

His Worship the Mayor  
Councillors  
City of Marion

## **Notice of Finance, Risk and Audit Committee**

Virtual Meeting Room - Zoom

**Tuesday, 17 May 2022 at 2.00 pm**

The CEO hereby gives Notice pursuant to the provisions under Section 83 of the *Local Government Act 1999* that a Finance, Risk and Audit Committee 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. Due to COVID-19, interested members of the community are welcome to attend by electronic means. Access to the meeting is via the link published on the City of Marion website (<https://www.marion.sa.gov.au/about-council/council-meetings/council-meeting-livestream>) on the day of the meeting



Tony Harrison  
Chief Executive Officer

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**1 Open Meeting****2 Kurna Acknowledgement**

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

**3 Elected Member Declaration of Interest (if any)****4 Confirmation of Minutes****4.1 Confirmation of Minutes of the Special Finance, Risk and Audit Committee Meeting held on 26 April 2022**

<b>Report Reference</b>	FRAC220517R4.1
<b>Originating Officer</b>	Unit Manager Governance and Council Support – Victoria Moritz
<b>Corporate Manager</b>	Manager Office of the Chief Executive – Kate McKenzie
<b>General Manager</b>	Chief Executive Officer – Tony Harrison

**RECOMMENDATION**

That the minutes of the Special Finance, Risk and Audit Committee Meeting held on 26 April 2022 be taken as read and confirmed.

**ATTACHMENTS**

1. SFRA C 220426 - Final Public Minutes [4.1.1 - 4 pages]



**Minutes of the Finance, Risk and Audit Committee  
held on Tuesday, 26 April 2022 at 3.00 pm  
Council Chamber, Council Administration Centre  
245 Sturt Road, Sturt**



**PRESENT**

Meeting occurred via electronic meeting only.

Ms Emma Hinchey (Chair)  
Ms Nicolle Rantanen  
Mr David Papa  
Councillor Maggie Duncan

**In Attendance**

General Manager City Development - Tony Lines (from 3.05 pm)  
Acting General Manager City Services - Mathew Allen  
General Manager Corporate Services - Sorana Dinmore  
Manager Office of the CEO - Kate McKenzie  
Manager City Activation - Charmaine Hughes  
Coordinator Coastal Walkway – Alex Cortes  
Unit Manager Statutory Finance and Payroll – Andrew Doyle  
Risk Partner – Tania Del Torre  
Director BRM Advisory - Michael Richardson  
Councillor Bruce Hull  
Councillor Tim Gard (from 3.50 pm)

**1 Open Meeting**

The Chair opened the meeting at 3.01 pm

**2 Kaurna Acknowledgement**

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

**3 Elected Member Declaration of Interest (if any)**

The Chair asked if any member wished to disclose an interest in relation to any item being considered at the meeting. No interests were disclosed.

**4 Confirmation of Minutes**

**4.1 Confirmation of Minutes of the Finance, Risk and Audit Committee Meeting held on 22 February 2022**

**Report Reference** FRAC220222R4.1

**Moved Councillor Duncan****Seconded Ms Rantanen**

That the minutes of the Finance, Risk and Audit Committee Meeting held on 22 February 2022 be taken as read and confirmed.

**Carried Unanimously**

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SFRAC220426 - Special Finance, Risk and Audit Committee - 26 April



- 5 Business Arising - Nil
- 6 Reports for Discussion - Nil
- 7 Reports for Noting - Nil
- 8 Confidential Items

### 8.1 Cover Report - Coastal Walkway - Prudential Report

Report Reference SFRAC220426F8.1

#### Moved Ms Rantanen

#### Seconded Mr Papa

That pursuant to Section 90(2) and (3)(k) of the Local Government Act 1999, the Committee orders that all persons present, with the exception of the following persons: General Manager City Development, Acting General Manager City Services, General Manager Corporate Services, Manager of the Office of the CEO, Manager City Activation, Coastal Walkway Coordinator, Unit Manager Statutory Finance and Payroll, Risk Partner and Director BRM Advisory - Michael Richardson be excluded from the meeting as the Committee receives and considers information relating to the Coastal Walkway Prudential 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 yet to be finalised tender outcomes and commercial expenditure.

**Carried Unanimously**

3.02 pm the meeting went into confidence.

3.50 pm Councillor Gard entered the meeting

#### Moved Ms Rantanen

#### Seconded Mr Papa

**That the Finance, Risk and Audit Committee:**

**5. In accordance with Section 91(7) and (9) of the Local Government Act 1999 the Committee orders that this report, Coastal Walkway – Prudential Report, any appendices and the minutes arising from this report having been considered in confidence under Section 90(2) and (3)(k) of the Act, except when required to effect or comply with Committee’s resolution(s) regarding this matter, be kept confidential and not available for public inspection until a construction contract has been executed. At this time the information will be released in its entirety. If not released prior, this confidentiality order will be reviewed at the General Council Meeting in December 2022.**

**Carried unanimously**

5.04 pm the meeting came out of confidence.

### 9 Workshop / Presentation Items – Nil

SFRAC220426 - Special Finance, Risk and Audit Committee - 26 April



**10 Other Business**

**11 Meeting Closure**

The meeting was declared closed at 5.05 pm

CONFIRMED THIS 17 DAY OF MAY 2022

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CHAIRPERSON

## 5 Business Arising

### 5.1 Business Arising Statement - Action Items

Report Reference	FRAC220517R5.1
Originating Officer	Unit Manager Governance and Council Support – Victoria Moritz
Corporate Manager	Manager Office of the Chief Executive – Kate McKenzie
General Manager	Chief Executive Officer – Tony Harrison

### REPORT OBJECTIVE

The purpose of this report is to review the business arising from previous meetings of the Finance, Risk and Audit Committee meetings, the meeting schedule and upcoming items.

### RECOMMENDATION

**That the Finance, Risk and Audit Committee:**

- 1. Notes the business arising statement, meeting schedule and upcoming items.**

### ATTACHMENTS

1. Business arising statement 11 May 2022 [5.1.1 - 6 pages]

**CITY OF MARION**  
**BUSINESS ARISING FROM FINANCE AND AUDIT COMMITTEE MEETINGS**  
**AS AT 11 MAY 2022**



	Date of Meeting	Item	Responsible	Due Date	Status	Completed / Revised Due Date
1.	18 May 2021	<b>Annual Business Continuity Management Program</b>  Action: Confirm that any changes to policies and delegations as a result of COVID-19 have been returned to normal requirements and controls are back in place.	Manager P&C  Manager City Property	August 2021	Additional cleaning has now ceased. COVID leave policy still in place. Credit card limits have now been reduced.	May 2022
2.	18 May 2021	<b>Service Review Program and Recommendations - Progress Update</b>  Action: A report be brought back to the Finance and Audit Committee in August with a status updated including a program detailing expectations and commitments for this year and next.  Action: The CEO committed to having discussions around accountability of actions and closing out outstanding actions.	Chief Executive Officer	August 2021	The CoM's Executive Leadership Team (ELT) is reviewing the current program and its future direction.  A Cross Council Improvement Lead has commenced and will lead collaborative improvement initiatives across the three councils, the program is still in development.	Revised Date TBC
3.	17 August 2021	<b>Australian Service Excellence Standards – Audit Outcome</b> <b>Action:</b> Investigate the options for	Manager Community Connections	August 2022	Working with the Records team a List has been created in Sharepoint for managing and tracking the	

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	Date of Meeting	Item	Responsible	Due Date	Status	Completed / Revised Due Date
		tracking the recommendations and provide a report back to the Committee in August 2022 with an update on the implementation of actions.			implementation of the recommended actions, with a number of actions underway as BAU, others commenced and others changed relevance due to changes in structures / resources.	
4.	14 December 2021	<b>1<sup>st</sup> Budget Review 2021/22</b> <b>Action:</b> Reserve Policy to be presented to the FRAC meeting in May 2022 prior to being presented to Council for endorsement.	Chief Finance Officer	May 2022	Item has been prepared and will be presented to the 17 <sup>th</sup> May FRAC Meeting	Complete - May 2022
5.	22 February 2022	<b>Business Arising Statement – Action Items</b> <b>Action:</b> CEO to provide a status update to the Committee on the Service Review and framework out of session.	Chief Executive Officer	May 2022	The CEO provided an updated to Members out of session. A further Verbal update will be provided at the meeting on 17 May 2022.	Complete - February 2022
6.	22 February 2022	<b>Internal Audit 2021/22 – Progress Update</b> <b>Action:</b> The City of Marion Action to be revised to: <i>“The recently implemented Contract Management Procedure outlines the requirement for spot audits. During implementation, a risk-based performance management process will be put in place, with regular reporting of KPIs and metrics, minuted meetings and adequate records management”</i>	Unit Manager Risk	February 2022	The action was revised in the final Internal Audit plan received by the City of Marion	Complete - February 2022

\* Completed items to be removed are shaded



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#### SCHEDULE OF MEETINGS 2022

Day	Date	Time	Venue
Tuesday	22 February 2022	2 pm – 5pm	Administration Centre
Tuesday	17 May 2022	2 pm – 5pm	Administration Centre
Tuesday	16 August 2022	4.00 – 6.00 pm Followed by 6.30 – 8.30 pm (Joint workshop with Council)	Administration Centre
Tuesday	11 October 2022	2 pm – 5pm	Administration Centre
Tuesday	13 December 2022	2 pm – 5pm	Administration Centre

#### INDICATIVE AUDIT COMMITTEE WORK PROGRAM – 2022

##### TUESDAY, 22 February 2022

Topic	Action
Elected Member Report	Communication Report
Draft Annual Business Plan and Budget 2022-23 and Draft Long Term Financial Plan - Update	Review and Feedback
Internal Audit Program – Scopes, Reviews, Plans	Review and Feedback
Internal Audit Program – Implementation of Recommendations	Noting
Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback
Quarterly Risk Report	Review and Feedback
Budget Review 2 – 2021-22	Review and Feedback
External Audit Contract Review	Recommendation to Council
Cybersecurity – Quarterly Update	Noting
Digital Transformation Project – Quarterly Status Update	Noting

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**TUESDAY, 17 May 2022**

Topic	Action
Elected Member Report	Communication Report
Draft Annual Business Plan and Budget 2022-23 (after public consultation) & Draft Long Term Financial Plan	Review and Feedback
Internal Audit Program – Scopes, Reviews, Plans	Review and Feedback
Internal Audit Program – Implementation of Recommendations	Noting
Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback
Reserves Policy	(Present Policy to FRAC prior to presenting to Council) – Action from FRAC 211214
Annual Report on Business Continuity	Review and Feedback
Quarterly Risk Reporting	Review and Feedback
Internal Audit Plan for 2022-23 & 2023-24	Review and Feedback
External Audit Engagement Letter for the year ending June 2022	Review and Feedback
Budget Review 3 – 2021-22	Review and Feedback
Cybersecurity – Quarterly Update	Noting
Digital Transformation Project – Quarterly Status Update	Noting
Cove Sports and Community Club – Section 48 Report	Review and Feedback

**TUESDAY, 16 August 2022 (Joint Workshop with Council)**

Topic	Action
Elected Member Report	Communication Report
Australian Service Excellence Standards – Audit Outcome (Aug 21 - provide a report back to the Committee in August 2022 with an update on the implementation of actions)	Review and Feedback
Meeting with Internal auditors in camera	Seeking feedback from Auditors
Annual Review of HSE Program	Review and Feedback
Annual Insurance and Claims	Review and Feedback
Asset Valuations	Review and Feedback
Internal Audit Program – Scopes, Reviews, Plans	Review and Feedback
Internal Audit Program – Implementation of Recommendations	Noting
FRAC Annual Report to Council	For discussion prior to October
Quarterly Risk Reporting	Review and Feedback
Insurance & Claims Annual report	Review and Feedback
Service Review Program – Scopes, Reviews and Monitoring	Review and Feedback
Asset management maturity assessment results summary	External consultants to present a summary of the results of

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	asset management maturity assessment (electronically via zoom)
Joint Workshop with Council (6.30pm onwards)	TBA
Cybersecurity – Quarterly Update	Noting
Digital Transformation Project – Quarterly Status Update	Noting

**TUESDAY, 11 October 2022**

<b>Topic</b>	<b>Action</b>
Elected Member Report	Communication Report
FRAC Annual Report to Council 2021-22	Review and Recommendation to Council
Independence of Council's Auditor for the year end 30 June 2022	Review and Recommendation to Council
Audited Annual Financial Statements for the year end 30 June 2022	Review and Recommendation to Council
Investment Performance 2021-22	Noting
Debtors Report	Noting
Meeting with external auditors in camera	Seeking feedback from Auditors
Internal Audit Program – Scopes, Reviews, Plans	Review and Feedback
Internal Audit Program – Implementation of Recommendations	Noting
Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback
Fraud and Corruption Annual Review	Review and Feedback
Annual Corporate Risk Profile & Strategic Risk Register	Review and Feedback

**Tuesday, 13 December 2022**

<b>Topic</b>	<b>Action</b>
Elected Member Report	Communication Report
Internal Audit Program – Scopes, Reviews, Plans	Review and Feedback
Internal Audit Program – Implementation of Recommendations	Noting
Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback
Work Program and Meeting Schedule 2023	Review and Feedback
First Budget Review 2022-23	Review and Feedback
Framework and Key Assumptions for preparation of 2023/24 ABP and LTFP	Review and Feedback
Quarterly Risk Reporting	Review and Feedback
Cybersecurity – Quarterly Update	Noting
Digital Transformation Project – Quarterly Status Update	Noting

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## 6 Reports for Discussion

### 6.1 Internal Audit Program - Implementation of Recommendations

<b>Report Reference</b>	FRAC220517R6.1
<b>Originating Officer</b>	Business Support Officer - Governance and Council Support – Cassidy Ryles
<b>Corporate Manager</b>	Manager Office of the Chief Executive – Kate McKenzie
<b>General Manager</b>	Chief Executive Officer - Tony Harrison

#### REPORT OBJECTIVE

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

#### EXECUTIVE SUMMARY

The Finance and Audit Committee is provided with a status report at its meeting on 17 May 2022 regarding the City of Marion's Internal Audit Program.

The implementation of recommendations from these reports continues to be monitored by the FRAC. 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, Risk and Audit Committee:**

- 1. Notes the status of the Internal Audit Program (Attachment 1).**

#### ATTACHMENTS

1. FRAC220517 - Internal Audit - Implementation of Recommendations - Appendix 1 [6.1.1 - 19 pages]

## Overall Summary

Project	Findings/PIO	On Track	Overdue	Completed	Not Commenced	General Comments
Procure to Pay (2018/19)	9	2		7		The two Performance Improvement Opportunities captured through the Finance Transformation Project have now commenced and are on track, testing to commence during May.
Customer Experience	Complete (June '20)					
Cyber Security 2019	6	0	3	3		All recommendations have now commenced. CoM Information Security Policy' has been endorsed by ELT. Data Classification Framework is being developed. 1 recommendation on hold with further consult required
Tendering 2019	Complete (March '20)					
BCP and Emergency Management	Complete (June '20)					
Payroll 2020/21	6	3		3		The new Payroll/HRIS system has now gone live. A number of items are pending implementation of the finance system in July 2022. The remaining items have a revised due date to reflect this and are 95% complete.
ITT Governance	11		2	9		ELT has ratified IT Governance Framework and Policies. The Asset management policy is under development. New BA resources are being recruited. 2 recommendations remain offtrack.
Metrics that Matter	3		2	1		Staff are working through foundations before developing a data governance strategy. There has been progress towards this goal and work is commencing on the data governance framework. PMO is planning for re-training of the PM Framework and CAMMS to PMs in Feb 2022
Collaborative Leasing	Complete (Dec '21)					
Stores Management	5	2		3		3 items have been completed in entirety with 2 remaining items and progress is linked to the digital transformation program and new Finance System. Continue to work with the project group
Business Continuity Plan and COVID-19 Response	7	3	2	2		2 items are overdue and should be completed by end of February 2022.
Assurance Mapping	Complete (November '21)					
Asset Inspection Schedule	6	0	4	2		Some parts have already been completed with the remainder on track and progressing well. PIO are related to item 3.2 and are not on track.
Project Carryovers	6	5		1		All have commenced or commenced in part and are on-track, some have been completed in part. Eight items are now complete. Some items have been identified as ongoing tasks and marked as complete. One item has a revised start date of May 2022. One PIO is considered has not yet commenced.
Fraud Management Framework	6	3	2		1	A performance opportunity has been completed and one item is yet to commence. Parts of 2 items are off-track. One will form a part of the People and Culture Policy & Procedure review commencing in 2022. The other is in relation to training for responsible officers and is being followed up through the Ombudsman.
Community Facilities Management Models	4	2	2			All items have commenced. 3 PIO's were completed as a result of council endorsement of the revised Leasing and Licensing Policy at the General Council Meeting 14 December. One PIO and part of another item are off-track and are awaiting capacity within the Digital transformation team to progress the Property Management System.
Collaborative Model Health Check	6				6	A meeting has been set up for 16 May 2022 between the three councils.
Collaborative Contract Management	2				2	Risk assessments are being reviewed. CA's to be included in tender assessments effective immediately. SharePoint site currently under construction.

## Procure to pay

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	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 perform a business process review to investigate the transition to an online procure to pay system which would help to reduce the need for manual invoice approval processing. This process should include benchmarking of the procure-to-pay cycle times and the average cost of processing per invoice against other Government agencies.	PIO1.1	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.	N/A	31/12/2019  Revised due date 30/06/2022	On Track	10%	Design documents have been finalised and the build phase of the project has commenced.	On Track	50%	Build phase of the project is at 80%. Testing to be conducted during May.
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.	PIO1.2	as above	N/A	31/12/2019  Revised due date 30/06/2022	On Track	10%	Design documents have been finalised and the build phase of the project has commenced.	On Track	50%	Build phase of the project is at 80%. Testing to be conducted during May.

## Cyber Security 2019

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ACTION DUE DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
1. There is currently no mechanism through which to assess, monitor and improve staff attitudes and understanding of cyber security across the organisation, such as surveys.	PIO2.1		Low	31/10/2021	Not on Track	55%	Regular assessment of staff cyber security posture through phishing testing is ongoing. We are looking to employ a trainer for City of Marion who will be able to develop a complete training plan for staff. Microsoft automated assignment of training for staff who would be compromised during phishing tests is often not completed	Completed	100%	CoM Staff are regularly assessed for cybersecurity awareness leveraging Microsoft E5 security mechanisms, and training assignments automatically provisioned where necessary. Trainer has been employed for holistic training of staff. Security awareness is reviewed monthly and is dynamically tested on current content and trends.
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.	Moderate	31/03/2020  Revised Due Date 30/06/2021	Not on Track	50%	IT: CoM Information Security Policy is being reviewed by GM.	Not on Track	40%	ELT have ratified Information Security Policy. Data classification framework is being developed as part of cross council works with LGITSA
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.	Low	30/06/2020  Revised Due Date 31/10/2021	Not on Track	70%	Risk have conducted the workshops with all business units to identify critical systems.  IT: Working with Risk and Governance around specification and requirements in BCP, including dependency mapping.	Not on Track	80%	On Hold. IT advice indicates further consultation necessary to completely define achievable recovery objectives and outcomes

The following were identified as areas for improvement in the 2017 report which have not been fully addressed by the CoM through the activities undertaken since 2017: 1. Whilst an informal compliance assessment has been undertaken by Corporate Governance, this has not been formalised or communicated. There is also no central register maintained to ensure that all areas of CoM are aware of and comply with all relevant statutory, regulatory or contractual requirements, industry based requirements (such as PCI-DSS) or industry better practice relating to cyber security where deemed relevant (such as ISO/IEC 27001).	PIO6.1	1.IT will, in conjunction with Corporate Governance, review processes identifying legislative change to cyber security to be incorporated into future policy governance frameworks.	Low	31/10/2021	Not on Track	0%	All these requirements are being picked up by the HRIS (DTP Project), due to begin in February. We are working with P&C and governance around this area. Scoping of this initiative has commenced. Request a new due date of 30 June 2022.	Not on Track	30%	No change
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## Payroll 2020/21

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	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.	Moderate	<del>30/06/2021</del> <del>31/08/2021</del> Revised Due Date 31/07/22	Not on Track	95%	Payroll system went live in August 2021. Functionality has been enhanced and a large number of manual processes have now been automated (timesheets & interpretation, leave forms). Integration is pending the implementation of the HRIS system and Finance System - forecast for full implementation by July 2022.	On Track	95%	Payroll system went live in August 2021. Functionality has been enhanced and a large number of manual processes have now been automated (timesheets & interpretation, leave forms). Integration is pending the implementation of the HRIS system and Finance System - setup of recruitment and onboarding modules are currently in progress and forecast for July 2022.
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.	Moderate	<del>30/06/2021</del> <del>31/08/2021</del> Revised Due Date 31/07/22	Not on Track	95%	Payroll system went live in August 2021 and provides reports on required accruals for leave balances. Integration with finance system is pending implementation forecast for July 2022.	On Track	95%	Payroll system went live in August 2021 and provides reports on required accruals for leave balances. Integration with finance system is pending implementation forecast for July 2022.
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.	Low	<del>30/06/2021</del> <del>31/08/2021</del> Revised Due Date 31/07/22	Not on Track	95%	Payroll system went live in August 2021 and provides reports on required accruals for leave balances. Integration with finance system is pending implementation forecast for July 2022.	On Track	95%	Payroll system went live in August 2021 and provides reports on required accruals for leave balances. Integration with finance system is pending implementation forecast for July 2022.



## ITT Governance

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	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.	High	31/10/2020	Not on Track		Proposed Framework under review by GM. Policies under review: Information Security Policy, Acceptable Use Policy, Mobile Devices Policy, Change Management Policy	Completed	100%	ELT has ratified IT Governance Framework, reviewed and ratified Information Security, Acceptable Use, Mobile Devices Policies, and have approved the new Change Management Policy
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.	High	31/10/2020	Not on Track		Proposed Framework under review by GM. ITT and ITAS principles are aligned in the framework	Completed	100%	ELT has ratified IT Governance Framework
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	High	31/10/2020	Not on Track		Proposed Framework under review by GM. Framework is based on COBIT5	Completed	100%	ELT has ratified IT Governance 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.	High	31/10/2020	Not on Track		Proposed Framework under review by GM	Completed	100%	ELT has ratified IT Governance Framework
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).	High	8/12/2020	Not on Track		Proposed Framework under review by GM. Policies are included in the framework.	Completed	100%	ELT has ratified IT Governance Framework, reviewed and ratified Information Security, Acceptable Use, Mobile Devices Policies, and have approved the new Change Management Policy
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.	High	31/10/2020	Not on Track	50%	Asset management planning underway, working with Assets team regarding appropriate Information and Processing register. Asset management policy under development	Not on Track	50%	Assets are being added into the Freshworks system. The Asset management policy is under development.
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.	Low	30/06/2021	Not on Track	50%	Remains off track as per last quarters comments, status unchanged though progress has been made with the data strategy. With the KPI framework likely to be signed off soon, the next piece of work will be a data governance framework.	Not on Track		New BA resources being recruited.
Implement the Framework and develop any further policies and procedures required to embed and operationalise data management processes within the organisation.	9.2		Low	30/06/2021	Not on Track	10%	Remains off track as per last quarters comments, status unchanged though progress has been made with the data strategy. With the KPI framework likely to be signed off soon, the next piece of work will be a data governance framework.	Not on Track		New BA resources being recruited.

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	N/A	31/12/2020	Not on Track	50%	Security Awareness training is regular and personalised for staff as part of the DTP and now entering into general use. A new trainer has been employed for future teaching of IT skills.	Completed	100%	Security Awareness training is regular and personalised for staff as part of the DTP and now entering into general use. A new trainer has been employed for future teaching of IT skills.
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Metrics that Matter

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	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.	Low	30/06/2021 Revised Due Date 31/12/2022	Not on Track	80%	As per last quarters comments, we are working through foundations before developing a data governance strategy. There has been progress towards this goal and work is expected to commence on the data governance framework in the next quarter.	On Track	15%	The Data Analytics projects has struggled with resourcing. Both the Chief Data Officer (Cross Collaboration Role) and the Business Intelligence Lead left. The roles have been redesigned and recruitment is underway for a Business Intelligence Lead and Business Intelligence Analyst. These two roles will support the development of data analytics across the business including the development of a Data Governance Framework. However, due to the resourcing implication, this recommendation needs to be extended to the end of the calendar year.
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.	N/A	30/06/2021 Revised Due Date 30/06/2022	Not on Track	80%	PMO is planning for re-training of the PM Framework and CAMMS to PMs in Feb 2022 - intention is to also re-iterate use of risk register template for projects	On Track	80%	This issue has also been picked up in the Project Management Review. Inline with the comments within that Audit, the Strategy and Risk Team will work with the PMO to have this further embedded in the PMF.  Existing PM framework provides guidelines on use of risk. A review of the PM framework is currently underway (by the PMO) to further improve on the guidelines for project risk management; target to complete by end of June 2022.

Stores Management

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ACTION DUE DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
Review the current manual practices and determine if any manual processes can be reduced though automation (e.g. barcodes and scanners, or PPE vendors – see Benchmarking page 5).	J3.1	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.	Low	30/06/2023	On Track	30%	Progress is linked to the digital transformation program and new Finance System. Continue to work with the project group with no update to provide at this stage.	On Track	35%	Working with IT Implementation Team and Agilyxgroup to implement Finance Force. It is anticipated that this new program will meet our needs in this space.

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.	JPIO1.1	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.	Low	30/06/2023	On Track	30%	Progress is linked to the digital transformation program and new Finance System. Continue to work with the project group with no update to provide at this stage.	On Track	35%	Working with IT Implementation Team and Agilyxgroup to implement Finance Force. It is anticipated that this new program will meet our needs in this space.
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## Business Continuity Planning and COVID-19 Response

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ACTION DUE DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
Provide guidance on activation thresholds.	1.2	Risk Team to work with P&C to review BIA for critical activities and the interaction with spreadsheet of staffing to enable the continuation of critical activities by June 2021.	Moderate	<del>30/06/2021</del> Revised due date 31/03/2022	On Track	40%	Meeting booked with P&C to progress.	Not on Track	90%	The business impact assessment has been completed and approved by ELT. Manager P&C was part of the process. Final check will occur to ensure P&C have planned resources for critical functions.
Long-term remote working solutions, such as call centre technologies that meet business requirements.	3.3	Implement long-term remote working solutions, such as call centre technologies that meet business requirements by January 2021.	Moderate	31/01/2021	Not on Track	30%	A documented remote working solution has been refreshed in Horizon. We have a cloud-first model of adopting new and replacement technologies. Phone system is going back to market for a better CoM solution which functions in office and from home. Currently migrating PAI and MOP to 3CX digital telephony to allow working from home until Salesforce solution is implemented.	Not on Track	85%	Currently trialling Proof of Concept for Teams calling and Salesforce calling, which are the last items necessary to support a full working from home solution
Training needs and/or capability requirements for the workforce.	3.4	Identify new technologies, update these in the TNA & offer identified training by December 2022.	Moderate	31/12/2022	On Track	25%	Diglit assessments delayed, as (a) COM is awaiting on the outcome of an application for federal funding for the provider, Navitas, to commence assessments and training for staff. P&C awaiting further clarification from Navitas on likely timeframe for resolution. (b) filling of the DTP IT project manager position (currently vacant). P&C have met with Business Improvement Officer and Manager Operations to discuss roll out of proposed assessments and training with Operations, subject to funding outcome and filling of DTP positions.	On Track	30%	Updated to include new Senior Digital Transformation Project IT Manager (Marcel Althoff). New DTP Training & Project Officer has commenced in March (Isabel Telfer). 01/04/2022 - We received approval for funding for foundation skills assessment and training from the Department for Education, Skills and Employment for the Foundation Skills for Your Future project. Meeting booked with new Digital Literacy Project Team and Navitas to plan implementation of the assessment and training program.
What tool is most appropriate for the creation and communication of Recovery Action Plans to avoid duplication of effort and enhance ease of use.	PIO2.2	Risk Team to incorporate the IMT risk assessments in the system specifications of the Enterprise Risk Management Software business case by June 2021.	Low	<del>30/06/2021</del> revised due date 31/03/2022 31/7/22	On Track	20%	Meeting booked with Strategy Partner and new Risk Business Partner to draft a Project Plan.	On Track	20%	The recruitment for the Unit Manager Strategy and Risk has just been finalised. The task of looking at software will be a high priority for this position
Formats of risk assessments moving forward and consider how this information integrates into and interacts with other BCP activities and assessments.	PIO2.3	Risk Team to incorporate the IMT risk assessments in the system specifications of the Enterprise Risk Management Software business case by June 2021.	Low	<del>30/06/2021</del> revised due date 31/03/2022 31/7/22	On Track	20%	Meeting booked with Strategy Partner and new Risk Business Partner to draft a Project Plan.	On Track	20%	The recruitment for the Unit Manager Strategy and Risk has just been finalised. The task of looking at software will be a high priority for this position

## Asset Inspection Schedule

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ACTION DUE DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
The CoM should consider creating an overarching inspection program/scheduling policy or procedure applicable to all 8 asset classes. This policy would outline clear expectations for scheduling, for example purposes: <ul style="list-style-type: none"> <li>Each individual asset should be included in the schedule.</li> <li>Schedules should indicate which day certain assets are required to be inspected.</li> <li>Consideration for weather when designing the inspection program.</li> </ul>	1.1	Procedure documents will be created for Recommendations 1 and 2.	Moderate	<del>31/12/2021</del> Revised Due Date 31/3/2022	On Track	50%	Procedure documents in development	Completed	100%	Inspection Procedure Process Document has been created. Schedule has been determined on Weekly, Monthly and Yearly cycles. Relevant assets requiring inspection are included in Asset Inspection Site in SharePoint.
Any asset class/category specific scheduling criteria, such as frequency of inspections, should be outlined in an asset category policy or procedure document. This could include some of the following factors regarding inspection intervals: environmental, location, age, criticality and community outcomes.	1.2	Procedure documents will be created for Recommendations 1 and 2.	Moderate	<del>31/12/2021</del> Revised Due Date 31/3/2022	On Track	50%	Procedure documents in development	Completed	100%	Inspection Procedure Process Document has been created. Schedule has been determined on Weekly, Monthly and Yearly cycles.
Align condition monitoring techniques with specific asset failure modes. This enables condition monitoring technicians to target their effort in the areas which are most important rather than identifying faults which do not pose a significant threat.	1.3	Asset Inspection frequency to be optimised in Asset Inspection Program.	Moderate	<del>31/12/2021</del> Revised Due Date 31/3/2022	On Track	50%	Procedure documents in development	Completed	100%	Inspection Procedure Process Document has been created. Schedule has been determined on Weekly, Monthly and Yearly cycles. Alignment with specific failure modes addressed by asset inspectors based on intimate knowledge of the asset class.
Develop metrics and benchmarks pertaining to number of inspections required to be conducted. Adopt the Open Space PowerBI dashboards to other asset classes.	1.4	In conjunction with governance, and as part of the Asset Management Information System, a set of metrics will be developed.	Moderate	<del>31/12/2021</del> Revised Due Date 31/3/2022	On Track	50%	Asset Solutions have been working with the Records and Information Management Team to develop a SharePoint solution to address the records management issues and inspection reporting statistics through Power BI. This is well progressed and will be in Beta testing mode by the end of January 2022. This will provide a process solution to address the recommendation for Asset Owners to implement with their teams.	Completed	100%	PowerBI has been used to create a dashboard for Asset Owners to manage and monitor the assets under their control via the Asset Inspection Site in SharePoint.
Investigate system opportunities to implement an asset management system that supports effective record keeping for asset inspections, (see Finding 1).	2.1	To be developed as part of the AMIS implementation through the DTP. This will be progressed in conjunction with the Senior Project Manager – Financial Transformation.	Moderate	<del>31/12/2021</del> Revised Due Date 31/3/2022	On Track	17%	AMIS Project is currently on track. Implementation is in progress Group 1 Open Space - Target Go Live - End Apr 2022 Group 2 Plant & Fleet - Target Go Live - End Jul 2022 Group 3 Transport & Drainage - Target Go Live - End Aug 2022 Group 4 Buildings & Property - Target Go Live - End Oct 2022 Group 5 - IT & Trees - Target Go Live - TBD	Not on track	20%	AMIS Project is currently on track. Implementation is in progress Group 1 Open Space - Target Go Live - End Apr 2022 Group 2 Plant & Fleet - Target Go Live - End Jul 2022 Group 3 Transport & Drainage - Target Go Live - End Aug 2022 Group 4 Buildings & Property - Target Go Live - End Oct 2022 Group 5 - IT & Trees - Target Go Live - TBD
Implement an asset class inspection policy or procedure to provide a clearer understanding of documentation requirements, specific Level 1 inspection information and inspection officer responsibilities.	2.2	A procedure document will be developed as recommended.	Moderate	<del>31/12/2021</del> Revised Due Date 31/3/2022	On Track	50%	Procedure documents in development	Completed	100%	Inspection Procedure Process Document has been created.

Inspection forms should be completed after each inspection and stored in a central location.	2.3	All asset owners will be reminded of the requirement for inspection forms to be completed and stored. Consideration will be given to completing a spot audit to check compliance.	Moderate	<del>31/12/2021</del> Revised Due Date 31/3/2022	On Track	50%	Procedure documents in development	Completed	50%	Asset inspections are completed via the inspection forms built into the SharePoint workflow. All documentation is stored in SharePoint as a central register.
The management of defects, repairs and maintenance should be outlined in a procedure document to ensure high risk/critical asset defects and repairs are risk/severity rated. This will drive the criticality of the associated repairs and maintenance task and inform the timeframes to complete the repairs and maintenance.	2.4	A procedure document will be developed as recommended.	Moderate	<del>31/12/2021</del> Revised Due Date 31/3/2022	On Track	50%	Procedure documents in development	Completed	100%	Inspection Procedure Process Document has been created. Works required as an outcome of the inspections will be created as a Salesforce ticket and allocated to the officer responsible.
In the interim, develop a formalised process to ensure that sufficient record keeping of asset defects and repairs is performed. This could include all repairs and maintenance requests having a CES tickets assigned, to ensure that asset owners are informed of work completion.	2.5	Determine if an interim solution is to be implemented or wait until implementation and integration of AMIS occurs through DTP.	Moderate	<del>31/12/2021</del> Revised Due Date 31/3/2022	On Track	50%	Asset Solutions have been working with the Records and Information Management Team to develop a SharePoint solution to address the records management issues and inspection reporting statistics through Power BI. This is well progressed and will be in Beta testing mode by the end of January 2022. This will provide a process solution to address the recommendation for Asset Owners to implement with their teams.	Completed	100%	Inspection Procedure Process Document has been created. Works required as an outcome of the inspections will be created as a Salesforce ticket and allocated to the responsible officer.
Post repairs inspections should be required and outlined within the policy or procedure document mentioned above.	2.6	A procedure document will be developed as recommended.	Moderate	<del>31/12/2021</del> Revised Due Date 31/3/2022	On Track	50%	Procedure documents in development	Completed	100%	Inspection Procedure Process Document has been created. Post repair inspection to be undertaken by work team leader if required.
Due to the diverse asset categories under the CoM's management, each asset class should be considered, and specific functionality investigated to ensure all necessary requirements are met.	3.2	These recommendations are in progress as part of the digital transformation Project and AIMS procurement process.	Moderate	30/06/2022	On Track	17%	AMIS Project is currently on track. Implementation is in progress Group 1 Open Space - Target Go Live - End Apr 2022 Group 2 Plant & Fleet - Target Go Live - End Jul 2022 Group 3 Transport & Drainage - Target Go Live - End Aug 2022 Group 4 Buildings & Property - Target Go Live - End Oct 2022 Group 5 - IT & Trees - Target Go Live - TBD	On Track	20%	AMIS Project is currently not on track. Additional scope of work has been identified to perform current capability and data maturity level assessment, and establish a roadmap to progress from Gen 1 to the appropriate Gen level for City of Marion. This additional work is necessary to align all Asset Owners towards a common Asset Mgmt Framework goal. The additional scope of work will be tabled to ELT for review and approval before commencement  Group 1 Open Space - Target Go Live - To be revised Group 2 Plant & Fleet - Target Go Live - To be revised Group 3 Transport & Drainage - Target Go Live - To be revised Group 4 Buildings & Property - Target Go Live - To be revised Group 5 - IT & Trees - Target Go Live - TBD
Regular reports should be provided to relevant CoM Management on the current status of inspections against the schedule.	4.1	Current decentralised system will make completion of this recommendation challenging, however, post development and endorsement of asset inspection schedule and reporting will be developed.	Moderate	<del>31/12/2021</del> Revised Due Date 31/3/2022	On Track	50%	Asset Solutions have been working with the Records and Information Management Team to develop a SharePoint solution to address the records management issues and inspection reporting statistics through Power BI. This is well progressed and will be in Beta testing mode by the end of January 2022. This will provide a process solution to address the recommendation for Asset Owners to implement with their teams.	Completed	100%	PowerBI has been used to create a dashboard for Asset Owners to manage and monitor the assets under their control via the Asset Inspection Site in SharePoint.



