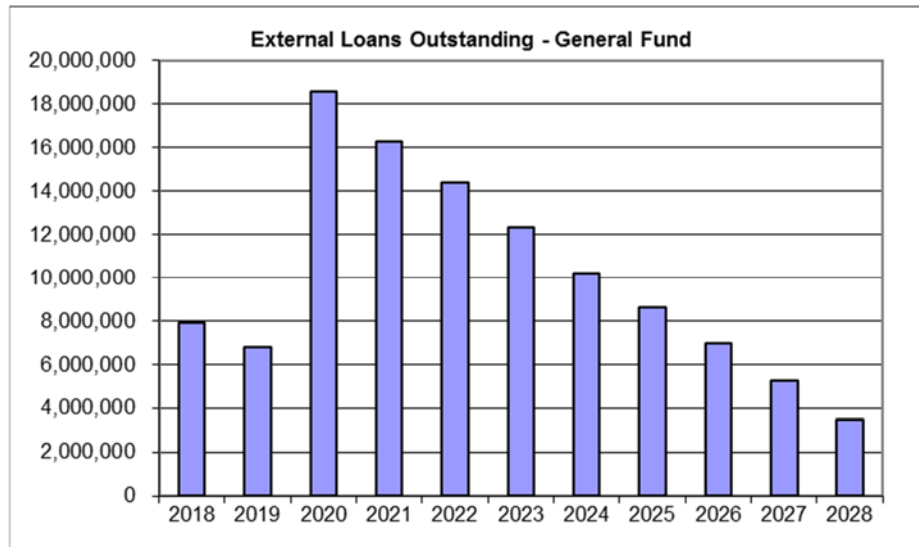
As indicated below by Council's Debt Servicing Ratio further capacity exists for Council to increase borrowings should it be necessary to do so.

Debt Servicing Ratio										
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Target	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Debt Servicing Ratio	1.8%	1.7%	3.4%	2.8%	2.7%	2.7%	2.0%	1.9%	1.9%	1.8%

Major Projects

Council's forecast major projects include the following:

2018/19 Draft Budget (funded in next year's budget)

- Edwardstown Soldiers Memorial Recreational Ground ($8.8m) – has commenced in 2017/18 and forecast for completion in 2018/19. Federal grant funding of $4.0m will be used in 2017/18 with Council's contribution of $4.8m forecast to come from the ASR - Major New Projects reserve in 2018/19.

- Soccer Facilities in the South ($2.5m) – forecast in the LTFP in 2018/19

- BMX facilities ($3.5m project) - Council's contribution to this project ($750k) will be carried over to 2018/19 if not utilised in 2017/18.

- Marion Outdoor Pool Upgrade – Stage 2 ($1.193m)

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LTFP (funded in future years)

- Marion Outdoor Pool Upgrade – Stage 3 (2019/20) ($1.930m)

- Mitchell Park Sports and Community Centre ($20m), is forecast to commence in 2019/20 pending the successful attraction of grant funding of $10m, with the balance currently forecast to be funded through borrowings.

- Essential works for the refurbishment of the Administration Centre ($2.96m), subject to Council approval, are currently forecast in the LTFP in 2019/20, however this will continue to be reviewed in each iteration of the LTFP.

Financial Ratios

A positive operating cash flow is vital to support operating requirements in addition to providing funding for the renewal of existing assets over time to maintain community service standards.

Appendix 1 illustrates the key financial indicators for the proposed rating models against the targets established by Council to monitor performance over the term of the financial plan.

With projected new borrowings of $12.96m included in the LTFP Council's ratios relating to borrowings are within target over the term of the LTFP.

The Asset Consumption Ratio is below its target range, but is more in line with the known condition of Council's asset base – particularly its buildings – where an increased level of maintenance and renewal is required.

Both the 1.8% and the 2.2% model allow a sufficient closing cash balance to fully cash back Council's reserves, while also maintaining sufficient cash flows for Council to continue to operate without the possibility of its bank account being overdrawn.

CONCLUSION:

Through the development of the Draft ABP 2018/19 and LTFP Council proposes to include a number of new initiatives (2018/19 - $6.723m) that will impact on Council's currently adopted balanced funding/(Cash) position for 2018/19 and throughout the LTFP. Council proposes to draw on its accounting reserves to offset the required increase in expenditure in order to deliver a Draft ABP 2018/19 and LTFP with a balanced funding position.

The 1.8% and 2.2% models will continue to be considered by Council with the rate for 2018/19 and throughout the LTFP continuing to be modelled and assessed as part of this ABP process with the objective of delivering a balanced funding position for 2018/19 and throughout the LTFP.

Feedback and guidance from the Finance and Audit Committee on th e development of the Draft ABP 2018/19 and LTFP will be considered as part of the on-going development of these documents. The Draft ABP 2018/19 and LTFP are scheduled to be adopted by Council for public consultation on 10 April 2 018. The An nual Business Plan 2018/19 and LTFP are scheduled for final adoption by Council at the General Council Meeting to be held on 26 June 2018.

Appendix 1 - Comparative LTFP Data and Ratios

Appendix 2 - Budget & Treasury Management Policies (For information purposes only)

Report Reference: FAC270218R

City of Marion
10 Year Financial Plan for the Years ending 30 June 2028
BUDGET SUMMARY - GENERAL FUND
Scenario: LTFP - Approved Initiatives - 1.8%

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
					Projected Years					
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Income										
Rates	77,173	79,328	81,543	83,820	86,161	88,567	91,040	93,582	96,196	98,882
Statutory Charges	1,925	1,973	2,023	2,073	2,125	2,178	2,233	2,289	2,346	2,404
User Charges	2,005	2,053	2,104	2,157	2,211	2,266	2,323	2,381	2,440	2,501
Grants, Subsidies and Contributions	6,258	6,035	6,186	6,340	6,499	6,661	6,828	6,999	7,174	7,353
Investment Income	504	687	686	715	747	793	920	1,111	1,332	504
Reimbursements	564	579	593	608	623	639	655	671	688	705
Other Income	876	884	889	895	900	906	912	919	925	931
Net gain - equity accounted Council businesses	-	-	-	-	-	-	-	-	-	-
Total Income	**89,305**	**91,538**	**94,024**	**96,608**	**99,266**	**102,010**	**104,910**	**107,951**	**111,100**	**113,281**
Expenses										
Employee Costs	34,760	35,166	35,869	36,714	37,586	38,486	39,415	40,373	41,181	42,004
Materials, Contracts & Other Expenses	35,119	31,174	32,108	32,724	33,723	33,331	33,993	34,669	35,748	36,679
Depreciation, Amortisation & Impairment	17,105	17,789	18,501	19,241	20,010	20,811	21,643	22,509	23,409	24,346
Finance Costs	470	400	884	766	667	563	463	387	308	225
Total Expenses	**87,455**	**84,528**	**87,362**	**89,446**	**91,987**	**93,190**	**95,514**	**97,938**	**100,646**	**103,254**
Operating Surplus	**1,851**	**7,009**	**6,662**	**7,163**	**7,279**	**8,820**	**9,396**	**10,013**	**10,454**	**10,027**
Amounts Received Specifically for New or Upgraded Assets	2,400	10,000	-	-	-	-	-	-	-	-
Physical Resources Received Free of Charge	-	-	-	-	-	-	-	-	-	-
Net Surplus / (Deficit) for the Year	**4,251**	**17,009**	**6,662**	**7,163**	**7,279**	**8,820**	**9,396**	**10,013**	**10,454**	**10,027**
Capital (Balance Sheet) and Reserve Movements										
Capital Expenditure	(31,189)	(46,519)	(21,950)	(22,455)	(23,028)	(23,681)	(21,965)	(22,428)	(22,774)	(23,228)
Loan Repayments (External)	(1,100)	(1,170)	(2,302)	(1,931)	(2,030)	(2,134)	(1,568)	(1,644)	(1,723)	(1,806)
New Loan Borrowings (External)	-	12,960	-	-	-	-	-	-	-	-
Net Transfers (to)/from Reserves	11,115	2,170	(760)	(760)	(760)	(760)	(760)	(760)	(760)	(760)
Total Capital (Balance Sheet) and Reserve Movements	**(21,174)**	**(32,559)**	**(25,012)**	**(25,146)**	**(25,818)**	**(26,575)**	**(24,293)**	**(24,831)**	**(25,257)**	**(25,794)**
Net Result (including Depreciation & Other non-cash items)	**(16,924)**	**(15,550)**	**(18,350)**	**(17,983)**	**(18,539)**	**(17,755)**	**(14,897)**	**(14,818)**	**(14,803)**	**(15,766)**
Add back Depreciation Expense (non-cash)	17,105	17,789	18,501	19,241	20,010	20,811	21,643	22,509	23,409	24,346
Add back Other Expenses (non-cash)	-	-	-	-	-	-	-	-	-	-
Less Other Income (non-cash)	-	-	-	-	-	-	-	-	-	-
Cash Budget Surplus	**181**	**2,239**	**151**	**1,258**	**1,471**	**3,056**	**6,746**	**7,691**	**8,606**	**8,579**
Closing Cash Balance	**24,698**	**24,548**	**25,787**	**27,706**	**29,815**	**33,582**	**40,981**	**49,322**	**58,550**	**67,757**
Closing Reserve Balance	**10,478**	**8,309**	**9,069**	**9,829**	**10,589**	**11,349**	**12,109**	**12,869**	**13,629**	**14,389**

City of Marion
10 Year Financial Plan for the Years ending 30 June 2028
BUDGET SUMMARY - GENERAL FUND

Scenario: LTFP - Approved Initiatives - 2.2%	2018/19	2019/20	2020/21	2021/22	Projected Years 2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Income										
Rates	77,465	79,930	82,474	85,099	87,808	90,602	93,486	96,462	99,533	102,701
Statutory Charges	1,925	1,973	2,023	2,073	2,125	2,178	2,233	2,289	2,346	2,404
User Charges	2,005	2,053	2,104	2,157	2,211	2,266	2,323	2,381	2,440	2,501
Grants, Subsidies and Contributions	6,258	6,035	6,186	6,340	6,499	6,661	6,828	6,999	7,174	7,353
Investment Income	504	687	686	715	747	793	920	1,111	1,332	504
Reimbursements	564	579	593	608	623	639	655	671	688	705
Other Income	876	884	889	895	900	906	912	919	925	931
Net gain - equity accounted Council businesses	-	-	-	-	-	-	-	-	-	-
Total Income	**89,598**	**92,141**	**94,955**	**97,888**	**100,913**	**104,046**	**107,357**	**110,831**	**114,437**	**117,101**
Expenses										
Employee Costs	34,760	35,166	35,869	36,714	37,586	38,486	39,415	40,373	41,181	42,004
Materials, Contracts & Other Expenses	35,119	31,174	32,108	32,724	33,723	33,331	33,993	34,669	35,748	36,679
Depreciation, Amortisation & Impairment	17,105	17,789	18,501	19,241	20,010	20,811	21,643	22,509	23,409	24,346
Finance Costs	470	400	884	766	667	563	463	387	308	225
Total Expenses	**87,455**	**84,528**	**87,362**	**89,446**	**91,987**	**93,190**	**95,514**	**97,938**	**100,646**	**103,254**
Operating Surplus	**2,143**	**7,612**	**7,594**	**8,442**	**8,926**	**10,856**	**11,843**	**12,893**	**13,792**	**13,847**
Amounts Received Specifically for New or Upgraded Assets	2,400	10,000	-	-	-	-	-	-	-	-
Physical Resources Received Free of Charge	-	-	-	-	-	-	-	-	-	-
Net Surplus / (Deficit) for the Year	**4,543**	**17,612**	**7,594**	**8,442**	**8,926**	**10,856**	**11,843**	**12,893**	**13,792**	**13,847**
Capital (Balance Sheet) and Reserve Movements										
Capital Expenditure	(31,189)	(46,519)	(21,950)	(22,455)	(23,028)	(23,681)	(21,965)	(22,428)	(22,774)	(23,228)
Loan Repayments (External)	(1,100)	(1,170)	(2,302)	(1,931)	(2,030)	(2,134)	(1,568)	(1,644)	(1,723)	(1,806)
New Loan Borrowings (External)	-	12,960	-	-	-	-	-	-	-	-
Net Transfers (to)/from Reserves	11,115	2,170	(760)	(760)	(760)	(760)	(760)	(760)	(760)	(760)
Total Capital (Balance Sheet) and Reserve Movements	**(21,174)**	**(32,559)**	**(25,012)**	**(25,146)**	**(25,818)**	**(26,575)**	**(24,293)**	**(24,831)**	**(25,257)**	**(25,794)**
Net Result (including Depreciation & Other non-cash items)	**(16,631)**	**(14,947)**	**(17,418)**	**(16,703)**	**(16,892)**	**(15,719)**	**(12,450)**	**(11,938)**	**(11,466)**	**(11,947)**
Add back Depreciation Expense (non-cash)	17,105	17,789	18,501	19,241	20,010	20,811	21,643	22,509	23,409	24,346
Add back Other Expenses (non-cash)	-	-	-	-	-	-	-	-	-	-
Less Other Income (non-cash)	-	-	-	-	-	-	-	-	-	-
Cash Budget Surplus	**474**	**2,842**	**1,082**	**2,537**	**3,118**	**5,092**	**9,193**	**10,571**	**11,944**	**12,399**
Closing Cash Balance	**24,983**	**25,427**	**27,589**	**30,777**	**34,524**	**40,316**	**50,151**	**61,360**	**73,914**	**86,927**
Closing Reserve Balance	**10,478**	**8,309**	**9,069**	**9,829**	**10,589**	**11,349**	**12,109**	**12,869**	**13,629**	**14,389**

City of Marion
10 Year Financial Plan for the Years ending 30 June 2028
SCENARIOS - GENERAL FUND
Scenario: LTFP - Approved Initiatives - 2.2%

New Scenario (After): LTFP - Approved Initiatives - 2.2%
Old Scenario (Before): LTFP - Approved Initiatives - 1.8%

Headline Figure / KPI		Scenario	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Rates		After	77,465,074 ↑	79,930,365 ↑	82,474,205 ↑	85,099,100 ↑	87,807,634 ↑	90,602,476 ↑	93,486,377 ↑	96,462,179 ↑	99,532,812 ↑	102,701,302 ↑
		Before	77,172,549	79,327,556	81,542,757	83,819,834	86,160,516	88,566,581	91,039,855	93,582,216	96,195,594	98,881,973
Total Income		After	89,598,022 ↑	92,140,713 ↑	94,955,215 ↑	97,887,701 ↑	100,912,731 ↑	104,046,165 ↑	107,356,636 ↑	110,830,907 ↑	114,437,335 ↑	117,100,588 ↑
		Before	89,305,497	91,537,904	94,023,766	96,608,435	99,265,613	102,010,270	104,910,114	107,950,944	111,100,116	113,281,259

Note 15 Ratios

		Scenario	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Operating Surplus Ratio	Snapshot	After	🟢	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴
		Before	🟢	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴
	Ratio	After	2.39%	8.26%	8.00%	8.62%	8.84%	10.43%	11.03%	11.63%	12.05%	11.82%
		Before	2.07%	7.66%	7.09%	7.41%	7.33%	8.65%	8.96%	9.28%	9.41%	8.85%
Net Financial Liabilities Ratio	Snapshot	After	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢
		Before	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢
	Ratio	After	-7.50%	3.62%	-0.58%	-5.73%	-11.14%	-18.59%	-28.58%	-39.22%	-50.33%	-61.74%
		Before	-7.19%	4.62%	1.35%	-2.59%	-6.54%	-12.30%	-20.44%	-29.04%	-37.93%	-46.81%
Asset Sustainability Ratio	Snapshot	After	🔴	🟢	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴
		Before	🔴	🟢	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴
	Ratio	After	109.06%	97.24%	84.05%	83.99%	84.11%	83.57%	71.99%	70.84%	69.17%	67.95%
		Before	109.06%	97.24%	84.05%	83.99%	84.11%	83.57%	71.99%	70.84%	69.17%	67.95%
Interest Cover Ratio	Snapshot	After	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢
		Before	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢
	Ratio	After	-0.04%	-0.31%	0.21%	0.05%	-0.08%	-0.22%	-0.43%	-0.66%	-0.91%	-0.24%
		Before	-0.04%	-0.32%	0.21%	0.05%	-0.08%	-0.23%	-0.44%	-0.68%	-0.93%	-0.25%
Asset Consumption Ratio	Snapshot	After	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴
		Before	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴
	Ratio	After	76.32%	75.83%	74.83%	73.90%	73.09%	72.29%	71.48%	70.76%	70.05%	69.37%
		Before	76.32%	75.83%	74.83%	73.90%	73.09%	72.29%	71.48%	70.76%	70.05%	69.37%

Budget Policy

CITY OF
MARION

1. RATIONALE

To ensure Council's budget is prepared in an accurate and financially sustainable manner giving consideration to both internal and external factors.

2. POLICY STATEMENT

The City of Marion's Strategic Management Framework provides the strategic direction for the development of the Long Term Financial Plan (LTFP) and Annual Business Plan (ABP). Continually improving the integration between Marion's Strategic Plan, LTFP and ABP processes ensures Council develops and implements a robust and transparent system of financial management aligned to Marion's Strategic Plan and aimed at establishing, maintaining and assessing long term financial sustainability.

3. OBJECTIVES

To develop and produce robust, flexible and leading practice long-term (LTFP) and short-term (ABP) financial plans that are directly aligned to Council's Strategic Plan, which: -

- establish clear lines of accountability;
- include the use and assessment of appropriate Key Performance Indicators as a performance measurement tool;
- enable regular monitoring, assessment and reporting of financial performance in all Work Areas across Council;
- provide a strong basis for sound decision making;
- facilitates Council's long term financial sustainability.

4. POLICY SCOPE AND IMPLEMENTATION

Framework and Assumptions

The LTFP and ABP are prepared under a single framework that is reviewed annually and which links to the key objectives of Council's Strategic plan. The framework details the specific parameters under which the LTFP and ABP are set. In addition, a number of assumptions and variables underpin the construction of the LTFP and Annual Budget (AB).

LTFP linked to Asset Management Plans (AMP)

The LTFP is linked to Council's established AMPs thereby identifying funding requirements and assessing the adequacy of existing funding capacity within the LTFP.

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Financial Modeling and Scenarios

In preparing the LTFP and AB various financial modeling is to be conducted, including, but not limited to, a variety of:
• Rating scenarios
• Borrowing options
• Savings targets

In addition, appropriate consideration needs to be given to prevailing economic conditions nationally and on a global basis, and the potential impact that these conditions may have on the local community.

Budgeting Approach

• The Budget process will commence with establishing a comprehensive project plan that maps the entire integrated Work Area Planning and budgeting process.
• Work Area Plans are to be aligned with Council's 3 Year Business Plan and fully integrated with the budgeting process.
• Budget assumptions and potential new initiatives are then assessed in consultation with Elected Members.
• Budgets are built using historical actual income and expenditure as a baseline and adjusted for what is actually needed for the upcoming budget period, regardless of the previous budget and must be based on reality.
• Sound, logical assumptions are to be used, tested and documented to support budget items wherever required.
• All expense and revenue lines must be fully justified for each new budget period.
• Budgets are to be reviewed line by line and at transaction level, analysing each line item for its relevant needs and costs.
• Any proposed expenditure increases must be fully justified and appropriately approved by the relevant General Manager and Executive Leadership Team, prior to presentation to Council.
• In regards to Fees & Charges Council will apply the principle of user pays and where possible recover the full cost of operating or providing the service or goods. Where it can be demonstrated that members of the community are unable to meet the full cost, concessions may apply.
• General contingencies are to be eliminated.
• Where necessary budgets for major projects include contingencies to reflect cost uncertainties, however any contingencies are to be separately identified and reported.
• Consideration should be given to:
   o Current year and prior year actual results;
   o Once-off events not to be repeated;
   o New events not previously encountered;
   o New information and data now available.

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Budget Objectives

1. Achievement of a breakeven Funding (Cash) position or better.
2. Maintain an average operating surplus over the term of the LTFP that enables the achievement of a breakeven funding (cash) position.

Budget Carryovers

Budget Carryovers should be avoided wherever possible, but where necessary (for example "Work In Progress") are limited to unspent:

• capital budgets;
• service improvement budgets;
• grant funds and grants received in advance.

Carryovers do **not** include normal operating expenditures and Labour and Internal Charges (eg. Plant Hire) cannot be carried over under any circumstances.

Budget Reviews

Budget Reviews are required to be conducted 3 times per financial year and this will typically be at the end of September, December and March.
A Budget Review is a reforecast of the full year budget and:

• Is an assessment of the YTD actual result plus a reforecast of the budget for the remainder of the financial year;
• Should include a thorough and rigorous review of every budget line item (income, expense and capital);
• Should identify any savings opportunities (once-off and recurrent).

5. DEFINITIONS

Long Term Financial Plan (LTFP) – financial planning to accomplish long term goals. Enables Council to plan for the long term financial sustainability and deliver the Strategic Plan of the organisation. It translates the objectives and strategies of the Strategic Plan into financial terms.

Annual Budget (AB) – is a financial document used to project future income and expenses and represents the first year in the LTFP. A budget is a management tool that enables the effective ongoing management and monitoring of income and expenses (financial performance). It translates the objectives and strategies of the Annual Business Plan into financial terms.

Budget Review – is a revised forecast of the original budget or previous budget review and requires the preparation of revised Financial Statements and associated Financial Ratios.

Budget Carryovers - represent unspent capital and service improvement budgets, together with unspent grant funds that are carried forward to the following financial year.

6. **ROLES AND RESPONSIBITIES**

The Senior Leadership Team (SLT) is responsible for the review and approval of all budgets within their Departmental/Work Area responsibility, as well as presenting their finalised budgets to their General Manager and the Executive Leadership Team for clearance and final approval. The SLT is also accountable for justifying variances of actual income and expenditure against budget.

7. REFERENCES

On an annual basis Council is required to:

1. Prepare and adopt a Long Term Financial Plan for a period of at least 10 years - LG Act 1999 s122 (1a)
2. Prepare an Annual Business Plan - LG Act 1999 s123 (1a)
3. Prepare a Budget - LG Act 1999 s123 (1b)
4. Prepare and consider three Budget Reviews – LG (Financial Management) Regulations 2011 s9

8. REVIEW AND EVALUATION

This policy will be reviewed annually as part of the Annual Budget process.

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Treasury Management Policy

1. RATIONALE

The Treasury Management Policy exists to ensure sound management of Council's financial transactions with regards to borrowings and investments, ensuring compliance with relevant legislation.

2. POLICY STATEMENT

This policy provides clear direction to the management, staff and Council in relation to the treasury function. It outlines how borrowings will be raised and how cash and investments will be managed. It underpins Council's decision-making regarding the financing of its operations as documented in its annual budget, long-term financial plan, projected and actual cash flow receipts and outlays.

Council is committed to adopting and maintaining a long-term financial plan and operating in a financially sustainable manner.

