

His Worship the Mayor  
Councillors  
CITY OF MARION

## NOTICE OF FINANCE AND AUDIT COMMITTEE MEETING

Council Chamber, Council Administration Centre  
245 Sturt Road, Sturt

Tuesday, 28 May 2019 at 09:30 AM

The CEO hereby gives Notice pursuant to the provisions under Section 83 of the Local Government Act 1999 that a Finance and Audit Committee meeting will be held.

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 Centre on Sturt Road, Sturt.



Adrian Skull  
Chief Executive Officer



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**OPEN MEETING****KAURNA ACKNOWLEDGEMENT**

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

**ELECTED MEMBERS DECLARATION (if any)****CONFIRMATION OF MINUTES****Confirmation of the minutes for the Finance and Audit Committee Meeting held on 26 February 2019**

**Originating Officer** Governance Officer - Victoria Moritz

**Corporate Manager** Manager Corporate Governance - Kate McKenzie

**Report Reference:** FAC190528R01

**RECOMMENDATION:**

That the minutes arising from the Finance and Audit Committee Meeting held on 26 February 2019 be taken as read and confirmed.

**ATTACHMENTS:**

#	Attachment	Type
1	Final Minutes_FAC190226	PDF File



**MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING**  
**HELD AT THE ADMINISTRATION CENTRE**  
**245 STURT ROAD, STURT**  
**ON 26 February 2019**



**PRESENT**

**Mr. Greg Connor (Chair), Mrs. Emma Hinchey, Ms. Natalie Johnston (from 9.33am) and Councillor Gard**

**In Attendance**

Mr. Tony Lines	Acting Chief Executive Officer
Mr. Vincent Mifsud	General Manager Corporate Services
Ms. Abby Dickson	General Manager City Development
Ms. Kate McKenzie	Manager Corporate Governance
Mr. Ray Barnwell	Manager Finance and Contracts
Ms. Fiona Harvey	Manager Innovation and Strategy
Ms. Karen Cocks	Manager Customer Experience (Item R03)
Ms. Annemarie Mabarrack	Project Management Leader (Item R04)
Ms. Anne Gibbons	Environmental Sustainability Manager (Item R05)
Ms. Cass Gannon	Performance and Innovation Leader (Item R06)
Mr. Brendon Lyons	Team Leader Asset Systems (Item R11)
Mr. Justin Jamison	KPMG (Item R03)
Mr. Eric Beere	KPMG (Item R03)
Mr. James Rivett	KPMG (Item R03)

**1. OPEN MEETING**

The Chair opened the meeting at 9:30 am.

**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. ELECTED MEMBERS DECLARATION (if any)**

The Chair asked if any Member wished to disclose an interest in relation to any item being considered at the meeting.

It was noted that Ms. Johnston had notified management that she has an actual conflict of interest regarding the Internal Audit Tender Report as she is currently employed by Ernst and Young who may be a potential tenderer.

**4. CONFIRMATION OF MINUTES**

9.33 am Ms. Johnston entered the meeting.

Councillor Gard queried the minutes regarding the Treasury Management item on page 11 of the agenda regarding the comments on borrowings and rates. It was agreed that the minutes were an accurate reflection of the discussion held at the previous meeting. The Committee

did agree that it may be helpful to create a formal definition of what 'inter-generational' equity means.

**ACTION: that the Treasury Management Policy include a definition of 'inter-generational' equity**

**Moved Ms. Hinchey, Seconded Councillor Gard**

That the minutes arising from the Finance and Audit Committee Meeting held on 11 December 2018 be taken as read and confirmed.

**Carried Unanimously**

## **5. BUSINESS ARISING**

### **9.40 am Business Arising Statement**

**Report Reference: FAC190226R01**

The Committee noted the Business Arising Statement and the progress report therein. The Committee noted the WHS hazard reporting. The Committee cautioned management that the hazard reporting doesn't occur purely to meet the KPI of 20% increase in reporting. The Manager Corporate Governance advised that the hazard reporting is used to manage workplace risks and hazards and staff are encouraged to report to ensure that the data, actions and response are managed in a timely and efficient manner. Although the KPI is a target, the driver is a safe work environment.

## **6. REPORTS FOR DISCUSSION**

### **9.43am Elected Members Report**

**Report Reference: FAC190226R02**

Councillor Gard provided an overview of the report making the following points:

- The item regarding the Westfield Redevelopment was based on Council making a submission to the State Assessment Commission (SAC) as Council is an adjoining land owner. Council raised issues such as the reduced car parking and the impact on surrounding streets (Council infrastructure). Council has yet to be informed on the outcome.
- Issues were identified with the Cove Sports and Community Centre Committee which resulted in Council terminating their license. Council has now directly employed the club manager which is a similar style to the Edwardstown Memorial Sports and Community Club model. This position was agreed to via Council resolution. The Committee queried if this position was accounted for in the existing budget and management confirmed it is.
- Council agreed that the preferred site for the BMX project is Majors Road, subject to DPTI agreeing to fix the traffic management issues at the intersection with Adams Road. Council is currently working through this with DPTI. The City of Onkaparinga has also agreed to this site.

The Committee queried if there had been any analysis on return on investment and it was noted that this will be included as part of the revised Prudential Management Section 48

Report.

- Council has agreed to provide up to \$10m of funding for the Mitchell Park Sports and Community Centre. Council is looking for a broad solution and not necessarily basketball focus, however it is still in the mix. The Committee queried if Council had completed the analysis over the numbers/participation for each sport. The Committee was informed that this work had been completed however further analysis will be included as part of the updated Prudential Management Section 48 Report.

**9.57 am Internal Audit Program 2018/19 scoping documents**  
**Report Reference: FAC180226R03**

**Mr. Jamison, Mr. Beere and Mr. Rivett from KPMG entered the meeting.**

Customer Experience Report

Mr. Beere introduced the report on Customer Experience highlighting that it was important to note the journey that Council has commenced over the past two (2) years. It was noted that the Council is moving from a customer service approach to a customer experience approach where there is a better understanding of the touch points with customers. Mr. Beere highlighted the positive observations across the organisation including training, implementation / focus on first time resolution and the 'closing the loop' project.

The Committee noted that Ms. Toni Jones (Partner, KPMG Melbourne, Local Government Lead) came and spoke with the executive team regarding the trends with technology and customer experience. It was noted that the City of Port Phillip had undergone major review and was very much in a transformational stage.

It was noted that there were five (5) recommendations within the report, three (3) moderate and two (2) low. The key recommendations were around KPI's, data and closing out events and an incomplete picture of understanding the customer.

The Committee raised the metrics for customer service and cautioned staff that although metrics will help drive outcomes, it is important that the service quality isn't compromised by the need to meet the KPI.

The Manager Customer Experience highlighted that they are looking to introduced service levels for complaint management which would be based on days taken to complete the complaint and what is an acceptable time. It was noted that further skills development was required in this space.

The following points were noted:

- The difference between a query and a complaint is that a query is defined as a request for service rather than a customer being dissatisfied with something Council has done or with a decision that has been made.
- On page 33 of the agenda, the Communications team were highlighted. This was because they hadn't closed out the action within the customer event system but the action had been completed.
- That during the testing phase of the audit, data was missing and there was no indication as to why. It was noted that further investigation is occurring regarding Customer

Relationship Management (CRM) software, however the implementation of such a system is a two (2) year process due to the integration required with the other systems.

The Committee noted the performance improvement recommendations and that management need to continue to progress with cross divisional opportunities and on-going training at a base level. The Committee also noted that it would be good to discuss with the Elected Members the options of customer experience training for them as they are often dealing with residents at the frontline.

**ACTION: Consider Customer Experience Training as part of the Elected Member Training and Development Plan.**

#### Cyber Security Scope

The Committee noted the scope document provided and that this audit is a follow on from a previous review in 2016. The maturity assessment in the previous audit was positive and the organisation was well placed in comparison to other Councils. The Committee noted the risks around cyber security are moving quickly and this audit will validate that the Council is on the right track.

A large element of cyber security is human risk and a focus should be placed on staff training and education.

The Committee queried if 60 hours was too long for an audit of this nature. KPMG indicated that the Framework, Plans and testing are often lengthy and complex. It will take some time to go through the documentation.

#### **10.28 am Project Management Framework**

##### **Report Reference: FAC190226R04**

The Project Management Leader entered the meeting and provided a presentation on the Project Management Framework including a demonstration of the project management software.

The Committee noted the report / demonstration and queried the following:

- What are the tangible outcomes?

The project management software will provide better data on the progress on the capital works programs, carryovers, escalation of issues, managing expectations and capacity to deliver. It will also provide better information for the scheduling of works across Council.

- How is this the software being used across the Council?

To ensure consistency, General Managers and Managers are tracking the progress monthly to monitor what is on track, at risk and off track. It is also being used for status reporting at various meetings (both at a Council and management level).

It was highlighted that the change management processes had been critical for the success of the system and it was still a work in progress. The software had yet to be integrated with the finance systems and hence the budget information was still missing. The next phase of the project was the implementation of Council dashboards.

The Committee acknowledged the hard work to date and requested a further one page update report in six months' time. The Committee also indicated that the Framework still required further work as it reads like a manual to the software. The Project Management Framework should be the 'rules' and/or 'instructions' regarding how projects are managed across the organisation. The Committee also requested that the revised Framework be presented with the update report.

**ACTION – An update report and a revised Framework be presented to the Finance and Audit Committee at the August 2019 meeting.**

## **11.02 am CONFIDENTIAL ITEMS**

### **S48 Prudential Management Review - Waste Services**

**Report Reference: FAC100226F01**

#### **Moved Councillor Gard, Seconded Mrs. Hinchey**

That pursuant to Section 90(2) and (3)(b)(i)(ii) and (d)(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: Vincent Mifsud, Abby Dickson, Tony Lines, Kate McKenzie, Ray Barnwell, and Geoff Whitbread (via Phone), be excluded from the meeting as the Finance and Audit Committee receives and considers information relating to the Waste Services Tender, upon the basis that the Finance and Audit Committee is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information contains commercial information that would on balance, be contrary to the public interest.

**Carried Unanimously**

11.02 am The meeting moved into confidence

#### **Moved Ms. Johnston, Seconded Councillor Gard that the Finance and Audit Committee:**

**In accordance with Section 91(7) and (9) of the Local Government Act 1999 the Finance and Audit Committee orders that this report, S48 Prudential Management Review – Waste Services, any appendices and the minutes arising from this report having been considered in confidence under Section 90(2) and (3)(b) and (d) of the Act, except when required to effect or comply with the Finance and Audit Committee'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 2019.**

**Carried Unanimously**

11.25 am the meeting came out of confidence

#### **Adjournment**

**The chair adjourned the meeting for five (5) minutes**

11.25 am Meeting adjourned

11.30 am Meeting resumed

### **11.30 am Climate Risks for Councils**

**Report Reference:** FAC190226R05

The Environmental Sustainability Manager provided an overview of the report highlighting that the City of Marion has been working with its neighbouring Councils via the Resilient South Project. This includes the Cities of Holdfast Bay, Mitcham and Onkaparinga. The risk of climate change has grown in recent months with the banking and insurance sectors undertaking an interest on the impact of natural disasters.

It was noted that 10 Councils took part in a briefing and workshop to review a number of short and longer terms strategies to manage climate change. As a result of this workshop, a number of climate change risks have been reviewed and included within the Corporate Risk Register.

It was noted that a gap analysis and benchmarking with other Councils was taking place and Council had implemented a number of strategies to ensure climate change risks are adequately managed. It was highlighted that the organisation needs to further embed climate change risks into the culture of the organisation.

The Committee noted that climate change had not been seen as an immediate high priority by the Local Government Association or the insurance schemes. Regardless of this, it recommended that it is integrated through a number of the Councils Policies and Procedures, particularly in the Emergency Management space.

The Committee noted the report and recommended that there should be 'real' actions and measures in place to ensure progress and it is not just lip service.

### **11.49 Service Review Program and Recommendations - Progress Update**

**Report Reference:** FAC190226R06

The Performance and Innovation Leader entered the meeting noting that the Hard Waste review is now complete and Marion Celebrates was held on the weekend, meaning that this will also be closed out shortly.

The Committee queried what had occurred with the Hard Waste Tender. It was noted that the industry had changed and although Council had received a few approaches only one tender was received which wasn't to the required standard. The service is still being delivered internally.

The Committee noted that the ICT Service Review was being completed with the Cities of Charles Sturt and Port Adelaide however, this would not impact on timeframes and the intent is to still present a final report to the May Committee meeting.

The Committee noted that the City of Marion is working more collaboratively with other Councils which is a great outcome for the sector.

### **11.57 am The Collection of Long Outstanding Rates Debt**

**Report Reference:** FAC190226R07

The Manager Finance provided an overview of the report highlighting that the long outstanding rate debts had nearly doubled over the past four years.

The Committee noted the report and provided the following points:

- Council needs to agree to a set of criteria for when an exemption would or would not be applied when seeking to initiate section 184 to sell a property to recover long outstanding rates. This should be set prior to any matter progressing to ensure probity.
- Be clear regarding which matters will have a high likelihood of success for debt recovery as this will guide the criteria.
- Ensure that Council is content to have media coverage on the matters that are pursued as it is likely they will be reported publically.

**Moved Ms. Johnston, Seconded Councillor Gard that the Finance and Audit Committee recommends to Council that:**

- 1. A set of criteria be created and agreed to apply across all land use codes before initiating Section 184 for the recovery of long outstanding rate debts, and detail where specific exemptions would apply.**
- 2. Once the criteria are set, the process for initiating and recovering rate debts pursuant to Section 184 includes issuing a pre-S184 letter first, before pursuing S184 action.**
- 3. That the Chief Executive Officer is provided delegated authority to enact section 184 of the Local Government Act in accordance with the set criteria.**
- 4. That Council is informed before any properties are sold.**

**Carried Unanimously**

**ACTION – A report be brought to the 28 May 2019 meeting for the FAC to note the set of criteria endorsed by Council.**

**12.12 pm Draft Annual Business Plan 2019/20 and Long Term Financial Plan  
Report Reference: FAC190226R08**

The Manager Finance provided an overview of the report noting that Council met informally in December 2018 and January 2019 to commence the draft Annual Business Plan (ABP) process. The draft budget had been prepared with a balanced Cash position for 2019/20 and the first 4 years of the Long Term Financial Plan (LTFP).

The Committee noted a total of \$14.4m in cash reserves however, \$5.9m was allocated to be spent in 2019/20. It was also noted that Council had allocated up to \$10m for the Mitchell Park redevelopment which would be included in next year's budget funded through borrowings.

The Committee suggested that the key assumption with regard to service delivery levels staying static should be reviewed. The Committee queried if this assumption was realistic as generally Council is wanting to do a little bit more for its community. The Committee cautioned Council to have discipline around its spending.

The Committee noted the key assumptions including employee costs at 2.3% over the LTFP and noted that negotiations had recently commenced for the ASU Employee Agreement which is due to expire 30 June 2019.

It was also noted that the rate increase within the ABP was 1.8% and to ensure a balanced budget the contribution to the CFPP has been reduced to \$272k instead of \$500k. It was also noted that a number of large projects had been funded via Council resolutions which included:

- Morphetville Park Sports and Community Redevelopment
- Marion Outdoor Pool Upgrade
- BMX Facilities
- Marion Golf Park Clubrooms.

The Committee noted that the cashflow budget was designed to demonstrate a balanced cash budget.

The Committee discussed a number of the financial ratios and Councils low debt. It was noted that Council had strategically decided to build up its cash reserves over the course of the last few years however, there is plans for this money to be spent. It is important that the ratios are read together and there is a sound understanding of what they mean.

### **12.30pm Extension of time**

**Moved Councillor Gard, Seconded Mrs. Hinchey** that the meeting be extended by 30 minutes to conclude all items on the agenda.

**Carried Unanimously**

### **12.37pm Corporate Reporting Framework - Progress Update**

**Report Reference:** FAC100226R09

Manager Corporate Governance provided an overview of the report noting a draft had been reviewed by the Executive Leadership Team (ELT) who had agreed to the key elements of the Framework. Work is progressing on identifying the current gaps and the reporting governance structures across the Council. It was noted that the draft Framework will be presented to the Committee in May for comment and feedback.

### **12.40pm Internal Audit Tender**

**Report Reference:** FAC190226R10

12.40 pm Ms. Natalie Johnston left the meeting due to a conflict of interest regarding her employment with Ernst and Young.

The Manager Corporate Governance provided an overview of the report highlighting that both the City of Marion and City of Charles Sturt manage their internal audit programs via the same model (outsourced consultant/contractor). Both Councils' internal audit programs had been in operation for more than 10 years indicating a level of maturity and the current contracts were due to expire in June 2019. The Councils' have decided to conduct a joint tender process for Internal Audit services.

The Committee commended management on the approach and suggested there may be some good benefits of working together, including potential costs savings. The Committee noted the timeframes and the approach being taken.

12.45 pm Ms. Natalie Johnston re-entered the meeting.



## 7. REPORTS FOR NOTING

### **12.45 pm Improved Asset Valuation Process**

**Report Reference:** FAC190226R11

The Committee noted the report. The Team Leader Asset Systems indicated that the reviewed process for the asset valuation had been considered with input from both the Finance and Risk departments with opportunities for effectiveness and cost savings.

The Committee commented that the Assets represent a large portion of the Council's balance sheet and the process should be sound to ensure they are adequately valued. The accuracy of data is more important than cost saving.

The Committee noted that Infrastructure Assets will continue to be reviewed via a desk top valuation each year however Non-Infrastructure Assets will move from 3 to 5 years.

The external auditors will continue to carry out comprehensive work reviews of the asset valuations as part of their annual audit and this will be included within the scope of works.

It was noted that a comprehensive review and physical inspection will occur every 5 years in line with industry best practice.

The Committee endorsed the proposed revised annual asset valuations process.

### **12.52 Internal Audit Program - Implementation of Recommendations**

**Report Reference:** FAC190226R12

The Committee noted the revised format of the report and agreed it was easier to read. The Committee noted the progress made on the implementation of the internal audit recommendations.

## 8. WORKSHOP / PRESENTATION ITEMS

Nil

## 9. OTHER BUSINESS

**ACTION – the Chair requested that an update report be brought to the next meeting** regarding the revised leasing accounting standards outlining the known impact to Council.

## 10. MEETING CLOSURE

MEETING CLOSURE - Meeting Declared Closed at 12:57 PM

Next meeting:

9.30 am Tuesday 28<sup>th</sup> May 2019

## BUSINESS ARISING

### Business Arising Statement

<b>Originating Officer</b>	Manager Corporate Governance - Kate McKenzie
<b>Corporate Manager</b>	Manager Corporate Governance - Kate McKenzie
<b>General Manager</b>	General Manager Corporate Services - Vincent Mifsud
<b>Report Reference</b>	FAC190528R02

### REPORT OBJECTIVE

The purpose of this report is to Review the Business Arising from previous meetings of the Finance and Audit Committee Meetings.

### RECOMMENDATION

That the Finance and Audit Committee note the report.

### Attachment

#	Attachment	Type
1	FAC190528R01 - Business arising statement	PDF File
2	Business Arising - Assessment Criteria Long Outstanding Rates Debts - Appendix 1	PDF File

	Date of Meeting	Item	Responsible	Due Date	Status	Completed / Revised Due Date
1.	August 2018	<b>Unsolicited Proposals Policy</b> In the next review of the Finance and Audit Committee Terms of Reference, ensure that the requirements within the Unsolicited Proposal Policy are reflected	K McKenzie	December 2018  Revised due date: May 2019	The FAC Terms of Reference review are included within this agenda.	Completed
2.	August 2018	<b>Internal Audit Program Report Reference FAC180821R03</b> Development Assessment Planning A one page report be brought to FAC meeting in December 2018 on the implementation of recommendations for this internal audit.	A Dickson	December 2018  Revised due date: May 2018	A report is included within the Agenda to provide an update on this action.	Completed
3.	October 2018	<b>Corporate Reporting Policy and Framework</b> 4. The Committee requested some further work and the item be represented in December	K McKenzie	December 2019  Revised due date: May 2019	The Corporate Reporting Policy and Framework is included within the agenda	Completed
5.	December 2018	<b>Elected Member Report:</b>  The Committee requests that a Skills Matrix be developed for the Committee	K McKenzie	May 2018	This item is included within the FAC terms of reference review within this agenda.	Completed
6.	February 2019	<b>Confirmation of Minutes</b> that the Treasury Management Policy include a definition of 'inter-generational' equity	V Mifsud	May 2019	This has been completed	Completed
7.	February 2019	<b>Internal Audit Program 2018/19 Customer Experience</b> Consider Customer Experience Training as part of the Elected Member Training and Development Plan.	K Cocks/ K McKenzie	TBA	This item is being considered as part of the Elected Member Training and Development Plan.	

	Date of Meeting	Item	Responsible	Due Date	Status	Completed / Revised Due Date
8.	February 2019	<b>Project Management Framework</b> An update report and a revised Framework be presented to the Finance and Audit Committee at the August 2019 meeting.	F Harvey	August 2019	An update report will be brought to the August FAC meeting.	
9.	February 2019	<b>The Collection of Long Outstanding Rates Debt</b> It was agreed that a set of criteria be created to apply to all land use codes before initiating S.184 for the recovery of long outstanding rates debt.	R Barnwell	May 2019	A set of criteria has been developed and endorsed by Council. This criteria details where specific exemptions would apply to the initiation of S.184 for the recovery of long outstanding rates debts. A copy of this criteria is provided to the FAC for your information. - <b>Appendix 1</b>	Completed
10.	February 2019	<b>Other Business</b> The Chair requested that an update report be brought to the next meeting regarding the revised leasing accounting standards outlining the known impact to Council.	R Barnwell	May 2019	Staff have been liaising with SALGFMG (SA Local Govt. Finance Managers Group) in developing a calculator to assist all councils with calculating the impacts on council of the new leasing accounting standards. This is currently under review. A report will be brought back to FAC following the completion of this work and discussion with our External Auditors during our annual financial reporting process.	

\* Completed items to be removed are shaded

<b>SCHEDULE OF MEETINGS 2019</b>			
<b>Day</b>	<b>Date</b>	<b>Time</b>	<b>Venue</b>
Tuesday	26 February 2019	9.30am – 12.30 pm	Administration Centre
Tuesday	28 May 2019	9.30am – 12.30 pm	Administration Centre
Tuesday	20 August 2019	4.00 – 6.00 pm Followed by 7.00 – 9.00 pm (Joint workshop with Council)	Administration Centre
Tuesday	1 October 2019	9.30am – 12.30 pm	Administration Centre
Tuesday	10 December 2019	9.30am – 12.30 pm	Administration Centre

**INDICATIVE AUDIT COMMITTEE WORK PROGRAM - 2019**  
**TUESDAY, 26 February 2019**

<b>Topic</b>	<b>Action</b>
Elected Member Report	Communication Report
Draft Annual Business Plan and Budget 2019/20 and Draft Long Term Financial Plan	Review and Feedback
Internal Audit Tender Process	Review and Feedback
Climate Change Risk	Review and Feedback
Overdue Rates Debtors	Review and Feedback
Internal Audit Program – Scopes, Reviews and Monitoring	Review and Feedback
Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback

**TUESDAY, 28 May 2019**

<b>Topic</b>	<b>Action</b>
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 Tender Outcome and Recommendation	Review and Recommendation
Organisational Key Performance Indicators 2019/20	Review and Recommendation
Internal Audit Program – Reviews and Monitoring	Review and Feedback
Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback
Review of the FAC Terms of Reference and Skills Matrix	Review and Recommendation to Council
Corporate Reporting Framework	Review and Feedback
Annual Report on Business Continuity	Review and Feedback

Corporate Risk Profile	Review and Feedback
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**TUESDAY, 20 August 2019 (Joint Workshop with Council)**

Topic	Action
Elected Member Report	Communication Report
Annual Review of WHS Program	Review and Feedback
Project Management Framework Update	
Asset Valuations	Review and Feedback
Internal Audit Program – Scopes, Reviews and Monitoring	Review and Feedback
Service Review Program – Scopes, Reviews and Monitoring	Review and Feedback
Meeting with Internal auditors in camera	Seeking feedback from Auditors
Joint Workshop with Council (6.30pm onwards)	

**TUESDAY, 1 October 2019**

Topic	Action
Elected Member Report	Communication Report
Independence of Council's Auditor for the year end 30 June 2019	Review and Recommendation to Council
Audited Annual Financial Statements for the year end 30 June 2019	Review and Recommendation to Council
Investment Performance 2018/19	Noting
Debtors Report	Noting
Meeting with external auditors in camera	Seeking feedback from Auditors
Internal Audit Program – Scopes, Reviews and Monitoring	Review and Feedback
Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback

**Tuesday, 10 December 2019**

Topic	Action
Elected Member Report	Communication Report
Internal Audit Program – Scopes, Reviews and Monitoring	Review and Feedback

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Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback
Work Program and Meeting Schedule 2020	Review and Feedback
Ombudsman SA Annual Report 2018/19	Review and Feedback
Framework and Key Assumptions for preparation of 2020/21 ABP and LTFP	Review and Feedback

The table below outlines the proposed criteria for assessing exemptions to initiating the sale of property under S184.

Assessment Criteria - Sale of Property More Than 3 Years In Arrears			
Land Use		Circumstances for Possible Exemption	Action
Residential	Owner occupied	Postponed rates for seniors	No action required.
All land uses		Payment arrangement is adhered to with good prospects of clearing debt	Continue to monitor payment arrangement.
All land uses		Payment arrangement is adhered to with poor prospects of clearing debt	Continue to monitor payment arrangement and periodically assess for new arrangement.
All land uses		No payments or payment arrangement is in place	Initiate sale of land unless an exemption applies.
Residential	Owner occupied	Health/social issues	Where appropriate obtain evidence to support exemption ie: proof of disability pension etc. Ongoing assistance from Council to address debt.
		Financial distress	
		Awaiting settlement/sale of property	
	Owner occupied	No identified circumstances for exemption	Assess owner-occupiers who are not categorised as an exemption for appropriateness to initiate S184 including social impact on any action taken.
	Not owner occupied	Awaiting settlement/sale of property	Review on a case by case basis. Evidence to support impending sale must be provided.
Commercial/Industrial/Other/Vacant Land		Awaiting settlement/sale of property	Review on a case by case basis. Evidence to support impending sale must be provided.
Primary Production	Owner occupied	Health/social issues	Where appropriate obtain evidence to support exemption ie: proof of disability pension etc. Ongoing assistance from Council to address debt.
		Financial distress	
		Awaiting settlement/sale of property	
	Not owner occupied	Awaiting settlement/sale of property	Review on a case by case basis. Evidence to support impending sale must be provided.



**CONFIDENTIAL ITEMS****Cover Report - Internal Audit Tender Evaluation**

<b>Originating Officer</b>	Manager Corporate Governance - Kate McKenzie
<b>Corporate Manager</b>	Manager Corporate Governance - Kate McKenzie
<b>General Manager</b>	General Manager Corporate Services - Vincent Mifsud
<b>Report Reference</b>	FAC190528F01

**RECOMMENDATION**

That pursuant to Section 90(2) and (3) (d)(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, Ray Barnwell, Abby Dickson, Tony Lines, Kate McKenzie, Jamie Dunicliff be excluded from the meeting as the Finance and Audit Committee receives and considers information relating to the Internal Audit Tender, upon the basis that the Finance and Audit Committee is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information contains commercial information that would on balance, be contrary to the public interest.

## Internal Audit Tender Evaluation

### CONFIDENTIAL

#### Reason For Passing This Resolution:

**Local Government Act (SA) 1999 S 90 (2) 3(d) (i) and (ii)** : commercial information of a confidential nature (not being a trade secret) the disclosure of which (i) could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and (ii) would, on balance, be contrary to the public interest.

## REPORTS FOR DISCUSSION

### Elected Member Report

<b>Originating Officer</b>	Manager Corporate Governance - Kate McKenzie
<b>Corporate Manager</b>	Manager Corporate Governance - Kate McKenzie
<b>General Manager</b>	General Manager Corporate Services - Vincent Mifsud
<b>Report Reference</b>	FAC190528R03

### REPORT OBJECTIVE

Section 3.5 of the Finance and Audit Committee Terms of Reference states "*where the Council makes a decision relevant to the Finance and Audit Committees Terms of Reference, the Elected Member Representative will report the decision to the Audit Committee at the next Committee meeting and provide relevant context*".

### RECOMMENDATION

That the Finance and Audit Committee:

1. Note this report

### GENERAL ANALYSIS

At these five (5) meetings, the Council made the following decisions that relate to the Finance and Audit Committee Terms of Reference in chronological order:

### DISCUSSION

#### **26 February 2019 General Council Meeting**

##### **2nd Budget Review 2018/19**

Adopted the revised budgeted statements including the Income Statement, Balance Sheet, Statement of Changes in Equity and Statement of Cash Flows.

##### **Treasury Management - Borrowings versus Cash Strategy**

Council endorsed the proposed amendments to the Treasury Management Policy specifically in regards to the strategy around borrowings versus the use of cash and in particular consideration of intergenerational equity.

#### **12 March 2019 General Council Meeting**

##### **S48 Prudential Management Review - Waste Services**

Council considered the section 48 Prudential Report for Waste Services (in confidence). This had previously been considered by the FAC at its meeting of 26 February 2019.

##### **Outcome of Business Case - 262 Sturt Road, Marion**

Council determined not to proceed with the business case from Cruachan Investments (Ice Rinks Adelaide) for 262 Sturt Road noting the shortcomings of information provided. Council determined to cease the Expression of Interest process.

**SRWRA Audit Committee Member - City of Marion Representative**

Council resolved to appoint Mr Greg Connor to the Southern Region Waste Resource Authority Audit Committee as the City of Marion Representative for the period from February 2019 to November 2019.

**26 March 2019 General Council Meeting**

Nil items to report

**23 April 2019 General Council Meeting****Draft 4-Year Business Plan 2019-2023, Draft Annual Business Plan 2019/20 and Long Term Financial Plan for Public Consultation**

Council adopted the draft 4 Year Plan and Draft Annual Business Plan 2019/20 and Long Term Financial Plan for the purposes of public consultation. This included the endorsement of the framework and assumptions within the plans.

**Local Government Reform**

Council endorsed a draft submission to be forwarded to the Minister for Local Government regarding a number of Local Government Reform Proposals.

**Collection of Long Outstanding Debts**

Council endorsed Finance to require consent under delegated authority (General Manager Corporate Services, as per Schedule of Delegations) to initiate all future Section 184 provisions, with appropriate notification being provided to Members when S184 is enacted. The Assessment Criteria, as amended following FAC feedback, was also endorsed.

**Boundary with City of Onkaparinga**

Council resolved to write to the cities of Onkaparinga, Mitcham and Adelaide Hills to give notice of the intention to submit a proposal to the Local Government Boundaries Commission to extend the boundary of Marion to include the suburbs of Flagstaff Hill, Aberfoyle Park, Happy Valley and O'Halloran Hill.

**14 May 2019 General Council Meeting**

Public submissions on the Draft 4 Year Business Plan 2019-2023 and Draft 2019/20 Annual Business Plan & Budget and Long Term Financial Plan. As part of the process for public consultation, Council permitted 1 hour for members of the public to make a submission on the draft Annual Business Plan & Budget. No members of the public spoke at the meeting.

## Service Review Program and Recommendations - Progress Update

<b>Originating Officer</b>	Performance & Innovation Leader - Cass Gannon
<b>Corporate Manager</b>	Manager Innovation and Strategy - Fiona Harvey
<b>General Manager</b>	General Manager City Development - Abby Dickson
<b>Report Reference</b>	FAC190528R04

### REPORT OBJECTIVE

To provide the Finance and Audit Committee with a progress update on:

- The overall status of the Service Review program for FY2018/19
- The implementation of the Service Review Program recommendations as at 8 May 2019

### EXECUTIVE SUMMARY

At the 26 June 2018 meeting of General Council, Council adopted the Service Review Program for FY2018/19 to deliver the review of nine services (three less than the City of Marion (CoM) 2016-2019 Business Plan target).

Commencing in 2016, the Service Review Program has reviewed 32 services including Hard Waste and the Living Kaurna Cultural Centre, both of which were undertaken prior to the start of the formal Service Review Program.

### RECOMMENDATION

**That the Finance and Audit Committee:**

1. Notes and provides comment on the following:
  - 1.1 Appendix 1 - Service Review Program FY2018/19 - Progress Update
  - 1.2 Appendix 2 - Service Review Recommendations - Progress Update

### GENERAL ANALYSIS

#### Service Review Program

The Service Review Program for FY2018/19 has progressed as planned, with the review of nine services completed (however noting the presentation of the report on the ICT service review has not yet occurred) meeting the business plan target and are displayed in the table below.

Service Review Title	Service Description and No.	Status
Open Space Phase 2	Irrigation Playgrounds / furniture and other Biodiversity and Remnant Vegetation Tree Planting and Watering Walkways	5 Completed
Records Management	Internal Records Management	1 Completed
Information and Communication Technology	Infrastructure Service Delivery Information Cyber Security and Audit Business Applications and Projects Support	3 Completed with the report to be finalised
<b>Total Services</b>		<b>9</b>

The reduction in the number of service reviews for the year has allowed for a redirection of the resources from the Performance and Innovation (P&I) team to support the implementation of 22 existing open actions from previously completed service reviews. Tracking on the progress of all reviews, along with the 22 actions supported by the P&I team, can be viewed in Appendix 1.

### **Implementation of recommendations**

Commencing in 2016, the Service Review Program has reviewed 32 services including Hard Waste and the Living Kaurna Cultural Centre, both of which were undertaken prior to the start of the formal Service Review Program.

Since the last report to the FAC (FAC190226) and as of 8 May 2019, significant progress has been made with regards to the implementation of recommendations from service reviews. Highlights of the implementation of Service Review recommendations have included:

- The implementation of recommendations has been completed for 4 reviews; Parking Management and Regulation; Maintenance of Council Facilities; Marion Celebrates and Open Space Phase 1, with these reviews now being closed. This brings the number of service reviews with open actions from 10 down to 6 (for more detail of benefits realised see FAC190528R10).
- The Records Management Service Review has progressed 2 key actions. A revised Strategic Records Management Framework Draft has been received and awaiting final review and sign off and the Records Team Structural review has been completed and consultation with staff is currently under way.
- The Marion Celebrates event was held with positive feedback from the community.
- The revised Asset Valuations process was endorsed by the Assets Steering Committee and Finance and Audit Committee, and recommendations implemented.

More detail on the progress of the implementation of recommendations from the Service Review Programs are outlined in Appendix 2.

### **Corporate Information and Communication Technology (ICT) Service Review**

As reported at the February FAC meeting, a change in approach to the delivery of the ICT Service Review occurred shortly after commencement. The Cities of Marion, Charles Sturt (CCS) and Port Adelaide Enfield (PAE) commenced working together to undertake a Cross Council Service Review of their ICT functions.

Capability, customer experience and operational effectiveness were key focus areas for this review. A broad range of analysis was undertaken, including a comparison of key indicators, in order to identify opportunities for improving outcomes for customers and the community. The process also involved consultation and engagement across the three councils with contribution and input from many staff, in particular the ICT Managers.

The Cross Council Service Review has concluded, with a draft report developed for the overall review, which identified over 50 recommendations. The draft report is now with each of the 3 councils for the review and prioritisation of the recommendations and the development of an implementation plan.

At the Executive Leadership Team (ELT) meeting on 13 May 2019 it was agreed to delay providing a final report until the August 2019 FAC meeting, to allow for:

- The creation of a stand alone report containing Marion specific data, findings and recommendations with the addition of some cross council benchmarking data
- Full alignment to the original service review scope (inclusion of Business Systems Fitness Review Phase 1 outcomes, work due for completion 31 May 2019)
- The review, comprehension and agreement to recommendations (with key Marion stakeholders)
- The creation of an implementation plan with agreed responsibilities
- Sharing of the report to both City of Charles Sturt and Port Adelaide Enfield before presentation at FAC

There is no foreseeable risk to Marion by rescheduling this report to the August 2019 FAC meeting.

**Liveable:** Contributes to the CoM Business Plan 2016-19 'liveable' goal to provide access to housing choice and services for a growing and diverse population

**Innovation:** Contributes to CoM Business Plan 2016-19 'innovative' goal to have a community that harnesses creativity, research and collaboration to pursue innovative ideas

### Attachment

#	Attachment	Type
1	FAC190528 - Service Review Program and Recommendations - Progress Update - Appendix 1	PDF File
2	FAC190528 - Service Review Program and Recommendations - Progress Update - Appendix 2	PDF File



**Service Review  
Program 2018/19  
Progress Update  
(FAC190528)**

**Appendix 1**

**9**  
Total  
service reviews

**9**  
Completed

**-**  
On track

**-**  
Off track

**-**  
Not  
commenced

**100%**

How are we progressing  
per service review?



= Scope



= Service Review  
progress



= Service Review Report



= Completed



= On track



= Off track



= Not commenced

**Open Space Transformation  
Phase 2**

**Services Involved (5)**

Irrigation  
Playgrounds/furniture and other  
Biodiversity and Remnant Vegetation  
Tree Planting and Watering  
Walkways

**FAC171212**

**100%**

**FAC180821**

**Records Management**

**FAC180227**

**100%**

**FAC180821**

**Information and Communication Technology**

**Services Involved (3)**

Projects and Business Support  
Infrastructure  
Helpdesk Services

**FAC181211**

**100%**

**100%**

How are the Performance and Innovation  
Team progressing with supporting the  
implementation of identified open actions?

**22**  
Total  
actions P&I  
to support

**17**  
Completed

**3**  
On track

**2**  
Off track

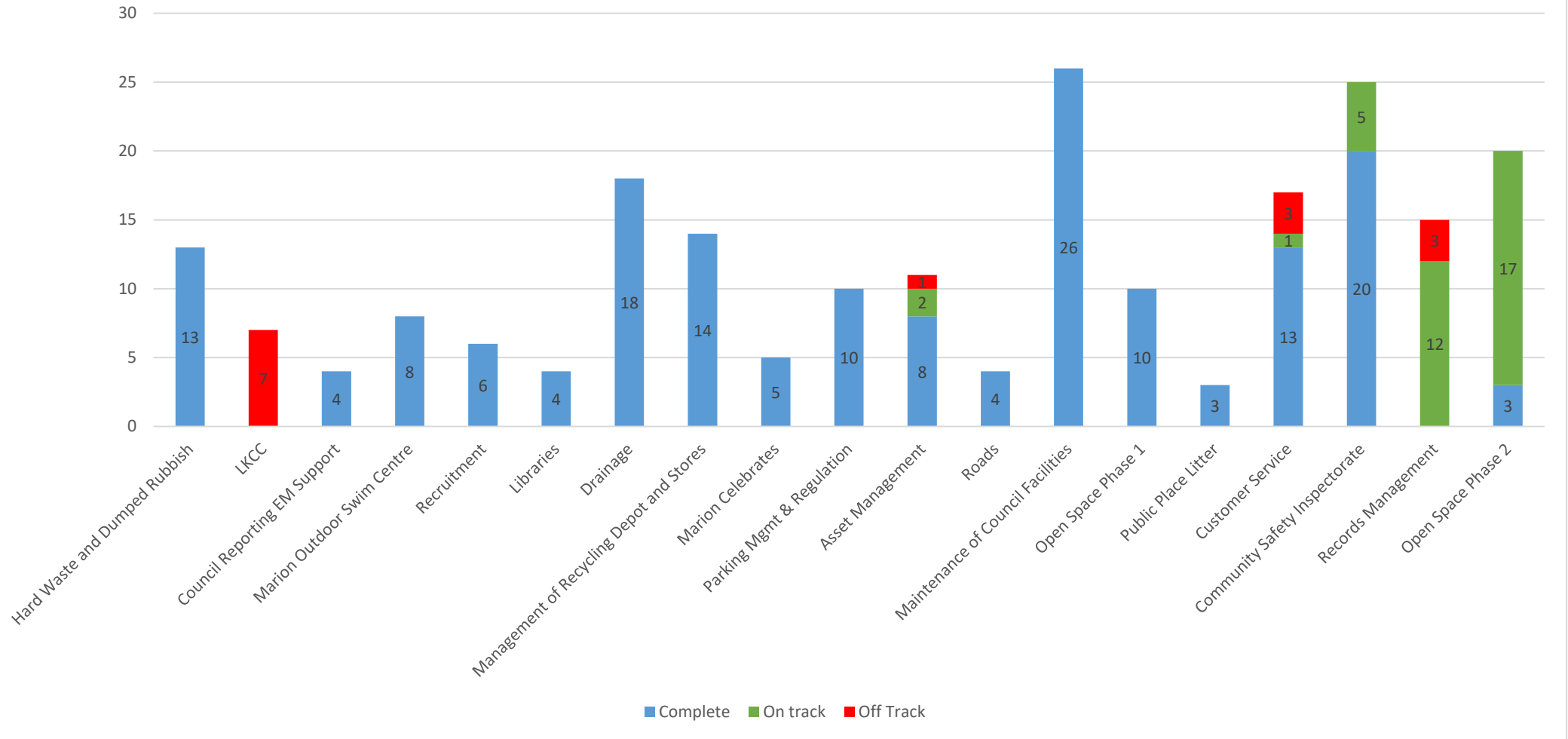
**77%**  
**14%**  
**9%**



# All Service Review Recommendations - Progress Update (Appendix 2)

(Status as at 8/05/2019 based on tracking against original completion dates)

Implementation of all SR Recommendation  
Status by Actions (Mar 16 - May 19)



# Open Service Reviews - Recommendations - Progress Update

(Status as at 8/05/2019 based on tracking against original completion dates)

**Key**  
● Complete  
● Watch Closely  
● On Track  
● Off Track

Division	Department	Service Review	Date Reported to FAC	Original Completion Date	Recomm.	Total # of Actions	On Track Actions	Off Track Actions	Actions Complete	% of Actions Complete	Comments
City Development	City Activation	Living Kurna Cultural Centre	May-16	Dec-17, Dec-21	7	7		7		0%	<p>A meeting with Executive representatives of Kurna Yerta Aboriginal Corporation (KYAC) and their Lawyer occurred on 15 April. It was stated that the Agreement as it stands is off the table and, as per the meeting on 8 October 2018, KYAC is still interested in a lease of Warriparinga rather than the co-management (50/ 50 arrangement). Through discussions with Indigenous Land and Sea Corporation (ILSC) and Indigenous Business Australia (IBA), there is in-principle support to fund and resource KYAC to manage Warriparinga through a lease, dependent on the majority share of the management organisation being Aboriginal. This could be a 51/ 49 arrangement or anything greater to receive ILSC/ IBA support.</p> <p>A letter from Campbell Law on behalf of KYAC was received on 16/4/19 outlining KYAC activities regarding Native Title negotiations and other issues of concern for Kurna, and requesting Council not to consider any definitive action regarding LKCC until KYAC have further consulted with ILSC and IBA. A Motion with Notice was raised for GC 23/4/19 proposing an open tender for the management of LKCC. The motion was not considered at that meeting due to the size of the agenda.</p>
	Development and Regulatory Services	Parking Management and Regulation	May-17	Dec-18	1	10			10	100%	<p>The remaining action to establish KPIs for monitoring bike lanes and schools has been completed and is being supported by targeted campaigns. The service review implementation is now complete.</p>

# Open Service Reviews - Recommendations - Progress Update

(Status as at 8/05/2019 based on tracking against original completion dates)

**Key**  
● Complete ● Watch Closely ● On Track ● Off Track

Division	Department	Service Review	Date Reported to FAC	Original Completion Date	Recomm.	Total # of Actions	On Track Actions	Off Track Actions	Actions Complete	% of Actions Complete	Comments
	Innovation and Strategy	Asset Management	Aug-17	Jun-18	4	11	2	1	8	73%	Data cleanse activities are continuing. Revised Asset Valuations process endorsed by Assets Steering committee and recommendations implemented. Technical and Community Levels of Service to be reviewed in partnership with key operational teams.
	City Property	Maintenance of Council Facilities	Oct-17	Nov-18	8	26			26	100%	The review of the on line purchase procedure and invoice processing process will now be addressed through the implementation of the Procure to Pay Internal Audit recommendations. The service review implementation is now complete.
	Development and Regulatory Services	Community Safety Inspectorate	May-18	Jul-19	7	25	5		20	80%	Major highlights of progress include: <ul style="list-style-type: none"> <li>- Commencement of new service level and roster, with after-hours service provider contract extended.</li> <li>- Appropriate mobile devices identified to support team in the field</li> <li>- Body cameras and dashcams in use</li> <li>- Automated messages are being sent to customers regarding their requests for selected categories</li> <li>- DACO has resulted in an increase in dog re-registrations, however this has resulted in an increase in work load for administration staff.</li> </ul>
<b>Division Total</b>					<b>27</b>	<b>79</b>	<b>7</b>	<b>8</b>	<b>64</b>	<b>81%</b>	
City Services	Community and Cultural Services	Marion Celebrates	May-17	Feb-19	1	5			5	100%	Marion Celebrates held on 23 February 2019. All improvements made, recommendations implemented and positive feedback received from those who attended the successful event. The service review implementation is now complete.
	Engineering and Field Services	Open Space Phase 1	Dec-17	Jun-22	2	10			10	100%	Quick wins, mobility, performance reporting implemented with productivity and service levels improved. The service review implementation is now complete.

