

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, 08 December 2020 at 02:00 PM

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 Kaurna 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 13 October 2020

**Originating Officer** Unit Manager Governance and Council Support - Jaimie Thwaites

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

**Report Reference:** FAC201208R01

### RECOMMENDATION:

That the minutes arising from the Finance and Audit Committee Meeting held on 13 October 2020 be taken as read and confirmed.

### ATTACHMENTS:

#	Attachment	Type
1	FAC201013 - Final Minutes	PDF File



## **FAC201013 - FINANCE AND AUDIT COMMITTEE MEETING**

**Tuesday, 13 October 2020 at 02:00 PM**

**Council Administration Centre, 245 Sturt Road, Sturt**





**PRESENT:**

Mrs Emma Hinchey (Chair), Ms Natalie Johnston, Mr David Papa, Councillor Gard

**In Attendance**

Mr Adrian Skull	Chief Executive Officer
Mr Tony Lines	General Manager City Services
Ms Sorana Dinmore	General Manager Corporate Services
Ms Kate McKenzie	Manager Corporate Governance
Ms Jaimie Thwaites	Unit Manager Governance and Council Support
Mr Ray Barnwell	Manager Finance
Ms Sherie Walczak	Unit Manager Risk
Mr Lee Girolamo	Deloitte Touche Tomatsu
Mr Eric Beere	KPMG
Ms Heather Martens	KPMG

**OPEN MEETING**

The Chair opened the meeting at 2:00pm

**KAURNA ACKNOWLEDGEMENT**

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

**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.

Nil declarations were made

**CONFIRMATION OF MINUTES**

**Confirmation of the minutes for the Finance and Audit Committee Meeting held on 13 October 2020**

**Report Reference:** FAC201013R01

**Moved Mr Papa, Seconded Councillor Gard**

That the minutes arising from the Finance and Audit Committee Meeting held on 18 August 2020 be taken as read and confirmed.

**Carried Unanimously**

**ORDER OF AGENDA**

The Chair sought and was granted leave of the meeting to bring forward the following items:

- Meeting with the External Auditors in Confidence (without management present) (Report Reference: FAC201013R11)
- Independence of Council's Auditor (Report Reference: FAC201013R09)
- Annual Financial Statements for the year ended 30 June 2020 (Report Reference: FAC201013R10)

**Meeting with the External Auditors in Confidence (without management present)**

**Report Reference:** FAC201013R11

**Moved Mr Papa, Seconded Ms Johnston**

That the Finance and Audit Committee:

1. Pursuant to Section 90(2) and (3)(g) of the *Local Government Act 1999*, orders that all persons present, be excluded from the meeting, with the exception of Mr Lee Girolamo from Deloitte Touche Tomatsu, as the Finance and Audit Committee meets with Council's External Auditors, on the basis that the Finance and Audit Committee is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to commercial information of the Council.
2. Include the comments provided by the Chair following the discussion within the minutes.

**Carried Unanimously**

2.11pm the meeting went into confidence

The members of the Finance and Audit Committee met a representative of Deloitte's, Lee Girolamo, without Management present. The Deloitte representatives and the Committee discussed the following matters:

- the level of cooperation and the relationship with the administration.
- the adequacy and quality of the controls, systems and processes in place.
- some of the major variances and the \$9M revaluation of assets.

2.28pm the meeting came out of confidence

**Independence of Council's Auditor**

**Report Reference:** FAC201013R09

Lee Girolamo from Deloitte confirmed the external auditor's independence.

**Moved Councillor Ms Johnston, Seconded Councillor Gard**

That the Finance and Audit Committee:

1. Notes the statement provided by Council's Auditor attesting to their independence in accordance with the *Local Government (Financial Management) Regulations 2011* for the 2019/20 financial year.
2. Notes that the CEO will be signing a statement that Council's external auditor Deloitte Touche Tohmatsu maintained their independence in accordance with the *Local Government (Financial Management) Regulations 2011* for the 2019/20 financial year.
3. Endorses the Chairperson signing a statement that Council's external auditor Deloitte Touche Tohmatsu maintained their independence in accordance with the *Local Government (Financial Management) Regulations 2011* for the 2019/20 financial year.

**Carried Unanimously**

**Annual Financial Statements for the year ended 30 June 2020**

**Report Reference:** FAC201013R10

Manager Finance introduced the item and highlighted the following:

- The Financial accounts as presented show Councils continued strong financial position
- Achieving an operating surplus of \$6.396m (6.83%) although \$885k less than original budget was sound
- key variances from budget are outlined on page 70 of report and against prior year on pages 71 and 72
- Financial Statements completed with a clean bill of health with regard to the financials and internal controls with no uncorrected misstatements or disclosure deficiencies.
- Council has implemented the new accounting standards relating to:
  - AASB 15 'Revenue from Contracts with Customers'
  - AASB 1058 'Income for Non for Profit entities'
  - AASB 16 'Leases'

The most significant impact of these standards was recognizing as a current liability Grants received for a specific purpose not expended and not recognized as income in current year \$9.4m, \$5.6m of which was received in prior years not expended in full – requiring a once off opening balance adjustment in 2019/20 and a further \$3.8m in funding received in 2019/20 put to the balance sheet - the bulk of this relates to key projects such as BMX \$3.3m, Soccer \$2.3m and Streetscape Grant \$1.8m plus a number of minor grants.

- It was a challenging audit this year with Deloitte's working offsite due to COVID-19 and documents being required to be uploaded via portal which added additional process.

The Committee noted the report and discussed the following points:

- Capitalisation Pool Materiality comes about from reviewing the valuation data. There are assets which may not make the capitalisation threshold on an individual basis but should be capitalised on a group basis.
- The Asset Renewal Funding Ratio is low for this year at 58%. It doesn't include the effect of some of Council's expenditure on new or upgraded assets such as Morphettsville Park

- Upgrade \$3.5m, Marion Outdoor Pool upgrade \$1m and Streetscape upgrade of \$2.7m.
- The increase in employee entitlements as a result of less people taking leave during the initial period of COVID-19. Management advised that action had been taken to encourage staff to take leave to support their wellbeing.
- The full effect of EPA levy increase was significant in 2019/20
- COVID-19 impacted the last quarter (e.g. additional costs for cleaning and security, the timing of some Information Technology projects brought forward and a reduction in parking revenue).
- The SRWRA accounts demonstrate a strong financial position and the information in the report is well presented.
- The winding up of Council Solutions has had minimal impact on Council operations with a final distribution of \$124k received in 2019/20.

### **Moved Mr Papa, Seconded Ms Johnston**

That the Finance and Audit Committee:

1. Recommends to Council that the audited Annual Financial Statements for the year ended 30 June 2020, as included at Attachments 3-5, be adopted.
2. Notes Deloitte's management letter, as included at Attachment 6.
3. Notes the comparative analysis to prior year audited Annual Financial Statements and original adopted 2019/20 budget (Analytical Review), as included at Attachment 2.

**Carried Unanimously**

### **Corporate Risk Quarterly Report**

**Report Reference:** FAC201013R13

The Unit Manager Unit introduced the item. It was highlighted that the review undertaken during the last quarter was a desktop review and a more comprehensive review will be carried out this quarter.

Risk reference GOV02 was discussed by the Committee and the following was noted:

- The relationship between Council Members and staff was considered constructive at present
- Council Members are not just the board but also community advocates.
- Council Members are seeking better ways to search for information as it can be challenging
- The Committee noted the work done to date, however appreciate there is still more work to do. The Committee noted the work on the environmental scan and suggested to include the opportunities from COVID-19 such as changing work environments for the business sector with the use of the CBD and business hubs in the suburbs.

### **BUSINESS ARISING**

#### **Business Arising Statement**

**Report Reference:** FAC201013R02

The Committee noted the report.

**REPORTS FOR NOTING****Elected Member Report****Report Reference:** FAC201013R03

The importance of encouraging broader community consultation was highlighted and it was acknowledged that the topic is listed for discussion at a 2021 Elected Member forum meeting.

The Committee noted the report.

**Investment Performance 2019/20****Report Reference:** FAC201013R04

Manager Finance introduced the item and highlighted the following:

- The annual investment report shows a favorable return on its investments with an annual average rate of return on investments of 1.8%
- The return, despite 4 interest rate drops of 0.25% each during the year, was favorable against both benchmark returns
  - Average Reserve Bank Cash Rate - 0.66% and
  - Bank Bill Swap Rate (BBSW) 90 day - 0.71%
- Returns were achieved through higher than expected funds carried during the year offset by a drop in interest rates.

The Committee noted the report.

**Debtors Report****Report Reference:** FAC201013R05

Manager Finance introduced the item and highlighted the following:

- Despite Covid there was a drop in both rates and general debtors in 2019/20.
- Key movement in Rates Debtors is primarily as a result of action being taken under s184 of the Local Government Act 1999, since May of last year. As at the date of the report \$263k has been recovered with 24 properties going through that process to 30 June. A further \$70k has been recovered since, bring the total recovery to \$333k.
- Only 2 instances moved to sale process, with one paying out just prior to auction.
- It is interesting to note that during Covid 6% of ratepayers have paid their 2020/21 rates in full in July/August 2020 compared to 3% in 2019.
- The situation is continuously being monitored and Council is working with clubs and community groups to provide support as required.

The Committee noted the report.

**Service Review Program and Recommendations - Progress Update****Report Reference:** FAC201013R07

The Committee was advised that Erika Comrie's contract as part of the Cross-Council Collaboration was concluding at the end of October 2020.

The Committee noted the report.

**Irrigation Construction Overview 2019/20****Report Reference:** FAC201013R08

The General Manager City Services introduced the report explaining that it was the final project results for the Irrigation Construction and Maintenance Service Review which were not available in time for the August 2020 Committee meeting.

The Committee noted the report, highlighting that it was important for learnings to be made from the wrongly specified excavator.

**Internal Audit Program - Implementation of Recommendations****Report Reference:** FAC201013R06

Manager Corporate Governance introduced the item noting that the focus had been on deadline management for implementation of recommendations. The Committee was advised that a number of recommendations that were overdue or close to deadline were predominantly related to the digital transformation project.

The Committee noted the report and provided the following comments:

- the summary doesn't appear to tie in with the report.
- the items due 31 October 2020 showing as 'not started' should probably be considered 'off track'.
- the comment on the recommendation to record vendor details should note that they have been captured and the ITT Governance Framework will provide for them to be able to be recorded in an automated way (page 34).

**REPORTS FOR DISCUSSION****Finance and Audit Committee Annual Report to Council 2019/20****Report Reference:** FAC201013R12**Moved Councillor Gard, Seconded Mr Papa**

That the Finance and Audit Committee:

1. Endorses the Annual Report to Council for 2019/20 provided at Attachment 1 to this report presented to the General Council meeting on 27 October 2020 with the following amendments:
  - On Page 216 the sentence “The Council continues to benefit from the audit programs which assist test control environments and mitigate organisational risks.” be amended to read “The Council continues to benefit from the audit programs which assess the control environments and mitigate organisational risks.”
  - On page 217 the sentence “The Committee did note that the financial ratios are conflicting, as the Council is in a strong position but is keeping a lot in reserves.” be amended to read “The committee noted the financial ratio showed large surplus however these are being held in reserves for 2021.”

**Carried Unanimously**

### **Meeting with the Internal Auditors in Confidence (without management present)**

**Report Reference:** FAC201013R14

3.41pm Mr Eric Beere (KPMG) and Ms Heather Martens (KPMG) joined the meeting

**Moved Mr Papa, Seconded Ms Johnston**

That the Finance and Audit Committee:

1. Pursuant to Section 90(2) and (3)(g) of the *Local Government Act 1999*, orders that all persons present, be excluded from the meeting, with the exception of Eric Beere and Heather Martens from KPMG, as the Finance and Audit Committee meets with Council's Internal Auditors, on the basis that the Finance and Audit Committee is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to commercial information of the Council.
3. Include the comments provided by the Chair following the discussion within the minutes.

**Carried Unanimously**

3.42pm meeting went into confidence

The members of the Finance and Audit Committee met representatives of KPMG, Eric Beere and Heather Martens, without Management present. The KPMG representatives and the Committee discussed the following matters:

- the level of cooperation and the relationship with the administration.
- the adequacy and quality of the controls, systems and processes in place.
- the appropriateness of the internal control environment.

4.12pm meeting came out of confidence

**Internal Audit Program 2020/21****Report Reference:** FAC201013R15

Manager Corporate Governance introduced the item. It was highlighted that the program is well underway. The audits on COVID-19 Business Continuity Response and Stores Management (Collaborative) are almost completed and the Assurance Mapping and Project carry-overs are due to be completed in February. The Community Facilities Management Models audit may be deferred as a significant amount of work has already been carried out in this area.

The Committee noted the following in relation to the item:

- the focus on a "Risk-based inspection/ assessment regime seems to be missing
- the approach should include a review of assets inspection processes, how inspections are planned and scheduled, how risk analysis informs those processes/schedules and the extent to which all levels/types of assets are included in inspection regimes.

**CONFIDENTIAL ITEMS - Nil****WORKSHOP / PRESENTATION ITEMS - Nil****OTHER BUSINESS**

The Committee acknowledged and thanked Ms Johnston for her contribution, advice and knowledge for the past almost 3 years and wish her well with her future endeavours. Ms Johnston also thanked the staff and elected members and expressed her appreciation for being a part of the Committee. She indicated that she had learnt a lot during her time on the Committee.

**MEETING CLOSURE**

**MEETING CLOSURE** - Meeting Declared Closed at 4.22pm

**CONFIRMED THIS 8TH DAY OF DECEMBER 2020**

.....  
**CHAIRPERSON**



**BUSINESS ARISING****CONFIDENTIAL ITEMS****Cover Report - Service Review - Public Litter - Report**

<b>Originating Officer</b>	Manager - Strategic Procurement Services - Jamie Dunnicliff
<b>Corporate Manager</b>	N/A
<b>General Manager</b>	General Manager Corporate Services - Sorana Dinmore
<b>Report Reference</b>	FAC201208F01

**RECOMMENDATION**

That pursuant to Section 90(2) and (3)(a) and (d) of the *Local Government Act 1999*, the Finance and Audit Committee orders that all persons present, with the exception of the following persons: Adrian Skull - Chief Executive Officer, Tony Lines - General Manager City Services, Sorana Dinmore - General Manager Corporate Services, Ilia Houridis - General Manager City Development, Ray Barnwell - Manager Finance, Jamie Dunnicliff - Manager Strategic Procurement Services, Karen Cocks - Manager Customer Experience, Kate McKenzie - Manager Corporate Governance, Vicky Travers - Performance and Innovation Lead, Mel Nottle-Justice - Business Improvement Officer and Jaimie Thwaites - Unit Manager Governance and Council Support be excluded from the meeting as the Committee receives and considers information relating to the *Service Review – Public Litter – Report*, upon the basis that the Committee is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information, relates to personnel matters and commercial information of a confidential nature.

## Service Review - Public Litter - Report

### 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.

**Local Government Act (SA) 1999 S 90 (2) 3(a)**: information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead).

## REPORTS FOR DISCUSSION

### Elected Member Report

<b>Originating Officer</b>	Unit Manager Governance and Council Support - Jaimie Thwaites
<b>Corporate Manager</b>	Manager Corporate Governance - Kate McKenzie
<b>General Manager</b>	General Manager City Services - Tony Lines
<b>Report Reference</b>	FAC201208R02

### 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. **Notes this report.**

### GENERAL ANALYSIS

Since the last FAC meeting, Council has met three (3) times for General Council Meetings . At these three meetings, Council made the following decisions that relate to the Finance and Audit Committee Terms of Reference in chronological order.

#### **13 October 2020 - General Council Meeting**

##### **Asset Management Plans for Endorsement Report Reference: GC201013R06**

Council endorsed the following Asset Management Plans:

- City of Marion Transport Asset Management Plan 2020
- City of Marion Stormwater Asset Management Plan 2020
- City of Marion Water Treatment and Resources Asset Management Plan 2020

##### **Section 41 Committee's Terms of Reference Report Reference: GC201013R09**

Council reviewed and adopted the Terms of Reference for the section 41 Committees of Council. The following Committees were endorsed:

- Finance and Audit Committee
- Review and Selection Committee
- Asset and Sustainability Committee
- Planning and Development Committee

##### **SWBMX and Southern Soccer Facilities - Approval to Call Tenders for Construction Report Reference: GC201013F01**

This report was confidential. Council endorsed undertaking a tender call for a lead construction contractor to deliver the Sam Willoughby BMX (SWBMX) and Southern Soccer Facility developments. The report also provided Council with current cost estimates for delivery of the facilities including associated site and construction costs.

**Appointment of Independent Member - Finance and Audit Committee**  
**Report Reference: GC201013F03**

Council appointed Nicole Rantanen Reynolds as an Independent Member of the Finance and Audit Committee for a period of three years (1 December 2020 to 30 November 2023).

**27 October 2020 - General Council Meeting**

**Annual Financial Statements for the year ended 30 June 2020**  
**Report Reference: GC201027R08**

Council adopted the Annual Financial Statements for the financial year ended 30 June 2020.

**Finance and Audit Committee Annual Report to Council 2019/20**  
**Report Reference: GC201027R09**

The Finance and Audit Committee Annual Report for 2019/20 was presented to Council which included a summary of the work of the Committee pursuant to the Committee's Terms of Reference and Annual Work Program.

**Asset Management Plans for Endorsement**  
**Report Reference: GC201027R12**

Council endorsed the following Asset Management Plans:

- City of Marion Buildings and Structures Asset Management Plan 2020.
- City of Marion Open Space Asset Management Plan 2020.
- City of Marion Coastal Walkway Asset Management Plan 2020.
- City of Marion Artworks, Culture and Heritage Asset Management Plan 2020.

**Elected Member Representatives for Various Positions 2020- 2021**  
**Report Reference: GC201027R20**

Council appointed Elected Members to various positions of Council and Council Committees for the 2021 calendar year. Councillor Maggie Duncan was appointed to the Finance and Audit Committee.

**24 November 2020 - General Council Meeting**

**SWBMX and Southern Soccer Facilities - Lease Arrangements with the State Government**  
**Report Reference: GC201124R17**

Council noted that the City of Marion and State Government will enter into Licences to Construct and long term Leases over the land of the Sam Willoughby BMX and Southern Soccer Facilities on Majors Road, O'Halloran Hill.

## Fraud and Corruption Management Policy and Framework

<b>Originating Officer</b>	Unit Manager Risk - Sherie Walczak
<b>Corporate Manager</b>	Manager Corporate Governance - Kate McKenzie
<b>General Manager</b>	General Manager City Services - Tony Lines
<b>Report Reference</b>	FAC201208R03

### REPORT OBJECTIVE

The purpose of this report is to:

- provide assurance to the Committee (and Council) that the organisation has the relevant policy and framework in place to manage and protect against Fraud and Corruption
- to seek feedback from the Committee on the Fraud and Corruption Management Policy and Framework.

### EXECUTIVE SUMMARY

The current Fraud and Corruption Management Policy and Framework were endorsed by Council in May 2016 (GC240516R08) and May 2017 (GC230517R07) respectively.

As outlined in the Corporate Policy Framework they are now due for their four-year review. Suggested amendments have been made to the Policy (**Attachment 1**) and Framework (**Attachment 2**).

The Committee's feedback is sought prior to these documents being adopted by Council.

### RECOMMENDATION

**That the Finance and Audit Committee:**

- 1. Reviews and provides feedback on the Fraud and Corruption Management Policy and Framework.**
- 2. Recommends to Council that the Fraud and Corruption Management Policy (Attachment 1 and 2) be adopted with the following inclusions:**
  - x
  - x

### DISCUSSION

The revised Fraud and Corruption Management Policy (**Attachment 1**) aims to provide a corporate commitment that the City of Marion will act in the best interests of the community, mitigate against any relative fraud risk and support good governance.

The revised Fraud and Corruption Management Framework (**Attachment 2**) aims to provide practical guidance to introduce and embed an ethical culture and a high level of fraud and corruption awareness throughout the organisation to support the prevention, detection, assessment, reporting, action and investigation of fraud and corruption events that may materialise.

An internal review, in consultation with the Senior Leadership Team, was undertaken resulting in high-level revisions being made which include:

- Updated to the new corporate policy and framework template

- Revisions to reflect the new Public Interest Disclosure Act (replacing the Whistleblower Act) including the related CoM Policy
- Revised role descriptions, in line with structural changes

The revised documents were provided to the new contracted editor who revised to improve readability and consistency across our policies and procedures. These were then provided to the Elected Members at the EM Forum held 20 October 2020 and to the Risk Working Group at their meeting held 23 November 2020. The primary feedback included ensuring consideration was provided for actual stealing, theft and bribery (included in the definitions), the reporting by the CEO to Council, and the undertaking of police checks to ensure the suitability of applicants for roles with a higher risk for fraud and/or corruption. The feedback was considered and has been incorporated, where required.

## CONCLUSION

The revisions to the Fraud and Corruption Management Policy and Framework, together with the suite of underpinning Control Tools to annually review relevant internal controls, aim to provide assurance that the City of Marion is proactively managing its Fraud and Corruption risks and meeting legislative obligations.

## Attachment

#	Attachment	Type
1	Fraud and Corruption Management Policy 2020	PDF File
2	Fraud And Corruption Management Framework 2020	PDF File

## 1. RATIONALE

Fraud and corruption may result in significant financial loss for the City of Marion; impact negatively on the City of Marion's image and reputation; and undermine community confidence in Council's ability to honestly discharge its statutory powers, perform its functions, and represent the interests of the community.

Council is expected to uphold the principles of honesty, integrity, and transparency; implement sound internal controls in support of good governance; and act promptly to manage instances of Fraud and Corruption.

## 2. POLICY STATEMENT

The City of Marion is steadfastly committed to the principles of honesty, integrity, and transparency. In response, Council takes a planned and systematic approach to:

- protect the security of public funds and assets
- uphold the integrity and reputation of the City of Marion
- minimise the opportunity for fraudulent or corrupt activity, including attempts to gain through deceit or misappropriation
- detect and respond to Fraud and Corruption.

The City of Marion has zero tolerance for dishonest, fraudulent, or corrupt behaviour.

## 3. OBJECTIVES

The primary objectives of this Policy are:

- To embed and maintain an ethical culture and high level of awareness and vigilance for Fraud and Corruption throughout all levels of the City of Marion.
- To integrate consistent Fraud and Corruption management processes throughout the City of Marion's operations and functions in accordance with contemporary best practice and standards, including *AS 8001:2008 Fraud and Corruption Control*.
- To establish and maintain a Fraud and Corruption Management Framework to guide and instruct Responsible Officers and Council staff on how to prevent, detect and respond to Fraud and Corruption.
- To identify Fraud and Corruption risks and ensure robust internal controls and contingency plans are in place to mitigate the impact of Fraud and Corruption risks and events.

## 4. POLICY SCOPE AND IMPLEMENTATION

### Scope

This Policy applies across the City of Marion and all Council operations and functions.

# Fraud and Corruption Management Policy

## Implementation

### 4.1 Overall approach to fraud and corruption management

The City of Marion prevents, detects, and responds to Fraud and Corruption by:

- Complying with the requirements of the *Independent Commission Against Corruption (ICAC) Act 2012*
- Fostering an ethical environment in which dishonest and fraudulent behaviour is not tolerated.
- Adopting a risk management approach to Fraud and Corruption, including pro-active assessment of risks; establishing, evaluating, and maintaining, and continually reviewing, an effective system of controls; and enforcing compliance with those controls.
- Ensuring all ~~of the Council's staff employees, and~~ Council Members, the Chief Executive Officer, Responsible Officers and Finance and Audit Committee Members are aware of their roles and responsibilities, as well as their reporting obligations, through:
  - the induction process
  - ongoing information, instruction, and training
  - the evaluation of practices relevant to the control of Fraud and Corruption.
- Taking appropriate action in response to allegations of fraudulent and/or corrupt activity, including:
  - reporting in accordance with the *ICAC Act 2012*, and ~~and the City of Marion~~ Whistleblower Public Interest Disclosure Policy and related policies
  - taking appropriate disciplinary action in accordance with the *City of Marion Code of Expected Behaviours and Corporate Values Guidelines*.

### 4.2 Fraud and corruption management framework

The City of Marion establishes and maintains a Fraud and Corruption Management Framework ('Framework') in accordance with the *Australian Standard 8001:2008 Fraud and Corruption Control*. The Framework provides guidance to Responsible Officers and Council staff on the most effective way to prevent, detect and respond to Fraud and Corruption.

## 5. DEFINITIONS

<u>Term</u>	<u>Definition</u>
<i>Corruption in public administration</i>	<p>Corruption in public administration, as defined in the <i>ICAC Act 2012</i>, includes:</p> <ul style="list-style-type: none"> <li>• bribery or corruption of public officers</li> <li>• threats or reprisals against public officers</li> <li>• certain offences committed by public officers including:               <ul style="list-style-type: none"> <li>○ abuse of public office</li> </ul> </li> </ul>



# Fraud and Corruption Management Policy

<u>Term</u>	<u>Definition</u>
	<ul style="list-style-type: none"> <li>○ demanding or requiring a benefit on the basis of public office</li> <li>○ an offence, or an attempt to commit an offence against the <i>Public Sector (Honesty and Accountability) Act 1995</i> or the <i>Public Corporations Act 1993</i></li> <li>○ any other offence committed by a public officer whilst acting in his or her capacity as a public officer.</li> </ul>
<i>Fraud</i>	<p>Fraud, as defined in the <i>AS 8001:2008 Fraud and Corruption Control</i>, is dishonest activity causing actual or potential financial loss to any person or entity including theft of moneys or other property by employees or persons external to the entity and where deception is used at the time, immediately before or immediately following the activity. This also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position for personal financial benefit.</p>

## 6. ROLES AND RESPONSIBILITIES

<u>Role</u>	<u>Responsibility</u>
<i>Chief Executive Officer</i>	<ul style="list-style-type: none"> <li>• <u>Provide adequate resources and security for the prevention and detection of Fraud and Corruption.</u></li> <li>• Ensure an effective framework and supporting policy and procedures are in place for the prevention and management of Fraud and Corruption.</li> <li>• Ensure timely reporting of fraud and corruption issues to Council <u>(consideration will be given to the method of reporting in line with the nature of the incident and the confidentiality obligations ie ICAC).</u></li> <li>• Provide leadership and ensure appropriate resourcing, <u>training</u> and delegations are in place for effective fraud and corruption management.</li> </ul>
<i>Council (Elected Members)</i>	<ul style="list-style-type: none"> <li>• Promote community awareness of Council's commitment to the prevention of Fraud and Corruption.</li> <li>• <del>Provide adequate resources and security for the prevention and detection of Fraud and Corruption.</del></li> <li>• Provide mechanisms for receiving allegations of Fraud and Corruption.</li> </ul>

# Fraud and Corruption Management Policy

<i>Role</i>	<i>Responsibility</i>
	<ul style="list-style-type: none"> <li>• Delegate powers and functions to the Chief Executive Officer to ensure an effective framework is in place for the prevention and management of Fraud and Corruption.</li> <li>• Appoint a Responsible Officer(s) to manage the prevention and review and management control of any reporting of Fraud and Corruption.</li> </ul>
<i>Finance and Audit Committee</i>	<ul style="list-style-type: none"> <li>• Monitor and keep under review fraud risk and exposure, fraud and corruption management processes, and fraud detection systems.</li> <li>• Provide guidance, support, and advice to Council (based on reports received), including an opinion on whether the Fraud and Corruption Management Framework is effective and aligned to community and Council expectations.</li> </ul>
<i>Responsible Officers</i>	<ul style="list-style-type: none"> <li>• Responsibilities as stipulated in the <i>City of Marion Fraud and Corruption Management Framework</i>.</li> </ul>

**Note:** Further information on Fraud and Corruption roles and responsibilities is contained in the *Fraud and Corruption Management Framework*.

## 7. REFERENCES

### City of Marion

Code of Expected Behaviours and Corporate Values Guidelines  
 Fraud and Corruption Management Framework  
 Public Interest Disclosure Policy  
 Risk Management Policy and Framework  
 Finance and Audit Committee Policy and Terms of Reference

### Other

AS 8001:2008 Fraud and Corruption Control  
 ISO 31000:2009/2018 Risk Management Principles and Guidelines  
 Independent Commissioner Against Corruption (ICAC) Act 2012  
 Local Government Act 1999  
 Local Government Employee Code of Conduct  
 Public Corporations Act 1993  
[Public Interest Disclosure Act 2018](#)  
 Public Sector (Honesty and Accountability) Act 1995

## 8. REVIEW AND EVALUATION

The Unit Manager Risk reviews this Policy every four years (or earlier if required) in accordance with the City of Marion Policy Framework. Council approves this Policy.



# **Fraud And Corruption Management Framework**

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Policy Ref: Fraud & Corruption Mgt.  
 Category: Public  
 Owner: Unit Manager Risk  
 Authorisation Date: xx/xx/2020  
 Review Date: xx/xx/2024

## INTRODUCTION

The City of Marion (CoM) is committed to a Fraud & Corruption Framework that provides a robust approach designed to protect ~~ing its reputation, public funds and assets as well as revenue, expenditure and property~~ the integrity, security and reputation of the Council. from any attempts to make gain by deceit through m Minimising the opportunity for fraud and corruption activities, including attempts to gain through deceit or misappropriation.

Core to this approach are ~~the~~ CoM's organisational corporate vvalues, highlighting what is important to Council and its community including, how everyone is the organisation's expected behaviours to behave. Central to living the values is the role of leadership, as leaders set the tone for what is important and demonstrate expected conduct of staff. Values help drive the behaviour required to achieve the organisation's strategic goals.