3. OBJECTIVES

The objective of this Treasury Management Policy is to establish a decision framework to ensure that:

- funds are available as required to support approved outlays;
- interest rate and other risks (e.g. liquidity and investment credit risks) are acknowledged and responsibly managed;
- Council maximises the return on surplus funds;
- the net interest costs associated with borrowing and investing are reasonably likely to be minimised on average over the longer term

4. POLICY SCOPE AND IMPLEMENTATION

Treasury Management Strategy

Council's operating and capital expenditure decisions are made on the basis of:

- identified community need and benefit relative to other expenditure options;
- cost effectiveness of the proposed means of service delivery; and,
- affordability of proposals having regard to Council's long-term financial sustainability (including consideration of the cost of capital and the impact of the proposal on Council's Net Financial Liabilities and Debt Servicing ratios)

Council manages its finances holistically in accordance with its overall financial sustainability strategies and targets. This means Council will:

- maintain target ranges for both its Net Financial Liabilities and Debt Servicing ratios;
    - Net Financial Liabilities ratio: Between 0 - 50%
    - Debt Servicing ratio: Between 0 - 5%

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- borrow funds in accordance with the requirements set out in its Long-Term Financial Plan;
- not utilise borrowings to finance operating activities or recurrent expenditure;
- endeavour to fund all capital renewal projects from operating cash flow and borrow only for new/upgrade capital projects, having regard to sound financial management principles and giving consideration to inter-generational equity for the funding of long term infrastructure projects;
- only retain and quarantine money for particular future purposes where required by legislation, contractual agreement with other parties, or for specific purposes as outlined in its Reserve Funds Policy;
- apply any funds that are not immediately required to meet approved expenditure (including funds that are required to be expended for specific purposes but are not required to be kept in separate bank accounts) to reduce its level of borrowings or to defer and/or reduce the level of new borrowings that would otherwise be required.

Borrowings

All borrowings will be subject to Council approval on the recommendation of the General Manager Corporate Services.

To ensure an adequate mix of interest rate exposures, Council will structure its portfolio of borrowings to ensure an optimal Treasury Management position, taking into account all borrowing options including fixed and variable terms. In order to spread its exposure to interest rate movements, Council will aim to have a variety of maturity dates on its fixed interest rate borrowings over the available maturity spectrum.

Council will establish, and make extensive use of, a *long-term variable interest rate borrowing facility / LGFA's Cash Advance Debenture facility* that requires interest payments only and that enables any amount of principal to be repaid or redrawn at call. The redraw facility will provide Council with access to liquidity when needed.

Investments

Council funds that are not immediately required for operational needs and cannot be applied to either reduce existing borrowings or avoid the raising of new borrowings will be invested. The balance of funds held in any operating bank account that does not provide investment returns at least consistent with 'at call' market rates shall be kept at a level that is no greater than is required to meet immediate working capital requirements.

Council funds available for investment will be lodged 'at call' or, having regard to differences in interest rates for fixed term investments of varying maturity dates, may be invested for a fixed term. In the case of fixed term investments, the term should not exceed a point in time where the funds could otherwise be applied to cost-effectively defer the need to raise a new borrowing or reduce the level of Council's variable interest rate borrowing facility.

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When investing funds Council will select the investment type which delivers the best value, having regard to investment returns, transaction costs and other relevant and objectively quantifiable factors.

Investments fixed for a period greater than 12 months are to be approved by Council.

To reduce the level of risk embodied in treasury operations, it is appropriate to limit investments made by Council to secure financial institutions. Therefore, without approval from Council, investments are limited to:

- deposits with the Local Government Finance Authority of South Australia (LGFA);
- State/Commonwealth Government Bonds.
- bank interest bearing deposits;
- bank accepted/endorsed bank bills;
- bank negotiable Certificate of Deposits;
- Australian Financial institutions

When considering which financial institutions surplus funds will be invested with, Council will only invest funds with those with a long term credit rating of at least AA and short term credit rating of A1.

All investments must be made exercising care and diligence and considering the following:

- the credit rating of the prospective institution.
- the likely yield and term of the investment;
- the period in which the investment is likely to be required;
- the cost of making and maintaining the investment;
- an assessment of future interest rate movements;
- an assessment of future cash flow requirements;
- the Government guarantee on the investment;

To ensure competitive rates for investments are achieved, quotations must be obtained from authorised institutions on investments of more than $1,000,000 where the period of investment exceeds 30 days and market conditions are known to be fluctuating (for example, when the Reserve Bank of Australia changes the Cash Rate).

Investment of surplus funds outside of the above investment choices must be reported to Council for approval.

Examples of specific investment activities Council would not participate in include shares in private/public companies, listed or unlisted property trusts and derivatives.

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Reporting

In accordance with Section 140 of the Local Government Act, a report will be presented to Council annually which will summarise the performance of the investment portfolio. This report will review the investment performance against prior years and appropriate benchmarks including the RBA cash rate and the 90-Day Bank Bill Swap rate (90Day BBSW).

5. DEFINITIONS

Financial Assets include cash, investments, receivables and prepayments. Equity held in a Council business is normally regarded as a financial asset but is excluded for the purpose of calculating Local Government published financial indicators. Also, inventories and land held for resale are not regarded as financial assets.

Financial Sustainability is achieved where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services.

Net Financial Liabilities equals total liabilities less financial assets, where financial assets for this purpose include cash, investments, receivables and prepayments, but excludes equity held in a Council business, inventories and land held for resale.

Debt Servicing Ratio indicates the extent to which a Council's operating revenues are committed to its Debt Servicing costs (Principal and interest repayments).

Net Financial Liabilities Ratio indicates the extent to which net financial liabilities of a Council could be met by its operating revenue.

Non-financial or Physical Assets means infrastructure, land, buildings, plant, equipment, furniture, and fittings, library books and inventories.

Operating Revenues are "operating revenues" as shown in the Income Statement but exclude profit on disposal of non-financial assets, grants and contributions received specifically for new/upgraded infrastructure and other assets, e.g. from a developer.

Rates Revenue is general and other rates net of the impact of rate rebates and revenue from the NRM levy.

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6. ROLES AND RESPONSIBILITIES

- Council is to approve all borrowings, as well as investments for a period of greater than 12 months.
- General Manager, Corporate Services is responsible for making recommendations with regards to borrowings.
- Manager Finance is responsible for ensuring all other tasks are conducted in accordance with the policy.

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7. REFERENCES

OTHER RELATED POLICIES
- Reserve Funds Policy

LEGISLATION

For Borrowings
- *Local Government Act, 1999*
  - *Section 44/Section 122/Section 134*
- *Regulations 5 and 5B of the Financial Management Regulations under the Act*

The main legislative provisions in the Local Government Act covering borrowings are:

- Section 44 – a Council must approve all borrowings and the legislation clearly states that the power to borrow cannot be delegated (for simplicity many Councils appropriately just have all proposed borrowings for the year approved at the time the annual budget is adopted)

- Section 22 – a Council's strategic managements plans must include an assessment a Council's proposals with respect to debt levels

- Section 134 – empowers a Council to borrow and requires a Council to consider expert advice before entering into financial arrangements for the purpose of managing, hedging or protecting against interest rate movements and other risks associated with borrowing money

- Regulations 5 and 7 of the Financial Managements Regulations under the Act – require the preparation of Cash Flow Statements (including financing transactions) covering Councils' Long-term Financial Plans and Budgets

For Investments
- *Local Government Act, 1999*
  - *Section 47/Section 139/Section 140*

The main Local Government Act provisions covering investments are;-

- Section 47 – prohibits a Council from directly acquiring shares in a company

- Section 139 – empowers a Council to invest and requires that the power of investment be exercised with the care, diligence and skill that a prudent person of business would exercise in managing the affairs of other persons. Section 139 also requires Council to avoid investments that are speculative or hazardous in nature

- Section 140 – requires that a Council review the performance of its investments at least annually

8. REVIEW AND EVALUATION

This policy will be reviewed annually as part of the Annual Budget process.

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CITY OF MARION
FINANCE & AUDIT COMMITTEE MEETING
27 FEBRUARY 2018

Originating Officer:	**Deborah Horton, Governance Quality Coordinator**
Manager:	**Kate McKenzie, Manager Corporate Governance**
General Manager:	**Vincent Mifsud, General Manager Corporate Services**
Subject:	**Internal Audit Program 2017/18 Year 1**
Report Reference:	**FAC270218R7.2**

REPORT OBJECTIVES

To provide the Finance & Audit Co mmittee (FAC) with the final a udit report for Volunteer Management and to advise of the status of recommendations from the previous Internal Audit Program.

EXECUTIVE SUMMARY

Four of the five internal audits to be completed by June 2018 (2017/18 program) have commenced. One is completed (Volunteer Management) with the remaining four (4) in various stages of progress (Contractor Manag ement, Regulartory Service, NDIS and Developmnet/Planning).

The 2016/17 program is progressing with three of the ten projects fully implemented (Payroll, Cash Handling, Purchase Cards). Six projects remain on track to be delivered by 30 June 2018 (Capital Works, ICT Cyber Security, Account s Receiveable, Property Portfolio Management, Policy Review and Corporate Reporting). One project has one low r isk recommendation relating to the Building and Insurance Audit, however a separate report is scheduled for this meeting to discuss in further detail.

RECOMMENDATIONS	**DUE DATES**
That the Finance & Audit Committee;	
1. **Notes this report.**	**27 FEB 2018**
2. **Provides feedback regarding the attached reports including;** • **Volunteer Management (Appendix 1)**	**27 FEB 2018**

DISCUSSION

At its meeting on 10 October 2017, the FAC endorsed a two-year Internal Audit Plan detailing various projects to be audited, informed and prioritised by an organisational risk profile.

Provided within table 1 is a short summary of each audit's expected timeframes.

| Table 1 | | | | | |
Project 2017/18	Start	Scope	Draft	Final	FAC
Volunteer Management	Nov' 17	Dec '17	Jan '18	Feb '18	FAC270218R0X
Contractor Management	Nov '17	Dec '17	March '18	May '18	
Regulatory -Fines and Enforcement	Nov '17	Dec '17	May '18	May '18	
NDIS	Jan '18	Dec '17	May '18	Aug '18	
Planning Assessment	Apr '18	May '18	June/July '18	Aug '18	

Volunteer Management (Appendix 1)

Six findings (two high, one moderate and three low risk) and one performance improvement opportunity are identified. The two high risks relate to the absence of a strategy and police clearance check policy anomalies.

Early in the audit process, 100 volunteer clearances were identified a s expired. T his was immediately rectified with 90% complete to date. Of the 10% remaining: 5% are identified as 'inactive' (no responses to City of Marion requests for action), 3% are booked for completion and 2% are being processed in both Department of Communities and Social Inclusion (DCSI) and Personnel Risk Management Group (PRM) systems. The following has been initiated as a risk mitigation strategy to protect the City of Marion from future anomalies;

- At the beginning of each month the Volunteer Development Officer (VDO) will send a report to all Volunteer Managers outlining the police checks expiring within 30 days.
- The report will be checked by the VDO each month to ensure there are no gaps
- All volunteers without current checks or clearances will be unable to volunteer. As of 22 January 2018, they will only be able to return once checks or clearances are finalised.

Update on other Internal Audits

Contractor Management and Regulatory Fines and enforcement are progressing w ith draft reports nearing completion. A kick off meeting has commenced with the NDIS internal audit with further work scheduled in upcoming weeks.

Planning Assessment – Scheduled for April 2018 commencement

Discussions have taken place intern ally between City of Ma rion and KPMG to progress wit h this audit. Risks and co ntrols associated with planning and building app lications will be the focus with a specialist consultant engaged directly by the City of Marion. It is envisa ged the scope of the audit include a review of;

- Internal building and planning processes to ensure legislative requirements are met,
- Organisational structure, resources, roles and responsibilities,
- Oversight/escalation of reporting processes of planning and building applications,
- Evidence of improvement processes are incorporated where appropriate.

Monitoring Internal Audit Recommendations – overall status by exception 2015-17

At its last meeting,[1] the Committee had requested that if a due date for a recommendation is extended for any particular reason,   that the relevant General Manager has ap proved the extension including the reasons why. In addition, that the level of risk per recommendation is reported.

There is one internal audit project with an overdue recommendation;

> Building and Insurance (15/16) – one 'low' recommendation to complete which had an initial due date of completion of 31 March 2017. A separate report is scheduled for this meeting (FAC270218F01 – Confidential *Report Local Government Association Insurance Schemes Review)* which will address this final recommendation and hence finalise all recommendations within this review.

Audits that are still in progress include;

- Capital Works (15/16) – one 'low' recommendation to complete 30 June '18.
- ICT – Cyb er Security (16/17) – The new   overarching Cyber Secu rity Assurance Framework was approved in December and ot her recommendations are progressing well including a new Information Security Policy.
- Accounts receivable (16/17) – three 'low' recommendations to complete 30 June '18.
- Property Portfolio (16/17) – two 'low' risk recommendations to complete 30 June '18.
- Policy Review (16/17) – three 'low' recommendations to complete June '18.
- Corporate Reporting (16/17) – one 'moderate', one 'low' recommendation to complete March '18 and three 'low' to complete June '18.

CONCLUSION

The Internal Audit Program provides assurance to Council (via the Committee) that projects undertaken by the organisation are operating in an efficient and effective matter.

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[1] Minutes of the Finance and Audit Committee Meeting held Tuesday 12 December 2017 – Reference Number FAC121217, *City of Marion 2017*, page 5 (FAC121217R7.7).

Report Reference: FAC270218R7.2

KPMG

City of Marion

Volunteer Management Internal Audit Report

February 2018

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Background

The City of Marion (CoM) greatly values the contribution volunteers make to the community and the organisation through their volunteering roles. Volunteering is also aligned with the CoM Strategic Plan 2017-2027, specifically by helping to achieve a more "engaged" community. Volunteering is also an area of focus for the 2018 year, through identifying more innovative volunteer programs and widening the demographic base of current volunteers.

Objective

The objective of the volunteer management internal audit project was to assess the arrangements in place to manage and oversee volunteers working with the CoM. This objective included consideration of volunteer attraction, induction, ongoing management, as well as any opportunities to increase the value attained through the volunteer workforce.

Scope

The scope of this engagement included consideration of the following:

- Overall strategy in relation to volunteers working with the CoM

- Policy and procedure framework pertaining to volunteers

- End-to-end process for volunteer management, including attraction, selection/acceptance, induction, volunteering activities and cessation, with a focus on key risks, controls and any gaps

- Management arrangements in place to oversee volunteers

- Reporting arrangements to be able to readily report on volunteer activities

- Consideration was also given to the overall value achieved through the use of volunteers by the CoM.

Executive Summary

Snapshot of volunteering in the CoM

Volunteer programs and management

The CoM has 363 active volunteers, who assist with and participate in the following nine volunteer programs:

- Community Bus
- Community Care – Social Support
- Community Care – Home Maintenance
- Community Care – Administration
- Justice of the Peace (JP)

- Graffiti Removal Program
- Libraries
- Youth Development
- Neighbourhood Centres

The CoM has a dedicated Volunteer Development Officer who coordinates volunteer programs at a high-level, while individual programs each have a Volunteer Manager that oversees volunteers within their respective programs.

Potential benefits of volunteering to the community and the CoM

*Increased **engagement** from the community*

*Estimated **$1.1 million** contributed in FY17 by volunteers (41,000+ hours)*

*Improved ability to focus the CoM's efforts on strategic programs due to **increased resources***

*Provides **pathways to employment**, which reduces unemployment within the community*

Positive observations

A number of positive observations were made during the internal audit which are summarised below:

- Volunteers interviewed emphasised that they feel valued and supported. This included satisfaction with the **flexibility** of the CoM in that they had the opportunity to find a role that matched their **interests and capabilities**.

- The CoM has recently introduced the **'Smart City" volunteering program**, which will provide for further volunteering opportunities by a wider sector of the Community, whilst also providing for valuable contributions back to the Community.

- The recent introduction of Better Impact, the CoM volunteering system, provides for less administrative effort, reduced paperwork and an **improved controls environment**.

- Overall, feedback from Volunteer Managers was very positive, with all volunteers expressing feeling **supported** by the CoM in the work they are delivering.

Internal audit findings

Overall, through our discussions with relevant CoM stakeholders, documentation review and sample testing performed, we identified six findings and one performance improvement opportunity for the volunteer management internal audit for the CoM. The following table provides a summary our risk rated findings, and the relevant issue owner and target date for implementation.

Critical	High	Moderate	Low	Performance Improvement
-	2	1	3	1
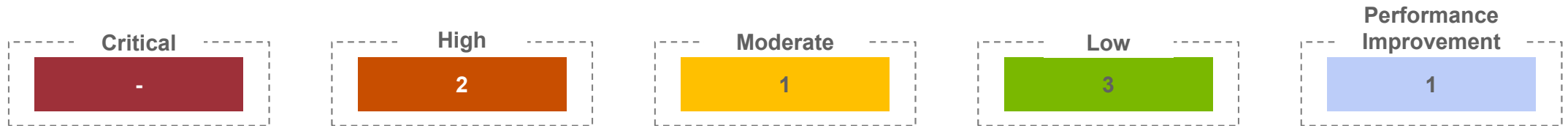
Risk	Ref	Finding	Issue Owner	Target Date
High	F1	Absence of comprehensive volunteer strategy	Manager Human Resources & Unit Manager Human Resources	31/05/18
High	F2	DCSI clearance checks not required for library volunteers	Volunteer Development Officer	14/03/18
Moderate	F3	Insufficient control environment surrounding volunteer recruitment and screening	Volunteer Development Officer & Unit Manager Human Resources	31/05/18
Low	F4	Incomplete and inaccurate volunteer database	Volunteer Development Officer	31/03/18
Low	F5	Lack of formal performance reviews	Volunteer Development Officer & Unit Manager Human Resources	30/05/18
Low	F6	Lack of comprehensive code of conduct	Volunteer Development Officer & Unit Manager Human Resources	30/04/18
PIO	P1	Opportunity to improve volunteer marketing efforts	Volunteer Development Officer & Unit Manager Human Resources	30/06/18

The classification of risk ratings in this report have been agreed with the Finance and Audit Committee and are based on the risk ratings documented at Appendix 3.

Background

Our changing community

Data from the CoM volunteer database was used to provide a snapshot of the demographic and distribution of volunteers across the various volunteer programs, based on available data. The key results from this analysis are shown in the figures and summary below:

Figure 1: Figure 1 shows the number of new volunteers each year, which shows an overall increasing trend.

Figure 2: A snapshot of the age demographic of volunteers across the organization demonstrates that the majority of volunteers are over 55, with more than 50% of volunteers over 65.

Figures 3 and 4: Indicate that the CoM volunteers come from a range of places, both across Adelaide and from across the world.

Our analysis also identified that many volunteers have incomplete records, and are missing details such as age, country of origin, postcode and volunteer program.

Fig 1: No. of new volunteers over the last 10 years, coloured by volunteer program.

Community bus
Community care – administration
Community care – home maintenance
Community care – social support
Graffiti removal
Justice of the peace
Library
Neighbourhood centre
Not specified

Fig 2: No. of current volunteers by age group.

Age group
- 18-24
- 25-34
- 35-44
- 45-54
- 55-64
- 65-74
- 75-84
- >85

Fig 3: No. of volunteers by post code across Adelaide.

Fig 4: Volunteer countries of origin.

| 1 | 1 | 3 | 1 | 1 | 13 | 1 | 1 | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 3 | 1 | 1 | 1 | 91 |

Please note that the volunteer data used to create these graphs was not complete because the database is not up-to-date (please see finding 4).

Internal Audit Findings

| Table of Contents | Executive Summary | Background | Internal Audit Findings | Performance Improvements | A1: Staff Consultation | A2: Benchmarking | A3: Classification of Findings |

Finding 1 – Absence of comprehensive volunteer strategy

High

Finding(s)

It was noted that the CoM does not currently have an overarching, standalone volunteer strategy that sets out the CoM's vision, strategic objectives (and associated targets) and initiatives with respect to volunteering at the CoM.

Notwithstanding this, we noted that the CoM's volunteer programs broadly aligned with the CoM's Strategic Plan (2017-2027), specifically in relation to an "engaged" community.

Similarly, it was noted that volunteering is included in the CoM's Business Plan (2016-2019) with goals over the timeframe in relation to "communities that embrace volunteering and social interaction".

We also noted that the CoM has commenced the "Smart City" Volunteering project in July 2017, that aims to further activate volunteers in the community, attracting volunteers with different skills and experience who may not previously have been strong participants in volunteer programs, which is an exciting strategic initiative in the context of the CoM's volunteer environment.

Risk(s)

In the absence of a volunteer strategy, there is a risk that the CoM may not optimize the outcomes and benefits that can be achieved through its volunteer programs and workforce, or that initiatives and programs may not align to its overall strategic direction.

Recommendation(s)

It is recommended that the CoM:

1. Develops a volunteer strategy, taking into account the CoM's Strategy as well as articulating a long-term vision and strategic objectives in relation to its volunteer activities. The volunteer strategy should articulate what the CoM is looking to achieve through its volunteers, key targets and key initiatives which provide a roadmap for how is it going to achieve its objectives – this recommendation should be considered in the context of more than 350 volunteers (current), 41,000 hours and $1.1 million in time value delivered p.a. (e.g. this level of activity/resource warrants a dedicated strategy.

2. Regularly reviews the volunteering strategy, at least on an annual basis, to help ensure that it stays current and to help it to respond to trends and changes in volunteering generally.

Agreed Management Action(s):

1. A Volunteer Management Strategy will be developed. The Volunteer Management Strategy will then be presented to the Senior Leadership Team on 26 March for engagement and input. The Volunteer Management Strategy will be finalised by 31 May 2018.

2. A review of the strategy will be implemented on an annual basis.

Responsibility: Manager Human Resources and Unit Manager Human Resources

Target date: 31 May 2018

Finding 2 – DCSI clearance checks not required for library volunteers | **High**

Finding(s)

The Volunteer Handbook requires volunteers in prescribed positions to undertake DCSI screening. We noted that library volunteer positions are not classified as a prescribed position, therefore they are not required to have DCSI screening.

However, consultation with key stakeholders identified that there are likely to be instances where library volunteers have direct interaction with children without supervision from a CoM staff member.

The CoM Volunteer Management Operations Manual specifies, under the Volunteer Code of Conduct, *"Volunteer roles that involve contact with children … will be required to consent to or provide a DCSI clearance"*.

We understand that currently police clearances and background checks are required, and that Volunteer Program Managers are responsible for ensuring that these checks are completed.

Risk(s)

There is a risk that library volunteers are breaching the Code of Conduct by not providing a DCSI clearance, as a result of Volunteer Managers not enforcing the requirement. More importantly, the CoM is exposed to the risk of inappropriate behaviour by their volunteers.

Recommendation(s)

It is recommended that the CoM:

1. Immediately adjusts their requirements for library volunteers such that the provision of a DCSI clearance is made a mandatory requirement prior to commencing (or continuing) work, and to stand down all volunteers that do have the required clearance (please note that this finding and recommendation was made during this course of this internal audit project).

Agreed Management Action(s):

1. 95% of DCSI and PRM checks have now been completed. Those staff, whose DCSI or PRM Checks remain outstanding, have been suspended until the relevant check are undertaken.

We have emailed relevant information to the CEO, for the Audit Committee, addressing the implementation of DCSI screening for all current library volunteers. This will continue to be a potential risk to our community and Council, if we were not to proceed.

We further note, that communications have been provided to all Library staff, regarding the requirement of volunteers to have DCSI checks performed by 14 March 2018. If checks are not undertaken by this due date, they will be suspended of volunteering duties.

Responsibility: Volunteer Development Officer

Target date: 14 March 2018

Table of Contents	Executive Summary	Background	Internal Audit Findings	Performance Improvements	A1: Staff Consultation	A2: Benchmarking	A3: Classification of Findings

Finding 3 – Insufficient control environment surrounding volunteer recruitment and screening | Moderate

Finding(s)

A number of issues were identified regarding the design and implementation of volunteer screening and recruitment procedures.

Currently, recruitment and screening for all volunteers is completed by volunteer program managers, as outlined in the Volunteer Manual. However, as a result of the decentralised screening practices and limited staff capacity, procedures are being performed inconsistently. This includes reference checking being limited or not carried out due to time constraints. In addition, there is no overarching control to ensure that checks and clearances are being done.

Internal audit also identified that the CoM Volunteer Policy does not require a volunteer to stand down if their clearance expires.