See Finding 1 for recommendations regarding a fit for-purpose asset management system which would track key inspection data to enable other staff to conduct inspections in lieu of the Technical Officer.	5.1	This item is progressing as part of the DTP – AMIS	Moderate	31/12/2021 Revised Due Date 31/3/2022	On Track	Refer 2.1	To be developed as part of the AMIS implementation through the DTP. This will be progressed in conjunction with the Senior Project Manager – Financial Transformation and is dependent upon the outcomes of recommendation 3.2.  More detail can be provided by Senior Project Manager - Financial Transformation.	On Track	Refer 2.1	Recommendation under the control of Senior Project Manager - Financial Transformation – Achievement is tied to recommendation 2.1
See Finding 2 for recommendations regarding a formalised asset inspection policy or procedure which would enable other staff to conduct inspections in lieu of the Technical Officer.	5.2	A procedure document will be developed as recommended.	Moderate	31/12/2021 Revised Due Date 31/3/2022	On Track	20%	Procedure documents in development	Completed	100%	Inspection Procedure Process Document has been created.
While performing the data cleanse, special consideration should be taken to update any assets with multiple functions (e.g. culverts that act as bridges). This should be reflected in the system to ensure that both the culvert and the bridge would be inspected at the same time (where applicable).	PIO1.1	Consider adding a notation in the Asset Data clarifying asset dual function however ensure there isn't duplication within the system.	Moderate	31/12/2021	On Track	Refer 3.2	Recommendation is being addressed as part of data cleanse for AMIS implementation project. Asset Solutions Team are supporting the DTP in the provision of data for the AMIS implementation. Achievement of this recommendation is tied to the data delivery program as part of the AMIS DTP.  Finalisation of this recommendation is dependent upon delivery of the AMIS.	No On Track	Refer 3.2	Recommendation under the control of Senior Project Manager - Financial Transformation – Achievement is tied to recommendation 3.2
In some cases, assets should be considered on a location basis rather than an asset class basis. This will reduce duplication of efforts and allow for a more streamlined approach to some inspections (particularly inspections that take place on reserves, parks, beaches, etc).	PIO1.2	This recommendation requires discussion on the structure and responsibilities for asset inspections.	Moderate	31/12/2021 Revised Due Date 31/3/2022	On Track	Refer 3.2	To be developed as part of the AMIS implementation through the DTP. This will be progressed in conjunction with the Senior Project Manager – Financial Transformation and is dependent upon the outcomes of recommendation 3.2.  More detail can be provided by Senior Project Manager - Financial Transformation.	Not On Track	Refer 3.2	Recommendation under the control of Senior Project Manager - Financial Transformation – Achievement is tied to recommendation 3.2

## Project Carryovers

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ACTION DUE DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
The CoM has recently hired a new Senior Project Manager reporting to the CFO and the Senior Leadership Team (SLT). Based on better practice, consideration for this role could include: 1. Working directly with project managers/ relevant staff to coordinate and plan project timelines and milestones to ensure bottlenecks do not occur.	1.1	The PMO will work together with the Project Managers during the project planning period (Sept –April) and ensure the information is accurately captured in CAMMS.	Moderate	31/12/2021 Revised Due Date 31/03/2022	On Track	30%	1st Draft of FY 22 / 23 Program completed. To proceed with detailed program budget planning in Feb - March 2022  For ongoing current projects - Monthly meetings with PMs have been set up to discuss: - 1. Program schedule and progress 2. Budget forecast 3. Program risks and issues 4. Any other business	On Track	90%	1st Draft of FY 22 / 23 Program and Budget completed. To proceed with Consultation with General Council. Set up of FY 22/23 projects in CAMMS will commence in May 2022  For ongoing current projects - Monthly meetings with PMs have been set up to discuss: - 1. Program schedule and progress 2. Budget forecast 3. Program risks and issues 4. Any other business

Training for staff, including for PMF and CAMMS. See PIO 2 for specific recommendations related to training.	1.2	Training will be provided by the PMO to selected staff that requires additional support on learning the PMF and using CAMMS.	Moderate	31/12/2021	On Track	N/A	This is an ongoing task - continuous training support will be provided to PMs and relevant staff on the use of CAMMS throughout the project delivery cycle	Completed	Ongoing	This is an ongoing task - continuous training support will be provided to PMs and relevant staff on the use of CAMMS throughout the project delivery cycle
Project Managers should also ensure the inputting and following of project scheduling, with a focus on more accurate timing of projects to allow for less carryovers. As an assurance mechanism, routine spot checks could be performed to validate the effective implementation of the PMF by Project Managers	1.3	The PMO, on a monthly basis, will randomly select projects to check on the progress and information entered into CAMMS.	Moderate	31/12/2021	On Track	N/A	This is an ongoing task  Monthly meetings with PMs have been set up to discuss: - 1. Program schedule and progress 2. Budget forecast 3. Program risks and issues 4. Any other business	Completed	Ongoing	This is an ongoing task  Monthly meetings with PMs have been set up to discuss: - 1. Program schedule and progress 2. Budget forecast 3. Program risks and issues 4. Any other business
Refresh and re-distribute standardised project templates.	1.5	The PMO will review the existing project templates and improve/redistribute as necessary	Moderate	31/12/2021 Revised Due Date 31/03/2022	On Track	75%	No new / revised templates were introduced during this period	On Track	75%	No new / revised templates were introduced during this period.  New templates will be introduced in conjunction with introduction of revised PM framework (target end June 2022)
In conjunction with Finding 1, a focus on Project Managers applying the CoM's PMF project planning processes should continue to be supported by the PMO	2.1	The PMO will work together with the Project Managers during the project planning period (Sept – April) and ensure the information is accurately captured in CAMMS.	Moderate	31/12/2021 Revised Due Date 31/03/2022	On Track	85%	1st Draft of FY 22 / 23 Program completed. To proceed with detailed program budget planning in Feb - March 2022  For ongoing current projects - Monthly meetings with PMs have been set up to discuss: - 1. Program schedule and progress 2. Budget forecast 3. Program risks and issues 4. Any other business	On Track	90%	1st Draft of FY 22 / 23 Program and Budget completed. To proceed with Consultation with General Council. Set up of FY 22/23 projects in CAMMS will commence in May 2022  For ongoing current projects - Monthly meetings with PMs have been set up to discuss: - 1. Program schedule and progress 2. Budget forecast 3. Program risks and issues 4. Any other business
When providing training, priority should be given to areas of the CoM that have the highest occurrence of new staff and project managers which would benefit from this training. See also PIO 1 for further discussion on training.	2.2	Training will be provided by the PMO to selected staff that requires additional support on learning the PMF and using CAMMS.	Moderate	31/12/2021	On Track	N/A	This is an ongoing task - continuous training support will be provided to PMs and relevant staff on the use of CAMMS throughout the project delivery cycle	Completed	Ongoing	This is an ongoing task - continuous training support will be provided to PMs and relevant staff on the use of CAMMS throughout the project delivery cycle
Investigate system opportunities to improve CAMMS and streamline tasks. Specific investigation should be conducted in order to ascertain whether load times can be improved.	3.1	A review was undertaken between CoM and the CAMMS vendor on CAMMS and the conclusion was the PMF set up in CAMMS did not need to change and report improvements were made. The PMO will monitor the system's performance and make the necessary recommendations to IT and CAMMS vendor to improve performance if needed.	Low	31/12/2021	On Track	N/A	This is an ongoing task - PMO resumed monthly service reviews with CAMMS vendor in Oct 2021) to manage system performance and post production issues  PMO is maintaining an internal register of system enhancement requests from the users, and are regularly prioritising enhancements for implementation	Completed	Ongoing	This is an ongoing task - PMO resumed monthly service reviews with CAMMS vendor in Oct 2021) to manage system performance and post production issues  PMO is maintaining an internal register of system enhancement requests from the users, and are regularly prioritising enhancements for implementation
See Finding 1 and 2 for recommendations regarding the re-distribution of the PMF and templates.	3.2	See responses in Findings 1 and 2	Low	31/12/2021 Revised Due Date 31/03/2022	On Track	N/A	Risk Register templates introduced to Capital Works PMs in October 2021. PMO will engage PMs to observe use of risk register template	On Track	75%	No new / revised templates were introduced during this period.
Refer PIO2 for project training recommendations.	3.3	See responses in PIO2	Low	31/12/2021	On Track	N/A	This is an ongoing task - continuous training support will be provided to PMs and relevant staff on the use of CAMMS throughout the project delivery cycle	Completed	Ongoing	This is an ongoing task - continuous training support will be provided to PMs and relevant staff on the use of CAMMS throughout the project delivery cycle
It is recommended that the CoM considers transitioning to an open rolling plan where appropriate.	4.1	Finance will work with the PMO and project owners in aligning future funding in the Annual Business Plan and LTFP to support the transition to an open rolling plan where appropriate.	Low	30/06/2022	On Track		Actual Project and Program planning for FY 22 / 23 kicked off with Capital Works SLT and Finance on 4 Nov 2021  Finance has commenced engagement with Capital Works SLT in Nov 2021 to review budgets, classification of spend,	On Track	75%	1st Draft of FY 22 / 23 Program completed. To proceed with detailed program budget planning in Feb - March 2022  Finance to continue engagement with Capital Works SLT from Jan - Mar 2022 to review budgets, classification of spend, funding and timing of planned expenditure

							funding and timing of planned expenditure.			
Consideration of actual project scopes and delivery methodology to inform the appropriate project delivery cycle.	4.2	The PMO will review the PMF to consider the suitability of its project life cycle for use by all projects.	Low	30/06/2022	On Track	30%	In progress of reviewing PM Framework	On Track	35%	In progress of reviewing PM Framework - Identified areas of improvements to framework. Target to complete next draft of PM Framework by end of May 2022 for review by CoM SLT and ELT
Further consideration to be provided to allow for resourcing requirements to ensure program planning is performed.	4.3	The PMO will support the Project Managers with past implementation resource data for resource planning use.	Low	30/06/2022	On Track	85%	1st Draft of FY 22 / 23 Program completed. To proceed with detailed program budget planning in Feb - March 2022	On Track	90%	1st Draft of FY 22 / 23 Program and Budget completed. To proceed with Consultation with General Council.
A process to be put in place requiring Project Managers to flag multi-year projects to the PMO, Finance and Procurement.	4.4	PMO, Finance and Procurement will review the internal process to address tracking and reporting of multi year projects.	Low	30/06/2022	Not Commenced	0%	Revised to start review in Feb 2022 - Procurement Lead away on annual leave in Jan 2022	Not Commenced	0%	Revised to start review in May 2022
It is recommended that the CoM consider further detailing the renewal programs within respective Asset Management Plans. As an example, this could include a detailed breakdown of anticipated expenditure for areas such as Open Space –which would then provide an opportunity subsequent to endorsement, for planning to occur within an earlier timeframe.	4.5	Finance will work with the owners of each Asset Management Plan to further refine the detailed future funding requirements and timing of planned expenditure. This will support the potential transition to an open rolling plan where possible.	Low	30/06/2022	On Track	85%	1st Draft of FY 22 / 23 Program completed. To proceed with detailed program budget planning in Feb - March 2022  Finance to continue engagement with Capital Works SLT from Jan - Mar 2022 to review budgets, classification of spend, funding and timing of planned expenditure	On Track	90%	1st Draft of FY 22 / 23 Program and Budget completed. To proceed with Consultation with General Council.  Finance to continue engagement with Capital Works SLT from Jan - Mar 2022 to refine budgets (based on Consultation feedback), classification of spend, funding and timing of planned expenditure
Training should be provided to all relevant staff regarding the new Project Management Framework.	PIO1.1	Training will be provided by the PMO to selected staff who requires additional support on learning the PMF and using CAMMS	Low	30/11/2021	On Track	N/A	This is an ongoing task - continuous training support will be provided to PMs and relevant staff on the use of CAMMS throughout the project delivery cycle	Completed	Ongoing	This is an ongoing task - continuous training support will be provided to PMs and relevant staff on the use of CAMMS throughout the project delivery cycle
Specific training should be provided regarding the utilisation of CAMMS and how it is integrated with the PMF. Included in this training should be clearly outlined responsibilities and expectations for Project Officers in regards to documentation and completion of all CAMMS screens.	PIO1.2	See response 1	Low	30/11/2021	On Track	N/A	This is an ongoing task - continuous training support will be provided to PMs and relevant staff on the use of CAMMS throughout the project delivery cycle	Completed	Ongoing	This is an ongoing task - continuous training support will be provided to PMs and relevant staff on the use of CAMMS throughout the project delivery cycle
The CoM should consider undertaking lessons learned exercises for each project on a consistent basis.	PIO2.1	The PMO will routinely check completed projects in CAMMS for lessons learned information to be entered.	Low	31/12/2021	On Track	N/A	This is an ongoing task  Monthly meetings with PMs have been set up to discuss: - 1. Program schedule and progress 2. Budget forecast 3. Program risks and issues 4. Any other business  Lessons learnt to be included as agenda with PMs for completed projects	Completed	Ongoing	This is an ongoing task  Monthly meetings with PMs have been set up to discuss: - 1. Program schedule and progress 2. Budget forecast 3. Program risks and issues 4. Any other business  Lessons learnt to be included as agenda with PMs for completed projects
Currently, the lessons learned section is in the last phase of CAMMS (and therefore cannot be updated until this phase is unlocked). The CoM should investigate system opportunities to have the lessons learned section permanently unlocked. This would allow for: •Lessons to be identified at any point in time during the project. •Learnings to be recorded as soon as practical, to ensure factual accuracy and that all project management staff are notified as early as possible.	PIO2.2	The PMO will consider the feasibility of implementing this improvement opportunity in CAMMS given its cost implications.	Low	31/12/2021	Not Commenced	0%	PMO is maintaining an internal register of system enhancement requests from the users, and are regularly prioritising enhancements for implementation	Not Commenced	N/A	PMO is maintaining an internal register of system enhancement requests from the users, and are regularly prioritising enhancements for implementation



## Fraud Management Framework

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ACTION DUE DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
PID training should be delivered during new starter induction with annual PID refresher training conducted in line with the fraud awareness training (Recommendation 1). It is further noted that this training could be updated to also include additional fraud training elements.	1.2	Manager Office of the CEO will work with the Manager P&C regarding the training.	Low	31/03/2022 30/06/2022	On Track	30%	Quotes obtained and booking training to cover the ICAC and Ombudsman Act and the reporting of Corruption, Maladministration and Fraud. Looking to run in the early part of 2022.	On Track	30%	These will be run prior to the end of the financial year. Just waiting for staff to return to the office as better face to face than from zoom. Need to adjust due date to 30 June 22
The CoM prioritise conducting three FRA workshops with the following Business Units: •City Services •City Development •Corporate Services (Finance, IT and Procurement)	2.1	Unit Manager Risk & Strategy will conduct FRA workshops with business units.	Low	28/02/2022	On Track	15%	Session booked for 10/2/22.	Not on Track	50%	Meetings were established to provide an overview, it was agreed to establish the meeting in Q4 individually with teams to allow teams the opportunity to digest the information and provide feedback. Need to adjust due date to 30 June 22
Refresh the current Fraud Risk Register, with specific consideration to the following: •Including targeted risks that may impact each business unit. •Leveraging the Fraud Control Self Assessment checklists to highlight current risks and controls in place. •Consider digital fraud related risks and their potential impacts on the organisation and each business unit.	2.2	Unit Manager Risk & Strategy will refresh the current Fraud Risk Register including targeted risks, those issues highlighted through the self assessment process and in consideration of digital fraud risks	Low	31/03/2022	On Track	10%	Drafted and underway ready for session.	Not on Track	50%	The draft Fraud Risk register was presented at the workshop. Staff were advised that individual meetings were to be established in Q4. Need to adjust due date to 30 June 22
As part of the CoM Fraud & Corruption Framework, there is an opportunity for the CoM to reference the results of the consolidated fraud risk assessments to help further identify the key areas of internal controls which should be reviewed. As an example, the output of these reviews could help to inform potential internal audit projects.	2.3	Unit Manager Risk & Strategy will update the Fraud & Corruption Framework to reflect the FRA outcomes.	Low	30/04/2022 31/08/2022	Not Commenced	0%	Awaiting the workshops booked for 10/2/22.	Not Commenced	0%	This action is based on the above actions being finalised. Need to amend due date to 31 August 22.
A pre-employment screening policy should be developed and endorsed by ELT.	3.1	Unit Manager People & Culture will develop a pre-employment screening policy.	Low	31/12/2021	On Track	15%	Will form a part of P&C Policy & Procedure review commencing in 2022	On Track	50%	Pre-employment Screening is being included in the Recruitment & Selection Policy, Procedure and Guideline which are being developed as part of the P&C Policy & Procedure Review.
As police check requirements have been implemented for certain roles, this requirement and a register of the roles should be included in the above policy. Special consideration should be given to the following: •Whether it is appropriate to retrospectively conduct police checks for staff currently in police check-required roles. •Staff moving to a role that requires a police check should undergo the check. •Guidance to be developed regarding steps to be taken in the event of adverse outcomes resulting from staff police clearance checks.	3.2	Unit Manager People & Culture will include the register of roles requiring police checks into the pre-employment screening policy. Consultation will take place with ELT as to whether it is appropriate to a) retrospectively conduct policy checks for existing staff, b) perform police checks for staff moving into a role that requires a police check, c) guidelines to be developed regarding adverse outcomes from staff checks.	Low	31/12/2021	On Track	25%	Present roles requiring Police checks have been identified	On Track	50%	Present roles requiring police checks have been identified. A list/register of roles exists. This register will be reviewed and included in the Recruitment & Selection Policy, Procedure and Guideline.
Internal Audit recommends the CoM implement a cab charge procedural document or add to existing policy, with specific considerations including but not limited to the following: •The employees roles and responsibilities •Lost or stolen cards •Manual dockets •Use of EFTPOS machine.	3.3	Unit Manager Operational Support will Implement a Cab Charge Procedure.	Low	28/02/2022	Not Commenced	20%	Procedure being drafted	Not on Track	90%	Report with Procedure has been provided for ELT approval

Consider introducing further anonymous fraud reporting mechanisms for staff including phone and web channels.	4.1	Unit Manager Risk & Strategy will consider further anonymous fraud reporting mechanisms and update the Fraud & Corruption Framework accordingly.	Low	31/12/2022	Not Commenced	25%	Sourced proposals from 4 alternative providers. Currently reviewing services and costs for consideration.	Completed	100%	This action has been completed. A provider has been sourced and the PID policy amended to have the hotline included. The policy was adopted by Council in April 22.
Formally document and communicate these fraud reporting mechanisms to staff.	4.2	Unit Manager Risk & Strategy will communicate any fraud reporting changes to staff.	Low	31/12/2022	Not Commenced	0%	Awaiting provider confirmation to assess changes in reporting.	On Track	0%	See above, awaiting implementation. Training is deferred to May.
Internal Audit recommends the CoM amend the investigation procedural document to include the following: •Established check in points between the two Responsible Officers. •Further rigour around sharing of investigation status and relevant information between the two Responsible Officers.	4.3	Manager Office of the CEO will work with Manager, P&C regarding process for Responsible Officers.	Low	31/12/2021	On Track	25%	Training has not been offered by Ombudsman. This is being regularly followed up.	On Track	25%	Have followed the ombudsman's office again in regards to training
Internal Audit recommends the CoM consider implementing data mining/analytics fraud detection programs as part of the Digital Transformation Program.	PIO1.1	The Chief Financial Officer will explore the opportunity with the Business Intelligence Lead of implementing data analytics fraud detection programs in the future. The CoM is developing its data analytics capability recently employing a data analytics lead with further resourcing to support the function being addressed. Following the completion of FRA as noted in finding 2, options will be explored regarding the introduction of data analytics for fraud detection purposes.	Low	30/06/2022	Not Commenced	0%	As our analytics implementation is not in place as yet, this task has not yet been started, but will be factored into analytics project planning.	Not Commenced	0%	Business Intelligence team are being recruited for and this action will be further considered when the team are on board and considering their priorities

## Community Facilities Management Models

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	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 if the CoM continues to implement the current subsidy rebate, that supporting guidelines are developed which details: Guidance on the documentation allowable to evidence the meeting of each criteria item. Review the documentation requirements for the subsidy and consider developing weighted criteria base on the importance of each item. Clarify compliance requirements for ongoing annual assurance checks. Develop annual reporting to be provided to the CoM which outlines the current status of compliance of community facilities leasing tenants.	1.2	The future fee model will include a supporting procedure that will provide guidance to support the Policy which will include the following items: Associated documentation requirements; and On-going compliance requirements.	Moderate	31/04/2022 Revised Due Date 31/07/2022	On Track	60%	Following endorsement by Council of the amended Policy, supporting Guidelines are in the process of being drafted.	On Track	80%	Supporting Guidelines have been drafted and currently being reviewed by Management, once this takes place they will be presented to ELT for endorsement. Seeking an extension of this action to 31 July 2022 to take into consideration ELT presentation and implementation timeframes.
	1.3	Further reporting methods will be investigated following the implementation of a supporting system. In the interim, annual compliance spot checks will be performed by CoM Management.	Moderate	31/04/2022 Revised Due Date 31/12/2022	Not Commenced	5%	Annual property inspections have commenced. Spot checks will be undertaken during the first quarter of this year.	On Track	80%	Majority of annual inspections have occurred over the past 6 months. Spot checks will continue to be undertaken every quarter. Seeking an extension of this action to 31 December 2022 to allow for PMS software to be selected, procured and portfolio transitioned.

<p>To address the inadequate and inconsistent monitoring processes, it is recommended that the CoM:</p> <ul style="list-style-type: none"> <li>•Review the current monitoring processes in place and evaluate the ineffectiveness with consideration to the frequency, thoroughness, tenant compliance, and resource requirements required to undertake these processes.</li> <li>•Consider standardising the monitoring and reporting periods across the community facility portfolio.</li> <li>•Consider the implementation of a supporting system with functionality to automate monitoring of compliance requirements, such as reminders for key actions and non-compliance flags, as well as integration into other systems, such as records management.</li> </ul>	2.1	As noted in the Finding 1 Management Actions, pending the implementation of a supporting system, further reporting will be investigated.	Moderate	31/04/2022 Revised Due Date 31/12/2022	Not Commenced	0%	Business requirements have been developed and finalised for the Property Management System (PMS), awaiting for capacity within the Digital transformation team to progress the PMS.	On Track	20%	Business requirements have been developed and finalised for the Property Management System (PMS), confirmation received that the Digital Transformation team have allocated a project resource to progress the PMS - meeting to take place in the next few weeks.
	2.2	The Governance and Compliance Excel spreadsheet will also be reviewed to include conditional formatting to facilitate the tracking of compliance requirements.	Moderate	31/04/2022 Revised Due Date 31/07/2022	On Track	20%	The spreadsheet is being looked at to determine appropriate data requirements and formatting.	On Track	20%	The spreadsheet is continually being reviewed to ensure appropriate data requirements and formatting can be achieved however there has been limitations on the capacity of the team. The recent recruitment of Property Officer there will be capacity within the team to focus on the spreadsheet.
	2.3	To reduce documentation requirements at one set period, the CoM will investigate the alignment of documentation requirements to annual property inspection dates to increase the efficiency of the process with available resources.	Moderate	31/04/2022 Revised Due Date 31/07/2022	On Track	60%	Annual Property Inspections have been commenced with compliance documentation being requested to align with these inspection dates.	On Track	80%	Majority of annual inspections have occurred over the past 6 months with compliance documentation being requested to align with these inspection dates. Currently collating information as they are returned to Council by Lessees.
<p>It is recommended that the CoM developed a procedural document or guidelines to include at a minimum the following:</p> <ul style="list-style-type: none"> <li>•Guidance for the practical application of the areas covered in the Policy.</li> <li>•Procedure for conducting risk ratings of tenants, including the basis for the rating.</li> <li>•Frequency of inspections, including ongoing monitoring and follow up procedures.</li> <li>•Defined roles and responsibilities performed by supporting CoM teams.</li> <li>•Key definitions to ensure consistency.</li> <li>•Re-enforce the requirements, principles and objectives stated within the Policy.</li> </ul>	3.1	Refer to Finding 1 Management Actions.	Moderate	31/04/2022	On Track	60%	Refer to Action Progress Comments in Management Action 1.	On Track	80%	Refer to Action Progress Comments in Management Action 1.
	3.2	Subsequent to the development of procedure documents, staff will be made aware of the updated procedure to ensure a clear understanding of expectations required to comply with Council policy and procedures and provide high levels of customer service.	Moderate	31/04/2022 Revised Due Date 31/07/2022	Not Commenced	6%	As part of the policy review which was endorsed at the General Council 14 December 2021, draft supporting Guidelines Procedures are being developed which will act as a manual for property management staff.	On Track	80%	Supporting Guidelines have been drafted, with Management for review followed by ELT endorsement which will act as a manual for property management staff.
<p>As noted on p. 13, the CoM may improve the efficiency of the current processes with the following recommendations:</p> <ul style="list-style-type: none"> <li>•Review the administrative processes involved with the current fee revenue model with consideration to streamlining processes that have a no/negative financial benefits, such as the yearly CPI rental increase calculation.</li> <li>•Review the annual tenant documentation requirements with consideration to the necessity of items and removing non-value adding items.</li> <li>•Consider standardising the monitoring and reporting periods to increase process efficiency, as well as, reduce the resource burdens.</li> <li>•Implementation of a supporting system that will remove highly manual processes, such as those include within the Microsoft Excel Governance and Compliance master document sheet, as well as the integration into other key system.</li> </ul>	PIO1.1	Refer to Finding 1 Management Actions.	Low	31/04/2022	On Track	60%	Refer to Action Progress Comments in Management Action 1.	On Track	80%	Refer to Action Progress Comments in Management Action 1.
	PIO1.2	The CoM will also investigate the following efficiency opportunities: •Fixed annual increases rather than CPI;	Low	31/04/2022	On Track	50%	This was discussed at the EM forum and broadly supported by EM's. This will be included in the revised Policy scheduled for General Council 14 December 2021.	Completed	100%	
	PIO1.3	Consider KPI's as part of the annual reporting to replace the subsidy documentation requirements;	Low	31/04/2022	On Track	50%	This was discussed at the EM forum and broadly supported by EM's. This will be included in the revised Policy scheduled for General Council 14 December 2021.	Completed	100%	Included in the endorsed revised Policy
	PIO1.4	Consider standardised periods for annual property inspections and compliance reporting; and	Low	31/04/2022	On Track	50%	Annual Property Inspections have commenced with compliance documentation being requested to align with these inspection dates.	Completed	100%	This is now being implemented with the annual property inspections
	PIO1.5	Management will also further explore the clear need for the implementation of the effective supporting system at the earliest opportunity.	Low	31/04/2022	On Track	20%	Business requirements have been developed and finalised for the Property Management System (PMS), awaiting for capacity within the Digital transformation team to progress the PMS.	Not on Track	20%	Business requirements have been developed and finalised for the Property Management System (PMS), awaiting for capacity within the the Digital transformation team to progress the PMS.

## Collaborative Model Health Check

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ACTION DUE DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
Implement a scaled process (scale of process based on risk) within the Collaborate Model Framework to ensure adequate consideration of WHS risks (see Appendix 1).	1.1		High		Nil	Nil	Nil	Not Commenced	0%	A meeting has been set up for 16 May 2022 between the three councils .
Nominate a Risk Manager from one of the Councils to be engaged in the preliminary phases of a new initiative.	1.2		High		Nil	Nil	Nil	Not Commenced	0%	A meeting has been set up for 16 May 2022 between the three councils
Risk assessments are formally considered and risk registers are completed for every new and existing Collaborative Model initiative.	1.3		High		Nil	Nil	Nil	Not Commenced		A meeting has been set up for 16 May 2022 between the three councils
See Finding 2 for consideration of stakeholder change management and communication	1.4		High		Nil	Nil	Nil	Not Commenced	0%	A meeting has been set up for 16 May 2022 between the three councils
Develop a Stakeholder engagement plan that is aligned to the strategic objectives of the Collaborative Model. This plan should ensure a consistent stakeholder engagement strategy and approach which is applied to all initiatives identified within the Collaborative Model	2.1		Moderate		Nil	Nil	Nil	Not Commenced	0%	A meeting has been set up for 16 May 2022 between the three councils
Those charged with governance should consider who has been consulted as part of the formal approval for each initiative, with the ability to require further consultation with required stakeholders if required.	2.2		Moderate		Nil	Nil	Nil	Not Commenced	0%	A meeting has been set up for 16 May 2022 between the three councils
Enhance capability of shared calendar function to provide oversight of all three Councils, reducing the administrative burden in organising collaborative events.	2.3		Moderate		Nil	Nil	Nil	Not Commenced	0%	A meeting has been set up for 16 May 2022 between the three councils
Consider further opportunities to develop a collaborative culture at each Council. This could include further internal communications on the success and benefits of various initiatives and information on the collaborative model as part of inductions for all staff.	2.4		Moderate		Nil	Nil	Nil	Not Commenced	0%	A meeting has been set up for 16 May 2022 between the three councils
Review the key steps in the Framework to identify ways to minimise key person reliance, through the introduction of new shared roles across initiatives, such as introducing an Initiative Lead role for each project and providing other additional resource support for the Model, and better documentation of key processes and protocols	3.1		Moderate		Nil	Nil	Nil	Not Commenced	0%	A meeting has been set up for 16 May 2022 between the three councils
Consider reinstating the CCIL role, and whether the position requires additional support in each Council through a designated liaison/ representative to ensure the model's ongoing success.	3.2		Moderate		Nil	Nil	Nil	Not Commenced	0%	A meeting has been set up for 16 May 2022 between the three councils
See Finding 4 for further information on refreshing the Collaborative Framework and Appendix 1 for further information regarding a Collaborative Model checklist.	3.3		Moderate		Nil	Nil	Nil	Not Commenced	0%	A meeting has been set up for 16 May 2022 between the three councils
See Finding 6 for recommendations in relation to ensuring all documentation is retained and the impact of knowledge management in mitigating key person risk.	3.4		Moderate		Nil	Nil	Nil	Not Commenced	0%	A meeting has been set up for 16 May 2022 between the three councils

The Councils consider refreshing the principals of the Collaborative Model, key Collaboration Framework activities and critical aspects of the supporting Framework is fit-for-purpose and meets the needs of the three Councils, specifically: •Including the remit and membership of governance bodies and how information should flow between the various groups and to ELT and Managers. •Redefine and strengthen the role of Managers in supporting collaborative projects and delegate lower risk items to empower and further develop Manager capabilities. •Build out critical program frameworks, including items such as a calendar of agreed key activities and dates. •For reference and planning, consideration could be given to creating a governance, risk and compliance map that outlines various governance, risk and compliance groups that are in operation throughout each Council.	4.1		Moderate		Nil	Nil	Nil	Not Commenced	0%	A meeting has been set up for 16 May 2022 between the three councils
The relevant General Manager from each Council should oversee a review of the Collaborative Framework and advise on areas of improvement in line with the above recommendations.	4.2		Moderate		Nil	Nil	Nil	Not Commenced	0%	A meeting has been set up for 16 May 2022 between the three councils
Roles and responsibilities relating to change management and communications need to be more clearly defined across Collaborative Model stakeholders and specific projects to ensure accountability.	4.3		Moderate		Nil	Nil	Nil	Not Commenced	0%	A meeting has been set up for 16 May 2022 between the three councils
Future reporting is undertaken on a program wide level on a quarterly basis against schedule, detailed activities, RAG status, risks / issues, as well tracking against communication and change management.	4.4		Moderate		Nil	Nil	Nil	Not Commenced	0%	A meeting has been set up for 16 May 2022 between the three councils
The benefits measurement framework can be applied consistently to projects across the Collaborative Model to ensure that benefits are appropriately identified and defined, measured and reported on for future collaborative initiatives.	5.1		Moderate		Nil	Nil	Nil	Not Commenced	0%	A meeting has been set up for 16 May 2022 between the three councils
Focus on the services, investments and key drivers that impact stakeholders including ratepayers, community members and other Council stakeholders.	5.2		Moderate		Nil	Nil	Nil	Not Commenced	0%	A meeting has been set up for 16 May 2022 between the three councils
Measures are aligned to the key principles and strategies of the Councils	5.3		Moderate		Nil	Nil	Nil	Not Commenced	0%	A meeting has been set up for 16 May 2022 between the three councils
Identify and establish mechanisms to capture the right data to measure performance against defined targets.	5.4		Moderate		Nil	Nil	Nil	Not Commenced	0%	A meeting has been set up for 16 May 2022 between the three councils
Provide data analytics and supporting reporting for timely, accurate and relevant information on an ongoing basis, to ensure that each decision-making forum has the right information delivered at the right time. This reporting should be linked to the review of the Governance Framework.	5.5		Moderate		Nil	Nil	Nil	Not Commenced	0%	A meeting has been set up for 16 May 2022 between the three councils
Documentation practices are formalised, communicated and made readily available for staff review.	6.1				Nil	Nil	Nil	Not Commenced	0%	A meeting has been set up for 16 May 2022 between the three councils
Implement a shared drive between Councils (e.g. Microsoft Teams site) to save all initiative collateral.	6.2				Nil	Nil	Nil	Not Commenced	0%	A meeting has been set up for 16 May 2022 between the three councils



Implement a standardised filing structure/system for documentation relating to the Collaborative Model.	6.3				Nil	Nil	Nil	Not Commenced	0%	A meeting has been set up for 16 May 2022 between the three councils
Review the current filing system to ensure documentation is stored in line with above recommendations.	6.4				Nil	Nil	Nil	Not Commenced	0%	A meeting has been set up for 16 May 2022 between the three councils

**Collaborative Contract Management**

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ACTION DUE DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
Ensure that risk assessments are conducted for all contracts and form part of the contract profiling process. Further, ensure that contract risk profiles are dynamically managed, reported and used for informed decision making, throughout the lifecycle of the contract.	2.1.1	Procurement procedures have been endorsed December 2021, which detail the mandatory inclusion of Risk Assessments, as part of the Tender Initiation process. Strategic procurement to ensure risk assessments are completed for each tender, inclusive of recommendations.	High	30/06/2022	Nil	Nil	Nil	On Track	50%	Risk assessments are being reviewed for all new TIF requests to ensure they contain all relevant risks
Develop and implement a robust contract profiling tool to help inform contract governance requirements. The tool should have defined methodology criteria and is used for all contracts in the pre-award phase. All priority/higher risk contracts should require a contract management plan, steering/governance committee and reporting whilst routine contracts could be streamlined to only require a contract management checklist.	2.1.2	Implementation of contract profiling tool to be included as part of Tender Initiation form process.	High	30/09/2022	Nil	Nil	Nil	Not Commenced		
Implement a Contract Management Plan template and mandate the use for all priority/higher risk contracts, which should be developed in the pre-award phase. This document should be used as an active management tool throughout the lifecycle of the contract.	2.1.3	Implementation of Contract Management Plans to be completed for each tender and handed over to Contract Administrator at exaction of contract. To be recorded in the contract handover form.	High	30/09/2022	Nil	Nil	Nil	Not Commenced		
Contracts with multiple sites or materially different portions of work should have separate risk profiles and risk treatments.	2.1.4	Strategic Procurement to work collaboratively with Risk team to update processes to include risk assessments for each site.	High	30/06/2022	Nil	Nil	Nil	Not Commenced		
Consider the opportunity for the procurement and risk teams to leverage their skill sets, on a risk based approach, beyond their initial input into risk identification as part of the pre-award process, to supporting Contract Administrators within ongoing dynamic risk management across the contract life cycle for priority/higher risk contracts.	2.1.5	Investigation of ability to resource contract management support within Council.	High	30/09/2022	Nil	Nil	Nil	Not Commenced		
Implement financial management reporting to monitor contract spend profiles against the contract commitment value (original contract and variations) and POs to ensure compliance with procurement thresholds over the contract lifecycle. Further, consider providing this reporting to relevant Committee or governing body, as required.	2.2.1	Ensure implementation of Contracts Module within new Finance System includes elements relating to spend versus contract sum. (implementation due September – November 2021).	Moderate	31/12/2022	Nil	Nil	Nil	Not Commenced		

Consider implementing an additional requirement for contract variations to consider the percentage to overall contract spend and require an additional approver where this threshold is reached (e.g. for total variations exceed 10% of overall contract value).	2.2.2	Undertake review of variation management procedures and frameworks.	Moderate	30/09/2022	Nil	Nil	Nil	Not Commenced		
Consideration should be given to include CAs in the tender phase as standard practice, including involvement in the negotiations leading to contract award and draft contract management plan (when applicable). This would enable CAs to have improved understanding of the contractor's commercial offer, and the contract terms and conditions.	2.3.1	Tender process checklist to be updated to include Contract Administrator for inclusion in tender process. Additional handover to be included in contract handover process to ensure Contract Administrator understand all elements.	Moderate	30/06/2022	Nil	Nil	Nil	On Track	50%	CA's to be included in tender assessments effective immediately, as highlighted in TIF. TIF being updated to include this as a mandatory field.
Councils to explore the feasibility of developing a centralised Contractor Management Team. Benefits of this model include:•Effectively managing the capacity, skills and experience of the team.•Ensuring consistency with the application of the new contract management framework.•Managing performance and continuous improvement.	2.3.2	Feasibility study to be undertaken to explore central Contract Management Team.	Moderate	31/12/2022				Not Commenced		
For the Contract Management Plans and Checklists implemented (based on contract profile per Finding 2.1), ensure the contract specific performance management details (e.g. contractual metrics and reporting required) are documented and maintained.	2.4.1	KPIs and metrics to be included in contract profiling and contract management plans when implemented.	Moderate	30/09/2022	Nil	Nil	Nil	Not Commenced		
As part of spot audits to be undertaken by the Strategic Procurement team, check there is a risk-based performance management process in-place, with regular reporting of KPIs and metrics, minuted meetings and adequate records management.	2.4.2	The recently implemented Contract Management Procedure outlines the requirement for spot audits. During implementation, a risk-based performance management process will be put in place, with regular reporting of KPIs and metrics, minuted meetings and adequate records management.	Moderate	30/06/2022	Nil	Nil	Nil	On Track	50%	Procedure now includes the spot audit forms, spot audits to commence in coming months
Update the draft 'Contract Management Procedure' to provide more context and requirements for CAs regarding contractor performance management best practice principles. For example:•KPIs and metrics are fully documented in executed contracts.•Implement a process to ensure that CAs are regularly monitoring and formally documenting contractor performance per the Councils' record management requirements.•Performance management is a standing agenda item on minuted contractor meetings capturing key date resolution.	2.4.3	Procedures include these elements. Implementation of contract management templates and forms to support the processes to be undertaken by Contract Administrators.	Moderate	30/06/2022	Nil	Nil	Nil	On Track	50%	Included in the procedure, to be verified as part of the spot audit process
Revise relevant policy or procedure(s) to define and implement responsibility for identifying and reporting any relevant declared conflicts of interests, including required mitigating controls, to ensure that Contract Administrators are aware of all declared conflicts for the contracts they are administering.	2.5.1	Undertake review of conflict of interest process and end to end recognition (pre tender and post tender).	Low	30/09/2022	Nil	Nil	Nil	Not Commenced		
Further to the development of the robust training and awareness program (see Finding 2.2), implement a process to monitor and report on attendance and completion of modules for all Contract Administrators.	2.5.2	All training to be recorded in the training register with People and Culture.	Low	31/12/2022	Nil	Nil	Nil	Not Commenced		
Ensure that there are robust contract extension controls in place to identify contracts up for renewal in a timely manner and ensure adequate governance over delegated approval.	2.5.4	Contracts module within the new finance system to be implemented with alerts around expiring contracts and anniversaries.	Low	31/12/2022	Nil	Nil	Nil	Not Commenced		
Consider implementing, on a risk based approach as part of the contract profiling process, a governing body or committee for operational and strategic contracts where there is a significant risk profile to the Councils. Furthermore, ensure regular key contract activity reporting (contract value, number and cost of variations, spend, claims/disputes, etc.) is conducted as required.	2.6.1	Review the potential to create a Contracts Governance Committee to review ongoing contracts and their performance that meet periodically throughout the year.	Low	31/12/2022	Nil	Nil	Nil	Not Commenced		

Following implementation of the practical and final completion certificate templates, ensure that both the 'Contract Management Procedure' and contract templates are updated to reference the requirements of the issuing of Practical Completion and Final Completion Certificates.	3.1.1	Template library currently being developed in collaboration with Manager – Operations to pilot the use of standard templates for key contract management processes and activates. Will be implemented and stored centrally for ease of access by all Contract Administrators.	Low	30/06/2022	Nil	Nil	Nil	On Track	50%	Sharepoint site under construction, template library being created
As part of spot audits to be undertaken by the Strategic Procurement team, ensure that practical completion and final completion certificates have been issued and are saved on the CoM document management system as required.	3.1.2	Update contract management review form to include evidence of certificates.	Low	30/06/2022	Nil	Nil	Nil	On Track	50%	Included in template library, also included in spot audit checklist



## 6.2 Council Member Report

<b>Report Reference</b>	FRAC220517R6.2
<b>Originating Officer</b>	Unit Manager Governance and Council Support – Victoria Moritz
<b>Corporate Manager</b>	Manager Office of the CEO - Kate McKenzie
<b>General Manager</b>	Chief Executive Officer - Tony Harrison

### REPORT OBJECTIVE

Section 3.5 of the Finance, Risk 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, Risk and Audit Committee:**

1. Notes this report.

### DISCUSSION

#### **Council Member Representative – Councillor Maggie Duncan**

Since the last FAC meeting, Council has met five times for General Council Meetings. At these meetings, Council made the following decisions that relate to the Finance and Audit Committee Terms of Reference in chronological order. If the Committee wishes to discuss any of the items considered in confidence in further detail, the Committee will be required to move into confidence.