# Open Service Reviews - Recommendations - Progress Update

(Status as at 8/05/2019 based on tracking against original completion dates)

**Key**  
 ● Complete ● Watch Closely ● On Track ● Off Track

Division	Department	Service Review	Date Reported to FAC	Original Completion Date	Recomm.	Total # of Actions	On Track Actions	Off Track Actions	Actions Complete	% of Actions Complete	Comments
	Engineering and Field Services	Open Space Phase 2	Aug-18	Jun-22	63	20	17		3	15%	Phase 2 implementation has commenced.
	Customer Experience	Customer Service	Feb-18	Mar-20	17	17	1	3	13	76%	Key staff availability has delayed the completion of three actions. These actions have been prioritised and will be completed by the end of the financial year.
	<b>Division Total</b>				<b>83</b>	<b>52</b>	<b>18</b>	<b>3</b>	<b>31</b>	<b>60%</b>	
Corporate Services	Corporate Governance	Records Management	Aug-18	Dec-19	15	15	12	3			Revised Strategic Records Management Framework Draft received, awaiting final review and signoff. Records Team Structural review is complete, currently consulting with staff on changes
	<b>Division Total</b>				<b>15</b>	<b>15</b>	<b>12</b>	<b>3</b>	<b>0</b>	<b>0%</b>	

## Completed Service Reviews

(March 2016 – May 2019)

- Inventory Management Recycling Depot (Recycling, Depot and Stores)
- Libraries
- Marion Outdoor Swim Centre
- Public Place Litter
- Recruitment
- Council Reporting and Elected Member Support
- Roads
- Drainage
- Hard Waste

\*\*\*A Service Review is considered Off Track when an action has not been completed by the original completion date

## Annual Business Continuity Management Program

<b>Originating Officer</b>	Unit Manager Risk - Sherie Walczak
<b>Corporate Manager</b>	Manager Corporate Governance - Kate McKenzie
<b>General Manager</b>	General Manager Corporate Services - Vincent Mifsud
<b>Report Reference</b>	FAC280519R05

### REPORT OBJECTIVE

The objective of this report is to provide the Finance and Audit Committee (FAC) an overview of the Business Continuity Management Program in 2018/19 to provide assurance to the FAC of the continued implementation of effective business continuity management initiatives across the breadth of the organisation.

### EXECUTIVE SUMMARY

A number of activities have occurred throughout the 2018/19 financial year to ensure that business continuity risks are managed through the approved suite of documents including the Business Continuity Management Policy, Framework and Business Continuity Plan (BCP), in alignment with ISO22301 '*Societal security - Business Continuity Management Systems – Requirement and Guidelines*'.

### RECOMMENDATION

**That the Finance and Audit Committee;**

- 1. Note the Report**
- 2. Provide feedback on the Business Continuity Management Program for 2019/20**

### DISCUSSION

The Business Continuity Management Program has continued building organisational maturity through the strengthening of processes, key networks, working relationships and effective communication channels. This has been achieved through the provision and implementation of resources, training and documentation reviews.

#### Resources

The Incident Management Team (IMT) is established in the Business Continuity Plan (BCP) and supported by the Risk Team. Decision making roles in the IMT are held by members of the Executive Leadership Team, Senior Leadership Team and other key roles across the organisation. All IMT members have been provided with a hard copy folder containing the City of Marion's BCP and supporting documents including recovery strategies, key contact lists and templates for use during an incident. This suite of information has also been provided in electronic format on USBs. The IMT has an Incident Response kit with various resources including copies of the BCP, IMT tabards, evidential record books and other necessary items for efficient operation of an IMT.

#### Training

Business Continuity training is primarily provided through business continuity exercises scheduled biannually. The exercise scheduled for November 2018 was replaced by an Emergency Management Health Check undertaken by the Local Government Association. The key findings were identified as follows:

- That the City of Marion maintains a comprehensive and current suite of documentation, summarised in its BCP and Community Emergency Management Plan. These formal arrangements are complemented by a vast number of "business as usual" activities that contribute to emergency

management planning, prevention, response and recovery.

- A proactive and collaborative culture within the organisation is reflected by a high level of readiness to respond, though the arrangements have not been tested in the experience of emergency events.
- The City of Marion is keen to learn, improve, and fill remaining gaps in emergency management, particularly through connections with other councils within South Australia and beyond.

Based on this information, the following opportunities were identified:

1. Review the existing emergency management arrangements against best practice and identify gaps and opportunities to improve, possibly in the areas including recovery planning and/or documenting and integrating of the City of Marion's emergency risk assessment.
2. Test the arrangements through exercises involving the whole organisation as a means to improve the plans as well as to support staff to better understand roles and responsibilities.

The exercise undertaken in May 2019 was dubbed "Exercise Unite" and was based on an active armed shooter / terrorist attack happening in the surrounding vicinity to the Administration Building. SA Police facilitated this hypothetical exercise which aimed to:

- Increase the understanding of the City of Marion's IMT in the command and control structures used by Control Agencies during high level incidents
- Minimise the impact of function loss on stakeholders and the community.
- Explore any planning and response issues in alignment with our response procedures in the BCP and the Community Emergency Management Plan.
- Promote awareness and develop competence and capability amongst IMT Members.
- Build resilience within the City of Marion operational framework and the community.
- Identify potential risk treatment strategies.
- Discuss the role Council may have in restoring the social and economic fabric of the community.

The exercise evaluation highlighted some key improvement opportunities including:

1. Development of future exercises to include: simulations, critical recovery strategy testing, unscheduled/out-of-hours/alternate locations, potential inclusion of external key stakeholders.
2. Building the capability of IMT members and other staff through provision of training including: inductions for new IMT members, formal emergency management training for specific roles, general training for all staff, evidential record training for decision makers, responsibilities for recovery strategy owners and resilience training for staff who support the community.
3. Training and development for Elected Members and ensure that Elected Members are aware of their roles and responsibilities if the BCP and IMT is activated.
4. Review of IMT templates including communication procedures.

The City of Marion also hosted an additional exercise in September 2018 dubbed "Exercise Rumble", an Executive Summary report is attached as Appendix 1. It was initiated by the Southern Adelaide Zone Emergency Management Committee (SAZEMC) and was developed jointly by the City of Marion, SAPOL and the State Recovery Office. It was a hypothetical exercise, facilitated by the Local Government Association, based on the initial and long-term recovery from an earthquake in the southern zone of Adelaide. The primary aim of the exercise was to build networks and partnerships between key stakeholders including our SAZEMC council counterparts being the Cities of Holdfast Bay, Mitcham and Onkaparinga as well as State Government agencies including SA Police, State Emergency Services and the Australian Defence Force. This was the first exercise held at a Zone level in South Australia and resulted in many great outcomes including the provision of a template exercise that is now being delivered across the other zones in South Australia.

### **Documentation Review**

Council endorsed the Business Continuity Policy and Framework at its meeting on 26 July 2016 (GC260716R10). These documents are now due for review and will be presented at the August 2019 FAC meeting.

The FAC endorsed the Business Continuity Plan at its meeting on 29 May 2018 (FAC290518R7.9). It is

working well and is not currently due for review.

The Critical and Non-Critical Recovery Strategies that support the BCP were recently transitioned from manual documents to automated SharePoint documents. They underwent considerable review and are now automated for recovery strategy owners' review every six months to ensure accurate recording of staff, resources, processes and strategies required to ensure continuation of service delivery to our community.

An internal audit on Business Continuity has also been completed by KPMG (FAC190528R0X? - Appendix 2). The recommendations from this audit will be incorporated into the 2019/20 work program.

### NEXT STEPS

Whilst undertaking the upcoming Business Continuity Policy and Framework review, a gap analysis will be undertaken of the business continuity program holistically. This, in conjunction with the key recommendations from incidents and exercises, will inform the Business Continuity Management Program for 2019/20 which will include:

1. Review of IMT templates including communication procedures.
2. Skills and capability development of IMT members
3. Raising awareness for all staff
4. Provision of guidance documents and training for Elected Members
5. Further development of future exercises including simulations

### CONCLUSION

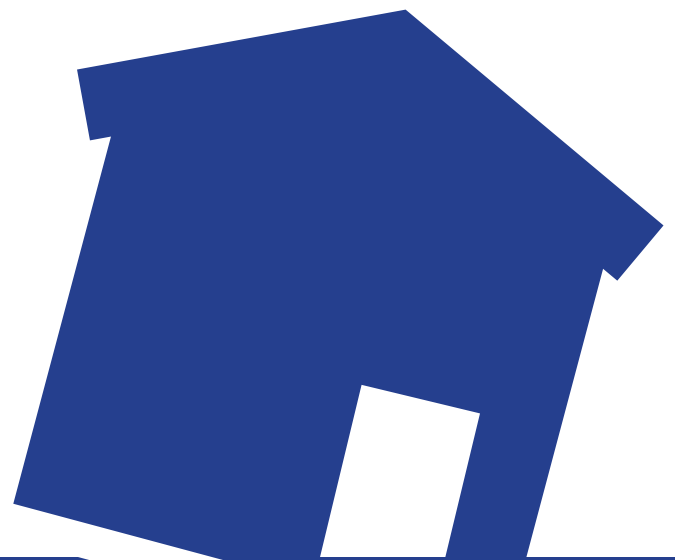
The progress achieved by the Business Continuity Management Program has led to a maturing of emergency response and business continuity management across the organisation. The upcoming review, planned training and scheduled exercises will embed this further, increasing organisational resilience and providing assurances to Council and all key stakeholders.

### Attachment

#	Attachment	Type
1	Excercise Rumble Executive Summary	PDF File

# EXERCISE RUMBLE

Executive Summary | September 2018



Plan • Prepare • Respond • Recover

An initiative of the  
**Southern Adelaide Zone  
Emergency Management Committee**



## Introduction

**Southern Adelaide Zone Emergency Management Committee (SAZEMC) was involved in developing and running a successful exercise focused on recovery following an earthquake.**

The exercise was held at Cove Civic Centre on 4 September 2018 where 28 participants attended from a range of functions and levels across the Cities of Marion, Mitcham, Onkaparinga and Holdfast Bay, as well as the other member agencies on the SAZEMC including SAPOL, SES, CFS, and the ADF.

Five staff from the State Recovery Office acted as observers and provided input on recovery knowledge and practice from a state perspective. Everyone was highly engaged in the half day exercise which was expertly facilitated by Scott Loechel from the Local Government Association.

## Aim

The aim of this exercise was to increase understanding of councils' roles in recovery from a disaster as described in the Emergency Management arrangements.

## Objectives

The objectives of the exercise were to:

- a) Identify recovery issues that might arise for the Zone following a disaster.
- b) Identify key factors relative to the Zone in transitioning from a control agency through a Zone Emergency Support Team to a Local Recovery Committee.
- c) Clarify the role councils have in restoring the social and economic fabric of the community in addition to the built and natural environment.



Participants working on the first activity.

## Exercise Activities

The exercise was divided into three phases of post - earthquake activity. The exercise identified issues that would challenge local councils at the four-week milestone, the ten-week milestone and the six-month milestone.

## Top planning and preparedness lessons for Councils

Each of the four councils are at different stages of planning and preparedness and the priorities for action will be determined accordingly. The key responses recorded by participants are as follows:

- Engage with other councils and state agencies
- Share incident and recovery plans across the zone
- Establish some processes around coordination
- Be clear on service priorities and how to seek additional resources
- Use the LGA resources to develop a council recovery plan but be adaptable
- Have a BCP and practice it
- Have joint BCP exercises with other councils
- Develop some staff support mechanisms including HR policies for leave, alternative duties and safe work procedures
- Do a skills audit of the workforce in readiness for deployment to other functions or roles
- Have a register of volunteers who are regularly trained

- Prepare staff and elected members
- Develop an essential services contingency plan
- Develop a front line communication package
- Ensure there is good data on assets
- Ensure elected members have regular induction on their role in an emergency
- Make the council recovery plan available to the public.

## Top issues for the Zone to work on

One of the objectives of the exercise was to identify recovery issues for the Zone. The following is a list of the main ideas generated and will be able to inform the development of the workplan for 2019.

- Need to regularly refresh the BCPs
- Establish a communications coordinator for the zone
- Develop a communications plan
- Engage with key community groups
- Consider inviting business or community leaders onto the SAZEMC
- Identify the barriers to sharing resources and start removing them
- Strengthening relationships between councils for cooperation and coordination
- Know who your peers are across councils
- Leverage off other collaborations across council eg. Council Solutions

## Participant Feedback

The feedback from the exercise was extremely positive with the most highly valued aspect being the opportunity to develop networks followed by exposure to an interesting and thought provoking scenario on recovery.

## Recommendations

1. That the Southern Adelaide Emergency Management Zone Committee utilise the observations and feedback outlined in the Evaluation Report to inform the development of the workplan for 2019.
2. That the Evaluation Report be disseminated to all participants to inform future planning and preparedness activities within their council.
3. That the Evaluation Report be disseminated to the other Emergency Management Zones in South Australia through the State Recovery Planners.

## Findings

The severe restrictions of ground travel and the damaged infrastructure of residential, community and businesses presented major logistical issues that required councils to be highly flexible, collaborative and to consider innovative strategies in response to issues at the time.

It was recognised that networks that currently exist could be quickly activated when required with the Local Government Functional Support Group potentially providing assistance with coordination.

Other administrative issues that would stretch council's capability included record keeping; data collection, collation and sharing; communication to residents and businesses; redeployment of staff; and recruitment of temporary employees and volunteers.

The industrial issues around sharing resources across councils could be explored further with the aim to develop flexible human resource policies and other agreements.

Although each council will take away different learnings and determine their own priorities for improving their emergency recovery planning, there were also some good strategies that can be considered at SAZEMC around strengthening networks and establishing joint policies on communication, resource management and further staff development.

Not only was this recovery exercise a positive outcome for planning and preparedness work across the Southern Adelaide Emergency Management Zone, but the training initiative can now be delivered with confidence across the other zones in South Australia.

The exercise was written and developed by Jennifer Gleeson, State Recovery Office, Sherie Walczak, City of Marion and Russell Dippy, SAPOL. The exercise was facilitated by Scott Loechel, LGA.

The exercise explored council and Zone collaboration at the strategic and practical level. The exercise applied the principles of the State Emergency Management Plan (SEMP) 2016 and the National Principles for Disaster Recovery.

Representatives of the following agencies attended the exercise:

- City of Holdfast Bay Council
- City of Marion Council
- City of Mitcham Council
- City of Onkaparinga Council
- Zone members:
  - o State Emergency Service
  - o Australian Defence Force
  - o SAPOL
- State Recovery Office

## Annual Corporate Risk Report

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### REPORT OBJECTIVE

The objective of this report is to provide the Finance and Audit Committee (FAC) an overview of the Risk Management Program in 2018/19. The report outlines the continued implementation of risk management initiatives in accordance with the FAC's Terms of Reference, *'to facilitate the effective management of risk and the protection of Council assets'*.

### EXECUTIVE SUMMARY

The aim of the Risk Management Program is to provide Council with assurance that the City of Marion is managing its corporate risks through its approved suite of documents including the Risk Management Policy, Framework and the Corporate Risk Register, in their alignment with ISO31000 *'Risk Management - Guidelines'*.

The annual Risk Management Program was last reported to the Finance and Audit Committee at its meeting on 29 May 2018 (FAC290518R7.11) and quarterly reports are provided to Council for them to monitor the identification and management of high rated risks, the control environment and further actions to mitigate risk materialisation and impacts to Council.

### RECOMMENDATION

**That the Finance and Audit Committee;**

- 1. Note the Report**
- 2. Provide feedback on the Risk Management Program for 2018/19**

### DISCUSSION

#### Risk Register Analysis

Risks are monitored each quarter and the outcomes from the quarterly monitoring and review process are presented in Table 1 within the Risk Management Report - Quarter 3 2019, attached as **Appendix A**. It highlights the improvement in Council's overall risk exposure.

All 16 previously rated extreme risk remains steady and well managed with all inherently high risks reduced to a rating of high or medium after current controls are considered. However, during the review process, it was acknowledged that an increase in climatic events resulting in impacts to people, property and the environment have been recorded. Council has responded by attending seminars, further collaboration with key stakeholders, information collecting and analysis of data. This has informed an increase to the inherent and current risk ratings relating to Climate Change to more accurately reflect the risk. Due to the impact on the liveability of residents and the level of financial impact to Council, it has now been revised as follows: inherent risk rating increased to extreme, current risk rating increased to high with the recognition of further current controls implemented since its last review (ordered according to the hierarchy of control documents) and the identification of additional further actions. Given the subjectivity of this risk and the full impacts to Council being unclear, a risk review workshop is planned for September to fully interrogate the risk. The



results will be including in the Quarter Four Corporate Risk Report reported to Council, at its meeting scheduled for 26 November 2018.

The 12 high rated risks, reported to FAC in last year's Annual Corporate Risk Report (FAC290518R7.11), have been actively managed by Risk Owners and monitored by the Executive Leadership Team through Risk Working Group, resulting in a reduction of current high rated risks to 10 in Quarter 4 2017/18 and to 8 in Quarter 1 2018/19. A detailed analysis of the remaining currently high rated risks is provided in the Corporate Risk Register - Extract showing current HIGH risks (March 2019), attached as **Appendix B**. The 4 high rated risks removed or reduced to medium were revised as a result of:

- a comprehensive review of safe work method statements, safe operating procedures and risk assessments plus the addition of safety observations to ensure effective management of workers undertaking high risk work,
- a review of the playground works program and associated budget ensures the delivery of planned strategic objectives and new high level projects,
- further controls being implemented by Civil to pursue opportunities for effective management of their contractors, and
- removal of a risk due to it no longer being relevant to the work group.

The increased ownership and monitoring has assisted progression towards achievement of all risks being rated within Councils risk tolerance of medium or low rated risks, as forecasted.

## Sector Analysis

Each year Local Government Risk Services undertake a risk management survey with Chief Executive Officers of councils across South Australia which results in a document being published titled the 'Local Government CEO's Ranking of the Top Risks in the Sector'. The identified top risks in the sector are:

- |  |  |
|--|--|
| 1. Financial Sustainability                      | 7. Natural Catastrophes / Climate Change |
| 2. Theft, Fraud and Crime                        | 8. ICT Infrastructure /Cyber Security    |
| 3. Reputation Risk                               | 9. Business Continuity & Community       |
| 4. Increased Statutory & Regulatory Requirements | 10. Governance Risks                     |
| 5. Environmental Management                      | 11. Effective HR                         |
| 6. Property & Infrastructure                     | 12. Civil Liability                      |

To provide a local government sector comparison, our risks are profiled against the sector top risks and provided as the Corporate Risk Profile 2019, attached as **Appendix C**. Analysis of the risk data informs that the City of Marion's risk exposure varies when compared against those reported by the sector. Therefore, City of Marion risk data is referenced against similar risk headings in order to provide a comparison to the sector top risks. Due to a robust Fraud and Corruption Management program it has been included within the financial sustainability category. Given the importance of effective management of Work Health and Safety within councils to ensure the safety of staff, we have renamed Increased Statutory & Regulatory Requirements, to reflect the safety element of this risk rather than the compliance focus. Reputation Risk and Civil Liability have been treated as consequences of other risks materialising, so haven't been reflected in the profile. Environmental Management and Natural Catastrophes/Climate Change have also been reflected together as one risk. These revisions leave eight sector top risks however nine are reflected in our profile as Contractor Management is rated as a high risk within the City of Marion. It is worthy of note that two of these sector high risks are currently rated as medium at the City of Marion, they include Financial Sustainability and effective HR which reflect good internal controls, processes and systems designed to mitigate against these risks.

## NEXT STEPS

Council endorsed the Risk Management Policy and Framework at its meeting on 19 January 2016 (GC190116R08). These documents are now due for review and will be presented at the next FAC meeting scheduled for 8 October 2019.

Whilst undertaking the Policy and Framework review, a risk management maturity assessment will be undertaken to assess the risk management program and the embedding of activities and culture across the organisation to provide a maturity score against set criteria. The results will inform the activities and initiatives in the Risk Management Program for 2019/20 which will include:

1. Revision of the Risk Strategy, tolerance/appetite and linkage to corporate strategy.
2. Embedding risk into corporate governance processes to ensure accountability and ownership of risk.
3. A risk assessment process review to ensure integration and alignment with corporate processes.
4. Building risk culture and capability through ELT support, training and positive engagement.
5. Undertaking a review of current systems and investigate risk management system options.

## CONCLUSION

The Annual Corporate Risk Report to FAC and the quarterly Corporate Risk Register report to Council, provide a high level of assurance that the organisation is managing its risk exposure. It also provides an understanding of our Risk Profile comparative to the industry sector ratings. City of Marion rates well in comparison with the 'Top Risks In The Sector', with 4 of these risks reporting current risk ratings of medium and the other 6 being forecasted, after further mitigating actions, to achieve a risk rating of medium or lower.

The plan for the Risk Management Program in 2019/20, which includes undertaking a risk management maturity assessment, will assist to determine the organisation's current state of risk management maturity and the target state of maturity or capability that is aspired to be achieved. This will inform the risk management initiatives to be undertaken to support our operations and the achievement of our strategic objectives.

## Attachment

#	Attachment	Type
1	Corporate Risk Report; Appendix A	PDF File
2	Corporate Risk Report; Appendix B	PDF File
3	Corporate Risk Report; Appendix C	PDF File

## APPENDIX A – Risk Management Report – Quarter 3 2019

An objective of the City of Marion's Risk Management Policy is to '**implement consistent risk management processes to manage risk and opportunities throughout City of Marion's organisational systems and functions**'. The Risk Management Framework outlines the risk management process including the development of a risk register to record the following:

- Risk Identification
- Risk Analysis
- Risk Evaluation
- Risk Treatment
- Monitoring and Review

The monitoring and review process requires risk owners to review their risk environment and provide updates the progress on identified actions. This occurs on a quarterly basis in conjunction with Work Area Reporting. At the end of each quarter, prior to collating the risk data, an overview is undertaken by the Risk Unit and the Executive Leadership Team (through Risk Working Group) to provide assurance of validation to the corporate risk management framework and consistency across the organisational structure.

**Table 1: Risk Ratings 2017/18 - Quarter 1, Quarter 2 and Quarter 3**

Period:	Qtr 4: Apr to Jun 2018			Qtr 1: Jul to Sept 2018			Qtr 2: Oct to Dec 2018			Qtr 3: Jan to Mar 2019			Impact in 12mths
Corporate Risk	Inherent	Current	Forecast	Inherent	Current	Forecast	Inherent	Current	Forecast	Inherent	Current	Forecast	
Extreme	16	0	0	16	0	0	16	0	0	17	0	0	↑
High	77	10	0	76	8	0	75	8	0	74	9	0	↓
Medium	15	84	59	15	85	58	16	81	64	16	79	64	↑
Low	0	14	50	0	14	49	0	18	43	0	19	43	↓
Total	108	108	108	107	107	107	107	107	107	107	107	107	

ELT Risk Owner	SLT Risk Owner (SLT)	Strategic Link	Ref	Work Area	Risk Description	Risk Causes /Sources	Potential Consequences	INHERENT Level of Risk			Current Controls in Place	CURRENT Level of Risk			Further Action	Further Action Due Date	Action Owner	FORECAST Level of Risk		
								Likeli-hood	Conse-quence	Risk Rating		Likeli-hood	Conse-quence	Risk Rating				Likeli-hood	Conse-quence	Risk Rating
City Development	Innovation & Strategy	Liveable	ASY02	Asset Systems	<b>Property &amp; Infrastructure:</b> Failure to appropriately maximise CoM assets and asset management planning, to ensure appropriate acquisition, renewal, maintenance, management and disposal	<ul style="list-style-type: none"> <li>- Lack of lifecycle and whole of life controls utilised in corporate decision making.</li> <li>- Limited renewal planning.</li> <li>- Lack of clarity regarding service standards</li> <li>- Poor implementation of data held within the CoM asset register</li> <li>- Change in strategic priorities from EMs</li> <li>- Increased workload/ inadequate staffing levels/specialised skills</li> <li>- Inadequate funds allocated for management of assets</li> <li>- Increased quality expectations from the community, Australian Standards and legislation</li> </ul>	<ol style="list-style-type: none"> <li>1.Asset deterioration/ failure</li> <li>2.Poor decision making leading to financial burden</li> <li>3.Downturn in staff morale</li> <li>4.Non compliance with legislation, regulations and industry standards</li> <li>5.Dissatisfied community</li> <li>6.Increased costs of ongoing maintenance, delays and penalties</li> <li>7.Excessive service cuts and/or excessive rates rises to meet the commitments</li> </ol>	Likely	Severe	EXTREME	<ol style="list-style-type: none"> <li>1. Asset Management Plan</li> <li>2. Asset Mgt Plan incorporated in 2017/18 budgets</li> <li>3.Strategic Plan</li> <li>4. Capital working group meetings</li> <li>5. Valuations and Long Term Financial Plan (LTFF)</li> <li>6. Asset management schedules</li> <li>7. Meeting of compliance obligations</li> <li>8. Building checks</li> <li>9. Continued improvement in understanding lifecycle/whole of life costs &amp; data (storage and recovery)</li> <li>10. Recruitment of Asset Management Officer role.</li> </ol>	Possible	Severe	HIGH	<ol style="list-style-type: none"> <li>1. Annual review &amp; update of Asset Management Plan - ref AMPIP 6</li> <li>2. Review asset condition inspection regime - ref AMPIP 11</li> <li>3. Review Asset Valuation process - ref AMPIP 10</li> <li>4. Develop 'Single point of truth' for all asset data - ref AMPIP 9</li> <li>5. Finalise the review &amp; setting of asset service levels - ref AMPIP 8</li> <li>6. Development of the City Property Strategic Asset Mgt Plan</li> <li>7. Implementation of the City Property 10 yr Asset Mgt Forecast</li> </ol>	1.30/06/19 2.30/06/19 3.30/06/19 4.30/06/19 5.30/06/19 6.30/06/20 7.30/06/20	1.UM Assets 2.UM Assets 3.UM Assets 4.UM Assets 5.UM Assets 6.Mgr City Prop 7.Mgr City Prop	Rare	Severe	MEDIUM
City Development	Development & Reg Services	Liveable	CHS01	Community Health & Safety	<b>Business Continuity &amp; Community Safety:</b> Failure to deliver Health & Safety services for the Community (eg:Public & Environmental Health/ Animal/ Bushfire / Parking/ Litter & Local Nuisance Management & Council By-Laws)	<ul style="list-style-type: none"> <li>- lack of strategic direction</li> <li>- inadequate number of appropriately qualified and/or trained staff including administrative/business support staff</li> <li>- inadequate Community education</li> <li>- inadequate staff supervision and training</li> <li>- non compliant schedule of inspections</li> <li>- absent, out-dated and/or ineffective policies, procedures &amp; processes</li> <li>- insufficient budget</li> <li>- inadequate equipment</li> <li>- lack of access to appropriately trained temp staff</li> </ul>	<ol style="list-style-type: none"> <li>1. Lost opportunity to increase the safety &amp; health of the Community</li> <li>2. Failure of Council to fulfill legislative responsibilities</li> <li>3. Lack of accountability</li> <li>4.Exposure to Litigation/Penalties/Costs</li> <li>5. Delayed service improvement</li> <li>6.Low staff morale</li> </ol>	Likely	Severe	EXTREME	<ol style="list-style-type: none"> <li>1.Implementation of Management Plans</li> <li>2. Annual reporting to State Government</li> <li>3. Professionally qualified EHO staff</li> <li>3. Appropriately trained staff/ Periodic audits by Dog &amp; Cat Management Board</li> <li>4. Legislatively compliant with supporting policies, procedures and processes</li> <li>5. Majority of current content within Plans can be delivered within existing staff resources</li> <li>6. Staff attend Customer Experience Training &amp; aggressive people training</li> <li>7. Grant funding opportunities are sought where available</li> <li>8. Partnering with other internal and external stakeholders</li> <li>9. 2018 Dog &amp; Cat Mgt Board audit</li> <li>10. 2018/17 KPMG financial receipting audit</li> <li>11. 2018 KPMG Fines and Enforcement audit</li> <li>12. 2017 Service Review - Parking &amp; Abandoned Vehicles</li> <li>13. 2018 Service Review - Community Safety Inspectorate</li> </ol>	Unlikely	Severe	HIGH	<ol style="list-style-type: none"> <li>1. Implement 2018 Service Review recommendations</li> </ol>	1.30/06/19	1.UM Comm H&S	Rare	Severe	MEDIUM
Corporate Services	Finance & Contracts	Council of Excellence	CON03	Contracts	<b>Contractor Management:</b> Failure to manage contractors appropriately to ensure that contractual obligations are met	<ul style="list-style-type: none"> <li>- Inadequate awareness for the procurement and contracting process</li> <li>- Inconsistent approach for the procure-to-pay process</li> <li>- Lack of knowledge regarding corporate requirements for contract management</li> <li>- Lack of training regarding contractor management</li> </ul>	<ol style="list-style-type: none"> <li>1. Death or critical injury to Workers, Contractors or member of Public</li> <li>2. Weak internal controls and process assurance</li> <li>3. Ineffective financial monitoring of contracts/budgets</li> <li>4. Inappropriate contractor management</li> <li>5. Inability to engage quality contractors</li> <li>6. Non-performance of contractors</li> <li>7. Ineffective use of staff resources</li> <li>8. Lack of integrity in the process, frequent 'work arounds'</li> <li>9. Disruption to works impacting CoM &amp; team</li> <li>10. Disruption to works impacting local community</li> <li>11. CoM exposure to liability</li> <li>12. Reputation damaged through adverse media coverage</li> </ol>	Likely	Severe	EXTREME	<ol style="list-style-type: none"> <li>1. Procurement and Contractor Management policy &amp; procedures (reviewed 2016)</li> <li>2. Staff training provided in procurement &amp; contractor management</li> <li>3. Business Partnering approach</li> <li>4. Internal customer satisfaction surveys (every project)</li> <li>5. Annual procurement planning (aligned to projects etc)</li> <li>6. Contracting centralised through the Contracts Team</li> <li>7. Existing Procurement and Contractor Management Policies and Procedures (including tender evaluation, contractor induction, site inspections); Tender Board process for contracts greater than \$200,000</li> <li>8. Recruitment of appropriately skilled staff within Contracts Team</li> <li>9. Sharepoint used to manage records</li> <li>10. Staff trained in Contract Management Oct/Nov 2016</li> <li>11. Review of Contract Management activities by Internal Audit has been undertaken and considered by F&amp;AC</li> </ol>	Unlikely	Severe	HIGH	<ol style="list-style-type: none"> <li>1. Transition contractor surveillance and monitoring into SkyTrust and formalise the Audit/Observation program</li> <li>2. Opportunities for improvement identified in the Review of Contract Management activities by Internal Audit are being monitored as part of Internal Audit reporting</li> </ol>	1.30/06/19 2.30/06/19	1.UM Risk 2.UM Contracts	Rare	Severe	MEDIUM
City Services	Engineering & Field Services	Connected	CSE03	Civil Services	<b>Property &amp; Infrastructure:</b> Lost opportunity or inability to create, renew, manage and maintain Infrastructure assets (roads, drainage, footpaths etc)	<ul style="list-style-type: none"> <li>- Inadequate asset management planning</li> <li>- Lack of funds allocated in internal budgets</li> <li>- Reduction in external grant funding</li> <li>- Inability to access appropriate materials</li> <li>- Change in strategic priorities from EMs</li> <li>- Access to qualified staff</li> </ul>	<ol style="list-style-type: none"> <li>1. Asset deterioration/failure</li> <li>2. No new assets</li> <li>3. Dissatisfied community</li> <li>4. Early/late asset renewal</li> <li>5. Higher costs of ongoing maintenance vs renewal</li> <li>5. Stormwater flooding</li> </ol>	Likely	Severe	EXTREME	<ol style="list-style-type: none"> <li>1. Asset Management Plan</li> <li>2. Civil budget</li> <li>3. Civil works program</li> <li>4. Budget for Asset Management Plan and Civil Works program</li> <li>5. Streetscape Policy &amp; service delivery standards</li> </ol>	Unlikely	Severe	HIGH	<ol style="list-style-type: none"> <li>1. Implement the results of the Asset Management Review</li> <li>2. Development of PM tools and governance</li> </ol>	1.30/06/19 2.30/06/19	1.UM Civil 2.UM Civil	Rare	Severe	MEDIUM
Corporate Services	Corporate Governance	Council of Excellence	GOV06	Risk	<b>WHS Management:</b> Failure of CoM officers to discharge Due Diligence obligations under the WHS Act	<ul style="list-style-type: none"> <li>- Failure to advise and train staff of WHS obligations</li> <li>- Officers having low levels of WHS knowledge &amp; awareness</li> <li>- Lack of Due Diligence training</li> <li>- Inadequate WHSMS</li> <li>- Poor training in WHSMS</li> <li>- Poor WHS systems' management</li> </ul>	<ol style="list-style-type: none"> <li>1. Criminal Charges</li> <li>2. Incarceration</li> <li>3. Financial Penalty</li> <li>4. Reputation Risk</li> </ol>	Likely	Severe	EXTREME	<ol style="list-style-type: none"> <li>2. TSLW WHS Management system (being transitioned to SkyTrust)</li> <li>3. Specialist WHS Coordinator</li> <li>4. Due diligence training</li> <li>5. Ongoing consultation, training and advice to staff across CoM</li> <li>6. ELT Support and briefings on emerging risk issues</li> <li>7. WHS induction new staff</li> <li>8. Monthly reporting to Council, ELT and SLT regarding hazard and incident management</li> <li>9. Implementation of Skytrust Inc. Doc Mgt/SkyLearn/Hazard Mgt/SkyPlan</li> <li>10. Annual WHS KPI Action Plans</li> <li>11. Temporary grant funded WHS Support Officer</li> <li>12. Internal WHS Audits undertaken</li> <li>13. Implementation of Work Area Inspections</li> </ol>	Unlikely	Severe	HIGH	<ol style="list-style-type: none"> <li>1. Implementation of Contractor Mgt/ STS3</li> <li>2. Review at SWMs, SOPs &amp; related procedures</li> <li>3. WHS KPI Action Plan 2019</li> </ol>	1.30/06/19 2.30/04/19 3.31/10/19	1.UM Risk 2.UM Risk 3.UM Risk 4.UM CG	Rare	Major	MEDIUM
City Development	Innovation & Strategy	Valuing Nature	ESU03	Enviro. Sustainability	<b>Environmental Management/Climate Change:</b> Failure to understand, plan and act to respond to the projected impacts of climate change.	<ul style="list-style-type: none"> <li>- Lack of awareness and understanding for climate change issues</li> <li>- Poor project management</li> <li>- Inadequate communication</li> <li>- Poor inter-departmental working</li> </ul>	<ol style="list-style-type: none"> <li>1. Catastrophic damage during extreme weather (e.g. flooding)</li> <li>2. Cost of remedial works</li> <li>3. Cost of mitigation works</li> <li>4. Dissatisfied community</li> <li>5. Damage to coastal zone from storm surge</li> <li>6. Reduced rates revenue as property values go down</li> <li>7. Increased difficulty in obtaining insurance cover</li> <li>8. Increased difficulty in obtaining loans if financial institutions require evidence of responses to climate change impacts</li> <li>9. Infrastructure damage</li> </ol>	Likely	Severe	EXTREME	<ol style="list-style-type: none"> <li>1. Valuing Nature CoM Community Vision</li> <li>2. CoM Climate Change Policy</li> <li>3. Resilient South regional Climate Change Adaptation Plan</li> <li>4. Resilient South Local Government Regional Implementation plan</li> <li>5. CoM Climate Risk &amp; Governance gap analysis</li> <li>6. Coastal Climate Change Adaptation Plan being developed including baseline monitoring to detect early changes to risk.</li> <li>7. Professionally qualified staff</li> <li>8. Education via events, networking, workshops etc.</li> <li>9. Building community resilience through partnership &amp; education</li> </ol>			HIGH	<ol style="list-style-type: none"> <li>1. Review of climate change projections/observations &amp; use of pathways approaches in adaptation planning.</li> <li>2. Evaluating the progress of the Regional Implementation Plan with program partners</li> <li>3. Develop &amp; implement a Climate Risk Governance program</li> <li>4. Implement findings of Coastal Climate Adaption Plan</li> <li>5. Elected Member engagement &amp; education</li> <li>6. Undertake a skills/capability audit &amp; document training gaps in the TNA</li> <li>7. Provide training &amp; capability building opportunities with identified staff</li> </ol>	1.31/12/19 2.31/12/19 3.30/06/20 4.30/06/20 5.30/06/20 6.31/12/19 7.31/12/20	1.UM ES 2.UM ES 3.UM ES 4.UM ES 5.UM ES 6.UM ES 7.UM ES	Rare	Severe	MEDIUM