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

- Respect
- Integrity
- Achievement
- Innovation

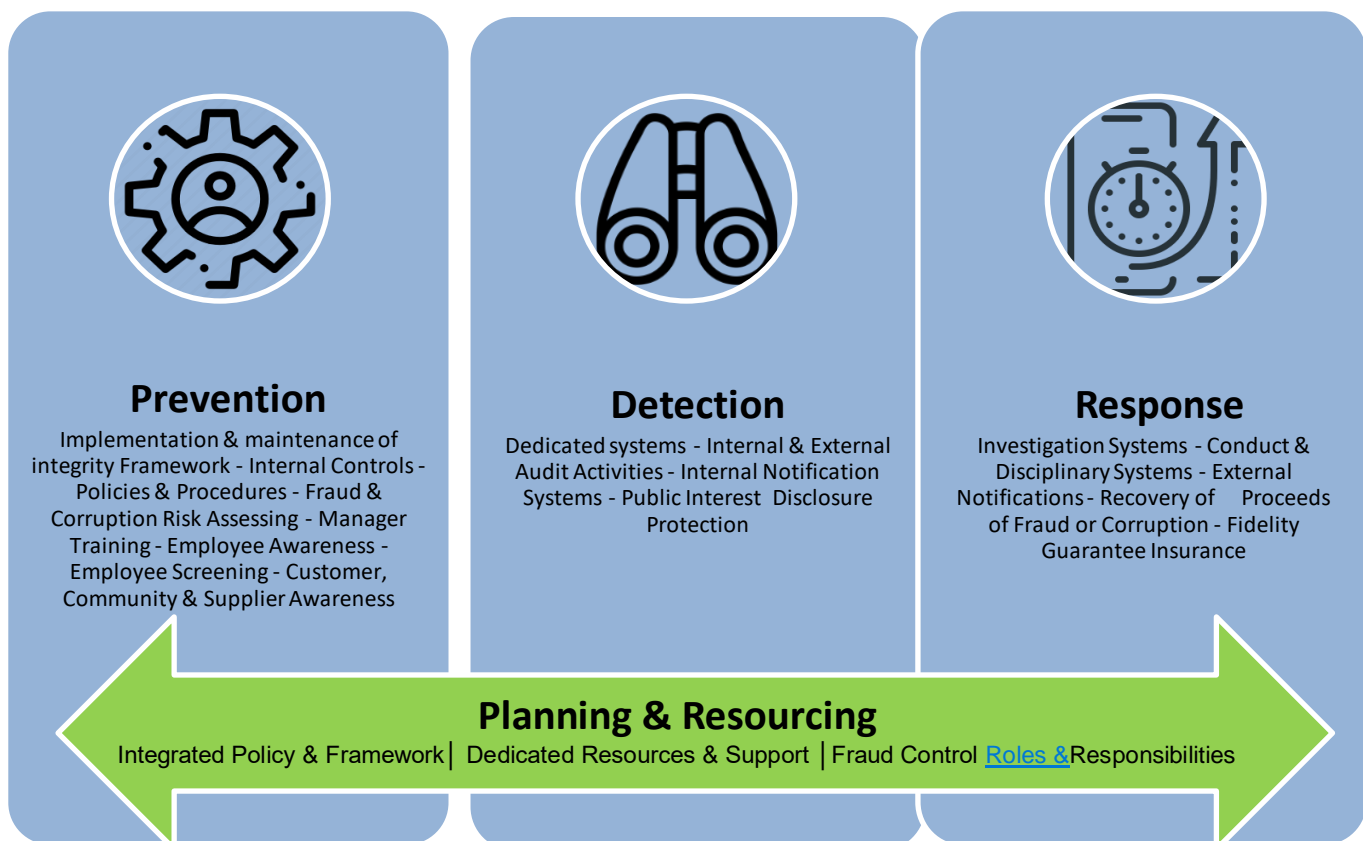
Central to living the values is the role of leadership, demonstrating expected conduct of staffemployees, and driving the behaviours required to achieve the organisation's strategic goals.

## OUR APPROACH TO FRAUD AND CORRUPTION

This Fraud and Corruption Framework (the framework") document aligns to the Australian Standard AS8001:2008 Fraud and Corruption Controls and the Risk Management program within City of MarionCoM, providing sets out an integrated strategy ~~the framework for fraud and corruption management across the City of Marion and is aligned to the Australian Standard AS-8001:2008 on fraud and corruption control.~~ To mitigate the risks associated with fraud and corruption, an integrated strategy has been developed. There are

with four core main control elements, within the Fraud & Corruption Management Framework (the "Framework") that enabling compliance with legislation and supportings our culture of effective decision making, and good corporate governance and ethical leadership.

The four main control elements are: Planning & Resourcing, Prevention, Detection and Response. (see Diagram 1). ~~These core elements are embedded across the organisation and are outlined in Diagram 1 below.~~

**Diagram 1. Fraud and Corruption Control Elements (source AS8001:2008)**

## FRAUD AND CORRUPTION PLANNING AND RESOURCING

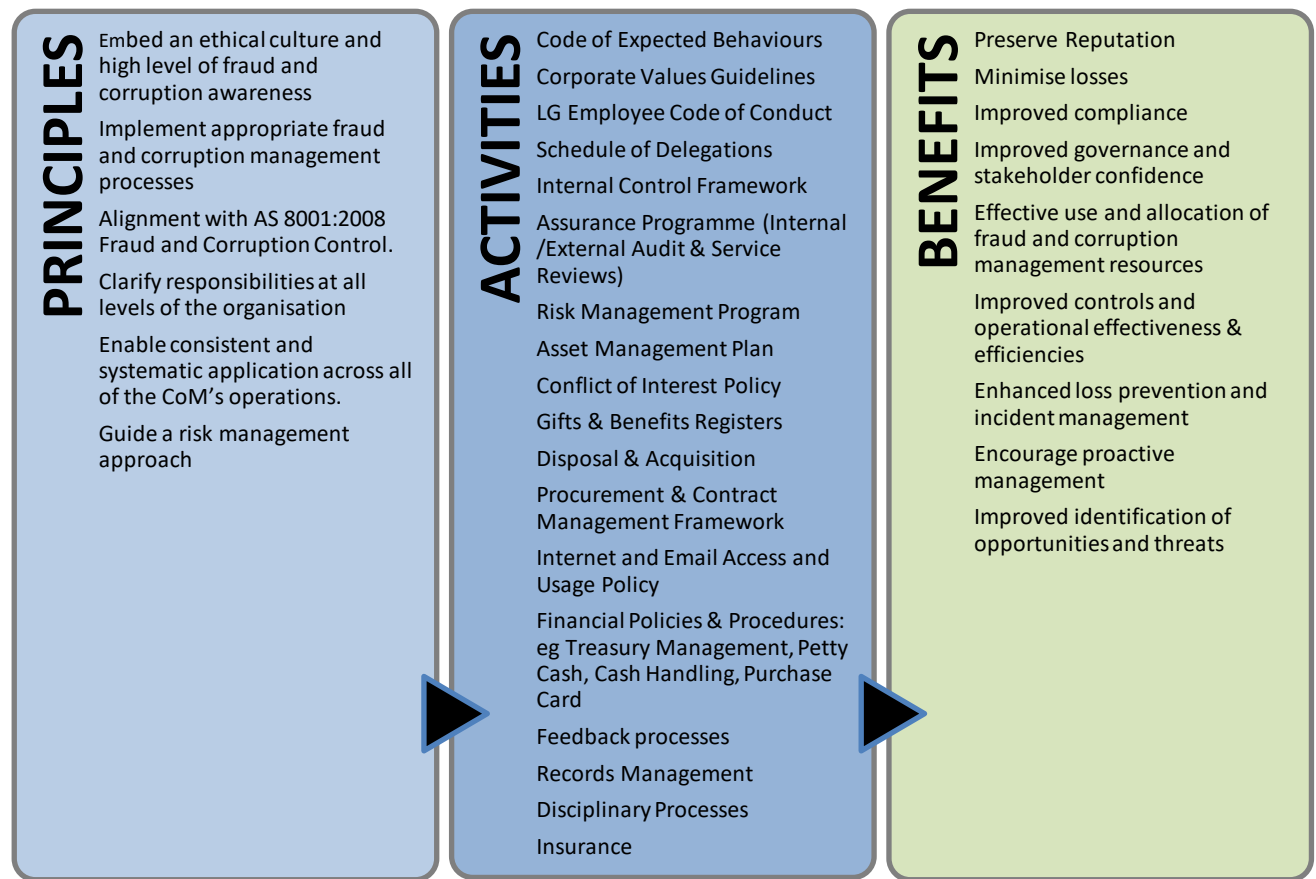
This planned and resourced approach implements an effective framework in addressing fraud and corruption risk, and minimising opportunities for fraudulent activities. Planning and resourcing overarches the prevention, detection and response control elements, ensuring strategies are in place and providing assurance to the organisation and its shareholders.

### Integrated Policy & Framework

The Fraud & Corruption Management Framework should be read in conjunction with the Fraud & Corruption Management Policy. The Policy outlines Council's commitment to fraud and corruption management and the objectives for the fraud and corruption management program, which are:

- To introduce and embed an ethical culture and high level of fraud and corruption awareness throughout all levels of CoM to support the prevention, detection, assessment, reporting, action and investigation of Fraud and Corruption.
- To implement consistent fraud and corruption management processes to manage fraud and corruption throughout CoM's organisational systems and functions in line with fraud and corruption standards including AS 8001:2008 Fraud and Corruption Control.
- To clarify the responsibilities within the Framework to enable the consistent and systematic application of our fraud and corruption management approach within all of the Council's operations.
- To guide a risk management approach to fraud and corruption control to ensure pro-active management strategies are implemented to mitigate against events occurring and ensure robust contingency plans to lessen the impact of events if they were to materialise.
- To continually align the fraud and corruption management program with the Risk Management and Strategic Management Frameworks.

Integration of the fundamental fraud risk principles into all activities across CoM provides a standardised approach to ensure shared learnings and continual improvement resulting in many benefits to the management of our fraud risk exposure as outlined in (-Diagram 2).

**Diagram 2: Integration of Fraud & Corruption Management**

### Dedicated Resources & Support

As outlined in the Policy, the Chief Executive Officer (CEO) has appointed Responsible Officers who are the Manager Corporate Governance and the Manager ~~Human Resources~~ People and Culture to enable the setting of the Policy and oversee the fraud and corruption management program. Proxies for both Responsible Officers have been identified as Unit Manager Governance & Council Support and Unit Manager People and Culture.

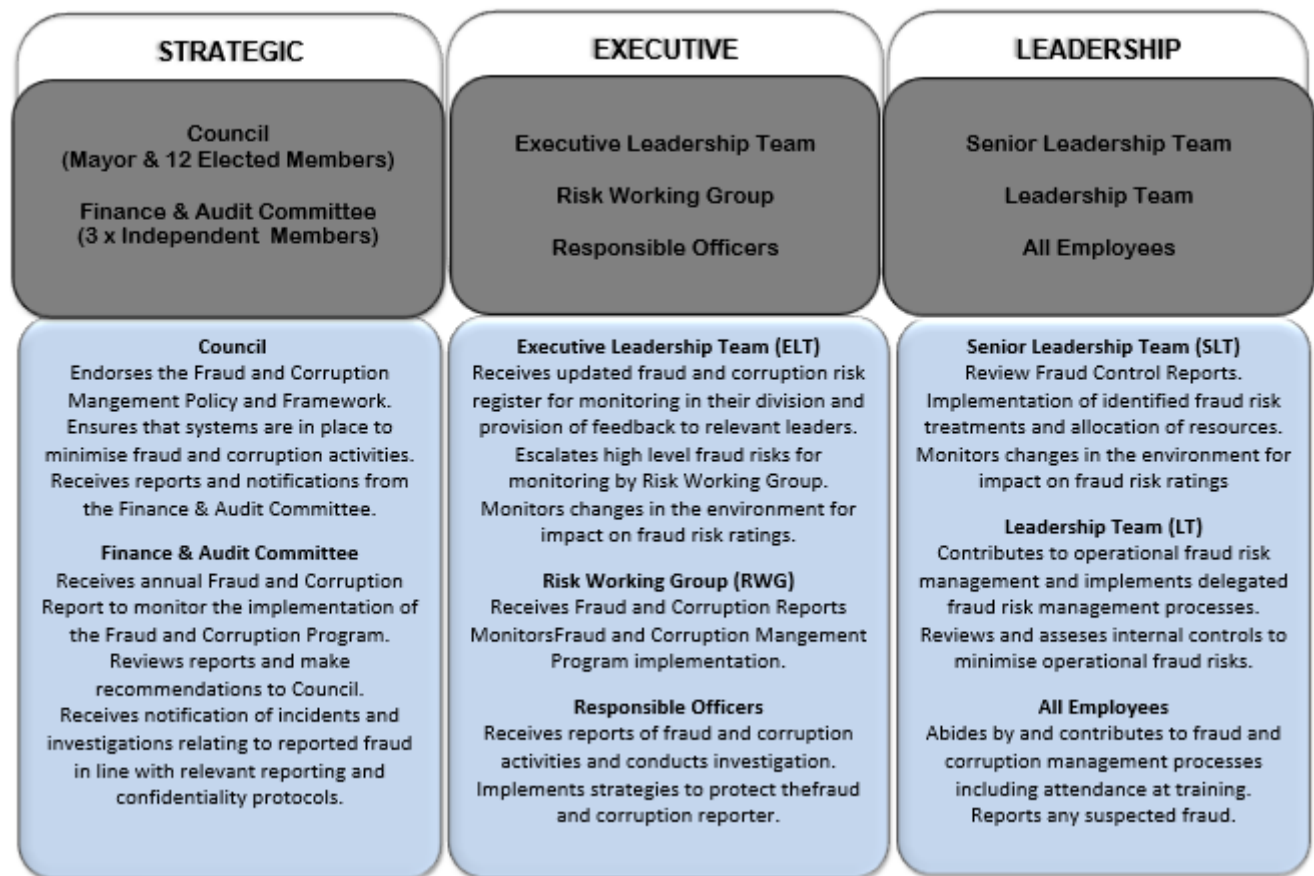
The Risk Management Unit is responsible for the facilitation of the fraud and corruption management program and act as document and system owners. In particular, the Unit Manager Risk and Risk Coordinator provide guidance, training, information and documented resources, coordinate fraud and corruption reporting and integrate feedback and learning into the continuous improvement of the fraud and corruption management program. A key focus is to build fraud and corruption management capability across the CoM to improve decision making outcomes and minimise the organisational exposure to fraud and corruption.

### Fraud Control Roles and Responsibilities

CoM will ensure clear responsibility and accountability for the implementation and monitoring of this Framework including supporting policies, procedures and activities. It is critical that staff employees understand their obligations and that everyone clearly understands their role in minimising the opportunity for fraud and corruption in an increasingly complex working environment.

Overarching corporate responsibilities ~~(are outlined in Diagram 3)~~ are aligned to the Risk Management Framework and are as follows: followed by detailed explanations.

Diagram 3: Roles and Responsibilities



All those working for or representing the Council are required to act in an ethical manner when performing their roles and responsibilities. Details of additional corporate roles and responsibilities as well as more specific operational roles and responsibilities follow are summarised as follows:

## Council

Council is responsible for adopting and reviewing the City of Marion Fraud and Corruption Management Policy and Framework. –This ensures a fraud and corruption management process across the CoM that reflects –the expectations of the organisation and its community and complies with legislated requirements. The effectiveness of the fraud and corruption management program is monitored through the review of reports by the Finance & Audit Committee and the CEO. Reports include the timely reporting of any significant fraud and corruption events or investigations. –of fraud and corruption.

## Finance & Audit Committee

As part of its advisory and assurance role to Council, the Finance & Audit Committee reviews the fraud risk profile annually, monitors the exposure of Council, fraud and corruption management processes and management information systems. The Committee provides guidance, support and advice to the Council on the reports received, including its opinion on whether the fraud and corruption management program is effective and aligned to community and Council expectations. Refer to the Finance & Audit Committee Policy and Terms of Reference. In addition, the Committee receive (desensitised) notification of all incidents of reported fraud and/or corruption along with details of the investigations and the resulting actions.

## Chief Executive Officer

Council has delegated various powers and functions to the CEO to enable the setting of policy –and procedures, behaviours and culture to assist with fraud and corruption management at the CoM. With overall accountability to the €community and the organisation for the fraud and corruption management program, the CEO provides leadership and ensures appropriate resourcing, training and delegations are in place for an effective fraud and corruption management program that



delegates decision making down to the appropriate level. The fraud and corruption management program supports an effective and comprehensive assurance program (internal audit) by independent service providers.

The CEO has a role to ensure the timely reporting of fraud and corruption issues to Council (consideration will be given to the method of reporting in line with the nature of the incident and the confidentiality obligations ie ICAC), in overseeing the appointment of Responsible Officers and providing information requested by enquiring agencies during the assessment or investigation into reports of fraud or corruption.

## General Managers

General Managers and the CEO have high level oversight of operational (Work Area) fraud risks across their division and escalate issues or concerns for monitoring by the RWG as necessary. General Managers model and encourage fraud and corruption management behaviour to foster integration of a fraud and corruption management culture. Ensure participation of Work Areas within their division in fraud and corruption management activities.

## Risk Working Group

With membership including the Executive Leadership Team (ELT), the Risk Working Group (RWG) oversees the fraud and corruption management program and confirms the fraud and corruption management reports to be provided to the Finance & Audit Committee. Refer to the Terms of Reference for full membership, purpose and reporting responsibilities.

## Responsible Officers

The Responsible Officers, as appointed by the CEO, are the Manager Corporate Governance and the Manager People & Culture~~Human Resources~~ who have the responsibility to:

- Receive information reported by from an individual; ~~whistle-blower~~;
- Undertake an assessment;
- ~~& e~~ Ensure adequate resources are available to respond to the incident;
- Isolate the area of investigation to prevent destruction or manipulation of evidence;
- Undertake an investigation or appoint an external investigator and report to the CEO, or the Mayor in the case that the respondent is the CEO, including advice on whether an employee be suspended (with pay) from duties during these investigations;
- Advise other appropriate external authorities as required; and
- Protect the individual lodging the report~~whistle-blower~~ and ensure that the entire process is undertaken in accordance with this Framework.

## Senior Leadership Team

As individual operational (Work Area) risk owners, managers implement fraud and corruption management processes across the span of their responsibility to minimise the opportunity for operational fraud risk. This includes determining fraud risk management accountability at an operational level, including control assurance reporting –and ascertaining whether fraud risk ownership is delegated to Unit Manager level.

## Leadership Team

Contribute to the management of operational fraud risk including implementation of the fraud and corruption management process across the span of their responsibility.

All leaders will demonstrate integrity and fairness in decision making and an open honest relationship in their dealings with others. Specific fraud and corruption prevention strategies will be implemented that are consistent with overall corporate strategies, which include:

- Defining clear lines for supervisory responsibilities and accountabilities,
- Reinforcing the need for disciplinary measures when required,
- Adopting preventative measures to deter and detect instances of fraud and/or corruption, and
- Reporting all incidents of fraud and/or corruption.

## ~~Unit Manager~~ Risk Unit

Responsible for coordinating the fraud and corruption management program including updating and enhancing the Fraud and Corruption Management Policy, Framework, Control Reports and ongoing training and prevention program.

## All Staff Employees

Employees of the CoM will act ethically and responsibly in all their actions, behave in a responsible manner in accordance with the [Code of Expected behaviors and Corporate Values Guidelines and Local Government Employee Code of Conduct for Employees](#) and disclose any suspected instances of fraud and/or corruption to a Responsible Officer.

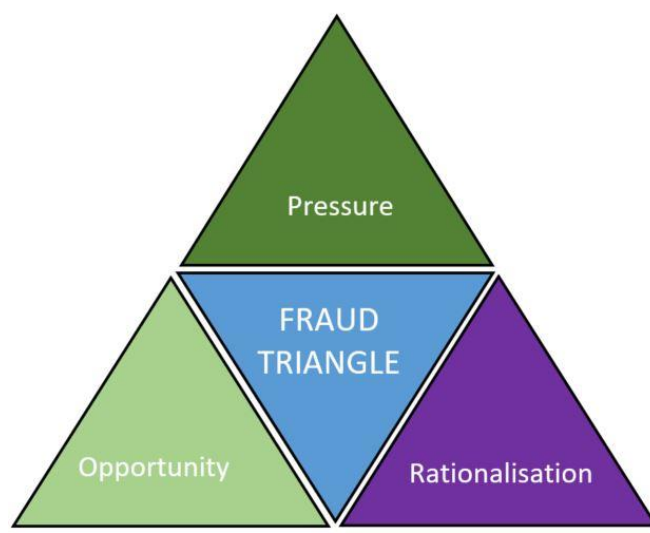
## FRAUD AND CORRUPTION PREVENTION

### Implementation & Maintenance of integrity framework

CoM's Code of Expected Behaviours [and Corporate Values Guidelines](#) supports ~~provides a guide to~~ ethical and constructive decision making. These ~~se~~ decision making ~~guidelines~~ can assist employees in determining an appropriate course of action when faced with an ethical dilemma, ~~and~~. ~~The model~~ helps to ensure that behaviour ~~s~~ meets ~~s~~ the standards required.

A risk based approach to fraud & corruption helps managers to understand the risks associated with all levels of business and highlights areas where pressure, opportunity and rationalisation can occur. These three elements are otherwise known as the 'Fraud Triangle' ~~:-~~ [\(Diagram 4\)](#)

**Diagram 4: Fraud Triangle**



The [Fraud T](#)riangle depicts that individuals are motivated to commit fraud when three elements come together:

- [Pressure](#) ~~:-~~ pressure on the individual is often the motivation behind fraud and can be either personal financial pressure, such as debt problems, or workplace debt problems, such as a shortfall in revenue. The pressure is [often perceived pressure and](#) seen by the individual as without a legal or sanctioned solution and is not open for group remedy or discussion.
- Opportunity – the opportunity to commit fraud is the means by which the individual will defraud the organisation. In this stage the individual sees a solution and they often abuse their position to solve the perceived financial problem in a way that they believe is unlikely to be discovered. In many cases, [the ability to solve the problem in secret](#), is key to the perception of a viable opportunity.
- Rationalisation – the ability to rationalise the crime is the final stage in the fraud triangle. This is a cognitive, ethical stage and requires the individual to be able to justify the crime in a way that is acceptable to his or her internal moral compass, often based on external factors, such as a need to take care of family, or a mitigating the harm done by the crime.

## Internal Controls

Robust internal control structures are already in place and risk management processes continue to be assessed and reviewed to ensure their effectiveness. They will be subject to an internal and external audit function to monitor the effectiveness of those internal controls. Individual officers are responsible for daily operations and for maintaining cost-effective internal control structures within their organisational responsibility which require staff-employees to follow standard practices when conducting Council business, to act in accordance with best practice, and to adhere to agreed internal control systems which may include:

- segregation of duties
- staff induction, education & training
- reconciliations
- security of assets, records and information systems
- supervision and internal checks
- clear reporting lines
- performance management, and
- consideration of risk and risk management strategies

## Fraud & Corruption Risk Assessment

In alignment with the Risk Management Policy and Framework, the CoM will undertake a separate an operational fraud and corruption risk assessment as part of its broader risk management program. The fraud and corruption risk will be assessed with the identification of appropriate controls and further risk treatments for mitigation outlined at a corporate risk level ~~ment~~ quantifying ~~ies~~ the level, nature and method of the risks to be managed, ~~and leads to the identification of actions to mitigate the risks identified.~~

## Manager Training & Employee Awareness

All staff-employees will be provided training and awareness in the Fraud and Corruption Management Policy and Framework, the Code of Expected Behaviours and Corporate organisational Values Guidelines, the Local Government Employee Code of Conduct, and other relevant policies to ensure they understand the minimum standards of behaviour required of them. This training is included as part of the induction program and will include advice about ethical behaviour and awareness of fraud and corruption risks. The organisational values are also embedded into position descriptions and the Leadership/Performance Development Plan.

Managers-Leaders and staff-employees identified as having a greater exposure to fraud and corruption risk will receive additional training which will be tailored to the risks created by the operational environment.

## Employee Screening

In considering the suitability of applicants for roles identified as having a greater fraud and corruption risk, the People and Culture Unit will require Police Checks will be required to be undertaken as part of the selection process when filling those advertised positions. ELT will endorse a list of identified positions identified that may include the following teams: Executive Leadership, Senior Leadership, Finance, Strategic Procurement, People and Culture, Corporate Governance, and others as identified during the recruitment process. If the applicant refuses to provide a Police Check, they will not be employed by CoM and the offer of employment will be immediately withdrawn. If the Police Check results in a history of fraudulent or corrupt behaviour, the applicant will not be employed by CoM and there will be no offer of employment extended to the applicant.

## Customer, Supplier & Community Awareness

Awareness will be raised to recognise any fraud and corruption risk posed by external parties, customers, suppliers and the community in general. Through this framework and related fraud and corruption management tools, staff in relevant roles will be informed as to how to report suspected instances of fraudulent or corrupt behaviour and the approved method for the management of this reporting. The Fraud and Corruption Policy will be available to customers, suppliers and the community via the City of Marion website.

## FRAUD AND CORRUPTION DETECTION

### Detection Systems

The CoM will have adequate detection systems to monitor data and identify irregularities and warning signals. In addition to management's monitoring and review, an internal audit schedule will be implemented based on risk. These internal audits provide assurance on the effectiveness of internal controls established by management including those to prevent and detect fraud and corruption. In addition, all work areas will annually review and update a 'Fraud and Corruption Control Report'. This document provides the mechanism for outlining each work area's approach to fraud and corruption control within their area of responsibility. It will also assign responsibilities for various detection systems including authorisation of various processes, segregation of duties and rotation of tasks.

### Internal and External Audit Activities

The fraud and corruption management program supports an effective and comprehensive assurance program (internal and external audit). The CoM's internal audit program is to include both systematic and random audits to test compliance, and effectiveness of internal controls. The findings of these audits are reported to Council via the Finance and Audit Committee, to ensure that any identified adverse trends or deficiencies are appropriately actioned.

### Internal Notification Systems

Council encourages the reporting of suspect behaviours and provides support for [staff employees](#) and community to report suspected instances of fraud and/or corruption via the following mechanisms:

- Verbal; by telephone or in person, to one of the Responsible Officers
- Email; addressed to the Responsible Officer via [council@marion.sa.gov.au](mailto:council@marion.sa.gov.au)
- Post; addressed to the Responsible Officer via PO Box 21, Oaklands Road SA 5047

Reporting may be internal, direct to the ~~Council~~CoM, to be handled by one of the Council's Responsible Officers, or externally, direct to the Ombudsman or Office of Public Integrity (OPI).

This is a choice to be made by the individual at their discretion, however it is recommended that reference be made to the organisation's Public Interest Disclosure Policy prior to deciding where to direct any disclosures. Protection from reprisal action is provided for those who do report suspected instances of fraud and/or corruption under the CoM Whistle-blower Policy however each method of the notification system provides the opportunity for the complainant to report the suspect behaviours anonymously. Instances of purposely false and defamatory reports of suspect behaviours by CoM employees will be responded to within the Addressing Employee Performance and/or Conduct Procedure.

### ~~Whistle-blower~~Public Interest Disclosure Protection

Council is committed to ensuring the protection of ~~those Whistle-blowers~~ who report suspected instances of fraud and/or corruption under its Whistle-blowersPublic Interest Disclosure Policy.

Protection from reprisal action is provided for those who do report suspected instances of fraud and/or corruption under the CoM Public Interest Disclosure Policy and each method of the notification system provides the opportunity for the complainant to report the suspect behaviours anonymously.

It must be noted that making purposely false and defamatory reports of suspect behaviours by CoM employees is an offence under the Independent Commissioner Against Corruption (ICAC) Act 2012 and will be responded to within the Addressing Employee Performance and/or Conduct Procedure and under the Public Interest Disclosure Policy.

## RESPONDING TO DETECTED FRAUD AND CORRUPTION INCIDENTS

### Investigation Systems

All reported instances of fraud and corruption will be subject to an investigation process, conducted by a Responsible Officer, with the appointment of an external consultant if required. The Responsible Officer will report to the CEO (or the Mayor in the case that the respondent is the CEO) and be fair and independent of the Work Area, the individual lodging the report whistle-blower and/or any other person(s) involved in the investigation. They will investigate the substance of the allegation to determine whether there is evidence in support of the matters raised, or alternatively, to disprove the report made. In the event of a report being made, the Responsible Officer will notify the individual that they are under investigation.

Investigations will be undertaken promptly, have accurate evidence collection, ensure procedural fairness, and be of the highest standards of quality. They will also be undertaken with the aim to identify opportunities to improve organisational policies, procedures and systems and will make recommendations accordingly. At the conclusion of an investigation, the Responsible Officer will submit a written report to the CEO who will determine whether the matter is to be referred external agencies. (see below: as outlined in 5.3 External Reporting).

### Conduct & Disciplinary Systems

Fraud and corruption is a crime and will not be tolerated and, after investigation, those found to have engaged in such conduct will face disciplinary action. Staff-Employees are expected to act in an ethical manner and in accordance with the standards of behaviour set out in the Code of Expected Behaviours and Corporate Values Guidelines Organisational Values and Local Government Employee Code of Conduct.

### External Reporting & Investigations

In accordance with the Independent Commissioner Against Corruption (ICAC) Act 2012 public authorities and public officers are required to report matters that are reasonably suspected to involve fraud and/or corruption to the:

- the Office of Public Integrity (OPI).
- The South Australian Police, for criminal matters

The Independent Commissioner Against Corruption's Directions and Guidelines document outlines the reporting obligations of public authorities and its officers where there is occasion that corruption, misconduct and/or maladministration in public administration is reasonably suspected.

Reports made to the OPI should identify the matter in relation to what is suspected, and the public officer/s involved. It will include a statement outlining how we became aware of the conduct, the evidence known, any relevant documentation and details of those aware of the issue that can give evidence relevant to the conduct.

Upon receiving reports of reasonably suspected fraud or corruption, the OPI or the ICAC will assess the complaint. The OPI may make a recommendation to the ICAC as to how the complaint should be dealt with. Alternatively, the OPI may refer the matter directly to the Ombudsman or public authority, in circumstances approved by the ICAC.

Any formal requests from the OPI, the ICAC or the Ombudsman for information regarding a report of fraud or corruption to the OPI will be responded to appropriately.