As part of our review, we tested recruitment and induction procedures and assessed the relevant documentation for 20 volunteers. The results of our review identified the following:

1. Three volunteers did not have a DSCI or police clearance form completed prior to commencing volunteering duties. This included two volunteers that did not have a current police and DCSI clearance, and one volunteer whose DSCI/police clearance was sighted by the relevant manager after the volunteer had commenced active duties.
2. For nine volunteers, supporting induction documentation including position description, confidentiality agreement, statement of policies agreement was unable to be provided.

Recommendation(s)

It is recommended that the CoM:

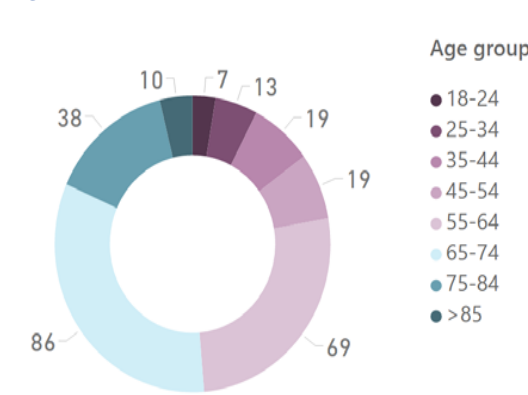1. Centralises volunteer recruitment responsibilities and gives volunteer recruitment equal importance as hiring of staff members (this will have a resource implication however, it will greatly improve consistency and completeness).
2. Stores documents at a central location, and ensures that volunteer files are given equal importance as staff files.
3. Makes reference checks mandatory, and provides training to relevant staff to emphasis the importance of the checks.
4. Introduces a mandatory induction checklist for all programs, including review of the new volunteer's file for completeness by personnel independent of the volunteer's immediate manager.
5. Defines the responsibility for ensuring checks are complete and up-to-date and empowers the responsible staff member to enforce completion of screening prior to volunteer commencement.
6. Updates the Volunteer Policy to require volunteers to stand down if their required clearances have expired, until such a time as their clearance is renewed.

Agreed Management Action(s):

1. Review in conjunction with the implementation of the Volunteer Management Strategy with consideration to be given to resourcing.
2. A process will be established to ensure files are created within Better Impact to enable personal and relevant information to be accessible by relevant parties.
3. Review in conjunction with the implementation of the Volunteer Management Strategy.
4. Review in conjunction with the implementation of the Volunteer Management Strategy.

Recommendations from above to be implemented by 31/05/18.

5. This process has been implemented and communicated via email to the Volunteer Managers.
6. The Volunteer Policy will be updated by 30/04/18.

| | | | | | | | |

Finding 3 – Insufficient control environment surrounding volunteer recruitment and screening (continued)   **Moderate**

Continued from previous page

Finding(s)

3. One volunteer had an incomplete application form on file
4. Two volunteers had their position summary signed by the manager after the joining date.

Risk(s)

There is a risk that volunteers are either not appropriate for the role or do not perform it safely as a result of misunderstood requirements or inability. There is also a potential legal risk that the CoM cannot defend itself due to absent documentation if legal action is taken as a result of volunteer misconduct. Lastly, there is a significant reputational risk of an incident were to occur related to a volunteer that did not have all of the required documentation.

Responsibility: Volunteer Development Officer & Unit Manager Human Resources

Target date: 31 May 2018

Finding 4 – Incomplete and inaccurate volunteer database

Low

Finding(s)

During our review, we observed the volunteer database to be incomplete. In some cases, it was found to contain inaccurate data. Specifically, we noted that emergency contact numbers and addresses of 85 volunteers were missing, and that police and DCSI clearance expiry dates were not current (i.e. we were informed that updated clearances had been obtained, but the database had not been updated to reflect this change).

Furthermore, through discussion with relevant personnel, it was noted that there is no standardised system for capturing volunteer hours work across all programs. For example, community centres use timesheets to record hours worked whereas some library staff and volunteers clock in and out. For volunteers in graffiti removal program, hours are recorded on the basis of approximation.

Risk(s)

Incomplete recording of data may result in non-compliance with regulatory requirements. There is a risk that an emergency situation occurs relating to a volunteer for whom emergency contact details are not recorded.

With regard to recording of volunteer hours, in the absence of accurate recording of hours, the figures provided as a part of the CoM Volunteer Program – Annual Report and other in-house reporting may be incorrect. There is also the risk that inaccurate reporting to Centrelink (for applicable participates) may occur.

Recommendation(s)

It is recommended that the CoM:

1. Based on the current data set, reviews all data and identify all gaps. Where the required data is not recorded in the system, the CoM should consider standing down relevant volunteers until the required information is provided and put into the system (in the case of DCSI clearance requirements not being met, there should be mandatory standing down) – In this instance, it is recommended that the system is the source of truth, not disparate records held (or otherwise) across the organisation.

2. Moving forward, requires a staff member to enter volunteer details data into the database, rather than the volunteer. Alternatively, a staff member should check the entries of the volunteer for completeness.

3. Considers timekeeping requirements across all programs and, where applicable, implement improved and standardised approaches to capturing volunteer workforce time.

4. For areas such as graffiti removal where the volunteers don't work on CoMs premises, it is recommended that the volunteer's supervisor be notified through a phone call when the volunteer starts and finishes his/her work which can be entered in the log book. An acknowledgement from the premises owner may also be beneficial in accepting the hours worked.

Agreed Management Action(s):

1. PRM and DCSI process has been implemented.

2. A process will be implemented to ensure that Volunteer Managers are responsible for updating Better Impact, the volunteer database.

3. Recommendation will be sent to the CEO, for Audit, specifying iPads to be used at each site to capture this information, along with associated costs.

4. This process, will then be reviewed in consultation with the Graffiti Removal Coordinator, and a solution that supports this recommendation will be developed and proposed by 31/03/18.

Responsibility: Volunteer Development Officer

Target date: 31 March 2018

Finding 5 – Lack of formal performance reviews

Low

Finding(s)

Through discussions with key stakeholders, it was noted that currently volunteer performance reviews are not being completed, or they are being conducted on a very informal basis not currently in line with the required procedure.

The CoM Volunteer Handbook states that Volunteer Managers are to provide volunteers the opportunity to complete a Volunteer Performance Review each year. These reviews are important for understanding the volunteers role satisfaction, the tasks which they perform, and the volunteers future capacity within the role.

We understand that this is a result of time and resource limitations. However, it is best practice to ensure that performance reviews are performed to ensure that volunteers are working to the standard required for the CoM, and that volunteers have a formal opportunity to provide feedback.

Risk(s)

In the absence of formal performance reviews, the following risks are presented:

- Low quality service to clients/customers
- Low job satisfaction for volunteers
- Lack of volunteer professional development opportunities

Recommendation(s)

It is recommended that the CoM:

1. Develops (and implement) a streamlined performance review process for volunteers. This could include a formal one-year review for volunteers, which evaluates the extent to which the volunteer delivered services in accordance with customer needs and expectations, as well as the training and development needs of the volunteer. In addition, for new volunteers an interim performance review could be introduced at three or six months into their volunteering time (or also at cessation of volunteering as a means for the CoM to continue to capture what is working well and what are the areas for potential improvement).

2. Standardises the volunteer performance review process across all programs (and provided awareness sessions/training for Volunteer Managers).

Agreed Management Action(s):

1. Review of the existing performance review process for volunteers will be completed.

2. Development of necessary enhancements and areas of improvement will be completed. The enhanced process will then be implemented by 30 May 2018.

Responsibility: Volunteer Development Officer & Unit Manager Human Resources

Target date: 30 May 2018

Table of Contents	Executive Summary	Background	Internal Audit Findings	Performance Improvements	A1: Staff Consultation	A2: Benchmarking	A3: Classification of Findings

Finding 6 – Lack of a comprehensive Code of Conduct (particularly in relation to requirements of volunteers)

Low

Finding(s)

The Code of Conduct included in the Volunteer Handbook appeared to be lacking in a number of areas. For example, it does not currently incorporate the core values of CoM, including integrity and respect. Similarly, within the Volunteer Rights and Responsibilities, there is minimal detail about the volunteers' obligations to the CoM. We note however, it does include reference to promoting a positive image, in line with the CoM's culture.

It was also noted that some programs, such as the Glandore Community Centre, have adopted their own, separate Code of Conduct for volunteers to ensure their individual needs are catered to. Whilst this is reasonable it is own right, it further evidences the need to review and strengthen the Code of Conduct to provide a high-quality, fit-for-purpose Code which is consistent across the organisation.

Risk(s)

There is a risk that, should disciplinary action be required against a volunteer for inappropriate behaviour, the CoM does not have sufficient support from their Code of Conduct to enforce the action.

Recommendation(s)

It is recommended that CoM:

1. Reviews the current Code of Conduct, and more broadly the Volunteer Handbook, with the aim of strengthening the Code of Conduct, particularly in relation to the roles, responsibilities and obligations of volunteers. All managers across volunteer programs should be consulted to ensure that the Code of Conduct incorporates the requirements of each program and the CoM as a whole.

Agreed Management Action(s):

1. The Volunteer Code of Conduct will be reviewed in-line with the Local Government Code of Conduct and the Code of Expected Behaviours by 30/04/18.

Responsibility: Volunteer Development Officer & Unit Manager Human Resources

Target date: 30 April 2018

Performance Improvement Opportunity 1 – Opportunity to improve volunteer marketing efforts

<div style="float:right">PIO</div>

Observation(s)

Marketing of CoM volunteering programs

The CoM has recently run a marketing campaign highlighting "champion volunteers", which has been positively received by the community. In addition, various volunteering marketing collateral was noted across CoM premises, advertising volunteering programs and opportunities.

Notwithstanding this, as the CoM looks to increase and broaden its volunteering workforce, there may be an opportunity to better plan and target marketing efforts.

CoM website and social media opportunities

We observed that the volunteer portion of the CoM website is outdated and not particularly user friendly. Links to current volunteering opportunities and activities are listed, but the layout is not very intuitive.

In addition, there is currently limited consideration in relation to the use of social media to market the CoM's volunteer programs, activities and outcomes.

Recommendation(s)

It is recommended that the CoM considers:

1. Developing (and implementing) a high-level marketing plan for volunteer programs which seeks to align marketing with the CoM volunteer strategy and focus marketing efforts on on key (prospective) volunteer groups. This marketing plan could include (for example):

   o Developing key messages relating to the volunteering opportunities provided by the CoM, including the outcome and benefits (to all stakeholder groups)

   o Better signage at current Community Centers

   o Increased engagement with community groups such as schools and migrant centre groups.

2. Reviewing and updating the volunteering portion of the CoM website to improve overall functionality/useability for community members. The development of a volunteering "portal" may be beneficial and should be investigated.

3. Investigating the use of social media channels to further promote volunteer opportunities, benefits and outcomes to both current and prospective volunteers (as well as to the broader community).

Any marketing activities related to volunteering should be cognisant of the CoM's broader marketing activities.

Agreed Management Action(s):

1. We have engaged with the Communications Unit in regard to a marketing plan. A marketing plan will be developed once the Volunteer Management Strategy is finalised. To be implemented by 30 June 2018.

2. Review the website and engage with the Volunteer Managers. Recommendations to be made by 30 June 2018.

3. This will form part of the marketing plan, as mentioned above.

Responsibility: Volunteer Development Officer & Unit Manager Human Resources

Target date: 30 June 2016

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The table below summarises the CoM personnel who were consulted and contributed to the findings and actions detailed in this Internal Audit Report. In addition, three volunteers were also consulted.

Name	Title
Adrian Skull	Chief Executive Officer
Steph Roberts	Manager Human Resources
Rachel Read	Unit Manager Human Resources
Vanita Schwarz	Volunteer Development Officer
Jill Davies	Coordinator Neighbourhood Centres
Cathlin Day	Coordinator Glandore Community Centre
Cassandra Gibson-Pope	Unit Manager Community Wellbeing
Mark Liebich	Coordinator Community Bus
Liz Byrne	Mananger Community & Cultural Services
Vicki Johnson	Coordinator Graffiti Program
Raelene Govett	Unit Manager Customer Information Department
Dennis Young	Volunteer - Graffiti Removal program
Renya Spratt	Volunteers and Branch Operations Officer - Libraries

Appendix 2 - Benchmarking

The table below benchmarks the CoM with three nearby councils with similar-sized volunteering programs. This information is provided as a reference only, and has been comprised of Councils of a similar size and demographic.

Focus area	Council 1	Council 2	Council 3	City of Marion
Role title and FTE equivalency	Team Leader Community Prosperity, 1.0 FTE	Volunteer Management Officer, 0.8 FTE	Volunteer Service Development Officer, 1.0 FTE	Volunteer Development Officer, 1.0 FTE
Admin support provided	Volunteer Programs Officer, 0.6 FTE	Volunteer Management Support Officer, 0.8 FTE	Administrator, 0.5 FTE	None
Central point of recruitment (incl. screening, referee checks, licence, training, qualification checks)?	Yes, managed by Team Leader Community Prosperity	Yes, managed by Volunteer Management Support Officer. Interviews and referee checks performed by Volunteer Coordinators.	Yes, managed by Volunteer Service Development Officer. Program Coordinators take over at point of placement.	No, all recruitment is managed by Program Coordinators
Management of volunteer records	Volunteer Programs Officer	Corporate records managed by Volunteer Management Officer and Support Officer, Volunteer Coordinators manage all other records	Volunteer Service Development Officer is responsible for ensuring all documentation is completed and retained.	Volunteer Program Coordinators
Use of Better Impact, and if so who administers the database?	Yes, Team Leader Community Prosperity and Volunteer Programs Officer are both responsible for management of database. Volunteer Program Coordinators manage volunteer hours and contact details.	Yes, Volunteer Management Officer and Support Officer have full admin access. All Volunteer Coordinators have access and are expected to maintain hours logged and correct details for volunteers.	Yes, Administrator reviews volunteer application status and assigns roles once documentation is loaded. Volunteer Service Development Officer loads documentation. Volunteer Coordinators are responsible for ensuring personal details are up to date and hours are logged.	Yes, Volunteer Program Coordinators and the Volunteer Development Officer all have responsibility to administer the database.
Number of volunteers	400+	500+	~350	~350

The following framework for internal audit ratings has been developed and agreed with City of Marion's Management for prioritising internal audit findings according to their relative significance depending on their impact to the process. The individual internal audit findings contained in reports will be discussed and rated with City of Marion's Management.

Rating	Definition	Examples of business impact	Action(s) required
Extreme/Critical	Issue represents a control weakness, which could cause or is causing severe disruption of the process or severe adverse effect on the ability to achieve process objectives.	• Detrimental impact on operations or functions. • Sustained, serious loss in reputation. • Going concern of the business becomes an issue. • Decrease in the public's confidence in the Council. • Serious decline in service/product delivery, value and/or quality recognised by stakeholders. • Contractual non-compliance or breach of legislation or regulation with litigation or prosecution and/or penalty. • Life threatening.	• Requires immediate notification to the Council Finance and Audit Committee via the Presiding Member • Requires immediate notification to City of Marion's Chief Executive Officer. • Requires immediate action planning/remediation actions
High	Issue represents a control weakness, which could have or is having major adverse effect on the ability to achieve process objectives.	• Major impact on operations or functions. • Serious diminution in reputation. • Probable decrease in the public's confidence in the Council. • Major decline in service/product delivery, value and/or quality recognised by stakeholders • Contractual non-compliance or breach of legislation or regulation with probable litigation or prosecution and/or penalty. • Extensive injuries.	• Requires immediate City of Marion's General Manager notification. • Requires prompt management action planning/remediation actions (i.e. 30 days)

Appendix 2 – Classification of Findings (continued)

Rating	Definition	Examples of business impact	Action(s) required
Moderate	Issue represents a control weakness, which could have or is having a moderate adverse effect on the ability to achieve process objectives	• Moderate impact on operations or functions. • Reputation will be affected in the short-term. • Possible decrease in the public's confidence in the Council. • Moderate decline in service/product delivery, value and/or quality recognised by stakeholders. • Contractual non-compliance or breach of legislation or regulation with threat of litigation or prosecution and/or penalty. • Medical treatment required.	• Requires City of Marion's General Manager and/or Senior Manager attention. • Requires short-term management action.
Low	Issue represents a minor control weakness, with minimal but reportable impact on the ability to achieve process objectives.	• Minor impact on internal business only. • Minor potential impact on reputation. • Should not decrease the public's confidence in the Council. • Minimal decline in service/product delivery, value and/or quality recognised by stakeholders. • Contractual non-compliance or breach of legislation or regulation with unlikely litigation or prosecution and/or penalty. • First aid treatment.	• Timeframe for action is subject to competing priorities and cost/benefit (i.e. 90 days).

Disclaimers

Inherent Limitations

This report has been prepared as outlined in the Executive Summary of this report. The services provided in connection with the engagement comprise an advisory engagement which is not subject to Australian Auditing Standards or Australian Standards on Review or Assurance Engagements, and consequently no opinions or conclusions intended to convey assurance will be expressed.   Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that have been subject to the procedures we performed operate, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to its effectiveness of the greater internal control structure. The procedures performed were not designed to detect all weaknesses in control procedures as they are not performed continuously throughout the period and the tests performed on the control procedures are on a sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

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

Third Party Reliance

This report is solely for the purpose set out in the Executive Summary of this report and for City of Marion's information, and is not to be used for any other purpose or distributed to any other party without KPMG's prior written consent. This internal audit report has been prepared at the request of the City of Marion Finance and Audit Committee or its delegate in connection with our engagement to perform internal audit services as detailed in the contract. Other than our responsibility to City of Marion, neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third party, including but not limited to City of Marion's external auditor, on this internal audit status report. Any reliance placed is that party's sole responsibility.

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CITY OF MARION
FINANCE AND AUDIT COMMITTEE
27 FEBRUARY 2018

Originating Officer: **Cass Gannon, Performance and Innovation Leader**

Manager: **Karen Cocks, Manager Customer Experience**

General Manager: **Tony Lines, General Manager City Services**

Subject: **Service Review – Report – Customer Service**

Report Refernce: **FAC270218R7.3**

REPORT OBJECTIVES

To provide the Finance and Audit Committee with the report for the service review for Customer Service.

EXECUTIVE SUMMARY

The service review f or Customer Service has now been fina lised, details of the recommendations, savings and proposed changes are detailed in the Service Review - Report - Customer Service (Appendix 1).

RECOMMENDATIONS	DUE DATES
That the Finance & Audit Committee;	
1. Provides comment on the Service Review - Report - Customer Service (Appendix 1)	**27 Feb 2018**
2. Notes the recommendations identified in the service review	**27 Feb 2018**

BACKGROUND:

Council considered the '2016 – 19 Business Plan' (GC270 916R03) endorsing that for the 2017/18 financial year; '*Council undertake an evaluation and review of at least 12 services to ensure they continue to provide maximum value to our community now and in the future*'.

The Service Review Program for 2017/18 identified 19 services in total sch eduled for completion across the 2017/18 financial year. One of the services identified for review was Customer Service.

The following areas of focus formed the objectives of the review:

- Identify opportunities to improve Customer Experience when contacting the Customer Service Team (CST) at the Administration Building and deliver first point resolution

- Assess team-resourcing profile against profile of calls coming in to better match resources and improve services

- Assess opportunity for greater first call resolution

- Assess the opportunity to reduce incoming calls through implementation of Interactive Voice Response and other technological solutions to manage inquiries e.g. SOLO/waste calls, payments

- Assess opportunity to provide additional support across organisation in off phone time where workload and staff times can't be matched
- Assess and make recommendations regarding the physical space of the first point of Customer contact (desk, etc.)

ANALYSIS

The Performance and Innovation Team have worked with the CST to review the service during October through December 2017.

The service review has focused on the identification of opportunities to improve the customer experience when contacting the CST at the Administration Building. The goal of the CST is to deliver first point resolution, whilst ensuring an efficient service delivery model has also been considered.

Key outcomes of the service review will deliver:

- The implementation of Interactive Voice Response (IVR) technology for electronic payments over the phone and Waste and Recycling queries to reduce call volumes to the CST and support customer self service
- The promotion of existing and enhanced online services to reduce call volumes and leverage the digital contact channel
- An improved customer experience when visiting the Administration Building by combining the Development Services Counter (DSC) and Customer Service Counter (CSC) and upgrading the foyer and Justice of the Peace (JP) waiting area
- An improved customer experience by the implementation of a systematic call quality monitoring process that ensures we meet our customers desire for knowledgeable staff who can promptly resolve queries
- A suite of 'Metrics that Matter Most' as a management tool to drive efficiencies and customer experience
- The reduction in duplication of effort and a single view of customer interactions with the CST by use of an existing corporate system to capture all customer interactions
- The foundation from which the Customer Experience Roadmap can deliver service transformation.
- A number of operational savings including postage cost reductions

The financial savings from implementing the recommendations of the service review are estimated at $50k per annum, or 4.6% of the annual budget. In addition to financial benefits, improvements in customer satisfaction and customer experience will result as we implement in alignment with the Customer Service Charter and Customer Experience Roadmap. The improvements will be demonstrated through the April 2019 Benefits Realisation Review.

Details of the recommendations, savings and proposed changes are detailed in the Service Review - Report - Customer Service (Appendix 1).

CONCLUSION

Through the service review, it is anticipated that $50k of savings per annum (4.6 % of the annual budget) as well as improved efficiencies and customer experience could be achieved through implementing the recommendations identified.

APPENDICIES

Appendix 1: Service Review – Report – Customer Service

Report Reference: FAC270218R7.3

Service Review - Customer Service Report

Date:	11/02/18
Prepared by:	Cass Gannon
	Performance and Innovation Leader

Index

1 Executive Summary

The Customer Service Team (CST) is the first point of contact for the City of Marion's customers, which include residents, businesses, visitors, Elected Members (EM), etc. The overall team comprises 12.5FTE (see Figure 2), with the in scope team members dedicated to customer service comprising 10.3FTE at an annual cost to council of $1.1m. This essential service to the community is facing increasing pressure, as the City of Marion (CoM) demographic shifts[1], to move from a traditionally phone and face-to-face customer contact channel model to a more customer driven and digital approach.

The service review has focused on the identification of opportunities to improve the customer experience when contacting the CST at the Administration Building. The goal of the CST is to deliver first point resolution, while ensuring an efficient service delivery model has also been considered.

Key outcomes of the service review will deliver:

- The implementation of Interactive Voice Response (IVR) technology for electronic payments over the phone and Waste and Recycling queries to reduce call volumes to the CST and support customer self service
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- An improved customer experience when visiting the Administration Building by combining the Development Services Counter (DSC) and Customer Service Counter (CSC) and upgrading the foyer and Justice of the Peace (JP) waiting area
- An improved customer experience by the implementation of a systematic call quality monitoring process that ensures we meet our customers desire for knowledgeable staff who can promptly resolve queries
- A suite of 'Metrics that Matter Most' as a management tool to drive efficiencies and customer experience
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- The foundation from which the Customer Experience Roadmap can deliver service transformation.
- A number of operational savings including postage cost reductions

The financial savings from implementing the recommendations of the service review are estimated at $50k per annum, or 4.6% of the annual budget. In addition to financial benefits, improvements in customer satisfaction and customer experience will result as we implement in alignment with the Customer Service Charter and Customer Experience Roadmap. The improvements will be demonstrated through the April 2019 Benefits Realisation Review.

Contemporary evidence indicates that the internal customer experience reflects directly on the experience of external customers [2]. With this in mind, the review has identified that our internal systems and processes are in need of significant improvement to support the CoM delivering a great customer experience. The implementation of the review recommendations have been broken up in to Year 1 Foundation Setting and Year 2 Consolidation to deliver an enhanced customer experience.