ELT Risk Owner	SLT Risk Owner (SLT)	Strategic Link	Ref	Work Area	Risk Description	Risk Causes /Sources	Potential Consequences	INHERENT Level of Risk			Current Controls in Place	CURRENT Level of Risk			Further Action	Further Action Due Date	Action Owner	FORECAST Level of Risk		
								Likeli- hood	Conse- quence	Risk Rating		Likeli- hood	Conse- quence	Risk Rating				Likeli- hood	Conse- quence	Risk Rating
Corporate Services	Corporate Governance	Council of Excellence	GOV02	Governance	<b>Governance Risk:</b> Break down of Council Administration and Elected Members working relationship, impacting on sound and effective decision making process for the delivery of aligned and strategic business outcomes.	<ul style="list-style-type: none"> <li>- Poor strategic level decision making</li> <li>- Administration managing requests from Council without due consideration and adequate time</li> <li>- Council and Administration failing to communicate with each other, resulting in unfunded, unplanned initiatives gaining Council endorsement</li> <li>- New initiatives going straight to Council without following procedures through due diligence (eg Asset Management, Finance, Governance, Risk, Environmental Sustainability, Contracts, Strategic Management etc).</li> <li>- Some Councillors have differing perspectives of their role on Council, decisions being made that are Ward based, rather than whole of - Council perspective</li> <li>- State Government Elections March 18</li> <li>- Local Government Elections November 18</li> </ul>	<ol style="list-style-type: none"> <li>1. Unsustainable initiatives</li> <li>2. Strategic plan misalignment</li> <li>3. Process Errors</li> <li>4. Lack of funding and negative financial implications</li> <li>5. Lack of or misuse of resources</li> <li>6. Impact on the delivery of other project/initiatives</li> <li>7. Staff stress</li> <li>8. Low staff morale</li> </ol>	Likely	Major	HIGH	<ol style="list-style-type: none"> <li>1. Process of unfunded initiatives</li> <li>2. Staff provide frank and fearless advice</li> <li>3. Annual workshop for Council &amp; Finance &amp; Audit Committee</li> <li>4. Council Meeting Procedures training during induction</li> <li>5. Committee's bi-annual self evaluation effectiveness survey</li> <li>6. GM's induction on governance processes</li> <li>7. CEO and Mayor relationship</li> <li>9. Due diligence and prudential report to Council.</li> <li>10. Elected Member Code of Conduct (Mandatory) and Elected Member Code of Code Procedure for Investigating Complaints</li> <li>11. 'How We Work Together' Policy</li> <li>12. Caretaker Policy reviewed and adopted by Council</li> <li>13. Caretaker training delivered to EM's and Staff</li> <li>14. Elected Member Planning Day 19/01/19</li> </ol>	Possible	Major	HIGH	<ol style="list-style-type: none"> <li>1. New Council Induction (post November 2018) and Mandatory training required under LG Act</li> <li>2. Good Governance training program- Governance to roll out &amp; include 'How to Work Effectively with Elected Members'</li> <li>3. Review of EM Policies after Nov 2018 Election</li> </ol>	1.30/06/19 2.30/06/19 3.01/11/19	1.Mgr CG 2.Mgr CG 3.Mgr CG	Unlikely	Major	MEDIUM
Corporate Services	ICT	Council of Excellence	ICT02	ICT	<b>ICT/Cyber Security &amp; Continuity of Provision:</b> Inappropriate use, ineffective or absent ICT system solutions to support data management to ensure accurate data collection, appropriately manage Council business and ensure informed decision making	<ul style="list-style-type: none"> <li>- Human error</li> <li>- Poor capture of data</li> <li>- Increased workload of team</li> <li>- Lack of specialised skills across work units</li> <li>- Reluctance to use Corporate System databases versus personal spreadsheets</li> <li>- Inadequate funds allocated in internal budgets for system improvements and ICT computer skills development for staff</li> <li>- Lack of ICT training for staff (no corporate ICT Trainer role)</li> <li>- Lack of mobility tools for outdoor staff</li> <li>- Ineffective use of end user reporting and query tools</li> </ul>	<ol style="list-style-type: none"> <li>1.Non compliance with related regulations/ legislation</li> <li>2.Poor decision making</li> <li>3.Failure to deliver identified IT outcomes</li> <li>4.Failure to address business issues.</li> <li>5.Inability to provide innovation and improve efficiencies</li> <li>6. Lack of data integrity</li> </ol>	Likely	Major	HIGH	<ol style="list-style-type: none"> <li>1. ICT Steering Committee meets quarterly to discuss major initiatives and priorities</li> <li>2. ICT working in line with the Strategic Management Framework, ICT Strategic Themes and Work Area Plan</li> <li>3. Core application systems user groups in place with ICT business unit account manager roles (engagement partners / project co-ordinators)</li> <li>4. Vendor management Reviews of required software enhancements and faults</li> <li>5. Clarified roles and responsibilities of software ownership (org wide versus departmental)</li> <li>6. Regularly reviewed policies, procedures &amp; processes</li> <li>7. ICT Digital Transformation Plan 2017-2022 and ICT Roadmap embedded into annual business plan and budget process, and updates provided to Council ISC committee</li> <li>8. Business Systems "Fitness" Review completed &amp; distributed to senior management with findings Dec 2018.</li> </ol>	Possible	Major	HIGH	1.New business intelligence / data analytics reporting toolset (Microsoft PowerBI) to be deployed organisation-wide in 2019	1.31/12/19	1.Mgr ICT	Unlikely	Moderate	MEDIUM
Corporate Services	Corporate Governance	Council of Excellence	GOV10	Risk	<b>Business Continuity &amp; Community Safety:</b> Failure in Council's ability to prevent, prepare, respond to and promote resilience in the community in the event of an emergency ie earthquake, flood, extreme heat, bushfire and terrorism	<ul style="list-style-type: none"> <li>- Absent, outdated or inadequate Community Emergency Plan,</li> <li>- Failure to undertake risk assessment and undertake mitigation activities for known hazards</li> </ul>	<ol style="list-style-type: none"> <li>1. Death or critical injury to Workers, Contractors or member of Public</li> <li>2. Disruption to works impacting CoM &amp; team</li> <li>3. Disruption to works impacting local community</li> <li>4. CoM exposure to liability</li> <li>5. Officers' exposure to criminal litigation</li> <li>6. Reputation damaged through adverse media coverage</li> </ol>	Possible	Severe	HIGH	<ol style="list-style-type: none"> <li>1. Flood prevention activities</li> <li>2. Fire prevention activities</li> <li>3. Planning/Building Fire Committee</li> <li>4. Community education / development</li> <li>5. Community Emergency Management Plan</li> <li>6. Workplace Emergency Management Plans</li> <li>7. Business Continuity Plan</li> <li>8. Training Needs Analysis and conduct of required training</li> <li>9. Response personnel</li> <li>10. Events Mgt (CSC) - implementation of Crowded Place Risk Assessment and Notification Processes issued by SAPOL</li> <li>11. Monitoring and management of Emergency Management work program actions (via EPC/BCWG/ZEMC)</li> <li>12. Generator installed and commissioned to provide ICT backup/select power for IMT/EOC activities at Admin Building</li> <li>13. ZEMC Recovery Exercise - increased understanding of Council's roles &amp; responsibilities (Exercise RUMBLE 4/9/18)</li> </ol>	Unlikely	Severe	HIGH	1.LGFSG training of officers 2.Implementation of new IMT communications process (vMatters)	1.31/05/19 2.30/06/19	1.UM Risk 2.UM Risk	Rare	Severe	MEDIUM



# CORPORATE RISK PROFILE 2019



## HIGH RISK AREAS

### WHS Management

GOV06	Failure of CoMs officers to discharge Due Diligence obligations under the WHS Act
CSE01	Failure to appropriately manage high risk activities by CoM Staff (underground services, excavation, confined space, hot works etc)
GOV08	Failure to meet Work Health Safety statutory and legislative requirements to ensure provision of a safe workplace

### Contractor Management

CON03	Failure to manage contractors appropriately to ensure that contractual obligations are met
CSE02	Failure to appropriately manage high risk activities by Contractors (underground services, excavation, confined space, hot works etc)

### Business Continuity & Community Safety

CHS01	Failure to deliver Health & Safety services for the Community (eg: Public & Environmental Health/ Animal/ Bushfire / Parking/ Litter & Local Nuisance Management & Council By-Laws)
GOV10	Failure in Council's ability to prevent, prepare, respond to and promote resilience in the community in the event of an emergency ie earthquake, flood, extreme heat, bushfire and terrorism

### Governance Risks

GOV02	Break down of Council Administration and Elected Members working relationship, impacting on sound and effective decision making process for the delivery of aligned and strategic business outcomes.
GOV03	Inappropriate, ill-advised or incorrect staff decision/action or advice

### Effective HR

HRE04	Non compliant, inappropriate and/or ineffective Human Resource processes to deliver key HR requirements & initiatives
HRE05	Ineffective strategic work force planning

Inherent Current Forecast

EXTREME	HIGH	MEDIUM
EXTREME	MEDIUM	MEDIUM
HIGH	MEDIUM	MEDIUM
EXTREME	HIGH	MEDIUM
EXTREME	MEDIUM	MEDIUM
EXTREME	HIGH	MEDIUM
HIGH	HIGH	MEDIUM
HIGH	MEDIUM	MEDIUM
HIGH	MEDIUM	MEDIUM
HIGH	MEDIUM	LOW

## HIGH RISK AREAS

### Property & Infrastructure

ASY02	Failure to appropriately maximise CoM assets and asset management planning, to ensure appropriate acquisition, renewal, maintenance, management and disposal
CSE03	Lost opportunity or inability to create, renew, manage and maintain Infrastructure assets (roads, drainage, footpaths etc)
DSE02	Failure to deliver significant projects, legislative reviews and/or priority workloads against tight timeframes eg: Housing Diversity DPA & new Public Development & Infrastructure Act

### Financial Sustainability and Fraud Control

FIN01	Failure to meet statutory and legislative requirements (eg: LG Act, AASBs, GST, FBT, grant funding)
GOV05	Failure to ensure appropriate Fraud and Corruption management processes to prevent, detect and respond to alleged fraud and/or corruption

### Environmental Management/Climate Change

ESU03	Failure to understand, plan and act to respond to the projected impacts of climate change.
ESU01	Failure to deliver environmental services that meet community expectations and environmental need

### ICT Infrastructure/Cyber Security

ICT02	Inappropriate use, ineffective or absent ICT system solutions to support data management to ensure accurate data collection, appropriately manage Council business and ensure informed decision making
ICT03	Failure to maintain Cyber Security assurance across all CoM systems and worksites

Inherent Current Forecast

EXTREME	HIGH	MEDIUM
EXTREME	HIGH	MEDIUM
HIGH	MEDIUM	MEDIUM
EXTREME	MEDIUM	MEDIUM
HIGH	MEDIUM	MEDIUM
EXTREME	HIGH	MEDIUM
HIGH	MEDIUM	MEDIUM
HIGH	HIGH	MEDIUM
HIGH	MEDIUM	LOW

## Skills Matrix and Terms of Reference Review

<b>Originating Officer</b>	Manager Corporate Governance - Kate McKenzie
<b>Corporate Manager</b>	Manager Corporate Governance - Kate McKenzie
<b>General Manager</b>	General Manager Corporate Services - Vincent Mifsud
<b>Report Reference</b>	FAC190528R07

### REPORT OBJECTIVE

To review the Finance and Audit Committee's (FAC) Terms of Reference and Skills Matrix.

### EXECUTIVE SUMMARY

The FAC's Terms of Reference was last reviewed and adopted by Council at its meeting of 27 November 2018. No changes were made to the Terms of Reference. Since then, the Unsolicited Proposals Policy has been adopted which requires a small amendment to the Terms of Reference. This provides the FAC an opportunity to undertake a more fulsome review of the Terms of Reference and complete a skills matrix, to ensure the competencies of the FAC are fulfilled.

### RECOMMENDATION

**That the Finance and Audit Committee:**

- 1. Notes the Skills Matrix of the Committee (Appendix 1)**
- 2. Recommends to Council that the changes highlighted within the Terms of Reference to the Finance and Audit Committee be adopted.**

### GENERAL ANALYSIS

The FAC Terms of Reference have been developed following the ASX Corporate Governance Principles and Recommendations with an independent chair and a majority of independent members.

To compliment the FAC's Terms of Reference, a simple skills matrix has been developed and circulated to all FAC members prior to the meeting for feedback. A copy is attached in **Appendix 1**. The skills identified have been self assessed by each member. A skills matrix tool can help the FAC identify any gaps in its collective skills that should be addressed by providing professional development to existing members. It can also assist the Council in its succession planning.

When reviewing the Terms of Reference, feedback is sought from the Committee regarding:

- Any further changes that have not been identified
- Any changes to the roles and responsibilities
- Feedback regarding any trends for Audit Committees
- The FAC's views regarding any gaps in reporting to ensure it is fulfilling its obligations under the Terms of Reference.

### Attachment

#	Attachment	Type
1	FAC skills matrix - Appendix 1	PDF File
2	Finance-and-Audit-Committee-Terms-of-Reference at Nov 18	PDF File

<b>Member Qualifications and Experience</b>	<b>Greg Connor</b>	<b>Emma Hinchey</b>	<b>Natalie Johnston</b>	<b>Councillor Clancy</b>	<b>Councillor Gard</b>
<b>Executive Management</b> - CEO/Chairperson or Senior Executive to advise the Council and Management Team.	X	X			X
<b>Financial Expertise</b> - experience and expertise as a finance executive with knowledge in financial management/reporting.	X	X	X		
<b>Audit &amp; Risk Knowledge</b> – experience in undertaking or receiving audit information and operating within the business improvement environment. Proven experience is assessing and mitigating high risks.	X	X	X		X
<b>Legal/Statutory</b> – experience and knowledge with legal matters and the interpretation of law and legislative requirements.	X	X		X	X
<b>Strategic Planning</b> – track record in developing and implementing successful strategy, including appropriate probing and challenging of management on delivery of strategic objectives.	X	X	X	X	X
<b>Corporate Governance</b> – commitment to governance standards including experience within a medium/large organisation that is subject to scrutiny and the ability to assess the effectiveness of the organisation	X	X	X	X	
<b>Politically Astute</b> – experience in operating within a political environment.	X	X		X	X

# FINANCE AND AUDIT COMMITTEE TERMS OF REFERENCE



## 1. ESTABLISHMENT

- 1.1 The Finance and Audit Committee is a formally constituted Committee of Council pursuant to *Section 41 and 126 of the Local Government Act 1999* and is responsible to Council. It operates as an independent and objective advisory Committee to Council and does not have any delegated decision making or authority to implement actions in areas over which the Chief Executive Officer.

## 2. OBJECTIVES

- 2.1 The primary objective of the Finance and Audit Committee is to add value through the provision of advice to ensure that the resources of the City of Marion are being used efficiently and effectively. It will assist Council accomplish its objectives by contributing to a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.
- 2.2 As part of Council's governance obligations to the community, Council has constituted the Finance and Audit Committee to facilitate:
- 2.2.1 Oversight of relevant activities to facilitate achieving the City of Marion's objectives in an efficient and orderly manner.
  - 2.2.2 Enhancing the credibility and objectivity of internal and external financial reporting.
  - 2.2.3 Effective management of risk and the protection of Council assets.
  - 2.2.4 Compliance with laws and regulations as well as use of best practice guidelines.
  - 2.2.5 The effectiveness of the service reviews function and maintaining a reliable system of internal control.
  - 2.2.6 The provision of an effective means of communication between the external auditor, service reviews provider, management and Council.
  - 2.2.7 The City of Marion's ethical development.

## 3. MEMBERSHIP

- 3.1 The Finance and Audit Committee will comprise five members:
- (i) Two Elected Members (who are not the Mayor)
  - (ii) Three external expert members.

### Elected Member Representative

- 3.2 Ideally, the Elected Members on this Committee will have experience in business, legal, audit or financial management / reporting knowledge and experience.
- 3.3 Appointment of the Elected Members to this Committee will be made by Council on a rotational basis, as resolved from time to time. Council may resolve to re-appoint the Elected Members on this Committee for consecutive terms.
- 3.4 No additional allowance will be paid to the Elected Member representative over and above the allowance already received by the Elected Member.

- 3.2 If required, training and development will be sourced and provided to the Elected Member Representatives on matters/subjects within the Finance and Audit Committee Terms of Referenced
- 3.3 The Elected Member representatives will raise matters (within the scope of the Finance and Audit Committee Terms of Reference) with the Committee, on behalf of Council and act as a conduit of information between Council and the Committee, and the Committee and Council
- 3.4 The Elected Members representatives will provide a verbal report to Council on the key matters and recommendations within the Committee meeting, when the minutes and / or Committee recommendation reports, are presented to Council for adoption.
- 3.5 The Elected Member representative will provide a report to the Committee on any Council decisions or discussions that are relevant to the Committee's Terms of Reference.

#### External Expert Members

- 3.6 External expert members will have senior business, legal, audit knowledge and experience, and be conversant with the local government environment.
- 3.7 At least one external expert member will have expertise and knowledge in financial management/reporting.
- 3.8 The Council will determine the process for appointing an expert member.
- 3.9 Appointment of external representatives will be made by Council for a term to be determined by Council. To ensure succession planning for the Committee, the terms of appointment should be arranged on a rotational basis and continuity of membership despite changes to Council's elected representatives. Council may resolve to re-appoint an external expert member for consecutive terms.
- 3.10 If Council proposes to remove an expert member from the Committee, it must give written notice to the expert member of its intention to do so and provide that expert member with the opportunity to be heard at a Council meeting which is open to the public, if that expert member so requests.
- 3.11 Remuneration will be paid to each expert member of the Committee to be set by Council from time to time. At a minimum, the remuneration paid to expert member will be reviewed within 12 months from the date of a Council (periodic) election. The basis will be a set fee per meeting, with an additional amount paid to the Chairperson.

#### **4. BASIS FOR OPERATION**

- 4.1 The Committee's role is to report to Council and provide appropriate advice and recommendations on matters relevant to the Committee's Terms of Reference in order to facilitate decision-making by Council in relation to the discharge of its responsibilities.
- 4.2 The City of Marion considers that the ability of the Finance and Audit Committee to operate in a manner that adds value and also maintain independent judgement is vital. As such, the City of Marion has based the Committee's Terms of Reference on the ASX Principles of Good Corporate Governance and the Australian Standard AS 8000-2003 Good Governance Principles.
- 4.3 Council or the Chief Executive may refer any matter to the Finance and Audit Committee within its Terms of Reference.
- 4.4 The Chairperson of the Committee shall be appointed from the external representatives of the Committee by the Finance and Audit Committee. In the absence of the appointed Chairperson from a meeting, the meeting will appoint an acting Chairperson from the external members present.

- 4.5 A quorum shall be three members – 1 Elected Member and 2 expert members.
- 4.6 The Finance and Audit Committee, through the Chief Executive Officer, may seek information or obtain expert advice on matters of concern within the scope of its responsibilities.
- 4.7 The Chief Executive Officer will attend all meetings on an ex-officio basis, except when the Committee chooses otherwise. Other Elected Members or staff may be invited to attend at the discretion of the Committee to advise and provide information when required.
- 4.8 The Finance and Audit Committee will review its performance on a bi-annual basis to ensure the continual improvement to its performance.
- 4.9 Representatives of the external auditor will be invited to attend meetings at the discretion of the Committee, but must attend meetings at which there will be consideration of the annual financial report and results of the external audit.
- 4.10 The Finance and Audit Committee will meet with both the external auditor and internal auditor without management present at least once a year.
- 4.11 The Chief Executive Officer will ensure appropriate support is provided to Committee.

#### Meetings

- 4.12 The Committee shall meet at least quarterly.
- 4.13 The time and place for the conduct of meetings will be determined by the Committee provided that all meetings will be held in a public environment within a City of Marion building.
- 4.14 The Committee will consider and determine its own meeting practice, processes and procedures within the parameters of the Local Government Act 1999 and the Local Government (Procedures at Meetings) Regulations 2000.
- 4.15 An annual schedule of meetings will be developed and agreed to by the Committee members. This schedule of meetings will include at least one joint workshop with the Council and the Committee.
- 4.16 Additional meetings shall be convened at the discretion of the Chairperson, or at the written request of Council or any member of the Committee, service review provider or external auditor.

#### Reporting

- 4.17 A copy of all agenda and reports forwarded to the Finance and Audit Committee will also be forwarded to Elected Members for information prior to the conduct of the Finance and Audit Committee meeting.
- 4.18 The minutes of each Finance and Audit Committee Meeting, shall be forwarded (as soon as practicable after the meeting) to a General Council meeting.
- 4.19 Where the Finance and Audit Committee makes a recommendation to Council on a matter within the scope of its Terms of Reference, the matter will be listed as a separate agenda item for consideration by Council at the next General Council meeting that is not being held on the same day as the Audit Committee meeting. An Elected Member Representative on the Committee will inform the Council during the Council meeting of the recommendation and any provide any relevant context.
- 4.20 Where the Council makes a decision relevant to the Committee's Terms of Reference, an Elected Member Representative will report the decision to the Committee at the next Committee meeting and provide any relevant context.



- 4.21 The Committee shall report annually to the Council summarising the activities of the Committee during the previous year.

#### Authority

- 4.22 The Committee is authorised to seek any information it requires from any employee of the Council (after advising the CEO) in order to perform its duties.
- 4.23 The Committee is authorised, at the Council's expense, (after consultation with the CEO) to obtain outside legal or other professional advice on any matter within its terms of reference

### **5. FUNCTIONS:**

The primary functions of the Finance and Audit Committee is to add value through the provision of advice to ensure that the resources of the City of Marion are used efficiently and effectively. It will assist Council to accomplish its objectives by contributing to a systematic and disciplined approach to evaluating and improving the effectiveness of financial management, risk management, internal controls, and governance processes through the following activities:

#### **5.1 External Audit**

- 5.1.1 Review and recommend for endorsement by Council the engagement of the City of Marion's external auditor. The review should look to satisfy Council that the provider of external audit services can demonstrate adequate independence from the operations of the City of Marion.
- 5.1.2 Critically analyse and follow up any external audit report that raises significant issues relating to risk management, accounting, internal controls, financial reporting and other accountability or governance issues. Review management's response to, and actions taken as a result of, issues raised.
- 5.1.3 Liaise with the City of Marion's external auditor including discussion on:
- 5.1.4 The scope and planning of annual audits.
- 5.1.5 Any issues arising from audits, including any management letter issued by the auditor and the resolution of such matters.
- 5.1.6 Recommend to Council, if considered appropriate, that the external auditor, or some other person suitably qualified in the circumstances, examine and report on any matter related to financial management, or the efficiency and economy with which the City of Marion manages or uses its resources to achieve its objectives, that would not otherwise be addressed or included as part of the annual audit (under Div. 4 of Part 3 of Ch. 8 of the Act).

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

- 5.2.1 Review and recommend for endorsement by Council the engagement of the City of Marion's internal audit provider. The review should look to satisfy Council that the provider of the services can demonstrate adequate independence from the operations of the City of Marion.
- 5.2.2 Review, and provide information relevant to, the scope of the internal audit and service review programs, including whether the program systematically addresses:
- Internal controls over significant risk, including non-financial management control systems.
  - Internal controls over revenue, expenditure, assets and liability processes.

- The efficiency, effectiveness and economy of significant Council programs and activities.
  - Compliance with regulations, policies, best practice guidelines, instructions and contractual arrangements,
  - Whether employees have sufficient competencies (facilitated by up to date training) to enable them to fulfil their roles.
  - A review of the City of Marion's strategic management plans and annual business plans to ensure appropriate allocation of resources necessary to achieve the objectives of the plans.
- 5.2.3 Critically analyse and follow up any internal audit or service reviews report that raises significant issues and review management's response to, and actions taken as a result of issues raised.
- 5.2.4 Review the appropriateness of special assignments undertaken by the internal audit and service reviews provider at the request of the Chief Executive.
- 5.2.5 Review the level of resources allocated to service review and the scope of its services and authority.
- 5.2.6 Facilitate liaison between the internal audit/service review provider, and external auditor to promote compatibility, to the extent appropriate, between their programs.

### **5.3 Service Reviews**

- 5.3.1 Review and provide advice on service reviews, and in particular:
- a) the scope of the review before it is commenced
  - b) input into the questions to be asked and the data to be collected and analysed
  - c) comment on all draft service review reports before the final report is presented to Council.

### **5.4 Financial Reporting and Prudential Requirements**

- 5.4.1 Review Council's annual financial statements to ensure that they present fairly the state of affairs of the City of Marion, including focus on:
- Accounting policies and practices and any changes to them.
  - The process used in making significant accounting estimates.
  - Significant adjustments to the financial report (if any) arising from the audit process.
  - Compliance with accounting standards and other reporting requirements.
  - Significant variances from prior years.
- 5.4.2 Provide comment on the assumptions underpinning Council's Strategic Management Plans (Strategic Plan, Annual Business Plan, Budget and Long Term Financial Plan), the consistency between plans, and the adequacy of Council's plans in the context of maintaining financial sustainability.
- 5.4.3 Recommend adoption of the annual financial statements to Council. Review any significant changes that may arise subsequent to any such recommendation but before the financial report is signed.
- 5.4.4 Review the recommendations of business cases developed by Management in association with significant activities or major projects. Such reviews should have

regard to the requirements of Section 41 of the Local Government Act 1999 which relates to prudential requirements for certain activities.

## 5.5 Internal Controls and Risk Management Systems

- 5.5.1 Review the City of Marion's annual Risk Profile and monitor the risk exposure of Council. Review risk management processes and management information systems.
- 5.5.2 Review the adequacy of the accounting, internal control, reporting and other resource and financial management systems and practices of the City of Marion on a regular basis.

## 5.6 Other

- 5.6.1 Where Council has exempted a subsidiary from the requirement to have an audit committee, undertake the functions that would have been performed by the subsidiary's audit committee.
- 5.6.2 Monitor ethical standards and conflicts of interest by determining whether the systems of control are adequate.
- 5.6.3 Provide governance oversight (on behalf of Council) for any unsolicited proposals.
- 5.6.4 Address issues brought to the attention of the Committee, including responding to requests from Council or the Chief Executive for advice that are within the parameters of this Terms of Reference.
- 5.6.5 Make recommendations to the Council to amend these Terms of Reference if the Committee forms the opinion that such amendments are necessary to improve its performance.
- 5.6.6 Review the Committee's performance on a bi-annual basis using performance indicators developed for that purpose.

Adopted by Council:	27 November 2018
Next Review:	November 2022
Previous Version:	1 November 2016 22 September 2015 – separate policy and terms of reference (GC250915R07) 25 November 2014 (GC251114R06) 27 September 2011 (GC270911R09) 9 December 2008 (GC091208R18) 28 November 2006 (GC281106R05)
Owner:	Manager Corporate Governance
Applicable Legislation:	Local Government Act 1999
Other related References:	City of Marion Risk Management Policy (GC120313R01) Australian Standard AS 8000-2003 Good Governance Principles

## Corporate Reporting Framework

<b>Originating Officer</b>	Manager Corporate Governance - Kate McKenzie
<b>Corporate Manager</b>	Manager Corporate Governance - Kate McKenzie
<b>General Manager</b>	General Manager Corporate Services - Vincent Mifsud
<b>Report Reference</b>	FAC190528R08

### REPORT OBJECTIVE

The purpose of this report is to provide the Finance and Audit Committee (FAC) with a draft Corporate Reporting Framework for feedback.

### EXECUTIVE SUMMARY

The need for a Corporate Reporting Framework was identified through the Corporate Reporting Internal Audit completed by KPMG in 2017. A draft Corporate Reporting Framework has been developed and attached in **Appendix 1**. The Framework provides guidance regarding how the organisation will undertake its reporting functions now and into the future, to ensure that the business continues to grow and deliver for the community.

The Framework provides eight (8) elements of reporting to ensure a balanced approach. It not only focuses on financial and business reporting but also the broader health of the business such as the quality of its relationships with customer and employees. These elements are based on the International Integrated Reporting Framework produced by International Integrated Reporting Council.

The Framework defines the governance structures regarding what groups or committees are responsible for monitoring the various reporting across the organisation. The elements also provide the foundation for the organisations Key Performance Indicators (KPI's) for the short, medium and long term. These are in the process of being developed by the Executive Leadership Team for implementation in the 2019/20 financial year.

The Framework is in draft and still requires further refinement.

The implementation of the Framework and the establishment of solid reporting will deliver long term value for the organisation.

### RECOMMENDATION

**That the Finance and Audit Committee:**

- 1. Provide feedback regarding the Draft Corporate Reporting Framework.**

### Attachment

#	Attachment	Type
1	Appendix 1 - Draft Corporate Reporting Framework	PDF File

# DRAFT CORPORATE REPORTING FRAMEWORK

### Purpose:

The purpose of a Corporate Reporting Framework (the Framework) is to define how the council undertakes its corporate reporting functions now and into the future. The Framework provides guidance to ensure the business continues to grow and deliver for the community by reporting and measuring what is happening now and how it is meeting its medium and long term goals.

The Framework provides a foundation to ensure that not only financial and business matters are reported but also the relationships with those internal and external stakeholders to the City of Marion such as employees, business partners, local communities and other levels of government/regulators. These all impact on the activities and outputs of the Council and will either support or decrease the value the Council creates for the community.

The Framework will help define what information is important, should be measured, how often and what level of reporting/disclosure is appropriate.

A well implemented corporate reporting framework will enhance transparency and accountability which will essentially build the trust of the Community and the resilience of the Council.

### Creating Value:

Corporate reporting creates a total picture that reflects the dynamic and systemic interactions of the Council's activities. It's important that the measures aren't in conflict with each other. For example, the financial measures shouldn't be at the expense of human resources as this will not maximise value for the organisation in the long term.

### City of Marion Vision:

Corporate Reporting is directly connected with the Council's strategies and community indicators to ensure that risks, opportunities and dependencies are reported on. The reporting also monitor past and future performance and how the Council has learnt from past experiences in determining future strategic directions.

The City of Marion has six (6) themes to support the Community Vision, towards 2040.



## COMMUNITY VISION TOWARDS 2040



### Six themes of our Community Vision

These six themes represent the shared values and aspirations that will guide how our city develops.

#### LIVEABLE

By 2040 our city will be well planned, safe and welcoming, with high quality and environmentally sensitive housing, and where cultural diversity, arts, heritage and healthy lifestyles are celebrated.

#### VALUING NATURE

By 2040 our city will be deeply connected with nature to enhance peoples' lives, while minimising the impact on the climate, and protecting the natural environment.

#### ENGAGED

By 2040 our city will be a community where people are engaged, empowered to make decisions, and work together to build strong neighbourhoods.

#### PROSPEROUS

By 2040 our city will be a diverse and clean economy that attracts investment and jobs, and creates exports in sustainable business precincts while providing access to education and skills development.

#### INNOVATIVE

By 2040 our city will be a leader in embracing and developing new ideas and technology to create a vibrant community with opportunities for all.

#### CONNECTED

By 2040 our city will be linked by a quality road, footpath and public transport network that brings people together socially, and harnesses technology to enable them to access services and facilities.

## Guiding Principles:

The following guiding principles have been developed to ensure that the preparation and presentation of corporate reporting is:

1. Aligned and connected to strategy and community indicators.
2. Connected to information that shows a holistic picture.
3. Informed by quality stakeholder relationships, including how and to what extent the Council understands, takes into account and responds to their legitimate needs and interests.
4. Connected to information that can affect the organisation's ability to operate and create value for the community.
5. Conciseness of what is included to ensure the reporting includes sufficient context, but without the burden of less relevant information.
6. Reliable, complete and free from error.
7. Consistency and comparability that enables comparisons with other organisations.

## ELEMENTS OF REPORTING:

The following elements of corporate reporting provide a balanced approach. They are linked to each other however are not mutually exclusive. These elements essentially create a checklist to ensure that all aspects of the business are covered when developing various reporting. Each of these elements should address:

- what are the risks and opportunities now and into the future;
- where does the organisation want to go and how is it going to get there;
- to what extent has the organisation achieved its strategic objectives;
- what are the challenges and uncertainties that the organisation is likely to encounter;

### External Environment

- Significant factors that affect the external environment such as legal, social, political, economic growth and stability, industry trends, market forces, etc;

### Financial

- Financial sustainability and resources;

### Built Form

- Assets, equipment, infrastructure;
- City Development;
- Delivery of capital works programs
- Delivery of new major projects
- Asset Maintenance

### Governance

- Knowledge of the organisation such as systems, policies, procedures, protocols;
- Regulatory and Compliance;

### Technology

- Innovation and technology;
- Systems review and implementation
- Cyber Security

### Human

- Employee competencies, capabilities, experiences;
- Leadership structure – skills and diversity;
- Organisation's culture, ethics and values;
- WHS and public safety;

### Community and Customers

- External stakeholders, customer experience, relationship with Community/key stakeholders, community satisfaction, brand, reputation, business partners;

### Environmental

- Renewables resources, biodiversity;
- Climate change

## Structure, Roles and Responsibilities

To understand the various reporting requirements of the City of Marion, it is important to understand the governance structures. The City of Marion obligations are defined by the Local Government Act 1999 (the Act), with the Council's roles, function and principles to be observed outlined within Chapter 2 of the Act.

### Council

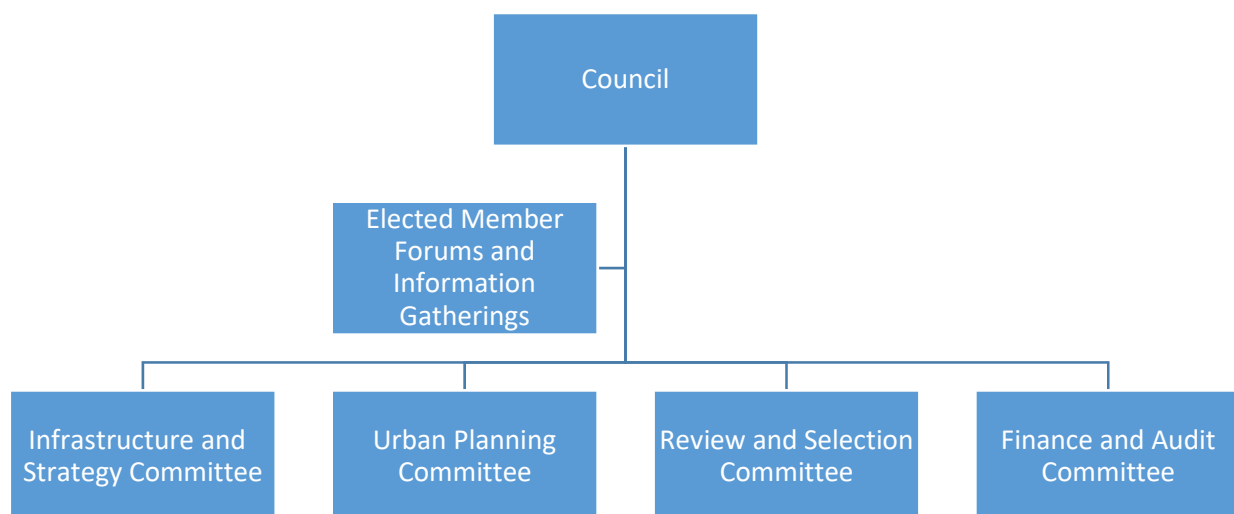
The Council has a legislative responsibility to ensure that it achieves and maintains standards of good public administration (S8(j)) and ensures the sustainability of the Council's long term financial performance and position (S8(k)). The Council can establish various Committee's pursuant to section 41 of the Act. Each Committee has a clearly defined Terms of Reference to determine its functions and responsibilities. Currently all section 41 Committees are advisory only and have no decision making delegation. This means that although the Committees may have responsibility for monitoring and advising on a particular issue, the matter must be referred to Council for a decision. Figure 1, provides an overview of the current structure of the Council.

The Council meets at least once per month. There are a number of key reporting requirements that Council undertakes on a monthly, quarterly and annual basis:

- Finance (monthly)
- Work Health Safety (monthly)
- Mayor, Elected Member and Executive Communications (monthly)
- Corporate and CEO KPI's (Quarterly)
- Budget Reviews (Quarterly)
- Corporate Risk Profile (Quarterly)
- Annual Report (Annually)
- Long Term Financial Plan (Annually)
- Annual Report from FAC (Annually)
- CEO Performance Review (Annually)

The Council will also receive reporting of the other elements of reporting either through its Committee's or as required.

**Figure 1 – Governance Structure**





## 1. Infrastructure and Strategy (ISC)

The purpose of the ISC is to monitor the implementation of Council's Strategic Plans, monitor emerging issues /trends, advise Council on service levels to achieve long term objectives, monitor the strategic asset and infrastructure management of the City now and in the future and monitor major projects over \$4m. The ISC meets monthly (excluding January) and its reporting obligations include:

- Review and implementation of Councils Strategic Management Plans
- Review and implementation of sporting facilities priorities
- Monitor the implementation of Councils Strategic Asset management Plans
- Monitor major projects.

## 2. Urban Planning Committee (UPC)

The purpose of the UPC is to review the Developments Plan(s) for the City of Marion, address aggregated planning matters or concerns raised by residents and monitor the strategic planning and development policy (planning related) for the City of Marion. The Committee meets as determined and its reporting obligations include:

- Monitoring targets set within the Planning Strategy
- Implementation of affordable housing within the Council area
- Monitoring of Council's Strategic Directions Report
- Planning complaints.

## 3. Review and Selection Committee (RSC)

The purpose of the RSC is to review the performance of the CEO, undertake recruitment of the CEO, source and recommend to Council the appointment of independent members to Committees and monitor the organisation culture and employee management. The RSC meets on an ad-hoc basis with meetings occurring at least once every 6 months and its reporting obligations include:

- Reporting on the CEO Performance and Corporate Key Performance Indicators
- Reporting on the organisation's culture
- Employee and Volunteer Management (FTE numbers, excessive leave and sick leave, staff turnover)
- Strategic and operational human resource functions
- Employee Well-being strategies.

## 4. Finance and Audit Committee (FAC)

The purpose of the FAC is to add value through the provision of advice to ensure that the resources of the Council are being used efficiently and effectively. It will assist Council to meet its objectives by contributing to a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, internal controls and governance. The FAC meets at least quarterly and is responsible for the following reporting:

- Annual Financial Statements (Annually)
- Investment Report (Annually)
- Debtors Report (Annually)
- Internal Audit Program and Implementation of recommendations (each meeting)
- Service Review Program and Implementation of recommendations (each meeting)
- Section 48 Prudential Reporting (as required)
- Ombudsman and Section 270 Complaint Management (Annually)
- Risk Profile (Annually)
- WHS Audit and program of works (Annually)
- Business Continuity Program (Annually)
- Asset Valuation (Annually).

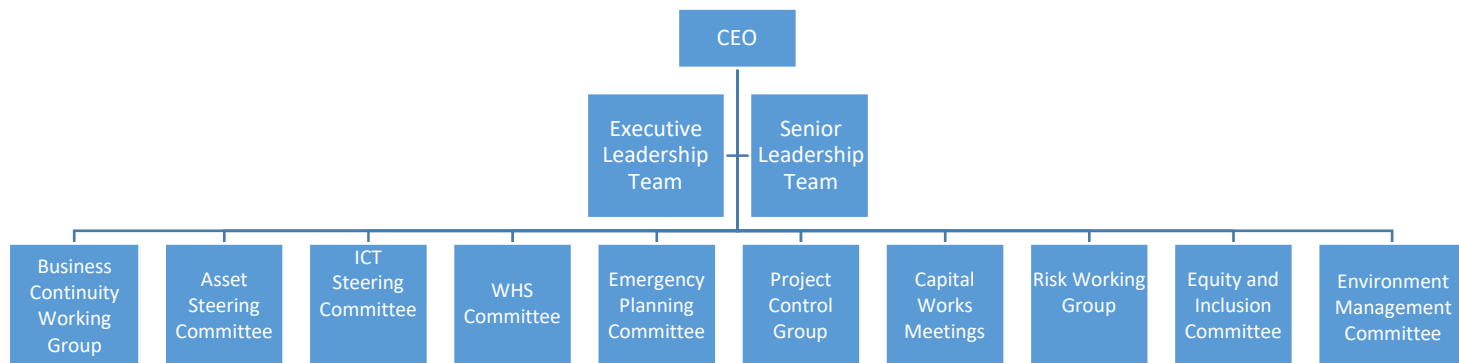
## 5. Elected Member Forums

Elected Member Forums are informal gatherings and have no formal reporting obligations.

### Internal Governance Structure

To support the operations and functions of the Council, the internal governance structure of the City of Marion is outlined in figure 2. These Groups/Committees are established to support the CEO in the management of the business. Each Group/Committee has a clearly defined terms of reference which outline its reporting and monitoring roles and responsibilities. For efficiency purposes, it is important that effort is not duplicated.

Figure 2 – Internal governance structure



### Chief Executive Officer (CEO)

The role of the CEO is defined under section 99 of the Act. The CEO is responsible for ensuring that the policies and lawful decisions of the council are implemented in a timely and efficient manner and to report to council on the exercise and performance of its powers and functions. The CEO is also responsible to provide information to the council to assist the council to assess performance against its strategic management plans and to ensure that the assets and resources of the council are properly managed and maintained. These functions are managed via the various internal groups.

### Executive Leadership Team (ELT)

The ELT meet fortnightly and are responsible for the strategic and financial management of the organisation. The ELT will determine and monitor a set of Corporate Key Performance Indicators that are aligned to the Elements of Reporting outlined within this Framework.

The ELT will also approve all Terms of Reference for the various working groups and committees which will include the details of their monitoring and reporting requirements.

### Senior Leadership Team (SLT)

SLT have detailed oversight of operational work area reporting and strategies across their relative portfolios. As individual operational reporting owners, managers oversee operational reporting and implement processes across the span of their responsibility. SLT meet monthly and the Corporate Reporting that it has oversight includes:

### Internal Working Groups and Committee's

The reporting and monitoring of each Working Group and Committee will be determined by the ELT. The chairperson of each Working group and/or Committee will be responsible for ensuring the reporting obligations are met. When required, the working groups and committees, will escalate the reporting outcomes to ELT when positive outstanding performance is achieved or key risks have been identified and require ELT attention.

### Disclosure of Reporting

The City of Marion will disclose to its community information relating to the performance of the organisation unless the information is determined to be confidential under the provisions of section 90 the Local Government Act 1999.

## Internal Audit Program 2018/19 - Tendering and Business Continuity

<b>Originating Officer</b>	Governance Officer - Victoria Moritz
<b>Corporate Manager</b>	Manager Corporate Governance - Kate McKenzie
<b>General Manager</b>	General Manager Corporate Services - Vincent Mifsud
<b>Report Reference</b>	FAC190528R09

### REPORT OBJECTIVE

To provide the Finance and Audit Committee (FAC) with the Tendering final report and the BPC and Emergency Management final report for the 2018/19 internal audit program.

### EXECUTIVE SUMMARY

The 2018/19 Internal Audit Program has commenced, with the following projects and status identified for the FAC;

- Tendering - Final report included as Appendix 1
- BCP and Emergency Management - Final report included as Appendix 2

Audit work has commenced on the Cyber Security Review with the final report due to be presented to the FAC in August 2019.

The following documents have been prepared and are attached for review by the FAC:

#### **Tendering - Final Report (Appendix 1)**

The Tendering Internal Audit made a total of three (3) findings, with one (1) moderate and two (2) low. Two Performing Improvement Observations were also made. A number of positive observations were made regarding tendering practices across the City of Marion. The key finding related to conflicts of interest declarations not always being completed and documented.

#### **BCP and Emergency Management - Final Report (Appendix 2)**

The Internal Audit for BCP and Emergency Management identified that the City of Marion has been proactive in this space and a number of positive observations were made during the audit. In total, two findings were made - one (1) moderate risk and one (1) low risk. The key finding is that a holistic and centralised business impact assessment for the whole organisation has not been performed or documented. A technical impact assessment has been completed which informs the ICT Site Recovery Plans, but this does not include the whole of business. This work will be completed in the coming months

### RECOMMENDATION

**That the Finance and Audit Committee:**

1. Notes this report
2. Provides feedback regarding the attached reports;
  - Tendering - Final Report (Appendix 1)
  - BCP and Emergency Management - Final Report (Appendix 2)

### Attachment

#	Attachment	Type
1	CoM Tendering Internal Audit Report Final May 2019	PDF File
2	Business Continuity Management IA Report	PDF File



City of Marion

Tendering

Internal Audit Report

May 2019



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In accordance with the 2018/19 Internal Audit Plan for the City of Marion (CoM), an internal audit project focussing on the CoM's tendering processes was performed. The objective, scope and approach are outlined below.