In most cases the act of fraud or corruption will be deceptive and therefore not obvious however in some cases (eg armed hold-up or breaking and entering), Police presence will be required as a matter of urgency. The decision to call the Police will normally be an action by the most senior officer on site at the time of the emergency. Any employee who calls the Police shall notify the CEO as soon as practicable.

## Recovery of Proceeds of Fraud or Corruption

When a case has been fully investigated and been proven, Council will aim to seek full reimbursement of any financial loss incurred.

## Fidelity Guarantee Insurance

Council is provided insurance cover by the Local Government Association Asset Mutual Scheme and Fidelity Guarantee in the amount of \$500,000 for any one claim and in total each year.

## RELATED DOCUMENTS, REFERENCES & APPENDICES

- [Risk Management Policy & Framework](#)
- [Public Interest Disclosure Policy](#)
- [Internet & Email Usage Policy](#)
- [Code of Expected Behaviours and Corporate Values Guidelines](#)
- [ISO 8001:2008 Fraud and Corruption Controls](#)
- [Independent Commission Against Corruption Act 2012](#)
- [Local Government Employee Code of Conduct](#)

## Internal Audit Program 2020/21

<b>Originating Officer</b>	Unit Manager Governance and Council Support - Jaimie Thwaites
<b>Corporate Manager</b>	Manager Corporate Governance - Kate McKenzie
<b>General Manager</b>	General Manager City Services - Tony Lines
<b>Report Reference</b>	FAC201208R04

### REPORT OBJECTIVE

To provide the Finance and Audit Committee (the Committee) with a progress update of the Internal Audit Plan for 2020/21.

### EXECUTIVE SUMMARY

At its meeting of 13 October 2020, the Committee considered and recommended that the following internal audits be completed in 2020/21.

- COVID-19 Business Continuity Response (Quarter 1) (In progress)
- Stores Management (Collaborative) (Quarter 2) (completed - Attachment 1)
- Assurance Mapping (Quarter 2/3) (In progress)
- Project carry-overs (Quarter 2) (Scope - Attachment 2)
- Asset Inspections Schedule (Quarter 3) (commencing)
- Community Facilities Management Models (Quarter 4) (to be discussed)

The Internal Audit Program is currently on track for completion within the 2020/21 financial year. The following status on each review is provided below:

#### **COVID-19 Business Continuity Response - In progress**

The COVID-19 BC Response is in its final stages. A close out meeting is being scheduled for December and the final report will be presented to FAC in February 2021. The draft report does not contain any high risk recommendations that required immediate attention in conjunction with the most recent Parafield cluster .

#### **Stores Management (Collaborative) - Complete (Attachment 1)**

The Stores IA was a collaborative IA review completed with Charles Sturt. The review identified three (3) joint recommendations, two (2) joint Performance Improvement Recommendations and one (1) City of Marion finding which related to the lending of Council equipment to staff for personal use. All of the recommendations have been agreed to by staff and management comments included within the report.

#### **Assurance Mapping (Quarter 2/3) - In progress**

The scope was presented to the FAC meeting in August. Work is progressing on this review and the report will be presented to the FAC meeting in February 2021.

#### **Project Carry-over (Quarter 2) - Scoping (Attachment 2)**

The scope for this internal audit is attached. This has been delayed slightly as when discussing the audit with the operational teams, it was determined that the audit would provide best value if it assessed programming and resource planning for the capital works plan.

#### **Asset Inspections Schedule (Quarter 3) - In progress**

This audit has recently commenced and work is in progress.

#### **Community Facilities Management Models (Quarter 4) - TBA**

This work is still being defined. The City Property team is currently working on various management options for community facilities across Marion. The timing of this may need to alter. Further advice will be provided at the February 2021 FAC meeting.

## RECOMMENDATION

**That the Finance and Audit Committee:**

- 1. Notes the progress of the Internal Audit Program.**
- 2. Provides feedback on the Asset Inspections Schedule scope document.**

## Attachment

#	Attachment	Type
1	CoM Collaborative Stores Management Internal Audit Report Oct 20	PDF File
2	CoM20_Project Carryovers Internal Audit_Draft Scope v_final	PDF File





Cities of Charles Sturt & Marion  
Collaborative Stores Management  
Internal Audit Report  
October 2020

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# 1.0 Executive Summary

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In accordance with the 2020/21 Internal Audit Plans for the City of Charles Sturt (CCS) and the City of Marion (CoM), collectively (the Councils), a collaborative internal audit focussing on the Councils' stores management was performed. The objective, scope and approach of this engagement are outlined below.

## 1.1 Objective

The objective of the internal audit included a review of the Councils' processes, risks and controls in relation to the management of stores stock held at the Councils' depot sites.

## 1.2 Scope

The scope of this internal audit included consideration over the following areas:

- Relevant policy, procedures and operating guidelines
- Physical access controls
- Appropriateness of stocked items and stock levels, including the inventory write-off process
- Stocktaking and reporting processes
- Segregation of duties, delegations and approval processes
- The user access of relevant systems
- Review of the effectiveness of any controls identified within the CoM's risk register related to stores, including depot stock management
- High level consideration of potential future collaborative areas, including shared procurement of items
- High level consideration of potential inventory systems and solutions, to address current manual processes
- Benchmarking of current stores management processes and resources against each Council and other local government organisations (maximum of two others) to share approaches and better practice

- Review the effective implementation of recommendations from the FY2016/17 Inventory Management and Recycling Depot Internal Audit Report, including a specific focus on the implementation of recommendations for improvement to processes and controls related to the management of stock.

## 1.3 Collaborative Model Approach

The stores management internal audit is the third joint project as part of the new Collaborative Internal Audit Model between the CCS and the CoM. Our approach in undertaking this joint internal audit as part of the Collaborative Model has included the following:

- Desktop review of stores management related documentation including existing policies, procedures, processes and controls for both the CCS and the CoM
- Interviews and site walkthroughs with key staff across both Councils to discuss and obtain an understanding of store stock processes, systems and key controls
- Sample testing to validate our understanding and to assess the design and operating effectiveness of controls associated with the management of store stock
- Facilitation of a joint workshop with CCS and CoM stakeholders to validate risk findings, performance improvement opportunities and collaborative opportunities
- Drafting and finalisation of an internal audit report (one joint audit report covering both the CCS and the CoM) outlining internal audit findings, recommendations and any performance improvement or collaborative opportunities.

## 1.4 Construct of this Report

The construct of this report includes our observations over each primary area of our review, and is structured as follows:

- Colour coding has been utilised within the report to indicate findings and items associated with each Council, where **green** represents the **CCS**, **light blue** represents the **CoM**, and **dark blue** represents a **collaborative section**
- Joint and individual internal audit findings from our review of the key processes and selected controls for sample testing
- Appendices, the stakeholders consulted as part of this review and risk rating criteria.

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## 1.5 Background

The CCS store is located at the Beverley Centre Depot in Beverley, Adelaide, and the CoM store is located at the City Services Depot in Mitchell Park, Adelaide. Stock is purchased for employees to use and stored and maintained in the Councils' stores. Examples of general store stock includes Personal Protective Equipment (sunglasses, sunscreen, protective gloves etc.), filters and filter oils, bollards and office supplies.

The CoM also has a Southern Recycling Depot in O'Halloran Hill, Adelaide. The Southern Recycling Depot is used as a Council recycling, processing and storage facility for products such as concrete, asphalt, mulch and timber/firewood. The recycling of products diverts large quantities of waste from landfill and reduces waste disposal costs for the CoM.

The management of assets is a key operational activity for all councils, and this includes stores and inventory management. As a result, councils need robust processes and oversight of inventory, as well as effective utilisation of council assets. A high-level stores management process is included below, with a further comparison of both Councils provided on page 5:

### Identification

The Stores Officer identifies stock that requires replenishing through a physical inspection and viewing the quantity in the inventory management system.

### Order

A Purchase Order is raised for the identified stock quantities by the Stores Officer within the inventory management system.

### Approval

The Purchase Order is approved in line with the CoM's and the CCS's Delegations of Authority.

### Update

The inventory management system is manually updated by the Stores Officer to reflect issue of the stock to CoM and CCS staff.

### Delivery

Upon delivery of stock, the Stores Officer will enter the quantity and value (\$) received into the inventory management system.

### Issue

The CoM and the CCS staff request stock from the store, with the Stores Officer recording the issuance of stock on a hard copy issue sheet.



## 1.6 Positive Observations

A number of positive observations were identified during the course of this internal audit, and are summarised below with respect to the relevant Council:



Through testing performed, both Councils demonstrated robust, better practice stores management processes, with no testing exceptions identified from our sample testing in relation to items purchased or receipted, their approval and the subsequent entry into the respective stores management system.



Both Councils' stores management systems (Authority and TechOne) had workflow capabilities that reflected the delegations of users.



Any borrowed stores items from the CoM, if not returned, are directly charged to the teams who have borrowed the items, increasing accountability for borrowed items.



The CoM have implemented further physical security measures since the last Stores Management review, including a side gate which prevents direct access to the store by general staff. This was noted to be very effective in managing entrants to the store by stores staff. Video camera footage was also noted to be an effective loss prevention tool.



As part of their COVID-19 response, the CCS have implemented a "Click and Collect" system for staff to order and pick up stores items. This has reduced contact with staff during the COVID-19 period.



The CCS have detailed and easy to use procedures which cover day-to-day stores management processes. These procedures were noted to be an excellent resource for new starters, particularly given the Stores Officer role is currently seconded.



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## 1.8 Comparison of both Councils' stores management practices

The table below includes a high-level comparison between both Councils' in relation to key elements in the management of stores, benchmarked against another Council.

Process	CCS	CoM	Council A
<b>Depot(s)</b>	<ul style="list-style-type: none"> <li>Beverley Depot</li> <li>Total stock balance at 3 July 2020 of \$163,831</li> </ul>	<ul style="list-style-type: none"> <li>City Services Depot (CSD)</li> <li>Southern Depot (recycling)</li> <li>Total stock balance as at the FY19/20 stocktake of \$233,819 for the CSD store</li> </ul>	<ul style="list-style-type: none"> <li>1 x Depot</li> <li>1 x Civic Centre with office supplies</li> </ul>
<b>Team structure</b>	<ul style="list-style-type: none"> <li>1 x Manager Governance &amp; Operational Support</li> <li>1 x Team Leader Fleet Services (vacant)</li> <li>1 x Stores Officer</li> </ul>	<ul style="list-style-type: none"> <li>1 x Operational Support Unit Manager</li> <li>1 x Supervisor Operational Support / Stores</li> <li>1.5 x Stores Officer at Marion Road Depot</li> <li>1 x Operator Recycling Adams Road Depot</li> </ul> <p><i>It is noted that the above team structure is spread across stores, hard waste, dumped rubbish and the Recycling Depot.</i></p>	<p>Total 2.5 FTE, including:</p> <ul style="list-style-type: none"> <li>1 x Caretaker for Civic Centre</li> <li>1 x Stores Officer</li> <li>0.5 x Casual Stores Officer</li> </ul>
<b>Systems</b>	<ul style="list-style-type: none"> <li>TechOne Inventory Management</li> </ul>	<ul style="list-style-type: none"> <li>Authority Inventory Management</li> </ul>	<ul style="list-style-type: none"> <li>Authority Inventory Management.</li> <li>However, Council A is looking to move away from requiring an inventory management system by reducing the amount of stock that they hold and distribute. Council A will look to provide accessibility to stock items such as PPE through other methods, including:               <ul style="list-style-type: none"> <li>PPE and small supplies vending machine, which will provide increased accessibility for employees to obtain required PPE, increase accountability of stock issue and minimise downtime of the store operator. The PPE vending machine will be maintained and restocked by the Vendor, and expenditure reports provided to relevant departments for payment.</li> </ul> </li> </ul> <p><i>Continued on following page</i></p>
<b>Ordering and receipting of stock</b>	<ul style="list-style-type: none"> <li>Ordering of general stores items performed by Stores Officer up to \$5,000, with orders above \$5,000 requiring approval of Team Leader Fleet Services.</li> <li>Ordering of non-general stores items facilitated by the Stores Officer from Work Group Leader requests.</li> <li>All stock receipted by Stores Officer.</li> </ul>	<ul style="list-style-type: none"> <li>Order generation of general stores items performed by Team Member Operational Support Stores. Approval of order required by Stores &amp; Operations Supervisor up to \$2,000 and Unit Manager Operational Support up to \$20,000.</li> <li>All stock receipted by on-duty team staff.</li> </ul>	
<b>Ad hoc purchases</b>	<ul style="list-style-type: none"> <li>Acting Team Leader Fleet Services retains a credit card in their position.</li> <li>The CCS do not perform ad hoc purchases through credit cards as they are not processed through TechOne.</li> <li>Looking to increase the ability of staff to forecast future purchases rather than utilise the credit card for rare/one off items not within the stores system.</li> </ul>	<ul style="list-style-type: none"> <li>Select Work Group Leaders can use credit cards to purchase ad hoc stock items at Bunnings within the petty cash limit (\$100).</li> <li>Stores have limited oversight of purchases.</li> <li>CoM looking to increase management and forecasting abilities of staff.</li> </ul>	

## 1.8 Comparison of both Councils' stores management practices (continued)

Process	CCS	CoM	Council A
<b>Issuing Stock</b>	<ul style="list-style-type: none"> <li>Manually issue stock to employees (including PPE and non-PPE items) and record the issuance of items on a <i>General Stock - Issue Form</i>.</li> <li>Stock issues manually transferred and processed into TechOne.</li> <li>No secondary checks performed by another staff member to ensure information entered in TechOne matches the issue form.</li> </ul>	<ul style="list-style-type: none"> <li>Manually issue stock to employees (including PPE and non-PPE items) and record the issuance of items on a <i>General and Non Stock Issue Sheet</i>.</li> <li>Stock issues manually transferred and processed into Authority.</li> <li>Secondary check performed by staff member to ensure information entered in Authority matches the issue sheet.</li> </ul>	<p><i>Continued from previous page</i></p> <ul style="list-style-type: none"> <li>Reducing stock levels of uniforms held, with dedicated days for suppliers to visit the Council and employees to try on sizes and order stock.</li> <li>Communal shared storage areas including pavers, bunting, star droppers, etc.</li> <li>Team Leaders with corporate credit cards requiring Corporate Leader approval of transactions.</li> </ul>
<b>Stocktake / spot checks</b>	<ul style="list-style-type: none"> <li>Stocktakes conducted <b>quarterly</b>.</li> <li>Ad hoc spot checks performed, which are not documented.</li> </ul>	<ul style="list-style-type: none"> <li>Stocktakes conducted <b>annually</b>.</li> <li>Weekly spot checks performed.</li> </ul>	<ul style="list-style-type: none"> <li>Stocktakes conducted <b>annually</b>.</li> </ul>
<b>Physical Access</b>	<ul style="list-style-type: none"> <li>Physical key access to store and swipe access to Beverley Depot / from fleet workshop.</li> <li>1 x security CCTV camera at store entrance, with no security CCTV cameras inside the store.</li> </ul>	<ul style="list-style-type: none"> <li>Key fob access to City Services and Southern Depot.</li> <li>Barbed wire fencing at Southern Depot, with 2 x security CCTV cameras.</li> <li>1 x security CCTV camera at store entrance of City Services Depot, with security CCTV cameras inside store.</li> </ul>	<ul style="list-style-type: none"> <li>Key fob access to depot and security CCTV cameras.</li> </ul>

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## Potential areas for future joint procurements in Stores

The table below details a number of stock items that each Council raised as potential areas to investigate for future joint procurements. These areas should be discussed between Councils and include consideration of any Circular or Sustainable Procurement initiatives, and should be in conjunction with the Strategic Procurement Lead(s).

Ref	Stock Item	CoM/CCS Comments
1	Trip Stops	Used with concrete footpath maintenance – high cost item
2	T Top Bollards	Moderate cost but high volume. Bollards to be discussed further between Councils, potentially with PAE.
3	Protective Gloves	Low cost but high volume
4	Protective Glasses	Low cost but high volume
5	Glyphosate 360 Weed Killer	Moderate cost high volume. To be reviewed dependent on current contracts with and logistics.
6	PPE (glasses, gloves, hard hats, sunscreen, etc.)	--
7	Bollards, signs, cones	Bollards to be discussed further between Councils, potentially with PAE.
9	Antibacterial products (masks, sanitizer, wipes etc.)	--
9	Clothing (Totally Workwear, Bucket Hats, etc.)	--
10	Paper	Noted that there is preferred supplier contract in place for paper supply.
11	Consumables for ARB Equipment	--
12	Dog waste bags	Councils to investigate ability to leverage current State, Federal and Local Government contracts.
13	Tea and biscuits	
14	Sep Lids	Noted it is unlikely these items are standardised across Councils.

### Keys to success

For the joint procurement to be successful, the Councils would need to ensure **standardisation** and understand what types of stock items (such as bollards) are being used to ensure **alignment between Councils** (i.e. use few suppliers rather than many). Additionally, success would also be built upon **compliance to the new supplier contracts**.

### Logistics

Logistically, the Councils would still require **delivery of stock to each of their respective stores**, and each Council would **individually invoice suppliers** and have **different contractual relationships**.

### PPE

For PPE stock items, it was advised that there a number of providers in place, with one **joint preferred supplier** being Blackwoods under a Procurement Australia contract.

### Circular Procurement

Going forward, it is also recommended that the Councils further consider joint or individual procurement opportunities through the **Local Government Association's (LGA) Circular Procurement Pilot Project (the Project)**, and through engaging regional subsidiaries such as the Central Adelaide Waste and Recycling Authority (CAWRA) and the Southern Region Waste Resource Authority (SRWRA).

It is noted that the CCS is a signatory to the Project, which aims to improve the **sustainability of waste management practices** by ensuring ongoing viability of recycling systems, and **reducing waste management costs** over time. The Project is also a significant step towards establishing a **circular economy** and developing **on-shore processing** of recyclable materials.

It is understood recycled products through this program will include fixtures such as bollards, fencing, bins, pipes and signage. As such, there is a broader innovative opportunity for the Councils to procure store stock as part of this Project moving forward.

## 2.0 Internal Audit Findings

Joint Findings and Improvement  
Opportunities



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## 3.1 Joint internal audit findings

Internal audit findings in this report have been organised into two categories, as follows:

- Joint findings in relation to consistent observations and opportunities identified across both the CoM and the CCS
- Individual findings that apply to only one Council.

Through discussions with process owners, documentation review and sample testing performed for both Councils, one (1) medium rated joint finding, two (2) low rated joint findings, and two (2) performance improvement opportunities (PIO) were identified.

Overall, there are opportunities moving forward for both Councils to collaborate and share learnings from each other as they address the identified findings. These include:

- Opportunities to discuss and agree better practice inventory management systems to reduce manual processes and provide improved stock ordering and reporting functionalities.
- Better practice inventory management approaches in relation to monitoring and oversight of slow moving or obsolete stock.
- Review and monitoring of store security and physical access controls.

This section outlines the joint findings identified as part of this review. The risk rating for each finding has been mutually agreed by both Councils during the closing collaborative workshop. A section has been provided in each finding for a Management response from each Council.

Rating	Ref #	Description
Moderate	JT – F1	Store security and physical access provisions
Low	JT – F2	Limited oversight and ongoing monitoring over slow moving or obsolete stock
Low	JT – F3	A number of key stores management tasks are reliant on manual processes
PIO	JT – PIO1	Inventory management system limitations
PIO	JT – PIO2	Improvements to stock accuracy processes, including spot checks and stock cycle counts

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## Finding 1 – Store security and physical access provisions

Moderate

Finding(s)	Risk(s)	Recommendation(s)
<p>For both Councils, a number of issues were identified in relation to store security and physical access to the store. Specifically, the following was identified for each Council:</p> <p><b>CoM</b></p> <p>Access to the stores within the City Services Depot (CSD) and Southern Depot is restricted through key fob access. Upon review of the security access reports to the CSD store facility and Southern Depot, it was noted that an excessive number of staff had key fob access to the CSD store and Southern Depot, including:</p> <ul style="list-style-type: none"> <li>135 personnel with after hours access to the CSD store, which included unidentifiable personnel such as "Contractor visitor 3, City Services Reception", "SPARE FOB 12, 1508987" and "CONTRACTOR 20, Stores Temp Staff Pass"</li> <li>Some 650 personnel with all doors 24 hour access to the Southern Depot, which included unidentifiable personnel such as "Open Space Contractor", "Customer Service Contractor 5", and "spare".</li> </ul> <p><b>CCS</b></p> <p>During physical inspection of the CCS's Beverley Depot, the following issues were observed:</p> <ul style="list-style-type: none"> <li>While a security camera is located at the store's entrance, there was an absence of security cameras in the warehouse area where general stock items and a number of non-stock items are stored and maintained.</li> </ul> <p><i>Continued on next page</i></p>	<p>If authorised access to the store is not appropriately monitored and restricted, there is an increased likelihood of theft occurring over stock.</p> <p>Additionally, the lack of video surveillance reduces the Councils' ability to monitor/detect potential theft. It also decreases the Councils' ability to review any WHS incidents which could occur within the store.</p>	<p><b>CoM</b></p> <p>Internal Audit recommends that the CoM:</p> <ol style="list-style-type: none"> <li>Undertake a review of security access to the CSD store and Southern Depot to ensure only authorised personnel have access to the stores. This should include removing access of any personnel who have terminated their employment or who do not require access based on their role description and responsibilities.</li> <li>Undertake a regular (i.e. biannual) audit of contractor and visitor passes to validate they are current and required.</li> </ol> <p><b>CCS</b></p> <p>Internal Audit recommends that the CCS:</p> <ol style="list-style-type: none"> <li>Consider extending its video surveillance system to include the warehouse area of the store where general stock items are maintained.</li> <li>Reinforce store security and physical access provisions to ensure the store and stock items are secured at all times.</li> </ol>

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## Finding 1 – Store security and physical access provisions

**Moderate**

Finding(s)	Risk(s)	Recommendation(s)
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*Continued from previous page*

- While the CCS has implemented click and collect for stock collections as a result of COVID-19, it was observed that stock items awaiting for collection by CCS personnel were left unsecured outside the store's entrance. As a result, there was limited oversight over who collected the goods as the roller door for the store's counter was closed and no signatures upon collection are obtained. However, it is noted that no instances of misappropriation of stock items have been reported.
- It was further observed that a CCS employee was located within the store while the Stores Officer was not in attendance.

### CoM Management Action(s)

Operational Support will work with City Property to review access of staff and contractors to the CSD store and Southern Depot, including generic contractor and visitor passes. Access will be retained for Operational support personnel, After Hours Emergency Coordinators, City Property Maintenance staff and Senior Management only.

### CCS Management Action(s)

The CCS to develop a procedure for the security of the store. As part of this procedure development, consideration will be given to the cost vs. benefit of extending the security surveillance system.

**Responsibility:** Unit Manager Operational Support

**Target Date:** 30 November 2020

**Responsibility:** Manager Governance and Operational Support

**Target Date:** 30 April 2021

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## Finding 2 – Limited oversight and ongoing monitoring over slow moving or obsolete stock

Low

### Finding(s)

For both Councils, there is limited oversight and ongoing monitoring over slow moving or obsolete stock.

Better practice inventory management includes regularly monitoring stock levels to identify any slow moving, excess or obsolete stock to determine whether stocks items are to be kept, disposed of via auction or written-off as obsolete stock.

During our review, it was identified that there is a lack of recurrent or regular reporting performed over slow moving stock to identify instances of obsolescence. From review of slow moving stock reports for both Councils, it was identified that:

- The CCS had a total of 132 slow moving stock products equating to a total value of \$17,534 (10.7% of stock balances as of 3 July 2020) that had not been issued from the CCS's store in the last two (2) years to 24 September 2020. This related to items such as filters and filter oil, drill bits, sledge hammer handles and spark plugs. Additionally of this \$17,534, \$7,970 (4.9%) of stock had never been issued.
- The CoM had a total of 71 slow moving stock products equating to a total value of \$29,513 (12.6% of stock balances as of the FY19/20 stocktake) that had not been issued from the CoM's store in the last six (6) months or greater to 30 June 2020. This related to items such as oil and grease, antibacterial soap, toilet cleaner, and paper and envelopes. Additionally of this \$29,513, \$1,449 (0.6%) of stock had never been issued.

While it is noted that some of the above items may be required due to being held as replacement spare parts, or only issued infrequently, the above highlights that there are a number of items that should be reviewed regularly to maintain accurate stock records.

*Continued on next page*

### Risk(s)

There is a financial risk that the value of slow moving or obsolete stock may be understated or overstated, as not all stock on hand is accurately recorded or monitored on an ongoing basis. If the inventory management system does not accurately reflect all stock, this could result in the CCS or the CoM purchasing unnecessary stock.

The lack of awareness of the nature of non-stores items held at the depot, including monetary value and storage duration, may also result in the risk of inventory obsolescence. In turn, this may increase the likelihood of further financial spend by the CoM or the CCS, where additional storage facilities and employees are required to manage stock. There is also a risk that the storage of non-stores items is not an optimal use of store space.

### Recommendation(s)

#### Joint Recommendation:

Internal Audit recommends that both Councils:

1. Perform an independent review of stock on hand quantities currently held at the store to identify any signs of obsolete stock and determine whether any stock items are to be kept, disposed of via auction or written-off.
2. Both Councils should also consider defining the frequency and timing of these reviews, including reviewing of any non-stores items held on behalf of other departments.

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## Finding 2 – Limited oversight and ongoing monitoring over slow moving or obsolete stock

Low

Finding(s)	Risk(s)	Recommendation(s)
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*Continued from previous page*

Additionally, during our site walkthroughs over the stock management process, it was identified that both Councils were storing a large number of non-stores related items from various departments within the depots. Upon further consultation, it was advised that these non-stores related items were not recorded and monitored within the CCS and the CoM's inventory management systems. It was also noted that formalised, periodic reviews were not in place by either Council over non-stores related items to assess whether they were still required or could be disposed.

### CoM Management Action(s)

A critical assessment of slow moving and obsolete stock will be undertaken as a priority, and an ongoing check will be implemented as part of the annual stocktake to monitor these stock items.

**Responsibility:** Unit Manager Operational Support

**Target Date:** 31 December 2020

### CCS Management Action(s)

CCS Management to introduce obsolescence reviews and reporting, including the review of non-store items that are held at stores.

**Responsibility:** Manager Governance and Operational Support

**Target Date:** 30 April 2021

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## Finding 3 – A number of key stores management tasks are reliant on manual processes

Low

### Finding(s)

A number of key stores management tasks were noted to be reliant on manual processes, such as manual counts, data entry and tracking of stock movements. Specifically, the following issues were identified for each Council relating to manual stores management processes:

#### CoM

Internal Audit identified that the following areas of stores management were reliant on manual processes at CoM:

- The process for issuing stock from the Store is highly manual – the Stores team manually issue stock to employees (including PPE and non-PPE items) and record the issuance of these items on an A3 spread sheet, which is transferred into Authority on a daily basis, where it is checked for any anomalies. Any PPE issued is also documented on another manual form, which is stored in a filing cabinet under each employee's name. This manual issuance of stock is reliant on the Stores staff to record accurate details on the A3 sheet. As a result, there is an increased risk of stock items being missed or inaccurate details being recorded including the incorrect quantity, item or allocating PPE to an incorrect employee.
- Issuance of stock from Southern Depot – any stock that is issued from the Southern Depot is recorded on a slip of paper, which is then physically delivered to the CoM City Services building, to be entered into an Excel spreadsheet, that is loaded into Authority once a month. It was noted that the slips are not delivered to the City Services building on a regular basis, as it was dependant on employees driving the slips over when practical, which impacted the timeliness of the data entry.
- Stocktakes are performed manually – the count of stores items and the processing of items counted is performed manually. The physical count of stock was noted to be time consuming and automation, such as an electronic, barcode enabled stocktake, would decrease the time required to perform the stocktake. Manual counts also have the potential to result in errors from manual count of items (e.g. stock count discrepancies).

*Continued on next page*

### Risk(s)

Manual processes may create time inefficiencies and also present the opportunity for human error to occur, which may create an operational risk to each Council. For example, if there is an error in the manual count of a stocktake or an item is missed in a manual stock issuance, and there is no secondary review check, this may create a time delay for re-counting stock, impacting operations, and also inaccurate reporting of store levels.

### Recommendation(s)

#### Joint recommendation:

Internal Audit recommends for both Councils to:

1. Review the current manual practices and determine if any manual processes can be reduced through automation (e.g. barcodes and scanners, or PPE vendors – see **Benchmarking** page 5).

Internal Audit recommends that the CCS:

1. Introduce a secondary check of stock issue sheets into the TechOne system, or look to enter issued stock directly into the TechOne system as part of Recommendation 1.

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## Finding 3 – A number of key stores management tasks are reliant on manual processes

Low

Finding(s)	Risk(s)	Recommendation(s)
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*Continued from previous page*

### CCS

Internal Audit identified that the following areas of stores management were reliant on manual processes at CCS:

- The process for issuing stock from the Store is highly manual – the Stores Officer manually issues stock to employees (including PPE and non-PPE items) and records the issuance of these items on a *General Stock - Issue Forms*. The issue form captures which employee was issued the PPE and records it against their individual employee pay number. The issue sheet is transferred by the Stores Officer into TechOne on an ad hoc basis (e.g. weekly or more frequently as required) and there was noted to be no secondary check of the stock issue sheet for anomalies. As a result, there is an increased risk of stock items being missed or inaccurate details being recorded including the incorrect quantity, item or allocating PPE to an incorrect employee pay number.
- Stocktakes are performed manually – the count of stores items and the processing of items counted is performed manually. A physical count of stock is more time consuming than an electronic, barcode enabled stocktake, which is of particular significance given the lean resourcing of the CCS Store. The manual stocktake also has the potential to result in errors from manual count of items (e.g. stock count discrepancies).

### CoM Management Action(s)

Digitising processes is part of the broader digital transformation program, and will be considered as part of the Asset Management and Financial Management System replacements.