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[1]According to 2016 Census data, 81.9% of City of Marion residents access the internet from a dwelling and have a median age of 39 years.http://www.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/LGA44060
[2] *'To serve end customers better, begin with your employees.'* *https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/when-the-customer-experience-starts-at-home*
'Internal customers have a direct link to a positive external customer experience.' *https://thethrivingsmallbusiness.com/5-tips-improving-internal-customer-experience/*

2   Service Overview

The CST provides service to our customers by:

- Providing information about Council e.g. services
- Processing payments – rates, dog registration, expiations
- Initiating Customer Event Requests (CER) for services where queries cannot be resolved at first point of contact
- Managing feedback and complaints
- Acting as a communication medium between the customer and internal staff e.g. transferring calls
- Coordination and management of the 'after hours service'

The CST also administers organisational wide processes including:

- Administrative tasks e.g. preparing outgoing mail, ordering name badges, processing and balancing petty cash
- Internal Staff Telephone programming e.g. changing extension numbers, adding new employees
- Assisting with the administration and development of the CER module in Open Office (by the ICT Department)
- Coordination of the Special Event Permit application process

The CST performs these services through a variety of contact channels. These include the primary channels of phone (73% of contacts) and face-to-face interaction at the Administration Building (27% of contacts). Customers are also able to contact us digitally; currently this contact channel does not have a high uptake and volume data, where it exists, is immaterial. The volumes of contacts by contact channel, where data exists, is displayed in Figure 1 (see Appendix 2).
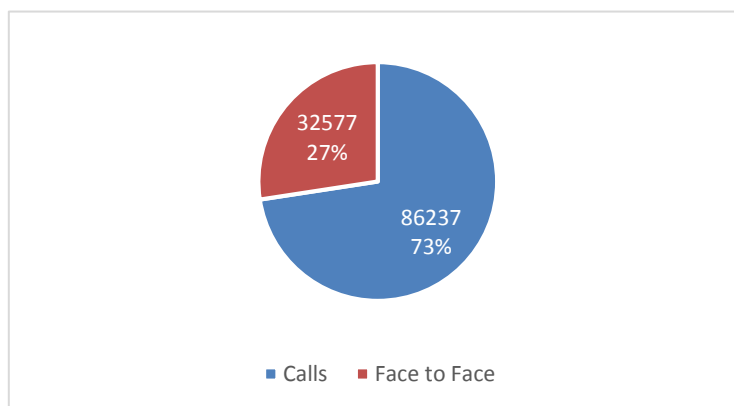
Figure 1: Average Annual Customer Service Contacts by Channel Type

The majority of the contacts managed by the CST are high volume and of lower complexity with more complex enquiries referred internally to the relevant work area via a CER or phone transfer (currently 20% of calls). Opportunity exists to upskill CST members to enable resolution of more complex queries at the first point of contact.

The total number of calls annually to the CST has been in slow decline over the period FY1213 through FY1617, from 92,160 to 85,745. On the other hand, face-to-face contacts at the CSC have been increasing over the period that data exists from FY1415 through FY1617, from 17,932 to 18,896 (see Appendix 2). Opportunity exists to strategically promote alternative contact channels such as digital to reduce demand for the CST.

Customers also attend the Administration Building to visit the JP, on average 9,808 times per year and the DSC, on average 4,592 times per year. JP interactions have been increasing annually from 7,838 in FY1415 to 10,098 in FY1617, with DSC interactions decreasing annually from 5,087 in FY1415 to 4,308 in FY1617 (see Appendix 2). These specific services are outside the scope of this review, however provide a more complete picture of the 'why' and 'how often' our customers are attending the Administration Building and opportunities for improving customer service and experience more broadly across CoM for our most common interactions.

With this in mind, it is worth noting that the current layout of the Foyer and CSC in the Administration Building results in customers approaching the CSC for Development Services queries. These customers are then directed to the remotely located DSC, often then returning to the CSC for payment. This can also occur for the JP service. For further detail regarding the layout and the location of the three service delivery points see Appendix 7.

The CST has a total of 12.5FTE (see Figure 2). A recently created position of Manager Customer Experience oversees the Customer Service Unit along with Communications and Community Engagement. This role, the 0.6FTE contract role of Special Event Permit Coordinator and the 0.6FTE permanent role of Customer Systems Partner was out of scope for the review, with 10.3FTE in the scope of the review (shaded in green in Figure 2).
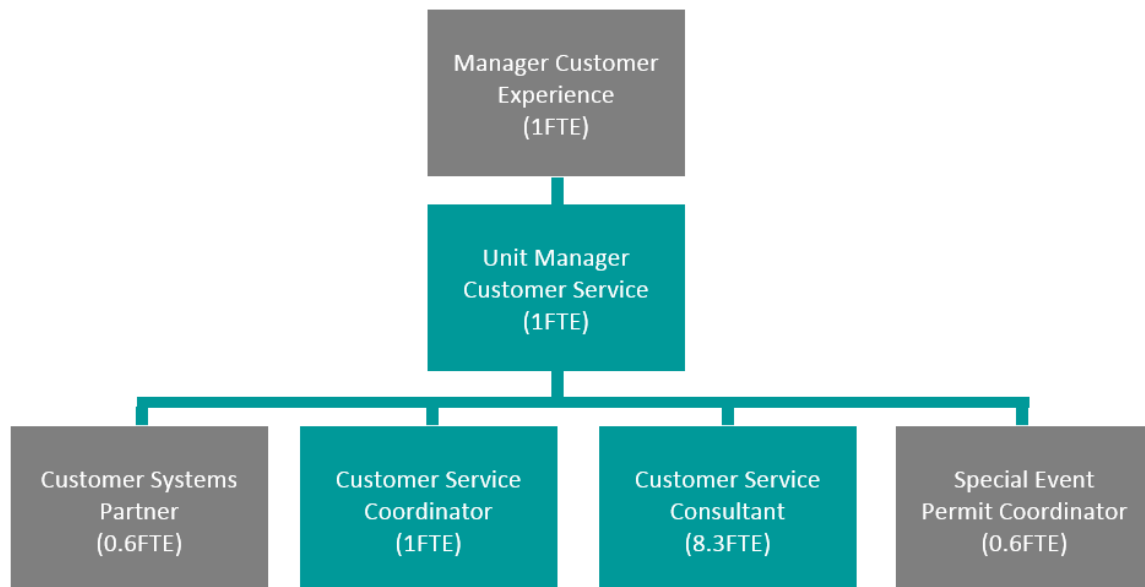
Figure 2: CST Structure

The Unit Manager Customer Service has oversight of the CST, with operational support provided by the Customer Service Coordinator. The remaining 8.3FTE Customer Service Consultants are multi-skilled and rotate through the various workstations in the Unit. For further details regarding the current roles and responsibilities refer to Appendix 1.

The customer service function has a total FY1718 annual budget of $1.1m, 84% is comprised of salaries and wages (see Figure 3). The majority of the remaining budget comprises:
- $100k Postage Costs
- $30k Oracle After Hours and business disruption account
- $25k annual maintenance agreements for Open Office (Customer Event System) and Avaya (phone system)

An annual Community Information Grant from ArtsSA offsets the cost to the City of Marion by $28,675, reducing the cost of the CST to $1,087,515. At the time of the service review, a number of vacancies existed in the CST; contractors have filled these vacancies pending the outcome of the review.
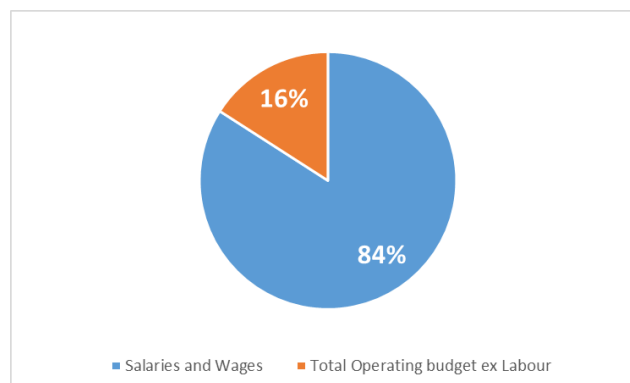
Figure 3: Customer Service Budget FY1718

3 Service Review Objectives and Deliverables

The priority of the service review was to identify opportunities to improve the customer experience when contacting the CST at the Administration Building, with the goal to deliver first point resolution, while ensuring an efficient service delivery model. The review has also been completed with the CoM 2017 Customer Experience Charter and the Customer Experience Roadmap in mind. As outlined in the scope, the following key areas of opportunity were addressed during the review:

- Identify opportunities to improve Customer Experience when contacting the CST at the Administration Building and deliver first point resolution
- Assess team-resourcing profile against profile of calls coming in to better match resources and improve services
- Assess opportunity for greater first call resolution
- Assess the opportunity to reduce incoming calls through implementation of Interactive Voice Response and other technological solutions to manage inquiries e.g. Solo Resource Recovery/waste calls, payments
- Assess opportunity to provide additional support across organisation in off phone time where workload and staff times can't be matched
- Assess and make recommendations regarding the physical space of the first point of Customer contact (desk)

In this context the deliverables of the review were:

- A Service Review report with meaningful recommendations
- Implementation plan for recommendations
- Ability to measure key metrics to support management in decision making
- Capture the areas of broader opportunity to improve customer experience across the organisation

4 Analysis and Findings

Currently, the CST does not have a 'single source of truth' for information relating to the customer and is entering data into multiple systems and spreadsheets. The service review sourced and reviewed data from the two-year period FY1516 through FY1617, across ten systems and spreadsheets used by the CST to collect, report and maintain customer related information and requests. Details of the systems and spreadsheets that are currently used by the CST are displayed in the Customer Contact Channel and Integration Diagram in Appendix 2.

The data from these multiple systems and spreadsheets was extensively analysed to identify and prioritise opportunities for improvement. During this phase of the review, gaps in data collection and information relating to a complete view of customer interactions were identified and temporary data collection was put in place to inform the review. Examples include the 'why' calls are transferred, quality monitoring of customer calls, and the 'why' customers who have their query resolved at the first point of contact at the CSC are coming in. These opportunities were then tested with the CST to establish if they matched a typical 'day in the life of a customer service consultant member', which they did.

There was also no systematic collection of 'voice of the customer' data and so a number of surveys, both in house and facilitated by an external party (CSBA), were commissioned. These covered our external customers who had recently interacted with our CST, internal customers of CST and our EM (see 'Appendices 9, 10 and 11'). Benchmarking of our customer service against the City of Tea Tree Gully and Bayside City Council in Victoria was delivered by CSBA.

Based on the analysis of the External Customer Survey, EM Feedback and Internal Customer Survey it was identified that a number of process improvements and the adoption of some technological solutions would have a significant positive impact on customer experience. These improvements, once implemented will form the foundation for more advanced and transformational improvements to customer experience at CoM.

Currently the City of Charles Sturt, City of Port Adelaide Enfield and CoM are engaged in the financial benchmarking of services, including the respective CST's. Unfortunately, this work was not at a point where it could be incorporated into this review. It will be considered in the April 2019 Benefits Realisation Review. In addition, a survey has been sent out to Customer Service Managers across the state to seek benchmarking information regarding resourcing, volumes, etc. This survey information will also be considered at a later date as insufficient responses were received at the conclusion of the review.

An external change that will have a significant impact on the demand of the CST is the Dog and Cat Online (DACO) system, an initiative of the Dog and Cat Management Board due to launch 1 July 2018. The full benefit of the system, where

customers can manage dog registration renewals independently online, amongst other dog-related services, will not be realised until FY1920 as the workload may increase in the short term to manage the change with our customers.

As a part of the review, the option of outsourcing elements or the whole of the CST was considered. This option was not pursued based on the Customer Experience Charter and the long-term strategy of reducing low complexity, high volume contacts to free up capacity to deliver the high value-add relationship management our customers are seeking for complex local government specific matters.

Whilst the improvements identified will impact demand on the CST, it is recommended that the organisational structure and resourcing be maintained, with minor adjustments to roles, in the foundational Year 1 to enable the delivery of the service review recommendations without a negative impact on service delivery. Post Year 1, the Benefits Realisation Review will identify appropriate resourcing based on the actual improvements delivered. This foundational year allows for capability building within the team.

Key findings and associated recommendations from this analysis are displayed in Table 1. Detailed analysis and findings to support these recommendations are included in Appendices 3 through to 8.

Service Review – Customer Service – Report

Table 1: Key findings and associated recommendations

No.	Recommendation	Why?	Benefit
1	Implement Interactive Voice Response for calls related to the following areas: • Waste & Recycling – transfer to Solo Resource Recovery (contractor) • Payments – transfer to 24/7 payment service Development Services – transfer to specialist • Rates – transfer to specialist	• Currently these four categories form the highest contacts for customers by the call channel • These are either high volume, with the potential for automation e.g. payments, or require specialist expertise e.g. Development Services queries • For the Solo Resource Recovery transfers these are to an external vendor and CST cannot resolve these queries • Reduce the call abandonment rate (currently 9%, Industry best practice 3%)	• Reduces the number of calls handled by CST by an estimated 10% (in the first year) • Reduces the level of double handling due to call transfers • Reduces the number of abandoned calls • Establishes a customer self-service option • Customers could potentially call out of hours and still utilise self-service • Potential to reduce casual staff levels during non-peak seasonal periods due to decreased volumes • CST could be further trained in those categories that have high volume and high complexity (further reducing need for customer transfers) • Upskill existing CST staff to shift from transactional management to relationship management
2	Strengthen digital channel uptake to enable customers to self-serve by promoting the existing online services: • Development Assessment progress tracking • Payments – Dog and Parking Fines, Rates, Invoices, Dog Registration • Live Chat capability In addition, consider implementing an online JP booking system.	• Currently very small uptake of digital channels versus call and face-to-face channels and limited promotion of the available digital options • Strategically targeting increased digital uptake will reduce labour intensive call and face-to-face channel contacts • Development services related queries make up 12% of the 'why' of first contact resolution, the low complexity, and low value added contacts. Most of these queries can be tracked online. • Payments either over the phone or face-to-face with a credit card comprise 5% of first contact resolution queries. All of these can be managed online by the customer	• Meet customer's shifting needs and expectations of expanded online services offerings e.g. submitting customer requests • Improves customer experience • Leverages the digital channel to reduce the volumes in the call and face-to-face channels • Establishes a 24 hour customer self-service option • Supports CoM to stay relevant to digital trends
3	Simplify the Hard Waste booking process for customers by undertaking a process improvement team approach	• Hard Waste queries account for 32% of all CERs raised by CST	• Reduce call volumes to the CST • Improve the customer experience

Service Review – Customer Service – Report

No.	Recommendation	Why?	Benefit
4	Improve the customer experience when visiting the Administration Building by: • Combining Development Services and Customer Service counters (one stop shop) • Providing customer self-service terminals (payments, DACO) • Providing private spaces for discussions that are safe for staff • Improving JP room amenity and waiting area	• On average 130 customers attend the administration centre daily and travel a confusing path between counters • Almost 100% of first contact resolution at the CSC is a payment, 75% of these payments are via Eftpos	• Increased customer experience and satisfaction when visiting the Administration Building • Self service terminals for payments will reduce payments at the counter

5	Implement a systematic call quality monitoring process	• 73% of customer contacts are currently via the call channel
		• Key finding from external survey that customers value knowledgeable staff, quality monitoring establishes adherence to the scripts in knowledge base for providing consistent, up to date and accurate information to customers
		• Currently no systematic process to monitor call quality in place
		• Best practice call centre management
			• Enables management oversight into;
			  ○ CST performance
			  ○ CST compliance to knowledge base
			• Provides opportunity to pinpoint issues and improve the overall quality of service customers receive
			• Provides a valuable insight into customer needs allowing for continuous improvement and enhancement

6	Implement a suite of 'Metrics that Matter Most' as a management tool to drive customer experience; including complaint rates and time taken to close CER (see Appendix 12 for an example dashboard)	• Currently the CST input data into multiple spreadsheets that are static and have limited reporting functionality • CST Leadership have few operational management tools to manage the CST • Current call abandonment rates (9%) are high when compared with great customer experience organisations	• Provides timely CST performance metrics that support decision making regarding resources • Improves customer experience by measuring what matters most to our customers

No.	Recommendation	Why?	Benefit

7	Review the roles and responsibilities, whilst maintaining the current FTE, for the CST to support delivery of the improvements and future demands of the team including the elimination of non-core customer experience tasks e.g. internal phone number management.
	
	 It is recommended that any vacancies in the current structure are filled with short term contracts.
		• Current roles and responsibilities support service delivery model of high call, high face-to-face and low digital contact
		 • Currently when compared to industry standards CoM CST has;
		   ◦ high abandonment rates
		   ◦ high Average Handling Time
		 • Future trends of the customer experience are driving digital demand from customers
			• Sets the CST up for success to implement the recommendations from the service review
			 • Drives benefits realisation
			 • Supports Workforce Planning

8	Fully implement the Dog and Cat Management Board initiative of the Dog And Cat Online (DACO) system	• 5% of all CERs are related to dogs • 5% of total calls are related to dogs • 4% of first contact resolution queries are related to dogs • Elimination of annual dog tag postage costs (currently $7,000)	• Eliminates dog tag postage costs • Significant reduction in all general dog related contacts
9	Fully implement the use of the Knowledge Base Enquiry Module in Open Office CES to capture customer contacts by channel and category to demonstrate and inform future improvements	• Implemented during service review and makes sense to continue • Captures the first contact resolution queries that our customers make • Eliminates two manual data collection processes and the associated spreadsheets	• Provides a holistic view of why our customers contact us in an existing corporate system • Reduces the number of different systems and spreadsheets CST are using including elimination of manual 'clicker counters' • Supports dashboard reporting out of the Open Office system
10	Review the Customer Payment Process including: • Understanding the uptake of the various options offered • Monitoring customer payments by channel • Consideration of electronic invoices, rates, etc. • Reviewing the layout of all notices and invoices Including consideration of customer demographic	• Currently 5% of first contact resolution is for epayments • Difficulty in obtaining a clear view of payments by channel	• Reduction of customer payments at the CSC • Reduction of customer payments processed by CST over the phone • Clear understanding of payments by channel to inform future improvement
11	Reduce the postage costs at CST by conducting a process improvement approach including: • Development Services Mail • Consideration of electronic mail for some customer communication	• Current cost of postage is $100k annually	• Reduction in postage costs • Reduction in operational budget for CST

- Hard copy Tip Tickets

No.	Recommendation	Why?	Benefit
12	Implement a regular Internal and External 'Voice of the Customer' survey e.g. Net Promoter Score Ensure that demographic and contact channel is captured.	• Currently, there is no systematic process to collect and consider the voice of the customer for CoM • Our customers have told us that they value: ○ Timely communication ○ Knowledgeable staff ○ Timely resolution	• Improvement in customer satisfaction and experience • Understand the impact of the implementation of the service review recommendations on customer experience
13	Allow customers to generate CERs for the most common category types e.g. dumped rubbish, by expanding the categories able to be submitted online	• 90% of the 30,136 CERs raised come via the call channel • Currently only 12 subcategories are available to our customers to submit as requests online	• Significant opportunity to reduce call volumes • Increase customer experience and satisfaction • Reduction in face-to-face CER volumes • Potential to electronically close the loop with the customer for their request submitted
14	Minimise the use of afterhours fee for service call handling by eliminating calls when CST is available by implementing process improvements identified	• Currently 23% of calls to the afterhours vendor were when CoM CST were available on the phones	• Elimination of business hours calls to afterhours vendor resulting in $7,200 savings
15	Cease the use of the security guard in the Administration Building foyer during the peak rates and dog registration period	• There have been 3 reported incidents related to customer aggression since 2014 • These incidents have been unrelated to rates or payments (the primary reason for the security guard) • Guard is used during the peak ratings period • 75% of payments at the counter are via eftpos	• Operational cost saving of $8,000
16	Review the newly implemented Complaints Management Process for effectiveness and broader application	• New complaints handling process implemented in Oct 17 out of scope for this review	• Confirm the benefits of the new process
17	Review benefits realised post Year 1 implementation	• Confirm Benefits realised • Adjust resourcing to actual demand	• Ability to demonstrate improvements delivered

5   Benefits Realisation

It is recommended that there is a Benefits Realisation Review in April 2019 to assess the progress against the recommendations and the impact that the delivery of these have had to ensure that the predicted benefits are being realised. This review would include establishing the impact on demand and the appropriate level of resourcing to service that demand. This is in addition to regular reporting to the ELT and Finance and Audit Committee.

6   Implementation Plan

Based on the current reality of the CST, the implementation of the review recommendations have been phased to reflect a year of setting the foundation for excellence in customer service, followed in the second year by building on that foundation to transform and enhance our customer experience. A timeline is displayed below. For a detailed implementation plan and the associated benefits and savings see Appendix 13.

MAR 18		**MAR 19** **APR 19**	**MAR 20**
		Benefits Realisation Review	
Foundation		**Enhanced Customer Experience**	

Foundation
- Implement IVR for waste & recycling and payments
- Introduce a suite of 'Metrics that Matter Most'
- Complete view of the 'why' of customer contacts
- Cease the use of security guard
- Promote digital channel to drive uptake
- Improve hard waste booking process
- Implement call quality monitoring process
- Review roles and responsibilities
- Implement DACO system
- Reduce postage costs
- Implement internal and external, 'voice of the customer' survey
- Implement additional category types for submission of online CERs
- Minimise use of after hours call handling vendor

Enhanced Customer Experience
- Implement IVR for direct transfer to internal specialists e.g. development services and rates
- Building layout refurbishment
- Review the customer payment process
- Review the complaints management process

7   Acronym and Definitions List

Table 2: Acronym List

Acronym	Expansion
CER	Customer Event Request
CES	Customer Event System
CoM	City of Marion
CS	Customer Service
CSBA	Customer Service Benchmarking Australia
CSC	Customer Service Counter
CST	Customer Service Team
DACO	Dogs and Cats Online an initiative of the Dog and Cat Management Board to provide a single database across SA for the management of Dogs and Cats
DS	Development Services
DSC	Development Services Counter
FY	Financial Year
IVR	Interactive Voice Response is a technology that allows a computer to interact with humans through the use of voice and DTMF tones input via a keypad.
JP	Justice of the Peace
MS Excel Spreadsheet	Microsoft Excel Spreadsheet

8 Appendices

Appendix No.	Title
1	Roles and Responsibilities
2	Overall Customer Contact
3	Customer Event Requests - All Contact Channels
4	First Contact Resolution - All Contact Channels
5	Call Channel Management - Business Hours
6	Call Channel Management - After Hours, Business Overflow and Service Disruption
7	Face-to-Face Channel Management
8	Digital Channel Management
9	Voice of the External Customer
10	Voice of the Internal Customer
11	Voice of the Elected Members
12	Example of 'Metrics that Matter Most'
13	Recommendations Implementation Plan

Appendix 1
Roles and Responsibilities

CITY OF MARION

The CSTs are multi-skilled staff who rotate through a number of workstations with defined roles (see Figure 1) within the CSC.