## Objective

The objective of this internal audit project was to assess the risks and controls associated with the CoM's tendering processes. The internal audit project focused on compliance with the CoM's policies, as well as an assessment of the overall efficiency and effectiveness of the tendering process.

## Scope

The scope of this internal audit was to assess the CoM's tendering processes, from initial point of contact with the Contracts team up until the stage of awarding contracts, including:

- Documented policies, procedures and systems in place intended to provide governance over tendering performed with the assistance of the CoM Contracts team
- Overall organisation structure, resources, roles and responsibilities in relation to tendering
- Processes for managing tenders and assessment of the CoM's mechanisms to maximise and evaluate value for money achieved in the tendering process, including how procurements are offered to the market
- Identifying what expenditure is formally tendered, and compliance with tender exemption processes (including an assessment of the reasonableness of the tender exemptions reviewed)
- Obtaining feedback from tenderers involved in the CoM's tender process to understand their opinions on the process.

*Scope exclusions: The internal audit project scope excluded any tenders that occur without the assistance of the CoM Contracts team.*

## Observations and summary of findings

The internal audit observed that the Contracts team have a strong understanding of the tendering process and have engaged well with regular internal users of the Contracts team's services. Internal Audit conducted sample testing over tenders across the City Activation, Engineering, Open Space and Planning, Land and Property, Contracts and Strategy business units for tenders taking place over the 2018 calendar year. Sample testing identified conflicts of interest were not always completed and documented and that conflicts of interest were only declared prior to the tender close date and tender responses being received. Internal Audit also conducted a survey over a sample of successful and unsuccessful tender respondents which highlighted a need for the CoM to improve its focus on providing feedback to tenderers on the outcomes of procurement decisions.

## Positive Observations

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



The Contracts team are proactive in engaging with the CoM business units for contracts coming up for renewal/going out for tender with an annual forward procurement plan is used.



CoM stakeholders interviewed felt supported by the Contracts team and knew who to contact in the Contracts team for any queries in relation to contracts.



The majority of surveyed tenderers found the CoM's tender brief clear in what the CoM was asking for and the time taken to respond to tenders reasonable (please see pages 7 and 8 for a summary of survey results).



Tender related documentation is maintained centrally and securely on SharePoint.



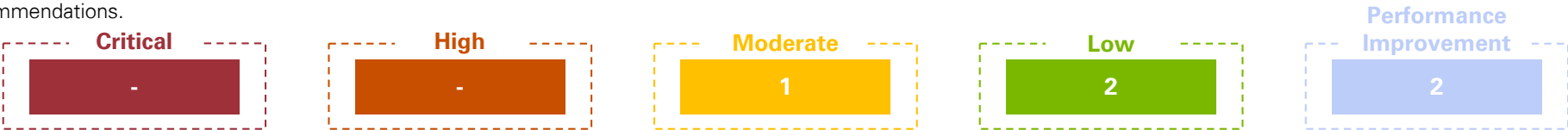
The Contracts team proactively survey internal customers to get their feedback on the service received. 98% of survey respondents indicated their expectations were met or exceeded.



Value for money outcomes being achieved are recorded in an Achievement Register with over \$12m in costs claimed to have being avoided due to the Contracts team involvement in tendering processes.

Internal audit findings

Through our discussions with the process owners, documentation review and sample testing performed, Internal Audit identified two findings for the tendering process, as well as three Performance Improvement Opportunities (PIOs). The following table provides a summary our risk rated findings, and the relevant issue owner and target date for implementation. These findings and recommendations were discussed with CoM Management. Management has accepted the findings and has agreed action plans to address the recommendations.



Rating	Ref #	Description	Issue Owner	Target Date
Moderate	F1	Conflicts of interest not always completed	Strategic Procurement Lead	31 May 2019
Low	F2	Contract information in the contracts register is not always completed	Strategic Procurement Lead	31 May 2019
Low	F3	Requirement to improve engagement with tender respondents	Strategic Procurement Lead	31 May 2019
PIO	PIO 1	Opportunity to create a tender quick reference guide	Strategic Procurement Lead	31 December 2019
PIO	PIO 2	Opportunity to enhance the internal (CoM) stakeholder feedback	Strategic Procurement Lead	31 December 2019

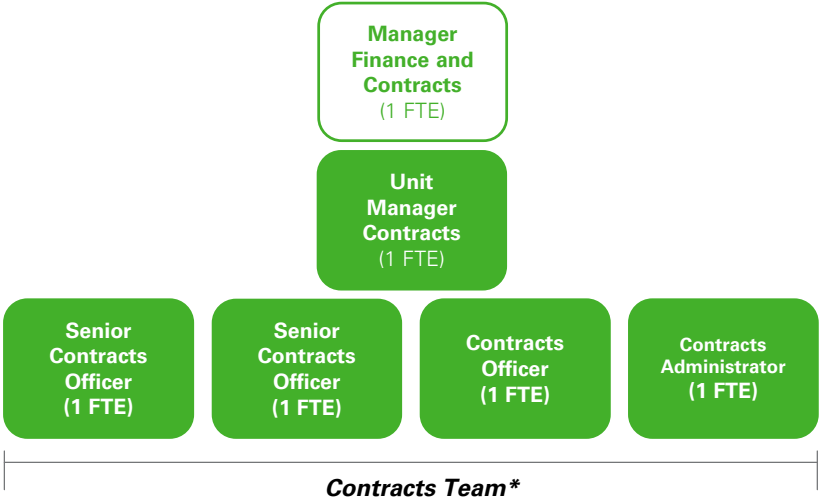
The classification of risk ratings in this report are based on the risk ratings documented at **Appendix 2**.



Tendering

Tendering at the CoM is guided by the Tender Evaluation Procedure and supported by the Procurement and Contractor Management Policy, Procurement Procedure and Contract Management Procedure. These policies and procedures were reviewed as part of fieldwork and provide guidance for the requirements of tenders.

Tendering is managed at the CoM by the Contracts team, in conjunction with engagement by the relevant CoM team who require the goods or service to be tendered. For many of the tenders, the Contracts team do not form part of the Tender Evaluation Team (TET), however they will facilitate and lead the tender process. The TET consists of the relevant CoM team who are seeking the goods or service to be tendered, however may include other CoM employees not from the Contracts team depending on the goods or services being sought and the timing of the tender and availability of staff. The following diagram outlines the structure of the Contracts team at the time of the review (a restructure of the Contracts team occurred during the review):



\*The contracts team also includes a Fleet Procurement Officer and a Waste Administration Officer, however the role of these positions was not looked at as part of the scope of this review.

The Contracts team may provide assistance from the start of the tender process in helping the relevant CoM team to write the tender specification, or have less involvement based on the amount of tender experience and/or requirements from the relevant team requesting the goods or service. At the conclusion of the tender evaluation process, the Contracts team will also offer feedback to unsuccessful tenderers, if requested. Once the contract has been awarded to the supplier, the Contracts team’s involvement ceases and ownership is handed over to the relevant team engaging the contractor for ongoing management.

As part of the internal audit, we consulted with all members of the Contracts team, as well as the other key stakeholders who are the main internal CoM users of the Contracts team’s services (please see Appendix 1 for a full listing of all the CoM stakeholders consulted with).

Tender Exemptions

If a tender is to be exempt from the general market approach within the Procurement Procedure, that is the CoM will be entering into a contract directly with the supplier, approval is required to be sought depending on the value of the tender. If the tender is valued at greater than \$200,000, approval is required from the CoM’s Tender Board, if the contract is valued below \$200,000 the exemption is required to be approved from the Unit Manager Contracts. The Tender Board consists of two Senior Leadership Team members and the Unit Manager Contracts and all Tender Board members must sign off to approve the tender exemption.

Tender exemptions can be approved after considering a range of factors including an analysis of the risk profile of the acquisition, value of the acquisition, the size of the market and competent suppliers, the cost of the market approach versus the value of the acquisition and the potential benefits, the CoM’s leverage in the marketplace and the costs incurred by suppliers in responding to requests.

As part of sample testing of tender documentation, exemptions from public tender request were sampled. No exceptions were noted in relation to this testing with the CoM following the required approval processes.

# Types of Tenders

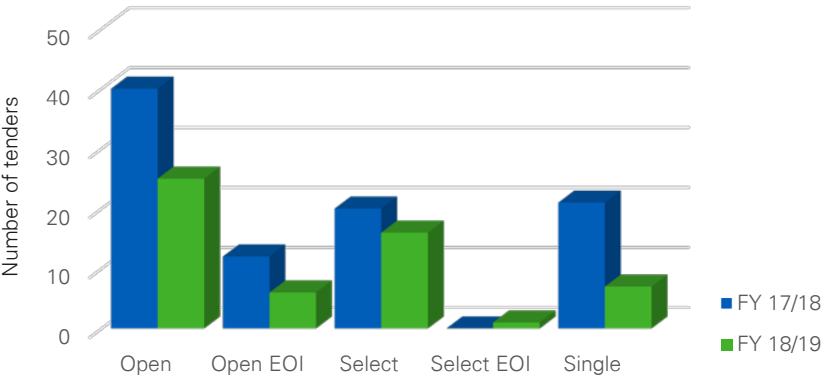
The CoM utilises the following methods of tendering:

- Open
- Open Expression of Interest
- Select
- Select Expression of Interest
- Single

Expressions of Interests (EOI) are generally utilised by the CoM to identify suppliers in the market who are interested in providing a specific service. These suppliers are required to demonstrate their capacity and experience only in their EOI responses as opposed to providing an extensive tender response including methodology and pricing. Only shortlisted organisations selected from the EOI process are invited to subsequently participate in any resultant tender process, thereby minimising the cost to suppliers in participating in the CoM’s procurement process. EOIs can also be utilised by the CoM when suppliers in the market are unknown.

We performed sample testing over the different methods of tendering across the following business units at the CoM: City Activation, Engineering, Open Space and Planning, Land and Property, Contracts and Strategy. (All tenders sampled used the assistance of the Contracts team). The exceptions identified through sample testing of tenders are outlined in Finding 1.

Graph 1 – Tender Type FY 2017/18 versus FY 2018/19



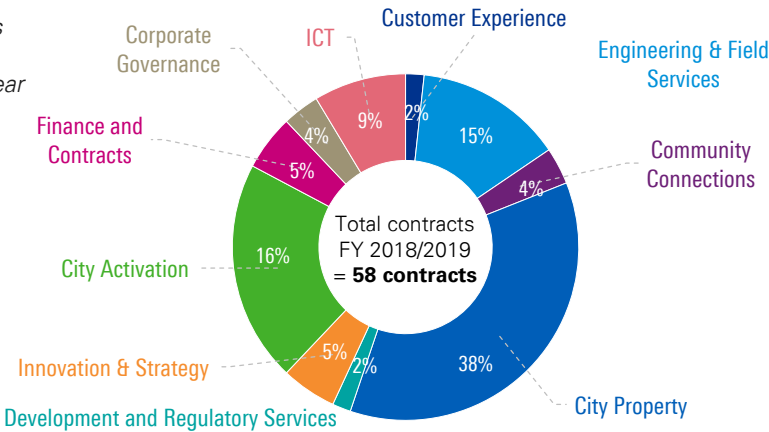
# Value for Money

The CoM obtain value for money from tenders through the following methods:

- The assessment weighting criteria use cost as one of the criteria to evaluate the tender response. However, cost is not always the defining criteria and other factors can have a heavier weighting applied depending on the weighting and criteria decided in the market document. For example, experience or methodology may be given a greater weighting to price in the evaluation criteria.
- Consideration to the grouping of goods and services to be tendered, to achieve maximum value for money possible. For example, the upgrade of a reserve may be tendered as a collective project, rather than individually (and subsequently having to manage) contracting out each individual element.
- Value for money outcomes are recorded in an Achievement Register noting costs avoided and saved, with over \$12m in costs claimed to have being avoided and \$8m costs claimed to be saved due to the Contracts team’s involvement in tender processes.

The current mechanisms used by the Contracts Team facilitate a tender process that incorporates value for money as a key consideration in the CoM’s procurement. The main users of the Contracts team for the 2018/19 financial year were the Property team, followed by the City Activation team and the Engineering and Field Services team.

Graph 2 – Contracts per Department for 2018/19 Financial Year

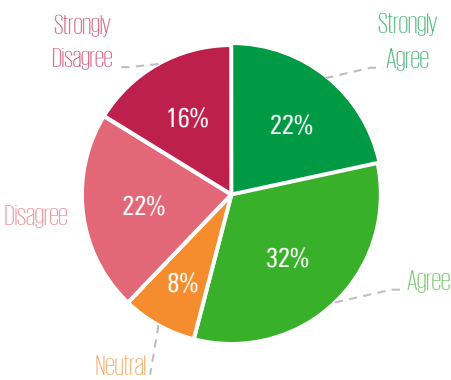



Survey Responses


As a part of the internal audit, tenderers involved in the CoM’s tender process were surveyed to understand their experiences and views on the tender process. 37 responses were received from the sample population of 100 tenderers. A summary of the key findings and themes from these survey responses is presented below. Please note from the population surveyed it is anticipated that a higher proportion would have been unsuccessful in their outcomes, and tenderers that disagreed were more likely to leave additional written feedback.

Feedback

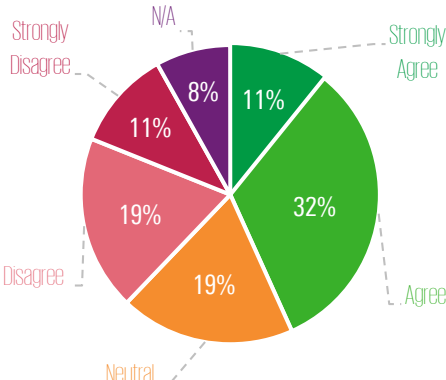
Graph 3 – I was offered feedback/a debrief with the City of Marion post tender award.



 **22%** of tenderers involved in the CoM’s tender process **strongly agree**, and **32%** agree they were offered feedback/a debrief post tender award.

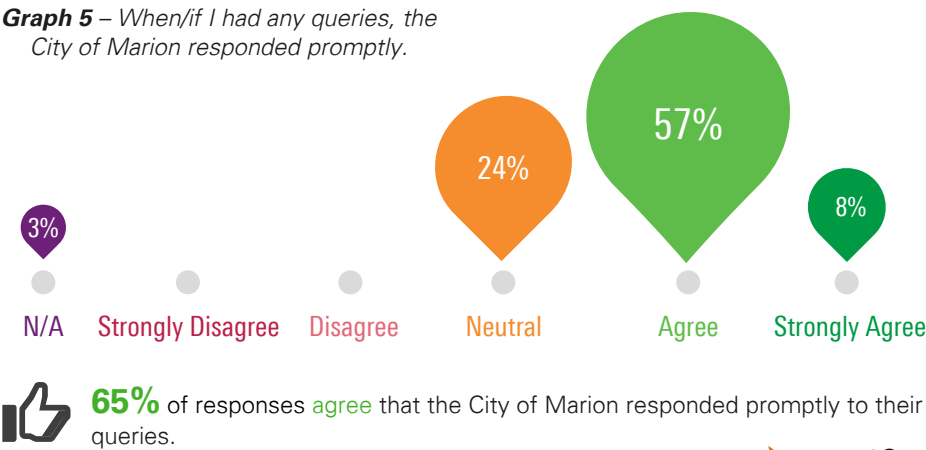
 **43%** agree that the feedback they received from the CoM was beneficial.

Graph 4 – The feedback I received was beneficial.



Tenderer’s Customer Experience

Graph 5 – When/if I had any queries, the City of Marion responded promptly.



Graph 6 – When or if I had any queries, the City of Marion provided clear responses.



Comments

“ Requested feedback in writing... have not yet received it. Otherwise a well run tender.

“ As with most feedback, organisations and people appear to be reluctant to be honest in their evaluation of your submission, which is imperative if you are to learn for the future.

“ Feedback is very limited and does not really give an indication of where we could improve to be successful in future tender processes.

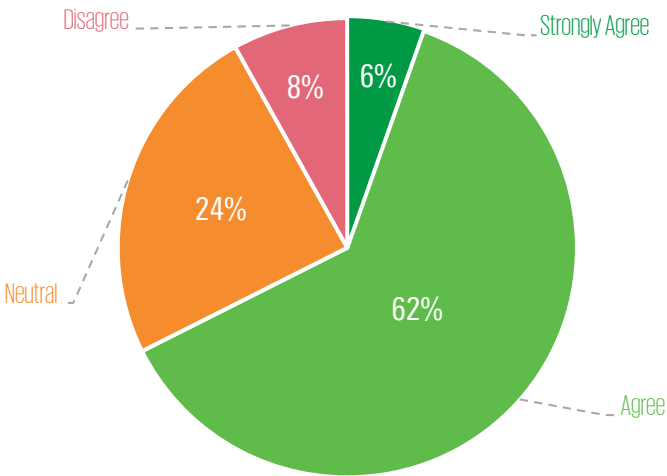
“ The point of contact was friendly and helpful within their constraints.

“ You rarely get notification from the City of Marion that you have been unsuccessful in the tender process, which is disappointing given the amount of time, detail and effort that goes into a tender submission.

Survey Responses (continued)

Tender Process

Graph 7 – City of Marion were clear in what they were asking for in the tender brief.



**68% agree** that the City of Marion were clear in what they were asking for in the tender brief.

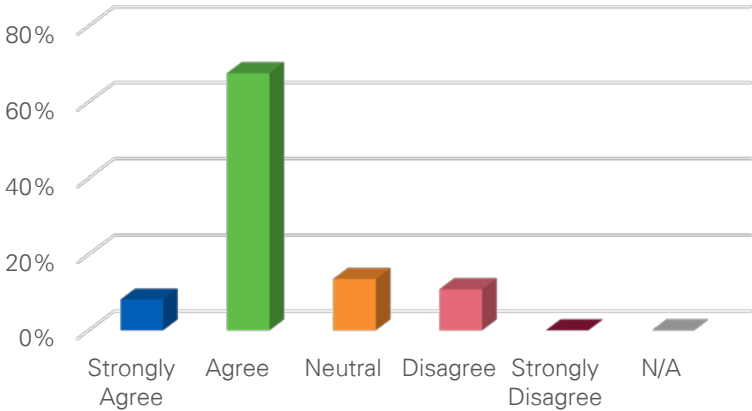
Comments

“Scope is not clearly defined leaving many aspects open for determination.”

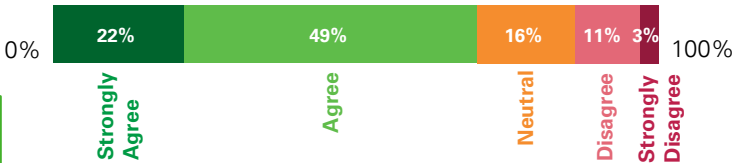
“...believe that maybe there should be a wider range of Head Contractors considered for the City of Marion projects. We have tendered on all projects released 2018/2019 and have not won one.”

“More information about the pain that this solution will solve, and how much budget is available (to determine the size of the project).”

Graph 8 – I found the amount of time the tender was open to prepare my response was reasonable



Graph 9 – I would be inclined to participate in future City of Marion tender processes.



**The majority** of survey respondents found the time the tender was open to prepare their response reasonable, and would be inclined to participate in future City of Marion tender processes.

The survey results identified a majority positive result in tenderer’s thoughts for the overall tender process, feedback and the CoM’s responsiveness. Opportunities identified for improvement have been included in **Finding 3**.

Finding 1 – Conflicts of interest not always completed

Moderate

Finding(s)

Internal Audit noted through performing sample testing of tender documentation, for two tenders sampled (contract numbers 201810 and 201807), no conflict of interest declarations could be provided by the CoM. Additionally, in instances where conflicts of interest were declared, they were only declared prior to the tender close date and tender responses being received (and hence prior to the specific respondents being known), which was confirmed by sample testing.

Under the CoM’s Code of Conduct for Council Employees and the Local Government Act 1999, all council employees providing advice or making recommendations to the Council or Council committee must disclose the relevant interest to the Council.

The Tender Evaluation Procedure also requires all TET members to review and sign the CoM Conflict of Interest and Confidentiality Agreement form prior to commencing the tender evaluation and before all tender responses are received.

Risk(s)

Failing to complete a conflict of interest declaration may result in a tender being awarded to a tender respondent in a biased manner or who may not be the most appropriate supplier based on the evaluation criteria. If conflicts of interest are only declared before the tender responses have been received, there is a risk that additional conflicts may not be identified in the tender process once all prospective tenderers are known.

If a declaration is not made and recorded appropriately, there is also a risk that there may be reputational and financial damage to the CoM if there is an unknown real or potential conflict with a CoM employee and a contractor.

Recommendation(s)

We recommend the CoM ensure that conflicts of interest are declared and documented in line with the Tender Evaluation Procedure.

A further secondary/updated reconfirmation to the conflict of interest declaration should also be made once tender respondents are known to the TET.

Agreed Management Action(s):

The requirement to complete conflict of interest declarations (both prior to releasing, and after tenders have been received) will be reiterated to the Contracts team.

Additionally, the Contracts Officer will seek verbal advice to reconfirm no conflicts exist at the first TET meeting once tender respondents are known, and document and store the reconfirmation on SharePoint.

Responsibility: Strategic Procurement Lead

Target date(s): 31 May 2019

Finding 2 – Contract information in the contracts register is not always complete

Low

Finding(s)

Internal Audit noted from the review of the tender documentation from the contracts register, that the contract register maintained by the Contracts team did not include complete data for all tender-related fields.

For example, the contracts register did not consistently include data for the following fields:

- Cost of contract for the committed term
- Term of contract
- Contract type
- Tender type (e.g. select tender vs open tender)
- Company name.

While there is also additional information that is included within the contracts register, for example information which is used by the Contracts team such as insurance expiries and renewals, the key information relating to tenders should be accessible to the relevant team members.

Risk(s)

By not maintaining all information in the contracts register in relation to tenders, there is a risk that important data in relation to tenders is not captured. Incomplete data in relation to tenders also inhibits on the CoM’s ability to report and analyse tendering activities.

Recommendation(s)

We recommend the CoM ensure that all tender related fields are appropriately recorded and maintained in a centralised register.

Agreed Management Action(s):

The requirement to maintain the contracts register in a timely manner will be reiterated to the Contracts team.

Responsibility: Strategic Procurement Lead

Target date(s): 31 May 2019

## Finding 3 – Requirement to improve engagement with tender respondents

Low

### Finding(s)

We noted through the review over the tender survey responses (please see pages 7 and 8) that there were a number of opportunities for improvement in relation to the feedback offered to tenderers, with the following comments provided from respondents:

- “Requested feedback in writing. Have not yet received it.”
- “CoM pulled (withdrew) this RFQ and the only real feedback was that they would do it in house. Understanding this is within their right to do so; the lack of feedback, not wanting to meet to discuss after the RFQ closed left us feeling that we had wasted our time.”
- “You rarely get notification from the CoM that you have been unsuccessful in the tender process which is disappointing given the amount of time, detail and effort that goes into a tender submission. Feedback is very limited and does not really give an indication of where we could improve to be successful in future tender processes.”
- “For the time cost and effort to receive no formal response to even advise that pricing is off the mark is disappointing.”
- “...experience with this council is that it is purely price driven which is frustrating with the respect to the effort put in. Additionally if you are not successful you don't even get an unsuccessful letter let alone a debrief.”

### Risk(s)

There is a risk that if the CoM are providing limited or no feedback to tender respondents in some instances, the respondents may decide not to re-tender for CoM projects in the future and may pass this feedback onto others. Hence there is a risk that the CoM may not receive the best value for money for tender responses in the future and that the CoM may experience reputational damage.

### Recommendation(s)

We recommend the CoM provide unsuccessful suppliers with an email advising them that they have been unsuccessful and offer suppliers a debrief to provide feedback why they were unsuccessful.

### Agreed Management Action(s):

The requirement to advise unsuccessful tenderers and offer appropriate feedback (whilst giving consideration of what can be shared in a commercial context) will be reiterated to the Contracts team.

Additionally, templates will be used by the Contracts team for a consistent message to be relayed to the market.

**Responsibility:** Strategic Procurement Lead

**Target date(s):** 31 May 2019

PIO 1 – Opportunity to create a tender quick reference guide

PIO

Observation(s)

Through stakeholder consultations it was identified that staff participating in the tender process did not always have a complete understanding of the tender process and its various steps and components.

For example some stakeholders interviewed identified that in completing the tender evaluation process they were unaware that the expectation was to have reviewed the tender responses independently before the TET met to evaluate the responses against the evaluation methodology.

A common suggestion/request from staff was the creation of a tender quick reference guide, to summarise the overall tender process from a staff members perspective outside of the Contracts team.

Recommendation(s)

We recommend the CoM Contracts team create a page on Combi (CoM Intranet) with reference point for all tender related documentation. We also recommend the CoM develop a quick reference guide summarising the overall tender process, including evaluation processes and key responsibilities of the TET.

This guide could be maintained on the contracts section of SharePoint and provided to TET Members when they are appointed as part of the TET.

We recommend the tender quick reference guide includes the following:

- High level summary of the CoM’s tendering requirements
- Standard timelines for the tender process
- TET roles and responsibilities (e.g. declare any conflicts of interest before being part of the TET and read all tender responses before the tender assessment)
- Links to the CoM’s Tender Evaluation Procedure, Procurement and Contractor Management Policy, Procurement Procedure, Contract Management Procedure, Conflict of Interest and Confidentiality Agreement and the Code of Conduct for Employees.

Agreed Management Action(s):

Management will be creating quick reference guides as part of the process improvements currently being considered.

Responsibility: Strategic Procurement Lead

Target date: 31 December 2019



PIO 2 – Opportunity to enhance the internal (CoM) stakeholder feedback

PIO

Observation(s)

We noted through sample testing of tender related documentation that only one tender had a completed internal customer satisfaction survey provided back to the Contracts team.

Internal Audit also noted through stakeholder consultations, that a number of the stakeholders were unsure whether they had received the satisfaction survey or had misplaced the hard copy version of the survey they completed before providing it back to the Contracts team.

The lack of responses may indicate that the process for sending out surveys and obtaining feedback may be difficult for CoM staff who have engaged with the Contracts team for their tender.

Based on the Contracts Customer Survey Register maintained by the Contracts Team, based on when survey responses have been received, 98% of respondents indicated the Contracts Team met or exceeded their expectations.

Recommendation(s)

We recommend the CoM Contracts team consider sending out the internal satisfaction survey using an electronic format via email, for example through Survey Monkey or through Qualtrics.

The current survey format should also be reviewed to identify any enhancements that may encourage an increased number of responses and more timely responses, allowing the Contracts team to more easily identify opportunities for improvement.

Agreed Management Action(s):

Management will consider this PIO as part of an overall review of process improvements currently being considered. This will include consideration of the implementation of a system to facilitate internal feedback if it is deemed appropriate to expand and implement organisational wide internal feedback.

Responsibility: Strategic Procurement Lead

Target date: 31 December 2019

The tables below summarises the CoM personnel who were involved in discussions and contributed to the findings and actions detailed in this Internal Audit Report.



Name	Title
<b>Contracts Team</b>	
Colin Heath	Unit Manager, Contracts
Malcolm Eagles	Senior Contracts Officer
Tim Hoggan	Senior Contracts Officer
Brooke O’Dea	Contracts Officer
<b>Other Stakeholders</b>	
Mathew Allen	Manager, Engineering and Field Services
Greg Salmon	Manager, City Activation
Ray Barnwell	Manager, Finance and Contracts
Megan Hayward	Manager, City Property
David Harman	Unit Manager, Statutory Finance and Payroll
Clare Benn	Unit Manager, Land and Property
Victoria Masterman	Unit Manager, Open Space and Recreation Planning

The following framework for internal audit ratings has been developed and agreed with the CoM'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 the CoM's Management.

Rating	Definition	Examples of business impact	Action(s) required
<b>Extreme/Critical</b>	Issue represents a control weakness, which could cause or is causing severe disruption of the process or severe adverse effect on the ability to achieve process objectives.	<ul style="list-style-type: none"> <li>• Detrimental impact on operations or functions.</li> <li>• Sustained, serious loss in reputation.</li> <li>• Going concern of the business becomes an issue.</li> <li>• Decrease in the public's confidence in the Council.</li> <li>• Serious decline in service/product delivery, value and/or quality recognised by stakeholders.</li> <li>• Contractual non-compliance or breach of legislation or regulation with litigation or prosecution and/or penalty.</li> <li>• Life threatening.</li> </ul>	<ul style="list-style-type: none"> <li>• Requires immediate notification to the Council Finance and Audit Committee via the Presiding Member</li> <li>• Requires immediate notification to the CoM's Chief Executive Officer.</li> <li>• Requires immediate action planning/remediation actions</li> </ul>
<b>High</b>	Issue represents a control weakness, which could have or is having major adverse effect on the ability to achieve process objectives.	<ul style="list-style-type: none"> <li>• Major impact on operations or functions.</li> <li>• Serious diminution in reputation.</li> <li>• Probable decrease in the public's confidence in the Council.</li> <li>• Major decline in service/product delivery, value and/or quality recognised by stakeholders</li> <li>• Contractual non-compliance or breach of legislation or regulation with probable litigation or prosecution and/or penalty.</li> <li>• Extensive injuries.</li> </ul>	<ul style="list-style-type: none"> <li>• Requires immediate CoM's General Manager notification.</li> <li>• Requires prompt management action planning/remediation actions (i.e. 30 days)</li> </ul>

Rating	Definition	Examples of business impact	Action(s) required
<b>Moderate</b>	Issue represents a control weakness, which could have or is having a moderate adverse effect on the ability to achieve process objectives	<ul style="list-style-type: none"> <li>Moderate impact on operations or functions.</li> <li>Reputation will be affected in the short-term.</li> <li>Possible decrease in the public's confidence in the Council.</li> <li>Moderate decline in service/product delivery, value and/or quality recognised by stakeholders.</li> <li>Contractual non-compliance or breach of legislation or regulation with threat of litigation or prosecution and/or penalty.</li> <li>Medical treatment required.</li> </ul>	<ul style="list-style-type: none"> <li>Requires CoM's General Manager and/or Senior Manager attention.</li> <li>Requires short-term management action.</li> </ul>
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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, the CoM'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 the CoM. 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 CoM'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 CoM 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 the CoM, 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 the CoM's external auditor, on this internal audit report. Any reliance placed is that party's sole responsibility.

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City of Marion  
Business Continuity, IT  
Disaster Recovery and  
Emergency Management  
Internal Audit Report

May 2019



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In accordance with the 2018/19 Internal Audit Plan for the City of Marion (CoM), an internal audit project focussing on the CoM’s business continuity, IT disaster recovery and emergency management procedures was performed. The objective, scope and approach are outlined below.

Objective and scope

The objective of the internal audit was to consider CoM’s framework for business continuity planning (BCP), IT disaster recovery (IT DR) and emergency management (EM), specifically considering the following scope areas:

- Framework: Governance and management controls, policies and procedures, identification of roles and responsibilities and alignment to relevant Australian and International standards.
- Risk identification and Business Impact Assessment: Identification and assessment of risks and disruption scenarios, critical business processes and functions and key IT systems/services supporting critical functions.
- Plan development: Identification and selection of recovery strategies for the preparation of BCP, IT DR and EM plans, plan maintenance procedures and version control.
- Recovery plans: Recovery objectives, strategies and dependencies, procedures for activation, prioritisation, backup and restore procedures, the existence of manual processes and resumption plans, agreements with third party suppliers and alignment of the BCP, IT DR and EM plans.
- Exercising: Exercise and test strategies for BCP, IT DR and EM, the development of exercise plans, execution of exercises the validate plans and recovery capabilities and reporting of exercise and test results.
- Continuous improvement: Review and improvement cycle for emergency management and business continuity and staff awareness and training.

Observations and summary of findings

The CoM has been proactive in developing and implementing a framework, plans and processes to support the effective response and management of an incident, emergency or business interruption which may impact the CoM and its operations. A business continuity policy and framework has been developed, with plans and documentation implemented including the Workplace Emergency Management Plans, Business Continuity Plans and the ICT Site Recovery Plan.

The CoM Risk team has particularly focused their efforts on the CoM’s requirements during an emergency event, which would have the most significant impact to the Council requiring a response. There has also been training and awareness provided to key Council staff on a periodic basis, particularly for emergency management. This included a desktop exercise that was recently conducted.

The primary gap noted from the internal audit is that a business impact assessment has not been performed and documented by the CoM. A Technical Impact Assessment has been documented, which informs the ICT Site Recovery Plan, but this only provides an ICT focus, rather than a business focus. Undertaking a business impact assessment would more adequately and effectively inform the Council’s requirements for business continuity planning.

Positive observations

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



The Incident Management Team (IMT) annual training was conducted recently, using a relevant and plausible scenario to undertake a desktop simulation exercise.



The ICT Site Recovery Plan and Technical Impact Assessment, used to inform the ICT Site Recovery Plan, are effective and suitable for the CoM.



The Senior Risk Manager demonstrated a strong understanding and knowledge of the current document structures and the processes supporting the IMT for the CoM.



The IMT members interviewed were able to articulate their roles and requirements during an incident and all have been provided a folder with the current emergency management and business continuity documentation.



Table of contents	Executive summary	Background	Internal audit findings	Appendices
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Internal audit findings

Through our discussions with the process owners, documentation review and sample testing performed, Internal Audit identified two findings. The following table provides a summary our risk rated findings, and the relevant issue owner and target date for implementation. These findings and recommendations were discussed with CoM Management. Management has accepted the findings and has agreed action plans to address the recommendations.



Rating	Ref #	Description	Issue Owner	Target Date
Moderate	F1	No documented holistic and centralised Business Impact Assessment has been completed	Unit Manager Risk	September 2019
Low	F2	Current business continuity documentation structure may not enable effective and efficient recovery from business interruption	Unit Manager Risk	October 2019

The classification of risk ratings in this report are based on the risk ratings documented in **Appendix 3**.

## Business continuity management

The CoM is a large suburban Council located to the south of Adelaide and has approximately 16 main sites which need to be considered during a critical incident, business disruption or an adverse event or disaster which impacts the community.

Business continuity management processes and procedures detail how an organisation will recover from a business disruption. The following components should be implemented in order to ensure a holistic approach to responding to business disruptions and events:

- Crisis management
- Incident management
- Emergency management
- Business continuity
- IT disaster recovery planning.

## Framework and governance

The CoM has developed a formal approach to emergency and business continuity planning, with a framework and suite of plans in place. A business continuity policy and framework has been documented, which:

- Formalises the Council's commitment to business continuity management and establish responsibilities for the application of business continuity management within Council operations.
- Provides details of the core responsibilities during a business continuity event and the governance details (training, integration, etc.) to support going maintenance of the business continuity information.

From a governance perspective, an Incident Management Team (IMT) exists with formal roles and responsibilities defined. The IMT is responsible for responding to a potential disaster or business interruption, activating relevant aspects of the BCPs (depending on the nature of the event) and overall coordination of the response and recovery activities. The nature of business continuity planning means that it must continue to evolve and improve as the organisation changes and evolves.

## Risk identification and business impact assessment

A formal Business Impact Assessment (BIA) which identifies and prioritises the critical business processes across the Council, including maximum allowable outage periods, has not been undertaken and documented by the CoM.

A Technical Impact Assessment has been documented, which informs the ICT Site Recovery Plan, but this only provides an ICT focus, rather than a business focus. Undertaking a BIA would more adequately and effectively inform the requirements for business continuity planning.

## Plan development and recovery plans

A suite of plans and documentation has been developed by the CoM to support business continuity management, including:

- **Workplace Emergency Management Plans** – detail the arrangements for control and coordination of the response and initial recovery from a workplace emergency at a given site or workplace. These plans are used by members of the IMT.
- **Business Continuity Plan** – collection of procedures and information developed and maintained in the event of a material disruption to 'business as usual' operations. The plan acts as a guide for the CoM to respond, recover, resume and restore functions in a clear and transparent manner, to a pre-defined level of operation following a business interruption event, as a result, minimising any adverse consequences for usual business operations.
- **Community Emergency Management Plan** – establishes the Council's role in the event of an emergency which occurs within the boundaries of, or impacts upon, the CoM.
- **ICT Site Recovery Plan** – designed to minimise the adverse consequences to the business arising from disruption to ICT systems and outlines the recovery strategies required to restore business critical ICT systems (hardware and applications).

Exercising and continuous improvement

There is a good staff understanding and awareness of emergency, crisis and business continuity management resulting from the formal training and awareness program implemented by the CoM. The IMT conducts annual training and an annual desktop exercise using a relevant and plausible scenario, which includes identifying lessons learned and areas for improvement.

Due to the limited scope of the internal audit, detailed staff understanding of emergency, crisis and business continuity management was not formally assessed, however based on the discussions and the detailed training program provided, the level of training is considered appropriate.

## Finding 1 – No documented holistic and centralised Business Impact Assessment has been completed

Moderate

### Finding(s)

A holistic Business Impact Assessment (BIA) has not been undertaken for the Council to identify and prioritise critical business processes. Critical business processes are those activities essential to deliver outputs and achievement of business objectives.

A Technical Impact Assessment has been completed and documented by the IT team, which is used to inform the ICT Site Recovery Plan, but this only provides an ICT focus, rather than a business focus.

As part of a formal, holistic BIA, the following would be identified and documented for each critical business processes, to enable the risk assessment and prioritisation of processes:

- **Maximum Acceptable Outage** – the maximum time a business function can be unavailable before a loss will compromise the organisation's objectives.
- **Recovery Time Objective** - the time it takes to restore near-normal business functions once recovery or business continuity alternatives have been enacted.
- **Recovery Point Objective** - the point in time to which data must be recovered after a business interruption has occurred.

### Risk(s)

As a result of the above, there is no clear prioritisation of critical processes to enable the effective recovery and resumption of services. The inability for the CoM to confirm it has correctly identified, assessed and prioritised its critical business processes could result in critical business processes being missed or not being considered appropriately during an incident or business disruption.

### Recommendation(s)

Internal Audit recommends that the CoM:

- Undertakes a formal holistic BIA to identify and document its critical business processes.
- Applies a risk rating to each critical business process identified during the BIA, which is used to prioritise business process recovery and determine where further business continuity and recovery plans or strategies may be required.
- Reviews existing emergency, crisis and business continuity plans to identify whether any additions, changes or updates are required based on the outcomes of the BIA.

### Agreed Management Action(s):

Agree with recommendations and will undertake a business impact assessment.

**Responsibility:** Unit Manager Risk

**Target date(s):** September 2019

## Finding 2 – Current business continuity documentation structure may not enable effective and efficient recovery from business interruption

Low

### Finding(s)

The current structure of the business continuity documents may not clearly support and enable the effective and efficient recovery of critical business processes during an incident or business disruption. Currently, the CoM has several documents that contain relevant information to the recovery from a business disruption:

- **Workplace Emergency Management Plans** – the arrangements for the control and coordination of the response to an initial recovery from a workplace emergency.
- **Community Emergency Management Plan** – establishes the CoM's role in the event of an emergency within the boundaries of, or which impacts upon, the CoM.
- **Business Continuity Policy** – formalises the CoM's commitment to business continuity management and to establish responsibilities for the application of business continuity management within Council operations.
- **Business Continuity Framework** – provides details of the core responsibilities during a business continuity event and the governance details to support ongoing maintenance of the business continuity information.
- **Business Continuity Plan** – procedures and information developed in readiness for use in the event of a material disruption to 'business as usual' operations.
- **ICT Site Recovery Plan** – outlines the recovery strategies required to restore business critical ICT systems (hardware and applications).

These documents contain some of the relevant information require to support response and recovery. However, the information is placed across all of the documents and requires an individual to have detailed knowledge of the documents to be able to efficiently and efficiently find the information required.

### Risk(s)

The inability to easily find information may result in the limited use of the current documents during an incident. This could result in processes or sites not being considered during an event or the confusion of the IMT, resulting in delays in responding.

### Recommendation(s)

Internal Audit recommends that the CoM adopts a documentation structure similar to that detailed in Appendix 1.

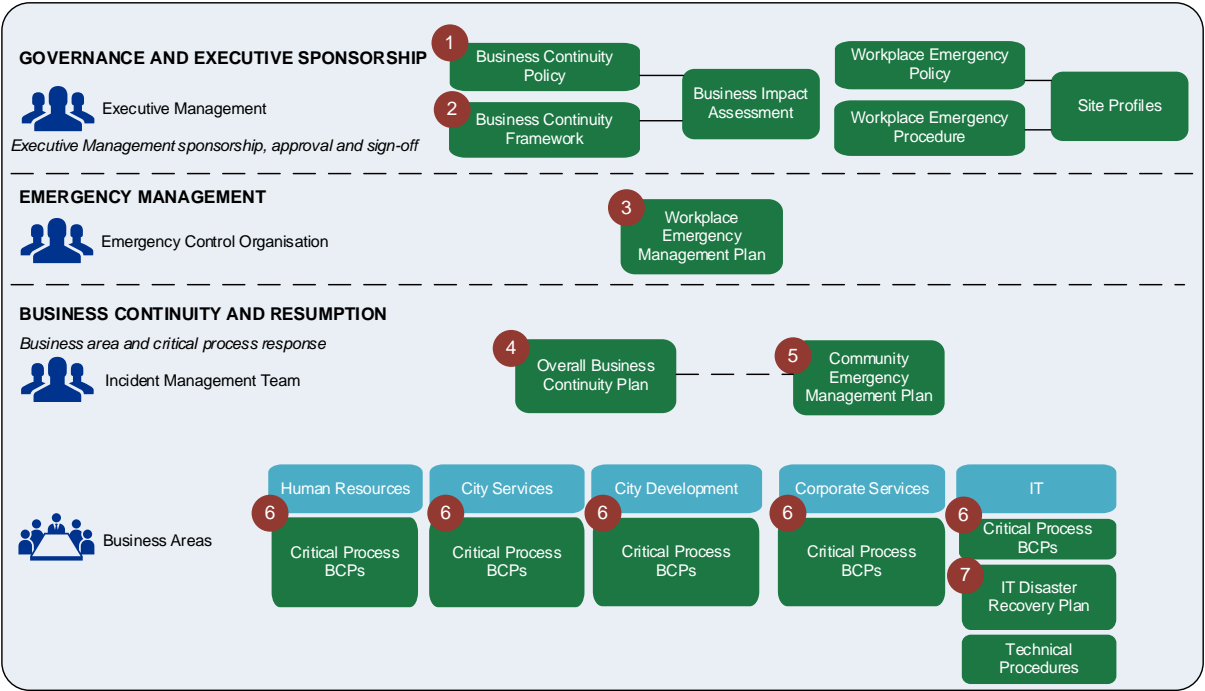
### Agreed Management Action(s):

The documentation hierarchy and structure can be reviewed as part of the BC Framework and Policy Review.