#### **22 February 2022 – GENERAL COUNCIL MEETING**

##### **2nd Budget Review 2021-22**

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

##### **Glandore Oval Cricket Nets and Rose Garden**

Council allocated an additional budget amount of \$229,500 to the delivery of the Glandore Oval Cricket Nets and Rose Garden Project.

##### **Finance Report - January 2022**

Council noted the report which is presented on a monthly basis to provide Elected Members with key financial information to assist in monitoring Council's financial performance against budget.

##### **WHS Monthly Performance Report – January 2022**

Noted the WHS monthly performance report with the current LTIFR now at 5.8.

##### **South Adelaide Basketball Club (Motion with Notice)**

Council will proceed with the project, subject to:

- a. Funding from other sources of at least \$5,250,000 being obtained (including \$250,000 from SABC or Basketball SA);
- b. Consideration of community consultation;
- c. Receipt of a satisfactory Prudential Report per section 48 of the Local Government Act;
- d. Solving car parking and traffic issues;

- e. Any necessary agreements regarding land use with the Marion Sports and Community Club;
- f. Development approval

**Sam Willoughby International BMX Facility damage (QoN)**

A question with notice was received relating to the damage of the Sam Willoughby International BMX Facility. The questions were answered in the public agenda.

**Cove Sports Upgrade (QoN)**

A question with notice was received relating to the commencement of a Section 48 Report for the Cove Sports upgrade. Staff noted they are preparing an engagement plan with an anticipated release in March 2022. This will feed into the Section 48 report.

**Confidential Items**

- SWBMX and Southern Soccer Facility Project Update

**8 March 2022 – GENERAL COUNCIL MEETING****Council Member Allowances - Remuneration Tribunal Submission**

Endorsed a Submission to the Remuneration Tribunal recommended that the allowances are currently adequate and should not be increased (other than annual CPI increases) and the status quo should be maintained.

**External Audit Tender**

as recommended by the FRAC, Council approved the appointment of Galpins as the City of Marion's service provider in the delivery of External Audit Services for a term of 3 years commencing with the audit for the financial year to 30 June 2022, with an option to extend for a further period of up to 2 years.

**22 March 2022 - GENERAL COUNCIL MEETING****Public Interest Disclosure Policy**

Council were presented with the revised Public Interest Disclosure Policy and Procedure following recent amendments in legislation for adoption.

**WHS Monthly Performance Report**

Noted the 2021-22 LTIFR as at the end of February 2022 is 0.0 with 0 lost time injury claims being submitted.

**Finance Report -February 2022**

Council noted the report which is presented on a monthly basis to provide Elected Members with key financial information to assist in monitoring Council's financial performance against budget.

**12 April 2022 - GENERAL COUNCIL MEETING****Draft Annual Business Plan 2022-2023 and Long-Term Financial Plan for Public Consultation**

Council have proposed a two per cent annual rate increase for the next 10 years and the release of \$2 million set aside in the Asset Sustainability Reserve to support the delivery of prioritised unfunded initiatives. The draft plans will be available for public consultation from 22 April to 13 May before final adoption by the Council in June.

**Section 270 Internal Review of Decision - Spinnaker Circuit Reserve**

Resolved to appoint an independent investigator to undertake the Review of Decision regarding Spinnaker Circuit and the decision made by the Council on the 14th December 2021.

### **Community Engagement Strategy for the Development of the 4 Year Business Plan 2023-2027**

Council noted the report and information on the Community Engagement Strategy for the development of Council's 4 Year Business Plan 2023-2027.

#### ***Confidential Items:***

#### **BMX Pump Track Procurement** (minutes not retained in confidence)

Resolved to address the shortfall in funding to develop a UCI accredited pump track through:

- Not allocating or seeking additional funds to deliver a UCI accredited pump track and foreshadows a rescission motion be brought to a subsequent General Council Meeting

#### **Development Matter Regarding Tree Platform – Verbal Update** (confidential)

### **10 May 2022 - GENERAL COUNCIL MEETING**

#### **Public Submissions on the Draft Annual Business Plan 2022-23**

The report provided the opportunity for members of the public to make a submission or ask questions at the Council meeting held on 10 May 2022 regarding Council's draft Annual Business (ABP) Plan 2022-2023. No additional submissions were heard.

#### **Community Grants Round 2 2021-22**

Council considered and award funding for Round 2 Community Grants 2021-22.

#### **BMX Pump Track**

Council rescinded a previous resolution of council regarding the scope of the Pump Track to consider other options. Council then resolved a total budget allocation of \$450,000 with provision of additional funding of \$314,000, \$250,000 of which to be allocated through Council's 2022/23 Budget process and \$64,000 to be provided from Council's Asset Sustainability Reserve.

#### ***Confidential Items***

- **Unsolicited Proposal – 262 Sturt Road, Sturt**

#### **ATTACHMENTS**

Nil

### 6.3 Draft Annual Business Plan 2022-23 and Long Term Financial update

<b>Report Reference</b>	FRAC220517R6.3
<b>Originating Officer</b>	Unit Manager Statutory Finance & Payroll – Andrew Doyle
<b>Corporate Manager</b>	Chief Financial Officer - Ray Barnwell
<b>General Manager</b>	General Manager Corporate Services - Sorana Dinmore

#### REPORT HISTORY

List any relevant report references - optional field, remove table and heading if not required

<b>Report Reference</b>	<b>Report Title</b>
FRAC220222R7.5	Draft Annual Business Plan 2022-2023 and Long-Term Financial Plan

#### REPORT OBJECTIVE

The purpose of this report is to provide the Finance, Risk and Audit Committee with an update on the Draft Annual Business Plan (ABP) 2022-23 and Draft Long Term Financial Plan (LTFP) since it was last presented at the 22 February 2022 Finance, Risk and Audit Committee meeting.

This report also notes the participation and feedback to date from the community consultation period to date, due to close on 13 May 2022.

#### EXECUTIVE SUMMARY

The development of the Draft ABP 2022-2023 and LTFP is an iterative process that continues through to the final adoption of the ABP at the end of June. Council released its Draft ABP 2022-23 for public consultation on 22 April 2022 with the consultation period set to close on 13 May 2022. The final Draft 2022-23 ABP will be considered for adoption by Council at the 28 June 2022 General Council meeting.

The continued development of the Draft ABP 2022-2023 through to final adoption in June will see a further focus on the interrogation of costs, adjustment for successful funding commitments from election outcomes and further updates in relation to Council project priorities. It should be noted the Draft ABP contains estimates for key prioritised projects are based on costings which with current market conditions could change significantly when tested in the marketplace.

The Draft ABP 2022-23, based on a proposed increase in average rates of 2%, forecasts a surplus of \$0.079m following the inclusion of the new initiatives and service improvements from the general Council meeting on the 12 April 2022. All years of the LTFP are currently forecasting a surplus position ensuring Council is meeting its core 'Financial Sustainability' target maintaining, on average, a break-even or better funding (cash) position over the LTFP. The net surplus position for the 10 years of the LTFP is \$6.463m.

## RECOMMENDATION

**That the Finance, Risk and Audit Committee:**

- 1. Notes the new initiatives and service improvements incorporated into the Draft ABP 2022-23 and Draft LTFP since its February 2022 meeting.**
- 2. Provides feedback on the current iteration of the Draft ABP 2022-23 and Draft LTFP (Attachment 1).**
- 3. Provides feedback on the proposed changes to the Reserve Funds Policy (Attachment 2)**
- 4. Notes the community consultation feedback received to date (Attachment 3)**

## DISCUSSION

The Draft ABP is Council's statement of its intended programs and outcomes for the 2022-23 year. It connects our long-term planning, as set out in the Strategic Plan 2019 – 2029 and supports the delivery of the final year of Council's 4 Year Business Plan 2019-2023 (4YBP) with the allocation of resources in the 2022-23 Annual Budget.

The Draft ABP 2022-23 and LTFP have been developed using a proposed average rate increase of 2% for 2022-23 plus forecast annual growth from new properties from development of 1%. The Draft ABP has been developed in a period of increasing CPI (Adelaide March 22 CPI at 4.7%) in addition to continuing uncertainty from Covid, the war in Ukraine and supply chain issues which may impact costs for local government in some cases greater than CPI.

The continued development of the Draft ABP 2022-2023 through to final adoption in June will see a further focus on the interrogation of costs, adjustment for successful funding commitments from election outcomes and further updates in relation to Council project priorities. It should be noted that the estimates for the 5 key prioritised projects are based on costings which with current market conditions could change significantly when tested in the marketplace.

The Draft ABP 2022-23 forecasts a surplus of \$0.079m following the inclusion of the new initiatives and service improvements from the general Council meeting on the 12 April 2022. All years of the LTFP are forecasting a surplus position ensuring Council is meeting its core 'Financial Sustainability' target maintaining, on average, a break-even or better funding (cash) position over the LTFP. The net surplus position for the 10 years of the LTFP is \$6.463m.

Public consultation for the Draft ABP 2022-23 & LTFP (Attachment 1) commenced on the 22 April 2022 is due to conclude on 13 May 2022. Public consultation provides an opportunity for the community to provide feedback online through the Making Marion website and/or make submissions via Council's website or alternatively by post. Included within this period is an opportunity for public representation to Council at the 10 May 2022 General Council meeting.

The key remaining steps for the ABP and LTFP processes are as follows:

Key stages	Date	Meeting
Review and feedback on Draft ABP 2022-23, LTFP	18 May 2022	Finance, Risk and Audit Committee
Council receives feedback/responses from community engagement	14 June 2022	General Council
Draft ABP 2022-23 and LTFP for final endorsement	14 June 2022	General Council
ABP 2022-23 and LTFP for adoption	28 June 2022	General Council

## **New Initiatives incorporated into the Draft ABP 2022-23 and LTFP**

Following discussion on Council's current list of unfunded initiatives at the 15 March EM Forum Council Members further considered the inclusion of the top 5 prioritised projects as noted below in the Draft 2022-23 ABP and LTFP for consultation. It was noted these projects are likely to progress, some however, contingent on external funding commitments.

1. Marino Hall
2. Alternative Water Supply
3. Cove Sports Redevelopment – Stage 1
4. Flinders Bikeway
5. Warradale Park Tennis Club

The attached Draft 2022-23 ABP and LTFP have incorporated high level costings in the order of \$16.5m for the above 5 prioritised new projects over the next two financial years. Further detailed costings will need to be considered as they become known.

The proposed timing of these priorities has also been considered with some projects spanning over two financial years - further consideration of project timing will inform project delivery going forward. In addition, Council is seeking partnership funding through State and Federal grant funding to support the delivery of these projects. Final confirmation in relation to grant funding commitments from both State and Federal governments will influence the project delivery timing and the final required funding commitment from Council.

In addition to the above, a significant shortfall in funding is anticipated for the construction of the solution at the Grey and Kurnabinna Gullies (Segment 5 and 6) of the Coastal Walkway. Further work is being undertaken by administration to interrogate the final costings and design prior to Council's consideration. A provisional sum is incorporated into the Draft 2022-23 ABP and LTFP to be finalised pending the outcome of Council's consideration of the final design and costing.

The Draft LTFP (Appendix 1) has been developed for Council's consideration with the inclusion of the above projects incorporating Council's forecast contribution and external funding contributions, subject to confirmation.

## **Other Key Projects – Funded in ABP 2022-2023 and LTFP**

The ABP 2022-23 will fund the completion, progression of key projects including:

- Progress the rebuild of the Coastal Walkway
- Progress the redevelopment of Tennis, Netball Courts and open space at Tarnham Road
- Progress Marion Cultural Centre Plaza Upgrade.
- Living Kurna Cultural Centre Bridge and Coach House Restoration

The 2022-23 budget forecasts an overall capital spend of \$45.033m including \$11.496m renewal and \$33.537m new and upgrade.

## **Optimising the Use of Available Cash Reserves in 2022-23**

Council for many years has retained a minimum of \$2 million in the Asset Sustainability Reserve (ASR) for the purpose of having access to sufficient funds to enable it respond to a major infrastructure failure or fund an infrastructure gap identified in periodic asset audits. This funding has been quarantined and in effect underutilised in the past. Following consideration Council has proposed in the Draft 2022-23 ABP releasing this funding to support the delivery of unfunded priorities.

In addition, Council traditionally allocated annual funding in its budget for Walking and Cycling (\$200k p.a.) and CFPP (\$100k p.a.) where surpluses are available, setting aside this funding in the ASR for future projects as they arose. Council has supported a move away from a 'cash holding' position in the current environment. Rather than retaining cash reserves in a number of different reserves Council proposes to minimise the number of separate reserve funds and assess projects on their merit going forward for inclusion in the development of future ABP's and LTFF's.

Councils Draft 2022-23 ABP proposes an allocation of reserve funds which will reduce Council's Cash Reserves by \$7.3m in 2022-2023. Beyond 2022-2023 there is a further \$1.627m resolved by Council to be quarantined for specific projects leaving an available balance for future projects of \$2.898m, primarily funds held in the Open Space Reserve of \$2.552m.

As requested by the Finance, Risk and Audit Committee in December a copy of the draft Reserve Funds Policy is attached for review and comment prior to presentation of the updated policy to Council for endorsement in June. The proposed changes reflect the optimisation of available cash reserves supported by Council through its Draft 2022-23 ABP discussed above.

### Potential Changes due to Commonwealth and State Government Stimulus / Election funding

Council will continue to seek and optimise the opportunity to leverage any stimulus/election funding provided to the sector. The impact of the attraction of this funding and the resource requirements to deliver identified projects and initiatives will be monitored and considered in the development of the final 2022-23 ABP and LTFF.

With the outcomes of the upcoming Federal election there may well be some required late changes to the budget prior to final adoption in June to cater for any funds that may be attracted during the election period.

### Public consultation

Public consultation on the Draft ABP 2022-2023 and LTFF was undertaken between the 22 April to 13 May 2022. This meets the requirements of S122 of the *Local Government Act 1999*.

An opportunity for members of the public to provide feedback at the 10 May 2022 General Council meeting was made available to make verbal submissions, no attendees have registered.

A notice was placed in The Advertiser informing of the engagement on 14 April 2022. Consultation on the ABP also meets requirements in the *South Australian Public Health Act 2011*, S51

Attachment 3 outlines the Community Engagement approach and feedback received up to and including the 9 May 2022. Attachment 4 includes a response by a community centres SA in relation to the Marino Hall project.

A full report will be brought to General Council on 8 June outlining all feedback received on the Draft ABP.

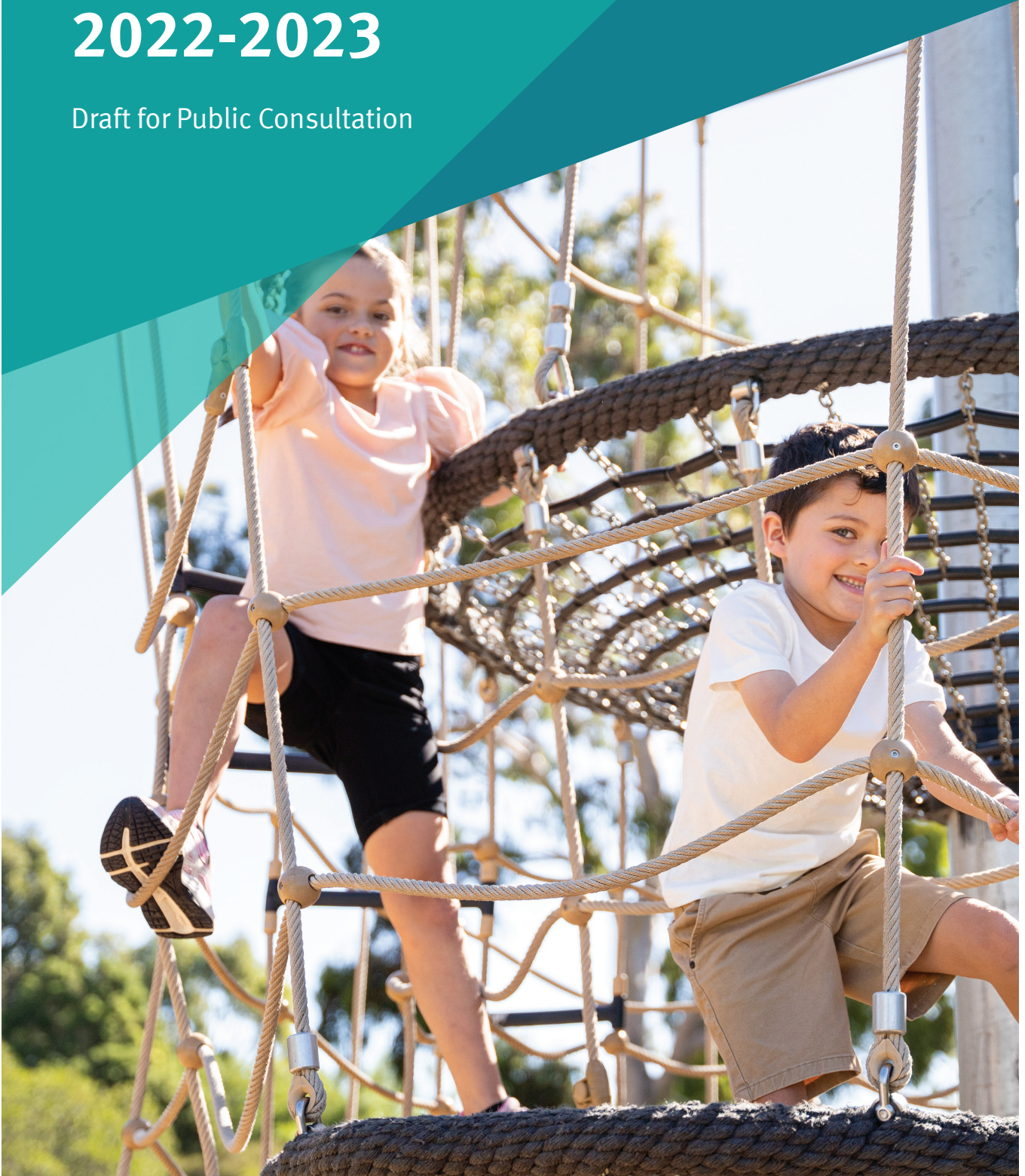
### ATTACHMENTS

1. Attachment 1 Draft Annual Business Plan for Public Consultation [6.3.1 - 43 pages]
2. Reserve Funds Policy Draft [6.3.2 - 4 pages]
3. Draft Annual Business Plan Community feedback as at 9 May [6.3.3 - 7 pages]
4. City of Marion Business Plan 2022-23 submission final 20220505 (002) [6.3.4 - 3 pages]



# City of Marion Annual Business Plan 2022-2023

Draft for Public Consultation





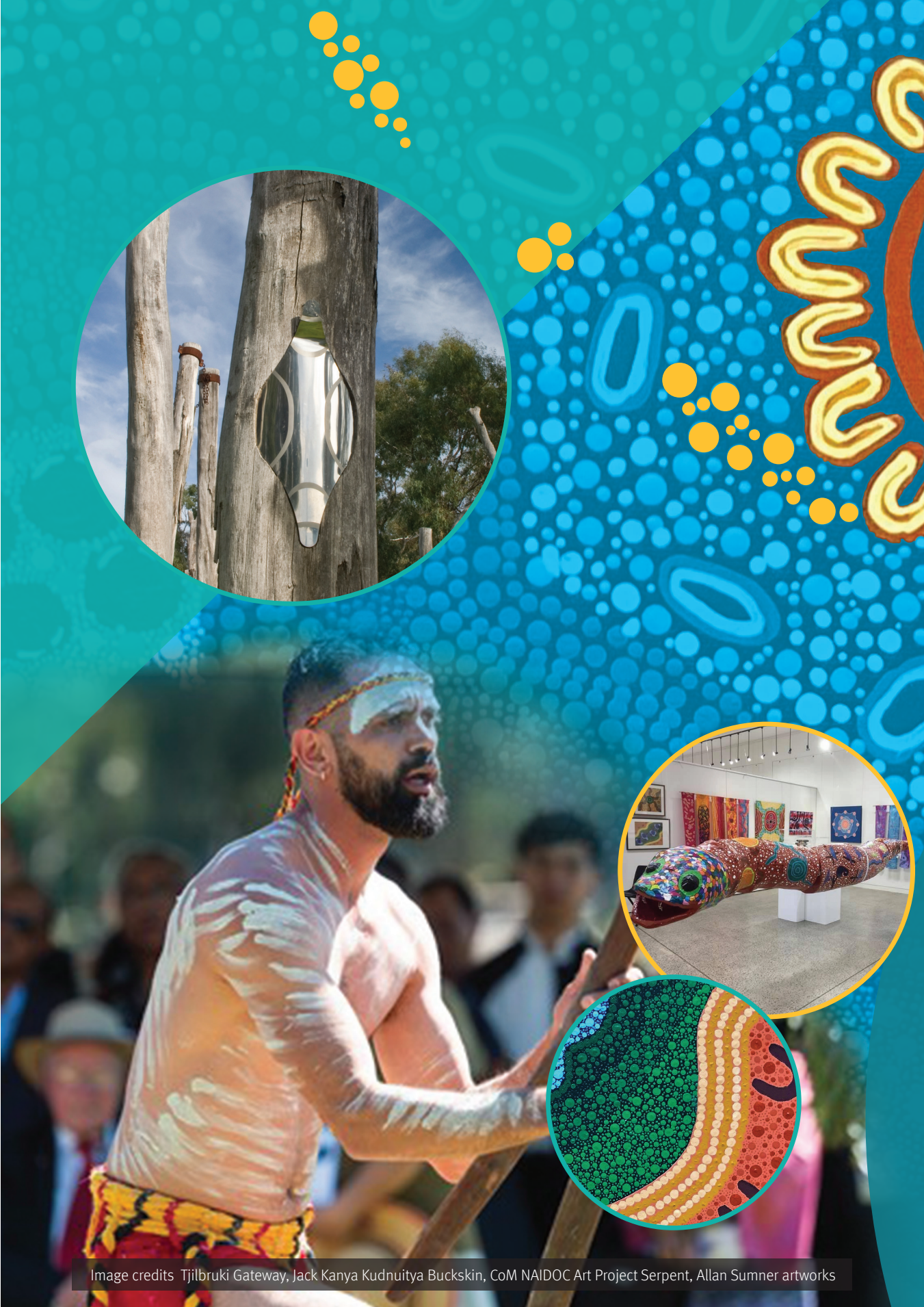


Image credits Tjilbruki Gateway, Jack Kanya Kudnuita Buckskin, CoM NAIDOC Art Project Serpent, Allan Sumner artworks





## KAURNA ACKNOWLEDGEMENT

Ngadiu tampendi Kaurna meyunna  
yaitya mattanya yaintya yerta

This Kurna acknowledgement was prepared in consultation with traditional custodians.

### ACKNOWLEDGEMENT OF COUNTRY

The City of Marion acknowledges we are situated on the traditional lands of the Kurna people and recognises the Kurna people as the traditional custodians of the land.

### OUR VISION FOR RECONCILIATION

Our Reconciliation Action Plan 2020-2023 details actions that the City of Marion leads, promotes and facilitates to achieve significant, tangible and meaningful reconciliation outcomes within our community.

Our reconciliation vision is for strong relationships built on trust, respect, integrity, inclusion and equity for all members of our community.

The Annual Business Plan provides the resource allocation to enable the effective and efficient delivery of our Reconciliation Action Plan (and other initiatives) for 2022-2023.





## YOUR VOICE

The City of Marion is seeking your input and feedback regarding the Draft Annual Business Plan 2022-2023. This process provides you with the opportunity to have your say on the level of service and activities undertaken by the Council before the final budget is adopted.

Community consultation commences at 5pm on Friday 22 April and closes on Friday 13 May 2022 at 5pm.

Online submission forms are available on Council's community engagement website [makingmarion.com.au](http://makingmarion.com.au)

Written submissions are welcomed addressed to the following:

City of Marion  
PO BOX 21  
Oaklands Park SA 5046

Or  
[council@marion.sa.gov.au](mailto:council@marion.sa.gov.au)

Verbal submissions may be made at the 10 May 2022 General Council meeting, which begins at 6:30pm. At this meeting, members of the public may ask questions and make submissions in relation to the Draft Annual Business Plan 2022-2023 for a period of one hour. Each speaker will be allocated a maximum of five minutes to make their submission.

If you wish to make a verbal submission to General Council, please contact:

Kate McKenzie  
Manager, Office of the Chief Executive  
Telephone: 08 8375 6600



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## WELCOME

Welcome to the City of Marion's Draft Annual Business Plan 2022-2023.

This plan outlines Council's proposed priorities and program of works for the coming financial year. Essentially it is the budget for the coming financial year.

What do you think of it? Council will consider your views before finalising the budget. Right now it really is a draft - in fact, the draft budget has rarely been as fluid as it is this year. Primarily this is due to the significant implications of the Federal election process - we won't know until after the Federal election whether we receive millions of dollars in funding assistance as a result of election promises. Another significant factor is the rapidly escalating costs which Council is experiencing, particularly in construction of our major projects.

Many people focus on the percentage increase in rates for the average residential property. Your Council is committed to setting an average residential rate rise well under the rate of inflation; in fact, the rate rise may well be about half the rate of inflation South Australia will experience later in 2022. Property owners will, of course notice their rate rise varies according to the relative value of their property - a factor outside of Council's control.

This year's proposed projects include:

- Commencing the Marion Cultural Centre Plaza upgrade
- Commencing the Tarnham Road Tennis and playground upgrade at Seacombe Heights
- Delivering a recycled water pipeline to irrigate local schools and reserves\*
- Completing the restoration of the historic Coach House at Warriparinga
- Designing a Flinders Bikeway to connect Tonsley and the Marino Rocks bikeway
- Investing in improvements to the Warradale Park Tennis Club\*
- Commencing the planning for the Stage 1 development of the Cove Sports and Community Club\*
- Commencing the rebuild of the ageing Marino Community Hall.\*

Council looks forward to hearing your views.

Yours faithfully,

*KRIS HANNA*

Kris Hanna  
Mayor

*\*Projects are subject to confirmed grant support from either Federal or State Government.*



## YOUR RATES AT A GLANCE

AMOUNTS SPENT PER ONE HUNDRED DOLLARS (\$100)



### Urban Development, Inspection, Regulation and Control

- Parking control
- Development services
- Dog and cat control
- Food safety



### Community Facilities

- Marion Outdoor Pool
- Sporting facilities
- Property management
- Facilities hire (casual and long term)



### Waste Collection and Management Services

- Kerbside waste collection and management
- Household waste, recyclables, green organics
- Hard rubbish collection and illegal dumping
- Management of waste through our materials recycling facility



### Open Space, Parks and Gardens

- Reserve maintenance
- Playgrounds
- Public toilets
- Playground maintenance



### Library Services

- Marion Cultural Centre Library
- Parkholme Library
- Cove Civic Centre Library
- Library programs/events





### Health and Community Care

- Aged care services
- Community buses
- Emergency response



### Community Development and Capacity Building

- Youth services
- Neighbourhood centre operations and programs
- Community grant programs



### Culture and Recreation

- Cultural heritage
- Community events



### Infrastructure Management

- Civil infrastructure maintenance
- Asset management
- Stormwater drainage network
- Traffic management



### Environmental Sustainability

- Street tree management
- Environmental regulation
- Native vegetation





## OVERVIEW

The Annual Business Plan 2022-2023 outlines the strategic projects, services and programs that we will aim to deliver in the coming financial year. Council is determined to undertake strategic initiatives outlined in the Four Year Business Plan 2019-2023, along with other projects supported to progress the community's aspirations in the City of Marion Community Vision 'Towards 2040' and the goals outlined in the 10 Year Strategic Plan 2019-2029.

Council is committed to delivering value to our ratepayers. Through a focus on prudent financial management and decision making, Council will continue to identify on-going savings. Funding secured from both the State and Federal Governments supports the delivery of new infrastructure. A strong efficiency focus has enabled us to support our community with a 2% increase in the average rate for 2022-2023.

During 2022-2023, the City will continue to be improved through investment in the following initiatives:



### MARION CULTURAL CENTRE PLAZA

A plan to revitalise the Marion Cultural Centre Plaza area with a recreation space that will transform the area to bring people together for events.

The Federal Government have partnered with Council to support this project.



### ALTERNATIVE WATER SUPPLY PROJECT

A 12km pipe will be installed to divert treated stormwater from the Oaklands Wetlands to irrigate local reserves and schools.

Council has committed \$1.8m to the project, subject to receiving additional grant funding from the Federal Government.



### COASTAL WALKWAY

Work will continue on the 1.6km section of the Coastal Walkway trail at the Grey and Kurnabinna Gullies at Hallett Cove.

The State Government have partnered with Council to support this project.



### FLINDERS BIKEWAY

The Flinders Bikeway is a key connection between Flinders University, Tonsley and further north to the Marino Rocks Greenway (bike way).

A \$40,000 concept design that includes landscaping and engineering considerations will be developed.

Community consultation will inform support to the project. If supported, proposed implementation of the new bikeway will occur in 2023-2024.



#### COVE SPORTS AND COMMUNITY CLUB

A multi-stage upgrade is planned for this ageing sporting infrastructure. Stage 1 development includes demolition of the existing BMX track, expansion of the playing field, and expanded northern car park.

Redevelopment of the netball facility is also part of Stage 1, and includes an upgrade to the netball courts.

Council is seeking external partnership funding to progress Stage 1 of the project.



#### MARINO HALL

A rebuild of the ageing hall will commence to support a new vibrant centre that attracts a broad range of community groups.

The new pavilion style hall will include meeting spaces, a performance area, art gallery and studio.

A café and expanded car park will also support the site as an accessible creative and community events hub.

Council is seeking external partnership funding to progress this project in 2022-2023.



#### TENNIS AND NETBALL COURTS - OPEN SPACE AT TARNHAM ROAD RESERVE

Council will replace eight ageing tennis courts with two multi-use tennis/netball courts and two tennis courts.

A 'ninja adventure' style course and climbing wall supports running, climbing and jumping activity. A skate area and public toilet will be installed.



#### LIVING KAURNA CULTURAL CENTRE COACH HOUSE

Significant restoration work will continue at the state heritage listed Coach House so that it can be used by the community as a venue and hall facility, and further complement the educational opportunities of the area's history.

The State Government have partnered with Council to support this project.



#### EDWARDSTOWN EMPLOYMENT PRECINCT

Council is continuing work in Edwardstown to improve the amenity of the area as a place to do business.

An action plan includes research into renewable energy management programs, encouraging a 'buy local' supply chain, and improving traffic flow in the area.



#### WARRADALE PARK TENNIS CLUB

The tennis club has provided preliminary designs for an upgraded modern club room and facilities. Council will work with the club to progress a detailed design that meets the broad needs of community users.

Council is seeking external partnership funding to support this project in 2022-2023.

## OUR PURPOSE, VISION AND VALUES

### OUR PURPOSE

#### (Why we exist)

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

### OUR COMMUNITY VISION

#### (What we want to become)

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

### OUR VALUES

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

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

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

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

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



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

### LIVEABLE

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

### PROSPEROUS

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

### VALUING NATURE

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

### INNOVATIVE

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

### ENGAGED

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

### CONNECTED

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

## STRATEGIC MANAGEMENT FRAMEWORK

This Annual Business Plan 2022-2023 is an integral part of Council's Strategic Management Framework that will enable strategic and operational plans, management systems and processes to work together to effectively deliver the Community Vision.









## SIGNIFICANT INFLUENCES

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

The following broad trends impacting our city include:



### NORTH SOUTH CORRIDOR

Progress along South Road will occur as the State Government led North- South Corridor Tunnel commences construction in late 2022.

The former State Government announced a 'City shaping fund' related to the project that aims to connect communities and stimulate business investment. Outcomes will support revitalised urban design at the road level of the project as it progresses in the years ahead.



### ENVIRONMENT

Council has a Carbon Neutral Plan to reduce emissions to council owned assets by 2030. Key actions for the year will include developing a fleet transition plan and entering a contract for 100% renewable energy from January 2023. Tree planting efforts will continue to be a focus with 3,900 street and reserve trees to be planted. A further 400 advanced trees will be planted along main roads and thoroughfares to cool the city.



### SUPPLY CHAIN ISSUES

Council procures a range of goods and services as part of its Annual Capital Program. Over the last 12 months the persistent disruption to supply chains and distribution networks and their ongoing effects on prices has provided uncertainty. Council staff are actively working to mitigate the exposure to these risks, including timing of tendering and project delivery to ensure projects maintain their value for money proposition.



### ELECTIONS

Council has taken a proactive approach to advocacy at both State and Federal levels to leverage any election funding provided to the sector to support the delivery of infrastructure projects. Any further funding outcomes from the Federal election will require late adjustments to the proposed Annual Business Plan 2022-2023 and Budget.



### PUBLIC HEALTH

Council continues to monitor the COVID-19 environment and will be guided by directives from SA Health. Any changes that may impact Council facilities will be communicated through our website and social media channels. Business continuity measures are in place to ensure that services can continue.



### INFLATION

The Reserve Bank of Australia provide regular commentary on the key issues that are impacting on inflation rates. General price increases that include climbing oil prices, local suppliers with stock shortages, and skilled labour shortages are just a few of the key observations that have been felt by council.



### POPULATION

Population growth within the council area has traditionally risen at a rate of 1% per annum. Population demographics are considered in the establishment of key Asset Management Plans and planning of infrastructure projects and services. The release of the Australian Bureau Statistics Census data will provide an updated context to shifts in the population including the important trends that shape our community to assist with future city planning.

## FRAMEWORK OF THE ANNUAL BUSINESS PLAN

The Annual Business Plan 2022-2023 has been prepared on the basis of a framework that aims to inform the community and hold the City of Marion accountable to its stakeholders. The key items in this framework are as follows:

### Support the achievement of the City Of Marion's strategic directions.

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

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

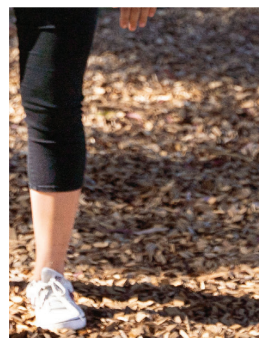
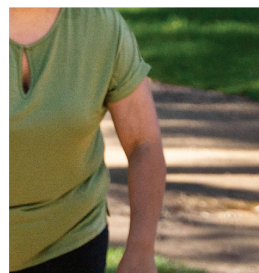
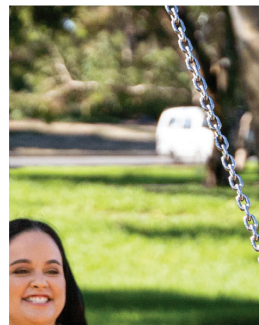
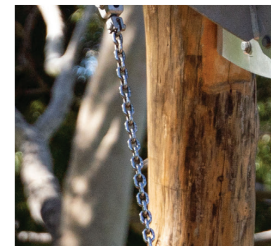
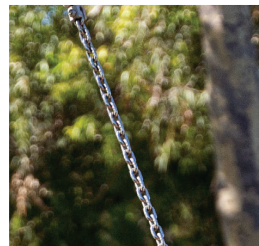
Every year the Council undertakes a number of internal audits. These reviews and assessments have identified a number of key opportunities or requirements for the Council to improve its operations. This document includes the necessary resources to continue Council's independent review process and implement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

### Maintain, on average, a break-even or positive funding (cash) position over the long term financial plan.

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

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

The Annual Business Plan has been prepared taking into consideration individual Asset Management Plan requirements and outcomes of recent infrastructure audits. The City of Marion has a target of 90-110% for the Annual Asset Renewal Ratio.