**Responsibility:** Manager Operations and Manager Information Technology and Transformation

**Target Date:** 30 June 2023

### CCS Management Action(s)

The CCS to:

- Review its manual processes and decide whether they can become more efficient through automation in particular the cost vs. benefit of using a barcode and scanning system.
- If this is not introduced, consider options of data audits.

**Responsibility:** Manager Governance and Operational Support

**Target Date:** 30 April 2021

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## PIO 1 – Inventory management system limitations

PIO

### Observation(s)

For both Councils, limitations were identified in the functionality of the supporting inventory management system utilised to manage stores management processes. The CCS and the CoM utilise TechOne and Authority respectively to manage their stores management processes, such as ordering stock from suppliers, receipting stock into stores and issuing stock to Council employees. During our review, the following limitations were identified in relation to each Council's inventory management system:

#### CoM

- In relation to ordering stock from suppliers, the following system limitations were advised by key stakeholders:
  - Authority provides an outdated method to capture best price and preferred supplier. Specifically, it is understood that Authority provides a list of suppliers against each stock code, which are rated according to best price or best service which can be used to help identify where a stock item may be purchased from. However, it was advised that Authority can easily be overridden by the requisitioner and an alternative non-listed provider can be utilised. As a result, before approving the purchase order the Stores Supervisor or Unit Manager Operational Support is required to check with the requisitioner why a non-preferred supplier has been chosen over a preferred supplier (i.e. a better short term price has been sourced).
  - Authority requires a supplier to be selected prior to entering details of the stock item to be ordered. As a result, staff cannot look up or search for a stock item such as sunglasses to find the best or most recent options and rather look up via supplier.
  - Authority will sometimes apply incorrect prices based on an average previous price rather than the fixed quote price.
  - Key stakeholders advised that minimum and maximum levels of general stock items can change seasonally, such as weed killer. However, there is no flag in Authority to indicate whether an item is a seasonal stock item to ensure the Stores Officer appropriately monitors stock quantities throughout the year (i.e. does not order more stock from a supplier if reaching the end of the season).

#### CCS

- TechOne's inventory management module does not directly link with Content Manager or with TechOne's fleet management module. As a result, the following limitations were identified:

*Continued on next page*

### Opportunity for Efficiency / Risk

System limitations may result in operational impacts such as efficiency loss due to manual workarounds or an increased risk of inaccurate inventory management data.

### Recommendation(s)

#### Joint Recommendation

Internal Audit recommends that the Councils investigate further system opportunities to implement or modify their inventory management systems to better support their needs. This includes improved stock ordering, monitoring and reporting capabilities.



# 3.0 Internal Audit Findings - Joint Findings and Improvement Opportunities

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## PIO 1 – Inventory management system limitations

PIO

### Observation(s)

### Risk(s)

### Recommendation(s)

*Continued from previous page*

- While fleet workorders can be recorded against inventory transactions such as stock issues, TechOne does not record what plant the stock item was used on. As a result, staff are unable to search for a vehicle through TechOne's fleet management module and be provided with a list of parts (e.g. filters) that have been issued or booked out to that particular fleet, plant or equipment.
- Key stakeholders advised it would be beneficial if staff could program fleet services and select what stock item(s) are needed, which would then automatically generate a reminder or flag to the Stores Officer to ensure the stock items are available when required. Additionally, it was also advised this would provide for an efficient way to monitor what store items are linked to particular fleet, plant or equipment to determine whether the CCS is still required to store the stock items in the Beverley Depot upon disposal of particular fleet, plant or equipment.
- While all purchase orders are raised in TechOne, all invoices and payments are required to be saved and approved in Content Manager. It is understood that this is a CCS wide practice and not just limited to stores management. As a result, the Stores Officer is required to duplicate work by recording the purchase order and creditor number in Content Manager to ensure there is an appropriate and accurate audit trail for Finance.
- Consistent with the CoM, key stakeholders advised that minimum and maximum levels of general stock items can change seasonally. However, there is no flag in TechOne to indicate whether an item is a seasonal stock item to ensure the Stores Officer appropriately monitors stock quantities throughout the year (i.e. does not order more stock from a supplier if reaching the end of the season).
- Key stakeholders advised that reporting generated by TechOne's inventory management module is not user friendly, with minimal recurrent or regular reporting performed over stock levels to identify instances of obsolescence (*see Finding 2*).

### CoM Management Action(s)

Improving elements of the inventory management process is part of the broader digital transformation program, and will be considered as part of the Asset Management and Financial Management System replacements.

**Responsibility:** Manager Operations, and Manager Information Technology and Transformation

**Target Date:** 30 June 2023

### CCS Management Action(s)

The CCS will investigate how the current inventory management system can be linked to other data (such as fleet etc.) to better support our needs. As stated in the finding, the current inventory management system is not linked to CCS's record management system (Content Manager). Unfortunately, a direct linkage between the two systems' data would not be possible due to it being an organisational wide issue.

**Responsibility:** Manager Governance and Operational Support

**Target Date:** 30 April 2021

# 3.0 Internal Audit Findings - Joint Findings and Improvement Opportunities

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## PIO 2 – Improvements to stock accuracy processes, including spot checks and stock cycle counts

PIO

### Observation(s)

There are improvements which can be made to both Councils' spot check and stock cycle count processes in terms of frequency and documentation of counts.

#### CoM

While spot checks are being undertaken by Stores staff, spot checks were noted to not be performed in line with the frequency (i.e. weekly) as required in the CoM's Inventory Management Procedure. From a sample of three separate weeks, only one requested spot check was evidenced. While this one check detailed a higher volume of stock items than required under the Procedure, it appears the Stores staff currently do not document spot checks appropriately, or the frequency of the spot check (i.e. weekly) is unreasonable. Given stocktakes are performed on an annual basis at the CoM, regular spot checks (i.e. fortnightly) are better practice in terms of maintaining stock accuracy, however this should be balanced with resourcing requirements and abilities.

#### CCS

The CCS currently do not perform regular or documented spot checks of stock and are reliant on the quarterly stocktakes to monitor stock accuracy in conjunction with any ad hoc checks undertaken by the Stores Officer.

### Opportunity for Efficiency / Risk

For organisations like the CoM and CCS that have a large variety of different stock items, performing regular and recurrent cycle counts can assist in maintaining stock accuracy throughout the year. Cycle counts can also enable the Store to keep track of stock and manage it more effectively.

The performing of cycle counts throughout the year could also assist in reducing the number of business as usual stock items that require an adjustment post stocktake.

### Recommendation(s)

#### Joint recommendation:

Internal Audit recommends that the CoM:

1. Reiterate the importance of performing and documenting spot checks to Stores staff.
2. Review the frequency of spot checks to ensure the frequency is achievable (i.e. fortnightly) and meets stock accuracy requirements.

Internal Audit recommends that the CCS:

1. Introduce regular and documented spot checks of the Store to compliment the quarterly stocktake performed.

### CoM Management Action(s)

A review and update of the Inventory Management Procedure and refresher training will be undertaken to ensure sport checks are conducted at the optimum frequency and in accordance with the procedure.

**Responsibility:** Unit Manager Operational Support

**Target Date:** 31 December 2020

### CCS Management Action(s)

The CCS to introduce a procedure to undertake regular and documented spot checks of the stores by a person independent of stores.

**Responsibility:** Manager Governance and Operational Support

**Target Date:** 31 December 2021

## 3.0 Internal Audit Findings

### 3.1 City of Marion - Individual Findings and Improvement Opportunities



# 3.1 Internal Audit Findings – City of Marion

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## 3.2 Internal audit findings (City of Marion)

Through our discussions with the process owners, documentation review and sample testing performed, Internal Audit identified one (1) medium rated finding. The following table provides a summary of findings identified. These findings and recommendations were discussed with Management. Management has accepted the findings and has agreed action plans to address the recommendations.

Rating	Ref #	Description
Moderate	CoM - F1	Lending of Council equipment to staff for personal use

The classification of risk ratings in this report are based on the risk ratings documented at **Appendix 4**.



# 3.1 Internal Audit Findings – City of Marion

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## Finding 1 – Lending of Council equipment to staff for personal use.

**Moderate**

Finding(s)	Risk(s)	Recommendation(s)	Agreed Management Action(s)
<p>The CoM have historically lent stores equipment to staff for personal use during out of hours (e.g. weekends), which is not in line with current better practice.</p> <p>The CoM currently allow Council employees to borrow stores equipment under the Borrowing/Use of Council Tools &amp; Equipment Procedure (the Procedure) through an approved Tools and Loan Agreement form. The Procedure was last reviewed and evaluated on 15 June 2016, and is currently due for review this year. While it was advised that the Procedure was approved by the Executive Leadership Team (ELT), a copy of this approval was not able to be documented during Internal Audit's review. Further the ELT approval date is absent on the Procedure.</p> <p>As part of the review, a sample of employee borrowed equipment was tested and all items borrowed were in line with the Procedure, with appropriately approved Tools and Loan Agreement forms.</p> <p>The lending of Council equipment to staff for personal use is not in line with current better practice, as there are a number of risks involved. The use of equipment by staff may also be seen as a "Gift and benefit" under Schedule 2A of <i>Local Government (General) Regulations 2013</i>. It is also noted that a Local Government Inspectorate investigation of a regional Victorian Council performed in late 2019 recommended that their similar practice of lending equipment should cease immediately based on the concerns outlined above.</p> <p>In particular, the use of equipment by Council employees may be seen as an improper use of Council assets by the public. There may also be unexpected maintenance costs for wear and tear of equipment, or legal and insurance implications if an employee injures themselves while using the equipment. Further, there is a lack of oversight of how the equipment is being used. For example, a chainsaw may be lent by an employee to someone who does not hold a chainsaw ticket, or equipment could potentially be used for secondary employment.</p> <p><i>Continued on next page</i></p>	<p>The practice of lending Council equipment to staff poses a number of risks, including potential legal and insurance ramifications for improper use, and any for potential breach of the <i>Local Government (General) Regulations 2013</i>.</p> <p>There are also reputational risks if the lending of equipment to Council staff is viewed unfavourably by community members.</p>	<p>Internal Audit recommends that the CoM:</p> <ol style="list-style-type: none"> <li>1. Consider in detail the items raised within this finding during the upcoming review of the Procedure. Specifically, consideration should be given to whether the Procedure is aligned to better practice and community expectations.</li> <li>2. Seek approval of the Procedure by the ELT and document the approval.</li> </ol>	<p>A review of the Borrowing/Use of Council Tools and Equipment Procedure will be undertaken to consider it in light of the Gifts and Benefits regulations, risks, other considerations and impacts to the Council.</p>

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## Finding 1 – Lending of Council equipment to staff for personal use.

**Moderate**

Finding(s)	Risk(s)	Recommendation(s)	Agreed Management Action(s)
<p><i>Continued from previous page</i></p> <p>It is noted that within the May 2017 Inventory Management &amp; Recycling Depot Service Review Internal Audit Report that the borrowing use of council tools and equipment was raised within the report, specifically in relation to a departure from a CoM procedure which required Unit Manager or manager approval of the use of the equipment.</p> <p>A recommendation was raised for this issue to ensure all loaning of council tools and equipment was approved by the relevant Operational manager. As per Appendix A, it is noted that this recommendation has now been implemented.</p>			

**Responsibility:** Manager Operations

**Target date(s):** 31 December 2020

## 3.0 Internal Audit Findings

### 3.2 City of Charles Sturt - Individual Findings and Improvement Opportunities

# 3.2 Internal Audit Findings – City of Charles Sturt

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## 3.1 Internal audit findings (City of Charles Sturt)

Through our discussions with the process owners, documentation review and sample testing performed, Internal Audit identified two (2) moderate rated findings. The following table provides a summary of the risk rated findings identified. Findings and recommendations were discussed with Management. Management has accepted the findings and has agreed action plans to address the recommendations.

Rating	Ref #	Description
Moderate	CCS - F1	Lack of appropriate segregation of duties across stores management processes
Moderate	CCS – F2	Limited formal training provided to stores staff in relation to chemical handling and awareness



## 3.2 Internal Audit Findings – City of Charles Sturt

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### Finding 1 – Lack of appropriate segregation of duties across stores management processes

**Moderate**

Finding(s)	Risk(s)	Recommendation(s)	Agreed Management Action(s)
<p>There is a lack of segregation of duties across the end to end stores management process.</p> <p>During our review, it was observed that there is currently a reliance on one individual Stores Officer to perform the following key stores management activities:</p> <ul style="list-style-type: none"> <li>Raising Purchase Orders in TechOne to order general stock items for the store, including approving own Purchase Orders raised if the order is within the Stores Officer's financial delegation of up to \$5,000</li> <li>Receiving deliveries of stock, including receipting stock transactions in TechOne</li> <li>Issuing general stores items to appropriate personnel, including issuing stock transactions in TechOne</li> <li>Posting stock adjustments in TechOne</li> <li>Performing stocktakes, including the initial stock count and any recount from variances into TechOne. However, it is noted that the Divisional Accountant will perform ad hoc audits across the store at the end of financial year stocktake.</li> </ul> <p>However, through stakeholder consultation it was noted that there has been no instances of misappropriation of stock reported by the CCS.</p> <p>For internal controls to be effective, there should be an appropriate division of responsibilities among those who handle assets and perform accounting procedures or control activities</p>	<p>A lack of segregation of duties may result in an increased risk that internal controls are breached in relation to stores management processes, including an increased risk of misappropriation of stock.</p> <p>Reliance on a single individual may also create a key person risk, including the possibility of knowledge loss and/or delays in stores management process should the individual be absent or leave the CCS.</p>	<p>Internal Audit recommends that the CCS:</p> <ol style="list-style-type: none"> <li>Consider implementing appropriate segregation of duties across key stores management activities. This should include consideration of the following: <ul style="list-style-type: none"> <li>Ordering of stock</li> <li>Receipting of stock</li> <li>Issuing stock from the store</li> <li>Performing stocktakes.</li> </ul> </li> <li>Investigate the opportunity to workflow stock adjustments in TechOne.</li> </ol>	<p>The CCS to review the risks posed by the lack of segregation of duties for stores. Management to put in place a control plan, noting that current resourcing means that alternative controls may be required.</p>

**Responsibility:** Manager Governance and Operational Support

**Target date(s):** 30 April 2021

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### Finding 2 – Limited formal training provided to stores staff in relation to chemical handling and awareness

**Moderate**

Finding(s)	Risk(s)	Recommendation(s)	Agreed Management Action(s)
<p>There is limited formal training provided to stores staff in relation to chemical handling and awareness.</p> <p>The CCS utilises the chemical management system, Chemwatch, to record all substances maintained by the CCS including safety data sheets providing critical information for hazardous chemicals. Hazardous chemicals such as herbicide sprays are delivered and stored at the CCS's Nursery, with only trained staff authorised to decant and use these products.</p> <p>However, it was noted that the Stores Officer receives general stores items such as fly spray, fertiliser and chemical products for automotive maintenance to the store. Upon review of the Stores Officer's training report, it was identified that the Stores Officer has not received formalised training on chemical awareness.</p>	<p>If relevant staff are not trained in the safe handling and storage of chemicals, this may result in serious injury or damage to employee health, environmental harm or property damage.</p>	<p>Internal Audit recommends that the CCS provide chemical handling and awareness training to all stores staff to ensure chemicals are used safely and minimise the risk of mishandling. Additionally, periodic refresher training should be provided when required.</p>	<p>Training has been undertaken in relation to chemical handling and awareness. The CCS will schedule advanced training as well as regular refresher training for stores personnel.</p>

**Responsibility:** Manager Governance and Operational Support

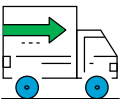
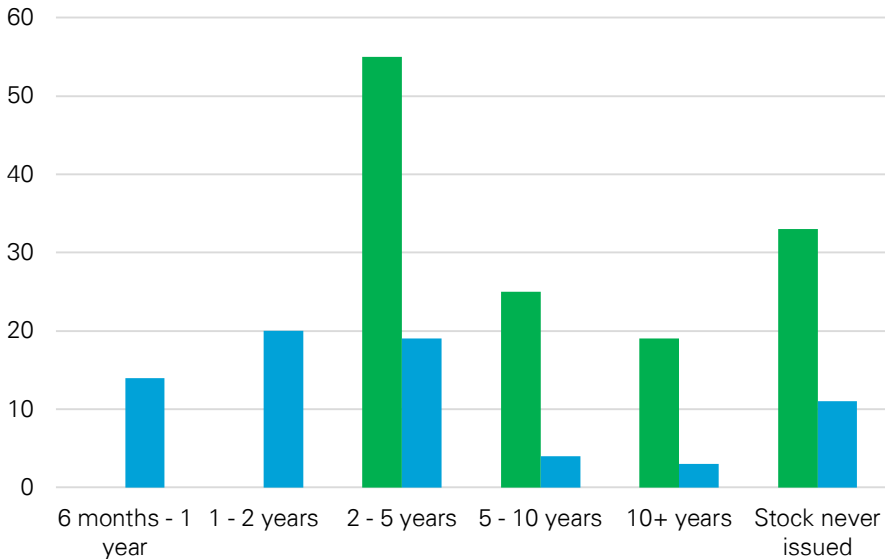
**Target date(s):** 31 December 2021

# 4.0 Stores Stock Data Analytics

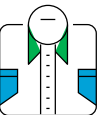
4.1 Slow moving stock data analysis

As a part of our internal audit, high level data analytics was conducted over slow moving stock data to assess the aging profile and the turnover of stock for the Councils. A summary of the key findings and themes from analytics is presented below. It is noted that the slow moving stock dataset analysed for the CCS only included stock that had not been issued in the last two (2) years or greater due to system reporting limitations. As a result, there is no information for the periods of “6 months – 1 year” and “1 – 2 years” for the CCS in both graphs.

Graph 1 – Quantity of slow moving stock products since last issue date

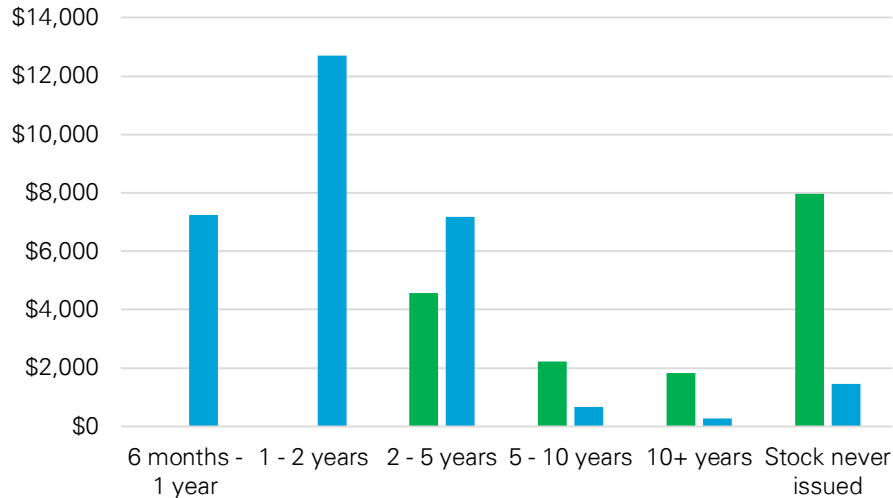


**14** and **48** of the above slow moving stock products for the CoM and the CCS respectively have not been issued since the last order was received.



In relation to stock never issued, the average amount of days since the stock was receipted into the store was **331 days** for the CoM and **269 days** for the CCS.

Graph 2 – Value (\$) of slow moving stock products since last issue date



A total of **71** slow moving stock products equating to a total value of **\$29,513** had not been issued from the CoM’s store in the last six (6) months or greater, as of 30 June 2020. This equates to **12.62%** of the CoM’s stock balances for the City Services Depot as of the FY19/20 stocktake.



A total of **132** slow moving stock products equating to a total value of **\$17,534** had not been issued from the CCS’s store in the last two (2) years. This equates to **10.70%** of the CCS’s stock balances for the Beverley Centre Depot as of the 3 July 2020.

# Appendices

# Appendix 1 – CoM Previous Stores Management Recommendations

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As per the audit scope, one of the objectives for the CoM was to follow up the actions taken in relation to the recommendations made in the previous Stores Management report. Detailed below are the actions taken since the previous report.

Action #	Recommendation	Responsibility	Target Date	Status	Internal Audit Comment
1.1	The allocation of what is stock compared to general stores could be defined and documented more clearly. To assist with this classification process the CoM should develop a decision tree.	Unit Manager Operational Support	August 2017	Complete	Procedure reviewed includes notation of an explanation as to what is stock and what is non-stock (general stores).
3.1	Explore alternative stock recording systems, to reduce the risk of error associated with the transposing of the A3 paper sheet to Authority.	Unit Manager Operational Support	December 2017	Ongoing	While A3 sheets are still in place due to resourcing and system limitations (see <b>Joint Finding 3</b> ) this will be looked at as part of the CoM's Digital Transformation.
3.2	The CoM should explore the option to utilise the "min/max" stock level reporting functionality from Authority and review this report on a timely basis to highlight demand and assist in purchasing of stock.	Unit Manager Operational Support	August 2017	Complete	This has been applied within the Authority Stock Management process and is ongoing.
3.3	Increase the utilisation of security cameras at the Stores and Recycling Depot facilities.	Unit Manager Operational Support	August 2017	Complete	Additional CCTV has been placed within Stores and the Southern Depot.
3.4	Explore opportunities to reduce the CoM's volume of stock holdings.	Unit Manager Operational Support	Applied and on going	Ongoing	This is an ongoing process and has been incorporated into BAU activities. <b>Joint Finding 2</b> has been raised in relation to slow moving stock.
3.5	Based on discussion and review of the spot checks, these were not occurring with sufficient regularity. Spot checks should be implemented on a weekly basis.	Unit Manager Operational Support	Complete and ongoing	Complete	Weekly spot checks implemented, however not always documented as complete (see <b>Joint PIO 2</b> ). Frequency to be reviewed (e.g. fortnightly).
4.1	The CoM continue to limit the use of general stores items in favour of recording items as stock.	Unit Manager Operational Support with support of SLT	Ongoing	Complete – ongoing	This is ongoing within the CoM with initiatives such as use of "Inventory Stock" within Authority decreasing reliance on general stores items.
4.2	All loaning of Council tools and equipment should be approved by the relevant Operational Manager, to ensure traceability of loaned items.	Unit Manager Operational Support	Complete and ongoing	Complete	Procedure in place and all samples of loaned equipment approved appropriately. However, better practice in relation loaned equipment has changed and Procedure reviewed ( <b>CoM Finding 1</b> ).

# Appendix 1 – CoM Previous Stores Management Recommendations

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As per the audit scope, one of the objectives for the CoM was to follow up the actions taken in relation to the recommendations made in the previous Stores Management report. Detailed below are the actions taken since the previous report.

Action #	Recommendation	Action Officer	Due Date	Status	Internal Audit Comment
5.1	The CoM should explore implementing alternative options (e.g. tablet-based solution, weighbridge, etc.) to capture product in and out of the recycling depot, to reduce the risk of lost transactions or transposing errors in the inventory recording process.	Unit Manager Operational Support	December 2017	In Progress	Investigations underway into use of laptops. As noted in <b>Joint Finding 3</b> this will be looked at as part of the CoM's Digital Transformation.
6.1	On a monthly basis, the product received and issued transaction history from the Recycling Depot should be provided by Operational Support to the Operations Units to promote transparency and budget accountability by all parties.	Unit Manager Operational Support	July 2017	Complete	Transaction history from the Recycling Depot noted to be provided on a monthly basis, however timeliness and manual nature of transaction reporting to be considered (see <b>Joint Finding 3</b> ).
6.2	The CoM consider the option of ceasing the paper delivery service and utilising the stationery supplier to deliver paper directly to each of CoM's sites.	Unit Manager Operational Support	October 2017	Complete	This was considered by the CoM and was determined not to be a viable option.
7.1	The CoM aims to optimise the Stores' staff available time by continuing to utilise cross-training of Operational Support Unit staff to ensure continuous service delivery within Stores. This will reduce the instances of lost time for operational teams caused by unavailability of Stores staff.	Unit Manager Operational Support	September 2017 and ongoing	Complete	Cross training provided to all Stores Team and training remains ongoing as new staff commence.
9.1	The CoM establishes a methodology for creation of the CoM internal rates used for the Recycling Depot, based on cost recovery principles.	Unit Manager Operational Support	Assessed June for July each year	Complete	Methodology in place for calculation based on actual or estimated volume and calculated each year.
9.2	The CoM should continue to obtain on an annual basis the best available 'special' rates for comparison purposes of the CoM internal rates to the industry assessed option	Unit Manager Operational Support	Assessed June for July each year	Complete	Noted to perform annual comparison to advertised product costs from ResourceCo.

# Appendix 2 – CoM Risk Register, Stores Management Controls

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As per the audit scope, one of the objectives for the CoM was to review of the effectiveness of any controls identified within the CoM's risk register related to stores, including depot stock management. Detailed below is a summary of the CoM's risk register related to stores.

ELT Risk Owner	Risk Description	Risk Causes / Sources	Inherent Risk Rating	Current Controls / Contingencies in Place	Current Risk Rating	KPMG Comment
City Services	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>	EXTREME	<ol style="list-style-type: none"> <li>Asset Management Plan</li> <li>Civil budget</li> <li>Civil works program</li> <li>Budget for Asset Management Plan and Civil Works program</li> <li>Streetscape Policy &amp; service delivery standards</li> </ol>	MEDIUM	<ul style="list-style-type: none"> <li>All staff noted to be able to access required stores materials through stores staff and processes as required.</li> <li>Ordering and maintaining of stock levels performed regularly.</li> </ul>
City Services	Failure to appropriately manage high risk activities by CoM Staff (underground services, hot works, working @ heights, powered plant, etc.)	<ul style="list-style-type: none"> <li>Absent, outdated or inadequate SWMS, SWPs, SOPs, Risk Assessments (due to under resourcing, inappropriate time management, low team / organisational prioritisation, insufficient investment in Worker safety)</li> </ul>	EXTREME	<ol style="list-style-type: none"> <li>Staff Induction inc. WHS procedures</li> <li>WHSMS Policies, Procedures &amp; Hazardous Work Handbooks</li> <li>Hazard Register identifying hazards works/risk</li> <li>SWMS, SWPs, SOPs and Risk Assessments</li> <li>Site supervisors sign-off of Permit where required</li> <li>JSEA undertaken prior to commencement of work</li> <li>Site supervisors oversight of Workers</li> <li>Hand dig more frequently</li> <li>Regular monitoring/review of outstanding Skytrust WHS actions</li> <li>Incident Reporting mechanism</li> <li>Workgroup leaders monitor staff fitness for work</li> <li>Review of SWP's, SOP's and risk assessments completed, regular safety observations being undertaken</li> <li>HotWorks Permit Issuer Training</li> </ol>	MEDIUM	<ul style="list-style-type: none"> <li>Appropriate and regular safety checks performed of Store, including ad hoc walkthroughs of Store to monitor storage of stock.</li> <li>Appropriate physical security in place to prevent inappropriate access to stores.</li> </ul>



# Appendix 2 – CoM Risk Register, Stores Management Controls

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ELT Risk Owner	Risk Description	Risk Causes / Sources		Inherent Risk Rating	Current Controls / Contingencies in Place			Current Risk Rating	KPMG Comment		
City Services	Failure to appropriately manage high risk activities by CoM Staff (working with lifts, hoists, ramps, platforms, hazardous waste materials, on call, etc.)	<ul style="list-style-type: none"><li>Absent, out-dated or inadequate SWMS, SWPs, SOPs, Risk Assessments- inability to ensure safe working environment</li><li>Ineffective safe work practice processes in place throughout the workplace</li><li>Failure to safeguard those using high risk equipment</li><li>Failure of communications during power outages</li></ul>		EXTREME	<ol style="list-style-type: none"><li>SWMS &amp; SWP all areas (zero harm culture)</li><li>Regular specialist training</li><li>JSEA to check prior to undertaking jobs</li><li>Trained staff operating the machinery (Cert III minimum)</li><li>Supervisor oversight of Workers</li><li>Alternative communication methods to ensure workforce contacts (eg - regular call ins, known routines, supervisor physical checks, man down lanyards)</li><li>Review of SWP's, SOP's and risk assessments completed, regular safety observations being undertaken</li></ol>			MEDIUM	<ul style="list-style-type: none"><li>Hazardous waste materials noted to be secured and appropriate physical access barriers in place.</li><li>Stores staff to have undertaken ChemSafe training and check register for authorised users prior to provision of dangerous goods.</li></ul>		
City Services	Non compliant, inappropriate, ineffective and/or sub standard delivery of infrastructure (roads, drainage, footpaths, etc.)	<ul style="list-style-type: none"><li>Inadequate project handover from engineers/designers</li><li>Ineffective project management</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>Access to quality staff</li><li>Access to quality materials</li></ul>		EXTREME	<ol style="list-style-type: none"><li>Project handover from Engineering</li><li>Asset Management Plan</li><li>Streetscape Policy &amp; service delivery standards</li><li>Civil budget</li><li>Civil works program</li><li>HR Policies &amp; Processes</li><li>Stores procurement of materials</li><li>Work meets compliance obligations</li><li>Outsource work in specialised areas</li><li>Standard drawings</li><li>Practical completion assessment</li></ol>			MEDIUM	<ul style="list-style-type: none"><li>All staff noted to be able to access required stores materials as needed.</li><li>Ordering and maintaining of stock levels performed regularly.</li></ul>		
City Services	Non compliant, inappropriate, ineffective and / or sub standard customer response and / or service delivery by Operational Support (safe & prompt vehicle maintenance, appropriate procurement via stores, timely & accurate support and supplier payment by Operational Admin, reactive Out of Hours provision, etc.)	<ul style="list-style-type: none"><li>Inability to recruit &amp; retain trained staff</li><li>Inability to manage ageing workforce</li><li>Inadequate product knowledge (eg: manufacturer warranties, EPA compliant, 'fit for purpose')</li><li>Weak internal controls (eg: payment processes / data input procedures / monitoring &amp; review)</li><li>Absent, out dated , ineffective frameworks, policies, procedures &amp; processes</li></ul>		MEDIUM	<ol style="list-style-type: none"><li>Key Op Support resources (workshop etc) are prioritised to meet business need &amp; service levels.</li><li>Robust levels of procurement/contracting procedures (eg: segregation of duties, controlled processes, qualified staff)</li><li>Qualified &amp; competent staff ensuring good customer service</li><li>Skilled &amp; specialist workforce for high risk areas</li><li>Service delivery outlined in WAP and KPIs</li><li>Work processes comply with legislative &amp; statutory requirements (eg: WHS Act &amp; Environmental Protection Act)</li></ol>			MEDIUM	<ul style="list-style-type: none"><li>All staff noted to be able to access required stores materials through stores staff and processes as required.</li><li>Ordering and maintaining of stock levels performed regularly and in accordance with appropriate segregation of duties.</li></ul>		

# Appendix 3 – Staff Consultation

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

## City of Charles Sturt (CCS)

Name	Title
Julie Tucker	Fleet Administration & Customer Liaison Officer
Lucy O'Callaghan	Acting Stores Officer
Dulcie Turci	Water Business Unit Coordinator (Previous Stores Officer)
Donna Stubbs	Divisional Accountant
Tracey Ware	Senior Safety Business Partner
Fred Davis	Security Officer
Kerrie Jackson	Manager Governance and Operational Support
Alana Martin	Team Leader Governance and Business Support
Sanchit Rathee	Internal Controls Officer

## City of Marion (CoM)

Name	Title
Tony Lines	General Manager City Services
Fiona Harvey	Manager Operations
Roger Belding	Unit Manager Operational Support
Aaron Coombes	Team Member Operational Support Stores
Geoff Huxtable	Team Member Operational Support Stores
Joanne Thomas	Coordinator Operational Support
Mary Thompson	Administration and Purchasing Officer
Alana Rabbett	Administration Reception Officer
Kate McKenzie	Manager Corporate Governance

# Appendix 4 - Classification of Findings

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## City of Marion (CoM)

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>

# Appendix 4 - Classification of Findings

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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>
<b>Low</b>	Issue represents a minor control weakness, with minimal but reportable impact on the ability to achieve process objectives.	<ul style="list-style-type: none"> <li>Minor impact on internal business only.</li> <li>Minor potential impact on reputation.</li> <li>Should not decrease the public's confidence in the Council.</li> <li>Minimal decline in service/product delivery, value and/or quality recognised by stakeholders.</li> <li>Contractual non-compliance or breach of legislation or regulation with unlikely litigation or prosecution and/or penalty.</li> <li>First aid treatment.</li> </ul>	<ul style="list-style-type: none"> <li>Timeframe for action is subject to competing priorities and cost/benefit (i.e. 90 days).</li> </ul>

# Disclaimers

## Inherent Limitations

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

We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, the CCS' and 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 CCS and 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 the CCS' and the 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 CCS and the CoM Finance and Audit Committee or its delegate in connection with our engagement to perform internal audit services as detailed in contract "Provision of Internal Audit Services – Cities of Charles Sturt and Marion", executed 10 July 2019. Other than our responsibility to the CCS and 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 CCS' and 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 CCS and 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 October 2020 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 CCS and the CoM and KPMG accepts no liability if the report is or has been altered in any way by any person.