**Responsibility:** Unit Manager Risk

**Target date(s):** October 2019

The following section provides a recommended document structure with the appropriate business ownership to support the recovery from a business disruption.



The Executive Management Team maintains the overall responsibility to implement and maintain a Business Continuity Management Framework and the supporting documents. This allows the Executive Management Team to set the required principles and structures to support staff during an emergency and the recovery of services post an incident.

## 1 – Business Continuity Policy

Provides guidance on the procedures and actions that should take place in the event of a business interruption. Key content should include:

- Business Impact Assessment requirements (high level)
- Business resumption overview and structure
- Risk rating of each process based on the Council’s Risk Management Framework.

## 2 – Business Continuity Framework

The Framework contains the business information relevant to recovery of the critical business processes and the guidance on use of the Overall BCP and individual BCPs. It also provides clear guidelines for the development, maintenance and use of the subordinate documents and details the Incident Management Team (IMT) and the training and governance requirements. Key content should include:

- IMT details and responsibilities
- Training and testing requirements
- Document hierarchy
- BCP team structures
- ICT support requirements
- Training and testing information.

## 3 – Workplace Emergency Management Plan/s

To support a localised emergency and the continuing operation of the site when there is disruption to their critical processes that are site specific. Key content should include:

- Evacuation procedure
- Lock-down and area isolation requirements
- Roles and responsibilities in the event of an emergency
- Processes for loss of access to the site.

## 4 – Overall Business Continuity Plan (for whole organisation)

Outlines actions to be performed by the holistic business in order to continue to operate once the initial response outlined in the Workplace Emergency Management Plan/s has been completed. Key content should include:

- Critical business processes and prioritisation of recovery
- The holistic recovery strategy
- Critical business process recovery strategies.

## 5 – Community Emergency Management Plan

The purpose of this plan is to establish Council's role in the event of an emergency that could occur within the boundaries of, or which impacts upon, the CoM. Key content should include:

- Prevention measures taken to eliminate or reduce the severity of the emergency.
- Preparedness arrangements made to ensure that, should an emergency occur, the resources and services needed to cope with the effect of the emergency can be mobilised and deployed efficiently.
- Response measures taken in anticipation of, during or immediately after an emergency to ensure that the effect of the emergency is minimised and that affected individuals are given immediate relief and support.

- Recovery measures (such as human, economic and environmental measures) taken during or after an emergency, being measures necessary to assist in the re-establishment of the normal (or new normal) pattern of life of individuals, families and communities affected by the emergency.

## 6 – Critical Function Sub Plans

The Critical Function Sub Plans are designed to support the continued operations of business processes considered to be very high or high risk. Critical business process BCPs will be contained as an appendix within the Overall BCP. Key content should include:

- Recovery strategy
- Recovery priorities and details
- Roles and responsibilities
- A checklist of activities and tasks to be performed to support the recovery of the critical business process at a reduced level (or alternate procedures).

## 7 – IT Disaster Recovery Plan

The IT Disaster Recovery Plan details the recovering of IT systems after a disruption in the order specified by the business. Key content should include:

- Responsibilities in IT for DR
- Priorities for IT recovery
- Key contacts and details
- DR site information
- Links to technical recovery procedures.

The tables below summarises the CoM personnel who were involved in discussions and contributed to the findings and actions detailed in this Internal Audit report.

Name	Title
<b>Corporate Governance</b>	
Kate McKenzie	Manager Corporate Governance
Sherie Walczak	Unit Manager Risk
Phil Mattingly	Service Delivery and Infrastructure, Unit Manager ICT
Karen Peake	Risk Coordinator
Mathew Allen	Manager Engineering and Field Services
Roger Belding	Unit Manager Operational Support





The following framework for internal audit ratings has been developed and agreed with the CoM'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 the CoM's Management.

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Rating	Definition	Examples of business impact	Action(s) required
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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, the CoM'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 the CoM. 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 CoM'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 CoM 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 the CoM, 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 the CoM's external auditor, on this internal audit report. Any reliance placed is that party's sole responsibility.

## Electronic Distribution of Report

This KPMG report was produced solely for the use and benefit of the CoM and cannot be relied on or distributed, in whole or in part, in any format by any other party. The report is dated May 2019 and KPMG accepts no liability for and has not undertaken work in respect of any event subsequent to that date which may affect the report. Any redistribution of this report requires the prior written approval of KPMG and in any event is to be the complete and unaltered version of the report and accompanied only by such other materials as KPMG may agree. Responsibility for the security of any electronic distribution of this report remains the responsibility of the CoM and KPMG accepts no liability if the report is or has been altered in any way by any person.

## Service Review Program - History and FY2019/20 plan

<b>Originating Officer</b>	Performance & Innovation Leader - Cass Gannon
<b>Corporate Manager</b>	Manager Innovation and Strategy - Fiona Harvey
<b>General Manager</b>	General Manager City Development - Abby Dickson
<b>Report Reference</b>	FAC190528R10

### REPORT OBJECTIVE

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

- A history of the formal Service Review Program
- Highlights of benefits realised from the implementation of recommendations in FY2018/19
- A proposed plan for the Service Review Program FY2019/20

### EXECUTIVE SUMMARY

Commencing in 2016, the Service Review Program has reviewed 32 services. The focus for FY2018/19 was to support the implementation of recommendations whilst delivering the review of 9 services including Records Management and Information and Communication Technology.

### RECOMMENDATION

**That the Finance and Audit Committee:**

**1. Notes and provides comment on the following:**

- 1.1 Appendix 1 - Implementation of recommendations from the Service Review Program FY2018/19**
- 1.2 Appendix 2 - Proposed Service Review Program FY2019/20**

### GENERAL ANALYSIS

#### Service Review Program History

In early 2016, the City of Marion (CoM) embarked upon formalising an approach to the delivery of service reviews across the organisation. During this time the Performance and Improvement Team (PIT) was established and was responsible for creating the framework and tools to support and facilitate service reviews. The team facilitated the review of an organisational service list identifying 131 services delivered across the CoM. The management teams responsible for the delivery of the 131 services completed a service statement to provide a snap shot of each service, identify those with the most opportunity for improvement and prioritise for service review. The PIT developed a Service Review Framework and Program Plan which was formally adopted by Council in September 2016. This plan was aligned to The City of Marion Business Plan 2016-2019 in which a total of 33 services were to be reviewed over the life of the plan (9, 12 and 12 in FY2016/17, FY2017/18 and FY2018/19 respectively).

The FY2016/17 Service Review Program commenced, with a delivery model where the management teams

responsible for the delivery of the service were accountable for leading the planning, resourcing and completion of the service review. Under this model these management teams were also accountable for the implementation of the recommendations of the review. The PIT was responsible for supporting the reviews through research, benchmarking, data analysis and assisting with draft report writing.

In January 2017, a review of the Service Review Program delivery model was undertaken by the CoM management team. Various opportunities to improve the program were identified. Based on this review, a new methodology for future service reviews was adopted by Council in June 2017. To ensure that the new service review delivery model was well resourced and that there was better alignment with strategic objectives the Performance and Innovation (P&I) team was established in August 2017. The P&I team assumed the responsibility of leading and delivering the service review program with input provided by the service delivery teams.

As a part of the overall improvement of the Service Review Program delivery model the P&I team also enhanced the reporting and monitoring of the implementation of recommendations generated by the service review program. In February 2018, a discussion was held at the Finance and Audit Committee (FAC) regarding the progress of the implementation of recommendations from service reviews, as minuted:

*“The Committee noted the report and raised concerns that only 50% of recommendations were closed out. The Committee suggested that the program may need to slow down to ensure the recommendations are implemented appropriately and the organisation is not overwhelmed. It was noted that the organisation was at risk of strategic initiative overload and some parts of this business were creating blockages due to high and demanding workloads. It was noted that the May Committee meeting would consider the Service Review Program for 2018/19 and this would be taken into consideration.”*

In May 2018 the Service Review Program for FY2018/19 was presented to FAC with two options, one to maintain the target of 12 service reviews, the other to decrease the target for the number of service reviews to 9. The FAC supported the approach of decreasing the number of service reviews to be delivered, with the freed up capacity in the P&I team to support the implementation of recommendations. Based on this recommendation Council adopted a program of 9 service reviews (3 less than the City of Marion 2016-2019 Business Plan target) to be undertaken in FY2018/19. The reduction in the number of service reviews for the year allowed for a redirection of the resources from the P&I team to support the implementation of 22 existing open actions from previously completed service reviews. Progress of the implementation of actions can be seen in Appendix 1, where a comparison of the open recommendations as at May 2018 and May 2019 are displayed side by side. It is worth noting that in the twelve months 54 actions have been implemented, with 10 service reviews being closed in this same period. The P&I team has supported the implementation of 17 of these actions, with 5 remaining actions to be completed.

### **Benefits realised in FY2018/19 as a result of the Service Review Program**

The implementation of the 54 actions from the service review program in FY2018/19, resulting in the completion of 10 service reviews, has delivered a number of benefits for the CoM and its community.

Highlights of these benefits include:

- \$0.5M reduction in annual costs realised for Open Space Operations Phase1 through productivity improvements
- 20% reduction in Open Space Operations Phase 1 related calls from the community
- Increased programmed tree pruning
- rationalisation of underutilised equipment, enabling the purchase of a hyrda ladder at no additional cost
- Savings of \$25k in postage costs in Customer Service via the implementation of digital channel options
- An 18% improvement in the Quality Management Tool score implemented in Customer Service
- The Administration Building foyer upgrade nearing completion
- Ecuria Agenda Management System fully implemented
- The new Community Safety Inspectorate service delivery model commenced in April 2019
- Dogs and Cats Online (DACO) fully implemented resulting in an increase in the re-registration of dogs

### **Proposed Service Review Program FY2019/20**

The draft 4 Year Business Plan, 2019-2023 contains in the 'Our Council of Excellence' section, a strategy under 'Innovative Business' to 'continuously improve through the service review program'. Appendix 2 outlines the proposed list of 9 services for review in FY2019/20, with the reviews being a blend of CoM only and cross council reviews based on the opportunities identified. Currently with the cross council reviews there is a methodology proposed to conduct a desktop analysis as a first stage in the process, and then based on the findings, determine the focus of comprehensive reviews. This approach may result in the specific number of service reviews being delivered in FY2019/20 varying from the initial 9 proposed.

The benefits realisation reviews due in FY2019/20 are also listed in Appendix 2.

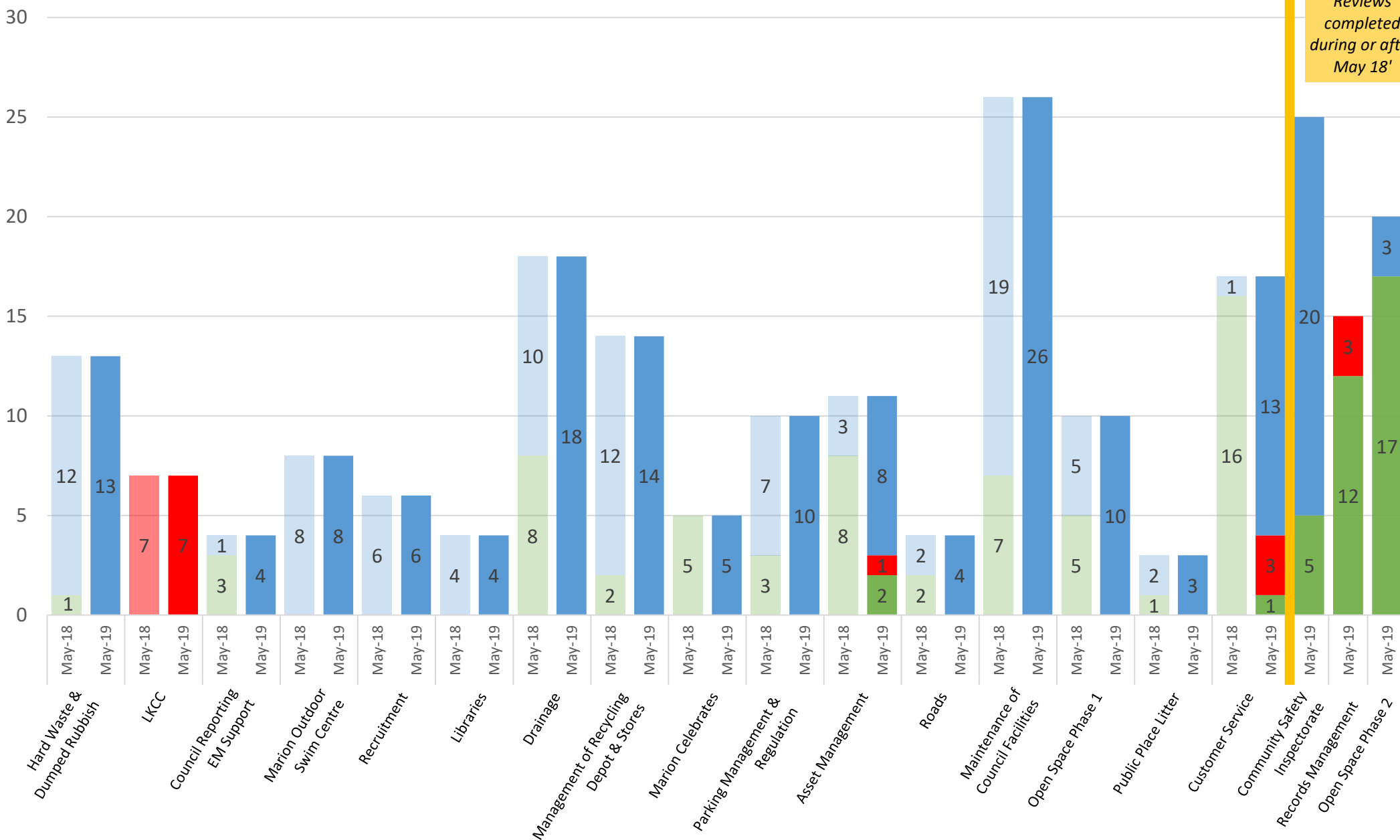
### **Attachment**

#	Attachment	Type
1	Appendix 1 - Implementation of recommendations from the Service Review Program FY201819	PDF File
2	Appendix 2 - Proposed Service Review Program FY201920	PDF File

# Implementation of all SR Recommendation Status by Actions (Mar 16 - May 19)

On track Off Track Complete

Reviews  
completed  
during or after  
May 18'



## Appendix 2: Proposed Service Review Program FY2019/20 and Benefits Realisation Reviews

Proposed Marion Standalone Service Reviews	
Neighbourhood Centres (1 service)	Review of Neighbourhood Centres to test: <ul style="list-style-type: none"> <li>– Operating model and utilisation, incorporating a trial of After Hours open hours</li> <li>– Benchmarking and collaboration our service provision across LG in SA, including PAE and CCS</li> <li>– Increasing programs and program attendance, as per recent Council reports and motions</li> <li>– Trialling a third community bus (2 years).</li> </ul>
Proposed Cross Council Service Reviews	
Capital construction and Maintenance (5 services)	This is a full cross council review of civil capital works and maintenance to determine opportunities across the following services: <ul style="list-style-type: none"> <li>– Roads</li> <li>– Drainage</li> <li>– Kerb and Gutter</li> <li>– Traffic Device Construction</li> <li>– Technical Engineering</li> </ul>
Parks and Gardens/ Open Space (1 service)	The review focus across Open Space: <ul style="list-style-type: none"> <li>– Design and construction</li> </ul>
Water and electricity bill validation (1 service)	Cross council bill audit and tariff review
Fleet Maintenance (1 service)	Cross council benchmarking
<b>Proposed Service Reviews for FY2019/20</b>	<b><u>9 services</u></b>

Benefits Realisation Reviews (after completion of SR recommendations) due in FY2019/20	
Community Safety Inspectorate	due August 2019
Open Space Phase 2	due August 2019
Records Management	due October 2019



## External Audit Engagement for the Year Ending 30 June 2019

<b>Originating Officer</b>	Unit Manager Statutory Finance and Payroll - David Harman
<b>Corporate Manager</b>	Manager Finance - Ray Barnwell
<b>General Manager</b>	General Manager Corporate Services - Vincent Mifsud
<b>Report Reference</b>	FAC190528R11

### REPORT OBJECTIVE

The objective of this report is to provide details of Deloitte's proposed audit engagement plan for the year ending 30 June 2019 and allow the Finance and Audit Committee opportunity to comment on and discuss the proposed Audit Plan with our external auditors Deloitte.

### EXECUTIVE SUMMARY

Deloitte's have provided a report which outlines their audit plan in relation to the 30 June 2019 audit (Attachment 1).

### RECOMMENDATION

**That the Finance and Audit Committee:**

- 1. Considers the outline of Deloitte's Audit Plan for the financial year ending 30 June 2019.**
- 2. Notes the scope of the audit to be carried out by Deloitte for the year ending 30 June 2019.**
- 3. Notes that the Chief Executive Officer will execute the acknowledgement of engagement letters.**

### GENERAL ANALYSIS

#### BACKGROUND:

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

In February 2017, on the recommendation of the Finance and Audit Committee, Council endorsed the engagement of Deloitte as Council's external auditor for a term of 5-years in accordance with Section 128 of the Local Government Act 1999.

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

#### ANALYSIS:

Provided at Attachment 1 is a copy of the Audit Plan for the financial year ending 30 June 2019 prepared by Deloitte. This sets out the responsibilities of Deloitte and Council in undertaking the audit, the scope of the audit, and various administrative matters including the audit timetable and fees.

The Audit Engagement letters have not yet been received and will be supplied by Deloitte prior to the

Finance and Audit Committee meeting. It is noted that the scope of the audit proposed by Deloitte is expected to be in line with the scope of services detailed in the Contract for Services and as required under the Local Government Act 1999. Furthermore, the fees are also expected to be consistent with those quoted in the original Deloitte tender for services, with appropriate approved budget allocations made.

**CONCLUSION:**

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

The proposed scope of services outlined in the Audit Plan for the year ending 30 June 2019 is consistent with the requirements of the Local Government Act 1999 and the Contract for Services between Council and Deloitte.

**Attachment**

#	Attachment	Type
1	City of Marion - Audit service plan 30 June 2019	PDF File



**Corporation of City of Marion**  
Audit Plan for the Financial Year Ending  
30 June 2019  
22 May 2019

# Contents

**[3] Foreword**

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**[4] Executive Summary**

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**[6] Your client service team**

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**[7] Materiality**

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**[8] Year-end audit approach**

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**[10] Timeline of activity**

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**[11] Internal Audit**

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**[12] Audit Focus Areas - Detail**

## Foreword

22 May 2019

Mr Greg Connor  
Chair, Finance and Audit Committee  
Corporation of the City of Marion  
245 Sturt Road  
STURT SA 5047

### **To the Members of the Board Finance and Audit Committee**

Thank you for the opportunity to present our audit service plan for the Corporation of the City of Marion (the "Council") for the year ending 30 June 2019.

We have an evolving audit plan that is established with input from the Council's management. The audit plan is tailored to the Council's environment and revised throughout the year to adjust for business developments, additional relevant matters arising, changes in circumstances and findings from activities performed.

As the basis of our planning is the identification and assessment of risks that will impact the business operations of the Council, this document outlines the audit focus areas that have been identified, assesses the impact that they potentially may have on the financial statements, and documents our approach to address these audit focus areas as part of our audit and review process.

This plan is intended for the Board Finance and Audit Committee of the Council and should not be distributed further. It also provides details of the Deloitte team, and proposed lines and processes for communication of significant issues arising during the audit.

I am personally committed to ensuring you receive and experience the best of Deloitte with the services that we provide and look forward to serving you as your Lead Audit Partner.

Please feel free to contact me if you have any questions or would like to discuss the content of this plan further.

Yours sincerely



Lee Girolamo  
Partner  
Chartered Accountant

Item	Overview
<b>Introduction</b>	<p>This document details our proposed scope for Corporation of City of Marion (the “Council”) for the year ending 30 June 2019.</p>
<b>Scope of the audit</b>	<p>We will conduct an audit of the Council for the year ending 30 June 2019 in accordance with Australian Auditing Standards to enable an opinion to be formed as to whether the financial report of the Council has been prepared in accordance with the <i>Local Government Act 1999</i>.</p> <p>The scope of the statutory audit regarding the internal controls exercised by the Council will include such procedures as required to enable us to provide an opinion whether the controls exercised by the Council, during the financial year in relation to:</p> <ul style="list-style-type: none"><li>▪ the receipt, expenditure and investment of money,</li><li>▪ the acquisition and disposal of property; and</li><li>▪ the incurring of liabilities</li></ul> <p>were sufficient, in all material respects, to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with legislative provisions.</p>
<b>Areas of audit focus</b>	<p>The audit focus areas that we have identified as part of our overall audit strategy are:</p> <ul style="list-style-type: none"><li>▪ Revenue – rates and statutory charges and grant revenues</li><li>▪ Expenditure</li><li>▪ Non-current assets</li><li>▪ Internal control assessment</li></ul>
<b>Materiality</b>	<p>Materiality levels will be determined using judgement in relation to benchmarks such as total equity, net surplus/deficit, revenue, operating expenditure, total comprehensive income and total equity. We will continue to report to the Finance and Audit Committee on all unadjusted misstatements greater than 5% of materiality.</p>

Item	Overview
<b>Assessment and engagement quality</b>	<p>Upon completion of our service cycle, we will meet with the Council’s senior management and Finance and Audit Committee to obtain an evaluation of our performance against your expectations.</p>
<b>Client service team</b>	<p>We have assigned individuals to the engagement who are familiar with the Council’s personnel, operations and accounting policies and the industry within which you operate so we can retain the value of past experience. Lee Girolamo will be the audit engagement partner and be responsible for our overall audit strategy and for signing the audit reports. He will be supported by Patrick Leong (Experienced Director) and Joel Lawton (Senior).</p> <p>We will also engage specialists in the following areas:</p> <ul style="list-style-type: none"> <li>• <b>Valuation experts</b> to assess external valuation firm’s assumptions.</li> <li>• <b>Computer assurance specialists</b> to participate in the evaluation of internal control and in the use of our computerised audit applications.</li> </ul>
<b>Independence</b>	<p>Deloitte has developed important safeguards and procedures in order to ensure our independence and objectivity. Specific safeguards include:</p> <ul style="list-style-type: none"> <li>• the provision of a statement of independence from Deloitte to the Elected Members of the Corporation of the City of Marion;</li> <li>• the adoption of a partner rotation policy; and</li> <li>• we have included Corporation of City of Marion in our list of restricted clients to ensure that as a firm we maintain and monitor the strict requirements for such entities in relation to Corporation of City of Marion.</li> </ul> <p>We will reconfirm our independence for the year ending 30 June 2019 in our final report to the Finance and Audit Committee.</p>
<b>Timetable and communication of plan</b>	<p>Our audit timetable has been developed through discussion with the Council’s management team so as to maximise our efficiency and compliance with reporting timetables.</p> <p>We have outlined our timing of work and estimated delivery dates in the “Timetable &amp; Communication Plan” tab. At the time of writing this document, our timetable has been developed based on the preliminary reporting timetables. We will update our plan should this timetable change.</p>

Our audit of the Corporation of the City of Marion will be led by Lee Girolamo as Audit Engagement Partner.

Lee will oversee the co-ordination of the audit and have primary responsibility for working with Council's senior management.

Supporting Lee Girolamo will be Patrick Leong as the Engagement Director.

Patrick will be the primary point of contact for the Council's finance team and be responsible for managing technical accounting matters as and when they arise.

Joel Lawton will oversee the day to day execution of our audit.

Supporting our audit team will be a range of specialists dedicated to serving the Corporation of the City of Marion in connection with our audit and where complex accounting matters arise.

**Lee Girolamo**  
Audit Engagement  
Partner



**Patrick Leong**  
Director



**Joel Lawton**  
Senior



## Specialists

**Andrew Scarff**  
Partner - Valuations



**David Hobbis**  
Partner - Risk Advisory





Establishing an appropriate materiality level is critical to our risk identification process and is an important variable in designing and evaluating the results of our audit procedures. We determine materiality by considering a range of both qualitative and quantitative factors when applying our professional judgement.

If we find a variance or deviation through conducting our audit procedures, we will investigate and understand the specific and overall impact to the audit and any further audit procedures that may need to be completed.

We will aggregate items that are above the “Clearly Trivial Threshold” determined for the audit and report these to you in a timely manner.

Our audit approach is based on our global audit methodology, which we tailor to the organisational structure, business processes, people and systems of the Corporation of the City of Marion. It is focused on addressing the critical financial risks facing the Council.

## Your client service team

In order to effectively understand and meet the Council's needs, the planning and performance of the audit is driven by significant time commitment from our partners, maximising use of their experience and knowledge of your business and industry.

Your client service team was selected to ensure we bring the best people to the Council in the right locations.

## Assessment of performance

To assist us in meeting the needs and expectations of the Council, periodically we request from senior management and a selection of Those Charged With Governance an assessment of our performance.

We will continue to utilise face-to-face interviews as the mechanism for obtaining feedback. The feedback received during this process is used to assist us in focusing our audit service plan and tailoring our approach to address the Council's risks and requirements.

## Audit strategy and risk assessment

Our audit approach is underpinned by the identification of relevant material audit risks and tailoring appropriate audit responses to address those risks.

We combine the Council's business risk profile, our understanding of the Council and the insight and experience of our team to focus our audit procedures on the areas that matter most.

We will not only focus on risks currently impacting the Corporation of the City of Marion but also those emerging in the medium and long term.

## Focus on systems and controls

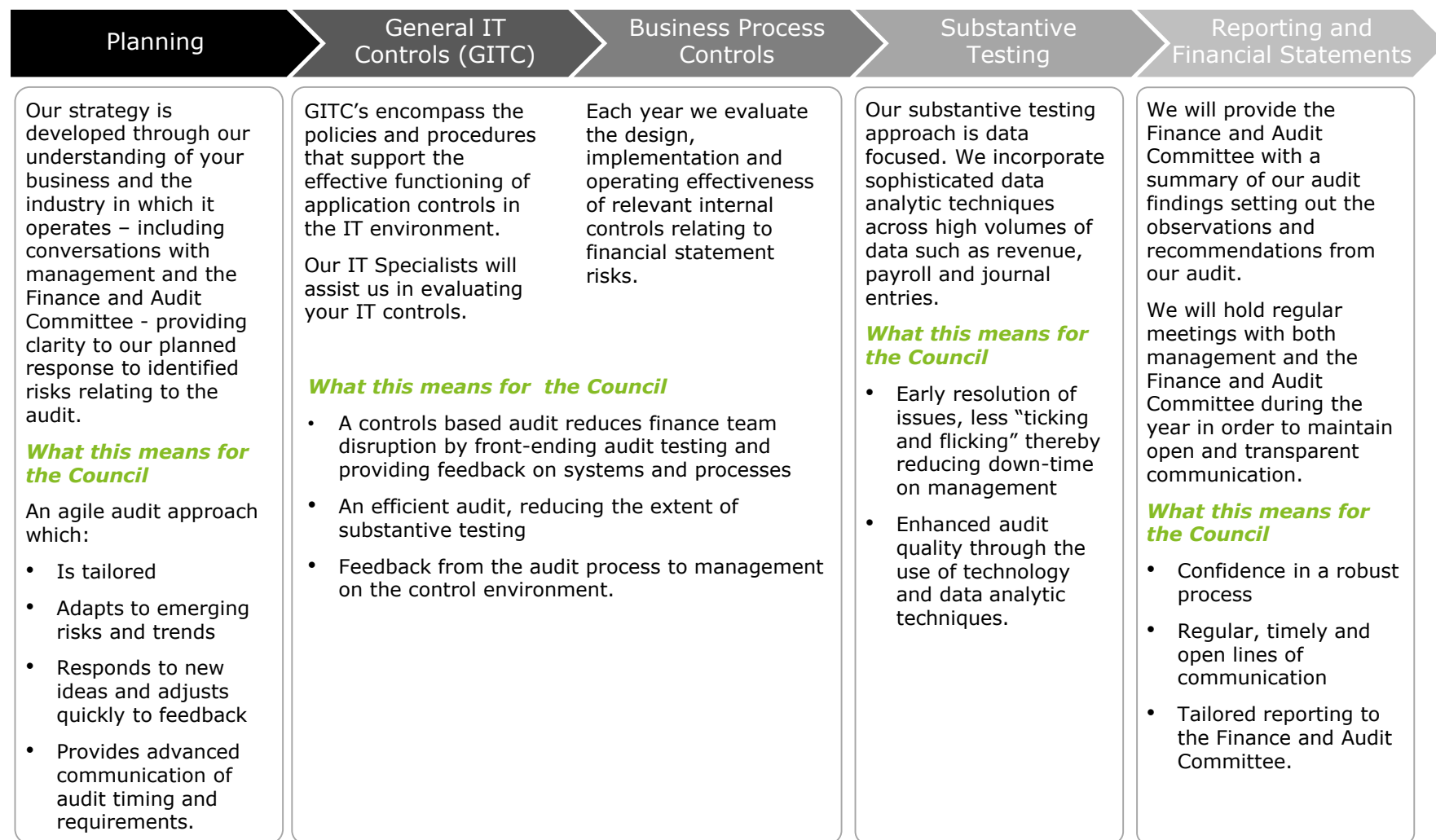
Our external audit strategy for the year ending 30 June 2019 will place reliance on the Council's internal controls, both manual and automated, reducing the extent of substantive audit procedures.

By taking this 'controls reliance' approach we will be able to identify areas where the Council's controls require improvement or where we believe the available systems could be utilised more effectively.

## Independence

Deloitte operates under a comprehensive ethical framework that focuses on maintaining audit independence, timely identification of potential independence issues and the implementation of appropriate actions and safeguards.

We will provide written confirmation of our independence on an annual basis for inclusion in the annual financial report.



There is constant communication between our team and key management representatives during the year. Our formal communications to the Finance and Audit Committee and other key audit milestones are summarised below.



## Reporting to the Finance and Audit Committee



## Obtaining an understanding of internal controls relevant to the audit

In accordance with Australian Standards on Auditing, for controls considered to be 'relevant to the audit' we are required to evaluate the design of the controls and determine whether they have been implemented ("D&I").

The controls that are determined to be relevant to the audit are those:

- where we plan to obtain assurance through operating effectiveness;
- relating to identified risks (including this risk of fraud in revenue recognition) or areas of audit focus; and
- where we are unable to obtain sufficient audit assurance through substantive procedures alone.

The results of our work in obtaining an understanding of controls and any subsequent testing of the operational effectiveness of controls will be collated and the impact on the extent of substantive audit testing required will be considered.

If key controls cannot be relied upon or do not operate as expected, we will have to revise our audit plan in order to extend our substantive work, with the associated impact on our costs. We will work closely with you and communicate our results at the earliest opportunity.

Our audit is not designed to provide assurance as to the overall effectiveness of the controls operating within the Organisation, although we will report to management any recommendations on controls that we may have identified during the course of our audit work.

## Business cycles

We adopt a rotation plan for testing operating effectiveness of internal controls within business cycles. The table below sets out when internal controls in a business cycle were last tested and when they will be next tested:

Selected for testing Operating Effectiveness				
Business cycle	2018	2019	2020	2021
<b>Fixed Assets*</b>	Yes	No	No	Yes
<b>Expenditure*</b>	No	Yes	No	Yes
<b>Payroll*</b>	No	No	Yes	No

\* *Deloitte will test controls for design & implementation during the years they are not selected for operating effectiveness testing.*

We will leverage testing on these business cycles based on our design & implementation testing of internal controls discussed on page 9.

We continue to apply a risk based audit approach. Through considering the combination of risk factors affecting the Council, and our judgement of the likelihood and magnitude of potential misstatements associated with these risk factors, we identify and classify risks specifically relating to the audit of the Corporation of the City of Marion.

The classification of the risks we have identified relating to the audit of the Council guides our assessment of where we focus our efforts and what testing procedures we plan to perform. This assists us in focusing on the areas that matter most to the audit, and limit testing in areas that have minimal or lower risk. For each audit focus area identified in our preliminary risk assessment, we have detailed the key financial statement impacts and the audit procedures to be completed, in the table below. The table highlights the direct link between our audit focus area and our audit procedures, summarising our risk based audit approach

Audit Focus Areas	Financial Statement Impact	Audit Approach	Audit Procedures
<b>Revenue</b>	<ul style="list-style-type: none"> <li>Rates and statutory charges</li> <li>Grant revenue</li> </ul>	Substantive testing	<p><b>Rates and statutory charges</b> As a material transaction cycle, revenues recognised from rates and statutory charges will be assessed for validity and completeness. The design and implementation of controls will be assessed combined with substantive testing.</p> <p><b>Grant revenues</b> We shall consider the extent to which grant revenues have been appropriately recognised in accordance with grant agreements and cash received, we will substantively test the detail of these transactions.</p>

Audit Focus Areas	Financial Statement Balance	Audit Approach	Audit Procedures
<b>Expenditure</b>	<ul style="list-style-type: none"> <li>Materials, contracts &amp; other expenses</li> <li>Amortisation</li> </ul>	Substantive testing	<ul style="list-style-type: none"> <li>Given the volume, magnitude and public accountability of Council expenditures the preventative and detective controls over expenditures, including the budgetary cycle will be given consideration. Substantive detailed testing will be performed to assess the validity of the underlying expenditures.</li> <li>Depreciation expenditure will be analysed for each asset category for compliance with Council approved policy with an assessment of useful lives and residual values.</li> </ul>
<b>Non-current assets</b>	<ul style="list-style-type: none"> <li>Infrastructure, property, plant &amp; equipment</li> </ul>	Substantive testing	<ul style="list-style-type: none"> <li>Major project expenditures will be assessed to determine whether expenditure has been appropriately capitalised. Progress against budget will also be reviewed.</li> <li>In particular, review of capital expenditure approvals at inception of the project as well as verification of expenditure against Delegated Authorities throughout the project life.</li> <li>The methodology and basis for the determination of fair value of assets as well as the level of appropriate disclosures will be assessed.</li> <li>Independent review of the external valuation firm's assumptions by the audit team and our Deloitte infrastructure valuation specialist.</li> </ul>

Audit Focus Areas	Financial Statement Balance	Audit Approach	Audit Procedures																																
<b>Internal Controls Assessment</b>	<ul style="list-style-type: none"> <li>Internal controls report</li> </ul>	Testing of controls	<p>Control assessment will be performed on a rotation basis for each of the six risk categories. In the current financial year, Deloitte will perform testing on Assets and External Services. We will also include controls outside of the rotation where we have pinpointed that there may be further risk, including:</p> <ul style="list-style-type: none"> <li>Where there are changes in staff</li> <li>Controls that have changed</li> <li>Variance of 2 or more between preparer or reviewer rating</li> <li>Controls rated 1 or 2 (out of 5)</li> <li>Other factors which we consider relevant</li> </ul> <p>The rotation plan is set out below:</p> <table> <tr> <th colspan="4">Risk Category Rotation Plan</th></tr> <tr> <th>Business Cycle</th><th>2018</th><th>2019</th><th>2020</th></tr> <tr> <td>Strategy</td><td></td><td>Yes</td><td></td></tr> <tr> <td>Assets</td><td>Yes</td><td></td><td></td></tr> <tr> <td>Liabilities</td><td></td><td>Yes</td><td></td></tr> <tr> <td>Revenue</td><td></td><td></td><td>Yes</td></tr> <tr> <td>Expenses</td><td></td><td></td><td>Yes</td></tr> <tr> <td>External Services</td><td>Yes</td><td></td><td></td></tr> </table>	Risk Category Rotation Plan				Business Cycle	2018	2019	2020	Strategy		Yes		Assets	Yes			Liabilities		Yes		Revenue			Yes	Expenses			Yes	External Services	Yes		
Risk Category Rotation Plan																																			
Business Cycle	2018	2019	2020																																
Strategy		Yes																																	
Assets	Yes																																		
Liabilities		Yes																																	
Revenue			Yes																																
Expenses			Yes																																
External Services	Yes																																		



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Member of Deloitte Touche Tohmatsu Limited

## Draft Annual Business Plan 2019/20 and Long Term Financial Plan Update

**Originating Officer** Unit Manager Statutory Finance and Payroll - David Harman

Strategy Leader - Elaine Delgado

**Corporate Manager** Manager Finance - Ray Barnwell

Manager Innovation and Strategy - Fiona Harvey

**General Manager** General Manager Corporate Services - Vincent Mifsud

General Manager City Development - Abby Dickson

**Report Reference:** FAC190528R12

### REPORT OBJECTIVE:

The purpose of this report is to provide the Finance & Audit Committee (FAC) with an update on the development of Council's Draft 4 Year Business Plan (4YBP) 2019-2023, Draft Annual Business Plan (ABP) 2019-20 and Draft Long Term Financial Plan (LTFP) since the 26 February 2019 Finance and Audit Committee meeting (FAC190216R08).

This report also notes the participation and feedback from the recently concluded public consultation period.

There have been a number of minor changes to the framework underpinning the development of the Draft 4YBP, ABP and LTFP. The key items included in this report are:

- Updates to the assumption relating to service levels
- Updates on new initiatives (Attachment 1) included in the ABP and LTFP
- The removal of the Corporate KPI relating to staff retention
- The addition of a Corporate KPI related to Community engagement/communications

These changes have not resulted in any material changes to Council's financial indicators, with the key factor being Council's cash balance over the 10 year term of the LTFP is sufficient to meet its operational needs, financial sustainability targets and fund its accounting reserves.

### RECOMMENDATIONS:

**That the Finance & Audit Committee**

1. **Note the additions to the Draft ABP 2019/20 and Draft LTFP since its 26 February 2019 meeting.**
  - **Provide feedback on the:**
    - **current iteration of the Draft 4 Year Business Plan 2019-2023 (Attachment 2), Draft ABP 2019-20 and Draft LTFP (Attachment 3)**
    - **updated assumptions**
    - **updated organisational KPIs**

### DISCUSSION:

Public consultation for the Draft 4YBP and Draft ABP & LTFP concluded on the 17th of May 2019. The Draft ABP & LTFP for public consultation was based upon a proposed rate increase over the term of the LTFP of

1.8%, providing a balanced or better funding (cash) position over the ten years of the LTFF.

Since the framework for the 4YBP, ABP and the LTFF were presented to the FAC at its 26 February 2019 meeting a number of changes have been incorporated.

The table below highlights the key steps remaining for the 4YBP, ABP 2019-20 and LTFF from this point. Please note that these dates may be subject to some alteration

KEY STAGES	DATE	MEETING
Opportunity for the Finance & Audit Committee to provide feedback on Draft 4YBP, ABP and LTFF and updated suite of KPIs	28 May 2019	Finance & Audit Committee
Council receives feedback/responses from community engagement	28 May 2019	General Council
Consider final draft of 4YBP, ABP 2019-20 and LTFF	11 June 2019	General Council
Adopt 4YBP, ABP 2019-20 and LTFF	25 June 2019	General Council

### Changes to the Assumptions and KPIs

Based on feedback from the Committee at its meeting on 26 February 2019 around the assumption on maintaining service delivery levels, this assumption has been reworded to reflect the current process:

- Where changes to service delivery have been prioritised and approved by Council subject to financial capacity, these have been incorporated into the Budget/Long Term Financial Plan. Where no other endorsement exists, service delivery levels are maintained at current levels.

Following endorsement from Council at its meeting at on 23 April (GC190423R09) one of the corporate KPIs has been amended. The previous KPI was "Key Staff Retention", which has been removed. The new KPI and its targets are detailed below and the full suite of KPIs can be found in section 8 – *Measuring our success* – of the Draft ABP 2019-20 (Attachment 3).

Key Performance Indicator	Core Target	Stretch Target
Community engagement/communications	Project specific communications to the public should be timely and accurate	100%

### Public Consultation

Public consultation was promoted between 26 April and 17 May 2019. Consultation included:

- A notice in the Messenger Press Coast City Weekly on 1 May and 8 May 2019 informing of the draft 4YBP & ABP preparation with an invitation for written and online submissions
- A dedicated 'Making Marion' website was developed [www.makingmarion.com.au/planning-towards-2023](http://www.makingmarion.com.au/planning-towards-2023) that included an online poll to gauge the level of support for the draft 4YBP and draft and an online submission form in which commentary could be provided
- Social media promoted on the City of Marion Facebook page that reached 3, 532 people and of that 108 people clicked on the link to be directed them to the 'Making Marion' consultation page
- Communication with community groups via:
  - Email advice to 229 volunteers

- Business E Talk newsletter reaching 2,100 people
- Common Thread meeting, 50 people in attendance
- Green Thymes database reaching 567 people
- Email advice to youth, arts and cultural, and multicultural groups' databases
- Communication to the Chief Public Health officer advising on the consultation of the business plans as required under Section 51(13) of the *South Australian Public Health Act 2011*
- A hard copy of the Draft 4YBP and Draft ABP was available at Council's administration offices, libraries and community centres.