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

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

Collaboration with other councils will continue to assist capacity building for shared strategic opportunities, innovation and cost efficiencies and enables the ability to align processes and reduce duplication.



### Council only approve new major projects where it has the identified funding capacity to do so.

Council debt is forecast to increase to \$10.487m by 30 June 2023. With consideration given to key financial indicators, Council has continued to retain the funding capacity to consider additional strategic Major Projects and is currently investigating partnerships to aid the development of several initiatives.

These additional forecast borrowings in 2022-2023 relate to Council's contribution towards new initiatives in the Capital Works Program. Any changes to the timing and scope of the capital projects may impact the funding required, and in turn the total requirement for borrowings currently factored into the Annual Business Plan 2022-2023.



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

Comparative 2021-2022 data shows that Council's average residential rate continues to remain among the lower rating metropolitan councils, with its current position ranking being the 5th lowest of 18 metropolitan councils.





## CONTINUING AND IMPROVING SERVICE DELIVERY

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

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

ENABLING SERVICES	
Strategic management	Communications, marketing, and engagement
Organisational excellence and innovation	Human resources and workforce planning
Strategic asset management	ICT and knowledge management
Financial management	Operational support
Governance support	Strategic Procurement



## PROJECT PRIORITIES

In 2022-2023 the Council plans to commence or continue working on the following strategic initiatives, as outlined in our 4 Year 2019-2023 Business Plan, or through Council resolutions:

### CONTINUING INITIATIVES

CONTINUING INITIATIVES FROM PRIOR YEARS	KEY STRATEGIC THEME
Complete the upgrade of multi-purpose tennis and netball courts and open space at Tarnham Road Reserve at Seacombe Heights	Liveable
Complete the restoration of the Living Kurna Cultural Centre Coach House	Liveable
Continue to expand the streetscape program to include arterial roads	Liveable
Progress Stage 1 of the Cove Sports and Community Club, <i>subject to grant funding</i>	Liveable
Identify options for recreational facilities at 262 Sturt Road	Liveable
Commence the Marion Cultural Centre Plaza upgrade	Liveable
Marion Golf Course, <i>to be considered at the May 2022 General Council meeting</i>	Liveable
Implement the Coastal Climate Adaptation Plan	Valuing Nature
Implement the Energy Efficiency and Renewable Energy Plan	Valuing Nature
Continue the Coastal Walkway	Valuing Nature
Continue the roll out of the transformation of our business enterprise systems	Innovative
Implement the Social Media Strategy 2019-2023	Innovative
Research technology and automated solutions for the management of assets and streetscapes	Innovative
Continue to deliver the Disability Access and Inclusion Plan	Engaged
Continue to implement the 2019-2023 Reconciliation Action Plan	Engaged
Continue work to activate the Edwardstown Employment Precinct	Prosperous
Continue to progress a Planning and Design Code Amendment for the stables zoning area within Morphettville, noting community consultation and Ministerial approval will be required	Prosperous
Commence the development of Marino Hall, <i>subject to grant funding</i>	Connected

NEW PROJECTS COMMENCING IN 2022-2023

2022-2023 NEW INITIATIVES	KEY STRATEGIC THEME
Commence and upgrade the Warradale Park Tennis Club, <i>subject to grant funding</i>	Liveable
Alternative Water Supply project, <i>subject to grant funding</i>	Liveable
Initiating and completing a residential Planning and Design Code Amendment for the Southern Suburbs (south of Seacombe Road)	Prosperous
Initiate and complete a Planning and Design Code Amendment for several retail centre's	Prosperous
Commence planning for a new Flinders bikeway to connect from Flinders University through to Tonsley and north to the Marino Rocks bikeway	Connected



## ASSET MANAGEMENT

The City of Marion's Asset Management vision is:

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

A significant portion of Council's annual spend is devoted to the operation, maintenance and renewal of public assets which deliver safe and sustainable services to the community. Council will continue to optimise our spending on these through better asset management to deliver current service levels in the most affordable and efficient way.

Council recognises that climate change is likely to affect asset life and functionality. We are exploring what we can do to build asset resilience in response to climate impacts.

Our assets enable the provision of services to the community and businesses for current and future generations. Assets play a vital role in the local economy and on residents' quality of life.

### WE OWN AND MANAGE OVER \$1 BILLION OF ASSETS



Artworks, Culture  
and Heritage



Buildings and  
Structures



Coastal Walkway



Fleet, Plant and  
Equipment



Open Space



Stormwater



Transport



Water Treatment  
and Resources

## MEASURING OUR SUCCESS

Monitoring performance is a critical element of strategic management. It is the mechanism for critically ensuring that the Council is contributing to the achievement of its objectives in both the Strategic Plan and the 4-Year Business Plan 2019-2023.

*The suite of Corporate Key Performance Indicators (KPIs) are being considered by Council.*

*The endorsed version will outline the updated suite of KPIs for 2022-2023.*

Key Performance Indicator	Core Target	Stretch Target
Financial Sustainability	Council maintains, on average, a break-even or better funding (cash) position over the Long Term Financial Plan	Council maintains a break-even or positive cash funding position in delivering its Annual Budget
Delivery of agreed projects identified in the Annual Business Plan and the final year targets in the 4 year Plan	Greater than or equal to 95%	No stretch target
Total employee costs (including agency staff)	Less than or equal to 3% increase in actual employee costs (including agency staff) against prior year's actual costs – adjusted for Council endorsed changes to meet resourcing requirements	Less than or equal to 2% increase in actual employee costs (including agency staff) against prior year's actual costs – adjusted for Council endorsed changes to meet resourcing requirements
Overall satisfaction with Council's performance	Greater than or equal to 75% rated as satisfied or above	Greater than or equal to 85% rated as satisfied or above
Asset Renewal Funding Ratio (A measure to assess that we are renewing or replacing non-financial assets in accordance with our future Asset Management renewal requirements)	Asset Renewal Funding Ratio between 90 and 110%	Asset Renewal Funding Ratio greater than or equal to 100%
Delivery of Council's capital works program	Greater than or equal to 85% delivery of Council's planned capital works program (adjusted for extraordinary items)	Greater than or equal to 90% delivery of Council's planned capital works program (adjusted for extraordinary items)
Staff engagement	Achievement of an overall employee pulse survey result of 75% based on 9 metrics (including Community, Values, Safety, Expectations, Valued, Empowerment, Development, Recognition, Happiness) with at least 50% employee participation per senior leadership team department	Achievement of an overall employee pulse survey result of 80% with at least 50% participation per senior leadership team department
Community engagement/communications	Project specific communications to the public should be timely and accurate	100%
Carbon Neutrality - carbon emissions footprint, measured against Council's endorsed Carbon Neutral Plan (applicable 2021-2022 onwards)	Actual annual emissions less than the plan's annual target emissions	Actual annual emissions 5% less than the plan's annual target emissions
Asset utilisation of sports and community venues	70-80% utilisation across venues (through the booking system)	Greater than 80% across venues (through the booking system)

## FUNDING THE ANNUAL BUSINESS PLAN

### YOUR RATES IN 2022-2023

The Annual Business Plan is based on a proposed 2% increase in the average rate for the coming year. In setting rates for 2022-2023, Council has forecast the revenue required to meet the costs of delivering the services and projects that will be provided to the community in 2022-2023.

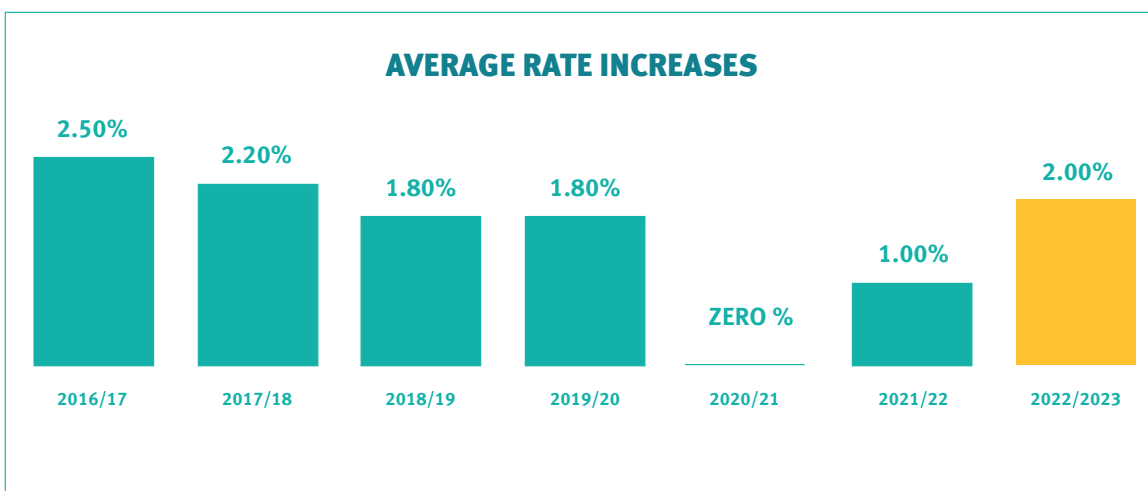
Rates account for 84% of Council's operating revenue with other sources including fees, charges and grants. These revenues contribute to the necessary funding for planned operating and capital renewal programs in 2022-2023.

While the proposed average rate increase is 2%, it is to be noted that actual rates payable by a rate payer will vary according to individual property valuations, the attributed land use, and whether there has been any new development or capital improvement on the land.

Your feedback is valued, and Council is aware of the impact rate increases have on the community. We are continually looking for opportunities that allow this cost to be minimised, support our community during uncertain times, and maintain the fiscal responsibility required of Council.

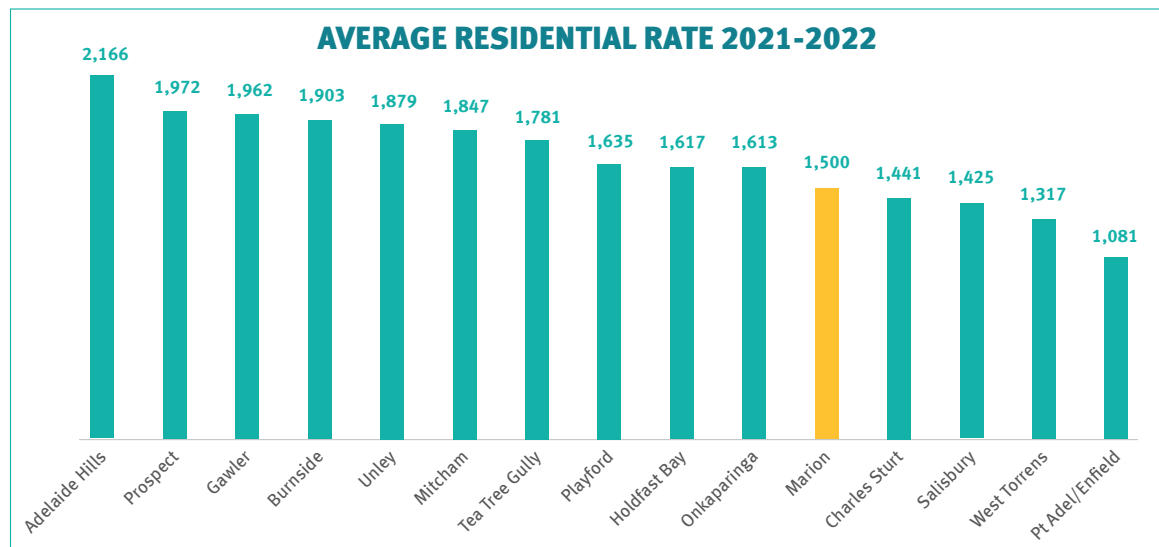
With changing community needs and other external influences impacting on the community, there is a need for Council to consider how to plan more effectively, both for the longer term and for an immediate community benefit. The rate increase is set at a level that provides confidence that services will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

The outcomes of the community consultation, as well as a balance between achieving the strategic directions, maintaining services and assets, ensuring financial and environmental sustainability, supporting intergenerational equity and making provision for those in the community who are experiencing hardship, have been considered in setting the rate increase for the Annual Business Plan 2022-2023.



## COMPARATIVE RATING DATA

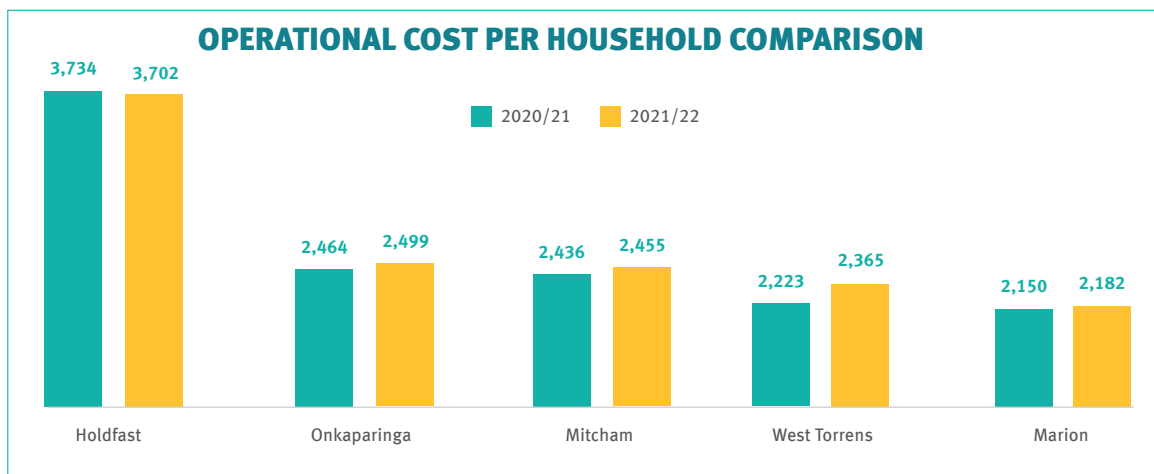
With a 2% increase, the City of Marion's average residential rate is in line with Council's Annual Business Plan framework and set to remain among the lower rating metropolitan councils. In 2021-2022 Council had the 5th lowest average metropolitan residential rate.



## OPERATIONAL COST PER HOUSEHOLD

Council's primary benchmark is to compare its average residential rate against other metropolitan councils as shown in the 'Average Residential Rate 2021-2022' table above.

The table below illustrates that Council's operational costs per household compare favourably against those of our neighbouring councils. It should be noted that this does not take into account different councils' service levels, infrastructure renewal requirements not reflected in operational costs, different sources of revenue including grants and user charges which may vary from council to council.





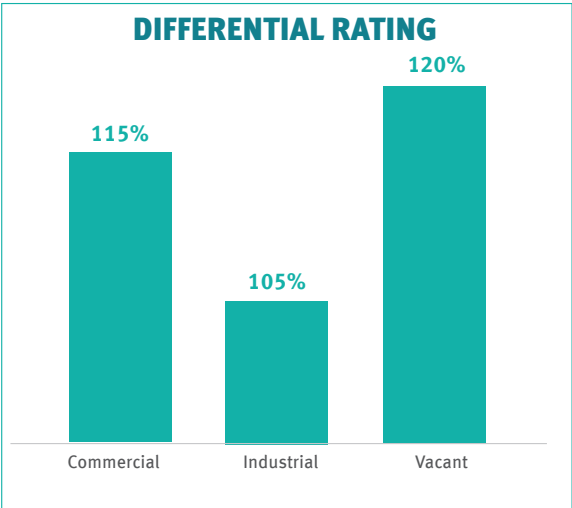
## DIFFERENTIAL RATING

Council currently derives 17% (2021-2022: 17%) of its rate revenue from the Commercial (16%) and Industrial (1%) sectors. Commercial and Industrial users consume a greater proportion of Council resources than residential properties, particularly in regard to the use of roads, footpaths, traffic, parking, storm water drainage, public health and environment.

Council uses a differential rating system to raise revenue based on its Land Use to ensure a fair and equitable distribution of rates within the City of Marion.

The differential rate is charged in addition to the normal rate. In applying this approach, Council will take into consideration all prevailing economic conditions and changes and adjust its differential rates accordingly, to ensure an appropriate and fair equalisation of rates across all land use categories.

Differential rates to apply to land use are as follows:



Council is forecasting to raise \$82.057m in general rates revenue of which \$13.5m is derived from commercial properties, \$0.95m from industrial properties and \$1.7m from properties in the vacant land use category. Final valuations from the Valuer General are yet to be received and changes to valuations may impact the final revenue from each land use category.





## BUDGETED INCOME STATEMENT

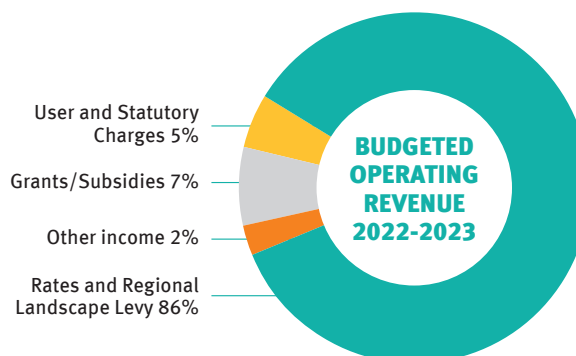
An operating surplus of \$2.533m before capital revenues is forecast for 2022-2023. The operating surplus is required to fund the renewal of existing infrastructure in accordance with Council's Asset Management Plans and to fund construction of new assets to deliver services.

Budgeted Income Statement	2nd Review 2021 – 2022 \$'000	Budget 2022 – 2023 \$'000	Variance \$'000
<b>Operating Revenue</b>			
Rates - General	79,736	82,057	2,321
Rates - Regional Landscape Levy *	2,058	2,089	31
Statutory Charges	2,109	2,174	65
User Charges	2,653	2,769	116
Grants/Subsidies	9,714	6,679	(3,035)
Investment Income	347	150	(197)
Reimbursements	1,242	1,150	(92)
Other Revenue	878	797	(81)
Share of Profit/(Loss) Regional Subsidiaries	365	365	-
<b>Total Operating Revenue</b>	<b>99,102</b>	<b>98,230</b>	<b>(872)</b>
<b>Operating Expenditure</b>			
Employee Costs	39,912	41,684	1,772
Contractor Services	32,467	24,045	(8,422)
Materials	5,496	5,150	(346)
Finance Charges	250	202	(48)
Depreciation	16,250	16,651	401
Other Expenses	9,381	7,978	(1,403)
<b>Total Operating Expenditure</b>	<b>103,756</b>	<b>95,710</b>	<b>(8,046)</b>
<b>Operating Surplus/(Deficit) before Capital Revenues</b>	<b>(4,654)</b>	<b>2,520</b>	<b>7,174</b>
Capital Grants and Contributions	4,169	8,016	3,847
<b>Net Surplus/(Deficit)</b>	<b>(485)</b>	<b>10,536</b>	<b>11,021</b>

\* Note: The Regional Landscape Levy is collected by Council on behalf of the Green Adelaide Board.

## OPERATING REVENUE

The main source of income for Council is rate revenue; making up just over 83% (86% including Regional Landscape Levy) of total revenue in 2022-2023, with other sources being government regulated fees for statutory services, diminishing levels of untied federal grant monies, as well as other grants from the State and Federal government.



## GENERAL RATES

Council's revenue in 2022-2023 includes \$82.057m (\$79.736m, 2021-2022) to be raised in general rates. The budget has been developed on the basis of a 2% average rate increase (excluding new developments and capital improvements). In setting rates for 2022-2023, Council has forecast the revenue required to meet the costs of delivering the services and projects to be provided to the community in 2022-2023.

Growth from new property development is forecast at 1% for 2022-2023. This predominantly is the result of new housing in Marion, as reported by the Valuer General. The revenue created by this growth will cover the increased costs of servicing a growing community, which includes the requirement to maintain and provide for the replacement of infrastructure such as stormwater drainage and transport networks.

- User Charges set by Council – Relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. These include charges for the use of Council's community facilities, swimming pool admission and the like.
- Statutory Charges set by State Government – Relate mainly to fees and fines levied in accordance with legislation and include development application fees, health act registrations and parking fines.
- Grants and Subsidies – Grants include all monies received from State and Federal sources for the purpose of funding the delivery of Council's services to ratepayers and for the funding of the capital works program. Operating grants are forecast to reduce by \$3.035m in 2022-2023, primarily as a result of the recognition in 2021-2022 of one off Grant contributions for the Coastal Walkway, LKCC Coach House Restoration and Food Waste Recycling Program.

## OPERATING EXPENDITURE



Council's operating expenses are forecast to decrease to \$95.710m in 2022-2023. The left graph shows a breakdown of operating expenditure across Council services for every \$100 spent:

## EMPLOYEE COSTS

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

Employee costs are forecast to increase by \$1.772m primarily because of increases stemming from existing Enterprise Agreements provisions, increases to the Superannuation Guarantee Contribution, additional staffing resources for Council endorsed initiatives including Digital Transformation, Hard Rubbish Collection and Mitchell Park Sports and Community Centre.

A reduction of \$0.9m has been incorporated into the budget to allow for positions that may be temporarily vacant during the year.

## CONTRACTOR SERVICES

Contractor services relate mainly to the provision of Council services by external providers. Council uses contractors to assist in the provision of major services such as waste collection, and also where specialist services or advice is required, where it is not warranted for Council to have permanent in-house resources. A decrease of \$8.422m is forecast in the 2022-2023 budget which primarily relates to project expenditure in 2021-2022 including the Digital Transformation Project (\$3.42m), Alawoona Avenue Streetscape (\$0.99m), Sam Willoughby BMX Track (\$0.66m), expenditure relating to operating grants (\$1.39m) and a number of other one off projects.

## MATERIALS

Council's Materials budget includes utilities, products utilised in the delivery of community services and maintenance of Council's infrastructure, open space, and other assets, as well as fuel for the fleet of vehicles used to deliver services. A decrease of \$0.346m in materials is forecast in the 2022-2023 budget primarily related to one off purchase of devices linked to the Digital Transformation Project in 2021-2022.

## OTHER EXPENSES

Other Expenses have decreased by \$1.403m stemming primarily from Council's \$1.0m contribution to the Glenthorne National Park - Destination Playspace in 2021-2022.

## CAPITAL REVENUE

### CAPITAL GRANTS AND CONTRIBUTIONS

Council has incorporated \$8.016m in capital grants and contributions towards new capital works planned in 2022-2023. Funding includes the Federal Government Local Roads and Community Infrastructure grant (\$2.1m) and other anticipated grant funding contributions towards Council's prioritised new initiatives/projects.



## BUDGETED CAPITAL EXPENDITURE

Capital Expenditure	2nd Review 2021 - 2022 \$'000	Budget 2022 - 2023 \$'000
Land	-	-
Buildings	25,210	17,013
Infrastructure:		
Roads and Kerbs	6,443	6,006
Drains	1,762	2,780
Footpaths	4,746	3,130
Traffic Control Devices	556	554
Other Infrastructure	5,969	8,398
Plant and Equipment	3,015	1,506
Furniture and Fittings	669	208
Other	4,964	5,438
	<b>53,334</b>	<b>45,033</b>
Represented By:		
Capital Expenditure		
Assets - Renewal	14,774	11,496
Assets - New	38,560	33,537
	<b>53,334</b>	<b>45,033</b>

### Funding for key capital projects in the 2022-2023 budget includes forecast funding towards:

Marino Hall\*

Alternative Water Supply\*

Cove Sports and Community Club - Stage 1\*

Flinders Bikeway

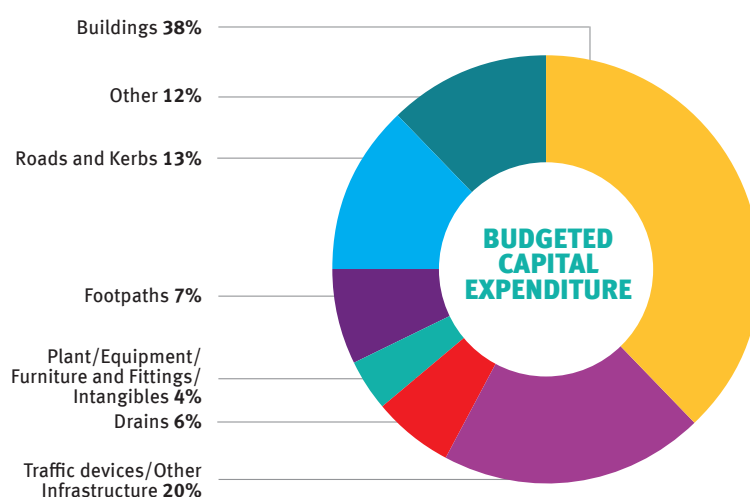
Warradale Tennis Club\*

Coastal Walkway

*\*Projects are subject to confirmed grant support from either Federal or State Government.*

The 2022-2023 Budgeted Statement of Capital Expenditure forecasts total capital expenditure of \$45.033m including \$11.496m renewal and \$33.537m new and upgrade.

The right hand chart summarises Council's planned Capital Works Program for 2022-2023:



## FINANCING THE BUDGET

Financing the budget refers to the use of borrowings or available cash balances to meet any shortfall between expenditure (both operating and capital) and revenue.

The table below identifies the Council's net funding result. Council's budget for 2022-2023 is expected to result in a net decrease in funding of \$18,211m.

Net Lending/(Borrowing)	2nd Review 2021 - 2022 \$'000	Budget 2022 - 2023 \$'000
Operating Surplus/Deficit before Capital Amounts	(4,654)	2,520
<u>less: Net Outlay on Existing Assets</u>		
Capital expenditure on asset renewal/replacement	14,774	11,496
less Depreciation/Ammortisation	(16,250)	(16,651)
	<b>(1,476)</b>	<b>(5,155)</b>
<u>less: Net Outlay on New/Upgrade Assets</u>		
Capital expenditure on New and Upgrade Assets	38,560	33,537
less Capital Grants	(4,169)	(8,016)
	<b>34,391</b>	<b>25,521</b>
Adjustments		
(Gain)/loss on disposal of assets	-	-
Share of Equity - Regional Subsidiaries	(365)	(365)
	<b>(365)</b>	<b>(365)</b>
<b>Net funding increase/(decrease)</b>	<b>(37,934)</b>	<b>(18,211)</b>

Financing Transactions	2nd Review 2021 - 2022 \$'000	Budget 2022 - 2023 \$'000
New Borrowings	10,920	7,800
less: Repayment of Principal on Borrowings	(827)	(876)
less: Increase/(Decrease) in Cash and Investments		
Transfers from/(to) Reserves	27,419	11,367
Cash Drawdowns/(Investment)	422	(79)
<b>Equals: Financing Transactions</b>	<b>37,934</b>	<b>18,211</b>

Financing transactions associated with accommodating the expected net lending result in 2022-2023 are found in the above table. Council's Long Term Financial Plan includes an allowance for borrowings of up to \$7.8m to manage the funding requirements of Council's Capital Works Program.

Council's borrowings are projected to peak at \$10.5 m in 2022-2023 with its Debt Servicing Ratio peaking at 2.0% in 2023-2024 against a maximum target of 5.0% and its Net Financial Liabilities ratio reaching 13.22% in 2022-2023 against a target of up to 50%.

## FINANCIAL RATIOS

To assist Council in meeting its objective of financial sustainability a series of financial indicators endorsed by the Local Government Association are provided. Where a Council target has not been adopted, the recommended Local Government Association (LGA) target has been used. The table below details these financial indicators and whether or not the prescribed target has been achieved over the three years up to the end of 2022-2023.

All key financial ratios are forecast to be within their targeted ranges for the 2022-2023 year.

Operating Surplus - this ratio expresses the operating surplus as a percentage of total operating revenue.

The Asset Renewal Funding Ratio indicates whether Council is renewing or replacing assets at the rate of consumption. Council's long term target of 100% ensures that Council aims to invest adequately in maintaining its asset base.

The Asset Consumption Ratio measures the written down value of the non-current assets of the Council as a percentage of their replacement cost. This ratio remains relatively constant with the level of asset renewal expenditure forecast in 2022-2023.

The Net Financial Liabilities Ratio indicates the extent to which the net financial liabilities of the Council can be met by the Council's total operating revenue. With the consumption of cash on significant capital works and major projects completed in 2021-2022 and additional projects in 2022-2023 along with loan funding forecast to be utilised up to \$7.8m in 2022-2023, the Net Financial Liabilities Ratio is projected to remain within Council's target range in 2022-2023.

The Debt Servicing Ratio measures the total annual loan principal and interest repayments as a percentage of total income for the year. This ratio identifies Council's ability to service its debt obligations from operating revenues. The ratio is anticipated to increase slightly with the new loan repayments after 2022-2023 but remains in the lower end of the targeted bandwidth for this ratio.

Ratio	Council Target	2022 - 2023 Budget	3 Year Average
Operating Surplus	0% - 10%	2.57%	0.79%
Asset Renewal Funding Ratio	90% - 110%	100%	81.56%
Asset Consumption	80% - 100%	79.53%	80.68%
Net Financial Liabilities	0% - 50%	13.21%	-17.86%
Debt Servicing	0% - 5%	1.10%	1.21%

## APPENDIX 1. CAPITAL WORKS LIST

OPEN SPACE AND RECREATION WORKS PROGRAM 2022 - 2023			
Location	Suburb	Ward	Description
<b>Playground, Reserves and Irrigation Program</b>			
Cormorant Drive Reserve	Hallett Cove	Coastal	Playground removed, add nature play elements
Fryer Street Reserve	Hallett Cove	Coastal	Open space facilities, artwork, shelter
Lapwing Street Reserve	Hallett Cove	Coastal	Local level playground and reserve upgrade
McConnell Avenue Reserve	Marino	Coastal	Fencing and car park
Kendall Terrace/McKellar Terrace Reserve	Morphettville	Mullawirra	Fencing
Ballara Park Reserve	Warradale	Warracowie	Develop open space, upgrade court for multi use, upgrade playground
Alawoona Avenue Reserve	Mitchell Park	Warriraringa	Entry statement and reserve development
Cohen Court Reserve	Tonsley	Warriraringa	Development of open space
George Street Reserve	Marion	Warriraringa	Car park
Mitchell Park Sports grounds	Mitchell Park	Warriraringa	Irrigation upgrade
Terra Avenue Reserve	Mitchell Park	Warriraringa	Open space facilities including sustainable garden
Rosslyn Street Reserve	Clovelly Park	Woodlands	Sports goals, drink fountain, natural landscaping
Weaver Street Reserve	Edwardstown	Woodlands	Neighbourhood playground upgrade, remove clubhouse and develop multi use court, irrigation and shelter
Minor Open Space Enhancements and Reserve Lighting	Various	Various	
<b>Public Toilets</b>			
Edwardstown Soldiers Memorial Recreation Ground	South Plympton	Woodlands	
Coastal Walkway Trail	Hallett Cove	Coastal	

PROPERTY/BUILDING WORKS PROGRAM 2022 - 2023			
Location	Suburb	Ward	Description
Boat Shed Café	Hallett Cove	Coastal	Refurbishment including function room
Hallett Cove Lions Club	Hallett Cove	Coastal	New shed
Ascot Park Bowling Club	Park Holme	Mullawirra	Lighting upgrade
Marion Outdoor Pool	Park Holme	Mullawirra	Replacement of storage/plant sheds and upgrade pool heating system
Marion Cultural Centre	Oaklands Park	Warracowie	Supply and install new air conditioner
Marion Cultural Centre Library	Oaklands Park	Warracowie	Office and kitchen upgrade
Marion Tennis Club	Marion	Warriraringa	Replace fencing
Edwardstown Bowling Club	South Plympton	Woodlands	Install concertina shades to player benches
Glandore Community Centre - Naldera Building	Glandore	Woodlands	Supply and install new air conditioner
Various	Various	Various	Upgrades to roof access at multiple Council buildings

*\*Please note Capital Works Programs are subject to change.*



ROAD RESEAL PROGRAM 2022 - 2023				
Road Name	Suburb	Ward	From	To
Antonia Circuit	Hallett Cove	Coastal	Aroona Road	End
California Avenue	Hallett Cove	Coastal	Falcon Street	Medway Street
Camille Street	Hallett Cove	Coastal	Gingko Street	Apollo Drive
Columbia Crescent	Hallett Cove	Coastal	Mayflower Crescent	End
Esplanade	Marino	Coastal	Boundary Holdfast Bay	Dead End
Koomooloo Crescent	Hallett Cove	Coastal	Caprice Street North	Caprice Street South
Lorita Crescent	Hallett Cove	Coastal	Apollo Drive	Gingko Street
Marie Close	Hallett Cove	Coastal	Lorita Crescent	End
Medway Street	Hallett Cove	Coastal	Pavana Avenue	Serica Street
Newland Avenue	Marino	Coastal	Bakewell Crescent	Frank Street
Quailo Ave and Barramundi Dr Intersection	Hallett Cove	Coastal	Quailo Avenue	Barramundi Drive
Third Street	Hallett Cove	Coastal	South Avenue	Central Avenue
Tornado Avenue	Hallett Cove	Coastal	Dutchman Drive	Cul-De-Sac
Vim Street	Hallett Cove	Coastal	Columbia Crescent	Mayflower Crescent
Appleby Road	Morphettville	Mullawirra	Carlisle Avenue	End
Barham Avenue	Morphettville	Mullawirra	Carlisle Avenue	Nunyah Avenue
Carlisle Avenue	Morphettville	Mullawirra	Hendrie Street	Appleby Road
Dennis Avenue	Morphettville	Mullawirra	Dennis Avenue	Cobham Avenue
Don Terrace	Morphettville	Mullawirra	Bray Street	Austral Terrace
Elder Terrace	Glengowrie	Mullawirra	Maxwell Terrace	Fisk Avenue
Hawker Avenue	Plympton Park	Mullawirra	Blackler Avenue	Park Terrace
Le Cornu Avenue	Morphettville	Mullawirra	Nilpena Avenue	Austral Terrace
Nilpena Avenue	Park Holme	Mullawirra	Hendrie Street	Appleby Road
Swinburne Avenue	Plympton Park	Mullawirra	Milton Avenue	Shakespeare Avenue
Wallage Avenue	Morphettville	Mullawirra	Clifton Avenue	Dennis Avenue
William Street	Plympton Park	Mullawirra	Marion Road	Laurence Street
Grieve Court	Trott Park	Southern Hills	Hele Court	Cul-De-Sac
Kiah Crescent	Sheidow Park	Southern Hills	Westall Way	Amaroo Road
Strutt Court	Trott Park	Southern Hills	Hele Court	Cul-De-Sac
Abbeville Terrace	Marion	Warracowie	Beauford Avenue	Tait Avenue
Bessie Street	Dover Gardens	Warracowie	Laurence Street	Vinall Street
Cedar Avenue	Warradale	Warracowie	Diagonal Road	Soho Street
Doreen Street	Oaklands Park	Warracowie	Milton Street	End
Gardiner Avenue	Warradale	Warracowie	Lincoln Avenue	Struan Avenue
Hope Street	Dover Gardens	Warracowie	Scarborough Terrace	Branksome Terrace
Jewell Street	Oaklands Park	Warracowie	Milton Street	Barry Road
Alpine Road	Seacombe Heights	Warriparinga	Cul-De-Sac North	Denton Street
Darlington Street	Sturt	Warriparinga	Diagonal Road	Moss Street
Dorian Avenue	Seacombe Heights	Warriparinga	Seacombe Crescent	End
Duncan Street	Sturt	Warriparinga	Tay Road	Carlow Street
Myer Road	Sturt	Warriparinga	Tay Road	Cul-De-Sac
Waterman Terrace	Mitchell Park	Warriparinga	Lodge Street	Geraldine Avenue
Albert Street	Ascot Park	Woodlands	Charles Street	West Street
Coongie Avenue	Edwardstown	Woodlands	Conmurra Avenue	Konando St
Fifth Avenue	Ascot Park	Woodlands	Marion Road	Railway Terrace
Furness Avenue	Edwardstown	Woodlands	South Road	Russell Terrace
Hyman Avenue	Edwardstown	Woodlands	Towers Terrace	Railway Terrace
John Street	Ascot Park	Woodlands	Vincent Street	Fourth Avenue
Messines Avenue	Edwardstown	Woodlands	South Road	Castle Street
Victoria Street	Glandore	Woodlands	Churchill Avenue	Malwa Street
Waverley Avenue	Edwardstown	Woodlands	Dunorlan Road	Woodland Avenue

*\*Please note Capital Works Programs are subject to change.*

**KERB AND WATER TABLE PROGRAM 2022 - 2023**

Road Name	Suburb	Ward	From	To
Program to be finalised June 2022				

**RESIDENTIAL FOOTPATH PROGRAM 2022 - 2023**

Road Name	Suburb	Ward
Columbia Crescent	Hallett Cove	Coastal
Reliance Road	Hallett Cove	Coastal
Tickera Court	Hallett Cove	Coastal
Grey Road	Hallett Cove	Coastal
Harvard Court	Hallett Cove	Coastal
Parsee Court	Hallett Cove	Coastal
Osmanli Court	Hallett Cove	Coastal
Marina Court	Hallett Cove	Coastal
Mirrabooka Crescent	Hallett Cove	Coastal
Osprey Court	Hallett Cove	Coastal
Clubhouse Road	Seacliff Park	Coastal
Majors Road	O'Halloran Hill	Southern Hills
Greenfield Road	Seaview Downs	Southern Hills
Berrima Road	Sheidow Park	Southern Hills
Hughes Court	Sheidow Park	Southern Hills
Pryor Loop	Sheidow Park	Southern Hills
Robinia Court	Sheidow Park	Southern Hills
Alder Court	Sheidow Park	Southern Hills
Tapley Court	Sheidow Park	Southern Hills
Tapley / Workmaster Laneway	Sheidow Park	Southern Hills
Edward Beck Drive, Sheidow Park	Sheidow Park	Southern Hills
Oliphant Avenue	Marion	Warriparinga
Parsons Street	Marion	Warriparinga
Pleasant Avenue	Glandore	Woodlands
Proactive Footpath Works	Various	Various
Breakout Creek Shared Path	Various	Various

*\*Please note Capital Works Programs are subject to change.*

**TRAFFIC DEVICES PROGRAM 2022 - 2023**

Road Name	Suburb	Ward	Description
Aroona Road	Hallett Cove	Coastal	Road Widening
Berrima Road	Sheidow Park	Southern Hills	Intersection upgrade
Gage Street	Hallett Cove	Southern Hills	Parking Bays
Great Eastern Avenue	Sheidow Park	Southern Hills	Wombat Crossing
Panache Court	Sheidow Park	Southern Hills	Parking Bays
Ross Street, Seaview Primary School	Seaview Downs	Southern Hills	Emu Crossing
Vinall Street Reserve	Dover Gardens	Warracowie	Parking Bays
Finniss Street	Marion	Warriparinga	Wombat Crossing Lights
Flinders Greenway	Clovelly Park	Warriparinga	Concept Design
Minor Traffic Control Devices	Various	Various	

**STREETScape PROGRAM 2022 - 2023**

Road Name	Suburb	Ward
Morphett Road	Warradale	Warracowie
Warracowie Way	Oaklands Park	Warracowie
Alawoona Avenue - Design	Mitchell Park	Warriparinga

**OTHER INFRASTRUCTURE PROGRAM 2022 - 2023**

Details	Suburb	Ward
Cove Road Detention Basin Reed Works	Hallett Cove	Coastal
Hugh Johnson Detention Basin Reed Works	Sheidow Park	Southern Hills
Warriparinga Wetlands Pond Edging	Bedford Park	Warriparinga
Street Lighting	Various	Various
Signage	Various	Various
River and Creek Renewal	Various	Various
DDA Kerb Ramp Upgrades	Various	Various
Bus Shelters	Various	Various

*\*Please note Capital Works Programs are subject to change.*

## APPENDIX 2. RATING POLICY

### RATING

#### (1) VALUATION METHODOLOGY AND ADOPTION

Council uses Capital Value as the basis for valuing land within the Council area. Capital Value is the value of the land and all of the improvements on the land. The Council also continues to adopt the capital valuations distributed by the Valuer-General.