Figure 1: Workstations and Responsibilities (displays only CST responsibilities)

Unit Manager

Core responsibilities:
- Managing team performance
- Leadership and coaching team to meet targets
- Resource Management, rostering and intra-day management

Coordinator

Core responsibilities:
- Preparing daily, weekly and monthly reporting of the measures
- Running the daily production meeting
- Back up to Unit Manager for intra-day management of volumes to meet

Cashier 1, 2 & 3

Core responsibilities:
- Payment transactions
- Balancing money at the end of the day
- Coverage during breaks

* Cashiers 2 and 3 are not full time

Work Station 1

Core responsibilities:
- Phone handling
- Cashier backfill
- Preparation for opening of centre

Work Station 2

Core responsibilities:
- Phone handling
- Preparation of outgoing mail

Work Stations 3, 4, 5 & 6

Core responsibilities:
- Phone handling

Other responsibilities:
- Updating door notices
- Processing of petty cash
- Receiving deliveries
- Management of Lion's Club Sales
- Preparing Justice of the Peace room
- Management of cat cages
- Ordering of name badges for all Council staff
- Phone handling of internal calls
- Management of new dog registrations

Administration

Core responsibilities:
- Monitoring and management of online services (snap, send and solve, live chat and social media)
- Monitoring and management of Customer Service email inbox
- Records management

Appendix 2
Overall Customer Contact

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MARION

Overall Customer Contact via Channel

Channel	Method	% of monthly customer contacts (average)
Calls	Customer call handling by the CST, during business hours (8.30am to 5.00pm Monday to Friday) Customer call handling management by external vendor after business hours, business overflow and during service disruption	**73%**
Face-to-Face	Face-to-face customer contact handled by the CST during business hours (8:30am to 5:00pm Monday to Friday) Face-to-face customer contacts at the DS counter and JP service during business hours (8:30am to 5:00pm Monday to Friday)	**27%**
Digital	Management of the digital channel by the CST including website, email, social media and mobile applications	**NA***
Other/NA	Other via a letter, fax other. NA when a channel method was not available i.e. detail was not entered	**NA***

*NA: Interactions are not recorded or not readily available for these channels and from broader analysis it is clear that these channels have low uptake/volume

Overall Customer Contact

Overall Customer Contact Statistics
(Various financial years)

**Customer Call Channel
Yearly Interaction Patterns**
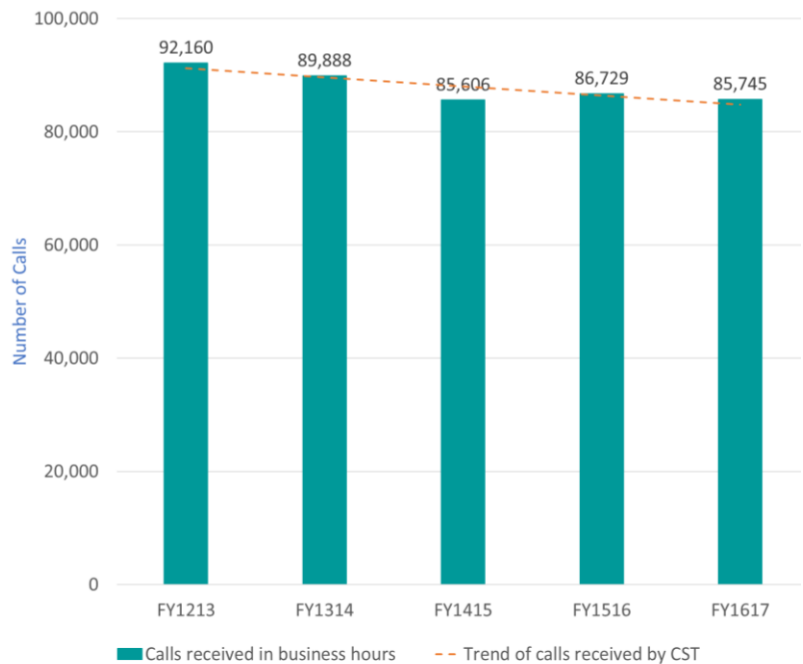
**Customer Face-to-Face Channel
Yearly Interaction Patterns**
CS Counter
DS Counter
JP Service
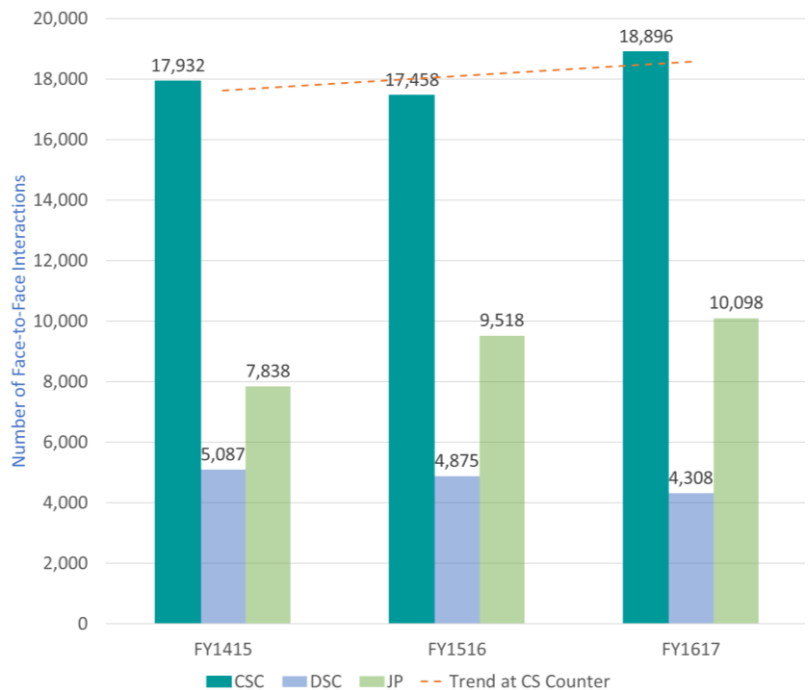
Overall Customer Contact

Customer Contact Channel and Integration Diagram - Current

CITY OF MARION

Call Channel Management

Customer Call Interaction

After business hours, business overflow and service disruption
(Oracle Customer Management Systems)

In business hours
(City of Marion)

Customer Contact Data (MS Excel)

Enquiry

Phone System (Avaya Phone Systems)

No data collected

Payment

Reporting

Request

Request

CES (Open Office)

Authority Enterprise Suite (Civica)

Telephone Statistics (MS Excell)

Request to Action Officer

Face-to-Face Channel Management

CS Counter Interaction

In business hours
(City of Marion)

DS Counter Interaction

In business hours
(City of Marion)

JP Service Interaction

In business hours
(City of Marion)

Payment

Enquiry | Request | Payment | Reporting

No data collected

CES (Open Office)

Authority Enterprise Suite (Civica)

Clicker

Request to Action Officer

Contacts at CS Counter (MS Excel)

Enquiry | Request | Reporting

No data collected

CES (Open Office)

Clicker

Request to Action Officer

Contacts at DS Counter (MS Excel)

Reporting

Clicker

Contacts for JP (MS Excel)

Digital Channel Management

Digital Interaction

24 hour access
(City of Marion)

Enquiry | Request | Payment

No data collected

CES (Open Office)

Authority Enterprise Suite (Civica)

Request to Action Officer

Note that there is inherent inaccuracy in the manual sources of data collection, hence the data and analysis are qualitative not quantitative.

LEGEND

= Data connection (automatic)
= Data connection (manual)
= Data connection (both automatic and manual)
= Data store
= Process
= Document

COMMENTS

Enquiry	= Resolved without a CER being raised
Request	= CER raised
Business Hours	= 8.30am to 5pm Monday to Friday
Digital Interaction	= Website, social media, email and live chat
Clicker	= Manual counting device

Appendix 3
Customer Event Requests

What does it incorporate?

CERs raised to record and assign requests, requiring action or follow up when a query can't be resolved in the first instance (first contact resolution*).

What is the history?

The Open Office Customer Event Module has been used by the CST since 2001 and is widely used across CoM with the exception of the Libraries and Neighbourhood Centres.

The module allows staff to manage and workflow customer queries and requests by category such as dogs and associated subcategories such as barking, attack and registrations.

The data captured in a CER is broad and includes information such as customer details, event category, source, location, date entered and anticipated completion date.

There are established service levels against each category that contain specific targets related to the category/subcategory and linked to the respective CoM team. When a service level is selected, the target completion date is auto populated based on the service level. Reports to monitor CER creation and subsequent close out have been created and are used to a varying degree across CoM.

What systems are used to manage data?

- Open Office CES

How is the data connected through systems?

- Automated process

What type of data is captured?

- Customer details (particulars)
- Customer requests (count and particulars)

How is the data used?

Customer details
Customer details (name, address, phone number, etc.).

Customer requests
To record and assign CERs, including workflow management, requiring action or follow-up in CES (customer enquiries were not recorded prior to the service review).

Customer Event Request Interaction Statistics
(FY1516 and FY1617)

28% of all monthly contacts resulted in a CER being raised (average)

27,513 FY1516

32,758 FY1617

=

30,136 CERs raised per year (average)
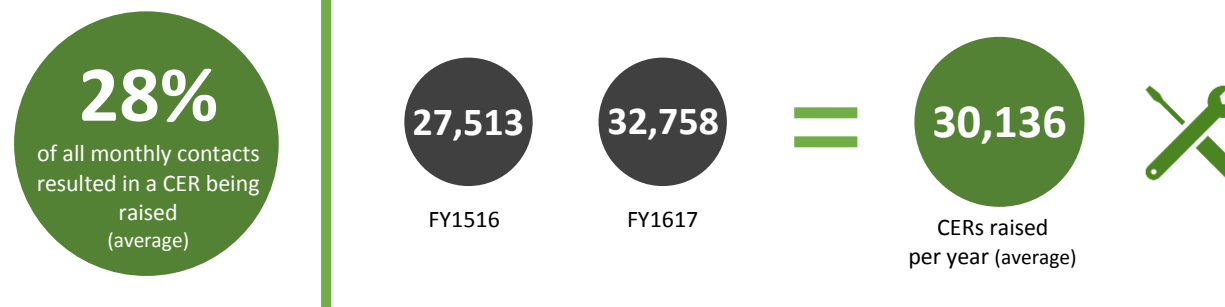
CER Communication Channel Methods

Calls

Face-to-Face

Digital

90% of CERs raised were by calls

1% of CERs raised were by face-to-face interactions

1% of CERs raised were by a digital interaction

Other/NA

8% of CERs raised were by other/NA**
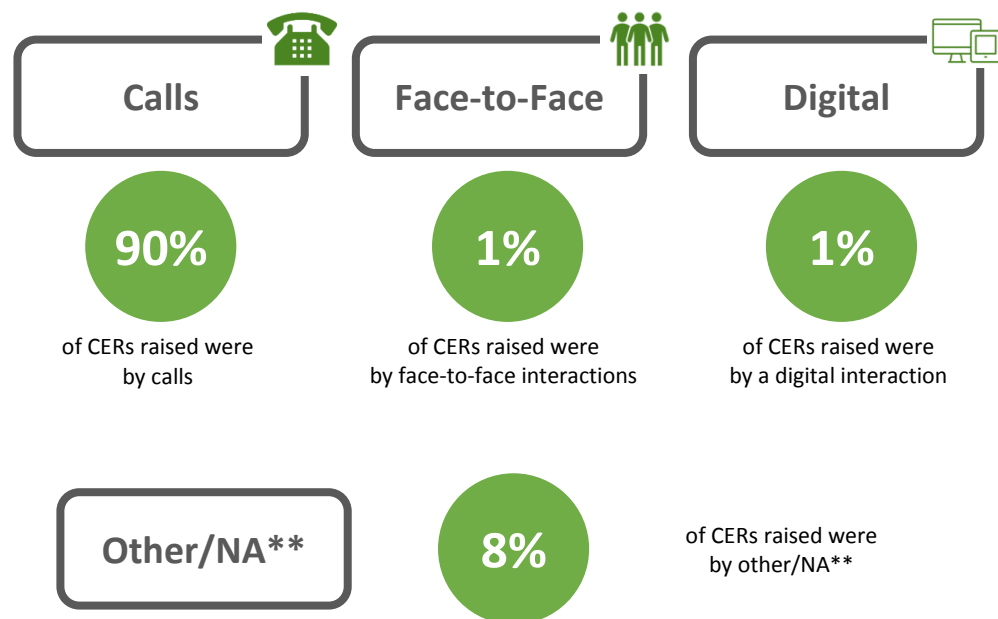
*'First contact resolution': Contacts from any channel that have not resulted in a CER being raised or a call transfer have been assumed to be resolved at the first point of contact.

**Other/NA: Other includes letter, fax and other (under 1%) NA is when a channel method was not available i.e. detail was not entered

Customer Event Requests

Customer Event Request Interaction Statistics

(FY1516 and FY1617)

CERs – Top 10 Categories (top 10 categories represent 79% of the total CER's)

Percentages based on total CERs raised via all channels
Remaining 21% span across 111 categories

Hard Waste	Development Services (Admin Support)	Development Services (Planning & Assessment)	Rates	Street Trees	Dogs	Dumped Rubbish	Waste & Recycling	Parking Offences	Reserves/Ovals Maintenance
32%	11%	10%	6%	6%	5%	3%	2%	2%	2%

Appendix 4

First Contact Resolution

CITY OF MARION
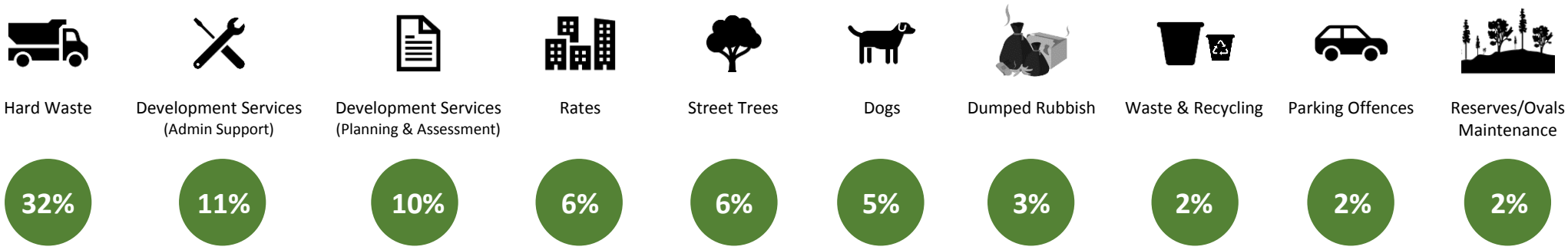
What does it incorporate?

'First contact resolution' has not been routinely monitored at CoM and is defined as a customer contact from any channel that is resolved at the first point of contact. For the purposes of the service review, first contact resolution has been assumed as any contact that has not resulted in a CER being raised or a call being transferred. Predominantly, these interactions are low complexity e.g. general enquiries and payments. These interactions may also include contacts where the customer need is not met e.g. we do not provide the service they are enquiring about.

What is the history?

Historically, data has not been collected in the CES regarding the particulars behind 'first contact resolution' interactions, however in some instances a 'count' of interactions has been collected manually.

The CES has the capability via the Knowledge Base Enquiry Module to track 'first contact resolution' interactions including the particulars and count. During the service review, the CST used this functionality to provide a data sample of these interactions for analysis in the service review.

What systems are used to manage data?

- Avaya Phone System
- Manual Clicker to provide Count
- Multiple MS Excel Spreadsheets

How is the data connected through systems?

- Manual process

What type of data is captured?

- Call statistics (call centre performance data)
- Face-to-face customer contact (count)

How is the data used?

Call statistics
To understand call patterns (count of calls received/answered, abandonment rate, etc.).

Face-to-face statistics
To understand contact patterns, (count of face-to-face interactions at the CS Counter, DS Counter and JP services).

Customer 'First Contact Resolution' Interaction Statistics
(FY1516 and FY1617)
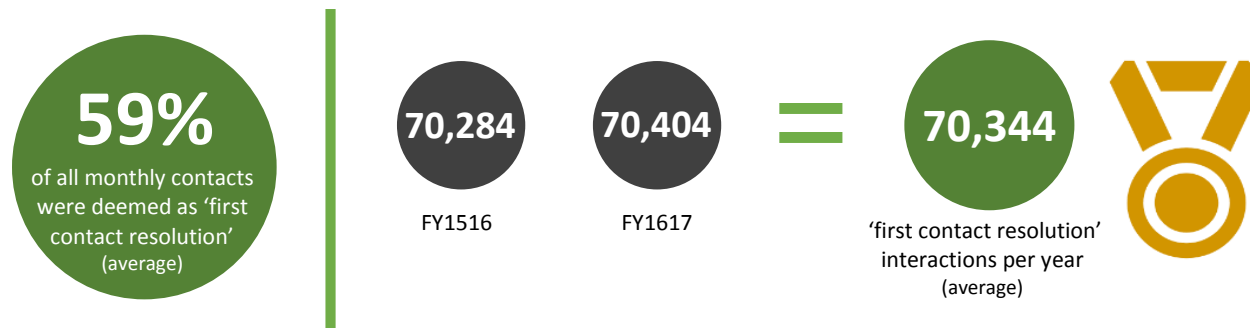
59% of all monthly contacts were deemed as 'first contact resolution' (average)

70,284 FY1516

70,404 FY1617

=

70,344 'first contact resolution' interactions per year (average)

Customer 'First Contact Resolution' Interaction Statistics

(Data collected by CST testing the CES Knowledge Base Enquiry Module)
(4 weeks of data collected between November and December 2017)

'first contact resolution' data collected for **2,335** Interactions

89% of 'first contact resolution' interactions were via calls

10% of 'first contact resolution' interactions were face-to-face

1% of 'first contact resolution' interactions were via live chat

CES Knowledge Base Enquiry Module currently only allows tracking of interactions via call, face-to-face and live chat channels. Additional channels can be added at a cost

First Contact Resolution

CITY OF MARION

Customer 'First Contact Resolution' Interaction Statistics

(Data collected by CST testing the CES Knowledge Base Enquiry Module)
(4 weeks of data collected between November and December 2017)

First Contact Resolution – Top 10 Categories
(top 10 categories represent 81% of the total 'first contact resolution' interactions)
Remaining 19% span across approximately 81 categories

Waste & Recycling	Rates	Development Services	Hard Waste	Staff Contact (Not available) *	Justice of the Peace	eServices (Payments)	Expiation Notices	Dogs	Community Care
16%	13%	12%	8%	8%	7%	5%	5%	4%	3%
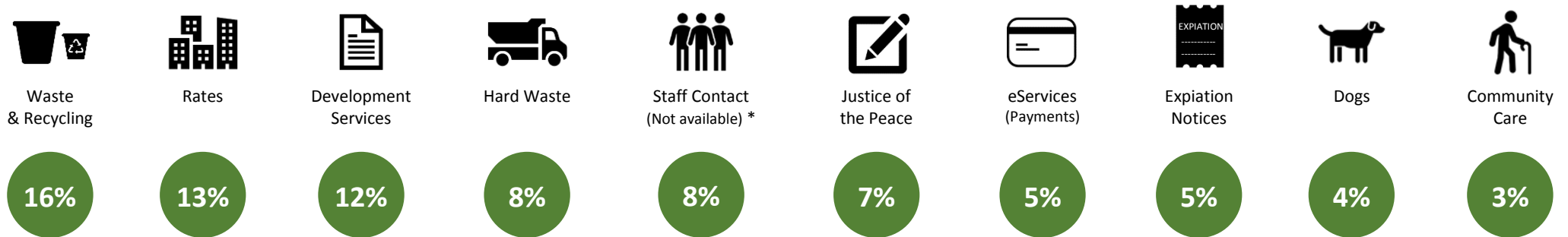
First Contact Resolution – Sub Categories of Top 3 Categories
Percentages based on total 'first contact resolutions' per category

Waste & Recycling

- **27%** Damaged bins &/or escalated issue
- **18%** Missed collection & escalated issue
- **8%** Bin deliveries by Solo Resource Recovery

Remaining 47% span across 21 sub categories

Rates

- **33%** Debt recover/fines/fine remission applications/ late payments
- **15%** Questions about balance/transaction history
- **7%** Conveyancer/rates search enquiries and prices

Remaining 45% span across 15 sub categories

Development Services

- **55%** DA tracker & enquiry related to the progress of an application
- **15%** Do I need approval for...?
- **9%** Subdivision

Remaining 21% span across 14 sub categories

*Staff Contact (not available): Customer who requests to speak to a particular CoM staff member who cannot be located/contacted and chooses not to leave a message or disclose what it is regarding

Appendix 5

Call Channel Management – Business Hours ☎

CITY OF MARION

What does it incorporate?

Customer call handling by the CST, during business hours (8.30am to 5.00pm Monday to Friday).

What is the history?

The current telecommunication system, Avaya, for customer call handling has been used by CoM for approximately 15 years. During this time the vendor ownership and name has changed several times.

What systems are used to manage data?

- Avaya Phone System
- Open Office CES
- MS Excel Spreadsheet

How is the data connected through systems?

- Both manual and automated processes

What type of data is captured?

- Call statistics (call centre performance)
- Customer requests (count and particulars)

How is the data used?

Call statistics

To understand call patterns (count of calls received/answered, abandonment rate, etc.).

Customer requests

To record and assign CERs, including workflow management, requiring action or follow-up in CES (customer enquiries were not recorded prior to the service review).