### Rates of participation and feedback

- **249** people visited the Making Marion website
- **84** people downloaded the Draft ABP 2019-20 document
- **84** people downloaded the Draft 4YBP 2019-2023 document
- **7** people completed the Draft ABP 2019-20 online poll indicating 42.9% support for the plan
- **2** people completed the Draft 4YBP 2019-2023 online pool indicating 50% support for the plan
- **2** people provided feedback on the 4YBP 2019-2023 plans via Making Marion
- **3,532** people saw the Facebook post with 5 shares of the post

Interested persons were also invited to attend the Council meeting on 14 May 2019 to ask questions and make submissions in relation to the draft 4YBP, ABP & Budget for at least one hour, however no deputations were received.

### Community Feedback received

A question posed to the community in the Making Marion portal was "Of the projects included in the Draft 4 Year Business Plan, what most excites you?"

Two comments were received via Making Marion:

- Comment 1: *"More trees and greenery in general! Keep footpaths clear of slip hazards by certain shredding trees! Sand for Hallett Cove beach!"*
- Comment 2: *"The tennis courts are definitely exciting. I would like to suggest that the council allows for free public access to the courts as well as a push button for timed lighting to enable night time practice. The City of West Torrens has introduced this at Weigall Reserve and so we currently travel out of Marion to use their courts in the evening."*

A comment received on the Facebook post promoting the business plans was: *"More community gardens"*.

No other feedback was received in the consultation period.

### Projects included in the ABP and 4YBP

A number new and continuing initiatives are included in the ABP and 4YBP, along with a number of projects funded from Council's accounting reserves. These are listed in Attachment 1.

### ATTACHMENTS:

#	Attachment	Type
1	1. New Initiatives and Capital Works Funding	PDF File
2	2. Draft 4YBP 2019-2023	PDF File
3	3. Draft Annual Business Plan 2019-20	PDF File

## New and Continuing Initiatives

The following new and continuing initiatives have been incorporated into the Draft ABP 2019-20:

Operating		Funding Source	2019/20
2019/20	Museum Curator	Rates	25,000
2019/20	Business Enterprise System Development	Rates	800,000
2019/20	Marion Cultural Centre Plaza Precinct Activation	Rates	40,000
2019/20	Iconic Event - Adelaide Symphony Orchestra at Warriparinga	Rates	67,760
2019/20	Additional Community Bus Hire	Rates	30,000
2019/20	Council Boundary Investigations	Rates	100,000
2019/20	One Stop Shop Online Customers	Rates	100,000
2019/20	Trial Extended Operational Hours - Neighbourhood Centres	Rates	90,000
2018/19	CALD (Culturally and Linguistically Diverse) Disability and Aboriginal Traineeships	Rates	140,000
2018/19	Remnant Native Vegetation Plan	Rates	306,000
2018/19	Enhanced Tree Planting Program	Rates	614,000
2018/19	ICT System Development	Rates	510,000
2018/19	Valuing Marion's Nature	Rates	30,600
2018/19	Oaklands Education Centre	Rates	23,694
<b>Total Operating Initiatives Loaded</b>			<b>2,877,054</b>
Capital			
2019/20	Capella Drive/Nannigai Drive Reserve Development	Rates	950,000
2018/19	Morphettville Park Sports Club Redevelopment	CFPP	2,700,000
2018/19	Marion Outdoor Pool Upgrade	ASR	1,929,554
2018/19	Southern Regional Soccer Facility	ASR/CFPP	2,500,000
<b>Total Capital Initiatives Loaded</b>			<b>8,079,554</b>
<b>Total Initiatives Loaded</b>			<b>10,956,608</b>
Funded from Reserves (CFPP & ASR)			(7,129,554)
<b>Net decrease in Cash</b>			<b>3,827,054</b>

Key changes made since the consultation document include the addition of a Museum Curator for one year (\$25k), CALD (Culturally and Linguistically Diverse) Disability and Aboriginal Traineeships for three years (\$140k per annum from 2019/20 to 2021/22) and the retiming of the Southern Region Soccer Facility (\$2.5m) from 2018/19 to 2019/20

## Capital Works Funding

The capital works funding included in the Draft ABP 2019-20 is broken down as follows:

Classification	2019/20 Draft Budget	Classification	2019/20 Draft Budget
<b>Civil</b>		<b>Property &amp; Buildings</b>	
Roads (including K&WT)	4,850,000	Property & Buildings	2,824,119
Footpaths	1,900,000	Marion Golf Club Clubroom	300,000
Drainage	2,656,570	Car Parks	100,000
Streetscapes	1,800,000	Sports Courts	300,000
Irrigation	600,000	Furniture & Equipment	341,471
Traffic Control Devices	416,830	<b>Total Property &amp; Buildings</b>	<b>3,865,590</b>
Walking Trails & Paths	535,000		
LED Lighting Transition	-	<b>Key Projects</b>	
Other Infrastructure	298,700	Mitchell Park Sports Club Redevelopment	15,000,000
<b>Total Civil</b>	<b>13,057,100</b>	Edwardstown Sports Club Redevelopment	-
		Morphettville Park Sports Redevelopment	2,700,000
<b>Open Space</b>		Marion Outdoor Pool	1,929,554
Playgrounds	902,000	BMX Track Development	2,050,000
Capella Drive/Nannigai Drive Reserve	950,000	Southern Regional Soccer Facility	2,500,000
Heron Way Reserve Stage 4	-	<b>Total Major Projects</b>	<b>24,179,554</b>
Oaklands Estate Reserve	-		
2nd Dog Park	-	<b>Other Capital</b>	
Reserve Development	448,950	Fleet Replacement	450,000
Shade Sails	385,000	IT Hardware	290,000
Public Toilets	-	<b>Total Other Capital</b>	<b>740,000</b>
<b>Total Open Space</b>	<b>2,685,950</b>	<b>Total Capital Works for 2019/20</b>	<b>44,528,194</b>

Key changes made since the consultation document include the reduction of Mitchell Park Sports Club Redevelopment from \$20m to \$15m following the commitment of \$5m in grant funding from the Federal Government, and the retiming of the Southern Region Soccer Facility (\$2.5m) from 2018/19 to 2019/20.



# City of Marion Business Plan 2019-2023

- Draft for Public Consultation



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## *Acknowledgement of Country*

We acknowledge we are part of Kaurna land and recognise the Kaurna people as the traditional and continuing custodians of the land.



# WELCOME

Welcome to the *City of Marion Business Plan 2019-2023*.

This 4 year plan reflects the priorities of the “new” Council elected in November, 2018.

Our city is undergoing a period of substantial change, driven by partnerships between local, state and federal governments. Council will capitalise on this investment by pursuing close to 40 projects which will benefit our community.

Construction of 850 homes at Tonsley, Australia’s first business innovation and education precinct, will boost this area.

With a massive contribution from State and Federal Governments, Council played a part in fixing the Oaklands Crossing. Council will now turn to improving the surrounding area with “streetscapes” and the latest technology.

Morphettville Park Sports and Community Centre is being redeveloped; the Mitchell Park precinct is next, with the help of Federal funding. Our popular Outdoor Pool will also be further upgraded.

In the south, we will resolve how to better provide for a variety of sports including, at least, improvements to Cove Sports and Community Centre, a new BMX facility and new soccer pitches.

It’s not just about the big ticket sports facilities: our business as usual continues with upgrading of playgrounds, the amenity of our streets, and more.

This work is underpinned by a Council committed to delivering value for money while keeping rates affordable.

I hope you enjoy the benefits as we put this plan into action.

Yours sincerely



**Kris Hanna**  
Mayor, City of Marion



## COMMUNITY VISION › TOWARDS 2040

### Six themes of our Community Vision

These six themes represent the shared values and aspirations that will guide how our city develops.

#### LIVEABLE

By 2040 our city will be well planned, safe and welcoming, with high quality and environmentally sensitive housing, and where cultural diversity, arts, heritage and healthy lifestyles are celebrated.

#### VALUING NATURE

By 2040 our city will be deeply connected with nature to enhance peoples' lives, while minimising the impact on the climate, and protecting the natural environment.

#### ENGAGED

By 2040 our city will be a community where people are engaged, empowered to make decisions, and work together to build strong neighbourhoods.

#### INNOVATIVE

By 2040 our city will be a leader in embracing and developing new ideas and technology to create a vibrant community with opportunities for all.

#### PROSPEROUS

By 2040 our city will be a diverse and clean economy that attracts investment and jobs, and creates exports in sustainable business precincts while providing access to education and skills development.

#### CONNECTED

By 2040 our city will be linked by a quality road, footpath and public transport network that brings people together socially, and harnesses technology to enable them to access services and facilities.



## OUR PURPOSE, VISION AND VALUES

### OUR PURPOSE

(Why we exist)

To improve our residents' quality of life; continuously, smartly and efficiently

### OUR COMMUNITY VISION

(What we want to become)

A community that is Liveable, Valuing Nature, Engaged, Prosperous, Innovative and Connected

### OUR VALUES

With the community and safety at the forefront of everything we do, we value:

**Respect** - Treating everyone as we want to be treated, where all contributions are valued

**Integrity** - Fostering trust and honesty in all of our interactions

**Achievement** - Enhancing our knowledge and performance to reach our shared goals, while being dedicated to supporting one another

**Innovation** - Encouraging new ideas, and learning from our experience to do things better

## Our commitment to ongoing service delivery

The City of Marion is committed to the delivery of a broad range of ongoing services and programs for our community that are in addition to the projects outlined in this 4-Year Business Plan 2019-2023. These are an important component in achieving the values and aspirations in our Community Vision – Towards 2040.

The City of Marion includes services, activities and programs such as those offered to the community through:

- Libraries, community/neighbourhood and recreational centres
- Park maintenance
- Environmental and waste management
- Road and street works including footpaths and street trees
- Community and cultural events
- Community health and safety
- Building and development services
- Leasing of facilities to community groups
- Advocating to the state government to maximise community benefits for projects including:
  - Glenthorne National Park
  - North South Corridor (Anzac Highway to Darlington)
  - Flinders Link

The delivery of these services, activities and programs, combined with strategic projects, play a key role in improving the quality of life for all our residents.

# MAJOR PROJECTS

## 2019-2023



1

**Activate the Edwardstown/Melrose  
Park Employment Precinct**



2

**Morphettville Park  
Sports and Community  
Centre Redevelopment**



3

**Marion Outdoor Pool Upgrade**



4

**Oaklands Precinct Upgrade**



5

**Mitchell Park  
Sports and  
Community Facilities  
Redevelopment**

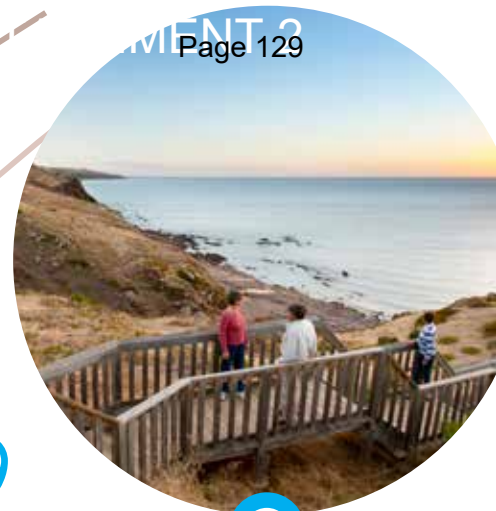
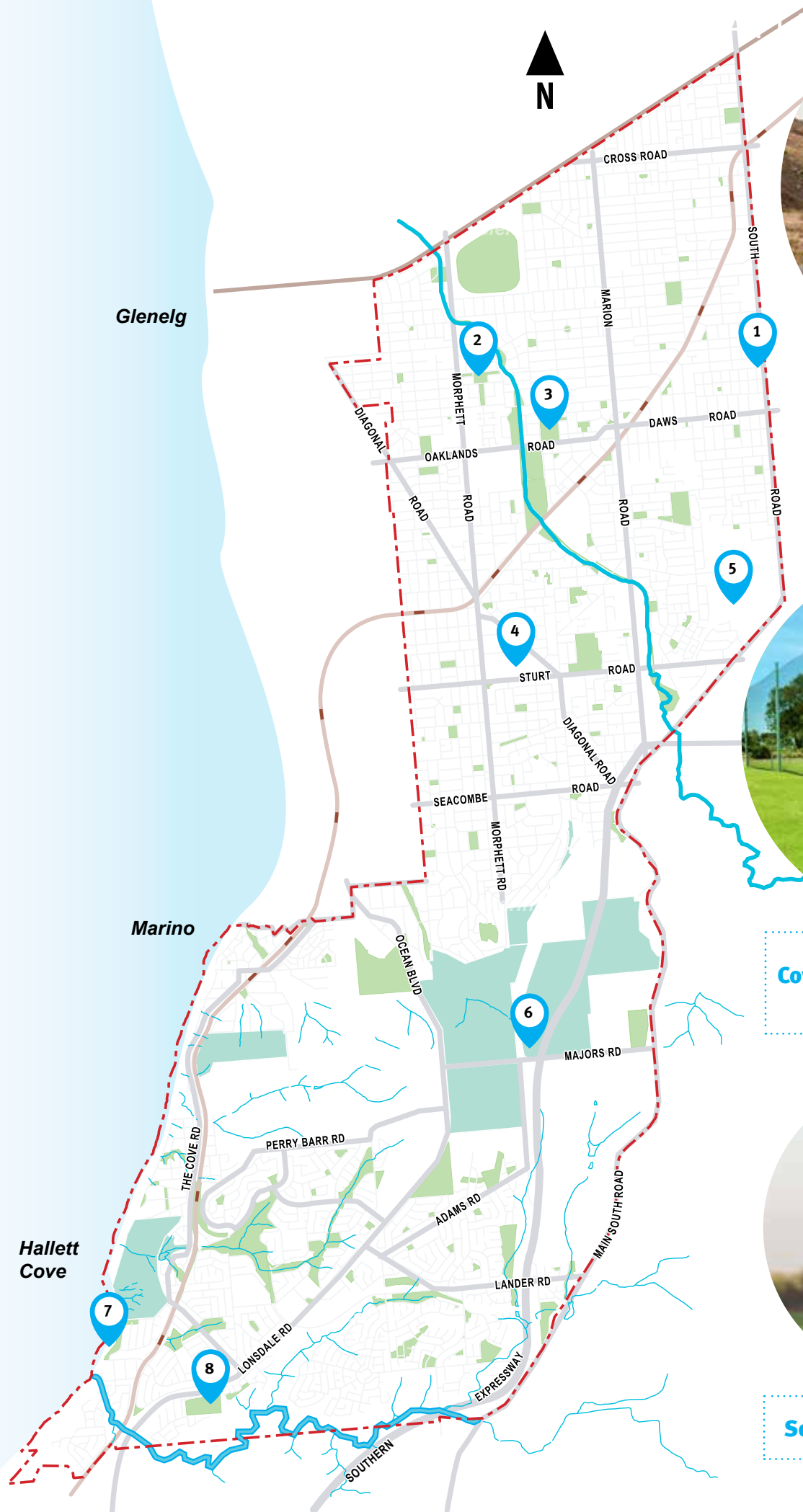


6

**New BMX Facility**

The featured major projects are contained within our full list of projects/initiatives on page 6 & 7.





7

### Hallett Cove Foreshore Redevelopment



8

### Cove Sports and Community Facility Improvement



### Southern Soccer Facility\*

\* Location to be determined.

	Projects/Initiatives	Project Delivery				Key Strategic Theme
		19/20	20/21	21/22	22/23	
1	Expand the number of netball courts at Cove Sports and Community Club	•				Liveable
2	Review Marion Cultural Centre Plaza designs and linkages to surrounding areas	•				Liveable
3	Develop the City Property Strategic Asset Management Plan to meet community, sport and recreation needs	•				Liveable
4	Determine the future for the Marion Golf Club clubrooms	•				Liveable
5	Develop a data platform 'Metrics that Matter' to enable improved service delivery	•				Innovative
6	Partner to transition to the new Planning and Design Code	•				Prosperous
7	Partner with key stakeholders to maximise the outcomes for the site of the Seaclyff Park Development Plan Amendment	•				Prosperous
8	Trial a third community bus	•				Connected
9	Trial implementation of extended operating hours at Neighbourhood Centres	•				Connected
10	Engage a curator to manage the Marion Historic Village Museum	•				Liveable
11	Develop and deliver a Disability Access and Inclusion Plan	•				Engaged
12	Redevelop courts and build a multi-purpose facility at Seaview High School	•	•			Liveable
13	Deliver a Southern Soccer Facility	•	•			Liveable
14	Deliver a UCI standard BMX facility in partnership with State Government and the City of Onkaparinga	•	•			Liveable
15	Activate the Edwardstown and Melrose Park Employment Precinct	•	•			Liveable
16	Complete the redevelopment of Morphetville Park Sports and Community Centre	•	•			Liveable
17	Complete the Marion Outdoor Pool building and recreational facilities upgrade	•	•			Liveable
18	Develop an on-line one-stop-shop for customers to enable easy access to information and transactions for council services, rates, registrations and events	•	•			Innovative
19	Develop a City Transport Plan to enable ease of movement for people of all ages and abilities within and through the city	•	•			Connected
20	Continue to deliver the Volunteer Strategy 2018-2021	•	•			Engaged
21	Renew the Mitchell Park sports and community facilities	•	•	•		Liveable
22	Deliver the final stages of the Hallett Cove Foreshore redevelopment	•	•	•		Liveable

	Projects/Initiatives	Project Delivery				Key Strategic Theme
		19/20	20/21	21/22	22/23	
23	Develop and deliver a coastal walkway to connect Heron Way Reserve with the Field River environs	•	•	•		Connected
24	Deliver the Oaklands Precinct project to provide improved public amenity and connectivity	•	•	•	•	Liveable
25	Expand the streetscape program to include arterial roads	•	•	•	•	Liveable
26	Implement the 2019-2023 Reconciliation Action Plan and develop the 2023-2027 Reconciliation Action Plan	•	•	•	•	Liveable
27	Implement the Coastal Climate Change Adaptation Plan	•	•	•	•	Valuing Nature
28	Implement the Energy Efficiency and Renewable Energy Plan	•	•	•	•	Valuing Nature
29	Plan, and if feasible, deliver a destination playground to attract users city-wide	•	•	•	•	Valuing Nature
30	Implement the Social Media Strategy 2019-2023	•	•	•	•	Innovative
31	Deliver an expanded online booking service for community managed facilities	•	•	•	•	Innovative
32	Develop a strategy and implement the enhancement of our business enterprise systems (including Asset Management System)	•	•	•	•	Innovative
33	Assess the future provision of the Oaklands Wetlands Education Centre in partnership with Flinders University		•			Valuing Nature
34	Improve Marino Hall and surrounds		•			Connected
35	Review and deliver improved Cove Sports and Community Club facilities		•	•		Liveable
36	Redevelop Capella Reserve and Nannigai Reserve		•	•		Liveable
37	Identify options for recreational facilities at 262 Sturt Road in 2021 and if feasible, commence implementation in 2021-22		•	•		Liveable
38	Research technology and automated solutions for the management of assets and streetscapes		•	•	•	Innovative
39	Develop and deliver a plan for the restoration of the Living Kaurna Cultural Centre Coach House			•	•	Liveable

# OUR COUNCIL OF EXCELLENCE

Based on our values of Respect, Integrity, Achievement, Innovation

## Respect for the community

### Strategies

- Consider the community perspective in relation to every action by every Council employee
- Regularly seek meaningful responses from the community about Council performance, facilities and projects
- Develop a Council culture of frugal, common-sense decision making

## Acting with integrity

### Strategies

- Ensure compliance with legislation and code of conduct
- Timely delivery of Council resolutions
- Outstanding Project Management

## Valuing achievement

### Strategies

- Invest in the development of our leaders, staff and Elected Members
- Develop a culture which aligns to our values
- Ensure safety is at the forefront of all we do

## An innovative business

### Strategies

- Ensure long term financial sustainability
- Developing technology systems which will be the best among SA Councils
- Continuously improve through the service review program









## CONNECT WITH US ONLINE



City of Marion



@CityofMarion



City of Marion



@CityofMarion

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# City of Marion Annual Business Plan 2019-2020



- Draft





## Acknowledgement of Country

We acknowledge we are part of Kaurna land and recognise the Kaurna people as the traditional and continuing custodians of the land.

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## Welcome

This Annual Business Plan 2019/20 outlines the services and projects that council will deliver over the next 12 months and the financial decisions that underpin them, so that we can progress the community's aspirations in the City of Marion Community Vision - 'Towards 2040' and the goals in the 10-year Strategic Plan 2017-2027.

The newly elected Council is committed to continuing to deliver value to our ratepayers. Our focus on prudent financial management and decision making will continue to identify on-going savings. This strong efficiency focus has enabled us to maintain the average rate increase at 1.8% while retaining current service levels.

During 2019/20, the City will continue to be improved through investment in projects including:

### **Mitchell Park Sports and Community Redevelopment**

A multi -function community centre that accommodates regional recreation and a multi- purpose sports hub will be delivered to support greater use by residents and the community through a range of activities and services. This three year project has secured grant funding of \$5 million from the Federal Government with up to \$10 million committed by the City of Marion.

### **Edwardstown Employment Precinct**

Activation of the Edwardstown and Melrose Park employment precinct will commence to explore opportunities to make the area an outstanding place for business, innovation and entrepreneurs to thrive, while simultaneously creating new jobs and attracting new industry.

### **Oaklands Precinct Project**

Centred on the grade separation of the Oaklands railway crossing Council has committed to a \$5 million multi-year precinct development. Additional Smart Cities and Suburbs grant funding of \$867,500 from the Australian Federal Government will also support this project. The four-year project includes a reserve and playground upgrade, street infrastructure upgrades and art installations to support improved walking and cycling, connectivity, safety and community liveability.

### **Redevelop courts and build a multi-purpose facility at Seaview High School**

Council will continue to progress the planning and delivery of new sports and community facilities. \$500,000 is committed from the Department of Education and Childhood Development. Outcomes of an additional funding application for \$1 million from the Office for Recreation, Sport and Racing is pending. The multi-purpose facilities will link with and enable community use of the school open space playing fields and support a number of growing sports clubs in Marion.

### **BMX Facility in partnership with the State Government and the City of Onkaparinga**

Council will continue to progress the development of the Sam Willoughby BMX facility to be built to UCI standards, in partnership with the State Government and the neighbouring City of Onkaparinga.

### **Greening our Streets**

Guided by our Streetscape Policy, Council will improve the attractiveness, amenity, character and functionality of streetscapes including some arterial roads. \$2.0m has been allocated in 2019/20 to improve the environment, amenity and add value to people's experience in the City.

### **Marion Outdoor Pool building and recreational facilities upgrade**

Council will continue to progress the \$3.57 million 3 year multi-staged upgrade of the Marion Outdoor Pool with an allocation of \$1.930m in the 2019/20 budget. This upgrade will improve the facility to contemporary standards to ensure it remains as an attractive outdoor swimming and family recreation site for people of varying interests.

### **Morphettville Park Sports and Community Club**

With funding support from the State Government (\$500k) and SANFL (\$50k), Council is investing \$3.15m towards improvements to club facilities and change rooms which will be undertaken to support a growing membership base. Expansion of the oval will also form part of the development. The total project cost is \$3.7m with an allocation of \$2.7m included in the 2019/20 budget.

### **Southern Soccer Facility**

Council will contribute \$2.5m towards the development of at least two additional soccer pitches in the south to support growing membership. External funding of \$2.5m will bring this project up to a total of \$5 million.

### **Community Bus**

An additional community bus will be provided in 2019/20 to enable better access to Neighbourhood Centre programs and other facilities and services at a cost of \$30,000 per annum over 2 years.

## 2. Our Purpose, Vision and Values

<b>OUR PURPOSE</b> (Why we exist)	To improve our residents' quality of life; continuously, smartly and efficiently
<b>OUR COMMUNITY VISION</b> (What we want to become)	A community that is Liveable, Valuing Nature, Engaged, Prosperous, Innovative and Connected
<b>OUR VALUES</b>	<p>With the community and safety at the forefront of everything we do, we value:</p> <p><b>Respect</b> - Treating everyone as we want to be treated, where all contributions are valued</p> <p><b>Integrity</b> - Fostering trust and honesty in all of our interactions</p> <p><b>Achievement</b> - Enhancing our knowledge and performance to reach our shared goals, while being dedicated to supporting one another</p> <p><b>Innovation</b> - Encouraging new ideas, and learning from our experience to do things better</p>

The six themes of our Community Vision represent the shared values and aspirations that guide how our city develops, towards 2040. These outcomes are important for this community now and into the future:



### Engaged

By 2040 our city will be a community where people are engaged, empowered to make decisions, and work together to build strong neighborhoods.

### Liveable

By 2040 our city will be well planned, safe and welcoming, with high quality and environmentally sensitive housing, and where cultural diversity, arts, heritage and healthy lifestyles are celebrated.

### Valuing Nature

By 2040 our city will be deeply connected with nature to enhance peoples' lives, while minimizing the impact on the climate, and protecting the natural environment.

### Prosperous

By 2040 our city will be a diverse and clean economy that attracts investment and jobs, and creates exports in sustainable business precincts while providing access to education and skills development.

### Innovative

By 2040 our city will be a leader in embracing and developing new ideas and technology to create a vibrant community with opportunities for all.

### Connected

By 2040 our city will be linked by a quality road, footpath and public transport network that brings people together socially, and harnesses technology to enable them to access services and facilities.

## PLANS INTO ACTION



This Annual Business Plan 2019-20 is an integral part of Council's Strategic Management Framework that will enable strategic and operational plans, management systems and processes work together to effectively deliver the Community Vision.



### 3. Significant influences

In the development of the Annual Business Plan we undertake a review of our internal environment and broader external environment that includes political, economic, environmental, social and technological elements. This identifies key issues that help provide a context for the development of this plan.

The following broad trends impacting our city include:

#### Population Growth

The City of Marion population is forecast to grow by 15% over the next 15 years. To facilitate growth in our community it is important to invest in our infrastructure to meet future needs.

This year we will invest in upgrades to the Marion Outdoor Pool to ensure that it continues to be a key recreational destination for families. We will also continue work to deliver the upgrade of Morphetville Sports and Community Facility to meet the current and future demands of growing membership.

#### Health, wellbeing and social isolation

Participation in physical activity has a strong linkage to improved health and wellbeing outcomes. Reported data for the City of Marion highlights key lifestyle challenges including increased sedentary lifestyles, and insufficient levels of physical activity and participation. Almost one third of our city residents live alone.

Providing facilities and services that promote healthy lifestyles, community participation and wellbeing will positively impact our community.

This year we will trial a third community bus to provide further opportunities for social participation in community activities and volunteering. Planning will continue for the delivery of a UCI standard BMX facility and new soccer pitches to encourage physical activity.

#### Environment

Climate projections indicate that by 2030 Southern Adelaide will experience an increased incidence of heatwaves exacerbating the urban heat island effect. The City of Marion remains committed to mitigate against climate change and to help our residents, businesses and local ecosystems to build resilience and adapt to the impacts of a changing climate through ongoing program delivery.

To further support our commitment to the environment we will deliver actions out of our Energy Efficiency and Renewable Energy Plan. We will also continue the roll out of our '*streetscape*' program to improve our environment and enhance the City's walkability.

## **Technology and Communication**

To ensure that we continue to operate an efficient business and remain responsive to the needs of our community we will continue to implement our ICT Digital Transformation Plan.

The roll out will enable us to improve our business operations through modern integrated systems that provide greater levels of information, informed decision making and improved customer service.

In 2019-20 we will commence development of a digital one stop shop for customers to enable easy access to information and transactions for council services.

## **Economy**

As a partner with the Southern Adelaide Economic Development Board regional priorities are being pursued to position Southern Adelaide as the best place to live, work, invest and do business.

Recent State Government major transport projects within our city will soon be nearing completion and will provide an opportunity to activate the Edwardstown area as a key employment precinct in our city.

Council will continue to work in partnership to enable options for faster city-wide internet services.

## **Innovation**

Smart technologies are intended to create a better connected city and improved liveability. Understanding why, how and when people are moving to and from spaces will allow for a service offering aligned with people's movements.

The upgrade of the Oaklands Crossing has provided an opportunity to improve community connections between the railway station hub and key destinations including the Marion Cultural Centre, the State Aquatic and Leisure Centre, and Westfield Marion by implementing our first smart precinct area.

This project, funded through the Australian Government and Council, will enable a connected precinct that utilises data gathered through technology to improve services and connections for the community.

## 4. Framework of the Annual Business Plan

The Annual Business Plan 2019/20 has been prepared on the basis of a framework that aims to inform the community and hold the City of Marion accountable to its stakeholders. The key items in this framework are as follows:

### **Support the achievement of the City of Marion's Strategic Directions**

This Annual Business Plan has been reviewed against the Community Vision – Towards 2040 to ensure that council's activities over the next 12 months make the best possible progress towards achieving the community's vision for the future City of Marion.

### **Address issues arising and opportunities identified from internal audit reviews, and business excellence assessments**

Every year council undertakes a number of internal audits. These reviews and assessments have identified a number of key opportunities or requirements for council to improve its operations. This document includes the necessary resources to continue council's independent review process and implement recommendations accordingly.

### **Maintain, on average, a break-even or positive funding (cash) position over the Long Term Financial Plan**

With a primary focus on cash flow and ensuring Council's asset renewal and upgrades are fully funded, this target is currently being met. To ensure ongoing financial sustainability Council monitors and reviews all its financial indicators together.

### **Continue to improve the maintenance of assets in accordance with Council's Asset Management Plans, with a priority on maintenance before renewal, and renewal before new when it is cost effective to do so**

The Annual Business Plan has been prepared taking into consideration Asset Management Plan requirements, outcomes of recent infrastructure audits, targets set for renewal versus depreciation (95-100% as per Asset Management Policy) and a focus on maintaining council's asset base.

### **Review existing services and assets to ensure they meet prioritised community needs**

The council continues its rolling process of Service Reviews, aimed at maximising community value through continuously improving its operating efficiency and service performance to the community. This Annual Business Plan has been prepared on the basis of continuing existing services, noting that a rolling program of review is being implemented.

Collaboration with other Councils will continue in order to build capacity for shared strategic opportunities, innovation and cost efficiencies and enables the ability to align processes and reduce duplication.

**Council only approve new Major Projects where it has the identified funding capacity to do so**

Council debt is forecast to increase from \$6.8m to \$15.6m between 30 June 2019 and 30 June 2020. With consideration given to its financial ratios, this means that Council has the funding capacity to consider new strategic Major Projects and is currently investigating partnerships to aid in the development of a number of sporting facilities.

The additional borrowings in 2019/20 relate to Council's contribution towards the Mitchell Park Sports & Community Centre. Any changes to the timing and scope of this project may reduce the funding and in turn requirement for borrowings currently factored into the draft 2019/20 Annual Business Plan.

**Maintain Council's position for an average residential rate which remains among the lower rating metropolitan councils**

Comparative 2018/19 data shows that council's average residential rate continues to remain among the lower rating metropolitan councils, with its current position ranking being the 5th lowest of 18 metropolitan councils.

## 5. Continuing and improving services

All councils have responsibilities under the *Local Government Act 1999* and other relevant legislation to deliver services for the community. Council is committed to maintaining all services including, but not limited to:

Ongoing Services	
Land use and development planning	Arts and cultural promotion and support
Development and building assessments	Library services
Facilitation of urban developments	Sports and recreation promotion and support
Local Government searches	Community capacity building and development
Economic planning and leadership	Inspection, regulation and control
Environmental planning and leadership	Emergency planning and response
Biodiversity management	Community care
Waste services	Immunisation services
Water management	Public health planning
Infrastructure management	Urban activation
Community facilities management	Customer Experience
Reserves, parks and gardens management	Increased levels of tree planting annually

Enabling Services	
Strategic management	Communications and marketing
Organisational excellence and innovation	Human resources and workforce planning
Strategic asset management	ICT & knowledge management
Financial management	Operational support
Governance support	

## 6. Project priorities

In 2019/20 Council plans to commence or continue working on the following strategic initiatives, as outlined in our 4 Year 2019-2023 Business Plan:

### Continuing initiatives

2019/20 Initiatives	Key Strategic Theme
Commence the Oaklands Precinct project to provide improved public amenity and connectivity	Liveable
Implement the Reconciliation Action Plan 2019-2023	Liveable
Continue planning for a UCI standard BMX facility in partnership with State Government and the City of Onkaparinga	Liveable
Continue the redevelopment of the Morphettville Park Sports and Community Centre	Liveable
Continue the Marion Outdoor Pool building and recreational facilities upgrade	Liveable
Continue to deliver the Volunteer Strategy 2019-2021	Engaged
Continue to plan and deliver courts and a multi-purpose facility at Seaview High School	Liveable
Continue planning for the Mitchell Park Sports and Community Club redevelopment	Liveable
Continue work on the Hallett Cove Foreshore redevelopment	Liveable
Implement the Coastal Climate Change Adaptation Plan	Valuing Nature
Implement the Energy Efficiency and Renewable Energy Plan	Valuing Nature
Develop a data platform 'Metrics that Matter' to enable improved service delivery	Innovative
Continue development of an online booking service for community managed facilities	Innovative
Develop a strategy and implement the enhancement and transformation of our business enterprise systems (including Asset Management system)	Innovative
Partner with key stakeholders to maximise the outcomes for the site of the Seacliff Park Development Plan Amendment	Prosperous
Continue planning for a coastal walkway to connect Heron Way Reserve with the Field River environs	Connected
Continue planning for a Southern Soccer Facility	Connected

New projects commencing in 2019/20

2019/20 Initiatives	Key Strategic Theme
Expand the number of netball courts at Cove Sports and Community Club	Liveable
Develop the City Property Strategic Asset Management Plan to meet community, sport and recreation needs	Liveable
Review Marion Cultural Centre Plaza designs and linkages to surrounding areas	Liveable
Determine the future of the Marion Golf Clubrooms	Liveable
Activate the Edwardstown and Melrose Park Employment Precinct	Liveable
Expand the streetscape program to include arterial roads	Liveable
Commence a feasibility plan for a destination playground to attract users city-wide	Liveable
Commence development of an online one stop shop for customers to enable easy access to information and transactions for council services, rates, registrations and events	Innovative
Implement the Social Media Strategy 2019-2023	Innovative
Partner to transition to the new Planning and Design code	Prosperous
Commence development of a City Transport Plan to enable ease of movement for people of all ages and abilities within and through the city	Connected
Trial a third community bus	Connected
Trial implementation of extended operating hours at Neighbourhood Centres	Connected
Develop and deliver a Disability Access and Inclusion Plan	Engaged
Engage a curator to manage the Marion Historic Village Museum	Liveable

## 7. Asset Management

The City of Marion currently owns and manages a large and diverse community asset portfolio, valued in excess of \$1 billion. These assets, including roads, footpaths, drains, community buildings, parks and reserves, play a vital role in the local community and on quality of life. Assets exist in order to provide services to the community and businesses for the benefit of current and future generations.

Large portions of Council's asset portfolio have been in existence for many years and continue to provide ongoing services. Council also receives a number of 'gifted' or 'donated' assets from developers. These assets attract ongoing operational and maintenance costs over their life.

At the same time, environmental change is challenging the capacity of existing assets to continue to provide an effective service. The community's expectations too are increasing, which affects the ability of existing assets to meet the changing needs of current and future residents. As community assets have a comparatively lengthy useful life, it is a complex task to monitor, maintain and program the timing of their renewal.

Asset management is a critical tool in ensuring appropriate provision is made for the long-term management of community assets, and their impacts on all areas of service planning and delivery.

The City of Marion's Asset Management Vision is:

**'To maintain the City of Marion's assets to agreed levels of service which maximise community value throughout an asset's life'.**

Council's Asset Management Plans detail information about our assets and define the services to be provided, how the services are provided, and identify the funds required to maximise the delivery of the services.

All City of Marion assets are audited annually and are frequently inspected on a rolling program.



## 8. Measuring our success

Monitoring performance is a critical element of strategic management. It is the mechanism for critically ensuring that Council is contributing to the achievement of its objectives in both the Strategic Plan and the 4-year Business Plan 2019-2023. Our Key Performance Indicator (KPI) dashboard for 2019/20 (provided in the table below) takes account of these objectives.

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 first year targets in the 4 year Plan	Greater than or equal to 95%	
Lost Time Injury Frequency Rate	Greater than or equal to 10% reduction from the previous year's result	Greater than or equal to 15% reduction from the previous year's result
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
Overall satisfaction with Council's performance	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 Renewal Funding Ratio (previously called the Asset Sustainability Ratio) greater than or equal to 80%	Asset Renewal Funding Ratio greater than or equal to 90%
Delivery of Council's capital works program	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)
Staff engagement	Achievement of an overall employee pulse survey result of 75%, based on 9 metrics (including Community, Values, Safety, Expectations, Valued, Empowerment, Development, Recognition, Happiness)	Achievement of an overall employee pulse survey result of 80%
Community engagement/communications	Project specific communications to the public should be timely and accurate	100%

We will report on our progress against our 2019/20 KPI dashboard quarterly at Council meetings and in our 2019/20 Annual Report.

## 9. Funding the Annual Business Plan

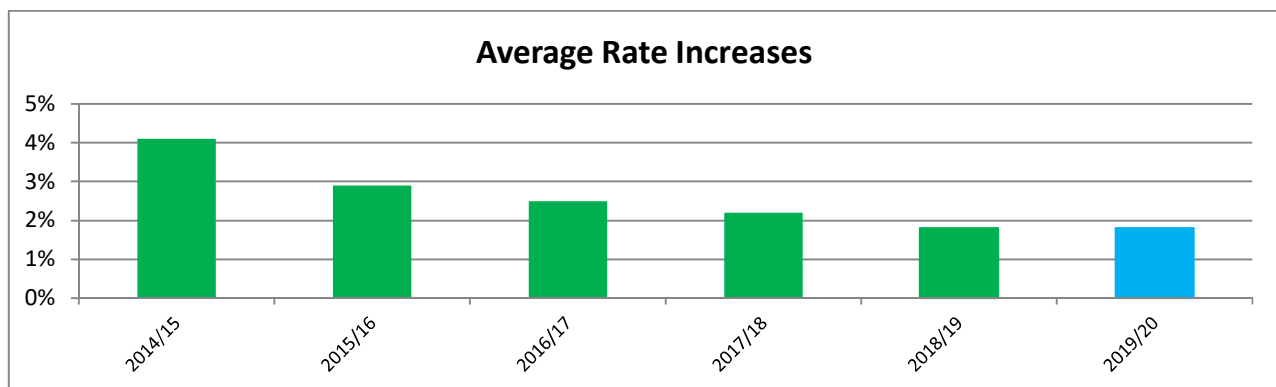
### 9.1 Your rates in 2019/20

The Annual Business Plan is based on an average rate increase of 1.8%. In setting rates for 2019/20, Council has forecast the revenue required to meet the costs of delivering the services and projects that will be provided to the community in 2019/20.

Rates account for 84% percent of council's operating revenue with others sources including fees, charges and grants. These revenues contribute to the necessary funding for planned capital renewal programs in 2019/20.

While the average rate increase is 1.8%, it is to be noted that actual rates payable by a rate payer will vary according to individual property valuations, the attributed land use, and whether there has been any new development or capital improvement at the land.

Over the past years, we have listened to your feedback and Council is aware of the impact of rate increases on the community. We are continually looking for opportunities that allow this burden to be reduced and as a result our rate increases have been decreasing steadily over the past six years. The 2019/20 rate increase has maintained the lowest in over 15 years, with councils focus still on keeping rates low.

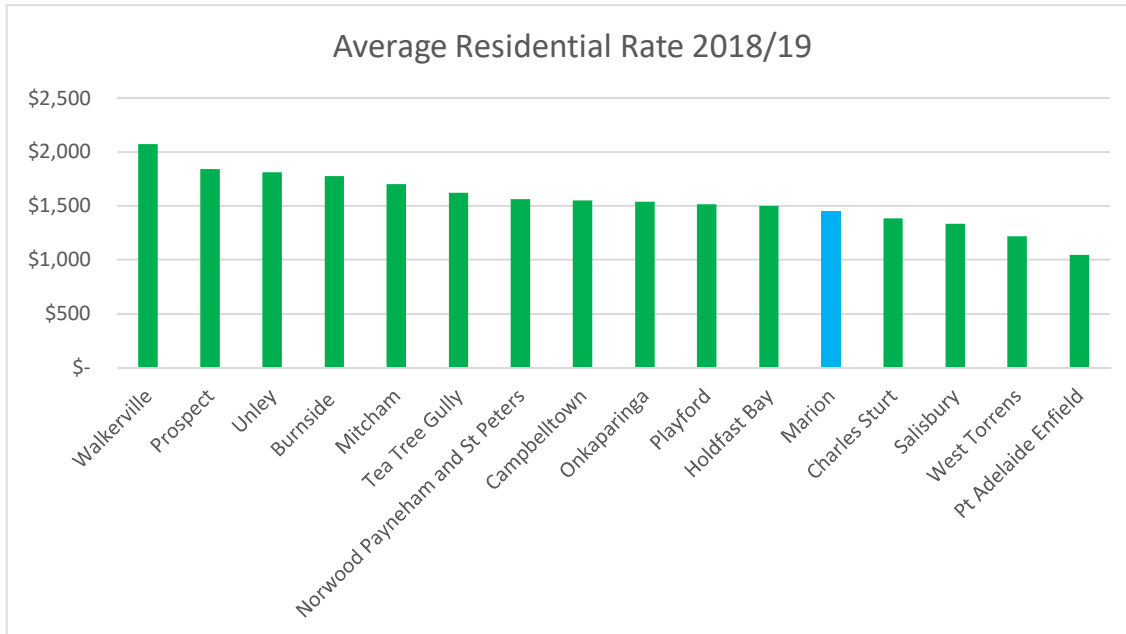


With changing community needs and other external influences impacting on the community, there is a need for council to consider how to plan more effectively, both for the longer term and more immediate community benefit. The rate increase is set at a level that provides confidence that services will be maintained and that a sufficient capital expenditure program is planned to maintain council's assets.

The outcomes of the community consultation, as well as a balance between achieving the strategic directions, maintaining services and assets, ensuring financial and environmental sustainability, supporting intergenerational equity and making provision for those in the community who are experiencing hardship, have been considered in setting the rate increase for the Annual Business Plan.