(SEE ANNEXURE 1)

#### (2) DIFFERENTIAL GENERAL RATES

All land within a council area, except for land specifically exempt under section 147 (2) of the Act is rateable. The Act provides for a council to raise revenue through a general rate, which applies to all rateable land, or through differential general rates, which differentially apply to classes of rateable land. Council uses a differential rating system to raise revenue based upon Land Use to ensure a fair and equitable distribution of rates within the City of Marion. In applying this approach, Council will take into consideration all prevailing economic conditions and changes and adjust its differential rates accordingly, to ensure an appropriate and fair equalisation of rates across all land use categories.

The differential general rate Land Use categories are as follows:

- Category 1 Residential
- Category 2 Commercial – Shop
- Category 3 Commercial – Office
- Category 4 Commercial – Other
- Category 5 Industrial – Light
- Category 6 Industrial – Other
- Category 7 Primary Production
- Category 8 Vacant
- Category 9 Other

These differential rates will be used to determine the rates in the dollar for all properties within the City of Marion area for the financial year. These rates will be specified in Council's rate declaration for each financial year.

(SEE ANNEXURE 1)

#### (3) MINIMUM RATE

A minimum amount payable by way of general rates is determined to apply to the whole of an allotment (including land under a separate lease or licence) and only one minimum amount is payable in respect of two or more pieces of adjoining land (whether intercepted by a road or not) if they are owned by the same owner and occupied by the same occupier.

The Minimum Rate to apply to properties within the City of Marion will be detailed in Council's rate declaration for each financial year.

(SEE ANNEXURE 1)

#### (4) SERVICE CHARGE

The Council has decided not to impose any service charges for this financial year.

#### (5) REGIONAL LANDSCAPE LEVY (FORMERLY NATURAL RESOURCES MANAGEMENT LEVY)

The Council, under the Landscape South Australia Act 2019, is required to collect this levy. It does so by imposing a separate rate for all rateable properties within the Council area.

For each financial year, the levy for each property will be determined by the total capital valuation within the City of Marion. The calculation is as follows;

Total Capital Value divided by the Total Amount Required, (set for the financial year by the Green Adelaide Board) determines an appropriate rate in the dollar, this rate in the dollar will then be adopted to each property.

(SEE ANNEXURE 1)

#### (6) PAYMENT OF RATES

The Council has determined that payment of rates for the 2022-2023 financial year will be by four instalments, due on 1 September 2022, 1 December 2022, 1 March 2023 and 1 June 2023. However, the total amount of rates may be paid in full at any time.

Council has determined that rates may be paid by the following methods:

- Payrix – Direct via Council’s Rating Portal
- Australia Post – Post Office, Telephone or Internet
- Bpay – Telephone or internet payments
- Centrepay – Deductions directly from Centrelink deductions
- Direct Debit – Direct from either a Cheque or Savings account
- Eservices – Direct through the Council’s Internet system
- In person - At Council Offices
- By Mail - Locked Bag 1 Oaklands Park SA 5046

### (7) LATE PAYMENT OF RATES

Council imposes an initial penalty (a fine) of 2% as prescribed under the Act on any instalment that is received late. A prescribed interest rate (which includes the amount of any previous unpaid fine and interest) will apply on the expiration of each month that a balance remains unpaid.

When the Council receives a payment in respect of overdue rates, the money received is applied in the order set out below, in accordance with Section 183 of the Act:

- First – to satisfy any costs awarded in connection with court proceedings;
- Second – to satisfy any interest costs;
- Third – in payment of any fines imposed;
- Fourth – in payment of rates, in chronological order (starting with the oldest account first).

(SEE ANNEXURE 1)

## 8) REBATES AND POSTPONEMENT OF RATES

### (8.1) RATE REBATE POLICY

Refer to the Rate Rebate Policy attached.

### (8.2) RATE CAPPING

Section 166 (1) (l) (ii) of the Act provides for the discretionary rebate of rates where, among other things, there has been a rapid change in valuations.

Council will provide relief against a substantial increase in rates payable on residential land due to large increases in capital value by applying a rebate (capping) of general rates to eligible ratepayers.

For the current financial year, the rate cap is set at 10% with a \$20 minimum and a \$200 maximum (excluding

new or improved properties) for ratepayers who meet the Qualifying Criteria set out below:

Qualifying Criteria:

- The property is the owner’s principal place of residence.
- The property has not had more than \$20,000 of improvements.
- The property value has not increased due to zoning changes.
- The land use for rating purposes has not changed since 1 July of the previous financial year.
- The property has not sold since the 1 January of the previous financial year.

Rate capping will be applied automatically to properties that can be readily identified as being eligible. Where this rebate is not applied automatically, ratepayers who consider they could be eligible for rate capping may apply in writing to Council. Applications will be assessed against the eligibility criteria. Only applications for the current financial year will be accepted and must be received in the current financial year.

### (8.3) RESIDENTIAL CONSTRUCTION ON VACANT LAND

Under Section 166 (1) (a) of the Act, and for the purpose of securing the proper development of the area, a discretionary rebate of general rates for the 2022-2023 financial year will be granted in respect of an assessment classed as vacant land by the Council, where:

- The principal ratepayer of the assessment applies to the Council for the rebate prior to 30 June 2023, and
- The footings have been poured on the property by 30 June 2023.

The amount of the rebate will be the difference between the general rate in the dollar applicable to Vacant land, and the general rate in the dollar applicable to Residential land. This is calculated by the number of days remaining between 1 July 2022 - 30 June 2023 from the date footings are poured for a residence on the land. Minimum Rate is still applicable.

### (8.4) POSTPONEMENT OF RATES – HARDSHIP

Section 182 of The Act permits the Council, on the application of the ratepayer, to partially or wholly remit rates or to postpone rates, on the basis of hardship. Where a ratepayer is suffering hardship in paying



rates they may submit an application in writing to the Council's Team Leader Rating Services. The Council treats such inquiries confidentially.

#### **COVID-19 PROVISION**

Ratepayers experiencing financial difficulties and are unable to meet standard payment arrangements due to COVID-19 can contact Council to discuss alternative payment options.

#### **(8.5) POSTPONEMENT OF RATES – SENIORS**

An application may be made to Council by ratepayers who meet the criteria required for qualification for postponement under Section 182A of The Act. (see Annexure 1 for criteria)

#### **(9) SALE OF LAND FOR NON-PAYMENT OF RATES**

The Act provides that a council may sell any property where the rates have been in arrears for three years or more. Council is required to notify the owner of the land of its intention to sell the land, provide the owners with details of the outstanding amounts, and advise the owner of its intention to sell the land if payment of the outstanding amount is not received within one month. Except in extraordinary circumstances, the Council enforces the sale of land for arrears of rates.

#### **(10) CONCESSIONS COST OF LIVING CONCESSION**

Pensioners, low-income earners and self-funded retirees holding a Commonwealth Seniors Health Card can receive up to \$200 per year. Eligibility includes pensioners and low-income earners who are tenants.

For further information contact the Concessions Hotline on 1800 307 758.

#### **RATE REBATES**

##### **(1) POLICY STATEMENT**

Council has decided to adopt a Rate Rebate Policy for all rateable land within the Council's area which is applied in accordance with Sections 159 to 166 of the Act. This Policy will assist the Council as a decision making function and is intended to provide guidance to the community as to the matters that the Council will take into account in deciding an application for a rebate.

The Policy also sets out the type of land use for which the Council must grant a mandatory rebate of rates and the percentage amount applicable, and those types of land use where the Council has the ability to grant

a discretionary rebate of rates. Rebates will only be available when the applicant satisfies the requirements under both the Act and, where appropriate, the requirements of this Policy.

##### **(2) MANDATORY REBATES**

Mandatory rate rebates will be granted by Council at the prescribed rate in accordance with Sections 159 to 165 of The Act.

S160 – Health Services 100% Rebate  
S161 – Community Services (Including Housing Associations) 75% Rebate  
S162 – Religious Purposes 100% Rebate  
S163 – Public Cemeteries 100% Rebate  
S164 – Royal Zoological Society of SA 100% Rebate  
S165 – Educational Purposes 75% Rebate

Where the Council is satisfied from its own records, or from other sources, that a person or body meets the necessary criteria for a mandatory rate rebate, the Council will grant the rebate accordingly. Where the Council is not satisfied based on the information in its possession or otherwise does not hold relevant information, it will require the person or body to lodge an application in accordance with this Policy.

Where a person or body is entitled to mandatory rate rebate of 75% only, the Council may increase the rebate up to a further 25% as a discretionary rebate.

Where an application is made to the Council for a discretionary rebate of up to a further 25%, the application will be determined and written notice will be provided to the applicant of its determination of that application in accordance with the requirements for Discretionary Rebates in this Policy.

##### **(3) DISCRETIONARY REBATES**

A discretionary rate rebate may be granted by the Council, at its absolute discretion, up to and including 100% relief to any cases pursuant to Section 166 of the Act.

Any persons or bodies seeking a discretionary rebate, will be required to submit an application form to the Council and provide to the Council such information as stipulated on the application form and any other information that the Council may reasonably require.

##### **(4) APPLICATION**

The Council will inform the community of the provisions for rate rebate under the Act by the inclusion of an advert in the local newspaper each year.

Application forms may be obtained online at [www.marion.com.au](http://www.marion.com.au) or from the Council office located at 245 Sturt Road, Sturt.

The Council will advise an applicant for a rebate of its determination of that application in due course, after receiving the application and receiving all information requested by the Council. The advice will state –

- if the application has been granted, the amount of the rebate; or
- if the application has not been granted, the reasons why.

**(5) IN REGARDS TO PRESCRIBED DISCRETIONARY RATE REBATES THE COUNCIL WILL TAKE INTO ACCOUNT, IN ACCORDANCE WITH SECTION 166(1A) OF THE ACT, THE FOLLOWING MATTERS –**

- The nature and extent of Council services provided in respect of the land for which the rebate is sought, in comparison to similar services provided elsewhere in the Council area;
- The community need that is being met by activities carried out on the land for which the rebate is sought; and the extent to which activities carried out on the land, for which the rebate is sought, provides assistance or relief to disadvantaged persons; and
- Such other matters as the Council considers relevant.

**(6) THE COUNCIL MAY TAKE INTO ACCOUNT OTHER MATTERS CONSIDERED RELEVANT BY THE COUNCIL INCLUDING, BUT NOT LIMITED TO, THE FOLLOWING–**

- Why there is a need for financial assistance through a rebate;
- The level of rebate (percentage and dollar amount) being sought and why it is appropriate;
- The extent of financial assistance, if any, being provided to the applicant and/or in respect of the land by Commonwealth or State agencies;
- Whether the applicant has made/intends to make applications to another Council;
- Whether, and if so to what extent, the applicant is or will be providing a service within the Council area;
- Whether the applicant is a public sector body, a private not for profit body or a private for profit body;
- Whether there are any relevant historical considerations that may be relevant for all or any part of the current Council term;
- The desirability of granting a rebate for more than

one year;

- Consideration of the full financial consequences of the rebate for the Council;
- The time the application is received;
- The availability of any community grant to the person or body making the application;
- Whether the applicant is in receipt of a community grant; and
- Any other matters and policies of the Council, which the Council considers relevant.

All persons or bodies wishing to apply to the Council for a discretionary rebate of rates must do so on or before 1 May in that financial year for the following financial year, which the rebate is sought.

- The Council may grant a rebate of rates on such conditions as the Council thinks fit.
- The Council may, for proper cause, determine that an entitlement to a rebate of rates under the Act no longer applies.
- Where an entitlement to a rebate of rates ceases or no longer applies during the course of a financial year, the Council is entitled to recover rates, or rates at the increased level (as the case may be), proportionate to the remaining part of the financial year.

It is an offence for a person or body to make a false or misleading statement or representation in an application, or to provide false or misleading information or evidence in support of an application made (or purporting to be made) under the Act.

The maximum penalty for this offence is \$5,000.

If a person or body has the benefit of a rebate of rates and the grounds on which the rebate has been granted cease to exist, the person or body must immediately inform the Council of that fact and (whether or not the Council is so informed) the entitlement to a rebate ceases. If a person or body fails to do so that person or body is guilty of an offence.

The maximum penalty for this offence is \$5,000.

**(7) DELEGATION**

The Council has delegated its power, pursuant to Section 44 of the Act to determine applications and to grant a discretionary rebate of rates, to the Chief Executive Officer on the condition that the discretionary rebate is not more than \$5,000.

The Council has delegated its power, pursuant to Section

44 of the Act to determine applications and to grant a discretionary rebate of rates, to the Chief Executive Officer subject to the following condition:

- Where the discretionary rate is not more than \$5,000.

## **(8) REVIEW OF REBATE**

A person or a body aggrieved by a determination of the Council in respect of an application for a rebate may, within 14 days of the date of the notice of determination, seek a review of that decision in accordance with the Council's Internal Review of Council Decisions Policy.

## **(9) COMMUNITY GRANTS**

If an application for a rebate is unsuccessful, the Council has an absolute discretion to then treat the application as one for a community grant and to determine it in accordance with the Council's Community Grants Policy.

## **(10) AVAILABILITY OF POLICY DOCUMENTS**

Policy documents are available for inspection at the Council offices and on the website at [www.marion.sa.gov.au](http://www.marion.sa.gov.au). Persons may obtain a copy of any Policy document upon payment of the fee set by the Council.

## **DISCLAIMER**

A rate cannot be challenged on the basis of non-compliance with this Policy and must be paid in accordance with the required payment provisions.

Where a ratepayer believes that the Council has failed to properly apply this Policy they should raise the matter with the Council. In the first instance contact the Council's Team Leader – Rating Services on 8375 6617 to discuss the matter. If, after this initial contact, a ratepayer is still dissatisfied they should write to the Chief Executive Officer, City of Marion, PO Box 21, Oaklands Park, SA 5046

## **ANNEXURE 1**

### **1. VALUATION METHODOLOGY AND ADOPTION**

Under the Act, the Council may adopt one of three valuation methodologies to value the properties in its area. They are:

- Capital Value – the value of the land and all of the improvements on the land.

- Site Value – the value of the land and any improvements which permanently affect the amenity of use of the land, such as drainage works, but excluding the value of buildings and other improvements.
- Annual Value – a valuation of the rental potential of the property.

The Council considers that the Capital Value method of valuing land provides the fairest method of distributing the rate burden across all ratepayers on the following basis:

- The equity principle of taxation requires that ratepayers of similar wealth pay similar taxes and ratepayers of greater wealth pay more tax than ratepayers of lesser wealth;
- Property value is a relatively good indicator of wealth and capital value, which closely approximates the market value of a property, provides the best indicator of overall property value;
- The distribution of property values throughout the Council area is such that few residential ratepayers will pay significantly more than the average rate per property.

Any ratepayer dissatisfied with the valuation made by the Valuer General may object in writing to the Valuer General within 60 days of receiving a rate notice, explaining the basis for the objection. This is provided that ratepayer has not:

- previously received a notice of this valuation under the Act, in which case the objection period is 60 days from the receipt of the first notice; or
- previously raised an objection to that valuation.

The 60 day objection period may be extended by the Valuer-General where it can be shown there is reasonable cause to do so.

It is important to note that the lodgement of an objection does not change the payment of rates or the due date.

### **2. DIFFERENTIAL GENERAL RATES**

All land within a council area, except for land specifically exempt (e.g. crown land, council occupied land and other land prescribed under the Act – refer to Section 147), is rateable. The Act provides for a council to raise revenue for the broad purposes of the Council through the imposition of a single general rate or through

differential general rates that apply to all rateable properties within the council area.

Following a review of rating options available under the Act during the 2002/2003 financial year, the Council consulted extensively with the community on this issue and concluded that a differential rating system would improve the equity in rate distribution across the community. The review included a comparison of rating methods and rates by land use within the Adelaide metropolitan area.

Differential general rates are based on Land Use as determined in the Local Government (General) Regulations 2013 under the Act. If a ratepayer believes that a particular property has been wrongly classified by the Council as to its land use, then they may object (to the Council) to that land use within 60 days of being notified. A ratepayer may discuss the matter with a Rates Officer, on 8375 6600 in the first instance. The Council will provide, on request, a copy of Section 156 of the Act which sets out the rights and obligations of ratepayers in respect of objections to a land use.

An objection to the land use:

- Must be in writing
- Must set out-
  - The grounds of the objection; and
  - The land use (being a land use being used by the Council as a differentiating factor) that should, in the objector's opinion, have been attributed to the land; and
- Must be made within 60 days after the objector receives notice of the particular land use to which the objection relates.
- This 60 day objection period may be extended where it can be shown there is reasonable cause to do so.

The Council may then decide the objection as it sees fit and notify the ratepayer. A ratepayer also has the right to appeal against the Council's decision to SACAT (SA Civil and Administration Tribunal) the Land and Valuation Court. It is important to note that the lodgement of an objection does not change payment of rates or the due date.

### 3. MINIMUM RATE

The reasons for imposing a minimum amount payable by way of general rates are:

- The Council considers it appropriate that all rateable properties make a contribution to the cost of administering the Council's activities;
- The Council considers it appropriate that all rateable properties make a contribution to the cost of creating and maintaining the physical infrastructure that supports each property.

No more than 35% of properties will be subject to the minimum amount.

### 4. REGIONAL LANDSCAPE LEVY (FORMERLY THE NATURAL RESOURCE MANAGEMENT LEVY)

It is important to note that Council is required to collect this levy under the Landscape South Australia Act 2019 and operates as a revenue collector for the Green Adelaide Board in this regard. It does not retain this revenue or determine how the revenue is spent.

For further information visit <https://landscape.sa.gov.au/>

### 5. LATE PAYMENT OF RATES

Under the Act, the Council applies penalties (fines and interest) to arrears of rates (i.e. rates which are not paid on or before the due date). The Council issues a final notice for payment of rates when rates are overdue i.e. unpaid by the due date. If rates remain unpaid more than 21 days after the issue of the final notice then the Council may refer the debt to a debt collection agency for collection. This may result in legal proceedings with costs on-charged to the ratepayer.

The Council has adopted a policy to offer assistance to ratepayers experiencing difficulty in making their rate payment by the due date. The Council will consider approving extended payment provisions or, in circumstances where hardship can be demonstrated, deferring the payment of rates.

The Council may be prepared to remit penalties (fines and interest) for late payment of rates where ratepayers can demonstrate hardship or sufficient other reason for late payment.

All applications for remissions must be in writing, addressed to: Rating Services Section, City of Marion, PO Box 21, Oaklands Park, SA 5046.

### 6. DISCRETIONARY REBATE

The Act requires the Council to rebate the rates payable on certain land ('mandatory rebates'). The Act, at section 166, also empowers the Council to grant

discretionary rebates of rates of up to 100% of the rates and/or charges payable. The Council, in considering discretionary rebates, must balance the benefits of providing rebates, with the impact that such rebates have on its overall income (and hence upon the general ratepayer base). To promote the transparency of this process the Council has adopted a Rate Rebate Policy. A copy of this Policy is available at the Council offices or on Council's website at [www.marion.sa.gov.au](http://www.marion.sa.gov.au).

exist, the owner of the land must inform the Council in writing, unless the rates and any interest have been paid in full.

## 7. POSTPONEMENT OF RATES – SENIORS

The following criteria must be satisfied before the postponement is granted.

- The person is a prescribed ratepayer, or the spouse of a prescribed ratepayer;
- A prescribed ratepayer means the holder of a current State Seniors Card or a person eligible to hold such a card who has applied but is yet to be issued with a card.
- Rates are payable on the principal place of residence.
- The land is owned by the prescribed ratepayer, or the prescribed ratepayer and his or her spouse, and no other person has an interest, as owner, in the land.
- Any current mortgage over the property which was registered prior to 25 January 2007 will be no more than 50% of the Valuer-General's capital value of the property.

An application must be made in the prescribed manner and form and be accompanied by such information as the Council may require. Any rates which are postponed will become due and payable when:

- The title to the land is transferred to another person; or
- There is failure to comply with a condition of postponement. A minimum amount of \$500 of the annual rates must be paid.

An entitlement to a remission will be applied to the proportion of the rates that has not been postponed, unless notice to the contrary is received in writing from the owner.

Interest will accrue on the amount postponed at the prescribed rate per month, under the Act until the amount is paid.

Should the entitlement to a postponement cease to



## APPENDIX 3. CITY OF MARION - LONG TERM FINANCIAL PLAN

BUDGET SUMMARY - GENERAL FUND		PROJECTED YEARS											
Scenario: LTTP 2022-2032		2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026	2026 - 2027	2027 - 2028	2028 - 2029	2029 - 2030	2030 - 2031	2031 - 2032		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Rates Indexation	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Income													
Rates	84,146	86,660	89,249	91,916	94,662	97,490	100,403	103,403	106,493	109,675	112,957	116,343	119,675
Statutory Charges	2,174	2,233	2,293	2,350	2,409	2,469	2,531	2,595	2,659	2,726	2,794	2,862	2,930
User Charges	2,769	2,839	2,910	2,982	3,057	3,133	3,212	3,292	3,374	3,459	3,544	3,629	3,714
Grants, Subsidies and Contributions	6,679	6,667	6,834	7,005	7,180	7,359	7,543	7,732	7,925	8,123	8,325	8,527	8,730
Investment Income	150	158	165	180	195	207	221	235	243	265	285	305	325
Reimbursements	1,150	1,178	1,208	1,238	1,269	1,301	1,333	1,367	1,401	1,436	1,471	1,506	1,541
Other Income	797	768	772	777	781	786	790	795	800	805	810	815	820
Net gain - equity accounted Council businesses	365	365	365	365	365	365	365	365	365	365	365	365	365
<b>Total Income</b>	<b>98,230</b>	<b>100,868</b>	<b>103,796</b>	<b>106,813</b>	<b>109,918</b>	<b>113,110</b>	<b>116,398</b>	<b>119,783</b>	<b>123,260</b>	<b>126,853</b>	<b>130,541</b>	<b>134,333</b>	<b>138,230</b>
Expenses													
Employee Costs	41,684	43,319	44,223	45,550	46,916	48,324	49,773	51,267	52,805	54,389	56,017	57,690	59,398
Materials, Contracts and Other Expenses	37,173	35,748	36,473	37,491	38,986	39,385	40,100	41,116	42,075	43,359	44,781	46,240	47,744
Depreciation, Amortisation and Impairment	16,651	17,317	18,010	18,730	19,479	20,258	21,069	21,912	22,788	23,700	24,649	25,636	26,661
Finance Costs	202	434	399	344	285	229	177	129	98	65	32	0	0
<b>Total Expenses</b>	<b>95,710</b>	<b>96,818</b>	<b>99,104</b>	<b>102,114</b>	<b>105,666</b>	<b>108,195</b>	<b>111,117</b>	<b>114,421</b>	<b>117,764</b>	<b>121,510</b>	<b>125,726</b>	<b>130,541</b>	<b>135,803</b>
<b>Operating Surplus</b>	<b>2,520</b>	<b>4,050</b>	<b>4,691</b>	<b>4,699</b>	<b>4,251</b>	<b>4,916</b>	<b>5,281</b>	<b>5,361</b>	<b>5,496</b>	<b>5,343</b>	<b>5,031</b>	<b>4,792</b>	<b>4,427</b>
Operating Surplus Ratio	2.57%	4.02%	4.52%	4.40%	3.87%	4.35%	4.54%	4.48%	4.46%	4.21%	4.21%	4.21%	4.21%
Amounts Received Specifically for New or Upgraded Assets	8,016	945	-	-	-	-	-	-	-	-	-	-	-
<b>Net Surplus / (Deficit) for the Year</b>	<b>10,536</b>	<b>4,995</b>	<b>4,691</b>	<b>4,699</b>	<b>4,251</b>	<b>4,916</b>	<b>5,281</b>	<b>5,361</b>	<b>5,496</b>	<b>5,343</b>	<b>5,031</b>	<b>4,792</b>	<b>4,427</b>
Capital (Balance Sheet) and Reserve Movements													
Capital Expenditure	(45,033)	(21,928)	(20,694)	(21,215)	(21,472)	(22,629)	(23,783)	(24,962)	(25,906)	(26,584)	(27,551)	(28,518)	(29,485)
Loan Repayments (External)	(876)	(1,589)	(1,316)	(1,371)	(1,429)	(1,134)	(1,186)	(819)	(849)	(881)	(913)	(945)	(977)
New Loan Borrowings (External)	7,800	1,000	-	-	-	-	-	-	-	-	-	-	-
Net Transfers (to)/from Reserves	11,367	809	(86)	(86)	(86)	(86)	(86)	(86)	(86)	(86)	(86)	(86)	(86)
<b>Total Capital (Balance Sheet) and Reserve Movements</b>	<b>(26,742)</b>	<b>(21,708)</b>	<b>(22,096)</b>	<b>(22,672)</b>	<b>(22,987)</b>	<b>(23,850)</b>	<b>(25,056)</b>	<b>(25,867)</b>	<b>(26,842)</b>	<b>(27,551)</b>	<b>(28,518)</b>	<b>(29,485)</b>	<b>(30,452)</b>
<b>Net Result (including Depreciation and Other non-cash items)</b>	<b>(16,207)</b>	<b>(16,713)</b>	<b>(17,405)</b>	<b>(17,973)</b>	<b>(18,736)</b>	<b>(18,934)</b>	<b>(19,775)</b>	<b>(20,505)</b>	<b>(21,346)</b>	<b>(22,208)</b>	<b>(23,089)</b>	<b>(23,970)</b>	<b>(24,851)</b>
Add back Depreciation Expense (non-cash)	16,651	17,317	18,010	18,730	19,479	20,258	21,069	21,912	22,788	23,700	24,649	25,636	26,661
Less Other Income (non-cash)	(365)	(365)	(365)	(365)	(365)	(365)	(365)	(365)	(365)	(365)	(365)	(365)	(365)
<b>Cash Budget Surplus</b>	<b>79</b>	<b>239</b>	<b>240</b>	<b>392</b>	<b>379</b>	<b>960</b>	<b>929</b>	<b>1,041</b>	<b>1,077</b>	<b>1,077</b>	<b>1,127</b>	<b>1,177</b>	<b>1,227</b>

# Reserve Funds Policy



## 1. RATIONALE

Council will maintain Accounting Reserves as a means by which to separate monies for a particular purpose.

## 2. POLICY STATEMENT

Council's Reserve Funds Policy aims to provide a means for recognising and allocating funding for future purposes.

## 3. OBJECTIVES

Council has established a number of Accounting Reserves for different purposes. Some of these are required by Accounting Standards or law, and others are discretionary reserves that Council has chosen to establish.

Where discretionary reserves are established, these need to be appropriately funded by Council. The preferred method is to have these reserves cash-backed to a minimum of 75-%, however if current or future borrowings can be reduced or deferred then this should be given consideration. When funds are required in relation to reserves that are not cash backed, Council is to utilise surplus cash in the first instance and then draw down on borrowings as the need arises, and only to the extent that it has already reduced or deferred previously.

## 4. POLICY SCOPE AND IMPLEMENTATION

Council currently has the following reserves:

### Asset Revaluation Reserve

Purpose - this is a statutory reserve fund required under Australian Accounting Standard AASB 1041. The balance of this reserve represents net increments associated with the revaluation of non- current assets.

### Open Space Reserve

Purpose - this reserve has been established to account for the following:

- I. set aside open space contributions provided by developers in accordance with the Planning, Development and Infrastructure Act 2016 (conditions may apply)
- II. separate net proceeds associated with Road Closures.
- III. net proceeds associated with disposal of minor land holdings
- IV. funds received from the 'Urban Trees Fund'

Use of Fund - monies can be applied to the development of Open Space facilities as approved by Council and in accordance with the Open Space Policy. Interest revenues earned on contributions provided by developers are transferred to the reserve.

# Reserve Funds Policy



## Grants/Carry Forward Projects Reserve

Purpose - this reserve was created to account for:

- Grants received in advance - occasionally a funding body provides Grant funds relating to the following financial year in advance. When this has occurred it has been necessary to transfer these funds to this reserve so that they can be matched against the expenditures planned to be incurred in the next financial year.
- Unexpended Grants - when grant monies have not been fully acquitted in the financial year this reserve is used to transfer the unexpended balance to the following financial year.

Carryovers - typically represent unspent capital and service improvement budgets carried forward to the following financial year.

Use of Fund - monies are utilised in accordance with the initial transfer of funds.

## Asset Sustainability Reserve

Purpose - this is a reserve fund established to:

- I. Primary Purpose – Provide Council with the ability to access sufficient funds to enable it to respond to a major infrastructure failure or fund an infrastructure gap identified in periodic asset audits. ~~A minimum balance of \$2 million will be retained in the Asset Sustainability Reserve for this purpose.~~
- II. Assist Council fund its Long Term Asset Management objectives.
- III. Provide a means by which to spread the cost of intergenerational assets thereby reducing the need for borrowings.
- IV. Provide a means by which Council can strategically plan to maintain its asset base within a long term Financial framework.
- ~~V. Quarantine funds specifically set aside in the Community Facilities Partnership Program (CFPP) for the purpose of funding the renewal, upgrade and purchase of Council assets as resolved by Council. This will include encouraging organisations leasing council facilities to seek partnership funding for required renewal and upgrade of those community facilities.~~

The Asset Sustainability Reserve is underpinned by savings identified as part of the budgeting process (refer to Council's Budget Policy). Identified savings are allocated by Council providing a balance between funding new prioritised service improvements identified in the Strategic Plan and addressing Council's financial position.

- I. Savings identified during a financial year are forecasts only and therefore will be held for consideration by Council in the 1<sup>st</sup> Budget Review in the following year.
- II. Savings will be separated between recurrent (ongoing) and once off savings. This process is designed to develop a high level of trust in the organisation in the budget review process.
- III. Savings of a:
  - a. recurrent nature may be allocated to service improvements identified in the Strategic Plan that are of a recurrent nature.
  - b. one-off nature may be applied to capital items, new or renewal, or a non-recurrent service improvement (once off).

# Reserve Funds Policy



- IV. Council must ensure that it continues the improvement in its financial performance. It is essential that the Annual Savings Initiative focuses on achieving that objective. In relation to the long term financial plan the Annual Savings Initiative will focus on four areas:
- Increase expenditure on Infrastructure/Asset replacement/renewal sustainability
  - Reduce proposed borrowing program - debt servicing ratio improves
  - Retain savings to improve liquidity (cash) - working capital improves
  - Reduce reliance on rate revenue to achieve community objectives

The Asset Sustainability Reserve will also be funded from planned cash surpluses identified in the Long Term Financial Plan (LTFP). ~~and from funds specifically set aside for the CFPP in the LTFP. Funds will only be set aside for this where Council maintains a breakeven funding (cash) position or better as per its Budget Policy.~~

The Asset Sustainability Reserve will benefit Council by enabling the allocation of funds for future capital expenditure relating to major infrastructure failures, replacing, renewing and procuring significant assets. ~~as well as utilising funds in accordance with the CFPP eligibility criteria.~~ This will assist in minimising the negative financial impact on rates.

Projects funded out of this Reserve will be assessed against Council's strategic framework to determine the priority and the amount of funds to be utilised.

~~Where a Partnership Project exists, Council will contribute up to 50% of the funds, with the remainder required to come from grants or co-contributions from the partnership organisation.~~

Use of Fund - Reserve transfers will be controlled by specific Council resolutions or identified as part of the approved annual Strategic Plan and Budget.

## Water Reserve Fund

Purpose – this reserve is established to quarantine revenue received and savings identified from the sale and use of treated stormwater from Oaklands Wetland to further develop 3rd party supply opportunities.

Use of Fund – Reserve transfers require approval at Executive level.

## 5. DEFINITIONS

Reserve - any part of the accumulated surplus of Council or controlling authority set aside for a particular purpose.

## 6. ROLES AND RESPONSIBILITIES

The Senior Leadership Team is responsible for reviewing carryovers.

The Executive Leadership Team is responsible for approving carryovers.

Reserve Transfers required by legislation or Accounting Standards will be reviewed for appropriateness by the Manager Finance.

Other reserve transfers require Council resolution

City of Marion 245 Sturt Road, Sturt SA 5047  
PO Box 21, Oaklands Park SA 5046  
T 08 8375 6600  
F 08 8375 6699  
www.marion.sa.gov.au

Policy Ref/Security  
Classification: Category: Public/ Legislative  
Owner: Manager Finance  
Authorisation Date: GC210622R08  
Review Date: June 2022

# Reserve Funds Policy



## 7. REFERENCES

- *Planning, Development and Infrastructure Act 2016*
- *Australian Accounting Standards Board [AASB] 1041: Revaluation of Non-Current Assets*
- *Open Space Policy*
- *Budget Policy*
- *Treasury Management Policy*

## 8. REVIEW AND EVALUATION

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

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[www.marion.sa.gov.au](http://www.marion.sa.gov.au)

Policy Ref/Security  
Classification: Category: Public/ Legislative  
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# Draft Annual Business Plan 2022-2023 feedback



## Background

Councils are, in accordance with the requirements of the Local Government Act 1999, required to develop Annual Business Plans and a budget for the ensuing financial year and to consult with the community before it is endorsed.

The Draft Annual Business Plan 2022-2023 was endorsed for community consultation at the April 12 2022 General Council meeting. The community engagement period was held between 22 April- and 13 May 2022.

The feedback provided is from 22 April up to 9 May. The full consultation feedback will be provided to General Council at its 14 June 2022 meeting.

## Purpose of the engagement

- Inform interested stakeholders and the broader community about the Draft Annual Business Plan and how Council proposes to spend its budget for the 2022-2023 financial period
- Provide opportunities for the community to participate in the engagement

## Community engagement techniques

- Making Marion engagement page to provide a copy of the Draft Plan and a series of questions to identify community sentiment toward the plan
- Making Marion e-newsletter to promote the engagement
- Promotion via the City of Marion website
- A video of the Mayor promoting the engagement was featured on Making Marion and social media
- Hard copy distribution of the plan at libraries and administration offices
- A drop-in session will be available at the Marion Cultural Centre Plaza on May 9
- Social media updates through LinkedIn and Facebook
- An opportunity to make a public submission at the 10 May 2022 General Council meeting
- Communication to the Deputy Chief Public Health officer, Flinders Medical Centre, and the Local Health network as required Section 51 (13) of the South Australian Public Health Act 2011

## Community feedback- as at 9 May 2022

- 350 people visited the Making Marion page
- 158 people were 'informed' by clicking through to further content on the page
- 15 people were 'engaged' and provided a submission to the survey on Making Marion
- 14 people approached the Drop-in desk held at the Marion Cultural Centre Plaza on 9 May with 4 of those participants providing feedback
- 4000 people were notified as subscribers to Making Marion newsletter on 22 April
- 8000 people were notified in the Open for Business e-news on 26 April
- 258 City of Marion registered volunteers advised

# Draft Annual Business Plan 2022-2023 feedback



## Social media posts & feedback

On 28 April, City of Marion posted a paid sponsored post to promote the Draft Annual Business Plan with a reach of 6,400 people viewing the page and 10 responses on the post as of 11 May.

Of the 10 comments, two comments are redacted due to the offensive reference directed at a member of staff and council members.

Community feedback via social media	
Comment	Other community responses to the comment
<i>how nice they consider before they ignore and do what they want anyway</i>	none
<i>Are you actually going to keep listening or just keep spending more money in HOVE and charge residents crazy amount for garbage pickup (which is \$300 a year subtotal)</i>	<ul style="list-style-type: none"> <li>- Exactly, well our bin collection costs them sub \$300 a year, so that's all we should pay in rates as they are refusing to do any work in our area and have been doing that for 6+ years so far going by their business reports.</li> <li>- The cultural centre plaza project makes no sense. They want to congregate people around centrelink? Domain? Motor reg?</li> </ul>
<i>Maintain and provide a watering system for the heritage listed almond trees in Oliphant Avenue. They are in a sorry state.</i>	None
<i>How about paying for the damage that your roadworks caused to my property</i>	None
<i>How about fixing Hendrie Street, all the potholes, the digging and patching from new development, has ruined the road.</i>	None
<i>Could pull weeds from Tonsley reserve ponds so the ducks could actually get in and swim around in there. At the moment it is just a hazard.</i>	None

## Draft Annual Business Plan 2022-2023 feedback



Community drop-in event feedback (held on 9 May at the Marion Cultural Centre Plaza)

Four comments were provided in relation to the Draft Annual Business Plan 2022-2023.