# City of Marion

## Internal audit project scope: **Project carryovers**

November 2020

# Internal Audit Program 2020/21: Project carryovers

In accordance with the 2020/21 Internal Audit Plan for the City of Marion (CoM), an internal audit project focussing on the CoM's management of project carryovers is to be performed. The objective, scope and approach are outlined below.

## Objective

The objective of this internal audit will be to review the CoM's framework for the management of project carryovers and project variations.

## Scope of services

The scope of the project carryovers internal audit will consider the following areas:

- Governance processes for management of project carryovers, including relevant review and approvals.
- Project planning, program planning and prioritisation processes in place to minimise the level of project carryovers.
- Project budgeting and scheduling processes for multi-year projects.
- High-level analysis of resources in the broader context of managing the past and future delivery of the capital works program, including consideration of existing workforce capacity to effectively deliver the capital works program in a timely manner.
- The interface between the project delivery team with the Finance team, and how updated project information is communicated and reported between teams.
- Project status reporting and forecasting of project variations and/or carryovers, and specifically those utilised for projects which span multiple years.
- The categorisation and reporting of project carryovers.
- Benchmarking of carryovers, project management planning and financial reporting processes to identify opportunities for better practice improvements.

- Benchmarking, comparison and analysis of spend in each quarter to compare annual spend profile
- Validate the reported carryover KPI and confirm the percentage of carryovers for the last five years, including the total capital works budgets versus what was completed, and the amount carried over.
- Review the effective implementation of recommendations from the FY2016/17 Capital Works Internal Audit Report, including a specific focus on the implementation of recommendations for improvements to processes and controls related to the management of project planning, financial reporting and carryovers.

## Approach

The approach for the project carryovers internal audit project will include:

- Desktop review of relevant documentation including existing policies, procedures, processes and controls documented by the CoM.
- Consultation with key stakeholders to understand:
  - Project planning and financial reporting processes at the CoM, including walkthroughs of key systems and processes
  - The root causes contributing to project carryovers, and to identify relevant trends.
- Performing walkthroughs and sample testing, where appropriate, to validate our understanding and to assess the design and operating effectiveness of controls associated with the management of project carryovers.
- Preparation of an internal audit reporting detailing our findings, improvement opportunities and recommendations.

## Stakeholders

The following CoM stakeholders will be consulted as part of the internal audit project:

Personnel	Position title
Tony Lines	General Manager City Services
Kate McKenzie	Manager Corporate Governance
Fiona Harvey	Manager Operations
Ray Barnwell	Manager Finance
Matthew Allen	Manager Engineering, Assets and Environment
Heath Harding	Unit Manager – Finance Partnering & Rates
Thuyen Vi-Alternetti	Manager City Property
Greg Salmon	Manager City Activation

## Resources and Budget

The team members and proposed budget for the Project carryovers internal audit project are listed in the following table:

Name	Position	Hourly rate (excl. GST)	Est. hours	Sub-total (excl. GST)
Eric Beere	Partner	\$355	6	\$2,130
Jonathan Giesecke	Associate Director (Subject Matter Expert)	\$260	17	\$4,420
Heather Martens	Associate Director	\$260	22	\$5,720
Scott Jeffree	Senior Consultant	\$155	75	\$11,625
<b>Total (excl. GST)</b>				<b>\$23,895</b>

## Timing

The proposed timing for the project carryovers internal audit project is for the project to commence January 2021 with a draft report completed for consideration by March 2021.





## Approvals

We are in agreement with the scope document for the project carryovers internal audit project.

### CoM Internal Audit Project Sponsor:

*Name: Tony Lines*

*Signed:*

*Date:*

### KPMG Internal Audit Partner:

*Name: Eric Beere*

*Signed:*

*Date:*

## Disclaimers

### *Inherent limitations*

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

No warranty of completeness, accuracy or reliability can be given in relation to the statements and representations made by, and the information and documentation provided by, City of Marion's Management and personnel. We shall seek to independently verify those sources unless otherwise noted within the report. We are under no obligation in any circumstance to update the report, in either oral or written form, for events occurring after the report has been issued in final form unless specifically agreed with City of Marion. The internal audit findings expressed in the report will be formed on the above basis.

### *Third party reliance*

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

## Framework and Key Assumptions for the Preparation of the 2021/22 ABP and LTFP

<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 - Sorana Dinmore
<b>Report Reference</b>	FAC201208R05

### REPORT OBJECTIVE

The purpose of this report is to present to the Finance & Audit Committee (FAC) for its consideration and feedback:

- The proposed framework in setting the Annual Business Plan 2021/22 (ABP) & Long Term Financial Plan (LTFP) including a review of financial parameters and key budget assumptions
- The associated risks with the proposed framework and key budget assumptions

Prior to the preparation of the next iteration of Council's LTFP and ABP 2021/22 as part of the Annual Business Planning process recently commenced, the FAC'S feedback is sought on the proposed framework and key assumptions.

### RECOMMENDATION

**That the Finance & Audit Committee:**

- 1. Provide feedback on the proposed framework, key assumptions and associated risks in setting the Annual Business Plan for 2021/22 and the Long Term Financial Plan**
- 2. Provide feedback on the Environmental Scan (Attachment 3) as an input into the Draft ABP 2021/22 and Draft LTFP.**

### DISCUSSION

The Annual Business Planning process has recently been initiated for the development of the 2021-22 Annual Business Plan (ABP) and review of Council's Long Term Financial Plan (LTFP). The table in attachment 1 outlines the key steps and indicative time frames in the planning and budgeting process. It also highlights the critical decision points for Council through the process (highlighted in the blue shaded areas) and the opportunities for FAC feedback (highlighted in the green shaded areas).

As part of the Annual Business Planning process and prior to the preparation of the next iteration of Council's LTFP and ABP 2021/22, the Finance & Audit Committee's feedback is sought on the proposed framework and key assumptions.

The next iteration of Council's 2021/22 LTFP is being drafted and will include adjustments to incorporate any identified ongoing savings from 2019/20 and alignment of the funding requirements identified in Council's recently adopted asset management plans. Another element to be incorporated, likely to have a material impact, is the reduction in interest rates offered on cash deposits held with the Local Government Financing Authority. During the past 18 months the weighted average return has decreased by two thirds.

Another potential impact on the next iteration of the LTFP is any change that may occur in relation to the scheduled Superannuation Guarantee increase - scheduled to increase by 0.5% to 10% on 1 July 2021, and then continue in 0.5% increments annually, until it reaches 12% on 1 July 2025. These increments are currently incorporated into Council's adopted LTFP, though it is worth noting it is currently being debated by the Commonwealth Government and may change.

Notwithstanding the above changes, the proposed framework for 2021/22 is based on the framework included in Council's 2020-2021 ABP and LTFP as detailed below:

#### **Framework:**

- **Support the achievement of the City of Marion's Strategic Directions**  
*Comments: No Change Proposed*
- **Address issues arising and opportunities identified from internal audit reviews, service reviews and business excellence assessments.**  
*Comments: No Change Proposed*
- **Maintain, on average, a break-even or better funding (cash) position over the Long Term Financial Plan.**  
*Comments: No Change Proposed*
- **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.**  
*Comments: No Change Proposed*
- **Review existing services and assets to ensure they meet prioritised community needs.**  
*Comments: No Change Proposed*
- **Council only approve new Major Projects where it has the identified funding capacity to do so.**  
*Comments: No Change Proposed*
- **Maintain Council's position for an average residential rate which remains among the lower rating in metropolitan councils.**  
*Comments: No Change Proposed*

#### **Key Assumptions**

In developing the Draft LTFP and Draft ABP 2021/22, the following key assumptions and variables are proposed:

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

**Indexation** - The 2021/22 budget will be based off historical actuals adjusted where appropriate by Adelaide CPI (currently - 1.0% in September 2020). Indexation beyond 2021-22 will also be set at a 2.5% increase per annum in line with the Reserve Bank's target inflation rate of 2-3 per cent, on average over time, with the following exceptions:

- **Rates** - Following Council's decision to implement a zero % rate increase to support our community during Covid-19 applied to rates in 2020-21, years 2 - 4 of Council's adopted LTFP (attachment 2) are based on a 1.8% increase, moving to 1.4% in 2024/25 and down to 1.3% beyond 2027/28.

Council have requested rate modelling options for consideration ranging from 0% to 1.8%. Along with a draft high level budget, this modelling will be presented to Council at the planning day on 30 January 2021.

**Comment:** Council has over the past 5 years been in a position to decrease the rate increase applied, down from (4.9% - 2015/16, 2.5% - 2016/17, 2.2% - 2017/18 to 1.8% in 2018/19 and 2019/20 and zero average rate increase in 2020/21).

Rate modelling options will need to consider balancing the real cost of service provision and service demand from the community, with the financial impact this may have on Marion ratepayers and their capacity to pay.

In considering these rating options, Council should seek to set rates that minimise the impact on the community, but enable the achievement of its long term strategies, while maintaining a break-even or better cash position over the LTFP ensuring long term financial sustainability.

- **Employee Costs** - Are currently set at 2.3% in 2021/22 and across the remainder of the LTFP. The scheduled change in the Superannuation Guarantee still proposed to commence on 1 July 2021 - with five annual increases of 0.5% each is currently incorporated into the LTFP. The Super Guarantee increases are currently being debated by the Commonwealth Government and may change.

**Comment:** The Salary Enterprise Agreement (EA) is set for 2.0% or CPI whichever is higher for 2021/22. The Wages EA is set to expire in June 2021 currently has an increase of 2.5% or CPI if higher.

The corporate KPI relating to Total Employee Costs has a Core target of “less than or equal to 3% increase in actual employee costs” and a Stretch target of “less than or equal to 2%”. With the current assumption and EAs, the projected increase falls within the core target.

With the attraction of Commonwealth and State Government stimulus funding the impact on resource requirements to deliver such projects and initiatives will need to be considered in the development of the 2021/22 draft budget.

- **Interest expenses** - are directly related to Council borrowings and cash flows.

**Comment:** Forecast interest rates are based on current rates with an added margin giving consideration for future potential rate increases. These are currently at a record low with 10 year plus indicative rates provided by the Local Government Financing Authority (LGFA) also showing comparatively very low yields.

- **Interest revenue** - is directly related to Council's investments and cash flows and is carefully monitored in line with interest rate movements. This rate currently is at a record low, and returns have decreased significantly over the past 18 months. Long term forecasts provided by the LGFA indicate low rates for the duration of the LTFP and these need to be recognised.
- **Non Recurrent Costs/ Revenues** - An adjustments schedule is maintained to account for any future variations in operating activities (e.g. an adjustment is made for election expenses to reflect that they only occur once every four years).
- **Capital Grants, subsidies and monetary contributions** - reflect tied monies received in relation to the purchase/construction of new assets and are budgeted in accordance with information known at the time of preparing this document.
- **Contributed Assets** - from developers (includes roads, footpaths, drains etc. provided by developer or new subdivisions occurring in the Council area) will be budgeted in accordance with information known at the time of preparing this document.

## Risks in the preparation of the ABP&B and LTFP

There are a number of potential risks that Council should be aware of and consider when assessing the Framework and Key Assumptions:

**1. Rates** - Should any form of rate capping or restriction on Council's ability to raise its required rates be introduced, it may prove challenging in the long term and could hinder the provision of new services that the community may require. Council will need to continue to investigate and develop strategies to reduce the reliance on such rate increases, balancing this with the real cost of service provision and service demand from the community.

**2. Employee Costs** - Dependant on the outcome of future Enterprise Agreements:

- The outside workforce agreement (EA number 10) expires on 30 June 2021 and negotiations will commence for a new EA in 2021. EA number 10 provided for a 2.5% over the 3 years with a CPI safety net.
- The current inside workforce agreement (EA number 9), expires on 30 June 2022 and provides for 2.0% for each of the 3 years, also with a CPI safety net.
- The Corporate KPI for employee cost increase has a target of 3.0%, with a stretch of 2.0%. Capping employee costs at 2.3% places reliance on being able to realise efficiency gains in staffing levels in years where CPI exceeds this figure. This increase may also not be sustainable should service levels increase and associated increases in staffing levels be required. Any increases over 2.3% in the early years of the LTTP have a compounding effect which could have a significant impact.

**3. Competing priorities and community expectations** - There are currently a number of unfunded aspirational strategic projects identified for further investigation across the City that require partnership funding to proceed. It is crucial that aspirational strategic projects are prudently assessed with appropriate due diligence and in a disciplined manner to ensure Council's long-term financial sustainability is preserved.

**Capital Renewal requirements** - currently identified in Council's adopted AMP's for existing assets have been assessed against the LTTP, which currently indicates sufficient funding in total, however timing of funds and works for different asset classes does need further alignment. Work on Council's AMP's is ongoing and being refined with each iteration. These AMP's will greater inform the LTTP as they become more sophisticated and be fully incorporated into the LTTP.

## Environmental Scan

An environmental scan is undertaken periodically as part of the Annual Business Planning process to identify and analyse critical issues and opportunities through application of the PESTLER framework (Political, Economic, Social, Technological, Environmental, Legal and Relationships). The findings may have potential to impact on council's project and program delivery, business-as-usual activity, and reputation risk in the sector. A comprehensive review is provided in Attachment 3.

The scan findings were reviewed in November 2020 and a number of risks and opportunities were identified. These are being considered through the development of the 2021/22 Annual Business Plan:

- Significant economic stimulus grant funding opportunities from both Federal and State Governments that require tight project delivery time frames
- Staff resource capacity to deliver on projects within Council's Business Plan 2019-2023 and other strategic initiatives
- Potential project delivery risks and costs due to the supply and demand within the construction sector at present
- Ongoing monitoring and responsiveness to COVID-19 until a vaccine is available and proven effective in 2021 and beyond
- Future impacts resulting from the Planning and Design Code as a result of ongoing talks within the sector
- A continued focus on reduced rates by Elected Members
- Continued growth and development within the Tonsley Innovation District and Edwardstown revitalisation opportunities.
- Commitment by the State Government to the North -South Corridor
- Unknown implications that may arise out of Asset Management Plans and potential financial implications to council

- Climate Change priority actions which need to be implemented to further embed climate risk governance
- Local Government reforms- there are a number of proposed amendments that if passed in Parliament may result in liability of costs to councils

The Finance & Audit Committee's feedback is sought on any issues or considerations that the committee considers should be included.

The environmental scan will continue to inform a range of areas including Council's suite of strategic plans, public policies, operational plans, and the Risk Working Group.

### Targeted Savings

As in prior years, there will continue to be a strong focus on identifying ongoing savings during the preparation of the ABP 2021/22. It should be noted that identified savings/surpluses in both operating and capital expenditure of **\$3.663m** were achieved and recently reported to Council as part of the First Budget Review following the completion of the 2019/20 audited financial statements.

Council services will continue to be reviewed during the preparation of the ABP 2021/22 and any areas where further efficiency and effectiveness savings are identified through Business Service Reviews will be incorporated into the development of the ABP 2020/21 and the LTFP.

### Conclusion:

Feedback is sought from the Finance and Audit Committee in regards to the Framework, Key Assumptions, Risks and Environmental Scan in the preparation of the draft ABP 2021/22 and LTFP.

### Attachment

#	Attachment	Type
1	Attachment 1 ABP planning and budget process	PDF File
2	Attachment 2 Adopted 10yr LTFP	PDF File
3	Attachment 3 Comprehensive Environment Scan	PDF File

## Annual Business Plan 2021-22 Planning and budgeting process

## Attachment 1

Stage	Focus	Timing
1	Staff analysis of planning inputs – Research and Engagement for the Environmental Scan, committed projected/program and labour budgets.	October-January
2	High level draft budget model development: <ul style="list-style-type: none"> <li>Elected Members input in setting tolerance/ key assumptions, parameters for management</li> <li>Elected Members consideration of current unfunded initiatives, new priority initiatives and staff new initiatives</li> <li>Draft Budget Model developed based on parameters set</li> </ul>	November-January
3	Finance & Audit Committee - Feedback on the proposed framework, assumptions and associated risks in setting the Annual Business Plan for 2021/22 and the Long-Term Financial Plan	8 December
4	<ul style="list-style-type: none"> <li>LTFP aligned with set parameters, Council resolutions and prioritised new activities</li> <li>High Level draft Budget/LTFP model presented to Elected Members</li> </ul>	January Planning Day- 30 January
5	Finance & Audit Committee – Update provided on Development Draft Annual Business Plan & LTFP, Framework and Assumptions – FAC feedback sought	23 February
6	Draft Annual Business Plan /LTFP Framework and Assumptions endorsed and adopted	March
7	<ul style="list-style-type: none"> <li>Elected Member Forum – Rating data, rates discussion, 2021/22 priority projects list modelling.</li> <li>Draft Annual Business Plan and Comprehensive Draft Budget</li> </ul>	16 March
8	Set Tentative Rates  Set draft priority projects list for consultation	March-April
9	Draft Annual Business Plan endorsed and adopted for Community Consultation	27 April
10	Community Consultation period (Min. 21 Days)	28 April - 18 May
11	Community Consultation Feedback to Council	25 May
12	Final rates discussion Final priority projects discussions	May - June
13	Finance & Audit Committee – Update on Community Consultation Feedback	18 May
14	Final Draft Annual Business Plan and LTFP endorsed by Council for Adoption	8 June
15	Annual Business Plan / LTFP adopted	22 June



<b>City of Marion</b> <b>10 Year Financial Plan for the Years ending 30 June 2030</b> <b>BUDGET SUMMARY - GENERAL FUND</b> <b>Scenario: LTFP 2020-2030</b>										
	Projected Years									
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	0.00%	1.80%	1.80%	1.80%	1.40%	1.40%	1.40%	1.30%	1.30%	1.30%
<b>Income</b>										
Rates	80,044	82,286	84,584	86,946	89,035	91,174	93,364	95,516	97,718	99,970
Statutory Charges	2,161	2,215	2,271	2,328	2,386	2,445	2,507	2,569	2,633	2,699
User Charges	2,278	2,335	2,393	2,453	2,514	2,577	2,642	2,708	2,775	2,845
Grants, Subsidies and Contributions	7,824	7,097	6,139	6,293	6,450	6,611	6,777	6,946	7,120	7,298
Investment Income	755	987	1,073	1,131	1,176	1,233	1,288	1,349	1,422	1,512
Reimbursements	1,164	873	895	918	940	964	988	1,013	1,038	1,064
Other Income	1,234	476	481	485	490	496	501	506	512	518
Net gain - equity accounted Council businesses	365	376	387	399	411	423	436	449	462	476
<b>Total Income</b>	<b>95,826</b>	<b>96,645</b>	<b>98,223</b>	<b>100,952</b>	<b>103,403</b>	<b>105,924</b>	<b>108,502</b>	<b>111,056</b>	<b>113,681</b>	<b>116,382</b>
<b>Expenses</b>										
Employee Costs	37,959	38,689	39,120	40,166	41,139	42,253	43,225	44,219	45,236	46,277
Materials, Contracts & Other Expenses	35,148	33,974	34,667	34,407	35,132	36,009	37,553	37,830	38,775	39,743
Depreciation, Amortisation & Impairment	15,708	16,792	17,464	18,162	18,889	19,644	20,430	21,247	22,097	22,981
Finance Costs	322	329	590	628	536	468	398	324	247	172
<b>Total Expenses</b>	<b>89,137</b>	<b>89,784</b>	<b>91,841</b>	<b>93,363</b>	<b>95,695</b>	<b>98,375</b>	<b>101,606</b>	<b>103,621</b>	<b>106,355</b>	<b>109,173</b>
<b>Operating Surplus</b>	<b>6,689</b>	<b>6,861</b>	<b>6,382</b>	<b>7,589</b>	<b>7,708</b>	<b>7,549</b>	<b>6,895</b>	<b>7,436</b>	<b>7,326</b>	<b>7,209</b>
<b>Operating Surplus Ratio</b>	<b>6.98%</b>	<b>7.10%</b>	<b>6.50%</b>	<b>7.52%</b>	<b>7.45%</b>	<b>7.13%</b>	<b>6.36%</b>	<b>6.70%</b>	<b>6.44%</b>	<b>6.19%</b>
Amounts Received Specifically for New or Upgraded Assets	8,163	-	-	-	-	-	-	-	-	-
<b>Net Surplus / (Deficit) for the Year</b>	<b>14,852</b>	<b>6,861</b>	<b>6,382</b>	<b>7,589</b>	<b>7,708</b>	<b>7,549</b>	<b>6,895</b>	<b>7,436</b>	<b>7,326</b>	<b>7,209</b>
<b>Capital (Balance Sheet) and Reserve Movements</b>										
Capital Expenditure	(45,112)	(32,110)	(25,258)	(23,067)	(23,237)	(23,983)	(24,810)	(25,845)	(26,859)	(27,703)
Loan Repayments (External)	(1,245)	(994)	(1,714)	(2,044)	(1,470)	(1,537)	(1,607)	(1,681)	(1,759)	(1,419)
New Loan Borrowings (External)	2,000	8,000	2,960	-	-	-	-	-	-	-
Net Transfers (to)/from Reserves	14,317	2,101	648	(315)	(815)	(815)	(315)	(315)	(315)	(315)
<b>Total Capital (Balance Sheet) and Reserve Movements</b>	<b>(30,040)</b>	<b>(23,004)</b>	<b>(23,364)</b>	<b>(25,425)</b>	<b>(25,522)</b>	<b>(26,334)</b>	<b>(26,732)</b>	<b>(27,841)</b>	<b>(28,932)</b>	<b>(29,436)</b>
<b>Net Result (including Depreciation &amp; Other non-cash items)</b>	<b>(15,188)</b>	<b>(16,143)</b>	<b>(16,981)</b>	<b>(17,836)</b>	<b>(17,814)</b>	<b>(18,786)</b>	<b>(19,837)</b>	<b>(20,405)</b>	<b>(21,606)</b>	<b>(22,227)</b>
Add back Depreciation Expense (non-cash)	15,708	16,792	17,464	18,162	18,889	19,644	20,430	21,247	22,097	22,981
Less Other Income (non-cash)	(365)	(376)	(387)	(399)	(411)	(423)	(436)	(449)	(462)	(476)
<b>Cash Budget Surplus</b>	<b>154</b>	<b>273</b>	<b>95</b>	<b>(73)</b>	<b>664</b>	<b>436</b>	<b>157</b>	<b>393</b>	<b>29</b>	<b>277</b>
<b>Closing Cash Balance</b>	<b>26,152</b>	<b>24,831</b>	<b>24,397</b>	<b>24,497</b>	<b>25,918</b>	<b>27,121</b>	<b>27,592</b>	<b>28,198</b>	<b>28,489</b>	<b>29,024</b>



## ENVIRONMENTAL SCAN

## Attachment 3

## Macro forces

	Emerging issues and opportunities	Detail	Criticality for action			Actions (if applicable)
			Short term: 12-24 months	Medium term: 2-4 years	Long term: 5-10 years	
Political (led by Government /Policy or Council)	Federal level Economic Stimulus funding	Federal funding received to date has been contingent on Council bringing forward proposed capital works into the current financial period and outsourcing to external contractors. Under the Local Roads and Community Infrastructure Program the City of Marion will receive an additional funding allocation of \$3,161,621. This funding will be available from 1 January 2021, with the program being extended until the end of 2021.	✓			A report going to General Council on December 8 seeking endorsement of recommendations to put forward for Federal Funding.
	State Level Economic Stimulus funding	On the 1/11 the State Government announced the Local Government Infrastructure Partnership Program. This funding, on a 50:50 model, by the State is intended to fund community infrastructure and upgrade of existing facilities. New roads, stormwater infrastructure, investment in energy projects, park infrastructure and walking and cycling trails will also attract funding from the Partnership program.	✓			A report going to General Council on December 8 seeking endorsement of recommendations to put forward for State Funding.
	Draft Planning and design code	Discussions with the new Minister for Planning will progress regarding the impacts to Council and its practical suggestions for improvements to the Planning and Design Code prior to its implementation.	✓	✓	✓	Council has endorsed a short term communications campaign seeking State Government to accept Council's position on residential development, which includes reducing the impacts of urban infill. Council to consider outcomes of this campaign and response by the State Government.
	Development Plan Amendments	Seacliff Park lodged with the Minister and awaiting approval. Oaklands Park Ministerial DPA in progress to facilitate Oaklands Green development (social housing renewal). Council has negotiated an infrastructure deed with developers to improve local infrastructure.	✓	✓		
	Federal election	To be held in or before 2022.	✓			Council to consider lobbying objectives.
	Project Delivery	Significant project and capital works agenda which will be increased to capitalise on Federal and State economic stimulus funding.	✓			Council to apply for staff resources where State and Federal grant funding applications support employment of staff resources.
	Keeping rates low & long term financial sustainability	Council adopted a 0% rate increase position in 2020/21. Balancing the expectations of keeping rates low against increasing service delivery and infrastructure and unavoidable cost increases. In addition consideration of the compounding impact on Council's LTFP and long term financial sustainability.	✓			Council will be presented with modelling options as part of the annual planning and budgeting process.
	Statutes Amendment (Local Government Review) Bill 2020	In September 2020 the State Government made over 120 changes to the bill. Further progress will be known once this bill reaches Parliament. There are likely to be an increase in the number of audits carried out and the costs of these will be passed on to councils.	✓			
	Community Funding	Funding models shifting from 3 year blocks to annual meaning significant time spent by staff applying versus a delivery focus. Community hubs funding ends in June 2021 with no advice as to whether funding will continue. Marion received \$240,000 per annum to deliver services. Commonwealth Home support Program (CHSP) has been renewed until the end of June 2022. Marion received \$1.5 million per annum in 2020/21. To support our funding applications an accreditation audit is being carried out in February 2021.	✓	✓		The neighbourhood centres service review outlined recommendations that included increasing collaborative long term strategic partnerships to deliver programs to support the community.
	Libraries	Funding agreement for the state's public library network between the LGA and State Government expires in June 2021. Negotiations will commence in 2021.	✓			

Economic	Economic outlook	Pandemic induced recession combined with high unemployment over the periods from March 2020 to October 2020. Job numbers are improving monthly within the City of Marion. The retail sector within the City of Marion is the most impacted sector (Remplan) RBA reduced interest rates in November 2020.	✓	✓		The Economic Activation team is actively monitoring data every six months and providing feedback to Council.
	North- South Corridor	Torrens to Darlington 10.5km two-tunnel option. Ground investigation works are currently underway which will inform a business plan to be reviewed by Infrastructure Australia and Infrastructure SA later next year. Construction isn't due to begin until 2023. (Indaily, November 2020) The Economic Activation team meet with the business community on a monthly basis and will monitor their sentiment as the process evolves.	✓	✓	✓	The Economic Activation team meet with the business community on a monthly basis and will monitor their sentiment as the process evolves.
	Animal Management	Council has entered into a three- year contract with the RSPCA for animal services (Impounding).		✓		Review of long term management model under review with possibiities for a collaborative approach with other councils.
	Local Economy- COVID 19 impacts	Tourism/visitation: Remplan forecast (April 2020) that this halt to Tourism and visitation will result in a reduction in the output of \$383 million and a loss of 2,000 jobs in the area. As at October 2020 there appears to be a loss of approximately 500 jobs within the City of Marion. Migration: The Federal Government announced that Australia's net overseas migration numbers would drop by 85% in the 2020/21 financial year. As population growth is a major driver of economic growth, reductions will see impacts to the housing market and local economies.	✓	✓		An event called 'Mayor's board room lunches' is being held monthly with the business and a targeted at an industry basis. The sessions will entail 'The City of Marion will be better if..' round table discussions.  Council has endorsed funding to the business associations to provide peer to peer support for the next three years.  Small Business Mentoring is still being offered free of charge to across six disciplines. (i.e marketing, strategic planning, coaching etc)
	Tonsley	Building stimulus measures introduced by the State Government have seen significant residential sales including the full sale of multiple new stages. A joint Defence and Flinders University initiative will see a new 5 year initiative 'National Electronic Warfare Centre' established at the Tonsley site lifting the research and technology capabilities within the defence sector. A new hydrogen plant has been announced.  There is no further urban renewal funding commitment to Tonsley outlined in the State budget 2020. Renewal SA are currently preparing their exit strategy from the site. Business attraction and broader economic development of the site will need to be considered including the role of the City of Marion in facilitating this into the future.	✓	✓	✓	Business attraction and broader economic development of the site will need to be considered including the role of the City of Marion in facilitating this into the future.
	Edwardstown Employment Precinct	A significant body of work has been undertaken by a consultant to provide an urban design and economic activation plan which could take up to 20 years to reach full realisation. Strong transformation with key investment to take place.	✓	✓	✓	Council is continuing to look at and consider achievable urban activation opportunities for the area through 12 month action plans.
	Westfield Marion expansion	Council is not aware of any progress on the expansion.	✓	✓		
Social	Population growth of around 1% per annum concerning public health demographics Ageing population	Chronic disease & mental health.¶ Higher (than metropolitan average) prevalence of prostate cancer, colorectal cancer, melanoma and lymphoma in males.¶ Higher (than metropolitan average) prevalence of breast cancer & lung cancer in females.¶ Chronic Obstructive Pulmonary Disorder & Asthma in the Central and northern areas of Marion.¶ Increasing prevalence of Adults with mental and behavioural problems.  Substantially higher rate than metropolitan Adelaide of infant deaths. City of Marion 4.3 per 1000 live births, Metropolitan Adelaide, of 2.6 per 1000 live births.¶  In addition higher than national average hospital presentations for mental and behavioural disorders - some areas in City of Marion are 3 times the national average.(Extract from 2020 Public Health Report)¶  A third of the State's population will be aged 65+ by 2031	✓	✓		Maximise connectivity in and around major projects ( to address physical activity; isolation and disadvantage; poor health outcomes; access to education, training and employment; access to open space with walking distance of homes and businesses; access to arts and culture and public safety factoring in shade and seating for future population demographics that encourage walkability of our neighbourhoods.