## Comparative Rating Data

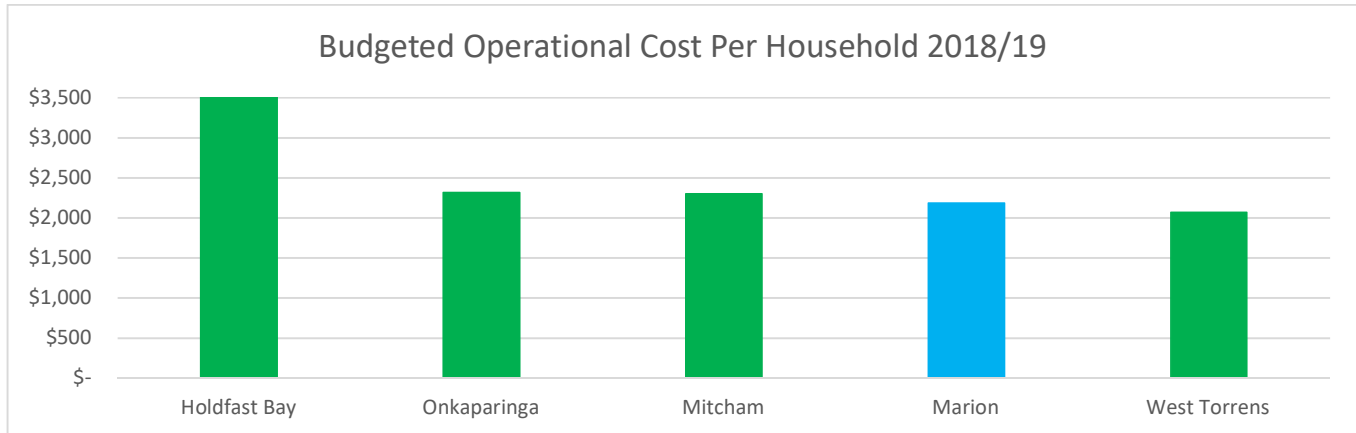
### Average Residential Rate



With a rate rise of 1.8% the City of Marion's average residential rate is in line with Council's ABP framework and set to remain among the lower rating metropolitan councils. In 2018/19 Council had the 5<sup>th</sup> lowest average metropolitan residential rate.

### Operational Cost per Household

Council's primary benchmark is to compare its average residential rate against other metropolitan councils as shown in the "Average Residential Rate 2018/19" table above. The table below illustrates that council's operational costs per household compares favourably against that of our neighbouring councils. This does not take into account different councils' service levels, infrastructure renewal and revenue from grants.



## 9.2 Differential Rating

Council currently derives 17% (2018/19: 18%) of its rate revenue from the Commercial and Industrial sectors. Commercial and Industrial users consume a greater proportion of council resources than residential properties, particularly in regard to the use of roads, footpaths, traffic, parking, storm water drainage, public health and environment.

Council uses a differential rating system to raise revenue based upon its Land Use to ensure a fair and equitable distribution of rates within the City of Marion. The differential rate is charged in addition to the normal rate. In applying this approach, council will take into consideration all prevailing economic conditions and changes and adjust its differential rates accordingly, to ensure an appropriate and fair equalisation of rates across all land use categories. Differential rates to apply to land use are as follows:

Commercial	85%	(2018/19: 85%)
Industrial	70%	(2018/19: 70%)
Vacant Land	100%	(2018/19: 100%)

### 9.3 Budgeted Income Statement

An operating surplus of \$6.895m before capital revenues is forecast for 2019/20. The operating surplus is required to fund the renewal of existing infrastructure in accordance with council's asset management plans and to fund construction of new assets to deliver councils services.

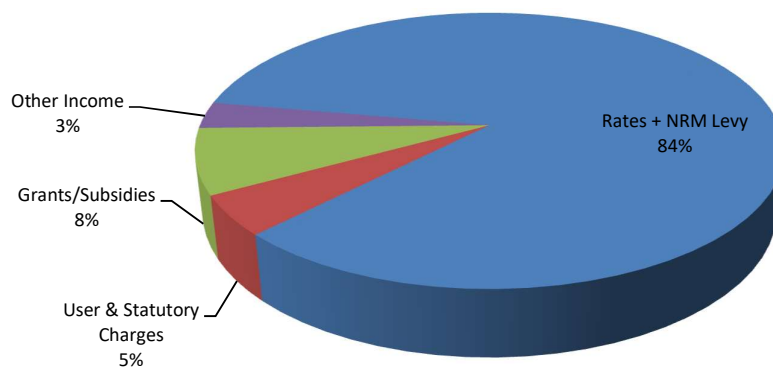
	3rd Review 2018/19 \$'000	Budget 2019/20 \$'000	Variance \$'000
<b>Budgeted Income Statement</b>			
<b>Operating Revenue</b>			
Rates - General	75,208	77,293	2,085
Rates - NRM Levy *	1,933	1,972	39
Statutory Charges	2,231	2,193	(38)
User Charges	2,381	2,161	(220)
Grants/Subsidies	7,932	7,180	(752)
Investment Income	1,165	708	(457)
Reimbursements	628	530	(98)
Other Revenue	1,127	1,361	234
Share of Profit/(Loss) Regional Subsidiaries	344	354	10
<b>Total Operating Revenue</b>	<b>92,949</b>	<b>93,751</b>	<b>802</b>
<b>Operating Expenditure</b>			
Employee Costs	34,807	35,905	1,098
Contractor Services	23,133	23,570	437
Materials	4,882	4,866	(16)
Finance Charges	467	397	(70)
Depreciation	15,123	15,056	(67)
Other Expenses	8,524	7,063	(1,461)
<b>Total Operating Expenditure</b>	<b>86,936</b>	<b>86,856</b>	<b>(80)</b>
<b>Operating Surplus/(Deficit) before Capital Revenues</b>	<b>6,013</b>	<b>6,895</b>	<b>882</b>
Capital Grants and Contributions	1,023	6,300	5,277
<b>Net Surplus/(Deficit) resulting from Operations</b>	<b>7,036</b>	<b>13,195</b>	<b>6,159</b>

\* Note: The NRM Levy is collected by Council on behalf of the Adelaide and Mt Lofty Ranges Natural Resources Management Board.

## 9.4 Operating Revenue

The main source of income for council is rate revenue; making up 84% of total council revenue in 2019/20, with other sources being government regulated fees for statutory services, an environment of diminishing levels of untied federal grant monies, as well as other grants from State and Federal government.

**Budgeted Operating Revenue  
2019/20**



### General Rates

Council's revenue in 2019/20 includes \$77.29m to be raised in general rates. The budget has been developed on the basis of an average rate increase of 1.8% (excluding new developments and capital improvements). In setting rates for 2019/20, council has forecast the revenue required to meet the costs of delivering the services and projects that will be provided to the community in 2019/20.

Growth for new developments and capital improvements is forecast at 1% for 2019/20. This predominantly is the result of new housing in Marion and property improvements as reported by the Valuer General. The revenue created by this growth will cover the increased costs of servicing a growing community which includes the requirement to maintain and provide for the replacement of infrastructure such as stormwater drainage and transport networks.

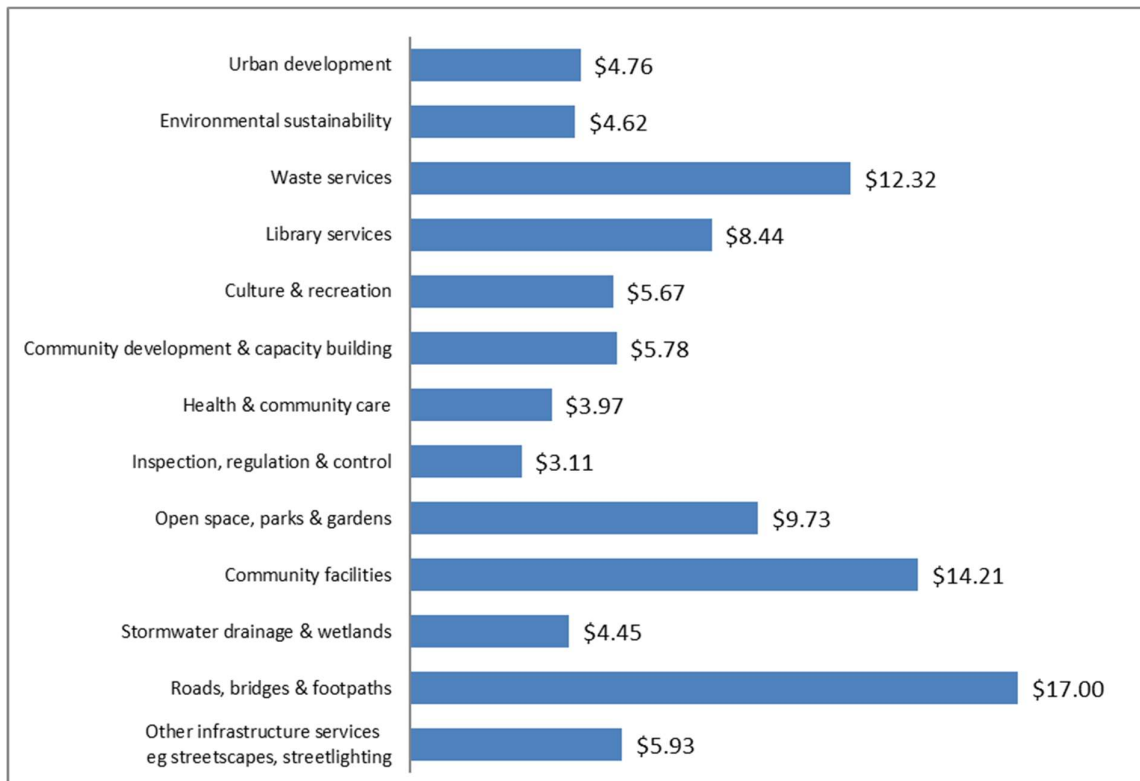
### Other Sources of Revenue

- **User Charges set by council** – Relate mainly to the recovery of service delivery costs through the charging of fees to users of council's services. These include charges for the use of council's community facilities, swimming pool admission and the like.
- **Statutory Charges set by State Government** – Relate mainly to fees and fines levied in accordance with legislation and include development application fees, health act registrations and parking fines.

- **Grants and Subsidies** – Grants include all monies received from State and Federal sources for the purpose of funding the delivery of council's services to ratepayers and for the funding of the capital works program.

## 9.5 Operating Expenditure

Council's operating expenses are forecast to decrease to \$86.856m in 2019/20. The following graph shows a breakdown of operating expenditure across council services for every \$100 spent:



## Employee Costs

Employees are responsible for the provision of Council's key services, including the ongoing maintenance of open space areas, libraries, neighbourhood centres, the Marion Outdoor Pool, urban development, health and community care. Employees are either directly employed by council, or indirectly through an employment agency (i.e. agency staff) where temporary workforce requirements have arisen through seasonal demand or short-term vacancies of existing positions.

Employee costs are forecast to increase by \$1.098m primarily because of increases in Council's staff Enterprise Agreements (2.3%).

There are two Enterprise Agreements (EA's) covering our indoor and outdoor staff. The outdoor staff EA is negotiated with the Australian Workers Union and staff agreed to a 2.5% per annum increase, or March CPI if greater, for the 2 years to 30 June 2020.

The indoor staff EA is negotiated with the Australian Services Union (ASU). The ASU EA expires on 30 June 2019 and is currently being renegotiated (the previous 3 year EA has given average annual increases of 2.1%).

A reduction of \$921k has been incorporated into the budget to allow for positions that may be temporarily vacant during the year.

### **Contractor Services**

Contractor services relate mainly to the provision of council services by external providers. Council uses contractors to assist in the provision of major services such as waste collection, and also where specialist services or advice is required where it is not warranted for Council to have permanent in-house resources. An increase of \$0.437m (1.9%) is forecast in the 2019/20 budget.

### **Materials**

Council's Materials budget includes utilities, products utilised in the delivery of community services and maintenance of council's infrastructure, open space, and other assets, as well as fuel for the fleet of vehicles used to deliver services. A decrease of \$16k (0.3%) in materials is forecast in the 2019/20 budget.

### **Other Expenses**

Other Expenses have decreased by \$1.461m (17.1%) primarily relating to a \$1.0m contribution towards Oaklands Crossing Upgrade in 2018/19.

## **9.6 Capital Revenue**

### **Capital Grants and Contributions**

Council has forecast \$6.3m in capital grants and contributions towards new capital works planned in 2019/20. This includes forecast grant funding of \$5.0m from the Federal Government for Mitchell Park Sports & Community Club Redevelopment with a total project cost of \$15.0m (with the remaining \$10m coming from Council funds), and \$1.3m for Sam Willoughby UCI BMX track with a total project cost of \$5.8m (with \$1.75m from Council funds, \$0.75m from City of Onkaparinga and the remaining \$3.3m coming from grant funding).

If the forecast amount for Mitchell Park Sports & Community Club is not achieved, the timing and scope of the project may reduce so delivery can be met with available funding.

## **9.7 Budgeted Capital Expenditure**

The 2019/20 Budgeted Statement of Capital Expenditure forecasts total capital expenditure of \$44.528m including \$12.263m renewal and \$32.265m new and upgrade.

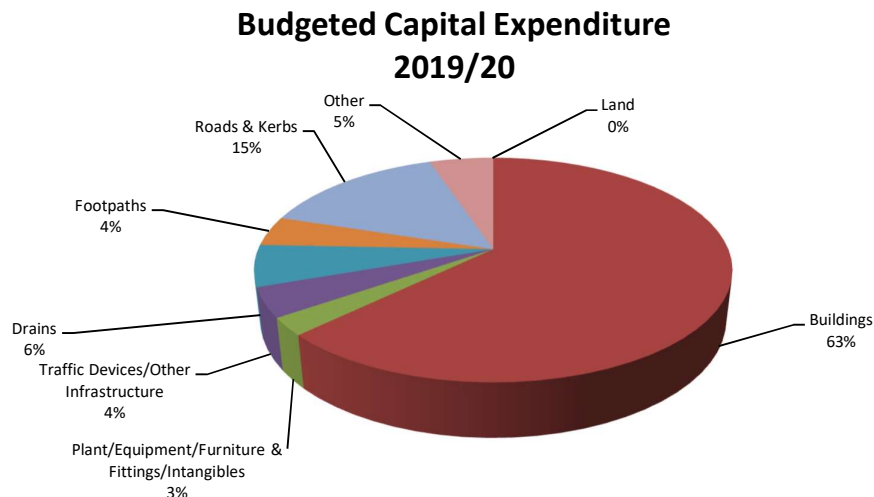


The following table summarises council's planned Capital Works Program for 2019/20.

Capital Expenditure	3rd Review 2018/19 \$'000	Budget 2019/20 \$'000
Land	681	0
Buildings	13,240	27,989
Infrastructure:		
Roads & Kerbs	6,579	6,650
Drains	2,238	2,657
Footpaths	1,372	1,900
Traffic Control Devices	659	417
Other Infrastructure	5,079	1,484
Plant and Equipment	4,210	790
Furniture and Fittings	95	341
Other	1,309	2,301
Intangibles	9	0
<b>Total Capital expenditure</b>	<b>35,469</b>	<b>44,528</b>
Represented By:		
Capital Expenditure		
Assets - Renewal	21,775	12,263
Assets - New	13,694	32,265
	<b>35,469</b>	<b>44,528</b>

Funding for key capital projects included in the budget include Mitchell Park Sport and Community Club (\$15.0m), Morphetville Park Sports Club (\$2.7m), Southern Region Soccer Facility (\$2.5m), the Sam Willoughby UCI BMX Track (\$2.05m) and Marion Outdoor Swim Centre upgrades (\$1.930m). Variances in buildings are due to these sites, offset by the completion of Edwardstown Soldiers Memorial Oval Recreation Grounds in 2018/19.

Movements in Plant and Equipment relate to the LED Replacement project in 2018/19, and the adoption of a change to fleet utilisation that has resulted in a change in the fleet replacement program.



## 9.8 Financing the Budget

Financing the budget refers to the use of borrowings or available cash balances to meet any shortfall between expenditure (both operating and capital) and revenue.

	3rd Review 2018/19 \$'000	Budget 2019/20 \$'000
<b>Net Lending/(Borrowing)</b>		
Operating Surplus/Deficit before Capital Amounts	6,013	6,895
<u>less: Net Outlay on Existing Assets</u>		
Capital expenditure on asset renewal/replacement	21,775	12,263
less Depreciation/Ammortisation	(15,123)	(15,056)
	<b>6,652</b>	<b>(2,793)</b>
<u>less: Net Outlay on New/Upgrade Assets</u>		
Capital expenditure on New & Upgrade Assets	13,694	32,265
less Capital Grants	(1,023)	(6,300)
	<b>12,671</b>	<b>25,965</b>
Adjustments		
Proceeds from Sale of Surplus Land	955	-
Share of Equity - Regional Subsidiaries	(344)	(354)
	<b>611</b>	<b>(354)</b>
<b>Net funding increase/(decrease)</b>	<b>(12,699)</b>	<b>(16,631)</b>

The table above identifies the council's net funding result. Council's budget for 2019/20 is expected to result in a net decrease in funding of \$16.631m.

Financing transactions associated with accommodating the expected net lending result in 2019/20 are as follows:

	3rd Review 2018/19 \$'000	Budget 2019/20 \$'000
<b>Financing Transactions</b>		
New Borrowings	0	10,000
less: Repayment of Principal on Borrowings	(1,100)	(1,171)
less: Increase/(Decrease) in Cash & Investments		
Transfers from/(to) Reserves	15,253	7,801
Cash Drawdowns/(Investment)	(1,454)	-
<b>Equals: Financing Transactions</b>	<b>12,699</b>	<b>16,631</b>

Additional borrowings of \$10m are forecast for 2019/20, in addition to this, principal repayments of existing loans will result in a forecast balance outstanding as at 30 June 2020 of \$15.635m.

While not having a direct impact on the 2019/20 budget, Council's Long Term Financial Plan includes an allowance for borrowings of up to \$2.96m for the following projects:

Project	Year	\$000's
Administration building essential works - proposed	2020/21	2,960
<b>Total new borrowings</b>		<b>2,960</b>

These borrowings are indicative and will see Council's borrowings projected to peak at \$16.6 million in 2020/21, with its Debt Servicing Ratio peaking at 3.0% in 2020/21 against a maximum target of 5.0% and its Net Financial Liabilities ratio reaching 7.0% in 2020/21 against a target of up to 50%.

## 9.9 Financial Ratios

To assist council in meeting its objective of financial sustainability a series of financial indicators endorsed by the Local Government Association are provided. Where a council target has not been adopted, the recommended Local Government Association (LGA) target has been used. The following table details these financial indicators and whether or not the prescribed target has been achieved over the three years up to the end of 2019/20.

Ratio	Council Target	2019/20 Budget	3 Year Average
Operating Surplus	0% - 5%	7.35%	8.53%
Asset Renewal Funding Ratio (formerly Asset Sustainability Ratio)	95% - 100%	81.45%	100.05%
Asset Consumption	80% - 100%	76.31%	78.03%
Net Financial Liabilities	0% - 50%	11.14%	N/A
Debt Servicing	0% - 5%	1.7%	N/A

Council's Operating Surplus is higher than its target, but is required to ensure Council meets its objective of long-term financial sustainability.

Council's Asset Sustainability and Asset Consumption ratios both fall outside of their targets. This indicates that Council's asset base requires further renewal, with continuing work on its Asset Management Plans and strategies relating to specific asset classes in progress to set a good foundation for improving this in future. There is scope for further prudent borrowing to finance future major projects.

All other ratios are within their targeted ranges. Meeting these targeted ranges is consistent with Council meeting its objective of long-term financial sustainability.

## Appendix 1. Capital Works Program

STREETSCAPE PROGRAM 2019/20		
Road Name	Suburb	Ward
Bray Street	Plympton Park	Mullawirra
Sturt Road	Oaklands Park	Warracowie
Alawoona Avenue	Mitchell Park	Warriparinga
Birch Crescent	Tonsley	Warriparinga

OPEN SPACE & RECREATION WORKS PROGRAM 2019/20			
Location	Suburb	Ward	Description
<b>Playground Implementation Program</b>			
Skipper Close Reserve	Hallett Cove	Southern Hills	Construction
Alpine Drive Reserve	Seacombe Heights	Warriparinga	Construction
Christopher Grove Reserve	O'Halloran Hill	Southern Hills	Construction
Central Avenue Reserve	Hallett Cove	Coastal	Construction
Dwyer Road Reserve	Oaklands Park	Warracowie	Construction
Marion Outdoor Pool	Park Holme	Mullawirra	Construction
Various*	Various	Various	Remove Playground without replacement
* Council is currently finalising the exact locations for playground removals for 19/20			
<b>Reserve Improvements</b>			
Alpine Drive Reserve	Seacombe Heights	Warriparinga	Construction
Central Avenue Reserve	Hallett Cove	Coastal	Construction
Mostyn Road Reserve	Darlington	Warriparinga	Construction
Capella & Nannigai Reserve	Hallett Cove	Coastal	Design works
Shamrock Reserve	Hallett Cove	Coastal	Construction
Yanyarrie Avenue Reserve	Edwardstown	Woodlands	Construction
Bandon Terrace	Marino	Coastal	Construction
Ben Pethick Reserve	Marion	Warracowie	Construction
The Crescent Reserve	Edwardstown	Woodlands	Construction
Various*	Various	Various	Installation of shade sails
*Council is currently finalising the exact location for the provision of shade in 19/20			
<b>Tennis &amp; Netball Courts</b>			
Cove Netball Club	Hallett Cove	Southern Hills	Additional courts
Seaview High School	Seacombe Heights	Warriparinga	Explore designs and development

PROPERTY/BUILDING WORKS PROGRAM 2019/20			
Location	Suburb	Ward	Description
Marion Golf Club	Seacliff Park	Coastal	Main building works to relocate golf club from atco huts
Koorana Gymnastics	Morphettville	Mullawirra	New kitchen, office and storage area and upgrade toilet/showers
Marion Sports & Leisure	Morphettville	Mullawirra	New air conditioner
Morphettville Park Sports Club	Morphettville	Mullawirra	Replacement of oval coaches boxes and oval fencing
Marion Outdoor Pool	Park Holme	Mullawirra	Chlorine chemical control system, pool cover and car park works
Park Holme Library	Park Holme	Mullawirra	Atrium refurbishment
Cove Sports Club	Hallett Cove	Southern Hills	New furniture
Marion Cultural Centre	Oaklands Park	Warracowie	Outdoor play equipment, pool table, table tennis
Marion Basketball Stadium	Marion	Warriparinga	Reconfigure toilets, changerooms, office and kitchen
Marion Bowling Club	Marion	Warriparinga	Kitchen replacement
Cooinda Neighbourhood Centre	Sturt	Warriparinga	Refurbishment of office
Edwardstown Soldiers Memorial Recreation Ground	Edwardstown	Woodlands	Seating and shade for grass areas and facility signage
Glandore Community Centre	Glandore	Woodlands	Ceiling replacement
Various	Various	Various	Signage
Various	Various	Various	Electrical board replacements
Various	Various	Various	Drainage works
Various	Various	Various	Carpet Replacement
Various	Various	Various	Air Conditioning
Various	Various	Various	Lighting upgrades

ROAD RESEAL PROGRAM 2019/20				
Road Name	Suburb	Ward	From	To
Works program still to be finalised				

KERB & WATER TABLE PROGRAM 2019/20				
Road Name	Suburb	Ward	From	To
Works program still to be finalised				

RESIDENTIAL FOOTPATH PROGRAM 2019/20				
Road Name	Suburb	Ward	From	To
Proactive Footpath Works	Various	Various		
Kumabinna Avenue	Hallett Cove	Coastal		
Brooklyn Drive	Hallett Cove	Coastal		
Airlie Mews	Hallett Cove	Coastal		
Anna Court	Hallett Cove	Coastal		
Buffalo Court	Hallett Cove	Coastal		
Ocean Boulevard	Seacliff Park	Coastal		
Morphettville Renewal Project	Morphettville	Mullawirra		
Ella Crescent	O'Halloran Hill	Southern Hills		
Tracy Street	Seacliff Park	Southern Hills		
Adams Road	Sheidow Park	Southern Hills		
Berrima Road	Sheidow Park	Southern Hills		
Bendigo Close	Trott Park	Southern Hills		
Latimer Crescent	Trott Park	Southern Hills		
Morphett Road (south of the Oaklands Crossing)	Warradale	Warracowie		
Geneva Court	Mitchell Park	Warriparinga		

TRAFFIC DEVICES PROGRAM 2019/20			
Road Name	Suburb	Ward	Description
Lighthouse Drive	Hallett Cove	Coastal	Indented parking bay
Duncan Avenue	Park Holme	Mullawirra	Angled car park for inclusive playspace
Western Avenue	Park Holme	Mullawirra	Indented parking bay
Addison Road	Warradale	Warracowie	Off-street parking at Warradale Railway Station
Exmoor Avenue	Oaklands Park	Warracowie	Parking within existing median
Dwyer Road	Oaklands Park	Warracowie	Indented parking bay

STORMWATER DRAINAGE PROGRAM 2019/20		
Road Name	Suburb	Ward
Caprice Street / Mercedes Avenue	Hallett Cove	Coastal
Shaftesbury Terrace	Marino	Coastal
Lucretia Way Dam Design	Hallett Cove	Coastal
Coolah Terrace	Marion	Warracowie
Alison Avenue	Marion	Warriparinga
Warriparinga Wetlands (Pond 2)	Bedford Park	Warriparinga
Shetland Avenue	Marion	Warriparinga

IRRIGATION & WETLANDS PROGRAM 2019/20		
Location	Suburb	Ward
Marion Golf Club - installation of low & high pressure pump set	Seacliff Park	Coastal
Central Avenue Reserve	Hallett Cove	Coastal
Elizabeth Ryan Reserve	Plympton Park	Mullawirra
Christopher Grove Reserve	O'Halloran Hill	Southern Hills
Skipper Reserve	Hallett Cove	Southern Hills
Crown Street Reserve	Dover Gardens	Warracowie
Hamilton Park Reserve	Warradale	Warracowie
Mitchell Park Oval & Reserve	Mitchell Park	Warriparinga
Warriparinga Wetlands	Bedford Park	Warriparinga
Alpine Road Reserve	Seacombe Heights	Warriparinga
Yanyarrie Reserve	Edwardstown	Woodlands

OTHER INFRASTRUCTURE PROGRAM 2019/20		
Details	Suburb	Ward
Bus Shelters	Various	Various
Street Lighting	Various	Various
Signage	Various	Various
Walking & Cycling Pathways	Various	Various

## Appendix 2. Rating Policy

### RATING

#### (1) Valuation Methodology and Adoption

Council uses Capital Value as the basis for valuing land within the Council area. Capital Value is the value of the land and all of the improvements on the land. The Council also continues to adopt the capital valuations distributed by the Valuer-General.

(See Annexure 1)

#### (2) Differential General Rates

All land within a council area, except for land specifically exempt under section 147 (2) of the Act is rateable. The Act provides for a council to raise revenue through a general rate, which applies to all rateable land, or through differential general rates, which differentially apply to classes of rateable land. Council uses a differential rating system to raise revenue based upon Land Use to ensure a fair and equitable distribution of rates within the City of Marion. In applying this approach Council will take into consideration all prevailing economic conditions and changes and adjust its differential rates accordingly, to ensure an appropriate and fair equalisation of rates across all land use categories.

The differential general rate Land Use categories are as follows

- Category 1 Residential
- Category 2 Commercial – Shop
- Category 3 Commercial – Office
- Category 4 Commercial – Other
- Category 5 Industrial – Light
- Category 6 Industrial – Other
- Category 7 Primary Production
- Category 8 Vacant
- Category 9 Other

These differential rates will be used to determine the rates in the dollar for all properties within the City of Marion area for the financial year. These rates will be specified in Council's rate declaration for each financial year.

(See Annexure 1)

#### (3) Minimum Rate

A minimum amount payable by way of general rates is determined to apply to the whole of an allotment (including land under a separate lease or licence) and only one minimum amount is payable in respect of two or more pieces of adjoining land (whether intercepted by a road or not) if they are owned by the same owner and occupied by the same occupier.

The Minimum Rate to apply to properties within the City of Marion will be detailed in Council's rate declaration for each financial year.

(See Annexure 1)

#### (4) Service Charge

The Council has decided not to impose any service charges for this financial year.

#### (5) Natural Resources Management (NRM) levy

The Council, under the Natural Resource Management Act 2004, is required to collect this levy. It does so by imposing a separate rate for all rateable properties within the Council area.



For each financial year, the levy for each property will be determined by the total capital valuation within the City of Marion. The calculation is as follows;

- Total Capital Value divided by the Total Amount Required, (set for the financial year by the NRM Board) determines an appropriate rate in the dollar, this rate in the dollar will then be adopted to each property. (See Annexure 1)

## **(6) Payment of Rates**

The Council has determined that payment of rates for the 2019/20 financial year will be by four instalments, due on 2 September 2019, 2 December 2019, 2 March 2020 and 1 June 2020. However, the total amount of rates may be paid in full at any time.

Council has determined that rates may be paid by the following methods;

- Australia Post – Post Office, Telephone or Internet
- Bpay – Telephone or internet payments
- Centrepay – Deductions directly from Centrelink deductions
- Direct Debit – Direct from either a Cheque or Savings account
- Eservices – Direct through the Council's Internet system
- In person - At Council Offices
- By Mail - Locked Bag 1 Oaklands Park SA 5046

## **(7) Late Payment of Rates**

Council imposes an initial penalty (a fine) of 2% as prescribed under the Act on any instalment that is received late. A prescribed interest rate (which includes the amount of any previous unpaid fine and interest) will apply on the expiration of each month that a balance remains unpaid.

When the Council receives a payment in respect of overdue rates the Council applies the money received in the order set out below in accordance with Section 183 of the Act,

- First – to satisfy any costs awarded in connection with court proceedings;
- Second – to satisfy any interest costs;
- Third – in payment of any fines imposed;
- Fourth – in payment of rates, in chronological order (starting with the oldest account first).

(See Annexure 1)

## **(8) Rebates and Postponement of Rates**

### **(8.1) Rate Rebate Policy**

Refer to the Rate Rebate Policy attached.

### **(8.2) Rate Capping**

Section 166 (1) (i) (ii) of the Act provides for the discretionary rebate of rates where, among other things, there has been a rapid change in valuations.

Council will provide relief against a substantial increase in rates payable on residential land due to large increases in capital value by applying a rebate (capping) of general rates to eligible ratepayers.



For the current financial year, the rate cap is set at 12% with a \$20 minimum and a \$200 maximum (excluding new or improved properties) for ratepayers who meet the Qualifying Criteria set out below:

**Qualifying Criteria:**

- The property is the owner's principal place of residence.
- The property has not had more than \$20,000 of improvements.
- The property value has not increased due to zoning changes.
- The land use for rating purposes has not changed since 1<sup>st</sup> July of the previous financial year.
- The property has not sold since the 1<sup>st</sup> January of the previous financial year.

Rate capping will be applied automatically to properties that can be readily identified as being eligible. Where this rebate is not applied automatically, ratepayers who consider they could be eligible for rate capping may apply in writing to council. Applications will be assessed against the eligible criteria. Only applications for the current financial year will be accepted and must be received in the current financial year.

### **(8.3) Residential Construction on Vacant Land**

Under Section 166 (1) (a) of the Act, and for the purpose of securing the proper development of the area, a discretionary rebate of general rates for the 2019/20 financial year will be granted in respect of an assessment classed as vacant land by the Council, where:

- The principal ratepayer of the assessment applies to the Council for the rebate prior to 30 June 2020, and
- The footings have been poured on the property by 30 June 2020

The amount of the rebate will be the difference between the general rate in the dollar applicable to Vacant land, and the general rate in the dollar applicable to Residential land. This is calculated by the number of days remaining between 1 July 2019 and 30 June 2020 from the date footings are poured for a residence on the land. Minimum Rate is still applicable.

### **(8.4) Postponement of Rates – Hardship**

Section 182 of The Act permits the Council, on the application of the ratepayer, to partially or wholly remit rates or to postpone rates, on the basis of hardship. Where a ratepayer is suffering hardship in paying rates they may submit an application in writing to the Council's Team Leader Rating Services. The Council treats such inquiries confidentially.

### **(8.5) Postponement of Rates – Seniors**

An Application may be made to Council by ratepayers who meet the criteria required for qualification for the postponement under Section 182A of The Act. (see Annexure 1 for criteria)

## **(9) Sale of Land for Non-Payment of Rates**

The Act provides that a council may sell any property where the rates have been in arrears for three years or more. Council is required to notify the owner of the land of its intention to sell the land, provide the owners with details of the outstanding amounts, and advise the owner of its intention to sell the land if payment of the outstanding amount is not received within one month. Except in extraordinary circumstances, the Council enforces the sale of land for arrears of rates.

## **(10) Concessions**

### **Cost of Living Concession**

Pensioners, low-income earners and self-funded retirees holding a Commonwealth Seniors Health Card can receive up to \$200 per year. Eligibility includes pensioners and low-income earners who are tenants. For further information contact the Concessions Hotline on 1800 307 758.

## **RATE REBATES**

### **(1) Policy Statement**

Council has decided to adopt a Rate Rebate Policy for all rateable land within the Council's area which is applied in accordance with Sections 159 to 166 of the Act. This Policy will assist the Council as a decision making function and is intended to provide guidance to the community as to the matters that the Council will take into account in deciding an application for a rebate.

The Policy also sets out the type of land use for which the Council must grant a mandatory rebate of rates and the percentage amount applicable, and those types of land use where the Council has the ability to grant a discretionary rebate of rates. Rebates will only be available when the applicant satisfies the requirements under both the Act and, where appropriate, the requirements of this Policy.

### **(2) Mandatory Rebates**

Mandatory rate rebates will be granted by Council at the prescribed rate in accordance with Sections 159 to 165 of The Act.

S160 – Health Services 100% Rebate

S161 – Community Services (Including Housing Associations) 75% Rebate

S162 – Religious Purposes 100% Rebate

S163 – Public Cemeteries 100% Rebate

S164 – Royal Zoological Society of SA 100% Rebate

S165 – Educational Purposes 75% Rebate

Where the Council is satisfied from its own records, or from other sources, that a person or body meets the necessary criteria for a mandatory rate rebate, the Council will grant the rebate accordingly. Where the Council is not satisfied based upon the information in its possession or otherwise does not hold relevant information it will require the person or body to lodge an application in accordance with this Policy.

Where a person or body is entitled to mandatory rate rebate of 75% only, the Council may increase the rebate up to a further 25%. The Council may grant this further 25% rebate upon application.

Where an application is made to the Council for a rebate of up to a further 25% the application will be determined and written notice will be provided to the applicant of its determination of that application.

### **(3) Discretionary Rebates**

A discretionary rate rebate may be granted by the Council at its absolute discretion up to and including 100% relief to any cases pursuant to Section 166 of the Act.

Any persons or bodies seeking a discretionary rebate, will be required to submit an application form to the Council and provide to the Council such information as stipulated on the application form and any other information that the Council may reasonably require.

#### **(4) Application**

The council will inform the community of the provisions for rate rebate under the Act by the inclusion of an advert in the local newspaper each year.

Application forms may be obtained from the Council office located at 245 Sturt Road, Sturt.

The Council will advise an applicant for a rebate of its determination of that application in due course, after receiving the application and receiving all information requested by the Council. The advice will state –

- if the application has been granted, the amount of the rebate; or
- if the application has not been granted, the reasons why.

#### **(5) In regards to prescribed discretionary rate rebates the Council will take into account, in accordance with Section 166(1a) of the Act, the following matters –**

- The nature and extent of Council services provided in respect of the land for which the rebate is sought, in comparison to similar services provided elsewhere in the Council area;
- The community need that is being met by activities carried out on the land for which the rebate is sought; and
- The extent to which activities carried out on the land, for which the rebate is sought, provides assistance or relief to disadvantaged persons; and
- Such other matters as the Council considers relevant.

#### **(6) The Council may take into account other matters considered relevant by the Council including, but not limited to, the following–**

- Why there is a need for financial assistance through a rebate;
- The level of rebate (percentage and dollar amount) being sought and why it is appropriate;
- The extent of financial assistance, if any, being provided to the applicant and/or in respect of the land by Commonwealth or State agencies;
- Whether the applicant has made/intends to make applications to another Council;
- Whether, and if so to what extent, the applicant is or will be providing a service within the Council area;
- Whether the applicant is a public sector body, a private not for profit body or a private for profit body;
- Whether there are any relevant historical considerations that may be relevant for all or any part of the current Council term;
- The desirability of granting a rebate for more than one year;
- Consideration of the full financial consequences of the rebate for the Council;
- The time the application is received;
- The availability of any community grant to the person or body making the application;
- Whether the applicant is in receipt of a community grant; and
- Any other matters and policies of the Council, which the Council considers relevant.

All persons or bodies wishing to apply to the Council for a discretionary rebate of rates must do so on or before 1 May in that financial year for which the rebate is sought.

- The Council may grant a rebate of rates on such conditions as the Council thinks fit.
- The Council may, for proper cause, determine that an entitlement to a rebate of rates under the Act no longer applies.

- Where an entitlement to a rebate of rates ceases or no longer applies during the course of a financial year, the Council is entitled to recover rates, or rates at the increased level (as the case may be), proportionate to the remaining part of the financial year.

It is an offence for a person or body to make a false or misleading statement or representation in an application, or to provide false or misleading information or evidence in support of an application made (or purporting to be made) under the Act.

The maximum penalty for this offence is \$5,000.

If a person or body has the benefit of a rebate of rates and the grounds on which the rebate has been granted cease to exist, the person or body must immediately inform the Council of that fact and (whether or not the Council is so informed) the entitlement to a rebate ceases. If a person or body fails to do so that person or body is guilty of an offence.

The maximum penalty for this offence is \$5,000.

### **(7) Delegation**

The Council has delegated its power, pursuant to Section 44 of the Act, to grant applications for mandatory rebates that meet the requirements of the Act, to the Chief Executive Officer.

The Council has delegated its power, pursuant to Section 44 of the Act to determine applications and to grant a discretionary rebate of rates, to the Chief Executive Officer subject to the following condition:

- Where the discretionary rebate is not more than \$5,000.

### **(8) Review of Rebate**

A person or a body aggrieved by a determination of the Council in respect of an application for a rebate may, within 14 days of the date of the notice of determination, seek a review of that decision in accordance with the Council's Internal Review of Council Decisions Policy.

### **(9) Community Grants**

If an application for a rebate is unsuccessful, the Council has an absolute discretion to then treat the application as one for a community grant and to determine it in accordance with the Council's Community Grants Policy.

### **(10) Availability of Policy Documents**

Policy documents are available for inspection at the Council offices and on the website at [www.marion.sa.gov.au](http://www.marion.sa.gov.au). Persons may obtain a copy of any Policy document upon payment of the fee set by the Council.

### **DISCLAIMER**

A rate cannot be challenged on the basis of non-compliance with this Policy and must be paid in accordance with the required payment provisions.

Where a ratepayer believes that the Council has failed to properly apply this Policy they should raise the matter with the Council. In the first instance contact the Council's Team Leader – Rating Services on 8375 6617 to discuss the matter. If, after this initial contact, a ratepayer is still dissatisfied they should write to the Chief Executive Officer, City of Marion, PO Box 21, Oaklands Park, SA 5046.

## Annexure 1

### 1. Valuation Methodology and Adoption

Under the Act, the Council may adopt one of three valuation methodologies to value the properties in its area. They are:

- Capital Value – the value of the land and all of the improvements on the land.
- Site Value – the value of the land and any improvements which permanently affect the amenity of use of the land, such as drainage works, but excluding the value of buildings and other improvements.
- Annual Value – a valuation of the rental potential of the property

The Council considers that the Capital Value method of valuing land provides the fairest method of distributing the rate burden across all ratepayers on the following basis:

- The equity principle of taxation requires that ratepayers of similar wealth pay similar taxes and ratepayers of greater wealth pay more tax than ratepayers of lesser wealth;
- Property value is a relatively good indicator of wealth and capital value, which closely approximates the market value of a property, provides the best indicator of overall property value;
- The distribution of property values throughout the Council area is such that few residential ratepayers will pay significantly more than the average rate per property.

Any ratepayer dissatisfied with the valuation made by the Valuer General may object in writing to the Valuer General within 60 days of receiving a rate notice, explaining the basis for the objection. This is provided that ratepayer has not:

- (a) previously received a notice of this valuation under the Act, in which case the objection period is 60 days from the receipt of the first notice; or
- (b) previously raised an objection to that valuation.

The 60 day objection period may be extended by the Valuer-General where it can be shown there is reasonable cause to do so.

It is important to note that the lodgement of an objection does not change the payment of rates or the due date.

### 2. Differential General Rates

All land within a council area, except for land specifically exempt (e.g. crown land, council occupied land and other land prescribed under the Act – refer to Section 147), is rateable. The Act provides for a council to raise revenue for the broad purposes of the council through the imposition of a single general rate or through differential general rates that apply to all rateable properties within the council area.

Following a review of rating options available under the Act during the 2002/2003 financial year, the Council consulted extensively with the community on this issue and concluded that a differential rating system would improve the equity in rate distribution across the community. The review included a comparison of rating methods and rates by land use within the Adelaide metropolitan area.

Differential general rates are based on Land Use as determined in the Local Government (General) Regulations 2013 under the Act. If a ratepayer believes that a particular property has been wrongly classified by the Council as to its land use, then they may object (to the Council) to that land use within 60 days of being notified. A ratepayer may discuss the matter with a Rates Officer, on 8375 6600 in the first instance. The Council will provide, on request, a copy of Section 156 of the Act which sets out the rights and obligations of ratepayers in respect of objections to a land use.

An objection to the land use:

- must be in writing
- must set out-
  - the grounds of the objection; and
  - the land use (being a land use being used by the Council as a differentiating factor) that should, in the objector's opinion, have been attributed to the land; and
- must be made within 60 days after the objector receives notice of the particular land use to which the objection relates.
- this 60 day objection period may be extended where it can be shown there is reasonable cause to do so.