Comments
<i>What is the council's proposal for getting cars off the streets? Car parking is getting worse, more infill with no provision, who is responsible? I understand it's State Government, but things are getting worse, it needs to be fixed. We can't keep saying it's State and do nothing. All projects need to have car parking considerations. Also, your projects.. does Council have enough money to deliver these things?</i>
<i>The MCC Plaza could have a community bus to commute passengers from the train station to Westfield through the plaza. The Annual Business Plan could also capture key actions from the planning and development team.</i>
<i>I am most excited about the Flinders Bikeway it will be good for the area. I have lived in social housing in Tonsley my whole life and the last 5 years have been a dust bowl. My partner has emphysema and the dust and pollution from all the development, railway development, South road, other road upgrades near Birch Cres, it's been too much. We are moving out to rural W.A, for fresh air. We have contractors working on roads that don't know the other contractor- are they talking to each other? road closures with poor communication. There is no advanced notice of any work happening in the area.</i>
<i>I didn't know how Council worked here in Australia and that I could provide feedback, do you do this every year? In my birth country (Egypt) we have nothing like this. I live in Dover Gardens and came here 10 years ago. I would like to see a Skate Park in my area.</i>

### Community sentiment via Making Marion

A question to gauge community support was included in the survey 'Overall, are you happy with the proposed projects and services that will be delivered this financial year?'

Of the 15 respondents, 13 answered this question.

-5 indicated that they were either somewhat or very happy with the plan

-5 respondents voted neutral

-3 respondents indicated they were either somewhat unhappy or very unhappy.

# Draft Annual Business Plan 2022-2023 feedback



A summary of key community feedback and responses (verbatim) provided via Making Marion is provided here.

## 1. What most excites you about this year's plan?

Community feedback
Content within the following feedback was redacted due to the offensive language used.
<i>The fact you [REDACTED] IGNORING DOVER GARDENS AND CHARGING ME \$2500 A YEAR IN RATES TO PICK UP MY BIN AND DO NOT EVEN WATER HALF THE PARKS IN THE SUBURB AS YOU HAVE DECIDED THEY ARE NOT WORTH WATERING... sorry I got excited mixed up with [REDACTED] more projects for cove and such areas meanwhile only 1 project in dover gardens in 6+ years where you could not even put a 1/3 size basketball court in so 3 on 3 does not work, and netball ring is literally just a ring! Storm water has been flooding dalkeith ave for over 6 years and you are not fixing it. You are doing a culture center upgrade which is only going to make Marion shops worse for its residents. To expand an area which is useless to residents. Making it harder to go to the major shopping center, the large aquatic center is a STUPID idea. There is already not enough parking for these services and by making cars go back to the main roads when the carpark for a GP + swim center is full is lubricous. So out of touch.</i>
<i>All the projects are very interesting not sure if you will have the money</i>
<i>Environmental projects</i>
<i>Nothing</i>
<i>projects</i>
<i>Modest rate rise, good list of projects</i>
<i>The Marino Hall plans</i>
<i>Health, safety and environment plan</i>
<i>A number of projects relating to recreational spaces and the Oaklands recycled water project for reserves</i>
<i>Nothing in particular. Its too difficult to understand the direction and how it was specifically based on community needs</i>
<i>Didn't read it sorry</i>
<i>Nothing really</i>
<i>Environmental impact. More open spaces</i>

## 2. Do you have any other comments that you feel are important for council to consider before it endorses the Draft Annual Business Plan?

Community feedback
<i>Regarding the waste collection and management budget I think people need more education why do some households seem to have 2 yellow bins and they are paying the same council rates</i>
<i>No</i>
<i>No</i>
<i>Stop spending ratepayers money on stupid extravagant projects</i>

## Draft Annual Business Plan 2022-2023 feedback



<i>Improve and make better use of the Edwardstown Oval Club roos. Use the space for community classes (yoga, etc). Use the cooking facilities and have a restaurant.</i>
<i>Marino seems to be get bugger all in terms of open space projects, road reseals and pavement works</i>
<i>The information regarding the rates are misleading. I know the rates I pay in Marion is significantly more expensive than many other councils yet Marion is presenting the data as though they are one of the lowest. The average is not a fair measure to present to rate payers as all it really means is that the average house values are lower within the area and/or there is a higher population however the data is presented to mislead people into thinking the rates for the individual is lower than other councils which justifies the rate increase which is simply not true. If instead you presented the dollar rate you use to calculate council rates compared to other councils you will find Marion is one of the more expensive councils. City of Holdfast Bay as an example has a much lower rate which would result in much lower council rates for the individual compared to Marion. Not only am I concerned about the rate increase when Marion rates are already high, I am also concerned Marion will revalue properties due to the current property market and rate payers will see their rates double.</i>
<i>Disruptive &amp; Pollution business operation, please do not encourage more registered business like the one you approved to operate at Morphettsville Sports Club. They are turning Morphettsville Sports Club into Night club on weekend &amp; Public holidays, out of control drunk half naked men walking on the street, beer bottles on my letter box, urine at the electric pole which is right in front my house, created walk path without pavers and sand and stone are not compacted, those stones are now everywhere in front of my house, slippery for kids to ride bicycle</i>
<i>No</i>
<i>Can't get a grip of what it all means. Too hard to understand.</i>
<i>I see the council working in tonsley reserve a lot but they have never touched the pond, it is completely over grown ducks struggle to get in and out if they make it in there is no where to really swim around. They need to clear it out as we have had ducklings there for 2 years but not last year as they couldnt access it. Now it just feels like a perfect place for snakes to hang out. This is concerning with the amount of kids in the street.</i>
<i>More footpath crossing, just consider Morphetts road one crossing-over a few km this is shocking, also dogs on the beach, too many dog(s) take for granted that everybody like dog, not true, do not abide by the law and nag you when you tell them, that is NORE THAN ENOUGH, who has priority citizens or dogs???? Why just don't do like in WA a part of the beach for dogs and their owners anytime and the rest for free citizens not being harassed by dog owners and the sniffing of their dogs?</i>
<i>With new houses and possible house renovations. Power point or provision set up to to include power points for electric vehicles. Increase and improve lightening on bike tracks e.g the tracks mainly on sturt creek</i>

### 3. Do you think we could improve anything in the Draft Annual Business Plan 2022-2023?

Community feedback
<i>Reduce rates by 50%. Reduce councilor's salaries by 50%. Reduce mayor's salaries by 50%.</i>



## Draft Annual Business Plan 2022-2023 feedback



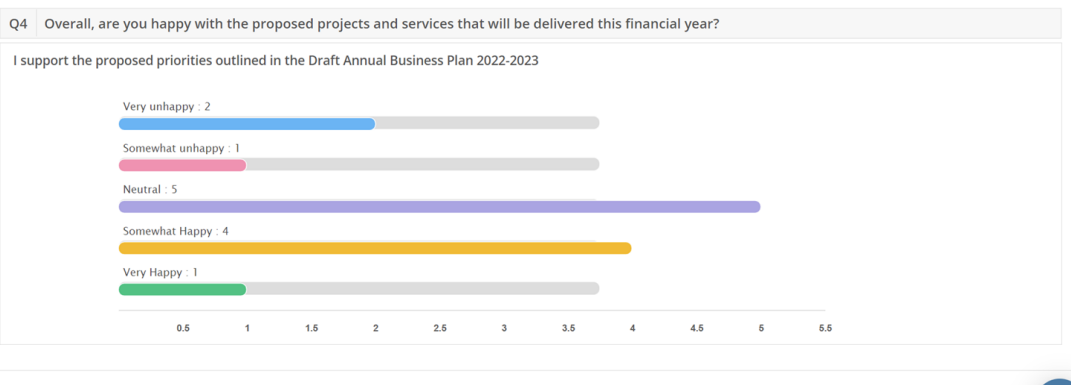
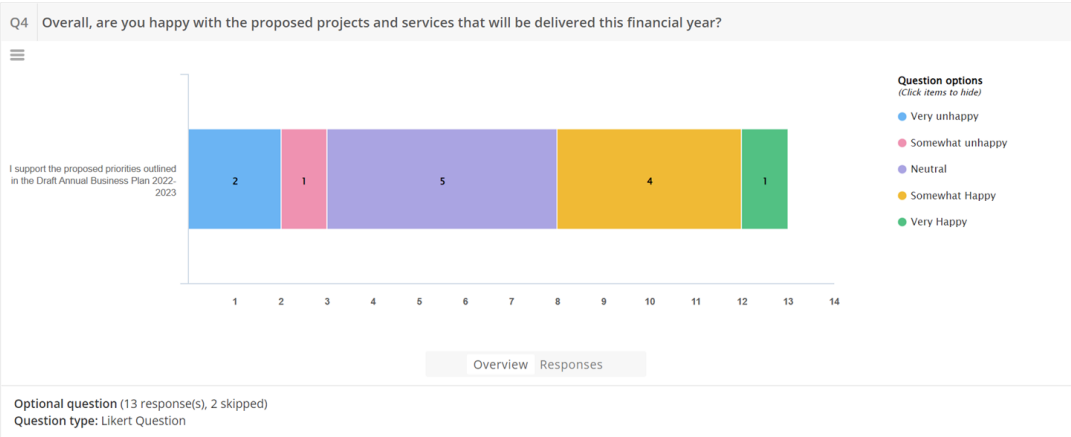
No
<i>Instead of being soft and pandering to a handful of residents, sell the land at McConnell St and reduce the amount you are borrowing. For god sake don't spend any money there. Barely anyone uses it, most don't even know it exists but you continue to scared by fictional petitions so a few houses keep their view and semi private tennis facility. That money could go towards the Tonsley-Marino bikeway (a great idea and I don't ride a bike) or a park in the centre of Marino that hundreds will benefit from.</i>
<i>Reduce the rate increase for rate payers.</i>
<i>Consult the locals and living near by resident before approving business operation, we pay the rates for you to look after us and see what you have done.</i>
<i>I believe the rate increase needs to be aimed for less than 2%. In the vicinity of 1.5% to 1.8% is appropriate but perhaps other projects need to be dropped or cost efficiencies found.</i>
<i>A summary at the front: "In simple terms, here is what we plan to do: " (1-2 pages)</i>
NA
<i>Street landscape and all things green are good for people well-being, BUT BEFORE that trolleys and rubbish dumping SHOULD BE SOLVED, there are a disgrace so what's the point of street landscaping? there are many ways to prevent people from taking trolleys out of Westfield shopping mall (ALDI) and maybe organise a fortnightly/monthly hard rubbish collecting on a regular basis (unfortunately we live in a world of consumerism!</i>

# Draft Annual Business Plan 2022-2023 feedback



CITY OF  
MARION

4. Overall, are you happy with the proposed projects and services that will be delivered?



*Strengthening Local Communities*

1/25 Naldera Street,  
Glandore SA 5037  
P: 08 8371 4622  
E: info@communitycentressa.asn.au



City of Marion

5 May 2022

Dear Sir / Madam

**Submission to City of Marion regarding the Draft Annual Business Plan 2022- 2023**

Thank you for the opportunity to provide feedback on this Draft Business Plan.

Community Centres SA (CCSA) is the peak body for 103 Community and Neighbourhood Centres in South Australia. We are part of a national network of more than 1,000 Centres. Over 35,000 people are in contact with Community Centres across South Australia every week, and more than 20,000 hours of volunteer labour are contributed to Centres weekly.

Our submission is based on our 50-year history of working with local communities across the State; our understanding of the fundamental role social connectedness plays in creating resilient communities; and a community development, strengths-based approach to understand and respond to community priorities.

We acknowledge the City of Marion as a very active member of CCSA. CCSA and the City of Marion have partnered in many activities which includes:

- Loneliness Warriors – who are trained volunteers based in and around the Marion Cultural Centre Plaza and Marion Westfield. This innovative program seeks to connect with and support the members of your community who may be feeling isolated and need to connect to their community.
- Community Learning – Provision of learning opportunities across Marion community centres in areas such as introduction to Care and Support, LinkedIn for work, Computer Skills and Language Skills for work.
- iDrive – this program works with volunteer supervising driver mentors to break the cycle of disadvantage experienced by low-income individuals without access to a vehicle or supervisory driver to get the experience required to graduate to their probationary licence.

**RECOMMENDATIONS**

We welcome the City of Marion's ongoing commitment to community development which is outlined in the *Draft Annual Business Plan 2022- 2023*. We especially support the importance of the operation of the City of Marion community centres. Such centres are especially important as we come to understand the impact of Covid-19 on exacerbating loneliness and social isolation.

*Strengthening Local Communities*

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We note that in Page eleven of the *Draft Annual Business Plan 2022- 2023* there is a commitment regarding the Marino Hall:

*A rebuild of the ageing hall will commence to support a new vibrant centre that attracts a broad range of community groups. The new pavilion style hall will include meeting spaces, a performance area, art gallery and studio. A café and expanded car park will also support the site as an accessible creative and community events hub. Council is seeking external partnership funding to progress this project in 2022-2023.*

We suggest that Council should consider activating this Hall as a new Neighbourhood Centre by providing ongoing staffing. This can greatly increase opportunities for volunteering and the provision of broad range of activities. It also provides avenues for community members to become more engaged in their neighbourhood.

By way of comparison the Alexandria Council recently considered a report on the future of their community centres and provided this table which highlights the differences between a 'hall for hire' and a community centre:

Characteristics and activity	Hall for Hire	Community Centre
Venue or spaces for hire	YES	YES
Events, markets, exhibitions, performances	YES	YES
Local user groups	YES	YES
Social enterprise	POSSIBLE	YES
Staffed e.g. Coordinator / Manager	NO	YES
Community development focus	NO	YES
Social inclusion focus	NO	YES
Reducing disadvantage focus	NO	YES
Lifelong learning	NO	YES
Responsive to changing community needs	NO	YES
Visiting service providers	NO	YES
Open outside of periods of hire for 'drop in'	NO	YES

We would be happy to expand on these brief comments if such an opportunity was provided.

Yours Sincerely

*Strengthening Local Communities*

1/25 Naldera Street,  
Glandore SA 5037  
P: 08 8371 4622  
E: [info@communitycentressa.asn.au](mailto:info@communitycentressa.asn.au)



Kylie Fergusen

Chief Executive Officer





## 6.4 Cove Sports and Community Club Stage 1 - Prudential report

<b>Report Reference</b>	FRAC220517R6.4
<b>Originating Officer</b>	Project Design Advisor – Birgit Stroeher
<b>Corporate Manager</b>	Manager City Activation - Charmaine Hughes
<b>General Manager</b>	Acting General Manager City Development - Tony Lines

### REPORT HISTORY

<b>Report Reference</b>	<b>Report Title</b>
EMF200421R06	Cove Sports and Community Club - Redevelopment options
GC201124R11	Cove Sports and Community Club - Community consultation feedback and Feasibility options
GC210127R11	Cove Sports and Community Club - Community consultation feedback and Feasibility options
EMF210629R04	Cove Sports and Community club - Feasibility options
GC210914R18.1	Cove Sports and Community Club - Feasibility Study and Business Case
GC220412R11.1	Cove sports and Community Club – Stage 1 Community consultation

### REPORT OBJECTIVE

To provide a Section 48 prudential report as required under the Local Government Act to the Finance, Risk and Audit Committee for review. The report prepared relates to the Cove Sports and Community Club (CSCC) Stage 1 project.

### EXECUTIVE SUMMARY

The Cove Sports and Community Club is the only multi-sports precinct in the southern part of the City of Marion, catering for a population of approximately 23,273 (as at 2016) living in Hallett Cove, O'Halloran Hill, Sheidow Park and Trott Park.

The relocation of the Cove BMX and the Cove Soccer Club to their new facilities on Majors Road presents an exciting opportunity for Council to consider the future use of the areas that will be left vacant at the Cove Sports and Community Club (CSCC).

The CSCC project was listed within the City of Marion's (CoM) 2019/23 Business Plan as a project. Community consultation was undertaken to inform Council on the project scope and concept designs including a feasibility and business case were completed.

Council provided endorsement in September 2021 to proceed with design development for a two-staged rollout of the project scope, comprised of:

- Stage One: A new netball facility with additional courts and the reconfiguration of the vacant BMX and soccer areas of the site to create a multi-sport field and additional car parking.
- Stage Two: A new Cove Sports clubroom, realignment of the existing oval, play spaces and landscaping.

Council also endorsed the Administration to proceed with the Stage One Prudential Report, whilst seeking external partnership funding in parallel.

The Cove Stage One project has been included in the draft Annual Business Plan 2022-2023 which is currently out for public consultation. The draft plan was endorsed by Council on 12 April 2022.

The estimated project cost for Stage 1 is \$5.749 million, which is currently unfunded in the CoM budget. The Project Business Case prepared by Administration notes that 50% of the project costs will be sought by a third party. It should be noted that a State Government election pledge for \$2.5M was recently secured, following which Administration has commenced negotiations with the Office for Recreation, Sport and Racing (funding body) and the State Government, to clarify the funding requirements.

Administration engaged BRM Advisory as consultants to prepare a Section 48 report to review Administration's prudential activities in relation to progressing with the upgrade of this project. **Refer Attachment 1.** The Section 48 report is in accordance with the Local Government Act and examines the project in its entirety in the following key areas.

- Relationship with strategic management plans.
- Objectives of the Development Plan.
- The project's potential contribution to the local economy.
- Consultation that has been undertaken with the local community.
- Potential risks and mitigation strategies.
- Financial Assessment: implications, viability and sustainability of the project both in the short and long term.
- Project delivery.

## RECOMMENDATION

**That the Finance, Risk and Audit Committee:**

1. **Notes that the Section 48 Prudential Report addresses requirements under the *Local Government Act 1999*.**
2. **Recommends to Council the adoption of the Section 48 Prudential Report and confirms the report adequately addresses the following issues in relation to the Cove sports and Community Centre Stage 1 project:**
  - a. **The project's support of Council's strategic objectives.**
  - b. **The project's alignment with the objectives of the Council's Development Plan.**
  - c. **The assessment of the potential economic impacts of the Project.**
  - d. **The level of consultation identified for the Project.**
  - e. **The assessment of the Project's risks and the appropriateness of the mitigation strategies developed.**
  - f. **The Project's financial viability in the short and long term.**
  - g. **Council's capacity to deliver the project within its financial sustainability targets.**

## DISCUSSION

The CSCC is the only multi-sports precinct in the southern part of the City of Marion, catering for a population of approximately 23,273 (as at 2016) living in Hallett Cove, O'Halloran Hill, Sheidow Park and Trott Park. The precinct also caters for those living in the north-western areas of the City of Onkaparinga and from across the southern part of the City of Marion. Whilst demand for sporting facilities in the region is significant, there is a large under supply of active recreation facilities in this part of the City of Marion.

The CSCC is located in the Southern area of Marion on Lonsdale Road Hallett Cove. The Club is currently home to over 1,600 members from six affiliated sports clubs:

1. The Cove Football Club Inc (AFL)
2. Hallett Cove Netball Club
3. Cove Cricket Club
4. The Cove FC (soccer)
5. The Cove BMX Club
6. Cove Netball Club

Whilst limited recent investment has been undertaken into the facilities, namely the Clubhouse, most of the existing facilities are comprised of aging infrastructure and no longer meet the needs of the clubs.

### **Proposed Stages**

In August/September 2020 Council undertook community consultation for the Cove Sports site. Consideration of community feedback resulted in Council endorsing a scope of works comprising two stages:

- Stage One: comprising a new netball facility with additional courts and reconfiguration of the vacant BMX/Soccer areas of the site to create a multi-sport field and additional car parking.
- Stage Two: comprising a new Cove Sports clubroom, realignment of the existing oval, play spaces and landscaping.

The proposed new Stage One CSCC project will address aging infrastructure, safe and equitable access for female sporting participation and provide improved community facilities, including:

- Redesign of the complex to develop facilities that consider the needs of the whole community in the southern part of the City of the Marion
- Expand the playing areas for the growing needs of field sports and useable open space areas for community recreation
- Improve the quality of the netball courts to meet competition standards and strengthen connection and integration into the site
- Improve the clubroom facilities for netball
- Improve car parking, traffic flows and site access
- Provide facilities to cater for general community recreation needs
- Improve lighting and safety
- Improve spectator facilities to cater for families and visitors to the site.

CoM has been in discussion with the clubs and community since 2020 regarding the facilities and required improvements. During this period, a level of investment has taken place across the facilities, however major upgrades are now required to the netball facilities and car parking arrangements. Updates to changing facilities, car parking access and the addition of two netball courts will meet the growing needs of the club, whilst also meeting peak body standards and the provision of safe equitable access for female sporting participants.

The Cove Soccer Club has now taken possession of their new facilities on Majors Road and the Cove and Happy Valley BMX Clubs will shortly take possession of the new Sam Willoughby BMX facility on Majors Road.

The relocation of the Cove BMX and the Cove Soccer Club to their new facilities on Majors Road presents an exciting opportunity for Council to consider the future use of the areas that will be left vacant at the CSCC. At the 14 September 2021 General Council meeting, Council endorsed the scope for Stage One and Stage Two redevelopment works for the site. It should be noted that only

Stage One redevelopment will proceed at the present time. It is anticipated that the Stage Two redevelopment works will take place at a future period yet to be determined.

The Stage One scope includes a new netball club building, two new netball courts and lighting. The netball club building will accommodate the following facilities:

- Canteen with external access and undercover areas
- Meeting room
- Storage areas
- Two change rooms with changing cubicles
- Male, female and accessible toilet facilities

Stage one will also include a new multi-purpose field which will accommodate cricket, soccer, football, rugby and community recreation together with new car parking areas for stage one, accommodating 188 car parks.

### Community Consultation

The design development phase of the Stage One project was completed from November 2021 to February 2022 and community engagement on the Stage One proposal was completed in March 2022. A report outlining the community feedback was noted at the 12 April 2022 General Council meeting prior to completing the Section 48 prudential report.

Following the closure of the consultation, analysis was undertaken of the community feedback:

- Overall **63%** (17) of participants are either very satisfied or somewhat satisfied with the Stage 1 plans.
- **63%** (17) of overall participants indicated that they would utilise the site more once complete.
- **63%** (17) of participants are Hallett Cove Residents
- **77.7%** (21) of participants are **users/members** of Cove Sports and Community Club.

Of the **current users/members** who engaged in the consultation:

- **66.7%** (14) users/members were either somewhat satisfied or very satisfied with the Stage 1 redevelopment plans.
- **28.5%** (6) out of these users/members were somewhat dissatisfied or very dissatisfied with the Stage 1 redevelopment plans.
- **4.8%** (1) user/member was neither satisfied nor dissatisfied with the Stage 1 redevelopment plans.

Feedback received regarding oval road access concerns is being reviewed by the CoM engineering team.

### Section 48 Prudential Report

Section 48 of the Local Government Act 1999 (the 'Act') requires Council to consider a report for any project where the expected capital cost is likely to exceed \$4M indexed over the ensuing 5 years and addresses a number of key prudential issues. The report attached considers the requirements under the Act, in particular the financial viability and sustainability of the project.

A Section 48 prudential report has been commissioned from BRM Advisory and is attached as Appendix 1. The Section 48 makes the following observations:

#### Section 2.1 Relationship with strategic management plans

Requirements of Section 48 (2) (a) **have been met**. CoM should ensure that provisions for the Project are included in future updates of the LTFP and Asset Management Plans.

Section 2.2 Requirements of the Development Plan  
Requirements of Section 48 (2) (b) **have been met.**

Section 2.3 Contribution to Economic Development  
Requirements of Section 48 (2) (c) **have been met.**

Section 2.4 Level of Consultation  
Requirements of Section 48 (2) (d) **have been met.**

Section 2.5 Revenue, Revenue projections and Potential financial risks  
Requirements of Section 48 (2) (e) **have been met.**

Section 2.6 Recurrent and Whole of Life and Financial Arrangements

Requirements of Section 48 (2) (f) **have yet to be met.** The grant funding deed for the State Election pledge of \$2.5M has not been drafted. CoM is currently verifying the operational management costs for the proposed facilities and these are expected to be available in August 2022.

Section 2.7 Financial Viability  
Requirements of Section 48 (2) (g) **have been met**

Section 2.8 Risk Management  
Requirements of Section 48 (2) (h) **have been met.**

Section 2.9 Project Delivery  
Requirements of Section 48 (2) (i) **have been met.**

Section 2.10 Sale or Disposition of Land  
Requirements of Section 48 (2) (j) **are not applicable to this Project**

### Project Value

The final construction cost of the CSCC Stage One scope including fees and contingencies is \$5.749M. The costs are based on the market as of February 2022.

### Programme

The BRM Advisory report supports the delivery methodology proposed, the proposed programme for the project is outlined below:

Section 48 Prudential report for Council endorsement	June 2022
Council and partnership funding secured	July 2022
Detailed Design and Documentation, Development approval	August - December 2022
Tender	January - April 2023
Construction	April - December 2023
Defects Liability Period	December 2023 – December 2024

Where possible we will endeavour to fast track the partnership funding deed, documentation, approvals and tender process to ensure that the bulk of the budget expenditure is in 2022/23 financial year.



## **CONCLUSION**

The Section 48 Report demonstrates that the City of Marion has the capacity to deliver the CSCC Stage 1 project for the future operation of the facility and that the project risks have been identified and appropriate strategies to mitigate risks have been developed.

## **ATTACHMENTS**

1. Cove Sports and Community Club Stage 1 Prudential Report - Draft for Finance, Risk and Audit Committ [6.4.1 - 32 pages]



City of Marion

Section 48 Prudential Report:

Cove Sports and Community Club  
Redevelopment – Stage 1

May 2022

Draft for Finance, Risk and Audit Committee

BUSINESS • RESOURCE • MANAGEMENT



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## EXECUTIVE SUMMARY

The following report has been prepared for the City of Marion (CoM) to review its prudential activities in relation to the Stage 1 redevelopment of the Cove Sports and Community Club complex (CSCC).

The CSCC is currently a multi-purpose sporting facility accommodating cricket, Australian rules football, soccer, netball and BMX with a playground and other community amenities. The BMX and soccer clubs are being relocated to other facilities within CoM in 2022, which has created the opportunity for the future use and operating model for the CSCC to be reviewed.

The Project involves the demolition of the existing BMX track, expansion of the existing soccer field (western field) to create a new multi-purpose field, expansion and formalisation of car parking, and construction of a new netball facility including two additional courts. The endorsed concept design for the Project has been informed by community consultation, a Feasibility Study and a Business Case.

The estimated Project cost is \$5.749 million. The Project Business Case considered by CoM in September 2021 assumed that 50% of the project costs will be funded by a third party. Discussions are underway in relation to a State Government funding commitment of \$2.5 million, however this funding has yet to be confirmed. If the State Government contribution to the Project is confirmed, CoM's financial contribution to the Project is expected to be \$3.249 million, which is approximately 57% of the estimated Project cost.

The Project has a typical risk profile for the design and construction of community facilities. There are some key risks of note:

- The Project does not proceed due to lack of funding, creating reputational and political risk for Council given the evidence of community need and support for upgraded CSCC facilities.
- Council's contribution to the Project is greater than anticipated due to no or reduced external funding (noting the Council would still retain the decision about whether or not to proceed in this circumstance).
- Cost overruns and delays due to the competitive market for construction projects and disruption to the supply of labour and materials.
- One of more of the Clubs ceases to operate, diminishing demand for the CSCC facilities.

### Summary Conclusion:

Noting that the financial arrangements for the Project are yet to be confirmed and the future operating model of the redeveloped CSCC has yet to be agreed, a reasonable level of 'due diligence' has been applied to the Project at this stage of the project lifecycle.

### Project Due Diligence Observations:

- The final project design should be reasonably informed by the outcomes of the community consultation undertaken on the Project concept designs in March 2022, with a particular focus on ensuring that relevant standards are met for safe traffic movements within and around the site.
- The Long Term Financial Plan and annual budget should be updated once the funding arrangements and the operating model for the Project have been confirmed.

## PRUDENTIAL REVIEW KEY FINDINGS

S48 (2)	Description	Prudential Review Comments	Management Comments
(a)	The relationship with <b>strategic management plans</b> .	The Project is specifically referenced and/or aligned with the objectives in Council's key strategic planning documents and strategic documents prepared at a regional, state and federal level.	Noted
(b)	The objectives of the <b>Development Plan</b> .	The proposed land use appears to be consistent with the Planning and Design Code.  CoMs internal planning officer has provided preliminary advice on the separation of the development area and adjoining properties and has not identified any significant planning issues in relation to setbacks or amenity. The impacts of new lighting, adequacy of tree protection measures and internal vehicle movements will require detailed assessment at the planning application stage.	Noted
(c)	The expected contribution of the project to the <b>economic development</b> of the local area. The impact on <b>businesses carried on in the proximity</b> . How the project should be established in a way that ensures <b>fair competition</b> in the marketplace.	Economic modelling has been prepared to estimate the expected contribution of the construction activity relating to the Project on economic activity and jobs.  No assessment has been undertaken to assess the impact of the Project on businesses in the proximity, however any impact is not expected to be significant.  The planned activities at the CSCC are not commercial in nature and the principles of fair competition are therefore not relevant.	Noted
(d)	The level of <b>consultation</b> with the local community and the means by which the community can influence the project.	Consultation on the Project has been undertaken in accordance with CoM Public Consultation Policy and Procedure.  The community has been afforded a reasonable opportunity to contribute to and provide feedback on concept designs for the Project and there is evidence that feedback from the community has been incorporated into the most recent designs.	Noted



S48 (2)	Description	Prudential Review Comments	Management Comments
(e)	<b>Revenue projections and potential financial risks.</b>	As the operating model for the CSCC has not yet been agreed, detailed revenue projections are yet to be prepared; however, we do not anticipate that the Project will result in material changes to recurrent revenue.  Financial risks and appropriate risk controls have been documented in a Project Risk Register. The risks of not securing third party funding and potential cost escalations above the current capital cost forecast are the most significant financial risks relating to the Project.	Noted. This will be a Council decision.
(f)	<b>Recurrent and whole-of-life costs.</b>	Detailed financial operating forecasts for the Project which confirm both the expected future revenue and expenses required to run the Stage 1 elements of the CSCC redevelopment should be finalised when the external funding is secured and the future operating model is determined. Once confirmed, these amounts should be included in future iterations of the CoM budgets and LTFP.  The major increase in recurrent cost from progressing the Project will be the additional depreciation and finance charges relating to the newly created assets; provisions for which have been included in the most recent LTFP.	Noted City of Marion are currently verifying the operational management costs for the proposed facilities and these are expected to be available in August 2022.
(g)	<b>Financial viability</b> of the project.	Capital provisions for \$3.24 million have been include in the latest version of the Long Term Financial Plan to meet CoM's expected capital contribution to the Project. Based on this capital commitment, CoM is expected to remain within its target for the Net Financial Liabilities Ratio.	Noted
(h)	<b>Risks</b> associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks.	The Project Risk Register adequately captures the key project risks and the existing and proposed controls appear to be satisfactory. The effectiveness of the controls for risks with a residual rating of 'Medium' or above should be kept under review in accordance with the Risk Management Framework.  Regular updates to the risk register should be undertaken as the project moves through the design and construction phases and the CEO and/or Council should be appraised of major changes to Project risk.	Noted

S48 (2)	Description	Prudential Review Comments	Management Comments
(i)	The most appropriate mechanisms or arrangements for <b>carrying out the project</b> .	A Procurement Plan has been prepared, which demonstrates sufficient consideration of appropriate mechanisms and arrangements for carrying out the Project. CoM should ensure that transition arrangements, including temporary accommodation for club stakeholders, have been incorporated within the Project budget.	Noted
(j)	If the project involves the <b>sale or disposition of land</b> , the valuation of the land by a qualified valuer under the Land Valuers Act 1994	The Project does not involve the sale of land. No valuation is required.	N/A
	An <b>appropriate level of due diligence</b> is applied to the proposed project.	An appropriate level of 'due diligence' has been applied to the Project at this stage of the Project lifecycle. However, financial arrangements and the operating model for the Project and the impacts on recurrent and whole of life costs need to be confirmed before all prudential requirements are met.	Noted



## 1. INTRODUCTION

### 1.1 Background

1.1.1 The Cove Sports and Community Club (CSCC) is located at 2 Oval Road, Hallett Cove. It is a multi-purpose sporting precinct that is currently home to six sporting clubs with approximately 1,600 members:

- Cove Cobras Football Club (AFL)
- Cove Football Club (Soccer)
- Cove Tigers Netball Club
- Hallett Cove Netball Club
- Cove BMX Club
- Cove Cricket Club

1.1.2 Figure One shows the approximate composition of the site, which includes:

- Netball courts
- Netball facilities building
- Large playing field (AFL)
- Smaller playing field (soccer)
- Main clubhouse and facilities buildings
- BMX track
- Playground
- Carparking

---

#### BRM Advisory

Cove Sports and Community Club Stage 1 Prudential Report - Draft for Finance, Risk and Audit Committee  
(1)

Page 1



**Figure One: Current site layout**



- 1.1.3 Following investments by CoM in new facilities on Majors Road, O'Halloran Hill, the Cove BMX Club will be relocating to the Sam Willoughby International BMX Facility, and the Cove Football Club (Soccer) will be relocating to the Southern Soccer Facility.
- 1.1.4 The relocation of the BMX and Soccer Clubs has presented CoM with the opportunity to review the ageing facilities at the CSCC site.
- 1.1.5 Community consultation and a Feasibility Study were undertaken by CoM between 2020-2021 to determine current and future community needs and options for the redevelopment of the CSCC.
- 1.1.6 A Business Case was presented to Council on 14 September 2021 which outlined options for the redevelopment of the site, either as a single or staged project. CoM resolved to endorse concept plans for the redevelopment and to prepare a Prudential Report for Stage 1.
- 1.1.7 A separate Business Case for Stage 1 of the development only has not been prepared.

## 1.2 The Project

- 1.2.1 The Project is the Stage 1 redevelopment of the Cove Sports and Community Club site including:

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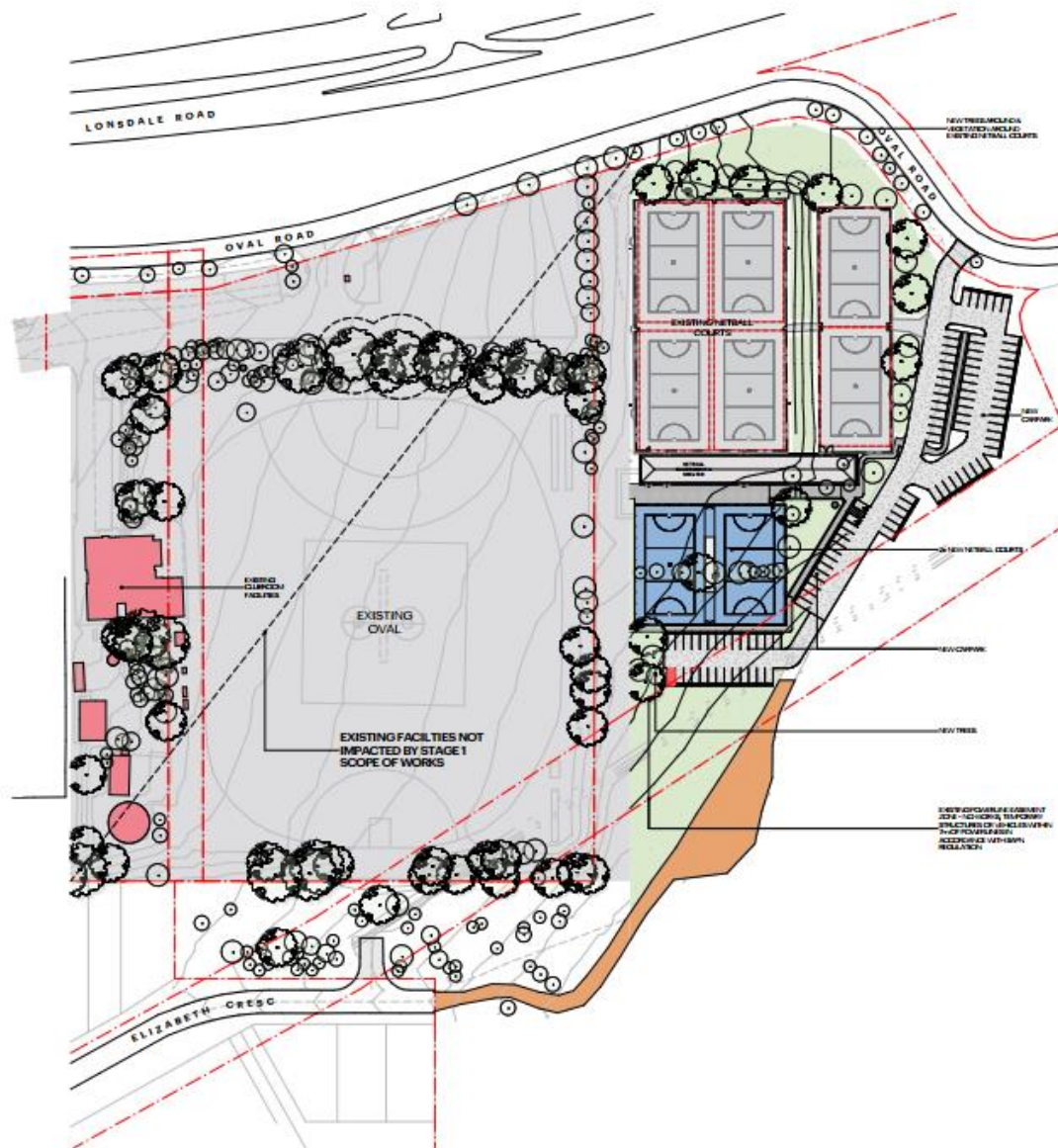


- 1.2.1.1 the demolition of the BMX track and associated structures;
- 1.2.1.2 expansion of the existing soccer field (western field) to create a new multi-purpose playing field (capable of accommodating AFL, cricket, rugby and soccer);
- 1.2.1.3 construction of new netball facilities and two additional netball courts;
- 1.2.1.4 car parking adjacent to the western field to accommodate 249 spaces in total adjacent to the main oval and proposed multi-purpose field; and
- 1.2.1.5 expanded car parking adjacent to the netball facilities to accommodate 101 spaces in total.
- 1.2.2 The new netball facilities are planned to consist of:
  - 1.2.2.1 change rooms and toilets;
  - 1.2.2.2 a canteen facility with external access;
  - 1.2.2.3 meeting and storage rooms; and
  - 1.2.2.4 two undercover spectator areas.
- 1.2.3 The existing Australian Rules Football playing field, club rooms and community facilities do not form part of the Stage 1 redevelopment project. Upgrades to these facilities are planned as a future Stage 2 project, which is outside the scope of this Prudential Report.
- 1.2.4 Figures Two and Three show the concept designs prepared for the redevelopment of the netball facilities and development of a multi-purpose field and carparking in place of the existing BMX and soccer facilities.