	COVID-19 recovery and changes in social interaction frameworks	Continued vigilance around adhering to SA Health protocol, ensuring that our systems and processes can continue to function should there be any further restrictions. Risks of further outbreaks and lock down measures. Until a vaccine is developed there are continued community outbreak risks. Clubs and utilities are being supported with rent relief. Pharmaceutical companies are pledging release of their vaccines to the market however the Therapeutic Goods Association has not as yet approved any vaccine for market use.	✓	✓		An internal 'Incident Management Team' has been formed to monitor any advice from SA Health and assess any potential impacts to the business.
	Changing community demographics, needs and expectations	As needs in our community change there will be a need to continue to balance asset priorities with what the community is prepared to pay for.	✓	✓		Continued monitoring.
	Congestion in the streets	Expected to become more of a key issue in future years with urban infill as a result of the State led Planning & design code.	✓			The Transport Plan will consider modal shifts towards active transport (walking & cycling).
	Community feedback through the Community Satisfaction Survey	Survey outcomes identified 5 key priority areas: roads, footpaths, lighting, storm-water and aged care.	✓	✓		
	Social isolation	Anecdotal feedback that some residents have not left their homes since March as a result of feelings of vulnerability due to COVID-19. Anecdotal suggestion that social isolation is on the increase.	✓			
	Post COVID-19 workforce	Corporate leaders globally are setting new expectations for how and where work gets done, remote work could become a way to lower real estate costs and compete for talent. (McKinsey & Co 2020)	✓			
	Volunteering landscape trends	The nature of volunteering and volunteer roles is changing, whilst there is still the need and desire for traditional volunteer roles such as Community Bus, there is a growing demand for roles which are flexible, short term, project based and can provide pathways to employment.	✓	✓		
	Mortgage Stress	1 in 10 Australians experiencing difficulties paying off mortgages. (ABS October 2020)	✓			
	Mental Health	The Federal Government released the Productivity Commission report into mental health Report 16 November 2020. The data used for this report is from 2007, therefore does not include potential COVID-19 related implications.  Federal Government, recognising COVID-19 impacts on mental health have announced further investment in mental health including a Covid19 mental health campaign - 'How's Your Head Today?'	✓			
Technological	Digital Literacy	During COVID-19 there was a greater need to help and support community members to upskill. To remain socially connected there was an uptake of people building their digital skill set to become more and engaged with family, friends and service providers.	✓	✓		
	Cyber security	The Australian Government will strengthen the protection of Australians, businesses and critical infrastructure from the most sophisticated threats. State and territory and local governments have a role in protecting their systems from cyber-attacks.(Australian Cybersecurity Strategy 2020).	✓	✓		Council to keep abreast of obligations and any regulatory reforms around cyber security.
	Smart technologies	Further opportunities to continue to utilise smart technologies- devices and sensors to manage and monitor all critical business systems including environmental, safety, lights and assets.	✓	✓		Further to the work being carried out at the Oaklands Precinct that is utilising smart technologies including way finding, smart parking and lighting, a further project in the 4 Year Business Plan will commence in July 2021 which will research automated technology and solutions for assets and streetscapes. Smart technology research is helping to inform a current City Property lighting audit being undertaken.
Legal	Royal Commission of the Ageing	Outcomes from this are likely to have an impact and the criteria to receive grant funding moving forward is expected to be more rigorous. New Aged care quality standards are in place and are being enacted by Council.	✓	✓		
	Local Government Reform	The State Government has made 120 amendments to its Bill. Further progress will be known when it reaches Parliament for review. (LGA October 2020)	✓			
	Royal Life Saving Australia	New national guidelines for all public pools to improve safety and reduce drownings. New required adult supervision ratios are in place and the community has been advised.	✓	✓		
	Privacy Act	Local Government is not currently subject to the Privacy Act 1988 (Cth), nor do the state based information based privacy principles apply.	✓			
Environmental	Materials Recovery Facility at SRWRA	The MRF will be important in building a foundation for the circular economy so that recyclables can be re-processed and manufactured locally.	✓	✓	✓	

	Climate risk	Councils that fail to mitigate, measure, manage and disclose climate risks in their governance and decision-making will expose themselves to legal liabilities, including potentially breaching fiduciary duties. With climate risks now occupying the minds of mainstream investors, those not addressing climate risks will increasingly struggle to access affordable finance and insurance. A current gap is understanding Council's Asset risk exposure to climate hazards. Every asset is designed to withstand a climate threshold as climate risk increases those thresholds will be exceeded. Risks could be nonlinear as damage changes from minimal to critical (McKinsey & Co 2020). Of ASK Top 100 companies, 78% are acknowledging climate change as a financial risk (KPMG Towards Net Zero: International and Australian Climate Risk Report 2020).	✓	✓	✓	A Climate Risk and Asset Management project is about to commence to better understand the impacts of climate risk on assets to inform asset management decisions in relation to maintenance, renewal and upgrade.
	US Election outcomes	Democrats proposing to re-sign the Paris agreement within 77 days of being elected which has a flow on influence to Australia and Governments.	✓			
	Electric car user charge	The State Government is proposing new legislation to impose a user charge for electric car users. Labor intends to vote it down.	✓			
	Climate outlook	Observations, reconstructions and climate modelling paint a consistent picture of ongoing, long-term climate change interacting with underlying natural variability. Associated changes in weather and climate extremes—such as extreme heat, heavy rainfall and coastal inundation, fire weather and drought—have a large impact on the health and wellbeing of our communities and ecosystems. (A State of the Climate report, 2020). Australia is currently experiencing the La Nina weather phenomenon which has seen variant weather patterns particularly across the eastern seaboard.	✓	✓	✓	Continuation of Resilient South Regional Climate Partnership with Onkaparinga, Mitcham and Holdfast Bay and the SA Government.
	Trees and greening	High level of community engagement from residents. The removal of trees on private land exceeds Council's tree planting efforts. Key issues include the habitat, amenity, cooling impacted by climate change, urban infill and the urban heat island effect.	✓	✓	✓	The Carbon Neutral Plan is currently out for community consultation. So far it indicates a high level of support. New community gardens being investigated.
	Federal Government focus	A move away from investing in Solar technologies which are now considered mature and a shift towards investment into emerging technologies including hydrogen.	✓	✓		
	State Government focus	Zero net emissions for electricity by 2030. Electric Vehicle Action Plan - the State Government will convert its fleet of vehicles to electric. It will also invest \$13.4 million towards state-wide fast charging network.	✓	✓	✓	Actions to be delivered as part of the Carbon Neutral Plan (currently in draft) around reducing emissions; target = carbon neutrality for Council operations by 2030.
	Increasing investment by the State towards greening	Funding bodies are prioritising urban greening and climate change response. Recent greening grants have been secured in areas where data heat maps indicate high levels of urban heat.	✓	✓		Continue to seek grant funding for delivery of key greening projects.
	Sustainable living	Increasing community interest, engagement and activism.	✓	✓	✓	Continue to deliver community programs to support environmentally sustainable community behaviours (Common Thread, Valuing Marion's Nature, Green Thymes e-newsletter, support for community gardens, waste & recycling education, etc)
	Urban infill	Negative impact on the environmental values held by the community, particularly loss of trees and private green spaces.	✓	✓	✓	Council to continue to progress the streetscaping projects and tree planting initiatives through the remainder of the 4 Year Business Plan and beyond.
Relationships	State and Federal bodies	Council and Staff proactively meet with members of both State and Federal electorates, Ministers and key influencers at the State level to inform on areas that will impact the City of Marion.	✓			
	Private industry	The City of Marion has a memorandum of understanding between Cities of Marion and Onkaparinga, Flinders University, Renewal SA and SAGE Automation was signed in 2019 to collaboratively explore how Smart Cities applications can address real community based problems. The group is currently exploring Smart Transit looking at end to end community experience and liveability around mobility.	✓			
	Cross council collaboration	Collaboration between the Cities of Marion, Charles Sturt and Port Adelaide Enfield.	✓	✓		
Micro forces						
Financial sustainability	Most revenue come from rates in a compromised financial and economic climate	Increase in State Government fees and levies impact on the cost of delivery services.	✓	✓		

	Local Government Reform	There are a number of proposed amendments that, if passed in Parliament, may result in liability of costs to the City of Marion.	✓			
Asset reliability & sustainability	Budget pressures reduce the ability to operate and maintain assets at expected service levels	Increase in economic stimulus attracting 50/50 funding from State and Federal Government and Local Government will have an impact on medium to longer term asset maintenance and operational costs. Conversely, a reduction in maintenance budgets allocated to maintain existing assets will have a negative impact on the useful life of assets.	✓			
Service provision	Capacity to deliver on projects in the 4 Year Business Plan and other projects	Current staff resources will not support an increase in further projects/initiatives. New grant rounds require works to be brought forward thereby increasing the project delivery workload of the organisation.	✓			
	Delivery risks	Demand and supply potential risks as the construction and trade industry experiences unprecedented demand for its services across a variety of customer types: residential, private & public sector. Further potential risks due to the uncertainty of COVID-19 and any potential lock down measures. The demand on the industry may also impact cost structures.	✓			
	Metrics	The Metrics that Matter is so far providing key community need information by the overlay of multiple data sets. Once this project is scaled out across the city it will help to inform work area planning and other strategic decisions.	✓			
Workforce	Change Management	A number of digital and financial transformation projects, along with changes to development and planning are being rolled out across the organisation over the next 2 - 3 years. This will require considerable upskilling and training of staff in new systems, along with a focus on improving digital literacy so that the benefits of the new technology can be unlocked to deliver improved services. The commitment and willingness of staff time, effort and resources to be preparing for and adopting the new changes is critical to the organisational success of the digital transformation program.	✓	✓		A dedicated People and Culture Change Manager is leading organisational change across the whole program and its 12 individual projects in partnership with leaders and project managers, with a particular emphasis on supporting leaders and employees in preparing for and managing the changes in their respective business areas.
	COVID-19	Ongoing vigilance and responsiveness to any imposed variation to normal business hours, social distancing measures, work from home measures and operations of facilities.	✓			An internal Incident Management Team will continue to assess any impacts to the business. Business Recovery Plans are in place and the organisation is prepared to respond.
	Lost time injury monitoring	City of Marion's Health Safety & Environment plan vision is that 'We can all make a difference towards achieving zero harm, to people and the environment'. A key indicator of this is through monitoring Lost Time Injuries (LTIs). LTIs are those injuries where a whole work day or more has been lost due to a workplace injury. The current KPI is a targeted reduction 10% from last year's LTIFR i.e. from 6.1 to 5.4 or below by 30 June 2021.	✓			To date this year, we have recorded 5 LTIs which has exceeded the target of only 3 to meet the reduced LTIFR. Continued focus is required in this area to ensure safety of staff and the community.
Volunteering	Volunteering landscape trends	The nature of volunteering and volunteer roles is changing, whilst there is still the need and desire for traditional volunteer roles such as Community Bus, there is a growing demand for roles which are flexible, short term, project based and can provide pathways to employment.	✓	✓		Skilled based volunteer opportunities are also on the rise, particularly as a pathway in retirement.



## Finance and Audit Committee Work Program and Meeting Schedule for 2021

<b>Originating Officer</b>	Unit Manager Governance and Council Support - Jaimie Thwaites
<b>Corporate Manager</b>	Manager Corporate Governance - Kate McKenzie
<b>General Manager</b>	General Manager City Services - Tony Lines
<b>Report Reference</b>	FAC201208R06

### REPORT OBJECTIVE

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

### EXECUTIVE SUMMARY

The FAC Terms of Reference requires that the Committee meet at least quarterly at a time and place determined by the Committee, provided that all meetings are open to the public at the City of Marion building (Clauses 4.12). A schedule of meetings is to be determined by the Committee Members (clause 4.14).

The proposed dates in this report are based on the 2020 Committee Meeting schedule and can be amended. Consideration could also be given to holding the meeting outside of normal business hours, however care should be taken to avoid City of Marion General Council meetings and Elected member Forums held on Tuesday nights.

A work program and meeting schedule for 2021 satisfying the requirements set out in the Terms of Reference has been compiled in **Attachment 1** for the Committee's consideration. The items included on the program are indicative only as items may be added, changed or moved during the year depending on areas of identified risk. As can be seen, the program addresses areas of responsibility as defined within the Committee's Terms of Reference, as well as providing opportunity for the improvement of the Committee's operations.

### RECOMMENDATION

**That the Finance and Audit Committee:**

- 1. Notes the proposed work program for 2021 identified at Attachment 1 to the report.**
- 2. Adopts the following schedule of meetings for 2021:**

- Tuesday 23 February 2021 (2 - 5 pm)
- Tuesday, 18 May 2021 (2 - 5 pm)
- Tuesday 17 August 2021 (4 pm to 6 pm plus followed by joint workshop with Council from 6.30 pm onwards)
- Tuesday, 12 October 2021 (2 - 5 pm)
- Tuesday, 14 December 2021 (2 - 5 pm)

### Attachment

#	Attachment	Type
1	2021 Meeting schedule and work plan	PDF File

<b>PROPOSED SCHEDULE OF MEETINGS 2021</b>			
<b>Day</b>	<b>Date</b>	<b>Time</b>	<b>Venue</b>
Tuesday	23 February 2021	2 pm – 5pm	Administration Centre
Tuesday	18 May 2021	2 pm – 5pm	Administration Centre
Tuesday	17 August 2021	4.00 – 6.00 pm Followed by 6.30 – 8.30 pm (Joint workshop with Council)	Administration Centre
Tuesday	12 October 2021	2 pm – 5pm	Administration Centre
Tuesday	14 December 2021	2 pm – 5pm	Administration Centre

**INDICATIVE AUDIT COMMITTEE WORK PROGRAM - 2021**  
**TUESDAY, 25 February 2021**

<b>Topic</b>	<b>Action</b>
Elected Member Report	Communication Report
Draft Annual Business Plan and Budget 2021/22 and Draft Long Term Financial Plan - Update	Review and Feedback
Internal Audit Program – Scopes, Reviews and Monitoring	Review and Feedback
Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback
Quarterly Risk Report	Review and Feedback
External Audit Engagement Letter for the year ending June 2021	Review and Feedback
Internal Audit Contract review	Review and Feedback

**TUESDAY, 19 May 2021**

<b>Topic</b>	<b>Action</b>
Elected Member Report	Communication Report
Draft Annual Business Plan and Budget 2021/22 (after public consultation) & Draft Long Term Financial Plan	Review and Feedback
Internal Audit Program – Reviews and Monitoring	Review and Feedback
Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback
Annual Report on Business Continuity	Review and Feedback
Annual Corporate Risk Profile	Review and Feedback
Review Internal Audit Plan for 2021/22	Review and Feedback
Quarterly Risk Report	Review and Feedback

**TUESDAY, 18 August 2021 (Joint Workshop with Council)**

<b>Topic</b>	<b>Action</b>
Elected Member Report	Communication Report
Meeting with Internal auditors in camera	Seeking feedback from Auditors
Annual Review of HSE Program	Review and Feedback
Annual Insurance and Claims	
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
FAC Annual Report to Council	For discussion prior to October
Quarterly Risk Report	Review and Feedback
Joint Workshop with Council (6.30pm onwards)	TBA

**TUESDAY, 13 October 2021**

<b>Topic</b>	<b>Action</b>
Elected Member Report	Communication Report
FAC Annual Report to Council 2020/21	Review and Recommendation to Council
Independence of Council's Auditor for the year end 30 June 2021	Review and Recommendation to Council
Audited Annual Financial Statements for the year end 30 June 2021	Review and Recommendation to Council
Investment Performance 2020/21	Noting
Debtors Report	Noting
Meeting with external auditors in camera	Seeking feedback from Auditors
Internal Audit Program – Scopes, Reviews and Monitoring	Review and Feedback
Fraud and Corruption Annual Review	Review and Feedback
Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback
Quarterly Risk Report	Review and Feedback



**Tuesday, 8 December 2021**

<b>Topic</b>	<b>Action</b>
Elected Member Report	Communication Report
Internal Audit Program – Scopes, Reviews and Monitoring	Review and Feedback
Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback
Work Program and Meeting Schedule 2022	Review and Feedback
Ombudsman SA Annual Report 2020/21	Review and Feedback
Framework and Key Assumptions for preparation of 2022/23 ABP and LTFP	Review and Feedback

## REPORTS FOR NOTING

### Internal Audit Program - Implementation of Recommendations

<b>Originating Officer</b>	Governance Officer - Angela Porter
<b>Corporate Manager</b>	Manager Corporate Governance - Kate McKenzie
<b>General Manager</b>	General Manager City Services - Tony Lines
<b>Report Reference</b>	FAC201208R07

### REPORT OBJECTIVE

To provide the Finance and Audit Committee (FAC) with an update of the status of implementation of recommendations from the Internal Audit (IA) program.

### EXECUTIVE SUMMARY

The FAC was provided with a status report at its meeting on 13 October 2020 regarding the City of Marion's Internal Audit Program. A number of items were pending development of the ITT Governance Framework which are now complete. These items will be closed out following endorsement of the framework in December/January.

The implementation of recommendations from these reports continues to be monitored by the FAC. A short summary of the status of recommendations for each audit is provided in **Attachment 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 (Attachment 1).

### Attachment

#	Attachment	Type
1	FAC201208 - Internal Audit - Implementation of Recommendations	PDF File

## Overall Summary

<i>Project</i>	<i>Findings</i>	<i>On Track</i>	<i>Overdue</i>	<i>Completed</i>	<i>Not Commenced</i>	<i>General Comments</i>
<i>Capital Works Program 2015/16</i>				Complete (August '19)		
<i>Corporate Performance Reporting 2016/17</i>				Complete (December '19)		
<i>Accounts Receivable 2016/17</i>				Complete (February '19)		
<i>ICT Cyber Security Maturity (2016/17)</i>				Complete (April '20)		
<i>Policy Review (2016/17)</i>				Complete (August '18)		
<i>Property Portfolio Management (2016/17)</i>				Complete (November '19)		
<i>Volunteer Management (2017/18)</i>				Complete (August '18)		
<i>NDIS (2017/18)</i>	1	1				Maintain watching brief
<i>Contractor Management (2017/18)</i>				Complete (April '20)		
<i>Regulatory Fines and Enforcements (2017/18)</i>				Complete (July '19)		
<i>Development Assessment (Planning) (2017/18)</i>				Complete (June '19)		
<i>Procure to Pay (2018/19)</i>	9		2	7		There are 2 outstanding recommendations. These are Performance Improvement Opportunities and will be captured through the Finance Transformation Project which commenced April 2020. Separate reporting will be brought to the committee on the Digital Transformation Projects.
<i>Customer Experience</i>				Complete (June '20)		
<i>Cyber Security 2019</i>	6	1	1	4		1 outstanding item is on track with 1 item overdue. Some items will be subsumed into the Digital Transformation Projects which will be reported separately.
<i>Tendering 2019</i>				Complete (March '20)		
<i>BCP and Emergency Management</i>				Complete (June '20)		
<i>Payroll 2020/21</i>	6	5		1		4 items commenced in April 2020 and 1 has been completed in its entirety. Procurement process is underway for a Payroll/HRIS system and has progressed to the next stage. 2 items are Performance Improvement Opportunities which will be considered as part of the Digital Transformation Project.
<i>ITT Governance</i>	11	5	3	3		All items have now commenced with a number of items due in October now at 99% completion pending endorsement from ELT in December/January.
<i>Metrics that Matter</i>	3	3				All items have now commenced and are on track. 1 item is pending recruitment of a Cross Council Chief Data Officer with interviews scheduled for December 2020.
<i>Collaborative Leasing</i>	12	11		1		All items have now commenced or commenced in part with some parts complete. 1 PIO has been completed in its entirety. 2 items due for completion in October have been granted extensions with expected completion December 2020.

## Procure to pay

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	ACTION START DATE	ACTION DUE DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QRTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
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.	0	The CoM will investigate on-line invoice approval options that exist with Civica to reduce the level of manual processing that currently exists.  The CoM will also investigate the software options available and implementation costs for automatic invoice validation.		31/12/2019	Not on Track	0%	The RFP developed for CoM's Financial Transformation includes a number of requirements that cover off on these opportunities including electronic workflow and invoice matching automation.	Not on Track	0%	The RFP developed for CoM's Financial Transformation includes a number of requirements that cover off on these opportunities including electronic workflow and invoice matching automation.
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 include 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.	0	as above		31/12/2019	Not on Track	0%	The RFP developed for CoM's Financial Transformation includes a number of requirements that cover off on these opportunities including electronic workflow and invoice matching automation.	Not on Track	0%	The RFP developed for CoM's Financial Transformation includes a number of requirements that cover off on these opportunities including electronic workflow and invoice matching automation.

## Cyber Security 2019

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	ACTION START DATE	ACTION DUE DATE	PREVIOUS QUARTER ACTION PROGRESS	PEV QUARTER AP %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
The following should be considered as recommendations for increasing maturity in the Information Risk Management domain, particularly when implementing, operationalising, and embedding the Cyber Security Assurance Framework and Cyber Security Operating Manual:  1. Clearly define and communicate the requirements for sharing of information both internally and externally. Consideration should be also given to implementing controls for removable and portable media control as part of a data loss prevention strategy, such as storage, handling, whitelisting allowed USB devices, encryption and destruction.	3.1	Implement Data Governance Framework to classify CoM's information and define appropriate resources to manage this function to communicate requirement for information sharing.		<del>31/03/2020</del> Revised Due Date 30/06/2021	On Track	55%	Cross council budget allocation has been given by CCS and PAE and recruitment will commence in October 2020 for a CDO.	On Track	65%	Recruitment commenced in November 2020, interviews being held early December.
1. Ensure that defined recovery objectives have been communicate and validated with IT to ensure that these are achievable.	4.1	1. Review validity of departmental recovery objectives and in conjunction with Risk Department run BCP workshops where recovery objectives are unrealistic or unachievable.		30/06/2020	Not on Track	85%	Set up meeting with ITT to review action and date-line. SW. Many systems have been moved to the cloud and departmental system BCP has changed/improved. The response to Covid19 has meant improved system availability through work from home options and the Digital Transformation Program is continuing a shift of systems from on-prem to cloud. It is recommended that a comprehensive business impact analysis review be undertaken in the first quarter of 2021/22 to review the first stage of system improvement achieved during 2020/21 and provide direction for future needs.	Not on Track	85%	No further Update, As noted last update the request next action due be changed to Sept 2021 - Set up meeting with ITT to review action and date-line. SW. Many systems have been moved to the cloud and departmental system BCP has changed/improved. The response to Covid19 has meant improved system availability through work from home options and the Digital Transformation Program is continuing a shift of systems from on-prem to cloud. It is recommended that a comprehensive business impact analysis review be undertaken in the first quarter of 2021/22 to review the first stage of system improvement achieved during 2020/21 and provide direction for future needs.

## Payroll 2020/21

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	ACTION START DATE	ACTION DUE DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
Investigate system opportunities with specific focus on increased functionality, reporting, elimination of manual processes, and systems integration.	1.1	The findings and relevant recommendations identified across this review, and specifically from Finding 1, will be addressed through the CoM's Digital Transformation Program. It is further noted that a number of separate projects are also currently in progress.		30-Jun-21	On Track	20%	Payroll/HRIS RFP is still in progress	On Track	20%	Payroll/HRIS RFP is complete and currently out to market with tender evaluation set to occur over Nov/Dec 2020.
Work to ensure that all internal audit recommendations are actioned and implemented as soon as practicable to ensure identified risks are mitigated, and issues are resolved. This should apply for all findings listed in this report, and previous internal audit findings that are not completely addressed.	3.1	Since the 2016 Payroll internal audit, CoM has increased the frequency of reconciliations, particularly around accruals, from annually/quarterly to monthly to improve its financial reporting against budget and enable better variance analysis. Through the Digital Transformation process, CoM will be aiming for these accruals to be built into the new system, removing the need for manual calculations to be performed. Before this is implemented we will focus on improving the timeliness of reconciliations. Capability around one source for record keeping relating to employee recruitment and retention will also be included as a key requirement for the new system.		30-Jun-21	On Track	20%	Payroll/HRIS RFP is still in progress	On Track	20%	Monthly reconciliations for accruals are currently occurring. Payroll/HRIS RFP has been reissued to market.
Investigate system opportunities that would allow for capture and reporting of staff overtime, and enable more effective reporting mechanisms including live dashboards. As first priority, work to implement overtime reporting to ensure overtime can be appropriately monitored and managed (CCS and CoM).	PIO1	City of Marion currently has limited payroll/HR reporting available in a PowerBI dashboard. We are looking to further extend these capabilities. CoM will also ensure that these recommendations are incorporated into the requirements as part of its Digital Transformation project.		30-Jun-21	On Track	20%	Payroll/HRIS RFP is still in progress	On Track	20%	Payroll/HRIS RFP is complete and currently out to market with tender evaluation set to occur over Nov/Dec 2020.
The CCS and the CoM consider conducting more regular reviews over payroll activities and processes. This may be in the form of audits or spot checks of key controls for high rated risks.	PIO2	Payroll financial controls (both system and manual) are assessed for effectiveness on an annual basis, with independent review performed by Council's external auditors. These controls are applied throughout the year and where issues/weaknesses are identified these are actioned to reduce the likelihood and/or consequence of any risks. We will be aiming to automate as many of these controls in a new payroll/HR system.		30-Jun-21	On Track	20%	Payroll/HRIS RFP is still in progress	On Track	20%	Payroll/HRIS RFP is complete and currently out to market with tender evaluation set to occur over Nov/Dec 2020.
Ensure that reconciliation activities are undertaken in a timely manner (i.e. within one to two weeks) at the defined intervals.	4.1	Since the 2016 Payroll internal audit, CoM has increased the frequency of reconciliations, particularly around accruals, from annually / quarterly to monthly to improve its financial reporting against budget and enable better variance analysis. Through the Digital Transformation process, the CoM will be aiming for these accruals to be built into the new system, removing the need for manual calculations to be performed. Before this is implemented we will focus on improving the timeliness of reconciliations. Capability around one source for record keeping relating to employee recruitment and retention will also be included as a key requirement for the new system.		30-Jun-21	On Track	50%	Monthly reconciliations for accruals are currently occurring. Payroll/HRIS RFP is still in progress.	On Track	50%	Monthly reconciliations for accruals are currently occurring. Payroll/HRIS RFP has been reissued to market.