Customer Call Handling Statistics
(FY1516 and FY1617)

73%
of total monthly contacts were by phone
(average)

86,729
FY1516

85,745
FY1617

=

86,237
calls received per year (average)

91%
of all calls received were answered

9%
of all calls were abandoned by the customer
(prior to being answered)

Response time
(wait time before call answered)

=

52
seconds
(average)
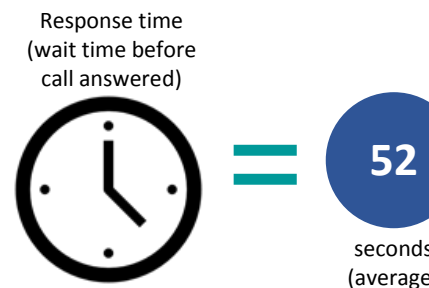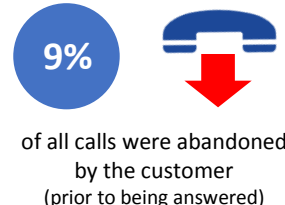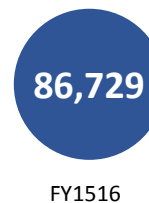
	Calls answered by CST (average)	Calls abandoned by customer (customer hung up) (average)
Month	6,565	621
Week	1,515	143
Day	315	30
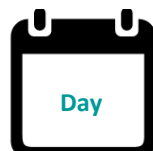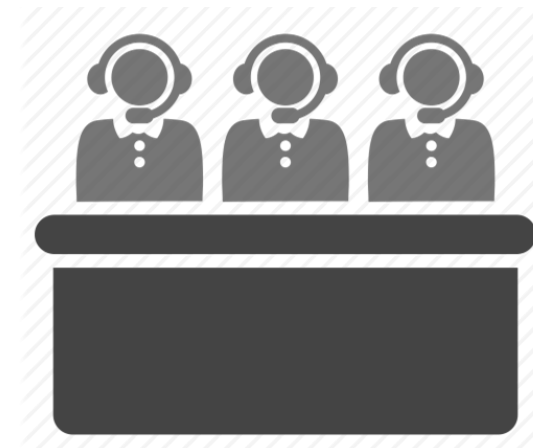
Call Channel Management – Business Hours 📞

Customer Call Interaction Statistics

(FY1516 and FY1617)

Monthly Call Pattern

Number of Calls — FY1516 — Month — FY1617 — FTE days/month for calls

Legend:
- Calls Answered by CST
- Calls Abandoned by Customer
- Monthly Staffing Levels
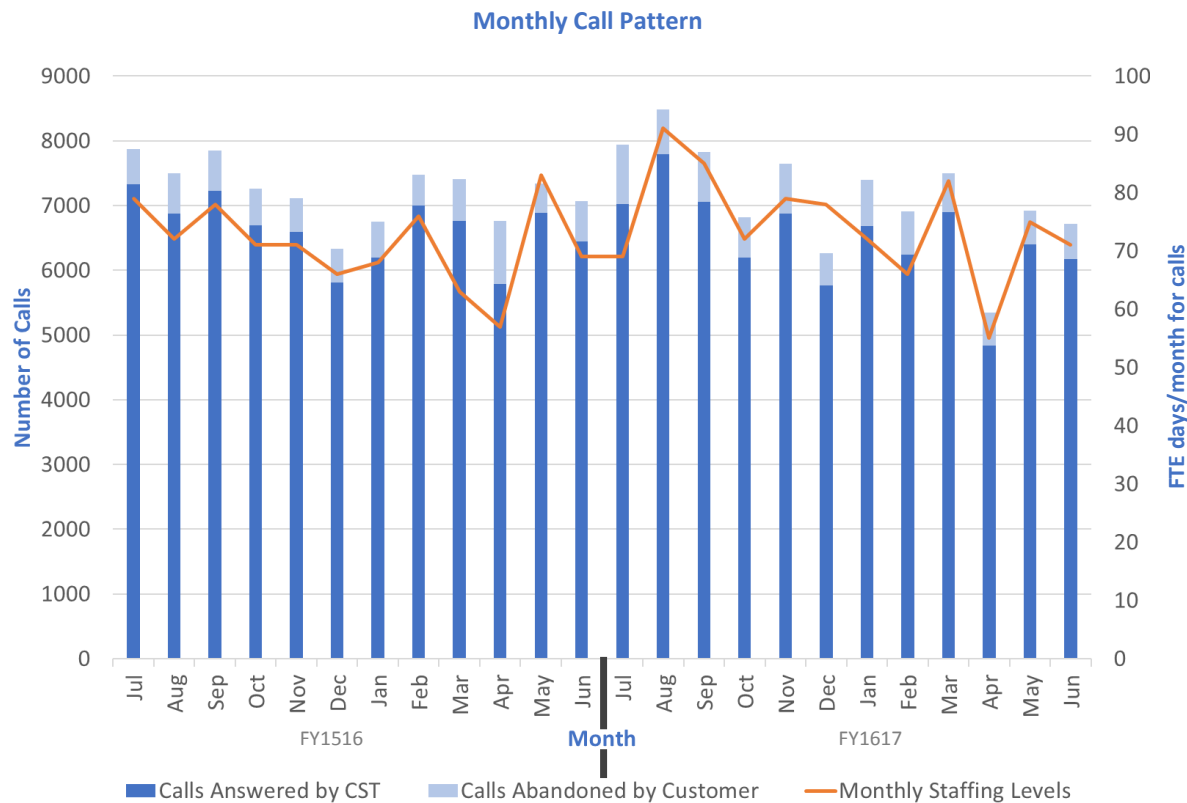
There are **3.5FTE CST staff logged in and ready to answer calls per day** (average)

3.5

Each CST staff member answers **90 calls per day** (average)
(staff assigned to phones only)

90

Average call handling time **2 minutes and 48 seconds**

2min 48sec

Call Channel Management – Business Hours ☎

Customer Call Interaction Statistics

(FY1516 and FY1617)

43% of all calls were deemed as 'first call resolution'* (average)

37% of all calls resulted in a CER being raised (average)

20% of all calls were transferred** (average)
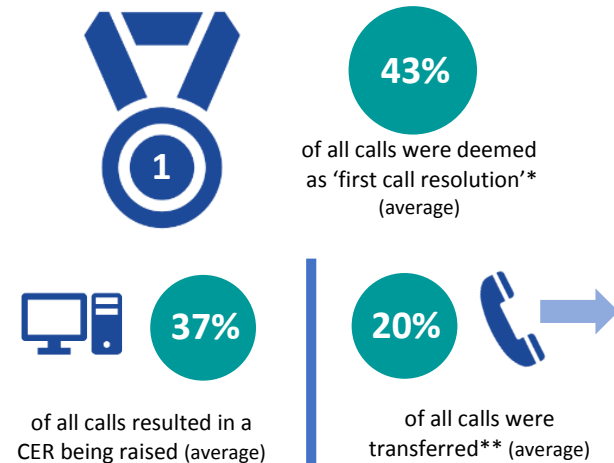
'First Call Resolution'*

During the FY1516 and FY1617 period, data was not captured regarding the category or the 'why' of 'first call resolution'* interactions. During the service review the collection of the 'why' was implemented to enable analysis of the high volume, low complexity interactions. For details on these interactions, refer to the appendix 'first contact resolution'.

Call Outcomes

Number of Calls — Month — FY1516 — FY1617

■ Customer Events Raised ■ Calls Transferred ■ First Call Resolution
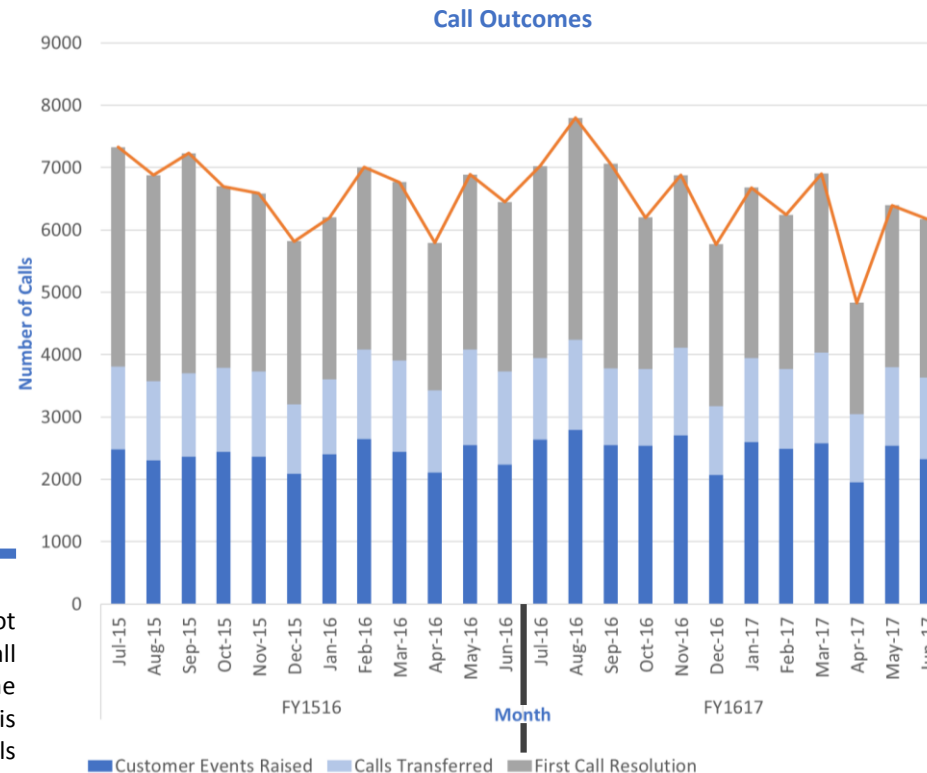
Call Transfers

During the FY1516 and FY1617 period, data was not captured regarding the category or the 'why' a call was transferred. During the service review, the CST took a manual count of what they considered to be the 'top 3' transfer categories.

Calls Transferred - Top 3 Categories

(4 weeks of data collected by CST between November and December 2017)

62.5% Waste & Recycling (Solo Resource Recovery - external)

19.8% Community Care (internal)

17.7% Development Services (internal)

Call Quality Monitoring

To obtain further insight into customer call interactions, call quality monitoring was carried out during the service review. Multiple and varying subject matter customer call recordings received by CST during December '17 and January '18 were reviewed and evaluated against their adherence to the relevant KB Article* script. The review did not include evaluating the CST call handling skills, etiquette, problem solving abilities, etc.

The key findings highlighted that the CST:

- Generally provide satisfactory information to customers
- At times, do not fully adhere to the KB Article*** script i.e. provide some information/ask some questions however, do not cover all aspects of the script
- At times, only answer exactly what the customer is querying about and do not offer alternative options e.g. advising customer they have utilised their quota of 'tip tickets', however not looking into whether they have any hard waste allowance available

*'First call resolution': Calls that have not resulted in a CER being raised or a call transfer have been assumed to be resolved at the first point of contact.
** Transfers include both externally and internally.
**KB Articles are within the Open Office CES and act as a resource for the CST (and others) providing a range of standard scripted responses for customers, based on categories.

Appendix 6

Call Channel Management – After Hours, Business Overflow and Service Disruption ☎

CITY OF MARION

What does it incorporate?

Customer call handling management by external vendor, after business hours, business overflow and during service disruption.

What is the history?

Since early 2017, Oracle Customer Management Solutions (CMS) has undertaken customer phone handling services for the CoM during occasions of need.

Prior to Oracle CMS, CoM used the services of Well Done International however transitioned to Oracle CMS when it became the preferred customer contact service provider for the Local Government Association.

Oracle CMS enter all customer calls received into a MS Excel Spreadsheet and send through to the CST who then examine and manipulate the data, importing necessary items into the CES.

What systems are used to manage data?

- Oracle CMS System (external)
- MS Excel Spreadsheet
- Open Office CES

How is the data connected through systems?

- Both manual and automated processes

What type of data is captured?

- Customer enquiries (count and minimal particulars)
- Customer requests (count and particulars)

How is the data used?

Customer enquiries
Data not currently used.

Customer requests
To record and assign CERs, including workflow management, requiring action or follow-up in CES (customer enquiries were not recorded prior to the service review).

Customer Call Interaction Statistics Sample
(August and September 2017)

838 Aug   **644** Sep   =   **741** calls received per month (average)   ☎

14% of calls resulted in a CER being raised

Calls Received Period

- 23% During Business Hours (CST available)
- 13% During Business Hours (CST not available)
- 64% After Business Hours

Call Patterns (average)

CST meetings held monthly on Wednesdays & calls diverted to Oracle CMS

Day of the Week	Number of Calls
Mon	94
Tue	130
Wed	144
Thu	86
Fri	96
Sat	129
Sun	65
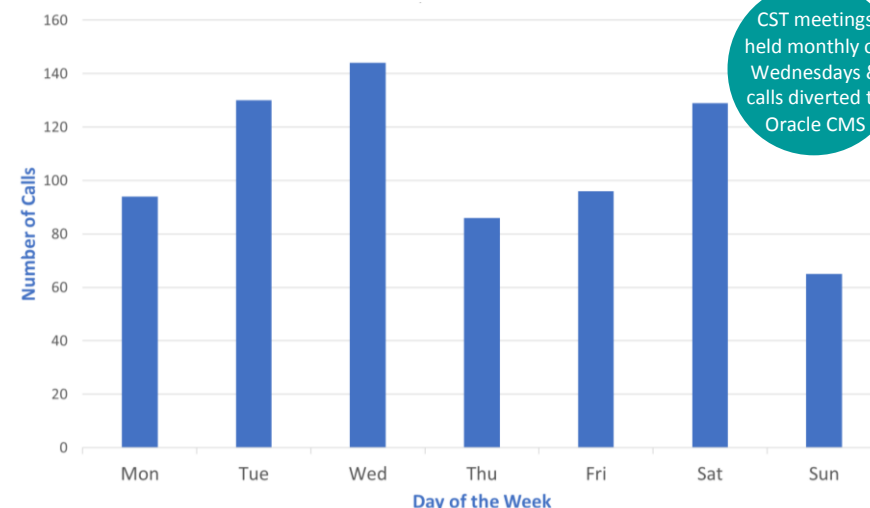
Top 5 Reasons for Call
(top 5 reasons represent 84% of calls received by Oracle CMS)
Remaining 16% span across approximately 97 reasons

Dead line, hang up or no response	Details not available/provided	Customer will call during business hours	Dogs – found and contained	Parking – offence complaint
48%	**20%**	**10%**	**4%**	**2%**

Appendix 7
Face-to-Face Channel Management

CITY OF MARION

What does it incorporate?

Face-to-face customer contact handled by the CST, during business hours (8:30am to 5:00pm Monday to Friday).

What is the history?

Since 2013, manual 'Clickers' have been used to record the number of face-to-face customer contacts on a daily basis at:

- CS Counter
- DS Counter
- JP services

The daily count numbers are recorded in three individual MS Excel spreadsheets, which are managed by each team respectively.

Prior to this, face-to-face customer contact was not consistently recorded.

What systems are used to manage data?

- 3 Manual 'Clicker' Counters
- Open Office CES
- MS Excel Spreadsheets
- CoM Website eServices (for processing payments)
- Authority (for payments)

How is the data connected through systems?

- Both manual and automated processes

What type of data is captured?

- Face-to-face customer contact (count)
- Customer requests (count and particulars)
- Customer transactions (count)

How is the data used?

Face-to-face statistics

To understand contact patterns (count of face-to-face interactions at the CS Counter, DS Counter and JP services).

Customer requests

To record and assign CERs, including workflow management, requiring action or follow-up in CES (customer enquiries were not recorded prior to the service review).

Customer transactions

To understand transaction patterns (payment transactions, etc.).

Customer Face-to-Face Interaction Statistics
(FY1516 and FY1617)
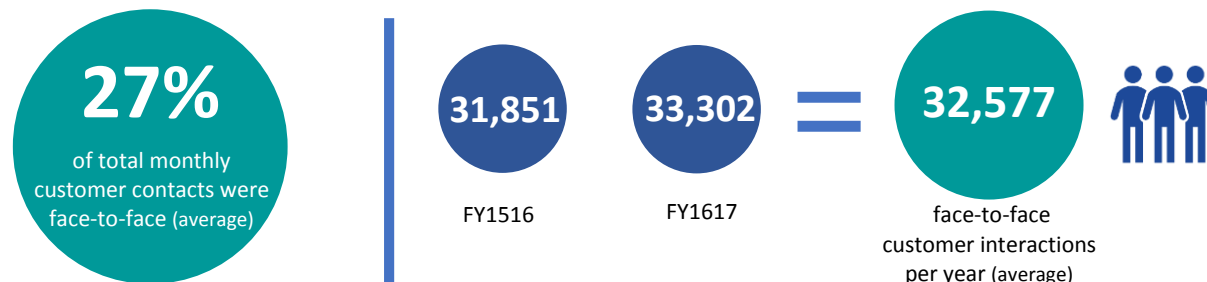
27% of total monthly customer contacts were face-to-face (average)

31,851 FY1516

33,302 FY1617

= 32,577 face-to-face customer interactions per year (average)

Count of Face-to-Face Customer Interactions

	CSC (average)	DSC (average)	JP Service (average)	Total (average)
Month	1,515	383	817	= 2,715
Week	350	88	189	= 627
Day	73	18	39	= 130

Face-to-Face Customer Interactions
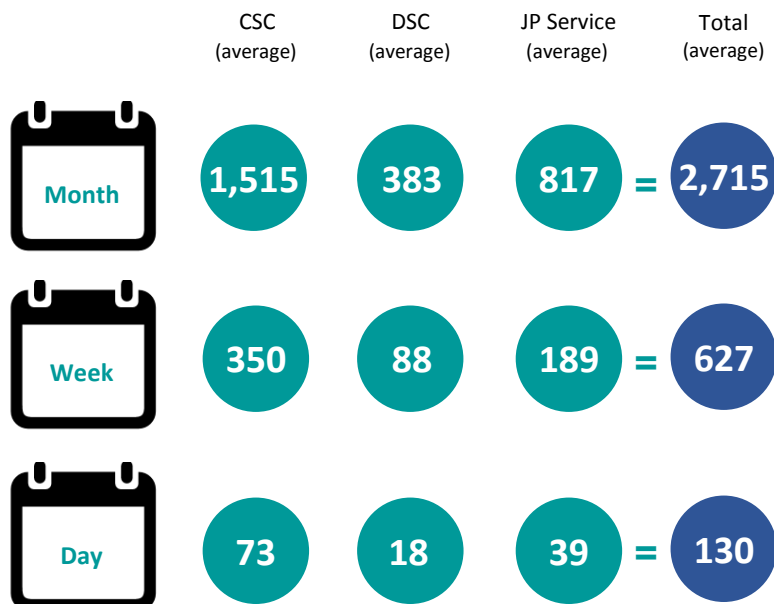
- 56% Customer Service Counter
- 14% Development Services Counter
- 30% Justice of the Peace Services
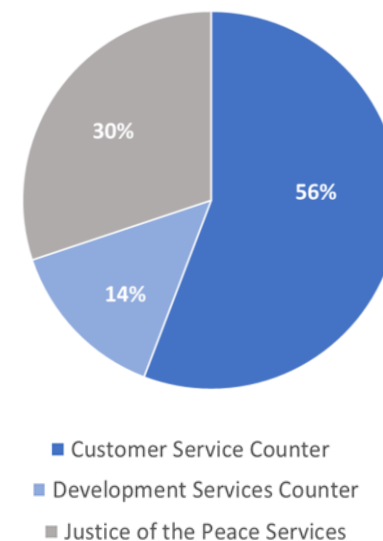
Face-to-Face Channel Management

Customer Face-to-Face Interaction Statistics
(FY1516 and FY1617)

CITY OF
MARION

There are 1.5FTE CST staff at the CS Counter per day
(estimate only)

1.5

Additional terminals are opened during busy times and seasonal peaks for dog registrations and rates payments

OPEN

98% of face-to-face interactions at the CS counter were for payments*

Count of Payments
(CS Counter)

Payment methods
75% Eftpos
25% Cash

Legend: ■ Monthly Customer Counter — Payments at Terminal 1 - 3 (front counter)

X-axis: Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun (FY1516) | Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun (FY1617)

Y-axis: Number of Face-to-Face Interactions — 0 to 4500

Month
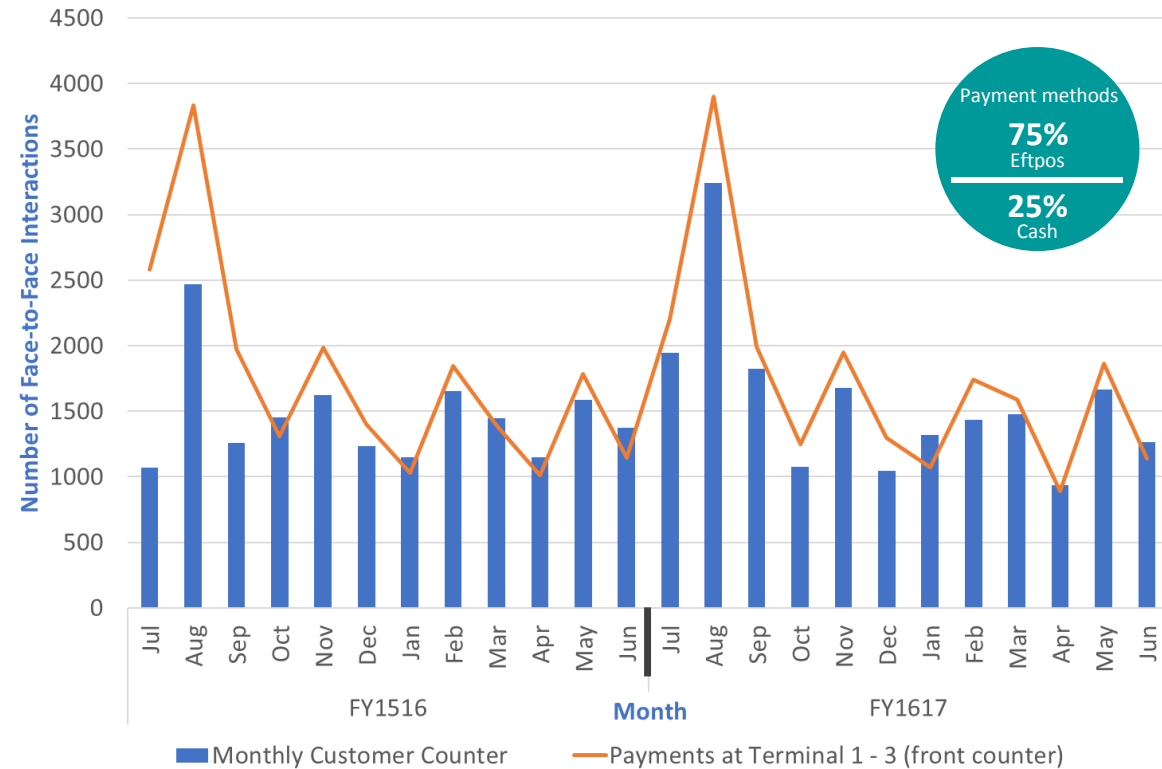
'First Contact Resolution'**

During the FY1516 and FY1617 period, data was not captured regarding the category or the 'why' of 'first contact resolution'** interactions. During the service review the collection of the 'why' was implemented to enable analysis of the high volume, low complexity interactions. For details on these interactions, refer to the appendix 'first contact resolution'.

* Due to the inherent inaccuracies in the manual clicker counting process, the count of payments processed via the CS counter from Authority is higher than the clicker data recorded for face-to-face customers for the same period.

**'First contact resolution': Face-to-face contacts that have not resulted in a CER being raised have been assumed to be resolved at the first point of contact.

Face-to-Face Channel Management

CITY OF MARION

Administration Service Delivery Points

There are two entry access points into the Administration building, the majority of customers utilise the 'rear entrance' via the carpark rather than entering via the 'front entrance'.

Currently many customers approach the CS counter for DS queries and are directed to the remotely located DS counter, often then re-directed back to the CS counter for payment. This also occurs for the JP service.

Front Entrance (Sturt Road)

Justice of the Peace Room

Customer Service Counter

Development Services Counter

Rear Entrance (Carpark)

Appendix 8
Digital Channel Management

CITY OF MARION
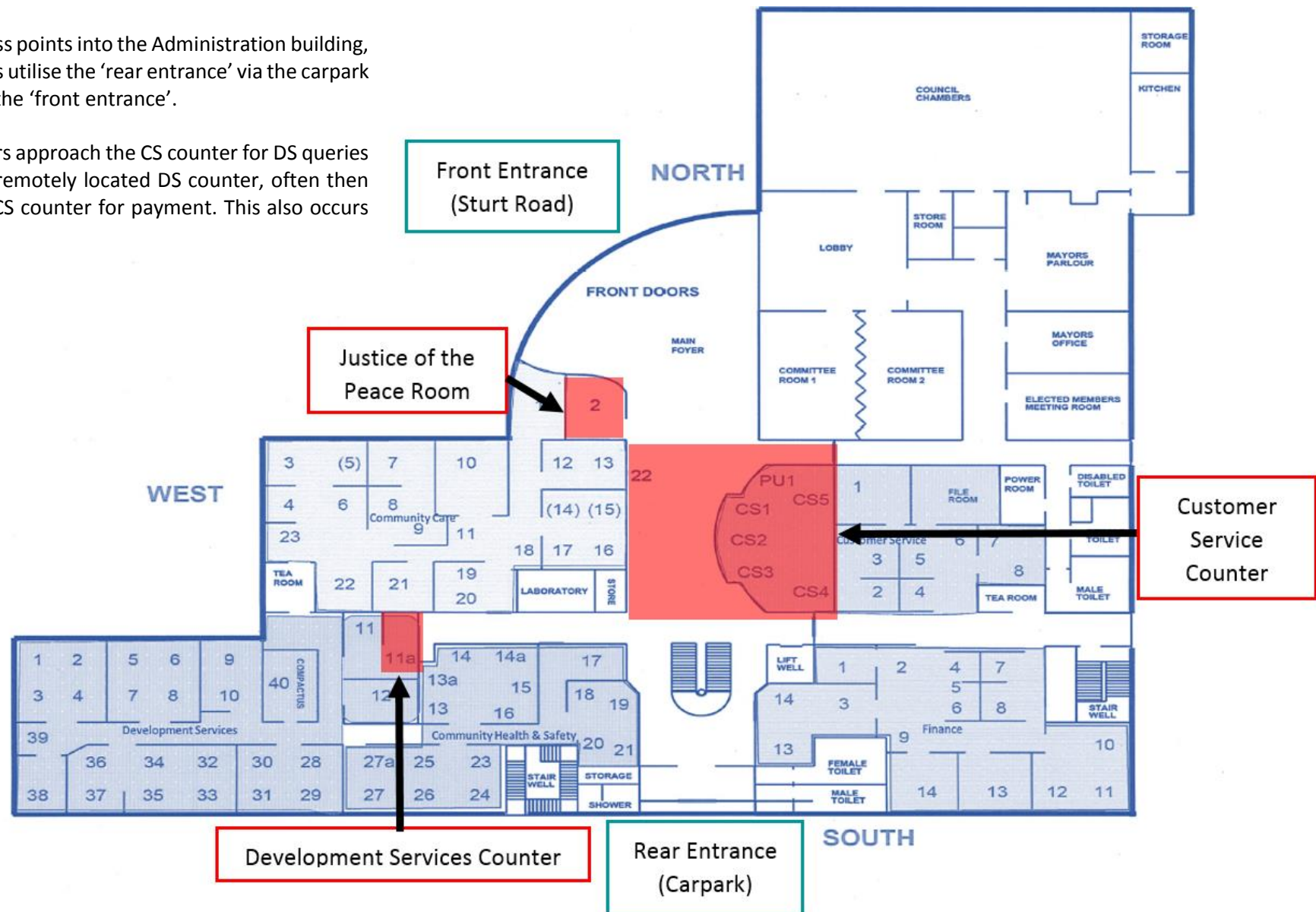
What does it incorporate?