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**Figure Two: Netball facilities masterplan (Stage 1)**



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**Figure Three: Western field masterplan (Stage 1)**



### 1.3 Project costs

- 1.3.1 A costing report based on 30% design detail has been prepared for CoM by consultants Donald Cant Watts Corke (February 2022). The total project cost is estimated at \$5.749 million, including professional fees, contingencies and cost escalation.

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#### 1.4 Operating model

- 1.4.1 Council took over the management of the CSCC in February 2019 and has worked with the various clubs to oversee site maintenance, coordinate use of the clubhouse facility, and to operate the food and beverage service at the clubhouse.
- 1.4.2 The relocation of the BMX and soccer clubs and the reduction in the number of active club stakeholders has created the opportunity for CoM to reconsider the operating model for the CSCC and Council has resolved to offer separate licences to the Cove Football Club (Australian Rules Football) and Cove Cricket Club for the seasonal management of the clubhouse facility, or parts thereof.
- 1.4.3 Council has resolved to transition out of management of the facility once the soccer and BMX clubs have relocated and new licence agreements have been finalised with the Cove Football Club and Cove Cricket Club.
- 1.4.4 Licenses are granted to sporting clubs for the use and management of sporting grounds / courts and associated club facilities under the CoM Leasing and Licencing of Council Owned Facilities Policy ('Licencing Policy').
- 1.4.5 Under the Licensing Policy, organisations pay an applicable annual fee (based on valuation and applicable discounting) and are responsible for the cost of all utilities, outgoings and waste disposal associated with their operations. For buildings, council is responsible for the maintenance and repair of structural items and in most cases, council is responsible for the maintenance of playing fields.
- 1.4.6 The CSCC netball courts and facilities are currently licenced to two netball clubs (separate licences). The Project would not result in any significant change to this arrangement, although annual licencing costs would be revised under the licensing policy to reflect the increased value of the netball facilities building.
- 1.4.7 It is proposed that the new multi-purpose playing field would be managed by council and offered to users on a casual or seasonal hire basis following an expression of interest process. As casual hire arrangements are not currently covered by the licensing policy, CoM would be required to adopt a pricing structure for this purpose.
- 1.4.8 Priority use of the new multi-purpose playing field is proposed to be offered to the Cove Football Club and Cove Cricket Club under a new licencing arrangement.

#### 1.5 Purpose of a Prudential Review

- 1.5.1 Section 48 of the Local Government Act 1999 (Act) requires a Council to consider a report addressing the prudential issues set out in subsection (2) of the Act when a project meets certain criteria, namely where a council:

*"(b) engages in any project*

- (a) Where the expected operating expenses calculated on an accrual basis of the council over the ensuing five years is likely to exceed 20 per cent*

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*of the council's average annual operating expenses over the previous five financial years (as shown in the council's financial statements); or*

*(b) where the expected capital cost of the project over the ensuing five years is likely to exceed \$4 000 000 (indexed); or*

*(c) where the council considers that it is necessary or appropriate."*

- 1.5.1 Council has an adopted Prudential Management Policy, which was last adopted on 14 September 2021, that sets out Council's approach for prudential management of all its projects. The objectives of the Policy are:
- 1.5.1.1 to ensure the appropriate level of due care, diligence, risk management and foresight is applied before Council undertakes any Project; and
  - 1.5.1.2 to ensure Council is provided with appropriate information to make informed and accountable decisions when using Council and public resources.
- 1.5.2 This Project meets the threshold of a 'Major Project' defined in the Prudential Management Policy and requires the preparation of a Prudential Report, which is the highest level of due diligence prescribed under the Policy.



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## 2. PRUDENTIAL REVIEW

### 2.1 Relationship with Strategic Management Plans

*Section 48 (2) (a) the relationship between the project and relevant strategic management plans;*

Elements	Relevant Documents	Prudential Review Comments
<b>Council Plans</b>	Community Vision – Towards 2040 Strategic Plan 2019-2029 City of Marion Business Plan 2019-2023 Annual Business Plan and Budget 2021-22 Draft Annual Business Plan and Budget 2022-23 Long Term Financial Plan 2021-2031 Buildings Asset Management Plan	The Project broadly aligns with the long-term objectives of the Community Vision and Strategic Plan relating to liveable and connected communities. More specifically, reviewing and delivering improvements to the CSCC facilities and expansion of the netball courts are referenced in Council's Business Plan and Annual Plan as priority projects. Council borrowings of \$3.24 to fund the Project have been included in the draft 2022-23 Annual Business Plan and CoM has advised that provision has been made for the Project in the latest iteration of the LTFP, subject to external funding being confirmed. If the Project progresses, the relevant Asset Management Plans will need to be updated to reflect the deleted assets and the new assets generated by the Project.
<b>State Plans</b>	30 Year Plan for Greater Adelaide (2017 update) State Sport and Recreation Infrastructure Plan 2020-2040 Recreation, Sport and Racing Strategic Plan 2021-2025 Game On Getting South Australia moving Strategy	The Project supports the objectives of the 30-Year Plan for Greater Adelaide in relation to 'Healthy, safe and connected communities.' The Project aligns with the current State Sport and Recreation Infrastructure Plan and the Office of Recreation, Sport and Racing Strategic Plan by providing multi-purpose sporting and recreation facilities that meet community needs. The State's 'Game On' Strategy supports the provision of quality sport and recreation infrastructure.
<b>Regional Plans</b>	Resilient South Southern Region Local Government Implementation Plan Southern Adelaide Tennis, Netball, Australian Football and Cricket Facilities Strategy (yet to be released)	The Project aligns to applicable regional plans, which promote the provision of high-quality regional sporting and recreational facilities to encourage participation in physical activity and the provision of high-quality outdoor recreation spaces.
<b>National Plans</b>	2030 National Sports Plan	The Project is aligned with the National Sport and Active Recreation Framework.

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Elements	Relevant Documents	Prudential Review Comments
	National Sport and Active Recreation Framework	
<p><b>Findings:</b></p> <p>Requirements of Section 48 (2) (a) <b>have been met.</b></p> <p>CoM has included references to the Project in the four-year Business Plan and current Annual Business Plan. Forecast funding of \$3.24 million through borrowings has been included in the CoM draft 2022-23 Annual Business Plan, subject to State Government funding being confirmed for the remaining Project costs.</p> <p>Whilst not specifically mentioned in the CoM Strategic Plan or Community Vision, the Project is considered broadly aligned to the liveability and connected community pillars.</p> <p>CoM should ensure that provisions for the Project are included in future updates of Asset Management Plans.</p>		

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## 2.2 Objectives of the Development Plan

*Section 48 (2) (b) the objectives of the Development Plan in the area where the project is to occur;*

Elements	Relevant Documents	Prudential Review Comments
<b>Development zone</b>	Planning and Design Code	<p>The site is predominantly located within the Recreation Zone where development of a range of recreational facilities is envisaged. It is considered that the Project is consistent with the intent of the Recreation Zone.</p> <p>The easternmost portion of the site (currently accommodating two netball courts) is located within a Hills Neighbourhood Zone. While this Zone is primarily intended to accommodate low density residential development, sympathetic non-residential uses including 'recreation' are also envisaged. We note that the Project site abuts an undeveloped reserve on the eastern boundary.</p> <p>The aspects of the proposal captured by the statutory definition of 'development' will need to be assessed by an approving authority on their merits against the relevant policies and overlays in the Planning and Design Code.</p>
<b>Approving Authority</b>	Planning, Development and Infrastructure Act 2016.	A decision on the Relevant Authority to consider a Development Application has yet to be determined and will be dependent on the outcomes of the notification to adjoining properties required under the Planning, Development and Infrastructure Act 2016 (PDI Act)
<b>Development Assessment</b>	None	The Project works will constitute 'Development' under the PDI Act and a Development Application will be required in the future. Advice has been provided by a CoM internal planning officer that has not identified any significant planning issues relating to setbacks or neighbourhood amenity impacts.
<p><b>Findings:</b></p> <p>Requirements of Section 48 (2) (b) <b>have been met.</b></p> <p>An application for Development Approval will be required once final plans for the Project have been prepared.</p> <p>Assessment and management of the impacts of new lighting and the adequacy of tree protections zones should be undertaken at the final plan stage.</p> <p>We note that a traffic, parking and access study conducted by consulting firm Cirqa in February 2021 concludes that adequate car parking would be provided on the site and the Project would have a minimal impact on traffic generation and the adjacent road network. CoM has advised that access to Oval Road is being further reviewed by CoM internal engineers in response to concerns expressed during community consultation.</p>		

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### 2.3 Contribution to Economic Development

*Section 48 (2) (c) the expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in the proximity and, if appropriate, how the project should be established in a way that ensures fair competition in the marketplace;*

Elements	Relevant Documents	Prudential Review Comments
<b>Contribution to economic development</b>	REMPAN report	CoM has prepared a REMPLAN Economic Impact report to estimate the expected impact the construction phase of the Project will have on economic activity and jobs. This assessment has identified a total economic impact of \$10.78 million and the creation of 31 jobs.  Work has not been undertaken to quantify the expected ongoing economic contribution of the Stage 1 redevelopment although given the community nature of the facilities it is not likely to generate significant ongoing economic activity.
<b>Impact on businesses in the proximity</b>	None	Given the location and primary recreational nature of the Project we do not expect that there will be any significant impacts on businesses in the proximity.
<b>Fair competition</b>	None	The principles of Fair Competition are not relevant to the Project.  The only commercial aspect of the Project is the replacement of a small-scale canteen to service participants and spectators at the netball facility. This facility is to be managed by the netball club and not by council.  If any of the future activities are commercial in nature and compete with private sector businesses, CoM should ensure that the principles of fair competition are understood and applied in setting prices.
<b>Findings:</b> Requirements of Section 48 (2) (c) <b>have been met.</b> CoM has quantified the expected economic impact from the construction phase of the Project on the local and national economy using the REMPLAN Economic Impact Model. This assessment has identified a total economic impact of \$10.78 million and the creation of 31 jobs. The ongoing economic impact of the Project has not been quantified but given the nature of the asset, is not expected to be significant. We do not expect that businesses in the proximity will be materially negatively impacted by progression of the Project during construction. There is no proposal for CoM to operate the Project assets therefore the issues relating to Fair Competition are not relevant.		

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## 2.4 Level of Consultation

*Section 48 (2) (d) the level of consultation with the local community, including contact with persons who may be affected by the project and the representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes;*

Elements	Relevant Documents	Prudential Review Comments
<b>Level of consultation</b>	CoM Public Consultation Policy (last updated May 2019) CoM Public Consultation Procedure (last updated May 2019) CSCC Community Engagement Final Report – October 2020 Local Government Act 1999	In accordance with the objects of the Policy, CoM has exercised its discretion under Part 3 of the Public Consultation Procedure to seek community feedback on the redevelopment of the CSCC.  There is no prescribed manner in which discretionary consultation must be undertaken. The consultation processes undertaken for this Project have been advertised through the CoM website, distribution of leaflets to local residents, leaflets at local shops, social media and local radio.  A 46-day community consultation process was undertaken in August – September 2020 to seek the views of local residents and sports organisations on future use of the CSCC site. This consultation process related to the use of the site as a whole, and not specifically to the elements of the Stage 1 Project. The outcomes of this consultation have been considered by Council in determining the concept designs for the Project.  A community consultation process on the concept designs for the Stage 1 redevelopment was open for a 25-day period from 7-31 March 2022. An appropriate report on the outcomes of this consultation was presented to Council on 12 April. There is evidence of community support for the Stage 1 concept designs with 63% of respondents being either very satisfied or satisfied with the Stage 1 plans.
<b>Level of community influence to the Project</b>	CSCC Community Engagement Final Report – October 2020  Project Business Case  CSCC Stage 1 Concept Design Final Report – April 2022	The 'consult' methods used to date have presented the community with information and sought feedback on their views and preferences for the broader redevelopment of the CSCC. Feedback from the community and stakeholders has influenced key elements of the Stage 1 concept design such as the inclusion of additional car parking, improved traffic flows, improved amenity for netball spectators and a flexible playing space that can accommodate a broader range of field sports and outdoor recreation opportunities.  CoM has advised that the internal engineering department is further reviewing the vehicle access issues raised by some community members during the consultation process.

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Elements	Relevant Documents	Prudential Review Comments
		<p>We note that community consultation undertaken in 2020 revealed a level of community support for lawn bowls to be accommodated within a redeveloped CSCC. As per the Council resolution of January 2021, a district level lawn bowls facility was considered as part of the Feasibility Study. A needs assessment prepared by Treadwell Management found that upgrading existing lawn bowls facilities within the Southern Adelaide Region would be more strategically aligned than the development of new facilities at the CSCC.</p> <p><b>Findings:</b> Requirements of Section 48 (2) (d) <b>have been met.</b> The consultation processes undertaken have been in accordance with the CoM Public Consultation Policy, which commits to appropriate levels of community engagement before making significant decisions.</p>

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## 2.5 Revenue, Revenue Projections and Potential Financial Risks

*Section 48 (2) (e) if the project is intended to produce revenue, revenue projections and potential financial risks"*

Elements	Relevant Documents	Prudential Review Comments
<b>Revenue projections</b>	None	<p>Post redevelopment, revenue from Clubs would continue to be determined in accordance with the CoM Leasing and Licencing of Council Owned Facilities Policy.</p> <p>Administration has estimated annual revenue from the netball facility is proposed to increase from \$840 to \$1400 (based on 1.5% of the building cost and with the Licencing Policy discounts applied), which is not a material change in the context of the Project.</p> <p>Detailed revenue projections for the multi-purpose playing field have not been prepared, but as with the netball facility, a material change in recurrent revenue would not be expected.</p> <p>A pricing structure will need to be adopted for casual hire of the new multi-purpose sporting ground.</p> <p>It is expected that loss of nominal revenue from the BMX and soccer clubs would be offset by new licencing arrangements with the Cove Football Club and Cove Cricket Club and new revenue opportunities through hire fees for other user groups.</p> <p>CoM is currently seeking a \$2.5 million contribution from the State Government to the capital cost of the Project. Any grant funding received will be recognised as revenue in accordance with Australian Accounting Standards.</p>
<b>Potential financial risks</b>	Project Risk Register	<p>A Risk Register for the Project has been prepared which details controls and treatment plans for a number of identified financial risks. The internal project governance and oversight frameworks in place to manage potential financial risks, should the Project go ahead, appear to be reasonable.</p> <p>A significant financial risk for CoM is the assumption that up to 50% of the capital costs will be funded by a third party. We note that advanced discussions with the Office of Recreation, Sport and Racing are occurring in relation to a \$2.5 million funding commitment made by the current government during the 2022 State Election campaign. However, a grant agreement has yet to be signed. This risk is captured in the Project Risk Register.</p> <p>The construction sector is currently in high demand and there is a shortage of supply of labour and key building materials including timber and steel, which is placing rising pressure on capital cost budgets. Provisions for cost escalations and contingencies of 17% of the estimated construction cost has been built into Project costings. As cost overruns carry a higher than usual residual risk rating in the current market, the 'Medium' residual rating applied to this risk in the Project Risk Register is appropriate.</p>

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**Findings:**

Requirements of Section 48 (2) (e) **have been met.**

Detailed financial operating forecasts for the Project which confirm both the expected future revenue and expenses required to run the Stage 1 elements of the CSCC redevelopment should be finalised when the timing, amount and any conditions of State Government grant funding is resolved. These confirmed impacts should be included in future iterations of the CoM budgets and LTFP.

The Project Risk Register identifies a number of potential financial risks and appropriate controls to mitigate against CoM's risk exposure at this stage of the Project lifecycle.

If CoM is successful in securing external grant funding for the Project, the Risk Register may need to be updated to reflect any potential financial risks of any grant conditions not being met.

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## 2.6 Recurrent and Whole of Life Costs and Financial Arrangements

*Section 48 (2) (f) the recurrent and whole-of-life costs associated with the project including any costs arising out of proposed financial arrangements;*

Elements	Relevant Documents	Prudential Review Comments
<b>Recurrent costs</b>	Project Business Plan	<p>Recurrent costs for the Project include maintenance, repairs, depreciation and finance costs of the netball facility, playing courts, multi-purpose playing field, carparks and landscaped areas.</p> <p>Any increases in operating costs would be partially offset by the recovery of utility costs from Clubs under the Licensing Policy, but this level of recovery is yet to be quantified.</p> <p>An increase in recurrent operating costs due to the increased value of the assets resulting from the Stage 1 Project would be further offset by the proposed transfer of responsibility for the management of the Clubhouse facility from Council to the Cove Football Club and Cove Soccer Club (proposed to occur in June 2022). Administration estimates that facilities management costs would reduce by an estimated \$125,000 per annum. Forecast savings have been based on CoM's 2020-21 costs for staff, cleaning, utilities, security and non-structural maintenance, which are responsibilities that would transfer to the Clubs under a licencing agreement.</p> <p>It is proposed that CoM's \$3.24 million contribution to the Project will be funded through a 10 year Principal and Interest loan from the LGFA. Based on the current LGFA interest rate of 3.65% (which is subject to change) the annual cost of servicing this loan would be \$0.389 million over the 10 years of the loan.</p> <p>The impact of any write down of the remaining book value of the structures to be demolished will also need to be quantified.</p>
<b>Whole of life costs</b>	Project Business Plan	<p>CoM Administration has advised that the expected depreciation and finance costs for the Project have been incorporated within the latest iteration of the LTFP.</p> <p>Whole of life costs for the Project will need to be further reviewed once financial arrangements and operating model for the Project have been confirmed.</p> <p>An ESD report has been prepared which demonstrates that lifecycle costs have been considered in the concept design with materials selection to improve energy efficiency and minimise maintenance and renewal costs.</p>
<b>Financial arrangements</b>	None	<p>The proposed financial arrangements assume that the upfront capital for the Project will be partially funded by a yet to be agreed State Government grant of \$2.5 million, with the balance of \$3.24 million funded by Council through borrowings.</p>

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		CoM Administration has advised that these assumed arrangements have been incorporated within the latest iteration of the CoM LTFP but will require review once the financial arrangements and operating model for the Project are confirmed.
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**Findings:**

Requirements of Section 48 (2) (f) **are yet to be met.**

Financial arrangements for the Project are yet to be confirmed, therefore the recurrent and whole of life cost estimates associated with progressing the Project will require further review.. While we do not anticipate any significant change to recurrent revenue, whole of life costs should be updated once the operating model for the multi-purpose playing field and the sporting club buildings has been settled.

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## 2.7 Financial Viability

*Section 48 (2) (g) the financial viability of the project, and the short and longer term estimated net effect of the project on the financial position of the council;*

Elements	Relevant Documents	Prudential Review Comments
<b>Financial viability</b>	Project Business Case	<p>The Business Case prepared by CoM Administration demonstrates that funding 50% of Stages 1 and 2 CSCC redevelopment (\$7.595 million) through borrowings can be achieved within the financial performance targets outlined in the CoM Long Term Financial Plan.</p> <p>Based on the CoM Licensing Policy, revenue generated by the CSCC facilities will not be sufficient to meet the projected operating costs and financial obligations and, like most community facilities, will require a council subsidy. The Business Case estimates that rate increases between 0.1 – 0.5% above the current LTFP rate indexation projections would be required to service the increased borrowings and operating costs for the Stage 1 and 2 CSCC project. We note that the cost of Stage 1 is estimated at 33% of the total CSCC redevelopment.</p>
<p><b>Findings:</b></p> <p>Requirements of Section 48 (2) (g) <b>have been met.</b></p> <p>The analysis that has been undertaken by CoM for Stages 1 and 2 of the CSCC redevelopment demonstrates that the Project can be funded within the financial performance targets outlined in the CoM Long Term Financial Plan. However, further analysis of financial viability should be undertaken once financial arrangements have been confirmed.</p> <p>Most community facilities require a council subsidy to operate. It is assumed that this subsidy will be funded by rates and modest rate increases above the current LTFP projections will be required.</p> <p>As this is one of several strategic projects identified by CoM that are dependent on attracting third party funding, the costs of funding both the upfront capital and the ongoing operating costs should be weighed against the costs and benefits of progressing other strategic projects identified in the CoM Business Plan.</p>		

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## 2.8 Risk Management

*Section 48 (2) (h) any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks (including by the provision of periodic reports to the chief executive officer and to the council);"*

Elements	Relevant Documents	Prudential Review Comments
<b>Risk assessment</b>	Risk Management Policy (last updated February 2020) Risk Management Framework Project Risk Register	In accordance with the CoM Risk Management Policy and Risk Management Framework, a detailed Project Risk Register has been prepared. Residual Risks have been assessed as either 'Low' or 'Medium' and sit within the acceptable risk tolerances adopted in the Policy.  In our assessment, this Project has a typical risk profile for the design and construction of community facilities. Key Project risks include: <ul style="list-style-type: none"> <li>• The Project does not proceed due to lack of funding creating reputational and political risk for Council.</li> <li>• Council's contribution to the Project is greater than anticipated due to no or reduced external funding (noting the Council would still retain the decision about whether to proceed in this circumstance).</li> <li>• Cost overruns and project delays, particularly given the current construction market and disruption to the supply of labour and materials.</li> <li>• One of more of the Clubs ceases to operate, diminishing demand for the CSCC facilities.</li> </ul>
<b>Risk mitigation</b>	Risk Management Policy (last updated February 2020) Project Risk Register	While the Project Risk Register demonstrates that the Project carries a relatively low level of residual risk, CoM should ensure that the mitigation strategies identified for the risks associated with the Project are implemented and progressively updated as the Project progresses.  The Project Risk Register should be comprehensively reviewed once a construction contractor has been appointed. Prior to the commencement of construction, appropriate reporting protocols should be established in accordance with the Risk Management Framework.
<b>Findings:</b> Requirements of Section 48 (2) (h) <b>have been met.</b> The Project Risk Register captures the majority of key project risks at this stage of the Project lifecycle and the existing and proposed controls appear to be satisfactory.		

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The effectiveness of the controls for risks with a residual rating of 'Medium' should be kept under review in accordance with the Risk Management Framework.

Regular updates to the risk register should be undertaken as the project moves through the design, construction and commissioning phases.

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## 2.9 Project Delivery

*Section 48 (2) (i) the most appropriate mechanisms or arrangements for carrying out the project;*

Elements	Relevant Documents	Prudential Review Comments
<b>Project Delivery</b>	Procurement Policy Procurement Plan Project Risk Register	<p>A detailed Procurement Plan for the Project has been prepared which details:</p> <ul style="list-style-type: none"> <li>assumptions, constraints and risks</li> <li>project deliverables</li> <li>timelines and milestones</li> <li>the proposed market approach for project management and design services</li> <li>the proposed market approach for construction and furniture, fittings and equipment.</li> </ul> <p>The project timelines for project documentation (5 months), tendering (4 months), construction (9 months), and commissioning (1 month) are considered reasonable for a project of this scale.</p> <p>The Procurement Plan appropriately includes various hold points to enable Council to make decisions about the future progress of the Project based on prudential management and funding commitment. The decision-making timeframe will need to take into account the Caretaker Period that will apply prior to the 2022 Council Elections to be held in November.</p> <p>The open call for Expressions of Interest for construction services followed by a select invitation to Tender is consistent with CoM's adopted procurement principles.</p> <p>Details of project governance and ongoing risk management are provided within the Project Risk Register.</p> <p>We note that a Transition Plan is to be develop in consultation with the various Clubs and user groups, with temporary accommodation and other business continuity arrangements to be put in place during the construction phase to minimise disruption to the Clubs using the CSCC facilities. CoM needs to ensure that adequate provision is made in the Project budget for these transition arrangements.</p>
<p><b>Findings:</b></p> <p>Requirements of Section 48 (2) (i) <b>have been met.</b></p> <p>A Procurement Plan has been prepared in accordance with the CoM Procurement Policy.</p> <p>It is demonstrated that adequate consideration has been given to the appropriate mechanisms and arrangements to carry out the Project.</p>		

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## 2.10 Sale or Disposition of Land

*Section 48 (2) (j) if the project involves the sale or disposition of land, the valuation of the land by a qualified valuer under the Land Valuers Act 1994;”*

Elements	Relevant Documents	Prudential Review Comments
Valuation of land	None	The Project does not involve the sale or disposition of land.
<b>Findings:</b> Requirements of Section 48 (2) (j) are not applicable to this Project.		

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## ATTACHMENT ONE: LOCAL GOVERNMENT ACT, 1999 SECTION 48

### Section 48 – Prudential requirements for certain activities

- (aa1) A council must develop and maintain prudential management policies, practices and procedures for the assessment of projects to ensure that the council—
  - (a) acts with due care, diligence and foresight; and
  - (b) identifies and manages risks associated with a project; and
  - (c) makes informed decisions; and
  - (d) is accountable for the use of council and other public resources.
- (a1) The prudential management policies, practices and procedures developed by the council for the purposes of subsection (aa1) must be consistent with any regulations made for the purposes of this section.
- (1) Without limiting subsection (aa1), a council must obtain and consider a report that addresses the prudential issues set out in subsection (2) before the council—
  - (b) engages in any project (whether commercial or otherwise and including through a subsidiary or participation in a joint venture, trust, partnership or other similar body)—
    - (i) where the expected operating expenses calculated on an accrual basis of the council over the ensuing five years is likely to exceed 20 per cent of the council's average annual operating expenses over the previous five financial years (as shown in the council's financial statements); or
    - (ii) where the expected capital cost of the project over the ensuing five years is likely to exceed \$4 000 000 (indexed); or
    - (iii) where the council considers that it is necessary or appropriate.
- (2) The following are prudential issues for the purposes of subsection (1):
  - (a) the relationship between the project and relevant strategic management plans;
  - (b) the objectives of the Development Plan in the area where the project is to occur;
  - (c) the expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in the proximity and, if appropriate, how the project should be established in a way that ensures fair competition in the market place;
  - (d) the level of consultation with the local community, including contact with persons who may be affected by the project and the representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes;
  - (e) if the project is intended to produce revenue, revenue projections and potential financial risks;
  - (f) the recurrent and whole-of-life costs associated with the project including any costs arising out of proposed financial arrangements;
  - (g) the financial viability of the project, and the short and longer term estimated net effect of the project on the financial position of the council;
  - (h) any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks (including by the provision of periodic reports to the chief executive officer and to the council);
  - (i) the most appropriate mechanisms or arrangements for carrying out the project;
  - (j) if the project involves the sale or disposition of land, the valuation of the land by a qualified valuer under the Land Valuers Act 1994.
- (2a) The fact that a project is to be undertaken in stages does not limit the operation of subsection (1)(b) in relation to the project as a whole.
- (3) A report is not required under subsection (1) in relation to—
  - (a) road construction or maintenance; or

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- (b) drainage works.
- (4) A report under subsection (1) must be prepared by a person whom the council reasonably believes to be qualified to address the prudential issues set out in subsection (2).
- (4a) A report under subsection (1) must not be prepared by a person who has an interest in the relevant project (but may be prepared by a person who is an employee of the council).
- (4b) A council must give reasonable consideration to a report under subsection (1) (and must not delegate the requirement to do so under this subsection).
- (5) A report under subsection (1) must be available for public inspection at the principal office of the council once the council has made a decision on the relevant project (and may be available at an earlier time unless the council orders that the report be kept confidential until that time).
- (6) However, a council may take steps to prevent the disclosure of specific information in order to protect its commercial value or to avoid disclosing the financial affairs of a person (other than the council).
- (6a) For the purposes of subsection (4a), a person has an interest in a project if the person, or a person with whom the person is closely associated, would receive or have a reasonable expectation of receiving a direct or indirect pecuniary benefit or a non-pecuniary benefit or suffer or have a reasonable expectation of suffering a direct or indirect detriment or a non-pecuniary detriment if the project were to proceed.
- (6b) A person is closely associated with another person (the relevant person)—
  - (a) if that person is a body corporate of which the relevant person is a director or a member of the governing body; or
  - (b) if that person is a proprietary company in which the relevant person is a shareholder; or
  - (c) if that person is a beneficiary under a trust or an object of a discretionary trust of which the relevant person is a trustee; or
  - (d) if that person is a partner of the relevant person; or
  - (e) if that person is the employer or an employee of the relevant person; or
  - (f) if that person is a person from whom the relevant person has received or might reasonably be expected to receive a fee, commission or other reward for providing professional or other services; or
  - (g) if that person is a relative of the relevant person.
- (6c) However, a person, or a person closely associated with another person, will not be regarded as having an interest in a matter—
  - (a) by virtue only of the fact that the person—
    - (i) is a ratepayer, elector or resident in the area of the council; or
    - (ii) is a member of a non-profit association, other than where the person is a member of the governing body of the association or organisation; or
  - (b) in a prescribed circumstance.
- (6d) In this section, \$4 000 000 (indexed) means that that amount is to be adjusted for the purposes of this section on 1 January of each year, starting on 1 January 2011, by multiplying the amount by a proportion obtained by dividing the CPI for the September quarter of the immediately preceding year by the CPI for the September quarter, 2009.
- (6e) In this section—
 

**employee** of a council includes a person working for the council on a temporary basis;

**non-profit association** means a body (whether corporate or unincorporate)—

  - (a) that does not have as its principal object or 1 of its principal objects the carrying on of a trade or the making of a profit; and
  - (b) that is so constituted that its profits (if any) must be applied towards the purposes for which it is established and may not be distributed to its members.

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- (7) The provisions of this section extend to subsidiaries as if a subsidiary were a council subject to any modifications, exclusions or additions prescribed by the regulations.

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## 6.5 Corporate Risk Review Report Q3 2021/22

<b>Report Reference</b>	FRAC220517R6.5
<b>Originating Officer</b>	Risk Business Partner – Tania Del Torre
<b>Corporate Manager</b>	Manager Office of the CEO - Kate McKenzie
<b>General Manager</b>	Chief Executive Officer - Tony Harrison

### REPORT HISTORY

The Corporate Risk Review is undertaken quarterly by the Senior Leadership Team as outlined in the Risk Management Policy and the outcomes of which are reported to the Council, via the Finance, Risk and Audit Committee (FRAC).

<b>Report Reference</b>	<b>Report Title</b>
FRAC211214R6.6	Corporate Risk Quarterly Report Q3 2021/22

### REPORT OBJECTIVE

The purpose of this report is to provide the FRAC with the outcomes of Quarter 3 (January to March) 2022 Corporate Risk Review as reviewed by the Executive Leadership Team at their meeting held on 21 April 2022.

### EXECUTIVE SUMMARY

The Corporate Risk Register was distributed to the Senior Leadership Team (SLT) to undertake a review of risks relevant to their portfolio for this reporting period. SLT, as the primary risk owners, reviewed and updated their risks. Supported reviews, facilitated by the Risk Business Partner, were undertaken in Customer Experience, City Property, Finance Digital Transformation Project Team, Office of the CEO, Strategic Procurement, and the Engineering, Assets and Environment teams.

During the supported reviews there was an evaluation of the environmental scan undertaken, scrutiny was placed on current controls, the status of actions was updated with due dates being reviewed and, where appropriate, completed actions were listed as controls. Risks were also reassessed, in terms of likelihood and consequence ratings were re-evaluated.

Feedback from the February 2022 FRAC meeting was considered in relation to the following risk GOV10, *'Inability to prevent, prepare, respond to and promote resilience in the community in the event of an emergency i.e. pandemic (human disease), earthquake, flood, extreme heat, bushfire, and terrorism.'* The feedback from FRAC was considered by the Executive Leadership Team (ELT) at its April 2022 meeting and resulted in the re-rating of the risk from High to Medium for the quarter.

The result of these reviews in the total number of risks remains static at 103. The current risk rating is 6 high, 67 medium and 30 low as outlined in **Attachment 1**.

The rationale for the management of High Risks is outlined in **Attachment 2** and High-Risk Plans-on-a-Page have been developed for all 6 current High risks to provide greater detail and oversight. These are included in **Attachment 3**.

### CONCLUSION

The quarterly risk review process, culminating in an updated Corporate Risk Register and High-Risk Plans-on-a-page, provides assurance to Council, the organisation, and its stakeholders of an integrated approach to the identification, management and ongoing monitoring of risk and opportunities.

## **RECOMMENDATION**

**That the Finance, Risk and Audit Committee:**

- **Notes the report.**

## **ATTACHMENTS**

1. Corporate Risk Quarterly Review Report Q3 2021 22 A 1 [6.5.1 - 3 pages]
2. Corporate Risk Quarterly Review Report Q3 2021 22 A 2 [6.5.2 - 1 page]
3. Plans on a Page for HIGH Risks Q 3 [6.5.3 - 6 pages]

## Corporate Risk Quarterly Review Report Q3 2021-22 Attachment 1

## RISK REGISTER ANALYSIS

The quarter 3 2021/22 review of the Corporate Risk Register resulted in a total of 103 risks identified. The current risk ratings are: 6 high, 67 medium and 30 low outlined in **Table 1** which also illustrates the movement in our risk exposure over the previous 12 months.

Table 1: Risk movement over previous 12 months

Period:	Qtr 4: Apr to Jun 2021			Qtr 1: Jul to Sep 2021			Qtr 2: Oct to Dec 2021			Qtr 3: Jan to Mar 2022			Overall Impact*
Corporate Risk	I	C	F	I	C	F	I	C	F	I	C	F	
Extreme	28	0	0	28	0	0	28	0	0	28	0	0	
High	65	6	0	63	6	0	63	7	0	62	6	0	
Medium	11	70	62	11	67	60	12	66	60	13	67	61	
Low	0	28	42	0	29	42	0	30	43	0	30	42	
Total	104	104	104	102	102	102	103	103	103	103	103	103	
Current High Risk %	6%			6%			7%			6%			

\*Key: I = Inherent, C = Current, F = Forecast \*Overall movement of current Risk Rating

This report, provides further details on the outcomes of the quarterly review including;

- Changes to the risks reported in the Corporate Risk Register
- Ongoing and emerging risk / opportunity issues (currently not identified on the register)

## CHANGES TO THE RISKS REPORTED IN THE CORPORATE RISK REGISTER

During the supported reviews, scrutiny was placed on current controls, updating actions, and action due dates. This has resulted in likelihood and consequence rating being re-evaluated affecting current risk ratings for 1 risk which is outlined in **Table 2**.

Four risks have been re-assigned. Three risks changed ownership from Office of the Chief Executive Officer (CEO) to People and Culture (P&C) due to the realignment of Work Health & Safety (WH&S) team in 2021. One risk assigned from the former Performance & Innovation team to the Digital Transformation Program (DTP). All changes are outlined in **Table 3**.

## Re-rated Risks

GOV10, outlined in Table 2, was reviewed and re-rated due to the Covid restrictions being eased across South Australia and the impact going forward will be managing staff absent due to direct sickness close contact/caring for family members. It is anticipated that close contact restrictions will also be eased early May. Given this the consequence rating re-evaluated from Major to Moderate rerating the current risk status from High to Medium.

Table 2: Risks Re-Rated During Reporting Period

Risk Ref	Work area	Risk Description	Inherent Rating	Current Rating	Forecast Rating	Comment	Risk Rating Movement
GOV10	Office of the CEO	Inability to prevent, prepare, respond to, and promote resilience in the community in the event of an emergency i.e., pandemic (human disease), earthquake, flood, extreme heat, bushfire, and terrorism.'	High	Medium	Low	Covid restrictions have eased across the South Australia. COVID impacts going forward will be managing staff absent due to direct sickness or close contact/caring for family member. <b>Consequence</b> Major/Moderate <b>Likelihood</b> Possible (No change) <b>Current risk rating</b> High to Medium	↓



## New Risk

There were no new risks identified this reporting period.

## Re-assigned Risk

**Table3: Risks Re-assigned During Reporting Period**

Risk Ref	Work Area	Risk Description	Inherent Risk Rating	Current Risk Rating	Forecast Risk Rating	Comment	Risk Rating
GOV09 to PCU09	P&C	Inability to evacuate people safely from its buildings	Extreme	Medium	Medium	Change of ownership as WH&S has been aligned to P&C	↔
GOV08 to PCU08	P&C	Provision of an unsafe workplace i.e., not in accordance with statutory and legislative requirement	Extreme	Medium	Medium	Change of ownership as WH&S has been aligned to P&C	↔
GOV06 to PCU10	P&C	Officers not effectively discharging their Due Diligence obligations under the WH&S Act	Extreme	Medium	Medium	Change of ownership as WH&S has been aligned to P&C	↔
INN01 to DTP04 DTP	DTP	Failure to innovate to meet the changing needs of the City of Marion residents	High	Medium	Low	Change of ownership as Performance & Innovation Business Unit no longer exists and risk has been aligned to DTP.	↔

## ONGOING & EMERGING RISK / OPPORTUNITY ISSUES

This quarter, several emerging risks were included in the Framework and Key Assumptions as part of the Draft Annual Business Plan 2022-2023.

The environmental scan is reviewed quarterly as part of the risk review process to identify any further emerging risks/opportunities. An environmental scan is also completed as part of the Annual Business Planning process to identify and analyse critical issues and opportunities through the application of the PESTLER framework (Political, Economic, Social, Technological, Environmental, Legal and Relationships).