ITT Governance										
RECOMMENDATION		AGREED MANAGEMENT ACTION	ACTION START DATE	ACTION DUE DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
Investigate opportunities to consolidate all the principles into an overarching ITT governance framework.	1.1	In reviewing the allocation of work and responsibilities across the ITT team, the development of an ITT Governance Framework will be prioritised and delivered over the first quarter of FY2021. To note, the Cross Council Service Review identified this as a priority and a Solution Development Framework was created in response.		31/10/2020	On Track	40%	Review of current frameworks, policies and procedures	Not on Track	99%	The IT Governance framework has been developed and is currently being reviewed by GM for presentation and endorsement by ELT, expected in December/January.  The governance framework covers all key elements of IT, including IT change management, service delivery, security, IT procurement and IT strategy and planning.
Define how Corporate Governance ITT Principles and ITAS Principles will be applied.	1.2	ITT and ITAS principles will be aligned and incorporated into the new governance framework.		31/10/2020	On Track	40%	Review of current frameworks, policies and procedures	Not on Track	99%	
Work to embed principles in ITT policies and procedures, change management practices, workforce planning, business engagement protocols and data stewardship practices.	1.3	The new governance framework will be based on COBIT5 principles that assures coverage of all relevant topics such as resource planning, change management and business engagement protocols		31/10/2020	On Track	30%	Review of current frameworks, policies and procedures	Not on Track	99%	Current policies and procedures have been reviewed, updated and incorporated into the framework.
For ITT practices and ITAS related works, embed regular (i.e. quarterly) reviews and reporting, to ensure principles are being adhered to and achieved through ongoing ITT operations and initiatives.	1.4	The ITT Governance framework regulates all relevant reviews, reporting, committee meetings.		31/10/2020	On Track	40%	Review of current frameworks, policies and procedures	Not on Track	99%	The IT Governance framework has been developed and is currently being reviewed by GM for presentation and endorsement by ELT, expected in December/January.  The governance framework covers all key elements of IT, including IT change management, service delivery, security, IT procurement and IT strategy and planning.
Develop, agree and implement an ITT policy and documentation framework, to provide an appropriate level of governance and guidance to the IT team and help drive consistency amongst work practices and behaviours.	2.1	The ITT Governance Framework will include the required IT policies. This work is expected to be completed prior to the Finance and Audit Committees' December 2020 meeting (8 December 2020).		8/12/2020	On Track	40%	The Governance framework and its procedures will be the foundation of these policies.	On Track	99%	
Consideration should be given to inclusion of policy or standard statements in relation to the following aspects of technology: <ul style="list-style-type: none"><li>• Cloud Computing</li><li>• Privileged Access management</li><li>• Change Management</li><li>• Software Asset Management</li><li>• BYOD</li><li>• Remote Access</li><li>• Management of Third Party ITT Service Providers</li><li>• Service Desk</li><li>• IT induction, ITT literacy and training.</li></ul>	2.2	The new governance framework will be based on COBIT5 principles that assures coverage of all relevant topics		8/12/2020	On Track	60%	Review of current frameworks, policies and procedures	On Track	99%	As part of the framework CoM's Cyber Security Manual has been reviewed and updated as well. The new document addresses all related recommendation.

Develop and implement a Privileged Access Policy or Standard that outlines: <ul style="list-style-type: none"> <li>• What types of access is considered privileged</li> <li>• Required approvals for privileged access</li> <li>• Whether privileged users should have a standard account and a privileged account</li> <li>• The extent of regular reviews over privileged access</li> <li>• How system and service accounts that require privileged access are managed</li> <li>• How accountability is assigned or monitored for the use of generically named privileged accounts</li> <li>• What segregation of duties is required across the ITT team.</li> </ul>	3.1	The current security review program has 3 key deliverables: <ul style="list-style-type: none"> <li>• Definition of privileged access</li> <li>• All infrastructure (Cloud &amp; on premise) related privileged access rights are reviewed and reconfigured according to best practices.</li> <li>• Business application related privileged access rights are reviewed and reconsidered</li> </ul>		31/10/2020	On Track	90%	Completed for the Microsoft Tenancy based on Microsoft best practice. Next step: to roll out on-prem.	Not on Track	99%	The new Cyber Security Manual covers privileged access right management.
Develop and implement Privileged Access Guidelines / Procedures that outline how to conduct various activities stipulated in the policy or standard so staff can perform privileged access duties consistently.	3.2	CoM already contacted KPMG to seek best practices guidelines to devise the Policy		31/10/2020	On Track	60%	Completed for the Microsoft Tenancy based on Microsoft best practice.	Not on Track	99%	
Develop and implement individual benefits realisation plans for both the ITAS and the Digital Transformation Program. The plans should outline the following: <ul style="list-style-type: none"> <li>• The benefits identification process</li> <li>• How benefits will be assigned and managed on an ongoing basis</li> <li>• How benefits will be measured and reported</li> <li>• The feedback process to resolve identified gaps and issues to help ensure benefits will still be realised at their intended level(s).</li> </ul>	4.1	The ITAS is the basis for the Digital Transformation Program (DTP). All the recommended actions in the ITAS are included in the DTP, therefore, only a DTP benefits realisation plan is required and this will be completed through a joint effort between CX and ITT with input from the People and Culture Change manager.		31/10/2020	On Track	40%	Part of digital transformation program	Completed	100%	This action has been transitioned to the digital transformation program management framework. Our program manager has identified the tool and approach for benefit realisation. This is linked into the operating rhythm of the program, including executive reporting.
Continue working to complete the recording and registration of all technology assets into the FreshWorks system. This includes assigning locations and users against each technology asset where applicable.	5.1	There is a scheduled work to complete the registration of IT assets in FreshWorks. It holds information on asset location, configuration, licences and users.		31/10/2020	On Track	80%	Active devices (PCs, laptops) are registered in FreshWorks. Next step: to clarify exceptions: 1 person with multiple devices, multiple devices are allocated 1 person.  Need to also register all Monitors in FreshWorks.	Completed	100%	IT asset register has been completed and is monitored and updated.
Consider which technology assets need to be included in the register and managed under IT Asset Management governance processes (e.g. software licences, software subscriptions, SaaS, desktops, laptops, mobile devices, servers, IaaS, PaaS, etc.). Develop and implement a framework and processes for ongoing management of IT assets.	5.2	Following the ITT restructure a dedicated resource will be charged with the responsibility for the FreshWorks Asset management. In addition, CoM will introduce and embed an IT asset management policy to ensure compliance.		31/10/2020	On Track	10%	Policy needs to be developed to manage IT assets	Not on Track	95%	Documentation has been created and incorporated into the knowledge base. Policy/communication is needed to be developed.
Ensure all applications are included in the ITT service catalogue, and key details are recorded for each application or service, e.g. vendor, vendor contact details, etc. are all assigned to a vendor.	7.1	ITT Vendors have been classified as high level/critical as part of the IT Collaboration activity, utilising the Gartner Segmentation Tool. • Procurement are now starting to assist with Vendor Management, although it should be noted that Contractor Management as defined by the approved procedures is the responsibility of the contract owner, in this case ITT.		30/09/2020	Not Commenced	0%	Awaiting IT Governance Framework Completion	Completed	100%	ITT application inventory has been reviewed and updated in the SharePoint site.



Determine the level of vendor performance activities required relative to specific contract values or level of criticality. For example, for contract value of more than \$100,000, SLAs shall be monitored and reported on each quarter in addition to bi-annual vendor performance meetings. A dedicated procurement specialist should lead ongoing vendor management and performance meetings.	7.2	<ul style="list-style-type: none"> <li>Failure to have SLAs/KPIs are legacy issues, with majority of contracts in place for a substantial period – as these are renegotiated appropriate changes will be made to contracts.</li> <li>In April 2020 a dedicated ITT Contract was implemented, with specific focus on data security, ownership and associated measures.</li> </ul>		30/09/2020	On Track	90%	All tenders now released incorporate KPIs/SLAs. The IT procurement resource undertakes this review and activity as part of the tender documentation.	Completed	100%	All tendering documentation now updated to include SLAs and KPIs each and every time.
Based on these determinations, develop and implement formal vendor performance management procedures that aligns to broader organisational procurement and contract management policies.	7.3			30/09/2020  Revised due date  31/03/2021	Not on Track	66%	The IT procurement resource is undertaking a review of the category spend to determine the best approach to managing current vendors.  Request extended deadline to 31/12/20 to enable full procedure update.	On Track	66%	Given the focus on procurement resourcing for the Digital Transformation Program, this is still yet to be completed.
Update and finalise the Data / Information Governance Framework and receive approval from the Finance and Audit Committee.	9.1	CoM is working with its partner councils PAE and CCS on developing a joint framework across the three, following the recruitment of a joint CDO. Following this, the associated policies and procedures will also be developed.		30/06/2021	Not Commenced	0%	Cross Council Chief Data Officer position not yet appointed, expected October 2020 onwards. Once this resource commences, this will be one of the issues to be addressed.	On Track	50%	Recruitment process has started, Data governance draft from CoM was circulated across the other 2 partners and work has begun.
Implement the Framework and develop any further policies and procedures required to embed and operationalise data management processes within the organisation.	9.2			30/06/2021	Not Commenced	0%	Cross Council Chief Data Officer position not yet appointed, expected October 2020 onwards. Once this resource commences, this will be one of the issues to be addressed.	On Track	10%	Recruitment process has started for CDO who will finalise the process across the three partner councils.
Develop and implement a process for translating best practice standards and legislative updates/changes into policies and procedures.	PIO1.1	CoM agrees with the recommendations and plans to introduce the recommended compliance register		31/12/2020	Not Commenced	0%		On Track	20%	Compliance register is in the design phase. It will be implemented in SharePoint.  Process needs to be developed to upload data to the Compliance register.
Develop and implement a compliance register that lists any specific requirements the organisation must comply with. This may also include self-elected compliance items, such as the ISO27001 standard to help ensure the organisation is aligned to the standard.	PIO1.2	Once the ITT organisation restructure is complete, dedicated function is created for governance/security/compliance. The compliance register will be part of the CoM governance framework.		31/12/2020	Not Commenced	0%		On Track	30%	Compliance register is in the design phase. It will be implemented in SharePoint.
Develop and implement a remote access and security policy, including cloud considerations (Refer to Finding 2).	PIO2.1	CoM agrees with the recommendations. All three recommendations are currently being addressed through the current program of work.		31/12/2020	On Track	15%	Part of IT Governance Framework	Completed	100%	It was documented as part of Cyber Security Operating manual
Investigate opportunities to update training and induction processes with more information regarding security practices and requirements.	PIO2.2	CoM agrees with the recommendation and security awareness is made part of the Digital Literacy project		31/12/2020	On Track	25%	Induction scripts have been updated to reflect cybersecurity requirements and remote working capabilities	On Track	50%	CoM intends to redesign the Staff IT Induction process.
Work to ensure that technology infrastructure is capable of supporting remote working and cloud connectivity. It is acknowledged this has been an ongoing process during the COVID-19 period.	PIO2.3	There is an ongoing project to improve the customer experience on both office and remote working arrangement. With the reinforcement		31/12/2020	On Track	90%	Upgrade to Windows 10 took place.	On Track	90%	CoM continuously upgrades the VMWare environments to



		of the VMView Virtual desktop environment, CoM users can securely access the same environment from Home or from the Office								improve user experience. Next step is OneDrive integration.
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Metrics that Matter

RECOMMENDATION		AGREED MANAGEMENT ACTION	ACTION START DATE	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 ensures that as the use of Power BI for KPI reporting increases, so the complete implementation of the Data Governance and Management Framework should be undertaken in parallel. This should include: <ul style="list-style-type: none"><li>Ensuring it is up to date and formally approved</li><li>Key roles are formally assigned, and</li><li>The necessary policies and procedures are developed and operationalised in order to embed the framework across the organisation.</li></ul> This will be fundamental to helping build and maintain confidence in the data and the resultant reporting.	1.1	Aligned to the Internal Audit finding 9 in the ITT Governance Review, CoM is working with its partner councils PAE and CCS on developing a joint framework across the three, following the recruitment of a joint Chief Data Officer. Following this, the associated policies and procedures will be finalised.		31/06/2021	Not Commenced		Cross council position has had a PD developed and all three CEOs have approved the recruitment, proposed to commence October 2020.	On Track	50%	Recruitment for the position has commenced in November 2020 with interviews scheduled for December 2020.
Future projects should ensure that change management and training issues are fully considered as early as possible in the project so that successful implementation of a solution can be better ensured. A formal process of benefits realisation delivery and tracking will help ensure that lessons are learnt from the rollout process and that meeting the original justification and objectives of the project can be appropriately assessed. The CoM should ensure that these requirements are part of the new Solution Delivery Framework.	PIO1.1	Agree – this will be incorporated into process.		31/06/2021	On Track		CoM has a dedicated change manager who oversees all projects with potential change impacts and is involved in our Digital Transformation Program.	On Track	25%	Change Management Plan developed for Digital Transformation Program. Change Management Plans currently being developed for CRM, Finance and Asset Management projects under the DTP. Change Readiness baselining surveys have been undertaken in Digital Literacy, Esri GIS and AV Access in meeting rooms projects and reports produced for CoM leaders. Change Workshop held with LEAD participants September 2020. Design of future service delivery model under Planning Reforms conducted in October 2020.
Future projects should ensure full identification, documentation and management of risks to the project. These should be monitored and reported to the Steering Group on a regular basis such that potential problems are identified and managed early.  Typically risks, as they arise, flow into ‘issues’ where active management and action tracking ensures their resolution in a timely manner.  The CoM should ensure that these requirements are part of the new Solution Delivery Framework.	PIO2.1	Agree – this action will be included within the Risk Management 3 Year Strategic Plan (currently under development) and work in partnership with the ITT Manager and the new Change Manager to embed better risk management practices with the CoM Project Management Framework.		31/06/2021	On Track	5%	Meeting occurred with key stakeholders to progress. This is being incorporated as part of the project management framework and software.	On Track	50%	The X-council Solution Delivery Framework has been reviewed and integrated into the IT Governance Framework.

Collaborative Leasing

RECOMMENDATION		AGREED MANAGEMENT ACTION	ACTION START DATE	ACTION DUE DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
Internal Audit recommends the CoM should investigate system opportunities to implement a property management system to support management of the lease and licensing process.	1.1	The CoM will undertake an assessment around the requirements of a property management system to support the management of leases and licensing process and will incorporate the requirements into the organisational wide Digital Transformation Project.	01/09/2020	31/12/2020	On Track	50%	A number of meetings have taken place with relevant staff to understand and document the business requirements for the Property Management System. Documentation is currently being finalised and will be incorporated as part of the broader Digital Transformation business requirements.	On Track	75%	Business requirements have been developed and finalised for the Property Management System (PMS), incorporating this into the broader Digital Transformation Business Requirement Project.
In the interim, Internal Audit recommends that the CoM should perform a review of the MPMT Excel spreadsheet to ensure key lease and licence obligations are up-to-date for all properties.	1.2	In the interim the CoM will perform a review of the MPMT excel spreadsheet to ensure key leases and licence obligations are up to date.	01/07/2020	31/10/2020	On Track	50%	The Land & Property team have reviewed and updated the MPMT excel spreadsheet to ensure the information we currently hold is update to date. Next steps will be to identify information that we currently do not hold and to request this information from our lease holders.	Completed	100%	Key lease terms have been reviewed against documents and the MPMT spreadsheet updated. The information will be updated ongoing as leases are renewed or new leases entered into. The spreadsheet will be reviewed monthly with the Unit Manager and Leasing officers.
Investigate system opportunities to implement a property management system to support the management of building inspections (see Joint Finding 1 for further information).	2.1	As noted in finding 1, the CoM will include as a requirement to include a system to support the management of building inspections.	01/09/2020	31/12/2020	On Track	50%	The business requirements for the Property Management System includes the need to support the management of building inspections.	On Track	75%	The requirements to support management of building inspections have been incorporated into the PMS business requirements.
The Property team should ensure that work flowing and integration of inspection activities are considered as part of the functional specification of the digital transformation program.	2.2	As noted in finding 1, the CoM will include as a requirement to include a system to support the management of building inspections.	01/09/2020	31/12/2020	On Track	50%	The business requirements for the Property Management System have included the need for workflow and integration of inspection activities are considered as part of the functional specification of digital transformation program.	On Track	75%	The requirements to support the need for workflow and integration of inspection activities have been incorporated into the PMS business requirements.
Perform a risk based assessment of the amount of building inspections required for each property based on an assigned risk rating to each property.	2.3	The CoM will establish a risk rating matrix to inform the regularity of the building inspections for the leased sites.		31/10/2020	Not Commenced	0%	Unit Manager Land & Property commenced middle of September and will lead this action item.	Completed	100%	An inspection check list including risk matrix has been developed. The process is being finalised in November 2020.

In the interim, Internal Audit recommends that the CoM should perform an overarching review to ensure that required insurances are in place across all leases and licenses. A summary report of this review should be provided to relevant CoM staff.	3.1	The CoM to perform a review of the leasing and licensing portfolio to ensure that required insurances are in place and also implement process to provide regular updates in a form of a report to the Manager City Property.	01/07/2020	31/10/2020	On Track	75%	The Land & Property team have carried out an audit of the insurance required to be taken out and have followed up with relevant tenants for the appropriate information. Currently working on an overall dashboard for a number of reporting requirements to CoM staff.	Completed	100%	A full review of the leasing and licensing portfolio to ensure required insurances are in place. As at 31/10/2020 there were 61% of leases with current insurance policies. Details for the remaining 39% of leases have been followed up via email. Should be noted that of the 31% there is 12% leases with state government who are self insured through SAICORP. A process of monthly reports has been implemented and will be provided to the Manager City Property commencing end November 2020.
As part of the Digital Transformation Program, it is also recommended that the review over the monitoring of insurance as part of the broader contracts module is considered in relation to leases and licenses. This would include providing automated system functionality such as notifications for tenant insurance that will expire within two months.	3.2	As noted in finding 1, the CoM will include as a system requirement that is able to monitor the insurances and provide automated system functionality for notifications around tenants insurance that are due to expire within a certain period of time.	01/09/2020	31/12/2020	On Track	50%	The business requirements for the Property Management System includes the need for an automated system functionality for notifications around tenants insurance.	On Track	75%	The business requirements to include the need for an automated system functionality for notifications around tenants insurance have been incorporated into the PMS business requirements.
Internal Audit recommends both Councils investigate introducing a standard method for assessing required levels of public liability insurance on a case by case basis for each lease or licence. This would allow leases or licences with a higher public liability risk to pay a higher premium, and leases and licences with a lower public liability risk to pay a lower premium.	J3.1			31/12/2020	Not Commenced	0%	Unit Manager Land & Property commenced middle of September and will lead this action item.	On Track	25%	Focus has been reviewing the public liability levels within the L&L portfolio, the focus now will be to establish a PL matrix.
Investigate system opportunities to implement a property management system to support the monitoring and tracking of lease and licence agreement expiry (see Joint Finding 1 for further information).	4.1	As noted in finding 1, the CoM will include as a system requirement that is able to monitor and track lease and license agreement expiries. System reporting will also be investigated as part of the requirements for a new system.	01/09/2020	31/12/2020	On Track	50%	The business requirements for the Property Management System includes the requirement to monitor and track agreement expiries.	On Track	75%	The requirements to monitor and track agreement expiries have been incorporated into the PMS business requirements.
Review current processes for executing and extending lease and licence agreements to identify opportunities to streamline the process such as whether the letter of offer is required. The CoM should also consider the implementation of exception reporting to Management of all leases and licences holding over with key expiry dates highlighted to monitor and track the timeliness of lease or licence negotiation.	4.2	The CoM to undertake a review of the current process for executing and extending lease and license agreements to identify opportunities to stream line the process, to include the review of the Letter of Offer.	01/07/2020	31/10/2020	On Track	50%	The Land & Property team have workshopped and reviewed the current process and are looking to streamline with a strong focus around customer experience. Next steps will be to seek further support and advice from the Customer experience team.	Completed	100%	The leasing and licencing process has been reviewed. The initial letter of offer and draft lease process will be combined and forwarded to the lessees at the same time. In addition, staff will arrange to meet with the tenants of the buildings to explain key lease clauses and respond to questions. The new process will continue to be monitored. A revised work flow is being prepared by Business Process Analyst.
Having alerts set to begin negotiating new lease agreements 6 to 12 months prior to expiry. This will allow adequate time to discuss new terms with tenants and review whether the agreement will be extended.	J4.1	As noted in finding 1, the CoM will include as a system requirement that is able to monitor and track lease and license agreement expiries. System reporting will also be investigated as part of the requirements for a new system.	01/09/2020	31/12/2020	On Track	50%	The business requirements for the Property Management System includes an alert setting option of leases prior to the expiry.	On Track	75%	The requirements to include the need for alert setting options of leases prior to the expiry, have been incorporated into the PMS business requirements.
Upcoming lease or licence expiry reports to be provided to relevant Management staff, with ongoing monitoring and discussions held regarding the status of lease and licence renewals and the number of leases and licences holding over.	J4.2	As noted in finding 1, the CoM will include as a system requirement that is able to monitor and track lease and license agreement expiries. System reporting will also be investigated as part of the requirements for a new system.		31/12/2020	On Track	50%	The business requirements for the Property Management System includes the reporting function.	On Track	75%	The requirements to include the reporting function of lease status have been incorporated into the PMS business requirements.

Have staff conduct an annual review of lease and licence documentation to ensure all documents are retained.	J5.1	The CoM will schedule in annual review of lease and license documentation to ensure that they are current and relevant.		31/12/2020	Not Commenced		Unit Manager Land & Property commenced middle of September and will lead this action item.	Not Commenced		Annual review will be scheduled for April-May of each year. Process documents are to be prepared during December 2020.
Reinforce the documentation and record keeping requirements with all relevant staff.	J5.2	City Property team to collaborate with the records team to stream line and ensure that documentation and record keeping requirements are being adhered to.		31/12/2020	Not Commenced		Unit Manager Land & Property commenced middle of September and will lead this action item.	On Track	25%	The City Property team are currently working with the records team to develop a revised structure within Sharepoint to ensure simplicity for all users across the team. This process will incorporate consultation with staff within CP and subsequent training as well.
The distribution list for customer event reporting should be reviewed and updated on a regular basis.	6.2	The CoM to ensure that appropriate customer event reporting is provided regularly to the appropriate Unit Manager and Manager and ensuring that the distribution list are reviewed and updated on annual basis or as needs basis.	01/09/2020	31/10/2020	On Track	50%	Currently working with the customer events team to ensure that the distribution list is up to date to reflect current roles.	Completed	100%	Unit Managers have been trained in the Customer Event System and weekly reviews of outstanding items are now scheduled.
Consider establishing response times to tenant maintenance requests, these should give reference to: • Customer expectations; and • Where it is not possible to meet customer expectations, understand why this is not possible and have clear communication in place to bridge the gap with customer expectations.	6.3	The CoM will consider establishing response times and establishing KPIs to monitor the performance of these requests.		31/10/2020  Revised due date 31/12/2020	Not Commenced	0%	Unit Manager Land & Property commenced middle of September and will lead this action item.	On Track	70%	The Land and Property Team have developed response times and are currently mapping the process and finalising a procedure. Expected completion Dec 2020.
Internal Audit recommends for both Councils to establish departmental KPIs as appropriate that are relevant to the status of customer maintenance requests, and ensure these are monitored and regularly reported on.	J6.1	The CoM will consider establishing response times and establishing KPIs to monitor the performance of these requests.		31/10/2020  Revised due date 31/12/2020	Not Commenced	0%	Unit Manager Land & Property commenced middle of September and will lead this action item.	On Track	70%	The Land and Property Team have developed response times and are currently mapping the process and finalising a procedure. Customer request system is being reviewed to determine if this can be implemented and tracked through the CES. Expected completion Dec 2020.
Investigate all leasing agreements in place which are currently being charged under a specified value. Where it is identified that the annual rental income has not been updated for a number of years, consider opportunities to re-align the rental fee to market conditions. Where appropriate, the 93% market subsidiary would be applied.	M1.1	The CoM to investigate the agreements in place to ensure that the rental fee aligns with Council's current policy and the subsidy of up to 93% is applied appropriately.		31/12/2020	On Track	60%	The Land & Property team have investigated the agreements in place. A number of agreements are leases entered into prior to the new lease and license policy endorsement. New leases entered into post policy are in accordance with the policy with the exception of a number of leases where the tenants have requested a longer tenure or reduced rentals. These are subject to Council's decision and community consultation.	On Track	80%	The Land & Property team have investigated the agreements in place. A number of agreements are leases entered into prior to the new lease and license policy endorsement. New leases entered into post policy are in accordance with the policy, with the exception of leases where the tenants have requested a longer tenure or reduced rentals. These are subject to Council resolution and community consultation. Currently working through all the leases that are in hold over. The majority of these are with the Department of Education and preliminary discussions with DECS have occurred with a mutual in principle agreement on way forward.

Review the current process for monitoring and determining the level of rent subsidy to ensure that tenants are adequately meeting their obligations according to their relevant lease or licence agreement and Council policy.	M1.2	The CoM to undertake a review of the process for monitoring and determining levels of rent subsidy to ensure tenants are meeting their obligations.		31/12/2020	Not Commenced	0%	Unit Manager Land & Property commenced middle of September and will lead this action item.	Not Commenced		This work will commence December 2020 and will be completed during the third quarter of the financial year.
It is recommended that the CoM further review and consider the current policy of obtaining external valuations for club and community properties.	M1.3	The CoM to undertake a review of the current policy in determining the rental fee via external valuations and potential consideration for another fee structure for consideration.		31/12/2020	Not Commenced	0%	Unit Manager Land & Property commenced middle of September and will lead this action item.	Not Commenced		This work will commence December 2020 and will be completed during the third quarter of the financial year.
Investigate system opportunities to implement a property management system which includes workflows for the rent review process (see Joint Finding 1 for further information).	M2.1	The CoM will undertake an assessment around the requirements of a property management system to support the management of leases and licensing to include rent review process and will incorporate the requirements into the organisational wide Digital Transformation Project.		31/12/2020	On Track	50%	The business requirements for the Property Management System includes the requirement for workflows for the rent review process.	On Track	75%	The business requirements to include the workflow for the rent review process have been incorporated into the PMS business requirements.
Update the rent review calculation sheet to provide further detail of the review calculation.	M2.2	The CoM to undertake the review of the rent review process.		31/12/2020	Not Commenced	0%	Unit Manager Land & Property commenced middle of September and will lead this action item.	Not Commenced		This work will commence December 2020 and will be completed during the third quarter of the financial year.
Implement a delegation of authority for authorising rent reviews. This should include the relevant staff sign off within the updated SOES template.	M2.3	The CoM to implement revised process to incorporate appropriate checklist and appropriate delegations are in place to sign off on rent reviews.		31/12/2020	Not Commenced	0%	Unit Manager Land & Property commenced middle of September and will lead this action item.	Not Commenced		This work will commence December 2020 and will be completed during the third quarter of the financial year.
It is recommended that the CoM provide further communication and awareness of the delegations for new leases and lease renewals to relevant staff, and specifically the delegation for these approvals to be performed by the TLL&P.	PIO1	Further communication to be provided to relevant staff members around delegations for new lease and lease renewals.		31/10/2020	Not Commenced	0%	Unit Manager Land & Property commenced middle of September and will lead this action item.	Completed	100%	Delegations have been reviewed and relevant staff have been advised of the approval and execution requirements for new leases and lease renewals.



## Service Review Program and Recommendations - Progress Update

<b>Originating Officer</b>	Business Improvement Officer - Melissa Nottle-Justice Performance and Innovation Lead - Vicky Travers
<b>Corporate Manager</b>	Manager Customer Experience - Karen Cocks
<b>General Manager</b>	General Manager Corporate Services - Sorana Dinmore
<b>Report Reference</b>	FAC201208R08

### REPORT OBJECTIVE

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

- The overall status of the Service Review Program for FY2020/21; and
- The implementation of the Service Review Program recommendations as at 20 November 2020

### Executive Summary

#### Service Review Program

At the 9 June 2020 meeting of General Council, Council adopted the Service Review Program for FY2020/21 (GC200609). This program focuses on carrying out ten cross council service reviews to allow the City of Marion to focus on the delivery of the Digital Transformation Project.

The majority of the planned 2020/21 service reviews have commenced.

The tracked progress of all reviews is below:

**Table 1: Service Review Program FY2020/21 – Progress Update as at 20/11/20**

Service Review Title	No. of Services	Current Status	Comments
<b>Cross Council Service Reviews</b>			
Capital Construction and Maintenance	5	In progress	<ul style="list-style-type: none"> <li>Draft service review documentation is being prepared, expected to be available by 31/12/20</li> </ul>
Open Space Planning and Construction (previously referred to as Open Space Recreation and Planning)	1	In progress	<ul style="list-style-type: none"> <li>Desktop analysis complete</li> <li>Expected that findings will be included within Capital Construction and Maintenance review</li> </ul>
Fleet Management and Maintenance (previously referred to as separate reviews, now combined)	2	In progress	<ul style="list-style-type: none"> <li>Draft report out for review</li> </ul>
Public Litter	1	Complete	<ul style="list-style-type: none"> <li>Final report to be shared (FAC200812)</li> </ul>
Sport and Recreation	1	Not commenced	
<b>Total</b>	<b>10</b>		

### Implementation of recommendations from service reviews

Significant focus has been given to the completion of the current service review actions. The Performance and Innovation Team have committed to support teams to complete the 50 actions due this financial year.

Key highlights include:

- The Asset Management Service Review recommendations have now been fully implemented.
- In relation to the Living Kaurna Cultural Centre, a proposal for a private Kaurna business model was discussed at an Elected Member forum in October 2020.
- Within the Corporate ICT implementation, phase 1 of new mapping software is complete.
- The archive backlog project has recommenced in records.
- An Expression of Interest for the Utilities Management System now out to market.
- Forestree software has been implemented, resulting in route optimisation of watering rounds.

Refer Appendix 1 for more detail.