The management of the digital channel by the CST. Digital channels include the following:

- CoM Website (including Live Chat)
- CS Email
- CoM Social Media (Facebook)
- Mobile Application (Snap Send Solve and My Local Services)

What is the history?

CoM has had an online presence for approximately 20 years, with a major website upgrade in 2012, which included the launch of the CoM social media accounts.

Currently, the CoM website is undergoing another major upgrade and will be migrated to a new platform in March 2018. The new website will feature a fresh and modern design with an aim to improve online customer experience.

What systems are used to manage data?

- Google Analytics
- Open Office CES
- MS Excel Spreadsheet

How is the data connected through systems?

- Both manual and automated processes

What type of data is captured?
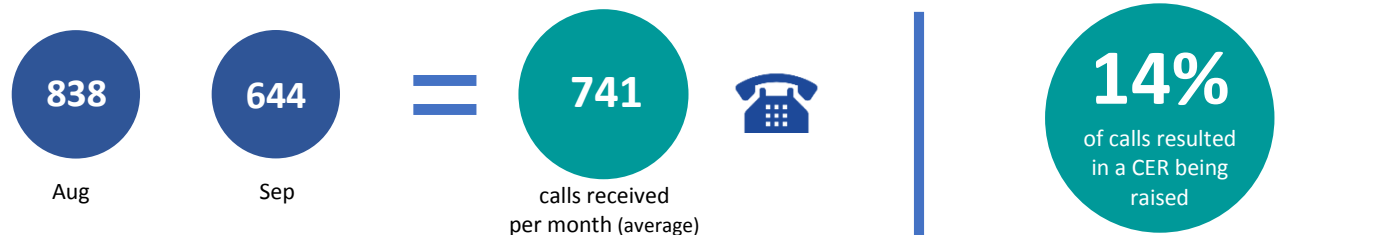
- Customer requests (count (some channels) and particulars)
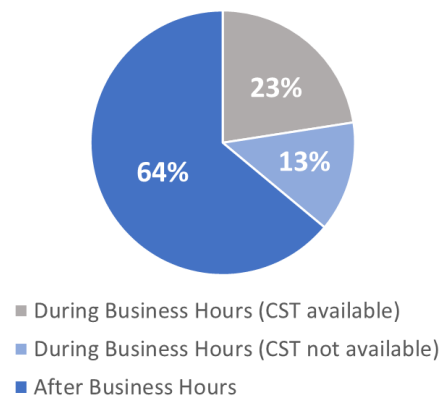
How is the data used?

To record and assign CERs, including workflow management, requiring action or follow-up in CES (customer enquiries were not recorded prior to the service review).

*Engaged users: The number of people who 'engaged' with the page (includes any click or story generated)

Customer Digital Interaction Statistics
(FY1516 and FY1617)

Overall, digital interactions were only recorded when a CER was raised (enquiries were not recorded)

The count of digital interactions were not recorded or not readily available for some channels

Only **1%** of all CERs were raised via a digital interaction

There are only **12** CER category options available on the CoM website online request form

CS Email

NA emails received

178 CERs raised from email interactions

Mobile Application

NA users of App

156 CERs raised from Mobile App interactions

CoM Website

2.18m overall website page views

108 CERs raised from website interactions

CoM Facebook Page

46,388 engaged* users

5 CERs raised from Facebook interactions

Appendix 9
Voice of the External Customer 💬

(City of Marion logo)

Currently there is no systematic way for the voice of the external customer to be collected and measured to improve customer experience.

To obtain an insight into the voice of the customer, CoM engaged Customer Service Benchmarking Australia (CSBA) to collect external customer feedback (by way of a survey) from those who had recently interacted with the CoM CST.

The survey conducted over a four-week period during November 2017, involved external customers answering a standardised set of questions via phone (using interactive voice response), email (web response) or an iPad located in the administration building foyer. Overall 461 surveys were completed with respondents remaining anonymous unless they requested to be contacted.

This research was then used in CSBA's benchmarking program to compare CoM's performance with the City of Tree Gully (South Australia) and Bayside City Council (Victoria).

The key findings highlighted that CoM provides an overall above average service (when compared to the other two Councils) however, opportunity still exists to improve satisfaction by:

- Clearly identifying customer requests/queries to ensure appropriate response can be made (attention to detail)
- Resolving (where possible) requests/queries at the first point of contact
- Ensuring CST reference the KB Articles* to ensure relevant and accurate information and process is provided

An additional key finding of the survey was that our external customers most value:

- Timely Communication (prompt response to request/query)
- Knowledgeable Staff (providing accurate information)
- Communication regarding the resolution of their request/query (closing the loop)

External Customer Survey Results (November 2017)

Overall satisfaction

CoM Results

SATISFACTION
4.2 OUT OF 5 👍

80.2% satisfied **8.4%** neutral **11.4%** dissatisfied

CoM Comparison with other Councils

CoM equal to average ✔

City of Marion	Bayside City Council	City of Tea Tree Gully	Average
4.2	3.6	4.6	4.2

Overall ease

CoM Results

EASE
4.5 OUT OF 5 🤝

86% easy **9%** neutral **5%** difficult

CoM Comparison with other Councils

CoM above average ✔

City of Marion	Bayside City Council	City of Tea Tree Gully	Average
4.5	3.8	4.7	4.4

*KB Articles are within the Open Office CES and act as a resource for the CST (and others) providing a range of standard scripted responses for customers, based on categories

Voice of the External Customer 💬

CITY OF
MARION

Overall resolution

CoM Results

RESOLUTION
74%

81% Yes
4% No
14% Too early to tell

CoM Comparison with other Councils

CoM above average ✓

	City of Marion	Bayside City Council	City of Tea Tree Gully	Average
	74%	45%	81%	69%

What did we do well?
(extract of customer comments)

Great communication and service via phone. Very helpful and please take a minute to thank him. Quick service

Prompt, friendly, polite and informative customer service. Couldn't have been better

Fast response and because not all the query was within MCC control, the rest was forwarded on

Answered my query re hard rubbish collections

New tree needed re-staking after a vandal attack. Problem was fixed within two hours of my phone call

Quick and accurate response

Excellent service. Open and understanding about my query. Very helpful

Prompt service and clear advice

Great advice on where to dump waste along with a council ticket

Prompt response to e-mailed issue, let me know that what I sent was received, and directed to the appropriate department

Provided useful information with great details and customer friendly tone

Enquiry was handled quickly

You followed up and resolved the problem I reported

Answered my enquiry efficiently

Provided the service asked for with full information

Quick response and very polite

Expert information was provided in a lovely and professional manner

Pleasant person on the phone

Voice of the External Customer 💬

What can we do better?
(extract of customer comments)

Better basic knowledge for people answering phones

Change your policy back to the way it used to be - you have changed for the WORSE

The final solution put to me did not meet what I expected should have happened and felt that I was given a line to appease me, as I said to the person, if it was the reverse the council would not have accepted that resolution

Customer service need more information so they can assist callers better

If Council Searches could be sent earlier, it would be much appreciated. Also having Council Searches emailed rather than posted would be fantastic

Make contact verbally to enable me to communicate the issues

More updates should be explained patiently

As of this time, I have not received a response to my query

Address the problem that was logged, not ignore or not response....then I receive this survey and no one from the council have even contacted me

Hard rubbish collection under resourced too long to wait. Too limited in what can be taken will probably end up paying to have it removed

I had no concerns other than an 8 minutes on hold before my call was answered

Was told appropriate person would ring me back but didn't. I had to ring again and was told the wrong person in first place

Appendix 10
Voice of the Internal Customer 💬

CITY OF MARION

To obtain an insight into the voice of the internal customer, CoM sent a survey to key internal customers who regularly interact with the CST. These internal customers included the following teams and their leaders:

- Civil Services
- Community Care
- Community Health & Safety
- Development Services
- Open Space Operations
- Operational Support
- Rates

The survey was conducted over a two-week period during December 2017 and involved internal customers answering a set of standardised questions online. The individual identities of the respondents were kept anonymous, with only their work area being identified. The survey was forwarded to approximately 95 people with 27 surveys completed (28% response rate).

The key findings highlighted that while the CST meets the needs of both internal and external customers, opportunity exists for the CST to:

- Contribute further to initiating ideas to improve cross-functional processes
- Clearly identify customer requests/queries and ensure information shared with other CoM staff is sufficiently detailed and correct prior to them speaking with an external customer (attention to detail)
- Assign calls and CERs more appropriately
- Resolve (where possible) requests/queries at the first point of contact

Also highlighted was the need for CoM work areas to have ownership and maintain their KB Articles* to ensure relevance and accuracy of both information and process, and for the CST to reference the Articles to ensure accuracy of information provided to customers.

The findings also showed that internal customers most value:

- Clearly identified, detailed and accurate customer requests/queries (attention to detail)
- Appropriately assigned requests/queries
- Resolution (where possible) of requests/queries at the first point of contact

Internal Customer Survey Results (December 2017)

General interactions with the CST

LEGEND
- Always (dark green)
- Mostly (light green)
- Sometimes (yellow)
- Rarely (orange)
- Never (red)
- Don't Know/Not Sure (blue)
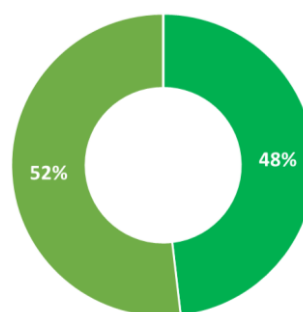
Internal communication is friendly and professional — 48% / 52%
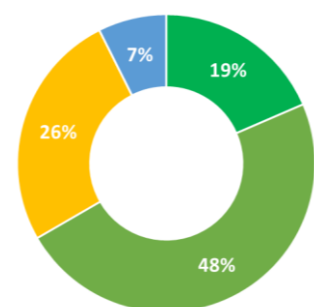
Important information is shared — 19% / 48% / 26% / 7%
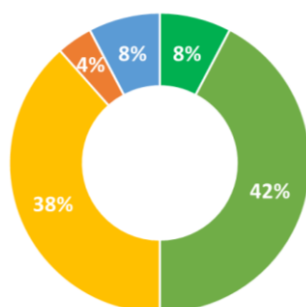
CST are open to new ideas and opportunities to improve cross-functional processes — 8% / 42% / 38% / 4% / 8%
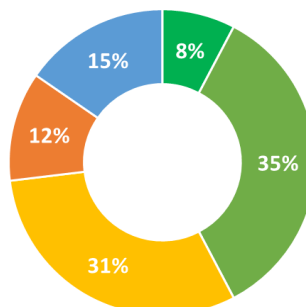
CST initiate ideas to improve cross-functional processes — 8% / 35% / 31% / 12% / 15%
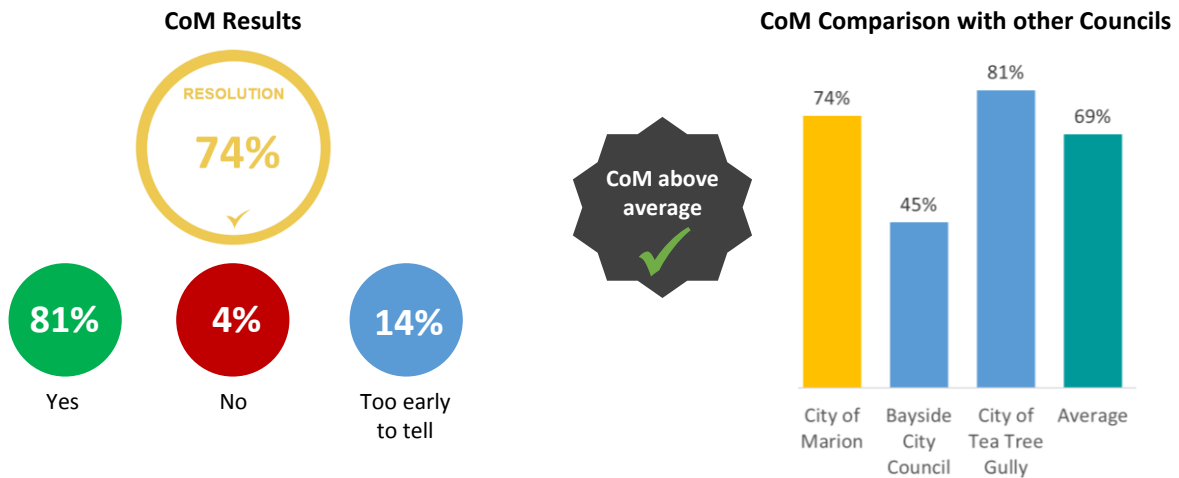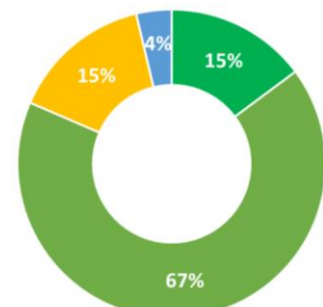
My needs and/or those of my customers are met — 15% / 67% / 15% / 4%

*KB Articles are within the Open Office CES and act as a resource for the CST (and others) providing a range of standard scripted responses for customers, based on categories
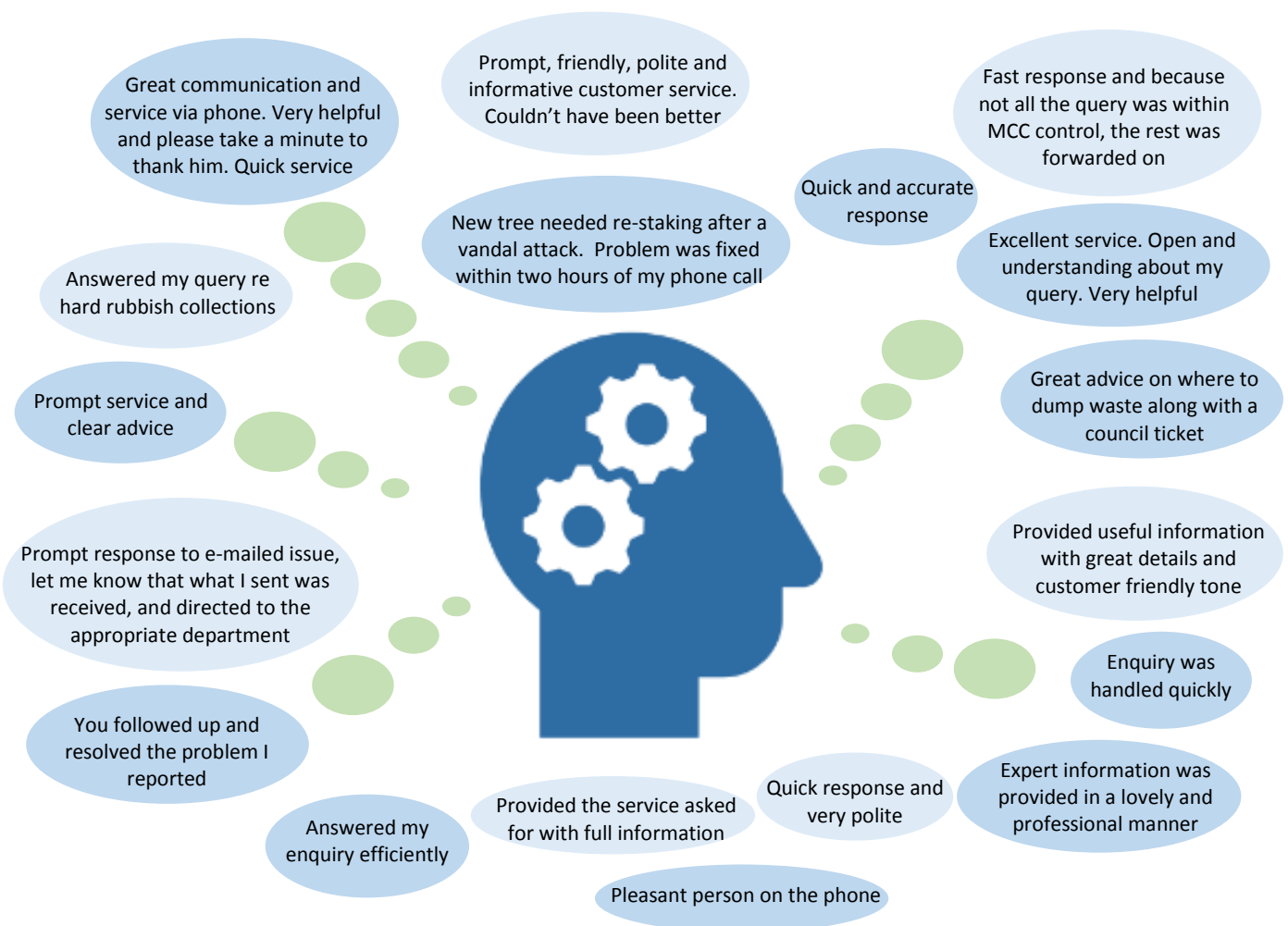
Voice of the Internal Customer 💬

CITY OF
MARION

Telephone interactions with the CST

LEGEND

- Always ⬛ (green)
- Mostly ⬛ (light green)
- Sometimes ⬛ (yellow)
- Rarely ⬛ (orange)
- Never ⬛ (red)
- Don't Know/Not Sure ⬛ (blue)
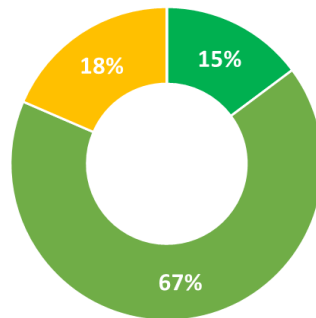
Information shared before speaking with the customer is sufficiently detailed
- 15%, 18%, 67%
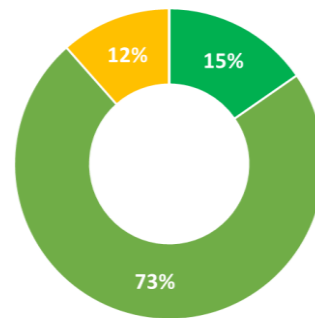
Information shared is accurate
- 15%, 12%, 73%
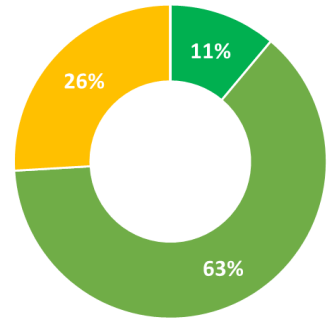
Calls received are appropriately assigned
- 11%, 26%, 63%

CERs received from the CST
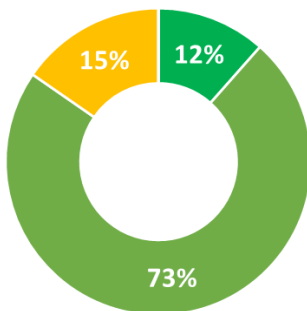
Information received within requests provides sufficient detail
- 12%, 15%, 73%
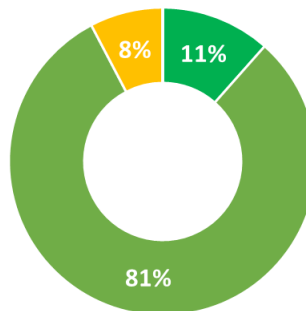
Information received is accurate
- 11%, 8%, 81%
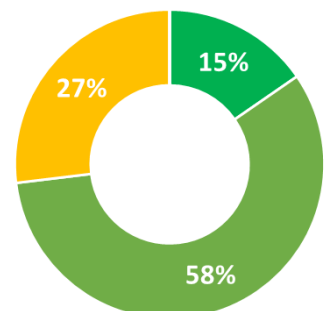
Requests received are appropriately assigned
- 15%, 27%, 58%

KB Article management

We review our KB Article
- 29%, 38%, 5%, 9%, 19%

We update our KB Article
- 24%, 43%, 14%, 19%

Information within our KB Article is accurate
- 29%, 62%, 9%

Voice of the Internal Customer 💬

CITY OF **MARION**

Opportunities for more customer queries and requests to be resolved in the first instance by the CST
(includes extract of customer comments)

LEGEND

Yes █ (green)

No █ (red)

33%

67%

There is an opportunity for more customer queries and requests to be resolved in the first instance by the CST

The CoM should handle our hard rubbish phone calls/interactions

Need to look at appropriate information before allocating as often issues can be resolved

Things that are often available in Authority that they can clearly see and answer often gets put through as requests when they should have been answered when they first called customer service

Sometimes calls are put through when Customer Service knows we do not do this type of service requested or enquired about, but they put it through so we give the 'bad news' not them

I believe with further training some staff would competently manage increased call resolving responsibilities. Customers report incorrect information being provided on a semi regular basis which is why we currently prefer to manage our own calls

CS Team could rely on KB more often

Subject to good information being provided in the KB

Significant information is available on Council's website that CST can refer customers to (I appreciate many customers want to speak to someone). There is opportunity for the CST to increase their knowledge by reviewing information on website with customer

I think some calls that come through can be dealt with by the Customer Service team and only once point of contact would be required. Sometimes the calls come through when an external agency is appropriate and this information is reflective on the KB

Although a tricky job as such a wide base of knowledge is required

Ask for as many details as possible, get customers to explain situation before transferring calls so we can identify what the nature of the request is, regardless of what the requestor is saying

Parking issues such as parking across a driveway for example could be reduced with some simple questions asked

Having to repeat the same answers often to them not sure if they share information or not getting taught when in training

Email queries from residents could be dealt with by the Customer Service team e.g. confirmation of collection date, how to dispose of green waste

Voice of the Internal Customer 💬

My customer experience and that of my customers would be even better if…
(includes extract of customer comments)

Our phones could be forwarded to customer service when we are out of the office

There was a dedicated line for staff to use so that we didn't have to wait in line to get information

More calls could be handled at the first point of contact by CSC if appropriate and possible

There was better attention to detail and less "mistakes" were made

Less calls are put through that are not my area

I understand Council performs a range of tasks. Maybe some form of regular training on what services each area can perform could be beneficial

The team had a better understanding of our team and what we do

The CES system is clunky and cumbersome - it needs to be more intuitive and I am sure there are better products in the marketplace

The customer didn't have to wait on hold for over 30 seconds when being transferred back to CSC (not the fault of CSC worker)

The information provided in some instances is more accurate

Correct phone numbers and email addresses were provided in CES

Less calls requiring me to talk to the resident on their initial call - take a CRM or provide access via email

In a perfect world all advice to customers would be accurate and within the scope of the delegated responsibility of the staff member handling the call

The CST was to follow the Internal Policy Agreement

Continued supportive approach and support

We did not have to put our clients on hold to listen to the hold information if we need to transfer the call through. Mostly the client is put on hold and staff listen to the on hold information. Is there a way that internal calls could be answered without going into a queue?

Their training is always updated to keep up with changes and procedures

CS helped identify situations before transferring, this will save time for us, allowing us to get more time in the community

Appendix 11

Voice of the Elected Members 💬

CITY OF
MARION

To obtain an insight into the voice of the Elected Members, CoM collected feedback (by way of a survey) from Elected Members regarding the CoM's current and future customer experience.