The Council may then decide the objection as it sees fit and notify the ratepayer. A ratepayer also has the right to appeal against the Council's decision to the Land and Valuation Court. It is important to note that the lodgement of an objection does not change payment of rates or the due date.

### **3. Minimum Rate**

The reasons for imposing a minimum amount payable by way of general rates are:

- The Council considers it appropriate that all rateable properties make a contribution to the cost of administering the Council's activities;
- The Council considers it appropriate that all rateable properties make a contribution to the cost of creating and maintaining the physical infrastructure that supports each property.

No more than 35% of properties will be subject to the minimum amount.

### **4. Natural Resource Management Levy**

It is important to note that Council is required to collect this levy under the Natural Resource Management Act 2004 and operates as a revenue collector for the Natural Resources Management Board in this regard. It does not retain this revenue or determine how the revenue is spent.

For further information contact the board by phone 8273 9100, email [reception@adelaide.nrm.sa.gov.au](mailto:reception@adelaide.nrm.sa.gov.au)

### **5. Late Payment of Rates**

Under the Act, the Council applies penalties (fines and interest) to arrears of rates (i.e. rates which are not paid on or before the due date). The Council issues a final notice for payment of rates when rates are overdue i.e. unpaid by the due date. If rates remain unpaid more than 21 days after the issue of the final notice then the Council may refer the debt to a debt collection agency for collection. This may result in legal proceedings with costs on-charged to the ratepayer.

The Council has adopted a policy to assist ratepayers experiencing difficulty in making their rate payment by the due date. The Council will consider approving extended payment provisions or, in circumstances where hardship can be demonstrated, deferring the payment of rates.

The Council may be prepared to remit penalties (fines and interest) for late payment of rates where ratepayers can demonstrate hardship or sufficient other reason for late payment.

All applications for remissions must be in writing, addressed to: Rating Services Section, City of Marion, PO Box 21, Oaklands Park, SA 5046.

### **6. Discretionary Rebate**

The Act requires the Council to rebate the rates payable on certain land ('mandatory rebates'). The Act, at section 166, also empowers the Council to grant discretionary rebates of rates of up to 100% of the rates and/or



charges payable. The Council, in considering discretionary rebates, must balance the benefits of providing rebates, with the impact that such rebates have on its overall income (and hence upon the general ratepayer base). To promote the transparency of this process the Council has adopted a Rate Rebate Policy. A copy of this Policy is available at the Council offices or on Council's website at [www.marion.sa.gov.au](http://www.marion.sa.gov.au).

## **7. Postponement of Rates – Seniors**

The following criteria must be satisfied before the postponement is granted.

- The person is a prescribed ratepayer, or the spouse of a prescribed ratepayer;
- A prescribed ratepayer means the holder of a current State Seniors Card or a person eligible to hold such a card who has applied but is yet to be issued with a card.
- Rates are payable on the principal place of residence.
- The land is owned by the prescribed ratepayer, or the prescribed ratepayer and his or her spouse, and no other person has an interest, as owner, in the land.
- Any current mortgage over the property which was registered prior to 25 January 2007 will be no more than 50% of the Valuer-General's capital value of the property.

An application must be made in the prescribed manner and form and be accompanied by such information as the Council may require. Any rates which are postponed will become due and payable when:

- the title to the land is transferred to another person; or
- there is failure to comply with a condition of postponement.

A minimum amount of \$500 of the annual rates must be paid.

An entitlement to a remission will be applied to the proportion of the rates that has not been postponed, unless notice to the contrary is received in writing from the owner.

Interest will accrue on the amount postponed at the prescribed rate per month, under the Act until the amount is paid.

Should the entitlement to a postponement cease to exist, the owner of the land must inform the Council in writing, unless the rates and any interest have been paid in full.

City of Marion  
Annual Business Plan  
2019-2020

## Appendix 3. Long Term Financial Plan

### City of Marion

10 Year Financial Plan for the Years ending 30 June 2029

#### BUDGET SUMMARY - GENERAL FUND

Scenario: Draft Budget 1.8% Rate Increase

		Projected Years								
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income</b>										
Rates	79,265	81,478	83,754	86,093	88,497	90,968	93,509	96,120	98,804	101,564
Statutory Charges	2,193	2,248	2,304	2,362	2,421	2,481	2,543	2,607	2,672	2,739
User Charges	2,161	2,215	2,270	2,327	2,385	2,445	2,506	2,569	2,633	2,699
Grants, Subsidies and Contributions	7,180	7,359	6,838	7,009	7,185	7,364	7,548	7,737	7,931	8,129
Investment Income	708	890	919	950	997	1,124	1,315	1,536	708	708
Reimbursements	530	543	556	570	585	599	614	630	645	661
Other Income	1,361	551	559	567	576	584	593	603	612	622
Net gain - equity accounted Council businesses	354	365	376	387	398	410	423	435	448	462
<b>Total Income</b>	<b>93,751</b>	<b>95,649</b>	<b>97,577</b>	<b>100,266</b>	<b>103,043</b>	<b>105,976</b>	<b>109,052</b>	<b>112,236</b>	<b>114,454</b>	<b>117,583</b>
<b>Expenses</b>										
Employee Costs	35,905	36,571	37,567	38,449	39,513	40,615	41,756	42,716	43,699	44,704
Materials, Contracts & Other Expenses	35,499	33,996	34,570	35,238	35,035	35,791	36,685	38,246	38,540	39,503
Depreciation, Amortisation & Impairment	15,056	15,658	16,284	16,936	17,613	18,318	19,050	19,812	20,605	21,429
Finance Costs	397	786	813	712	605	502	424	341	254	162
<b>Total Expenses</b>	<b>86,856</b>	<b>87,011</b>	<b>89,234</b>	<b>91,334</b>	<b>92,766</b>	<b>95,225</b>	<b>97,915</b>	<b>101,116</b>	<b>103,098</b>	<b>105,798</b>
<b>Operating Surplus</b>	<b>6,895</b>	<b>8,638</b>	<b>8,342</b>	<b>8,932</b>	<b>10,277</b>	<b>10,751</b>	<b>11,137</b>	<b>11,121</b>	<b>11,356</b>	<b>11,785</b>
Amounts Received Specifically for New or Upgraded Assets	6,300	-	-	-	-	-	-	-	-	-
<b>Net Surplus / (Deficit) for the Year</b>	<b>13,195</b>	<b>8,638</b>	<b>8,342</b>	<b>8,932</b>	<b>10,277</b>	<b>10,751</b>	<b>11,137</b>	<b>11,121</b>	<b>11,356</b>	<b>11,785</b>
<b>Capital (Balance Sheet) and Reserve Movements</b>										
Capital Expenditure	(44,528)	(24,285)	(21,791)	(22,981)	(23,770)	(22,185)	(22,648)	(22,994)	(23,448)	(23,917)
Loan Repayments (External)	(1,170)	(2,049)	(1,907)	(2,008)	(2,115)	(1,552)	(1,630)	(1,713)	(1,800)	(1,892)
New Loan Borrowings (External)	10,000	2,960	-	-	-	-	-	-	-	-
Proceeds from Sale of intangible & tangible Assets	-	-	-	-	-	-	-	-	-	-
Net Transfers (to)/from Reserves	7,801	(558)	(554)	(492)	(858)	(858)	(858)	(858)	(858)	(858)
<b>Total Capital (Balance Sheet) and Reserve Movements</b>	<b>(27,897)</b>	<b>(23,931)</b>	<b>(24,251)</b>	<b>(25,481)</b>	<b>(26,743)</b>	<b>(24,595)</b>	<b>(25,136)</b>	<b>(25,566)</b>	<b>(26,106)</b>	<b>(26,666)</b>
<b>Net Result (including Depreciation &amp; Other non-cash items)</b>	<b>(14,702)</b>	<b>(15,293)</b>	<b>(15,909)</b>	<b>(16,549)</b>	<b>(16,465)</b>	<b>(13,844)</b>	<b>(13,999)</b>	<b>(14,445)</b>	<b>(14,750)</b>	<b>(14,881)</b>
Add back Depreciation Expense (non-cash)	15,056	15,658	16,284	16,936	17,613	18,318	19,050	19,812	20,605	21,429
Less Other Income (non-cash)	(354)	(365)	(376)	(387)	(398)	(410)	(423)	(435)	(448)	(462)
<b>Cash Budget Surplus</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>749</b>	<b>4,063</b>	<b>4,629</b>	<b>4,932</b>	<b>5,407</b>	<b>6,086</b>

\*Employee Costs include Temporary Labour Hire



## REPORTS FOR NOTING

### Internal Audit Program - Implementation of Recommendations

<b>Originating Officer</b>	Governance Officer - Victoria Moritz
<b>Corporate Manager</b>	Manager Corporate Governance - Kate McKenzie
<b>General Manager</b>	General Manager Corporate Services - Vincent Mifsud
<b>Report Reference</b>	FAC190528R13

### REPORT OBJECTIVE

To provide the Finance and Audit Committee (FAC) with an update of the status of recommendations from the 2017/18 and 2018/19 Internal Audit program.

### EXECUTIVE SUMMARY

The FAC was provided with a status report at its previous meeting on 28 May 2019 regarding the City of Marion's Internal Audit Program. It was reported that all five audits completed for the 2017/18 financial year had commenced implementing finding recommendations to various stages;

- Volunteer management – completed February 2018 (FAC270218R7.2)
- Contractor management – completed May 2018 (FAC290518R7.3)
- NDIS - completed May 2018 (FAC290518R7.3)
- Regulatory – Fines and Enforcement - completed August 2018 (FAC180821R03)
- Planning Assessment - completed August 2018 (FAC180821R03)

The following audits have commenced or been completed for the 2018/19 Internal Audit Program;

- Procure to Pay - completed December 2018 (FAC181211R04)
- Customer Experience - completed February 2019 (FAC190226R03)
- Tendering - completed May 2019 (FAC190528R09)
- BCP and Emergency Management - completed May 2019 (FAC190528R09)
- Cyber Security - scoping - to be finalised before the end of the financial year but the report will be presented to the August 2019 FAC meeting).

The recommendations from these reports continue to be monitored by the FAC. A short summary of the status of recommendations for each audit is provided at Appendix 1. The relevant outstanding recommendations and agreed actions for items that have been commented on are included in the summary to give context to the comments made against each project. **RECOMMENDATION**

**That the Finance and Audit Committee;**

#### 1. Notes the status of the Internal Audit Program (Appendix 1)

### Attachment

#	Attachment	Type
1	Implementation of Recommendations Appendix	PDF File

## Overall Summary

Project	Findings	On Track	Overdue	Completed	Not Commenced	General Comments
Capital Works Program 2015/16	8		1	7		There is 1 outstanding recommendation which is now overdue. This item is 85% complete
Corporate Performance Reporting 2016/17	4	2		2		There are 2 outstanding recommendations. These are on track for completion by the end of May 2019 and June 2019. 1 recommendation is 85% complete and the other is 50% complete.
Accounts Receivable 2016/17			Complete (February '19)			
ICT Cyber Security Maturity (2016/17)	6	1		5		There is 1 outstanding recommendation. This item is 30% complete and on track with the revised due date of 30 June 2019. 1 Item has been completed since the last update.
Policy Review (2016/17)			Complete (August '18)			
Property Portfolio Management (2016/17)	7	1		6		There is 1 outstanding recommendations. This item is on track with the revised due date for completion by the end of August and is well progressed.
Volunteer Management (2017/18)			Complete (August '18)			
NDIS (2017/18)	1	1				Maintain watching brief
Contractor Management (2017/18)	5	1	2	2		There are 3 recommendations outstanding. 2 of these are overdue with a revised due date to be agreed to. 1 item is on track for completion by the end of June 2019. Strategic Procurement Lead is reviewing these recommendations, following implementation of shared procurement structure with City of Charles Sturt.
Regulatory Fines and Enforcements (2017/18)	2	1		1		1 outstanding recommendation on track for completion by the end of June 2019 and is 95% complete
Development Assessment (Planning) (2017/18)	8	1		7		There is 1 outstanding recommendation, which is on track with the revised due date for completion by the end of May 2019 and is 80% complete. 1 item has been completed since the last update.
Procure to Pay (2018/19)	9	1		6	2	There are 3 outstanding recommendations. 1 is on track for completion by the end of June. The other 2 are Performance Improvement Opportunities due for completion by the end of December 2019. These are not commenced and are awaiting the outcomes of the Business Systems Fitness Review.
Customer Experience	8	3		2	3	3 items are on track with parts that have not yet commenced. 2 items have been completed in entirety and 3 have not yet commenced.

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	ACTION DUE DATE	PREVIOUS QUARTER PROGRESS	PREVIOUS QUARTER PROGRESS %	PREVIOUS QUARTER PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
<p>It is recommended that Marion implements a simple, standardised project management framework which describes key phases that a project must go through. For example purposes only:</p> <ul style="list-style-type: none"> <li>• Project initiation (asset management plan/ad-hoc)</li> <li>• Project evaluation (concept, feasibility/business case)</li> <li>• Program development (budgeting, prioritisation, programming)</li> <li>• Program/project delivery (procurement, design, construct)</li> <li>• Project completion and handover</li> </ul> <p>The project management framework should be designed to accommodate the proposed two-year capital works program, with two key phases including an initial phase where projects are initiated, evaluated and estimated in year one, and procured/built in year two (for example).</p> <p>This recommendation may include leveraging the existing City of Marion S-Guide project management framework, and tailoring and/or implementing across the City of Marion to achieve better consistency and approach to project management.</p> <p>Improved consistency in project management should provide the City of Marion with sustained benefits including reduction and minimisation in carry overs.</p>	5	This work is currently underway with a project management system being developed including tools, templates, training, governance arrangements, monitoring and reporting.	<p>Original Due Date 30/09/16</p> <p>Revised date 30/06/18 (phase 1 was completed by this date)</p> <p>Phase 2 revised due date 1/04/2019</p>	On Track	81%	<p>All projects built into new PM system, and being reported against monthly. Capital works programs now being developed in the system. Tailored reporting also being developed. Project Management Framework finalised</p>	Not on Track	85%	<p>Capital works program workflows being developed with program leaders, due date for completion of the capital works programs in CAMMS is 30 June 2019. Financial integration for all projects and programs almost complete. Business rules for project management being finalised. An update is scheduled to be provided to the FAC in August.</p>

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	ACTION DUE DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
<p>It is recommended that the CoM develops a 'strategic reporting framework' which describes the key principals in relation to reporting, including covering off on why report in the first instance, what is reported, who is accountable, when/how often reports are produced, etc. It should be noted that reporting needs to be considered as part of the overall planning, budgeting, reporting and overall business performance management processes. That is, reporting should directly relate to the CoM's strategic planning and objectives, budgeting and work areas plans, not be seen as a stand-alone activity.</p> <p>The strategic reporting framework should cover all key aspects of reporting including;</p> <ul style="list-style-type: none"> <li>* Aligned with strategic plans and long-term financial plan</li> <li>* CEO KPI's and Organisational KPI's</li> <li>* Annual Business Plan and planning framework (i.e. work area plans)</li> <li>* Governance structures - Council, Committees and Development Assessment Panel.</li> <li>* Governance structures - Administration (ELT, SLT, LT and Risk Working Group)</li> <li>* Organisational structure/functional reporting requirements - City Services, City Development, Corporate Services and Human Resources (cascading into teams).</li> <li>* Consideration of additional management groups and committees and their reporting requirements.</li> </ul>	1.1	Agreed that a Strategic Corporate Reporting Framework is fundamental. The framework will need to be developed in consultation with ELT and other senior staff.	30/05/2019	On Track	60%	<p>A draft framework has been considered by ELT and feedback received.</p> <p>Currently working through the reporting structures and data. Assessing if any changes are required. A draft framework will be presented to the Committee in May 2019</p>	On Track	85%	A draft framework will be presented to the Committee in May 2019

Through the implementation of the recommended 'Strategic Reporting Framework (refer to finding 1), the time taken to produce reporting should be assessed. The assessment and revision of CoM's agreed corporate performance reporting should focus on prioritising the timeliness in which reporting can be produced.	3.2	Agreed.	30/05/2019	On Track	60%	A draft framework has been considered by ELT and feedback received. Currently working through the reporting structures and data. Assessing if any changes are required. A draft framework will be presented to the Committee in May 2019	On Track	85%	Corporate KPI's have been reviewed in accordance with the new framework. Looking to implement in July 2019
CoM investigates the ability to optimise the use of the systems, through development of purpose built reporting (eg. From Authority) to reduce the level of manual manipulation of data.	3.3	Agreed.	30/06/2019	On Track	50%	This is being investigated through the Metrix that matters project.	On Track	50%	This is being investigated through the Metrix that matters project.

## Cyber Security

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	ACTION DUE DATE	PREVIOUS QUARTER PROGRESS	PREVIOUS QUARTER PROGRESS %	PREVIOUS QUARTER PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
Consider formally defining the requirements for third party cyber security obligations and including related clauses into each significant contract. This should include consideration of data ownership and storage, technical controls, backups, monitoring, notification of security incidents, and any associated security compliance requirements. A "right to audit" clause should also be considered for inclusion in contracts with technical service providers. Existing third party contracts should then be reviewed to determine compliance and any potential concerns moving forward should be renegotiated where possible.	3.4	This will be further investigated and implemented where necessary	Original 31/12/2018  Revised Due Date 30 June 2019	Not on Track	30%	CQR information provided and requires review. Delays experienced due to commitment of resources to Waste Tender evaluation. Extension to 31 March 2019 requested	On Track	30%	CQR information provided and requires review. Delays experienced due to commitment of resources to Waste Tender evaluation and Contracts restructure. Extension to 30 June 2019 requested

Continual due diligence and assurance activities on third parties should be performed to ensure that they adhere to CoM's minimum requirements.									
2. Ensure that defined recovery objectives have been validated with IT to ensure that these are achievable.	4.2	Recovery strategies have been developed by relevant business units but validation is required with ICT to ensure they are realistic and achievable	1/05/2019	On Track	80%	<p>CQR facilitated Nov workshops with Risk and departments capturing the results in the CQR IT Recovery And Availability Requirements Report delivered mid Dec 18. (<a href="https://comconnect.mari.on.sa.gov.au/sites/Governance/RiskManagementFunction/BusinessContinuity/BCP%20CQR%20BIA%20Workshops/IT%20Recovery%20and%20Availability%20Requirements%20Report%20v1.0%20Initial%20Release.pdf">https://comconnect.mari.on.sa.gov.au/sites/Governance/RiskManagementFunction/BusinessContinuity/BCP CQR BIA Workshops/IT Recovery and Availability Requirements Report v1.0 Initial Release.pdf</a>)</p> <p>As stated in the report some work areas required "High availability and recovery" requirements (15mins) that are not currently achievable and may be expensive and complex to satisfy.</p> <p>Further investigation with these work areas to determine the validity of the requirement and possible alternative work arounds will be scheduled</p>	Completed	100%	<p>Some departmental recovery objectives are not achievable (15mins).</p> <p>As a result of the Internal Audit undertaken on Emergency Management/ Business Continuity, a gap was identified being the undertaking of a Business Impact Assessment to inform the org of critical services. This will now be undertaken by Risk Unit which will assist to validate the departmental expectation with regards to ICT recovery objectives.</p>

and the results gathered by the end of March. An RPO of one day was suitable for the majority of work areas and is currently achievable.

## Property Portfolio

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	ACTION DUE DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
Contract management approaches are improved to ensure contractors are managed effectively.	1.3	Agreed	Original Target Date August 2017 Revised Due Date 31/08/19	On Track	95%	Review of key contractors to take place and panel of contractors to be set up.	On Track	95%	Key contractor meetings being set up. EOI put out for handyman/ maintenance work, panel being set up Ongoing internal checking of the use of existing panels of contractors and correction where staff go outside of process.

It is recommended that CoM continues to undertake reviews of leases managed by the Leasing Officer, including reminding clubs of their obligations to provide up to date documents i.e. insurance, financials and budgets in accordance with the terms of their lease agreements.	5.1	Currently letters are sent out in October each year requesting information e.g. AGM, finances (this is not a requirement in all leases) and followed up in January. Staff in the property team have been allocated specific organisations to liaise with on a regular basis, which will assist in developing a stronger relationship and enable support to be provided in meeting leasing obligations. Community capacity activities are supporting clubs to improve governance practices e.g. workshops on running an AGM. The new leasing and licencing policy will assist with improving this through; *Reporting required to obtain subsidy, *Consistent lease template requiring information, * Working with clubs to set up systems to be able to provide the required information. Consideration is being given to setting up a standard charter of accounts.	Original Target - Ongoing with update due March 18  Revised Due Date 30/06/19	On Track	80%	Land and Property team have undertaken a thorough review of leases outstanding and are working with Business Analysis to formulate a report that can be easily generated.	On Track	100%	Page 180  Process improvements to date to ensure that lease holders and clubs are compliant include: * written to all lessees *Quarterly lease/ licence inspections (Land and Property BU) *Quarterly governance inspections (Sport & Recreation Facilities BU)

**Contractor Management**

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	ACTION DUE DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
As part of the next training session for Contract Administrators, time is allocated to update staff on the documentation required to be formally stored and maintained in the SharePoint system.	2.2	As part of the next training session for Contract Administrators, time is allocated to update staff on the documentation required to be formally stored and maintained in the SharePoint system.	28/02/2019	On Track	10%	Contract Management training scheduled to be conducted in Feb 2019, pending resource availability	Not on Track	10%	Strategic Procurement Lead is currently reviewing contract management processes. Paper to be presented to ELT for endorsement with future completion date to be agreed.



It is recommended that the City of Marion considers introducing a risk based approach to manage it [sic] contractors, so that the level of effort in relation to contract management is matched to the overall contact [sic] risk.	3.1	The contract management procedure will be strengthened to provide additional guidance to Contract Administrators to promote a risk based approach to contract management activities.	30/09/2018  Revised Due Date  28/02/2019	On Track	10%	Have considered initial approach to implementing this recommendation. To be actioned prior to scheduled contract management training (Feb 2019) - training will be based on the revised contract management procedure. Request extension to 28 Feb 2019.	Not on Track	10%	<b>Page 181</b> Strategic Procurement Lead is currently reviewing contract management processes. Paper to be presented to ELT for endorsement with future completion date to be agreed.
It is recommended that the CoM investigates alternative options to the existing excel 'preferred contractor register' to assess the potential for benefits of transitioning to an alternative corporate wide IT system. The potential benefits associated with this recommendation would be: * Provide improved organisational wide visibility of the contracts registers (on a relevant user access basis).	4.1	Management will assess alternatives to the existing excel preferred contractor register and validate whether potential benefits could be realised. The outcome of this assessment will determine what further action is required. In addition, the current contract management process will be enhanced by; 2. Advice being provided to key internal stakeholders of pending existing contracts (implement by 30 June 2018). 3. Introducing tender panels of preferred suppliers for services including general repairs and maintenance, painting, plumbing and electrical (implement by 30 September 2018).	30/06/2019	On Track	10%	Further progress to be dependent on resource availability.	On Track	10%	Contract Management System implementation is dependent upon the outcomes of the current council-wide ICT Applications review (Business Systems Fitness Review).

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	ACTION DUE DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
<p>It is recommended that the CoM investigate undertaking once or a combination of the following solutions:</p> <ul style="list-style-type: none"> <li>- Work with Civica to implement reporting functionalities in Authority that will not be removed with a software update to Authority.</li> <li>- Allocate internal resources to develop reporting functionalities for Authority</li> <li>- Invest in a different information Technology solution than Civica, that has the ability to generate meaningful reporting.</li> </ul>	1.1	<p>There are a number of initiatives being purchased in the 2018-19 financial year which will address this finding.</p> <p>Council has funded a data warehouse initiative in 2018-19 Annual Business Plan which will improve the organisation's access to data and better support work areas to monitor performance.</p> <p>The Community Safety Inspectorate Service Review undertaken in 2018 included the following recommendation:</p> <p>Develop a comprehensive suite of key metrics and reports that management and Council can use to monitor performance.</p>	30/06/2019	On Track	95%	In conjunction with the Performance and Innovation team we have completed a scoping document identifying all metrics. This document will be used by the consultants to build the software and is anticipated this will be completed by 20 June 2019. Note completion date has been extended to align with Metrics System Project.	On Track	95%	We have developed metrics for customer events and are in the user acceptance testing phase. Once this phase is complete we will be moving on to develop metrics for expiations. This work is being done in conjunction with the Performance and Innovation team.

## Development Assessment (Planning)

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	ACTION DUE DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
The process for receipting development application be reviewed.	7.1	Agree with Recommendations 22 and 23. This will be implemented as part of the improvement opportunities.	01/03/19 Revised De Date 30/05/19	On Track	80%	ICT/Finance/Development Services joint project is underway - online payment to be up and running by end of March 2019.	On Track	80%	Online payment not yet implemented by I.T. department. Due May 2019.

<p>The payment to remove a street tree be transacted outside the development assessment process.</p>	<p>8.1</p>	<p>Note this recommendation and this needs to be progressed with the Manager, Engineering and Field Services.</p>	<p>1/12/2018</p>	<p>Not on Track</p>	<p>70%</p>	<p>The entire process relating to street tree referral and payment is currently being reviewed by the Manager, Engineering and Field Services and Departmental Manager. Due for resolution by end March 2019.</p>	<p>Completed</p>	<p>100%</p>	<p>The current street tree payment process has been reviewed and will remain for now. It is not considered easy to change at this time, noting that this item is low risk and does not breach legislation (low reputational risk only). Instead, what has been found is that there are a number of referral processes between Development and Engineering that require review. From May 2019, regular collaboration meetings will be held between the Development and Engineering Departments with a view to working together to resolve issues as they arise.</p>
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RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	ACTION DUE DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
It is recommended that the CoM undertake one or both of the following solutions: Work with Civica to implement a system update to restrict the ability of a member of the Purchasing Team to modify the purchase order value subsequent to its approval.	1.1	Management agree with the recommendation and will work with Civica to undertake possible enhancements to the system to implement the recommended system changes.	30/06/2019	On Track	10%	Discussion has commenced with Civica as to options. Outcome TBA	Completed	100%	Unresolved - The program provider Civica / Authority are unable to lock this element within the system. Was suggested that we could place the Reviewed in the middle of the process rather than the end. This was discounted as the reviewer needs to be at the end of the process. Purchasing staff would retain access to the back end of the purchasing process within Authority in any case. Safeguards remain with staff training and system reporting that can assess retrospective changes. Also Invoicing is always signed off by another person external to the purchasing area.

The Unit Manager Operational Support to review a monthly report of any changes made to a purchase order after it has been approved by the appropriate delegate to identify any increases in value to a purchase order.	1.2	A monthly review will be undertaken by the Unit Manager, Operational Support of changes made to the purchase order after it has been approved by the appropriate delegate to identify any increases in value to a purchase order.	30/06/2019	On Track	20%	OLR compliance is assessed on a regular basis... Quarterly report provided to ELT/SLT	On Track	75%	<div>Page 185</div> <div>OLR compliance is assessed on a regular basis. Quarterly report provided to ELT/SLT</div>
It is recommended that the CoM perform a business process review to investigate the transition to an online procure to pay system which would help to reduce the need for manual invoice approval processing. This process should include benchmarking of the procure-to-pay cycle times and the average cost of processing per invoice against other Government agencies.	PIO1.1	<p>The CoM will investigate on-line invoice approval options that exist with Civica to reduce the level of manual processing that currently exists.</p> <p>The CoM will also investigate the software options available and implementation costs for automatic invoice validation.</p>	31/12/2019	Not Commenced	0%	Awaiting outcomes of Systems Review	Not Commenced	0%	Awaiting outcomes of Business Systems Fitness Review
It is further noted that a number of other Councils in South Australia have transitioned the invoice validation process to a third party vendor. These services includes the use of machine learning technologies to match purchase orders to invoice payments and contract, and automating invoice approvals within a defined set of business rules. It is recommended that this option is also considered as part of the business process review.	PIO1.2	as above	31/12/2019	Not Commenced	0%	Awaiting outcomes of Systems Review	Not Commenced	0%	Awaiting outcomes of Business Systems Fitness Review
It is recommended that the CoM provide further education to suppliers as well as CoM staff involved in purchasing activity, regarding the required process for invoices to be received via the CoM's Accounts Payable team. This may include working with suppliers, particularly smaller suppliers where the CoM purchases on a regular basis, to move towards standardised invoices that are provided electronically.	PIO2	The CoM will provide the recommended training via staff engagement to promote the efficiencies in operations regarding a central receiving point for invoices.	31/12/2018	On Track	75%	Draft email prepared for issue in Feb 2019	Completed	100%	Communications sent to all staff 14 May regarding the receiving of supplier invoices and the process to follow.

We recommend the CoM consider expanding use of P-Cards for low value transactions.	PIO3	<p>The CoM implemented a recommendation from the Internal Audit Report on Purchase Cards (February 2017) whereby we review on an annual basis the required use of purchase cards, their existing limits and monitor expenditure, in particular petty cash to determine opportunities to increase the use of purchase cards within the CoM's overall purchasing strategy.</p> <p>This is an ongoing commitment which covers this recommendation.</p>	Ongoing	Not Commenced	0%	The annual review by Finance of the use and requirements for credit cards is scheduled to take place in April 2019.	Completed	100%	<p>Page 186</p> <p>The annual review was carried out by Finance in May 2019. Some opportunities have been identified where additional purchase cards are being ordered.</p>
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## Customer Experience

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	ACTION DUE DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
<p>Internal Audit recommends that the CoM undertake a review of KPI's on a departmental basis to ensure that they reflect:</p> <ul style="list-style-type: none"> <li>- customer expectations</li> <li>- where it is not possible to meet customer expectations, understand why this is not possible and have clearer communication in place to bridge the gap with customer expectations.</li> </ul> <p>Any delays in meeting customer expectations would be accompanied by timely communication with the customer of the status of remedial actions, in order to mitigate potential dissatisfaction. This communication requirement should be reflected in the CoM customer experience procedures (see the recommendation in Finding 4).</p>	0	<p>The CoM has built a customer satisfaction tool, which was implemented within the Development and Regulatory Services team as a pilot in February 2019.</p> <p>Management will complete the following:</p>		N/A	N/A	N/A	On Track		Refer below
	1.2	<p>1. Roll out the customer satisfaction tool to all teams within the scope of this internal audit, as follows:</p> <ul style="list-style-type: none"> <li>- Customer Experience</li> <li>- Engineering and Field Services</li> <li>- Corporate Governance - Risk (Claims and Insurance) and Governance</li> <li>- City Property</li> <li>- Development and Regulatory Services.</li> </ul>	30/06/2019	N/A	N/A	N/A	On Track	50%	Customer Satisfaction tool is live and being rolled out across organisation. This has been completed for 2 areas and will continue to roll out as per the action.

<p>In order to gain an understanding of customer expectations the CoM may:</p> <ul style="list-style-type: none"> <li>- undertake a survey or focus groups of customer satisfaction with the current KPI's</li> <li>- compare reviewed KPI time frames with other councils or similar service organisations to determine what better practice is expected by customers.</li> </ul> <p>The CoM should investigate whether standardised templates can be designed in the CES to suit departmental reporting in relation to customer experience. However, given the CES is not user friendly, it is also recommended that the CoM investigate the possible use of a CRM system that may be better support the reporting requirements (see the recommendation in Finding 3).</p> <p>The CoM should also implement regular reporting for each department in relation to customer experience and the management of their KPI's.</p> <p>In the interim, it is recommended that the CoM provide training to staff in relation to key reports they would like to extract from CES, and how to access key information in CES. This could be supported by user guides.</p>	1.2	2. Review the customer satisfaction outcomes identified from the tool and recommend changes to KPI's.	30/09/2019	N/A	N/A	N/A	Not Commenced		Page 187
	1.3	3. Implement changes to the KPI's as identified in step 2 above.	31/12/2019	N/A	N/A	N/A	Not Commenced		
	2.1	<p>Short-term:</p> <p>Management will develop complaints reporting to monitor complaints handling on a daily basis. This report will be presented to the Executive Leadership Team (ELT) on a monthly basis to monitor progress.</p>		N/A	N/A	N/A	On Track	100%	Report complete and included in Customer Experience Monthly Reporting. This report will be monitored weekly and outstanding complaints highlighted to relevant SLT for completion.
	2.2	Management will develop an interim report for the Senior Leadership Team (SLT) on a weekly basis that outlines outstanding (open) customer events.	30/04/2019	N/A	N/A	N/A	Completed	100%	Report Complete and outstanding customer events being monitored with relevant SLT
	2.3	<p>Long-term:</p> <p>Once the CoM have implemented the 'Metrics that Matter' project, management will develop a corporate report for the ELT that includes the monitoring of customer events. This report will cascade to SLT and the wider leadership team for ongoing management of customer events. (The completion of this action 3 is reliant on the deliver of 'Metrics that Matter' (business intelligence reporting) project, which will give the CoM the reporting capability to monitor customer events more simply. The interim report within action 2 is manual and will be replaced with the new system.)</p>	31/12/2019	N/A	N/A	N/A	Not Commenced		

<p>The CoM should investigate whether a CRM (Customer Relationship Management) system would provide the Customer Experience department a more holistic overview of customers and their data.</p> <p>A CRM will also have the potential to increase the quality of data collected by the CoM, which could lead to targeted feedback and personalisation of customer service (refer to Six Pillars of Customer Excellence on page 6).</p>	3.1	<p>The CoM is currently investigating a CRM with budget allocated from the 18/19 new initiative process. An options paper will be developed with recommendations on the way forward for the CoM.</p>	30/04/2019	N/A	N/A	N/A	Completed	100%	<p>Options Paper complete. This paper has been prepared ready for discussion with ELT May 27th. The CRM has been built into the ICT Road Map that is due for endorsement June 19.</p>
<p>It is recommended that the CoM create formalised procedures in relation to customer experience. To create these procedures the CoM may perform customer journey maps (i.e. looking at the journey of the customer with a department of the CoM such as dealing with Development applications from the customers' point of view). Any customer journey maps created by the CoM should identify:</p> <ul style="list-style-type: none"> <li>•any pain points for the customer</li> <li>•areas which are taking too long for the customer</li> <li>•any other relevant issues faced by the customer.</li> </ul> <p>The CoM should then look to change or remove the pain points in order to create a better customer experience.</p>	4.1	<p>Develop a 'Customer Journey Mapping' toolkit for the CoM to be able to use, linked to the Innovation Learning Lab training that staff have recently completed.</p> <p>Management will then map the top ten customer event type customer journeys across the CoM, developing procedures with the findings.</p> <p>As part of this project, the CoM will develop 'Customer Journey Mapping' champions across the departments to develop continuous improvement opportunities.</p>	31/12/2019	N/A	N/A	N/A	Not Commenced		
<p>It is recommended that the CoM undertake a review of those departments that are failing to meet KPIs in relation to meeting customer event targets and review if resourcing is a contributing factor to the delays. As part of the review, the departments should ensure that resources are being used efficiently and effectively to meet KPIs across the department and organisation.</p>	5.1	<p>Once the actions for Findings F1 and F2 are delivered Management will complete a review of resources within departments, making recommendations to allocate existing resources to meet customer demand.</p> <p>Where efficiencies are identified and savings made across departments, Management will recommend reallocation of resources to the Customer Experience team to continue to deliver Customer Experience Plan.</p>	31/03/2020	N/A	N/A	N/A	Not Commenced		



<p>It is recommended that the CoM look to ensure that all new staff undertake some form of cross department training, especially those with customer interactions and dealings with the Customer Care Centre on a regular basis.</p> <p>Further, the CoM should look to continue its efforts to facilitate improved cross department knowledge by encouraging relevant staff to attend on site (e.g. attending Field Services visits) or sit in on Customer Care Centre calls where it is deemed appropriate to do so.</p>	1.1	<p>The CoM has introduced Customer Experience to the induction process. The CoM will introduce a report to monitor new starters' adherence to this part of the induction process. All Customer Service staff will have field visits included within their personal development plan based on their knowledge gaps. Knowledge gaps will be identified via the quality monitoring that is performed on customer service staff calls.</p>	31/12/2019	N/A	N/A	N/A	On Track	50%	<p>Training needs analysis complete for front line staff. Training being sourced now with known provider to bridge quality gaps within Customer Service. Field visits have been introduced into Personal Development Plans</p>
<p>It is recommended that the CoM provide customer facing employees with:</p> <ul style="list-style-type: none"> <li>•customer experience training as part of initial on boarding</li> <li>•customer experience refresher training on an annual basis.</li> </ul> <p>It is also recommended that the CoM tailor their refresher customer experience training for current staff to be relevant to the customers they deal with. For example, the CoM could create customer personas which detail what is relevant to each customer group, as different things are important to customers depending on their needs and expectations. This information could also be obtained from a CRM.</p>	2.1	<p>Management will investigate Customer Experience training to focus on language skills for a positive first response, including:</p> <ul style="list-style-type: none"> <li>•How to handle aggressive customers</li> <li>•How to 'wrap up' an interaction.</li> </ul> <p>Management will include formal customer experience training within the induction process (as outlined in PIO 1).</p> <p>Training/(s) identified will be added to the training matrices by 31 December 2019, for implementation (as a refresher course) by 30 June 2020.</p>	31/12/2019	N/A	N/A	N/A	On Track	25%	<p>Customer Experience training with Tanya Perry &amp; Associates provided as part of on boarding - ongoing X 2 per year. X 3 Sessions to be delivered - 30th April and 13th May to cover all staff that did not attend program in 2017. Customer Experience refresher training in June 2019 planned "Deescalating Challenging Situations" which will be tailored to specific needs. X1 session delivered April 30th for Customer Experience Introduction. Training provider selected for refresher - De-escalating Challenging Situations and Karen Cocks has sent communication out to SLT to analyse specific area training needs to tailor for this course.</p>

It is recommended the CoM look to provide copies of the Complaints and Grievance Policy in the manner specified in section 4.5 of ISO 10002 2018 within the Customer Service Centre. The CoM should also look to provide copies of the policy online in other languages (the languages selected could be modelled on customer data if a CRM is developed).Additional internal communications should be provided to advise the organisation of the centralised complaints function that is available and explanation of how this fits into the CoM's overall Complaints and Grievance policies and procedures.	3.1	This performance improvement opportunity will be investigated further and implemented based on available budget.	31/12/2019	N/A	N/A	N/A	Not Commenced		Page 190
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## Development Assessment Internal Audit - progress report.

<b>Originating Officer</b>	General Manager City Development - Abby Dickson
<b>Corporate Manager</b>	N/A
<b>General Manager</b>	General Manager City Development - Abby Dickson
<b>Report Reference</b>	FAC190528R14

### REPORT OBJECTIVE

To provide The Finance & Audit Committee a progress report on the implementation of the recommendations from the Internal Audit on Council's Development Assessment Unit.

### RECOMMENDATION

#### 1. That the Finance and Audit Committee note this report.

### DISCUSSION

At the 21 August 2018 Finance and Audit Committee the Internal Audit findings for Council's development assessment function was presented to the Committee. The purpose of this audit was to check the process governance and service levels provided in discharging the Council's development assessment functions pursuant to the *Development Act 1993* and the *Development Regulations 2008* and to provide advice and recommendations with respect to any issues that require attention and an indication of the level of risk associated with each. The Audit was undertaken by Holmes Dyer Consultancy.

The audit found that the team discharges some of the Council's planning functions and duties really well. Specifically, the experience at the planning counter and observations of other's experience was that all customers are attended to promptly, and staff are very helpful and generous with information provision and assistance.

Notwithstanding, whilst the department is essentially discharging the Council's planning functions and duties that there are some areas for improvement in the following areas:

- Delegations
- Policies and procedures
- Conditions and Decision notification
- Staff Checklists
- Correspondence
- Lodgement process and fees
- Process for payment and replacement of street trees

The findings of the Audit have all been addressed with 7 out of the 8 recommendations complete. There is 1 outstanding recommendation, online payments, which is 80% complete and anticipated to be implemented by the end of May.

Further to the Internal Audit, the Planning Team have worked collaboratively with the Customer Experience Team to develop a program of work to improve service provision. Over the past 6 months the Planning Team has undertaken an informal review of the customer experience element of its service. What was found was that the department does not segment service offering to each phase of enquiry, causing interruptions and delays in assessing applications. As a result, enquiries to the Planning team were categorised as "Pre-Lodgement" and "Post Lodgement."

The Team decided to increase the “first call resolution” for customers by developing a service offering to each enquiry type to create a better customer experience. The aim of this was to help provide customers with the information they need at the first point of contact, or at their “first call” to Council, thereby providing the customer with a more efficient service whilst also minimising the number of enquiries that escalate to a development officer.

Some of the key actions/changes that are being implemented include:

- Increased collaboration between Customer Service and Planning staff
- Training of Customer Service staff on handling development enquiries
- Increased information provided to Customer Service staff to access when handling development enquiries
- A staff exchange program between development and customer service staff
- Creation of a new mapping tool to be integrated with the CoM website that will allow customers to access zoning information for their properties – this mapping tool will be similar to that used for DPA’s.
- New processes for providing services to customers from the new counter
- Training/workshops with development staff on handling difficult callers and reducing time spent on phones. This has included our first “customer experience forum” where the Team has collectively workshopped new ideas and innovations
- Introduction of online payments
- Translation of development information (brochures/website) into different languages

In addition, the Planning Team have run a Customer Satisfaction Survey over the past four months to survey customers on their experience in the development application process. The results of this survey were extremely positive and reinforced that staff are providing a good service. In the three months from February to April 2019, the results were as follows:

- 55% of customers were “extremely satisfied” with the way their development application was handled.
- 35% of customers were “moderately satisfied” with the way their development application was handled.
- Less than 3% of customers were either “moderately or extremely dissatisfied” with the way their development application was handled.

Key lessons learnt from the survey are that customers want their applications approved in a timely manner and want clear communication during the application process. This feedback has been extremely useful and is being used by the Team to develop new actions moving forward, and the survey will be continuing indefinitely.

This project will be ongoing for the duration of 2019 and potentially beyond.

The 2018 Internal Audit for the Development Assessment function has resulted in improved systems and processes and strengthened the Team's focus on customer experience.

**WORKSHOP / PRESENTATION ITEMS**

**OTHER BUSINESS**

**MEETING CLOSURE**