## RECOMMENDATION

**That the Finance and Audit Committee:**

- 1. Notes the overall status of the Service Review Program for FY2020/21 (Table 1)**
- 2. Notes the implementation progress of the Service Review Program recommendations (Appendix 1)**

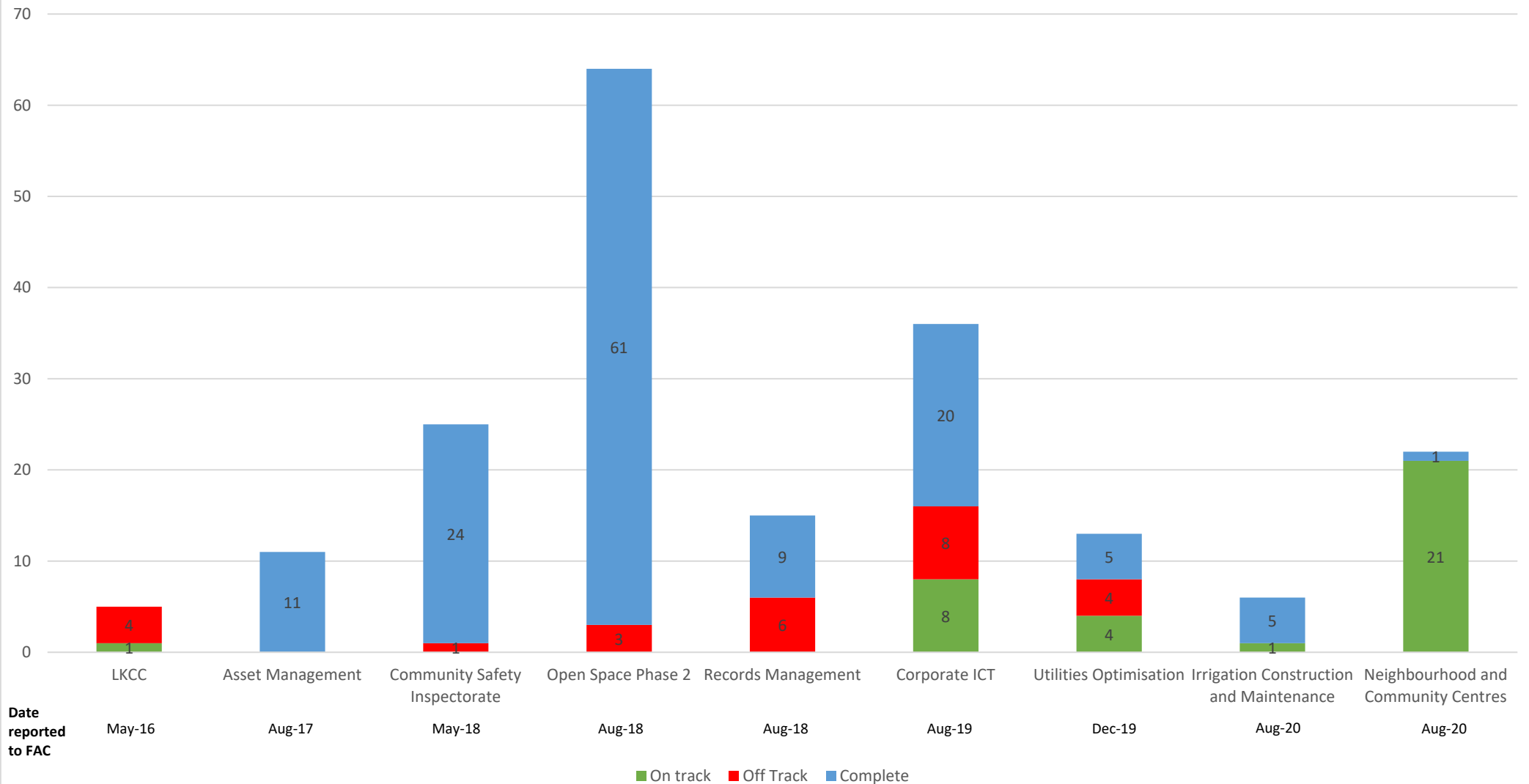
## Attachment

#	Attachment	Type
1	FAC201208 - Service Review Program and Recommendations - Progress Update - Appendix 1	PDF File

## All Open Service Review Recommendations - Progress Update (Appendix 1)

(Status as at 20/11/2020 based on tracking against original completion dates)

Implementation of all SR Recommendations  
Status by Actions of Open SRs





# Open Service Reviews - Recommendations - Progress Update

(Status as at 20/11/2020 based on tracking against original completion dates)

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

Division	Department	Service Review	Date Reported to FAC	Original Full Implementation Date	# of Recommendations	# 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	5	5	1	4	-	0%	The proposal of a private Kurna business was discussed at the Elected Member forum on 15 October 2020. The General Manager, City Services to meet with proponent to request further information on the proposal to present to Council, for a decision on next steps.
	Development and Regulatory Services	Community Safety Inspectorate	May-18	Jul-19	7	25	-	1	24	96%	No change – The Information Technology and Transformation Department (ITT) is continuing to work with the third-party provider to develop and test the Customer Event System mobile app. Once it is fully functional, the iPads with the app will be deployed to the Community Safety Inspectors.
				<b>Division Total</b>	<b>12</b>	<b>30</b>	<b>1</b>	<b>5</b>	<b>24</b>	<b>80%</b>	
City Services	Engineering, Assets and Environment	Asset Management	Aug-17	Jun-18	4	11	-	-	11	100%	Service Levels identified and documented as part of Asset Management Plan updates and have been endorsed by General Council in October 2020. Service Review recommendations have now been fully implemented.
	Operations	Open Space Phase 2	Aug-18	Jun-22	20	64	-	3	61	95%	Route optimisation of watering rounds has been achieved through the use of Forestree, however further analysis will be undertaken in late December as the new Esri mapping has Route Optimisation Software that could be trialled. Sports Field Inspections to still be brought back in house. This will be trialled once we meet with ESRI and look at the Collector and Workforce Management Apps. A meeting is scheduled to initiate discussions in the next fortnight.

# Open Service Reviews - Recommendations - Progress Update

(Status as at 20/11/2020 based on tracking against original completion dates)

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



Division	Department	Service Review	Date Reported to FAC	Original Full Implementation Date	# of Recommendations	# of Actions	# On Track Actions	# Off Track Actions	# Actions Complete	% of Actions Complete	Comments
City Services	Operations	Irrigation Construction and Maintenance (cross council)	Aug-20	Dec-20	6	6	1	-	5	83%	The irrigation tender has closed and Strategic Procurement are currently clarifying elements of the submissions put in by the suppliers.
	Corporate Governance	Records Management	Aug-18	Dec-19	15	15	-	6	9	60%	Highlights of progress include: <ul style="list-style-type: none"> <li>- Archive backlog project has recommenced and being undertaken by Records Management Team (RMT) staff.</li> <li>- System maintenance and improvement practices being refined to allow for RMT. This includes SharePoint site classification and auditing as well as GDS40 retention mapping.</li> <li>- Webform development service now online.</li> <li>- Records Management induction training in development.</li> <li>- Information Artefacts Hub created and RMT Service ticket types being establish in CoM Support System to improve staff engagement.</li> </ul>

# Open Service Reviews - Recommendations - Progress Update

(Status as at 20/11/2020 based on tracking against original completion dates)

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

Division	Department	Service Review	Date Reported to FAC	Original Full Implementation Date	# of Recommendations	# of Actions	# On Track Actions	# Off Track Actions	# Actions Complete	% of Actions Complete	Comments
City Services	Community Connections	Neighbourhood and Community Centres	Aug-20	Jun-22	22	22	21	-	1	5%	Highlights of progress include: <ul style="list-style-type: none"> <li>- The Workforce Plan with People and Culture has commenced with two session with the Neighbourhood and Community Centre team booked for end of November and beginning of December 2020.</li> <li>- Interim systems are being researched and worked through as we now have limitations in line with the timing of Digital Transformation Project.</li> <li>- Partnerships are steadily increasing, we are working closely with City of Marion's Positive Ageing and Inclusion, Communications and Cultural Centre teams on several programs and projects.</li> <li>- The centralisation of programs has been a great trial and one that will continue until the Workforce Planning is complete and roles are defined.</li> </ul>
Division Total					67	118	22	9	87	74%	
Corporate Services	ITT	Corporate ICT (cross council)	Aug-19	June-21	15	36	8	8	20	56%	Progress since last update: <ul style="list-style-type: none"> <li>- Esri mapping software phase 1 has been implemented at CoM.</li> <li>- Planning for FY2021/22 collaborative budget bids identified. Cities of Charles Sturt and Port Adelaide Enfield are continuing with alignment in accordance with the ICT principles with City of Marion (CoM) participating in a subset of the services and opportunistic cross-council projects.</li> <li>- Senior Project Manager has been employed 3 days a week at CoM to</li> </ul>

# Open Service Reviews - Recommendations - Progress Update

(Status as at 20/11/2020 based on tracking against original completion dates)

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

Division	Department	Service Review	Date Reported to FAC	Original Full Implementation Date	# of Recommendations	# of Actions	# On Track Actions	# Off Track Actions	# Actions Complete	% of Actions Complete	Comments
											focus on the Digital Literacy and the Customer Relationship Management System. - Recruitment has started for a Chief Data Officer to work across all three councils and as part of the Digital Transformation Project. - New security governance role has been identified, with intention to go out to market early 2021. - CoM has completed first draft of IT Governance framework.
Corporate Services	Strategic Procurement	Utilities Optimisation (cross council)	Dec-19	Feb-23	10	13	4	4	5	38%	Review of charging accuracy is still ongoing, resulting in refunds to council for overpayments and incorrect charges. Review of solar sites now underway.  An Expression of Interest for the Utilities Management System now out to market.  Formal Governance meetings (across the three councils) are continuing, detailing the achievements to date and progress in all activities. Monthly updates are now communicated on achievements and the upcoming plans.
Division Total					25	49	12	12	25	51%	

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

# Open Service Reviews - Recommendations - Progress Update

(Status as at 20/11/2020 based on tracking against original completion dates)

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



## Completed Service Reviews (Recommendations have been fully implemented) (March 2016 – Current)

Department	Service Review	Date Reported to FAC	Original Complete Date	Actual Complete Date
Community Connections	Libraries	28-Feb-2017	31-Mar-2017	10-Oct-2017
Human Resources	Recruitment	15-Dec-2016	31-Dec-2017	29-May-2018
City Property	Marion Outdoor Swim Centre	15-Dec-2016	31-Oct-2017	02-Oct-2018
Corporate Governance	Council Reporting and EM Support	15-Dec-2016	31-Aug-2017	02-Oct-2018
Engineering and Field Services	Management of Recycling Depot and Stores	30-May-2017	29-Dec-2017	02-Oct-2018
Finance and Contracts	Public Place Litter	12-Dec-2017	30-Jun-2018	02-Oct-2018
Engineering and Field Services	Drainage	30-May-2017	30-Jun-2018	11-Dec-2018
Engineering and Field Services	Roads	15-Aug-2017	29-Jun-2018	11-Dec-2018
Engineering and Field Services	Hard Waste and Dumped Rubbish	08-Mar-2016	01-Jul-2019	26-Feb-2019
City Property	Maintenance of Council Facilities	10-Oct-2017	30-Nov-2018	28-May-2019
Community Connections	Marion Celebrates	30-May-2017	30-Mar-2019	28-May-2019
Development and Regulatory Services	Parking Management and Regulation	30-May-2017	31-Dec-2018	28-May-2019
Engineering and Field Services	Open Space Phase 1	12-Dec-2017	30-Jun-2022	28-May-2019
Customer Experience	Customer Service	27-Feb-2018	31-Mar-2020	20-Aug-2019

## Annual Ombudsman Report 2019/20

<b>Originating Officer</b>	Governance Officer - Victoria Moritz
<b>Corporate Manager</b>	Manager Corporate Governance - Kate McKenzie
<b>General Manager</b>	General Manager City Services - Tony Lines
<b>Report Reference</b>	FAC201208R09

### REPORT OBJECTIVE

To provide information on complaints received by the City of Marion community to the South Australian Ombudsman (the Ombudsman) during the 2019/20 financial year.

### EXECUTIVE SUMMARY

Each year, after the Ombudsman SA has released their Annual Report, a report is formulated to the Finance and Audit Committee that reports on all complaints made about the City of Marion to the Ombudsman's office in that financial year and how they have been managed. This report also reconciles the information provided in the Annual Report with the information provided throughout the year via two six monthly reports from the Ombudsman.

At the time of writing this report, the Ombudsman's Annual Report recorded 41 complaints relating to the City of Marion for 2019/20, while the two six monthly reports for this period indicated 40 complaints were received. Clarification is currently being sought in relation to these figures, however the information provided in this report is based on the 40 matters that are known. A verbal update will be provided at the meeting if a response is received from the Ombudsman's Office.

In addition to complaints to the Ombudsman's office, six requests were received direct to the City of Marion to conduct an internal review of a decision in accordance with the City of Marion Complaints and Grievance Policy. These are referred to and known as 'Section 270 Reviews' as the right is provided via this clause of the *Local Government Act 1999*.

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

### RECOMMENDATION

**That the Finance and Audit Committee:**

- 1. Notes this report and the information contained within Attachments 1, 2 and 3.**

### GENERAL ANALYSIS

#### ANALYSIS:

In 2019/20 the Ombudsman's office received 947 complaints regarding local government and closed out a total of 888 complaints. Of these complaints, 40 related to the City of Marion. **Attachment 1** shows a comparison of complaints made over the past financial years. In the previous financial year (2018/19), 36 complaints were received.

**Attachment 2** provides a summary of the complaints and notes that:

- Twenty one (21) complainants were referred back to the City of Marion.
- Fifteen (15) complaints were refused to be investigated by the Ombudsman.
- Three (3) complaints were resolved by alternative remedy with another agency.
- One (1) complaint was withdrawn.

The phrase “referrals back to the Agency” used within documents produced by the Ombudsman’s Office indicates that the complainant has been advised to liaise with Council in the first instance. In some instances, this contact may be the first time that Council has heard of the complaint (they may have called anonymously) or there may be a record of the complaint. In some cases, the complainant may not have contacted Council again, even after the request of the Ombudsman’s office to do so.

From the 40 complaints received this year, 21 complaints were referred back to Council as follows:

- Decision regarding Sporting Club **(1)**
- Development / Planning **(4)**
- Expiation / Regulatory **(10)**
- FOI (Development) **(1)**
- Open Space (Playground) **(1)**
- Rates **(1)**
- Traffic / Engineering **(1)**
- Trees / Verges **(2)**

15 complaints were declined to be investigated:

- Decision re Sporting Club **(2)**
- Development / Planning **(5)**
- Expiation / Regulatory **(2)**
- Section 270 / Governance **(2)**
- Neighbouring Business **(1)**
- Rates **(1)**
- Trees / Verges **(2)**

4 complaints were either resolved by an another agency, withdrawn or did not proceed.

**Attachment 3** provides an extract from the Ombudsman's Annual Report that provides the full statistics of complaints from all Councils across South Australia. This data is useful to benchmark the City of Marion.

### **S270 Reports (internal reviews of a council)**

In addition to complaints to the Ombudsman's office above, six (6) requests were received direct to the City of Marion to conduct an internal review decision in accordance with Council's Complaints and Grievance Policy.

These complaints related to:

- Review Dispute of Fine (July 2019)
- Cove Cobras Football Club (November 2019)
- Backyard Burning (March 2020)
- Closure of Diagonal Way (May 2020)
- Christmas Lights **(not concluded)**
- Mitchell Park **(did not proceed)**

### **CONCLUSION:**

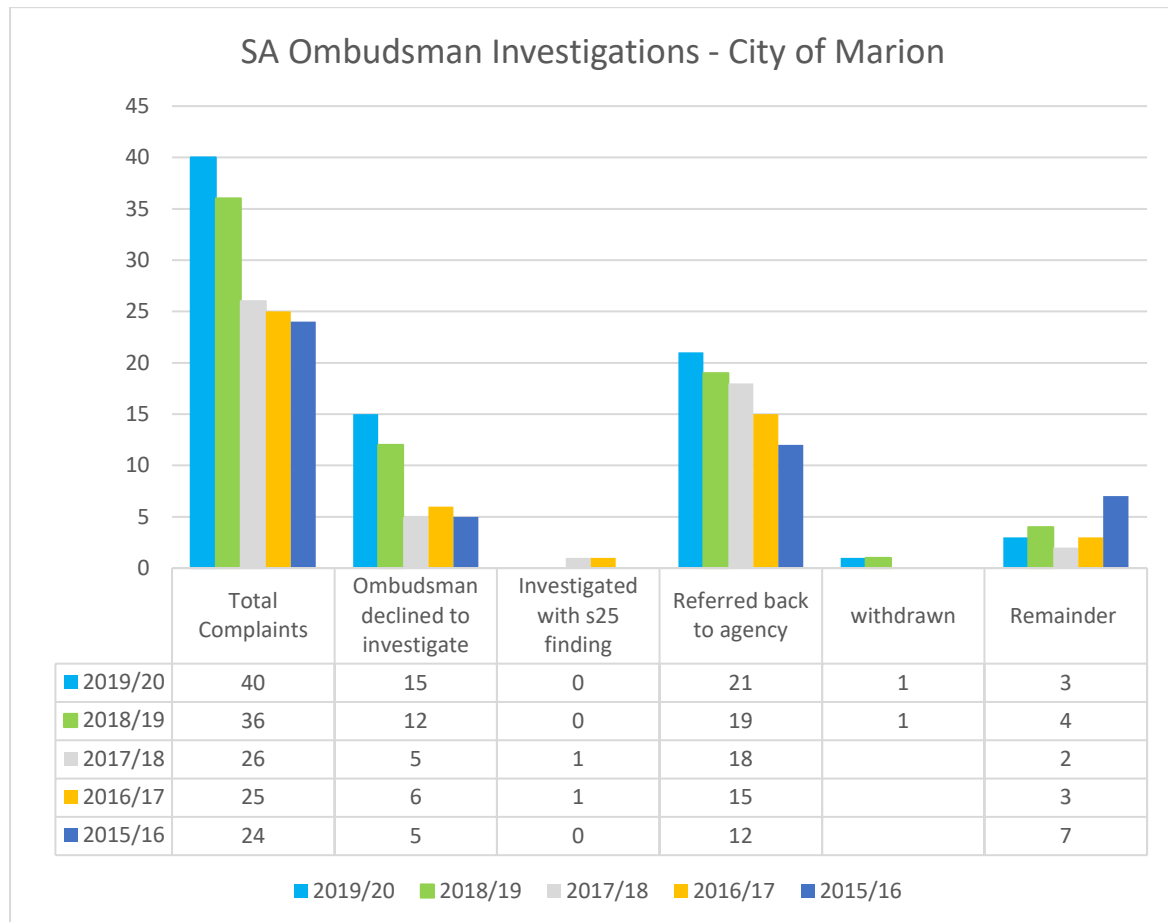
The Ombudsman plays an important role in the investigation of complaints about local government agencies. The City of Marion continues to improve processes by ensuring that such reviews are based on good practice and continuous improvement.

### **Attachment**

#	Attachment	Type
1	Attachment 1 - Comparison of complaints over the past financial years.	PDF File
2	Attachment 2 - Summary Ombudsman Complaints	PDF File
3	Attachment 3 - Extract - SA Ombudsman Annual Report 2019-20	PDF File



## COMPARISON OF COMPLAINTS MADE OVER THE PAST FINANCIAL YEARS



## Twenty (21) complaints were referred to the City of Marion

Category	Number of complaints	Outcome
Unreasonable Decision re Sporting Club	1	Unreasonable termination of sporting club tenancy. A Section 270 investigation was undertaken, and findings communicated to applicant. The matter was also considered through Council.
Development / Planning	4	One was in relation to unreasonable action in relation to privately certified development application. City of Marion provided comments back to the Ombudsman in February 2020 and no further action has been requested. One was in relation to unreasonable response from council regarding retaining wall. This was progressed through and FOI however we did not hear back from the Applicant following the final determination. The matter is currently in court. No further action is required from City of Marion. We are unaware of the other two complaints or did not make further contact with Council.
Expiation / Regulatory	10	Four of these complaints related to unreasonable expiation notices being issued. All were reviewed in accordance with our process. Two were confirmed as issued correctly, one was reversed, and we are yet to receive the paperwork from the fourth one. One was in relation to a dog permit which exceeded the number of dogs allowed. The customer did not agree to the permit process. Unaware complaint had been made to Ombudsman. Two related to noise complaints one regarding a rooster which was eventually resolved with the resident. The other was a barking dog which was investigated through the standard process and closed out. Not aware of any further complaints. Two were regarding dog registrations. One was disputing dog ownership and dog registration which was resolved with the assistance of SAPOL and are unaware of any further complaints. The other was regarding dog registration and we are unaware of this complaint. One was in relation to parking and speeding on controls and enforcement at Westminster School. This was investigated and appropriate action taken. Unaware of any further complaints.
FOI (Development)	1	This complaint is regarding a matter resolved through FOI. The documents were refused under the FOI Act - S20(1)(b) – they are available for inspection at council under the Development Act. The City of Marion did not hear back from the applicant.
Open Space	1	The complaint was regarding the unreasonable placement of a playground. City of Marion is unaware the complaint was made to the Ombudsman and have not heard from the complainant.
Rates	1	The complaint was regarding the residential construction rebate to adjust the rates for vacant land that is to be built on. The complainant was advised of the process. It is noted the quarterly instalments have been paid on time. No further action was required.

Traffic / Engineering	1	Unreasonable decision to remove traffic Chicane. Unaware of complaint to Ombudsman. This item was presented to General Council on a number of occasions and it was resolved to retain the driveway link and carry out work to make the device compliant including reduce the impact of noise by removing and replacing the block pavers.
Trees / Verges	2	One complaint was in relation to refusal to remove trees This was in relation to street tree planting and the species(Chinese Elm Trees) being used in Hallett Cove is not a declared pest plant or prohibited by PIRSA and the Natural Resources Management Board. Council did not hear any back from the Complainant after the initial response was sent. The other was regarding failure to maintain the verge. On inspection it appeared the rocks came from the complainant's house as they just had a retaining wall built on their property. However, the rocks were removed by Council as this was difficult to prove. The situation was resolved.

**Fifteen (15) complaints were declined to be investigated**

	Number of complaints	Outcome
Unreasonable Decision re Sporting Club	2	Both complaints relate to the Cove Football which was a Matter resolved through Council.
Development / Planning	5	One was relating to the incorrect categorisation of development. The process and categorisation was explained to the resident who seemed content and didn't require any further information. This was closed out and not aware of any further complaints. Council have no record or knowledge of the remainder of these complaints which relate to unreasonable development.
Expiation / Regulatory	2	One complaint was relating to the unreasonable outcome of review regarding backyard burning. A review was conducted by Governance department and Ombudsman notified. The other related to an unreasonable expiation notice. The first request for a review of the expiation was not upheld and the expiation was not withdrawn. The Ombudsman's Office then wrote to Council and provided additional information on behalf of XXX which was considered as a request for a second review. Considering the new information, the expiation was waived, as an assessment was made that XXX did not commit an offence.
Governance	2	One complaint was regarding unreasonable response to Christmas Light Display and delay in investigation due to COVID-19. This matter is still progressing through a section 270 review. The grievance has multiple regulatory complaints. The review was delayed by 3 months whilst the business adjusted to COVID. The complainant was advised however took the matter to the Ombudsman who supported Council with the delay. It is in its final stages now and Council has been progressing with a number of recommendations for improvement.

		The other complaint was in relation to a breach of confidentiality by a Council Member. We are not aware a complaint had been made at this time.
Neighbouring Business	1	Ombudsman previously investigated a complaint regarding Councils handling of the Puddle Jumpers conflict, and dismissed claims against Council. This is a known issue that is being managed by staff.
Rates	1	Same complainant as listed above in “referred back to agency” The complaint was regarding the residential construction rebate to adjust the rates for vacant land that is to be built on. The complainant was advised of the process. It is noted the quarterly instalments have been paid on time. No further action was required.
Trees / Verges	2	One was regarding the Chinese Elm Trees as mentioned above in “referred back to agency” no further action has been taken. The other related to verge maintenance. There are ongoing discussions with the resident to resolve the issue in accordance with the verge development guidelines.

**Four (4) complaints were either resolved by an alternate agency, withdrawn or did not proceed**

	Number of complaints	Outcome
Unreasonable refusal to remove tree	1	Alternate Remedy with another body
Unreasonable action by council in relation to privately certified development application	1	Withdrawn by Complainant
Unreasonable refusal to accept private certifiers assessment	1	Alternate Remedy with another body
Unreasonable expiation notice	1	Alternate Remedy with another body.

## Local government

### Summary tables

1 July 2019 - 30 June 2020

### Complaints: received and completed

Council	Received	%	Population 30 June 2019	Received/1 0,000 population	Completed	%	Completed /10,000 Population
Adelaide Hills Council	21	2.2	39 977	5.3	22	2.5	5.5
Adelaide Plains Council	12	1.3	9 137	13.1	12	1.4	13.1
Alexandrina Council	25	2.6	27 427	9.1	25	2.8	9.1
Barunga West Council	4	0.4	2 563	15.6	4	0.5	15.6
Berri Barmera Council	9	1.0	10 842	8.3	9	1.0	8.3
Campbelltown City Council	17	1.8	52 192	3.3	17	1.9	3.3
City of Adelaide	57	6.0	25 456	22.4	53	6.0	20.8
City of Burnside	25	2.6	45 816	5.5	22	2.5	4.8
City of Charles Sturt	74	7.8	118 943	6.2	76	8.6	6.4
City of Holdfast Bay	19	2.0	37 435	5.1	17	1.9	4.5
City of Marion	41	4.3	93 448	4.4	43	4.8	4.6
City of Mitcham	16	1.7	67 474	2.4	16	1.8	2.4
City of Mount Gambier	4	0.4	27 275	1.5	4	0.5	1.5
City of Norwood, Payneham & St Peters	7	0.7	37 056	1.9	8	0.9	2.2
City of Onkaparinga	68	7.2	172 938	3.9	63	7.1	3.6
City of Playford	30	3.2	94 848	3.2	26	2.9	2.7
City of Port Adelaide Enfield	49	5.2	127 740	3.8	51	5.7	4.0
City of Port Lincoln	6	0.6	14 718	4.1	5	0.6	3.4
City of Prospect	10	1.1	21 520	4.6	11	1.2	5.1
City of Salisbury	36	3.8	143 560	2.5	36	4.1	2.5
City of Tea Tree Gully	48	5.1	100 261	4.8	47	5.3	4.7
City of Unley	23	2.4	39 208	5.9	21	2.4	5.4
City of Victor Harbor	20	2.1	15 465	12.9	19	2.1	12.3
City of West Torrens	32	3.4	60 842	5.3	31	3.5	5.1
Clare & Gilbert Valleys Council	8	0.8	9 424	8.5	8	0.9	8.5
Coorong District Council	3	0.3	5 429	5.5	3	0.3	5.5
Copper Coast Council	6	0.6	15 010	4.0	5	0.6	3.3
Corporation of the City of Whyalla	6	0.6	21 665	2.8	5	0.6	2.3
Corporation of the Town of Walkerville	7	0.7	8 000	8.8	7	0.8	8.8
District Council of Ceduna	1	0.1	3 442	2.9	1	0.1	2.9
District Council of Cleve	2	0.2	1 792	11.2	1	0.1	5.6
District Council of Coober Pedy	5	0.5	1 834	27.3	5	0.6	27.3
District Council of Elliston	16	1.7	1 008	158.7	8	0.9	79.4
District Council of Franklin Harbor	8	0.8	1 304	61.3	5	0.6	38.3
District Council of Grant	10	1.1	8 584	11.6	6	0.7	7.0
District Council of Karoonda East Murray	3	0.3	1 107	27.1	3	0.3	27.1
District Council of Kimba	2	0.2	1 065	18.8	2	0.2	18.8

Council	Received	%	Population 30 June 2019	Received/1 0,000 population	Completed	%	Completed /10,000 Population
District Council of Lower Eyre Peninsula	4	0.4	5 780	6.9	4	0.5	6.9
District Council of Loxton Waikerie	2	0.2	11 743	1.7	3	0.3	2.6
District Council of Mount Remarkable	4	0.4	2 909	13.8	2	0.2	6.9
District Council of Orroroo/Carrieton	2	0.2	850	23.5	2	0.2	23.5
District Council of Peterborough	8	0.8	1 687	47.4	6	0.7	35.6
District Council of Renmark Paringa	6	0.6	9 907	6.1	6	0.7	6.1
District Council of Robe	1	0.1	1 450	6.9	1	0.1	6.9
District Council of Streaky Bay	3	0.3	2 192	13.7	3	0.3	13.7
District Council of Tumby Bay	7	0.7	2 702	25.9	5	0.6	18.5
District Council of Yankalilla	8	0.8	5 572	14.4	7	0.8	12.6
Kangaroo Island Council	17	1.8	4 983	34.1	10	1.1	20.1
Light Regional Council	9	1.0	15 359	5.9	9	1.0	5.9
Mid Murray Council	4	0.4	9 094	4.4	4	0.5	4.4
Mount Barker District Council	15	1.6	36 571	4.1	14	1.6	3.8
Naracoorte Lucindale Council	4	0.4	8 555	4.7	4	0.5	4.7
Northern Areas Council	3	0.3	4 619	6.5	2	0.2	4.3
Port Augusta City Council	24	2.5	13 862	17.3	20	2.3	14.4
Port Pirie Regional Council	7	0.7	17 634	4.0	7	0.8	4.0
Regional Council of Goyder	6	0.6	4 190	14.3	5	0.6	11.9
Roxby Council	1	0.1	3 954	2.5	1	0.1	2.5
Rural City of Murray Bridge	14	1.5	22 495	6.2	13	1.5	5.8
Southern Mallee District Council	3	0.3	2 080	14.4	3	0.3	14.4
Tatiara District Council	1	0.1	6 816	1.5	1	0.1	1.5
The Barossa Council	19	2.0	25 021	7.6	19	2.1	7.6
The Flinders Ranges Council	4	0.4	1 692	23.6	4	0.5	23.6
Town of Gawler	15	1.6	24 416	6.1	10	1.1	4.1
Wakefield Regional Council	3	0.3	6 838	4.4	3	0.3	4.4
Wattle Range Council	4	0.4	12 041	3.3	4	0.5	3.3
Wudinna District Council	2	0.2	1 300	15.4	2	0.2	15.4
Yorke Peninsula Council	17	1.8	11 324	15.0	17	1.9	15.0
<b>Total</b>	<b>947</b>	<b>100%</b>			<b>888</b>	<b>100%</b>	

**WORKSHOP / PRESENTATION ITEMS - Nil**

**OTHER BUSINESS**

**MEETING CLOSURE**