The survey conducted over two and a half weeks during September 2017, involved Elected Members answering a standardised set of open ended questions via an online survey. The individual identity of the respondents were kept anonymous. The survey was forwarded to 13 people with five surveys completed (38% response rate).

This research will be used to create the pillars and build of the Customer Experience Strategy for CoM.

Elected Member Survey Results (September 2017)

Current Customer Experience

The key themes identified in the responses were:

- CoM has strength within customer service; staff are polite, courteous and have good intentions
- The absence of any feedback that staff go above and beyond for customers suggests that there are limitations in the customer experience being provided
- Whilst staff are good at responding to customer's requests, they find more complex interactions difficult
- Most likely, the more complex interactions are the services that really matter to customers
- An area for improvement is the collection of customer data, and making decisions based on this data and the voice of the customer
- There was inconsistency in the results defining the transactions that matter the most to our clients

Future of Customer Experience

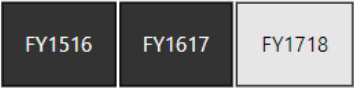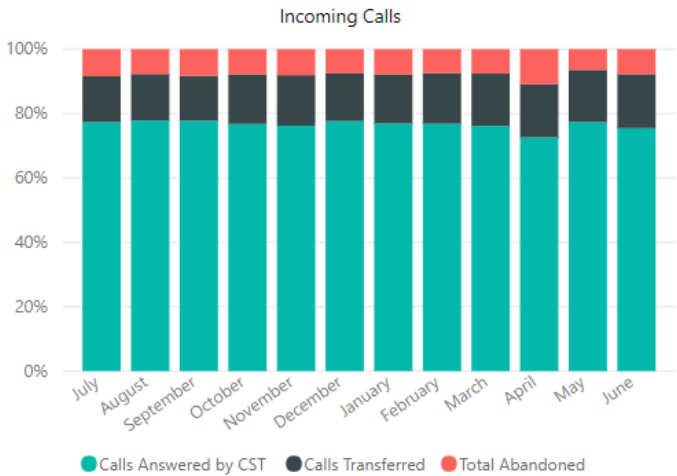The key themes identified in the responses were:

- The future of customer service involves an increased use of technology to access information and services
- The Customer Experience Strategy needs to focus on a digital solution, the focus being on automation, online functionality and straight through processing
- There is a need for an overarching system that records all customer interactions, history and relationship. This is defined as a single view of customer, which is provided with an inclusive CRM (Customer Relationship Management)
- CoM needs to further define the future requirements of the physical spaces by engaging deeper within the community

Appendix 12

Example of Metrics that Matter Most

Call Metrics for CST

Incoming Calls

● Calls Answered by CST ● Calls Transferred ● Total Abandoned

Total Incoming Calls / Calls Abandoned

● Calls Answered by CST ● Total Abandoned

| FY1516 | FY1617 | FY1718 |

172K

Total Incoming Calls During Business Hours

Abandoned Calls Before and After 14 Secs

● Abandoned before 14 secs ● Abandoned after 14 Secs

Call Breakdown

First Call Resolut... 39%
Calls Transferred 20%
CER Count 41%

First Call Resolution

● CER Count ● Calls Transferred ● First Call Resolution

Appendix 13
Service Review - Recommendations Implementation Plan

No.	Recommendation	Predicted Improvement/Target	Savings/Cost (in the first year)	Responsible Person	By When
1	Implement IVR for calls related to the following areas: First • Waste & Recycling – transfer to Solo Resource Recovery • Payments – transfer to 24/7 payment service Second • Development Services – transfer to specialist • Rates – transfer to specialist	• Reduce call volumes by 10% • Reduce call transfer rate by 10% • Reduce call abandonment rate by 2%	$18,000	MCE MCE	Sept '18 Sept '19
2	Strengthen digital channel uptake to enable customers to self-serve by promoting the existing online services: • Development Assessment progress tracking • Payments – Dog and Parking Fines, Rates, Invoices, Dog Registration • Live Chat capability In addition, consider implementing an online JP booking system.	• Increase customer experience and satisfaction • Reduction in face-to-face volumes • Increase customer satisfaction • Reduction in call volumes	Salary	MCE/UMCS	Mar '19
3	Simplify the Hard Waste booking process for customers by undertaking a process improvement team approach	• Increased customer experience and satisfaction • Reduction in Hard Waste CERs • Reduction in Hard Waste enquiries • Reduction in Hard Waste complaints	Cost Neutral	MCE/P&IL	Mar '19
4	Improve the customer experience when visiting the administration building by: • Combining Development Services and Customer Service counters (one stop shop) • Providing customer self-service terminals (payments, DACO) • Providing private spaces for discussions that are safe for staff • Improving JP room amenity and waiting area	• Increased customer experience and satisfaction	-	MCE	Mar '20 Dependant on admin building revamp
5	Implement a systematic call quality monitoring process	• Reduction in CERs • Increased first call resolution • Improvement in customer satisfaction and experience	Cost Neutral	MCE/UMCS	Mar '19

Service Review - Recommendations Implementation Plan

No.	Recommendation	Predicted Improvement/Target	Savings/Cost (in the first year)	Responsible Person	By When
6	Implement a suite of 'Metrics that Matter Most' as a management tool to drive customer experience	• Improvement in customer satisfaction and experience	-	MCE/P&IL	Apr '18
7	Review the roles and responsibilities for the CST to support delivery of the improvements and future demands of the team including the elimination of non-core customer experience tasks e.g. internal phone number management		-	MCE/MHR	Mar '19
8	Fully implement the DACO system	• Elimination of annual dog tag process • Elimination of annual dog tag postage costs • Reduction in CER's • Reduction in calls • Reduction in face-to-face contacts	$7,000 postage costs due to DACO improvements	MCE/UMCS	Mar '19 Dependant on DACO rollout
9	Fully implement the use of the Knowledge Base Enquiry Module in Open Office CES to capture customer contacts by channel e.g. phone and category e.g. hard waste to demonstrate improvement and inform future improvements	• Eliminate the use of manual 'clicker counters' • Eliminate the use of spreadsheets	Cost Neutral	MCE/UMCS	June '18
10	Review the Customer Payment Process including: • Understanding the uptake of the various options offered • Monitoring customer payments by channel • Consideration of electronic invoices, rates, etc. • Reviewing the layout of notices and invoices Including consideration of customer demographic	• Reduction of customer payments at the CSC • Reduction of customer payments processed by CST over the phone	Cost Neutral	MCE/MF	Mar '19
11	Reduce the postage costs at CST by conducting a process improvement approach including: • Development Services Mail • Consideration of electronic mail for some customer communication • Hard copy Tip Tickets	• Reduction in postage costs by 10%	$10,000	MCE/MF	Mar '19
12	Implement a regular Internal and External 'Voice of the Customer' survey e.g. Net Promoter Score	• Improvement in customer satisfaction and experience	-	MCE/UMCS	Mar '19

Service Review - Recommendations Implementation Plan

No.	Recommendation	Predicted Improvement/Target	Savings/Cost (in the first year)	Responsible Person	By When
13	Allow customers to generate CERs for the most common category types e.g. dumped rubbish, by expanding the categories able to be submitted online	• Increase customer experience and satisfaction • Reduction in face-to-face volumes • Increase customer satisfaction • Reduction in call volumes	Cost Neutral	MCE	Mar '19
14	Minimise the use of afterhours fee for service call handling by eliminating calls when CST is available by implementing process improvements identified	• Increased customer experience and satisfaction • Elimination of business hours calls to afterhours vendor	$7,200	UMCS	Sept 19
15	Cease the use of the security guard in the administration building foyer during the peak rates and dog registration period	• Eliminate the use of security guard by 100%	$8,000	UMCS	Apr '19
16	Review the newly implemented Complaints Management Process for effectiveness and broader application	• Improvement in customer satisfaction and experience	-	MCE/UMCS	June '19
17	Review benefits realised post Year 1	• Benefits realisation	Cost Neutral	P&I L	April '19
		Total Savings	**$50,200**		

CITY OF MARION
FINANCE AND AUDIT COMMITTEE
27 FEBRUARY 2018

Originating Officer: **Cass Gannon, Performance and Innovation Leader**

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

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

Subject: **Service Review Program 2017/18 - Update**

Report Reference: **FAC270218R7.4**

REPORT OBJECTIVES

To provide the Finance and Audit Committee with a progress update on the overall status of the Service Review Program for the 2017/18 financial year.

EXECUTIVE SUMMARY

The Service Review Program 2017/18 is progressing as planned, with eight reviews completed to date. The tracking on the progress of all reviews can be viewed in Appendix 1.

RECOMMENDATIONS   DUE DATES

That the Finance and Audit Committee;

1. Notes this report and the Service Review Program 2017/18 - Update -   **27 FEB 2018**
   Appendix 1

BACKGROUND

Council considered the '2016 – 19 Business Plan' (GC270 916R03) endorsing that for the 2017/18 financial year; '*Council undertake an evaluation and review of at least 12 services to ensure they continue to provide maximum value to our community now and in the future*'.

ANALYSIS

The completion of the Service Review for Customer Service (being presented to the Finance and Audit Committee at this meeting, via separate report), results in eight reviews completed to date for the 2017/18 financial year.

The Community Safety Inspectorate Service Review is underway, with the following activities progressing:

- Data gathering (from multiple disparate sources), consolidation and analysis
- Consultation has commenced with some members of the Community Safety Inspectorate Team
- Review of internal operations and processes against respective legislation

The Open Space Transformation Phase 2 Service Review has also commenced, with the following activities progressing:

- Data gathering for the biodiversity, tree planting and watering streams
- Data collection for all streams (will conclude mid-March)
- Initial consultation and engagement with the impacted teams
- Development of a high level business case and plan
- Development of programmed maintenance schedule (implementation to commence mid-March and conclude mid-May)

CONCLUSION

The Service Review Program for the 2017/18 financial year is progressing as planned, with eight reviews completed to date.
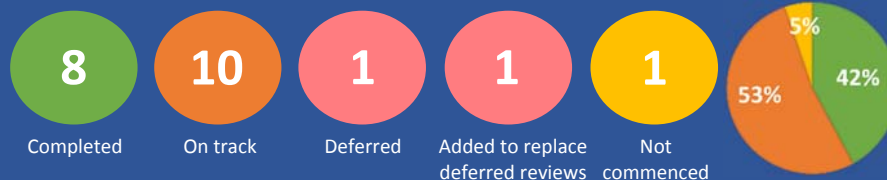
APPENDICIES

Appendix 1: 'Service Review Program 2017/18 – Update'

CITY OF MARION

Service Review Program 2017/18 Update
(FAC270218)

Appendix 1

How are we progressing overall with service reviews?

19 Total service reviews

8 Completed

10 On track

1 Deferred

1 Added to replace deferred reviews

1 Not commenced

5%
42%
53%

How are we progressing per service review?

LEGEND
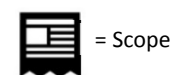
= Scope

= Service Review progress

= Service Review Report

= Completed

= On Track

= Not on Track

= Not commenced

Roads

= Scope — FAC280217 ●

100% ●

= Report — FAC150817 ●

Asset Systems

FAC280217 ●

100% ●

FAC150817 ●

DEFERRED

Commonwealth Home Support Program

Replaced with →

Public Place Litter

FAC280217 ●

100% ●

FAC280217 ●

Maintenance of Council Facilities

FAC280217 ●

100% ●

FAC101017 ●

Records Management

FAC270218 ●

0% ●

●

Open Space Transformation

Services Involved (7)

Phase 1
Reserve Maintenance
Landscape Maintenance
Tree Maintenance

Phase 2
Irrigation Maintenance
Playground Maintenance
Sensitive Sites Maintenance
Annual Street Tree Planting

Phase 1
Scope approved by ELT ●
100% ●
●

Phase 2
FAC121217 ●
5% ●
●

FAC121217

Community Safety Inspectorate

Services Involved (6)

Animal Management
Collection of Syringes
Fire Prevention
Local Nuisance and Litter Control
Dealing with Environment Protection Policy
Parking Management and Regulation*

*acknowledging that the Parking Management & Regulation service was reviewed in 16/17 FY

FAC121217 ●
10% ●
●

Customer Service

Services Involved (1)

Customer Service

FAC101017 ●
100% ●
FAC270218 ●

CITY OF MARION
FINANCE AND AUDIT COMMITTEE
27 FEBRUARY 2018

Originating Officer: **Cass Gannon, Performance and Innovation Leader**

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

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

Subject: **Service Review – Recommendations – Progress Update**

Report Reference: **FAC270218R7.5**

REPORT OBJECTIVES
To provide the Finan ce and Au dit Committee with an overview of the pro gress of recommendations against completed Service Reviews and benefits realised to date.

EXECUTIVE SUMMARY
The Service Review Program commenced in 2016/17. Since that time, 19 services have been reviewed and have resulted in a number of improvements being implemented. Included in this number are the reviews of both theLiving Kaurna Cultural Centre and HardWaste, which were undertaken prior to the commencement of the formal Servi ce Review program. The tracking of the progress of recommendations from these reviews can be found in Appendix 1.

RECOMMENDATIONS   DUE DATES

That the Finance and Audit Committee;   27 Feb 2018

1. Notes this report and the Service Reviews - Recommendations –
   Progress Update - Appendix 1.

ANALYSIS
As at February 2018 , improvements delivered as a result of implemen ting the recommendations of service reviews are as follows;
- Drafting of the Living Kaurna Cultural Centre management plan is 75% complete
- Procurement of Minutes and Agendas management software has been finalised. Development and testing is underway, with user acceptance testing scheduled for March 2018
- Recruitment workflow process developed in Sharepoint launched February 2018
- Asset Management team recruited and commenced at CoM January 2018
- Solo commenced providing the Street Litter Collection service mid December 2017, delivering $55,000 per annum ongoing and a one off capital saving of approx. $220,000

A key focus of the Service Review Program for 2017/18 is ensuring that the benefits realised as a result of implementing the recommendations of service reviews can be measured and reported on.

CONCLUSION
The Service Review Program to date has delivered a number of improvements for the City of Marion as noted. A more detailed breakdown of the delivery of the recommendations and the resultant benefits can be reviewed in Appendix 1.

Appendix 1: Service Reviews - Recommendations – Progress Update

Service Review	Date Presented at FAC	Recommendations	Total Actions from Recommendations	% of Actions Complete	Benefits Realised in Q2 FY1718
Hard Waste FAC080316	8/03/2016	13	13	92%	• Discussion has occurred towards possible partnering arrangement with local waste management company, update expected next quarter
*Living Kaurna Cultural Centre FAC310516	31/05/2016	7	7	0%	• Drafting of the management agreement is 75% complete • Kaurna co-funding opportunities through Lot 707 etc. are yet to be realised • The sourcing of other funding and site initiatives are being progressed
Recruitment FAC151216	15/12/2016	1	6	83%	• Recruitment workflow to be launched on Sharepoint imminently • Interviewing skills training commencing February for Leadership
Council Reporting and Elected Member Support FAC151216	15/12/2016	4	4	25%	• Software has been purchased and is being developed and tested • User Acceptance Testing scheduled for March 2018.
Drainage FAC300517	30/05/2017	7	18	39%	• Actions in progress
Marion Celebrates FAC300517	30/05/2017	1	5	0%	• Scheduled for 2019, meetings will commence Feb 2018 • Recommendations in place for 2019 event
Management of Recycling Depot and Stores FAC300517 (2 services reviewed)	30/05/2017	14	14	86%	• Additional CCTV has been placed in Stores, with another requested for the Atco hut in the Recycling Depot
Parking Management and Regulation FAC300517	30/05/2017	1	10	50%	• Proactive monitoring and enforcement of parking in the community is being implemented through the Customer Event System • Knowledge Base Article for Abandoned Vehicles updated • School zones and bus lanes included in the Customer Event System for monitoring and management of KPIs • Vehicles fitted and utilising GPS technology

Appendix 1: Service Reviews - Recommendations – Progress Update

Asset Management FAC150817	15/08/2017	4	11	18%	• 3 positions filled Dec 2017 - Jan 2018 • Asset Management Improvement Plan critical path defined • Training commenced through population of Roles and Responsibilities Matrix and mapping of Asset Management Lifecycle
Roads FAC150817	15/08/2017	4	4	50%	• Dry hire of Flocon bitumen truck with Charles Sturt • Established monthly monitoring of expenditure
Public Place Litter FAC280217	28/02/2017	3	3	67%	• Solo commenced providing the Street Litter Collection service on Monday 10th December 2017 • The existing compaction truck is anticipated to be disposed by 31 March 2018 • Ongoing $55,000 per annum saving (42% of 2016/17 costs) • One off capital saving of approx. $220,000 by not replacing the existing litter compaction truck
Maintenance of Council Facilities FAC101017	10/10/2017	8	8	13%	• Established the Customer Event System as the single point of truth for requests and maintenance jobs, and developed reports to assist in work management • Review and increase in work allocation to handy person underway • Discussions undertaken with key contractors regarding service standards, invoicing and contract management • Cleaning contract in the process of being tendered • Process improvement implemented in raising purchase orders, resulting in reduction in duplication and time taken • Allocation of work requests to other internal services will commence in February

Appendix 1: Service Reviews - Recommendations – Progress Update

Open Space Phase 1 FAC121217 (3 services reviewed)	12/12/2017	2	10	50%	*Step 1:*

Step 1:
- Progression of a 3 year block pruning program estimated to reduce CERs by 45%/year
- Disposal of underutilised equipment due for replacement (saving of $147K of equipment)
- Contracting out of oval mowing and firebreak slashing
- Planned programmed work for trees, traffic devices, reserves (reduction in CER by estimated 40%, 20% reduction already realised)
- Tablets rolled out to field based crews to allow for allocation and dispatch of programmed tasks and customer events
- Development of a dashboard to monitor performance improvements and service levels
- CE allocation improvements and efficiencies (savings in contractor costs of $20K/year)

Step 2:
- Benefits realised through the implementation of Step 2 are anticipated to exceed $0.5M/year by year 5

* The LKCC Service Review is progressing with membership of the Steering Group agreed in April 2017, and meetings occurring on a monthly basis to progress actions.

CITY OF MARION
FINANCE AND AUDIT COMMITTEE MEETING
27 FEBRUARY 2018

Originating Officer:	**Cass Gannon, Performance and Innovation Leader**
Manager:	**Kate McKenzie, Manager Corporate Governance**
General Manager:	**Vincent Mifsud, General Manager Corporate Services**
Subject:	**Service Review – Scope – Records Management**
Report Reference:	**FAC270218R7.6**

REPORT OBJECTIVES

To provide the Finance and Audit Committee with the Service Review Scope for Records Management for their review and feedback.

EXECUTIVE SUMMARY

The Performance and Innovation Team have worked with the relevant Managers of the service and the Executive Leadership Team to develop the scope.

The review is scheduled to commence in March 2018, with the report to be provided to the August 2018 meeting of the Finance and Audit Committee.

RECOMMENDATIONS

DUE DATES

That the Finance & Audit Committee;

1. Provide feedback on the Service Review – Scope – Records Management (Appendix 1)

27 FEB 2018

BACKGROUND

Council considered the '2016 – 19 Business Plan' (GC270916R03) endorsing that for the 2017/18 financial year; '*Council undertake an evaluation and review of at least 12 services to ensure they continue to provide maximum value to our community now and in the future*'.

The Service Review Program for 2017/18 identified 19 services in total, one of the services identified for review was Records Management.

ANALYSIS

The areas of focus for the review are:

- To establish an appropriate records management internal service delivery model for CoM taking into consideration;
  - The recent and significant technology changes (RecordPoint, SharePoint)
  - The required roles, responsibilities, competencies and optimal team structure required
  - The current records management related services delivered by the ICT Team
  - The current provision of Freedom of Information requests by the Records Management Team
  - The service delivery models at other councils
  - The status of historical archived records
- Identify opportunities for broader process and system improvements
- Assess current compliance with legislative requirements, including disposal schedules and appropriate system certification

CONCLUSION

The Service Review Scope for Records Management has been provided for the Finance and Audit Committee's review and feedback.

Appendix 2

City of Marion
Service Review Scope
Records Management

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CITY OF
MARION

Service Details	
Service Review Name:	Records Management
Services Involved:	Records Management
Senior Leadership Team Member:	Kate McKenzie, Manager Corporate Governance
Executive Leadership Team Member:	Vincent Mifsud, General Manager Corporate Services
Date:	February 2018
Service Description:	Ensures the City of Marion meets and complies with all records management requirements and obligations set by legislation under the State Records Act 1997

Service Review Scope

Areas of Focus

- To establish an appropriate records management internal service delivery model for CoM taking into consideration;
  - The recent and significant technology changes (RecordPoint, SharePoint)
  - The required roles, responsibilities, competencies and optimal team structure required
  - The current records management related services delivered by the ICT Team
  - The current provision of Freedom of Information requests by the Records Management Team
  - The service delivery models at other councils
  - The status of historical archived records
- Identify opportunities for broader process and system improvements
- Assess current compliance with legislative requirements, including disposal schedules and appropriate system certification

Deliverables

- Service Review report with meaningful recommendations
- Implementation plan for recommendations
- Recommendation of key performance metrics

Constraints

- Availability of key stakeholders
- Ability to access and implement appropriate data and systems

Key Stakeholders

Internal

- General Manager Corporate Services
- Manager Corporate Governance
- Unit Manager Governance and Records
- Records Management Team
- Information and Communication Technology Team
- Human Resources
- Elected Members
- Executive Leadership Team
- Finance and Audit Committee

External

- Union
- Open Office (customer event management system)
- RecordPoint (records management solution)
- Microsoft SharePoint (content management and collaboration platform)
- Colligo (email records management solution)
- State Records
- Iron Mountain Australia Group Pty Ltd (data management solution)
- External records management expertise through a consultant

Timeframe

Item	Timeframe
Plan and undertake service review	March 2018 to June 2018
Present report and recommendations to Executive Leadership Team	July 2018
Present report and recommendations to Finance and Audit Committee	August 2018

City of Marion
Service Review Scope
Records Management

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CITY OF
MARION

Scope Approval

Senior Leader – Scope Meeting   **Date:** 16/2/18
Kate McKenzie, Manager Corporate Governance

Executive Leader – Scope Meeting   **Date:** 16/2/18
Vincent Mifsud, General Manager Corporate Services

Executive Leadership Team – ELT Meeting   **Date:** 19/2/18

Scope Feedback from Finance & Audit Committee

Finance & Audit Committee Date: 27/2/18

Feedback from Finance & Audit Committee

Feedback Outcomes

CITY OF MARION
FINANCE AND AUDIT COMMITTEE MEETING
27 FEBRUARY 2018

CONFIDENTIAL REPORT

Originating Officer:	**Sherie Walczak, Unit Manager Risk**
Corporate Manager:	**Kate McKenzie, Manager Corporate Governance**
General Manager:	**Vincent Mifsud, General Manager Corporate Services**
Subject:	**Insurance Market Testing**
Reference No:	**FAC270218F01**

If the Finance and Audit Committee so determines, this matter may be considered in confidence under Section 90(2) and (3)(b) of the *Local Government Act 1999* on the grounds that the report contains information relating to commercial information of a confidential nature

Adrian Skull
Chief Executive Officer

RECOMMENDATION:

1. **That pursuant to Section 90(2) and (3)(d) of the *Local Government Act 1999,* the Finance and Audit Committee orders that all persons present, with the exception of the following persons: Adrian Skull, Chief Executive Officer; Vincent Mifsud, General Manager Corporate Services; Kate McKenzie, Manager Corporate Governance, Sherie Walczak, Unit Manager Risk, Lyndon Parnell, Finrisk Pty Ltd, be excluded from the meeting as the Finance and Audit Committee receives and considers information relating to Insurance Market Testing, 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 to commercial information the disclosure of which could prejudice the commercial position of Council and would on balance be contrary to the public interest.**