The findings may have the potential to impact on council's project and program delivery, business-as-usual activity, and reputational risk in the sector.

### Enterprise Bargaining Agreement:

The Enterprise Bargaining negotiation for administration staff is progressing and an agreement is expected by 30 June 2022. Negotiations are commencing regarding salary increases and additional leave requirements to be added to the agreement.

### Business continuity related to COVID-19:

Potential impacts to service delivery due to increased absenteeism because of COVID-19 transmission throughout the community. Some services are at risk of short-term closure. Staff are

working from home where possible to do so. On-going administrative, monitoring, and reporting impacts are yet to be fully understood as COVID-19 is becoming more 'Business as Usual' as Government direction eases restrictions.

**Construction sector:**

Supply chain pressures and high demand in the sector may impact on increased costs and delivery time frames on projects. Rising inflation and increasing costs of service delivery: Inflation rose to 3.5% in the December 2021 quarter (a 0.5% increase from the previous quarter). Delivering major projects in periods of rising inflation will require additional investment by council to deliver (for projects that have not commenced the tender process). Other rising costs felt by council include petrol due to the crisis in Ukraine which has had a flow-on impact on oil prices globally. The Federal Government has provided a reduction in the fuel excise tax to alleviate pressures.

**Interest Rate Increase:**

Forecast that interest rates will increase within the next two/three months and coupled with the increase CPI of 5.1% rise over the last 12 months this is anticipated to bring additional financial stress to the residents/community.

**Upcoming elections:**

The recent State Government elections resulted in a change in government and several funding pledges to support strategic projects. Engagement has commenced with the new Labor State Government to progress conversations and to await Federal election outcomes as some pledges are contingent on both Labor winning elections at a State and Federal level. The Liberal party face change with David Spiers MP now appointed as the leader of the party.

**Cyber security:**

There is an increased risk of cyber-attacks since Russia's invasion of Ukraine. Concerns Australia's sanctions on Russia could make Australia a high target.

**North-South Corridor:**

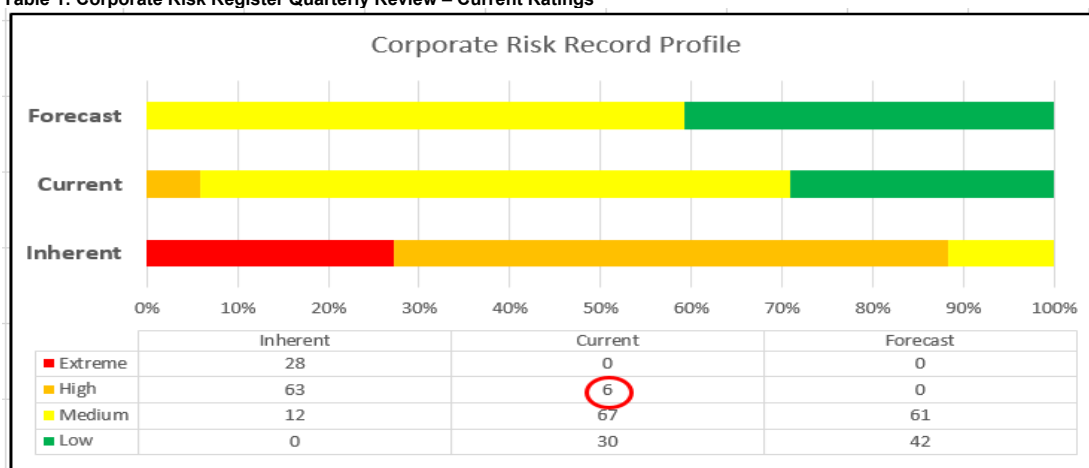
Council's strategic risk 'Inability to attract and retain businesses, supported by innovation hubs, which build a thriving economy and promote economic resilience' may be impacted in the short term due to businesses moving out of the city. The State Government is working with businesses impacted by the North-South Corridor to assist in relocation. The Tonsley Hotel, a key 'anchor' hospitality business that attracts patrons from outside of the City of Marion is vacating the City of Marion council area and will construct a multi-million-dollar hotel at Panorama. An opportunity remains to engage with the Department of Infrastructure and Transport to understand the ongoing business support and investment attraction related to the delivery of the project and to advocate the opportunities for the area.

## MANAGEMENT OF HIGH RISKS

There are six risks currently assessed as outside the CoM's adopted risk appetite, as outlined in **Table 1**. Although the Risk Appetite outlined in the Risk Management Framework outlines varying tolerance levels for specific risk criteria, the reporting structure requires that risks with a current risk rating of extreme or high are to be reported to the ELT and subsequently, to Council via the Finance and Audit Committee.

During the quarterly review one High risk was re-rated to Medium and a several actions required due dates to be revised due to staff vacancies which have now been recruited.

Table 1: Corporate Risk Register Quarterly Review – Current Ratings






An excerpt of the Corporate Risk Register, outlining the six high-rated risks is provided in **Table 2**, which shows the movement in the current risk rating from last reporting period.

Table 2: Risks Currently Rated as High (or above)




Risk Ref	Risk Description	Inherent Risk Rating	Current Risk Rating	Qtr Mvmnt
CDO01	Poor data quality and information governance not supporting informed decision making	Extreme	High	↔
DTP01	Decentralised, unsupported, and unintegrated ICT systems to support current and future needs	High	High	↔
ESU03	Failure to understand, plan and act to respond to the projected impacts of climate change.	Extreme	High	↔
FIN06	Ineffective & inefficient organisational project and portfolio management/ monitoring to deliver strategic objectives and outcomes	High	High	↔
LPR02	Injury or harm/damage arising out of a failure of CoM contractors to comply with contract conditions and CoM HSE requirements	High	High	↔
CON04	Supply chain issues creating an inability to complete projects on time and within allocated budget	High	High	↑

Further detail on the mitigating actions identified by the risk owners, targeted to reduce the risk to within tolerance levels is outlined in the High Risk Plans-on-a-Page. These are developed in collaboration with the each of the risk owners, to provide greater detail and context for High rated risks and are validated and monitored by ELT each quarter. The High Risk Plans-on-a-Page are presented for discussion in Attachment 3.




## Corporate Risk Quarterly Review Report 2021-22 Attachment 3

<b>RISK ID</b>	<b>CDO01</b>			
<b>DATE LAST REVIEWED</b>	26/04/2022			
<b>ELT</b>	Corporate Services			
<b>SLT</b>	Business Intelligence Lead	<b>INHERENT Risk Rating</b>	<b>CURRENT Risk Rating</b>	<b>TARGET Risk Rating</b>
<b>Risk Description</b>				
Poor data quality and information governance not supporting informed decision making.				
<b>Risk Statement</b>				
There is a risk that poor quality and access to data within CoM systems doesn't allow for data driven decision making.				
<b>Link to Strategic Plan</b>	Council of Excellence			
<b>Link to Business Plan</b>	Digital Transformation Project			
<b>Context/Background and Environmental considerations</b>				
Due to the limited functions of the business systems, the business has needed to make manual work arounds, this can lead to data entry errors, this can contribute to long processes for information gathering and decision making.				
<b>Stakeholders</b>		<b>Consultation</b>		
Council, ELT, SLT and SMEs wishing to use data to support decision making.		Digital Transformation Program		
<b>Risk source - Causes/Drivers</b>				
<ul style="list-style-type: none"> <li>- Ineffective implementation of the DT program</li> <li>- IT platform and operating systems no longer pertinent, potentially unfit for Business over the long term</li> <li>- Lack of strategic planning &amp; investment in Business systems as Information Management assets</li> <li>- Lack of timely engagement with IT</li> <li>- Business units implement their own technology solutions</li> <li>- Lack of common IT architecture</li> <li>- Shortage of IT resources</li> </ul>				
<b>Potential Consequences</b>				
<ul style="list-style-type: none"> <li>- Non compliance with related regulations/ legislation</li> <li>- Inability to measure outputs and outcomes, resulting in unsupported decision making</li> <li>- Inability to address business issues through data analysis</li> <li>- Decreasing value of data assets</li> <li>- Perpetual increase in data quality concerns</li> <li>- Manual effort required for reporting processes</li> <li>- Unable to provide adequate data to elected members</li> </ul>				
<b>Implemented Controls</b>		<b>Endorsed/last reviewed Date</b>	<b>Review Date</b>	<b>Responsible Officer</b>
1	DTP ELT Meetings (ICT steering committee)	Aug-21	Dec-23	GM Corp Serv
2	Vendor management reviews of software enhancements/faults	Jan-21	ongoing	Snr DTP IT Mgr
3	Software owner roles & responsibilities documented (org wide vs departmental)	ongoing	Jun-22	Snr DTP IT Mgr
<b>Planned Treatment</b>		<b>Status</b>	<b>Due Date</b>	<b>Responsible Officer</b>
1	Implementation of ICT Service Review recommendations	Complete	31/12/2021	GM Corp Serv
2	Implementation of ICT Internal Audit recommendations	Complete	31/12/2021	GM Corp Serv
3	Cross Council collaboration (peer review of initiatives)	On schedule	30/12/2022	Snr DTP IT Mgr
4	DTP - COM9 data analytics	On schedule	30/06/2022	BI Lead
5	Seek endorsement of Data & Analytics strategy	Complete	18/02/2022	GM Corp Serv
6	Seek endorsement of Data Governance Framework	Behind schedule	30/06/2022	Manager OCE
7	Implement and oversee the strategy and framework	Plan & Scoping	30/06/2022	BI Lead
<b>Rationale for Controls "Overdue for Review" &amp; Treatments "Behind Schedule" or reported "Complete"</b>				
<p><b>PT1.</b> New Governance &amp; Security Officer commenced in October and is working through as a priority drafted and due for completion in February</p> <p><b>PT2.</b> New Governance &amp; Security Officer commenced in October and is working through as a priority drafted and due for completion in February</p> <p><b>PT5.</b> D&amp;A Strategy still being worked through and tweaked as per ELT feedback before formal endorsement - completed</p> <p><b>PT6.</b> Data Governance Framework still to be developed. Data &amp; Analytics schedules and due dates are shifting regularly while the project finds it's feet with strategy sign off, it is hoped this is resolved soon.</p>				

## Corporate Risk Quarterly Review Report 2021-22 Attachment 3




RISK ID	DTP01				
DATE LAST REVIEWED	26/04/2022				
ELT	Corporate Services				
SLT	Manager IT Operations • Information Services				
		INHERENT Risk Rating	CURRENT Risk Rating	TARGET Risk Rating	
Risk Description					
Decentralised, unsupported and unintegrated ICT systems to support current and future needs.					
Risk Statement					
There is a risk that having decentralised IT systems that are not fit for purpose through the lack of strategic planning for IT will cause unstable systems or failures, inefficiencies, and not allow progression of key business developments resulting in poor customer experience, frustrated staff.					
Link to Strategic Plan	Engaged				
Link to Business Plan	Digital Transformation Program				
Context/Background and Environmental considerations					
Old systems and old technologies used, these have caused inefficient work arounds for the systems. The planning and endorsement of the Digital Transformation Project has taken time to scope and present for endorsement from Council. Budget endorsement from Council was needed. The restructure of the organisation has moved the ownership of addressing these risks to the DTP.					
Stakeholders		Consultation			
All data users within the business		ELT, SLT & work areas via meetings			
Risk source - Causes/Drivers					
<ul style="list-style-type: none"><li>- Ineffective implementation of the DT program</li><li>- IT platform and operating systems no longer pertinent, potentially unfit for Business over the long term</li><li>- Lack of strategic planning &amp; investment in Business systems as Information Management assets</li><li>- Lack of timely engagement with IT</li><li>- Business units implement their own technology solutions</li><li>- Lack of common IT architecture</li><li>- Shortage of IT resources</li></ul>					
Potential Consequences					
<ul style="list-style-type: none"><li>- Inefficient corporate software systems</li><li>- Ineffective use of IT staff resources</li><li>- Inability to support &amp; progress key business developments</li><li>- Lack of flexibility, capacity &amp;/or capability for future options</li><li>- Poor customer experience</li><li>- Frustrated staff - low morale</li><li>- Increase turnover of staff</li><li>- Business inefficiency</li><li>- System instability &amp;/or failures</li></ul>					
Implemented Controls			Endorsed/last reviewed Date	Review Date	Responsible Officer
1	DTP ELT Meetings (ICT steering committee)		Aug-20	Dec-23	GM Corp Serv
2	DTP Communications Plan		Nov-20	Nov-22	Mgr Cust Ex
3	DTP Change Management Plan		Feb-22	Aug-22	Mgr Cust Ex
4	Digital Literacy training plan		Jan-21	Dec -22	Snr DTP IT Mgr
5	DTP team of qualified & experienced personnel inc dedicated BA and PM resources (service review undertaken)		Feb-21	June 2022	GM Corp Serv
6	DTP performance reporting to ELT & FRAC		Aug-20	Dec-23	Snr DTP IT Mgr
7	Cross Council collaboration (peer review of initiatives)		Jun-20	Jun-22	Snr DTP IT Mgr
Planned Treatment			Status	Due Date	Responsible Officer
1	Digital Transformation Project		On schedule	30/06/2023	GM Corp Serv
2	CRM system replacement		Complete	31/01/2022	Mgr Cus Exp
3	Finance system replacement		On schedule	1/07/2022	Mgr Fin
4	Asset Mgt new system		On schedule	30/12/2022	Mgr Fin
5	HR/Payroll system replacement		On schedule	30/06/2022	Mgr P&C
Rationale for Controls "Overdue for Review" & Treatments "Behind Schedule" or reported "Complete"					
PT04 - Training plan is on hold - recruiting for role. Training is occurring but not to a plan -project hasn't started yet - Project Manager to start on 26 April 2022 - due date has been extended to Dec 22					
PT5 - Resources have been recruited for the PM roles and BA to be recruited - due date extended to June 2022					

## Corporate Risk Quarterly Review Report 2021-22 Attachment 3




RISK ID	FIN06				
DATE LAST REVIEWED	26/04/2022				
ELT	Corporate Services				
SLT	Finance	INHERENT Risk Rating	CURRENT Risk Rating	TARGET Risk Rating	
Risk Description					
Ineffective & inefficient organisational project and portfolio management/monitoring to deliver strategic objectives and outcomes					
Risk Statement					
There is a risk that work areas across the organisation are managing projects and project risk through differing methodology and that projects are not easily able to be monitored by the Executive Leadership Team.					
Link to Strategic Plan	Council of Excellence				
Link to Business Plan	Digital Transformation Program				
Context/Background and Environmental considerations					
The Project Management Office was introduced a number of years ago with a Project Leader and a Project Support Officer. The team developed a Project Management Policy and Framework and implemented CAMMS project management software however, the implementation and uptake of these documents and software solution was inconsistent.					
Stakeholders		Consultation			
All data users within the business		Digital Transformation program			
Risk source - Causes/Drivers					
<ul style="list-style-type: none"><li>- inefficient set-up &amp; utilisation CAMMS system</li><li>- lack of PMO resources</li><li>- inadequate assessment of organisational PM needs</li><li>- omission of key considerations in project outline eg: risk/WHS/finance/reporting/contracts</li></ul>					
Potential Consequences					
<ul style="list-style-type: none"><li>- Failure to achieve strategic objectives</li><li>- Poor business/project planning-. Inability to effectively delivery of projects</li><li>- Inappropriate use of resources</li><li>- Inadequate staff levels for projects</li><li>- Community dissatisfaction</li><li>- Reputation damage</li></ul>					
Implemented Controls			Endorsed/last reviewd Date	Review Date	Responsible Officer
1	Prudential Management Policy		Dec-21	Dec -22	CFO
2	Project Management Framework		Dec-21	Dec -22	Snr PM FT
3	CAMMS project management software (contract)		Mar-21	Mar-22	Snr PM FT
4	Monthly Project Steering Group meetings		ongoing	ongoing	Snr PM FT
5	Monthly financial reporting		ongoing	monthly	CFO
6	Project Management Office		May-21	ongoing	Snr PM FT
7	Cross Council collaboration (peer review of initiatives)		ongoing	ongoing	Snr PM FT
Planned Treatment			Status	Due Date	Responsible Officer
1	Implement KPMG Internal Audit Report outcomes - Project Carryovers - report to be presented to FRAC ( actions and due dates included in report)		Complete	31/12/2021	Mgr Corp Gov
2	Internal review and refresh of Project Management Framework- draft to be shared with SLT and ELT for review by May 2022, and to presented to Council in June 2022		On schedule	31/06/2022	Snr PM FT
3	Briefing of existing PM Framework and re-training of CAMMS to key Project Managers and Project Coordinators in Capital Works delivery		Complete	31/03/2022	Snr PM FT
4	KPMG Internal Audit - Project Management Framework- draft review presented to Council in May 2022.		On schedule	30/06/2022	Mgr Corp Gov
Rationale for Controls "Overdue for Review" & Treatments "Behind Schedule" or reported "Complete"					
PT01 - FRAC to be updated with ongoing future budget reviews on a qtrly basis					






## Corporate Risk Quarterly Review Report 2021-22 Attachment 3

RISK ID	ESU03				
DATE LAST REVIEWED	26/04/2022				
ELT	City Services				
SLT	Engineering Assets and Environment	INHERENT Risk Rating	CURRENT Risk Rating	TARGET Risk Rating	
Risk Description					
Failure to understand, plan and act to respond to the projected impacts of climate change					
Risk Statement					
There is a risk that extreme weather events, coastal inundation and protracted and enduring changes in weather patterns caused by climate change/global warming will result in an increase in operating costs due to asset damage and accelerated deterioration, damage to Council natural and built environments and an increasing disconnect between Councils capacity to deliver facilities and services and the community's expectations					
Link to Strategic Plan	Valuing Nature				
Link to Business Plan	Series of supporting processes and guidelines (i.e ESD guidelines for new building and refurbishments) guide project/initiatives such as the development of the Asset Management Plans				
Context/Background and Environmental considerations					
Climate change is already affecting aspects of CoM operations including how we undertake business and activities and how we design, build and refurbish facilities and infrastructure. It is recognised that unless we ensure we have a sound understanding of the projections and impacts of climate change and incorporate this knowledge into the design and management of infrastructure and the mode of delivery of services we risk exposing the community to increased operating costs and a decrease in the utility of infrastructure and service.					
Stakeholders		Consultation			
Community, Elected Members, State and Federal Governments, Risk Unit/ Governance, City Activation, City Development, SME's and Local Business, Resilient South, Regional Climate Partnership, Consultants		Consultation through the Climate Risk Governance assessment (internal survey/SLT Interview/ focus/group interview). Common Thread engagement initiative, Local Member, Resilient South Regional Climate Partnership collaboration, Community of Practice (through RCP)			
Risk source - Causes/Drivers					
Lack of climate change awareness / understanding - Lack of recognition for climate risk mapping in urban planning (PDI Act) and decision making (climate hazard mapping) - Failure to include Climate Change consideration in business activities/operations (inc events, asset management planning & CapX projects ) - Inadequate stakeholder engagement - Poor inter-departmental collaboration and communication - increasing carbon emissions - Planning application approvals in unsuitable areas					
Potential Consequences					
- Catastrophic damage to assets and infrastructure during extreme weather (e.g. flooding and fire) - Increased cost of remedial works - Increased cost of mitigation works - Dissatisfied community - Damage to coastal zone from storm surge - Reduced rates revenue as property values go down - Increased difficulty in obtaining insurance cover/increased premiums - Increased difficulty in obtaining loans if financial institutions require evidence of responses to climate change impacts - Adverse impact of vulnerable people during extreme weather events (e.g. heat wave) - Increased operating costs - Reduction in asset lifecycle					
Implemented Controls			Endorsed/last reviewed Date	Review Date	Responsible Officer
1	Resilient South Regional Climate Change Adaptation Plan		2019	2022	UM ES
2	Resilient South Local Government Regional Implementation Plan		2019	Dec -22	UM ES
3	Coastal Climate Change Adaptation Plan inc monitoring to detect changes to risk.		2019	2023	UM ES
4	Carbon Neutral Plan		2021	2030	UM ES
5	Cross Council collaboration (peer review of initiatives)		1/01/2021	Ongoing	UM ES
6	Insurance; Asset & Public Liability		1/07/2021	30/06/2022	UM ES
Planned Treatment			Status	Due Date	Responsible Officer
1	Update Review of climate change projections/observations & use of pathways approaches		On schedule	Ongoing	UM ES
2	Develop & implement Resilient Asset Management Pilot (RAMP) program		On schedule	30/06/2025	UM ES
3	Deliver the Coastal Climate Change Monitoring Program		On schedule	30/06/2024	UM ES
4	Undertake a skills/capability audit & document training gaps in the TNA		On schedule	30/06/2022	UM ES
Rationale for Controls "Overdue for Review" & Treatments "Behind Schedule" or reported "Complete"					
IC01 - Out to tender as at March 2022 with support to develop new Regional Climate Action Plan					
IC02 - Resilient South Local Government Regional Implementation Plan Both Resilient South Plans listed here will likely be merged into a single Plan (items 2&3)					
during the review to be completed 2022 calendar year.					
IC04 - Consultant appointed to develop Fleet Transition plan for CoM					
IC05 - This is an ongoing activity delivered in collaboration with Resilient South partner councils (Mitcham, Holdfast Bay, Onkaparinga); COVID has meant that the					
number of events has been greatly reduced, but the intent is to build this activity again when able to do so					
PT01 - Going forward Resilient South will use State-generated climate change projections / observations upon which to base our planning; will also commission our own reports to fill any gaps in this work (e.g. coastal climate change monitoring). This will ensure consistency with other Regional Climate Partnerships in SA. This is an ongoing activity.					
PT04 Specific roles in CoM need to be understood on how CC is part of their role. Large task - need to work with P&C and L&D. Ann to follow up with L&D. TNA due for review in 2022					

## Corporate Risk Quarterly Review Report 2021-22 Attachment 3

RISK ID	LPR02				
DATE LAST REVIEWED	26/04/2022				
ELT	City Development				
SLT	City Property	INHERENT Risk Rating	CURRENT Risk Rating	TARGET Risk Rating	
Risk Description					
Injury or harm/damage arising out of a failure of CoM contractors to comply with contract conditions and CoM HSE requirements					
Risk Statement					
There is a risk of non performance of contractors engaged by City of Marion to undertake high risk Land & Property related activities as a consequence of a failure to effectively apply a rigorous, commercial and proactive contractor induction and management process which may result in a failure to deliver services within the intended scope, budget and timeframe and to the required standard of safety and legislative compliance leading to additional operational costs, the potential for injury or harm, litigation and reputational and community relationship degradation					
Link to Strategic Plan	Council of Excellence				
Link to Business Plan	Develop the City Property Strategic Asset Management Plan to meet community, sport and recreation needs				
Context/Background and Environmental considerations					
CoM Contractor Management processes are manual, with no clear process or system having been implemented into the City Property team through a trained and supported approach.					
Stakeholders		Consultation			
SafeWork SA, Community (facility users), Staff (facility users), Elected Members, Risk Unit, City Activation, Operational Support		Consultation through City Property team meetings and regular engagement with the Risk Team			
Risk source - Causes/Drivers					
<ul style="list-style-type: none"><li>- Ineffective procurement processes that evaluate Contractors' WHS practices/performance</li><li>- Inconsistent / Ineffective WHS induction of contractors</li><li>- Ineffective monitoring and evaluation of Contractors' WHS practices/performance</li><li>- Failure to undertake site inspection and hazard identification prior to commencement of work.</li></ul>					
Potential Consequences					
<p>Serious injury to Workers, Contractors or member of Public</p> <ul style="list-style-type: none"><li>- Disruption to works impacting CoM &amp; team</li><li>- Disruption to works impacting local community</li><li>- CoM exposure to liability</li><li>- Officers' exposure to criminal litigation</li><li>- Reputation damaged through adverse media coverage</li><li>- Net increase in operating costs</li></ul>					
Implemented Controls			Endorsed/last reviewd Date	Review Date	Responsible Officer
1	Contract Management Procedure (inc Checklist)		Jun-21	May-23	Mgr St Procurement
2	Cross Council collaboration (peer review of initiatives)		Jul-21	Jul-25	Mgr St Procurement
3	Contractor Site Induction (inc handover of CoM risk assessment plus contractor generated site hazard and risk assessment before commencement)		Oct-19	Oct-23	Mgr St Procurement
4	Contractor Insurance - recording and monitoring process		ongoing	ongoing	Mgr St
5	CoM Insurance		1/07/2021	30/06/2022	UM Strategy & Risk
Planned Treatment			Status	Due Date	Responsible Officer
1	City Property staff to attend Contractor Management training on revised Policy/Procedures (including updates through KPMG Audit recommendations)		Complete	1/08/2021	Mgr City Property
2	Engage HSE Business Partner to review contractor management undertaken by CP		Complete	30/08/2021	Mgr City Property
3	Implement revised Contractor Management Procedure into team processes		Behind schedule	30/06/2022	Mgr City Property
4	Implement Contract Performance Evaluation process		Behind schedule	30/06/2022	Mgr City Property
5	Implement Contractor Induction/Observation/Monitoring process (inc record keeping)		Behind schedule	30/06/2022	Mgr City Property
Rationale for Controls "Overdue for Review" & Treatments "Behind Schedule" or reported "Complete"					
IC4 - Recording and monitoring of Public Liability Insurance currency for ongoing contracts is a manual process managed by Procurement using Excel, considering new opportunities with new Financial Management System					
PT3 - Staff vacancy have just been filled and require extension to review the process for this plan - Due Date revised from Sept 2021 to June 2022					
PT4 - Staff vacancy have just been filled and require extension to review the process for this plan - Due Date revised from Sept 2021 to June 2022					
PT5 - Staff vacancy have just been filled and require extension to review the process for this plan - Due Date revised from Sept 2021 to June 2022					

## Corporate Risk Quarterly Review Report 2021-22 Attachment 3

<b>RISK ID</b>	CON04			
<b>DATE LAST REVIEWED</b>	26/04/2022			
<b>ELT</b>	Corporate Services			
<b>SLT</b>	Mgr Strat Procurement	<b>INHERENT Risk Rating</b>	<b>CURRENT Risk Rating</b>	<b>TARGET Risk Rating</b>
<b>Risk Description</b>				
Supply chain issues creating an inability to complete projects on time and within allocated budget				
<b>Risk Statement</b>				
Increases in prices of materials, along with a shortage of materials from suppliers has created a risk of projects not being able to be completed on time and within the allocated budgets. Risks associated with COVID-19 impacts - interstate restrictions, close contacts isolation requirements etc has also provided additional challenges to have adequate resources on hand to complete projects.				
<b>Link to Strategic Plan</b> Liveable				
<b>Link to Business Plan</b>				
<b>Context/Background and Environmental considerations</b>				
Supply issues have emerged in many sectors commonly used by councils for delivery of capital projects. The number of tenderers has dramatically reduced this is having a twofold effect: the pricing is fluctuating significantly, often leading to a lack of options when budgets are factored in. This is still prevalent even with close reviews and requests for pricing revisions; and workloads on particular suppliers is becoming a risk. Pricing on 'like for like' projects, eg streetscapes etc have increased. In several recent examples at COM across major projects, reserve upgrades and civil works all submissions have been above the allocated budget, thus leading to requesting additional funding via Council. <i>This is a by-product of the current tight and depressed market forces.</i>				
<b>Stakeholders</b>		<b>Consultation</b>		
Strategic Procurement City Activation Open Space and Rec Planning		Strategic Procurement Strategy and Risk		
<b>Risk source - Causes/Drivers</b>				
<ul style="list-style-type: none"> <li>- building stimulus package</li> <li>- fluctuating pricing</li> <li>- increase in price of materials</li> <li>- shortage of available materials from suppliers</li> <li>- availability of suitable contractors</li> <li>- reduced numbers of tender submission</li> <li>- tenderers withholding submissions waiting on grant approvals before committing</li> <li>- variations on contracts</li> <li>- Dept Health COVID-19 directions (isolation, travel etc)</li> </ul>				
<b>Potential Consequences</b>				
<ol style="list-style-type: none"> <li>1. Additional costs to complete projects</li> <li>2. Delays in completion, not meeting deadlines</li> <li>3. Reputation damaged</li> <li>4. Community dissatisfaction</li> <li>5. Adverse media coverage</li> </ol>				
<b>Implemented Controls</b>		<b>Endorsed/last reviewd Date</b>	<b>Review Date</b>	<b>Responsible Officer</b>
1	Contract Management Policy & Procedures	Nov-21	Nov-25	Mgr St
2	CoM Procurement procedure	Jul-21	Jul 23	Mgr St
3	CoM Tender Evaluation procedure	Jul-21	Jul 23	Mgr St
4	Targeted pricing reviews	ongoing	ongoing	Mgr St
5	Cross Council collaboration (peer review of initiatives)	ongoing	ongoing	Mgr St
<b>Planned Treatment</b>		<b>Status</b>	<b>Due Date</b>	<b>Responsible Officer</b>
1	Revised process (to be incorporate in procedure review) including	Complete	30/11/2021	Mgr St
2	Deliver Contractor Management training on revised Policy/Procedures	Complete	31/08/2021	Mgr St
3	Implementation of Vendor Panel	Behind schedule	30/04/2022	Mgr St
4	Pre-tender communication with identified suppliers (to ascertain participation intent)	Complete	30/06/2022	Manager OCE
5	Amendment of peak tendering volume period (May to August target)	On schedule	31/05/2022	Mgr St
6	Publishing of forward tendering opportunities on council website	On schedule	30/06/2022	Mgr St
<b>Rationale for Controls "Overdue for Review" &amp; Treatments "Behind Schedule" or reported "Complete"</b>				
PT3 - Vendor Panel implementation across council is in progress. Wider use within the organisation to be promoted. Internal system delayed due to work load Due Date revised from January 2022 to 30 April 2022 PT 5 & 6 On Schedule to achieve due date				

## 6.6 Internal Audit 2021/22 Progress Update

<b>Report Reference</b>	FRAC220517R6.6
<b>Originating Officer</b>	Manager Office of the Chief Executive – Kate McKenzie
<b>Corporate Manager</b>	Manager Office of the Chief Executive - Kate McKenzie
<b>General Manager</b>	Chief Executive Officer - Tony Harrison

### REPORT OBJECTIVE

To provide a status report of the progress of the Internal Audit program and to seek the Finance, Risk and Audit Committee (FRAC) feedback and endorsement of the Project Management Scope (Attachment 1)

### EXECUTIVE SUMMARY

The City of Marion (CoM) and City of Charles Sturt (CCS) tendered the Internal Audit (IA) Services as a joint tender. KPMG was the successful tenderer and was awarded a two-year contract. Both Councils have extended this contract for a further two years. The two Councils worked collaboratively (with KPMG) to develop a joint IA Plan.

The FRAC endorsed the IA Plan for 2021/22 at the August 2021 meeting. The IA Plan now identifies five (5) projects for this financial year, with three (3) projects identified as collaborative projects with CCS. The Projects include:

- Fraud Framework Review - Complete
- Collaborative Project(s) Health Check - Completed
- Contract Management (Collaborative) - Completed
- Project Management (Collaborative) - Final report attached for review
- Desktop review of Stakeholder Management – Final report attached for review.

These two reports now conclude the 2021/22 Internal Audit Plan. This is an excellent achievement seeing the program complete well before the 30<sup>th</sup> June 2022. Planning will commence on the 2022/23 program. The following internal audits are currently planned however may be changed. Further details are included in Attachment X:

- Digital Transformation Health Check (Including Human Resources) Q1
- Volunteer Management – Q2
- Customer Experience – Q3
- Service Delivery and Community Consultation – Q3
- Cyber Security – Q4

### **Project Management (Collaborative) - Final report attached for review and feedback**

The objective of the internal audit was to review the processes, policies and procedures in place to govern capital delivery projects, with a primary focus on the holistic Project Management Framework (PMF). For the CoM, consideration was also given to the effective implementation of the PMF and whether it has been consistently applied across the organisation. The Internal Audit has identified one (1) high recommendation, three (3) moderate recommendation, two (2) low recommendations and two (2) POI. The recommendations related to:

- Develop and further embed of a Council wide Project Management Framework (PMF)

- Ensure that the organisational wide PMF (see Joint Finding 1) provides guidelines for requirements for risk management throughout the project lifecycle
- The development of processes for gaps identified in the performance of project close out activities
- The development of formal guidance with regards to benefits realisation requirements
- Develop and embed the requirement to consistently undertake a formal lessons learned exercise for each project
- Follow up on the outstanding recommendations from previous audits
- Implement a contractor performance review as part of current project closure and lessons learned processes
- Better plan for current market conditions.

### **Desktop review of Stakeholder Management - Final report attached for review and feedback**

The objective of this audit was to perform a high-level desktop review of the CoM's key stakeholder and relationship management, including review of relevant plans, processes and internal controls. This internal audit also considered opportunities for improvement in accordance with better practice stakeholder and relationship management. The Internal Audit has identified one (1) moderate recommendation, two (2) low recommendations and two (2) POI. The recommendations related to:

- Developing formalised documentation to govern stakeholder management
- Developing on boarding and training
- Developing tools for Stakeholder Engagement Plans
- Integration of a central system for stakeholder management
- Develop better reach to indigenous communities.

### **RECOMMENDATION**

**That the Finance, Risk and Audit Committee:**

- 1. Notes the progress of the Internal Audit Program.**
- 2. Considers and provides feedback on the:**
  - a. Project Management (Collaborative) and**
  - b. Desktop review of Stakeholder Management.**
- 3. Notes the Internal Audit Program for 2022/23**

### **ATTACHMENTS**

1. Co M Project Management Final Report - 11.05.22 **[6.6.1 - 36 pages]**
2. Co M - Stakeholder Management Report - Final \_ **[6.6.2 - 20 pages]**
3. Co M \_ IA Plan Updated 22-23 **[6.6.3 - 1 page]**





Cities of Charles Sturt &  
Marion

# Project Management Internal Audit Report

May 2022





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# 1.0 Executive Summary

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In accordance with the 2021/22 Internal Audit Plans for the City of Charles Sturt (CCS) and the City of Marion (CoM), collectively (the Councils), a collaborative project management internal audit was performed.

## 1.1 Objective

The objective of the internal audit was to review the processes, policies and procedures in place to govern capital delivery projects, with a primary focus on the holistic Project Management Framework (PMF). For the CoM, consideration was also given to the effective implementation of the PMF and whether it has been consistently applied across the organisation.

## 1.2 Scope

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

- Governance structures in relation to project management, including monitoring and reporting mechanisms of relevant governing committees, Project Sponsors and other key stakeholders.
- High-level review of project activities associated with the scope, quality and cost management of projects, including resourcing, scheduling, budgeting and project decision gateway and approval processes.
- Project and change management considerations, including project risk management and issue identification and assessment processes.
- Project management guidelines, templates and tools in place to support the management of projects, including the level to which they are utilised by staff and aligned to better practice.
- Project management roles, responsibilities and accountabilities throughout each phase of the project lifecycle, including how key project information is recorded and communicated where accountabilities change.
- Project management training and development materials, including consideration of staff capabilities.
- Processes for project closure and handover of deliverables, including financial closure, post-implementation and contractor performance reviews.
- Benefits realisation processes for projects including the monitoring of benefits from project commencement through to completion.

## 1.3 Collaborative Model Approach

Our approach in undertaking this joint collaborative internal audit included:

- Desktop review of relevant documentation and systems in place relating to project management methodologies and processes including selected guidelines, templates and tools.
- Consultation with relevant stakeholders to understand current approaches and processes in place for project management.
- Sample testing of 4 agreed projects to assess the application and compliance with the Councils' project management methodology and processes.
- Review of monitoring and reporting activities to relevant governing committees, Project Sponsor and other key stakeholders to assess ongoing reporting of project activities and issue escalation processes.
- Comparison of the Councils' PMF and practices against KPMG's Benchmark PMF.
- Facilitation of a joint closing workshop with the CCS and CoM stakeholders to validate risk findings, performance improvement opportunities and 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 consideration of the key processes and selected controls for sample testing.
- Appendices, including a selection of example better practice templates, stakeholders consulted as part of this review and risk rating criteria.

# 2.0 Background

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## 2.1 The Councils' Project Management Processes

The table below includes a high-level comparison between both Councils' current project management approaches and practices:


FUNCTIONS	CITY OF MARION	CITY OF CHARLES STURT
 <div data-bbox="312 486 513 622"> <b>Project Management and Governance</b> </div>	<ul style="list-style-type: none"> <li>Capital Works Projects are delivered by the City Activation, City Property, Engineering, Assets &amp; Environment and Operations teams.</li> <li>Projects are budgeted and prioritised within the Council's Capital Works Program each financial year. The Capital Works Program is included in the Council's Annual Business Plan.</li> <li>Project governance is achieved through key meetings and reports provided to Project Sponsors, the Project Management Office (PMO) and Project Steering Committees (where applicable).</li> <li>Monthly Capital Works reporting is provided to the Senior Leadership Team (SLT), Executive Leadership Team (ELT) and Elected Members (EM) for discussion during monthly executive meetings.</li> </ul>	<ul style="list-style-type: none"> <li>Capital Works Projects are delivered by the Asset Management Services Division. In addition, ad-hoc projects may occasionally be delivered by other departments within the CCS.</li> <li>ICT projects (in scope for the CCS for this internal audit) are delivered by the Information Services team within the Corporate Services Division.</li> <li>Projects are budgeted and prioritised each financial year in the Council's Capital Works Program, which is included in the Council's Annual Business Plan.</li> <li>Project governance is achieved through key meetings and reports provided to the Project Sponsors and Project Steering Committees (where applicable).</li> <li>Project status reporting is provided to the Senior Leadership Team (SLT), Executive Leadership Team (ELT) and Elected Members (EM) for discussion during monthly portfolio performance and Executive performance meetings.</li> </ul>
 <div data-bbox="312 965 513 1072"> <b>Project Management Systems</b> </div>	<ul style="list-style-type: none"> <li>CAMMS is the project management and reporting tool.</li> <li>The finance reporting tool, BigQuery, is linked to CAMMS.</li> <li>CAMMS has been rolled out, however is used inconsistently.</li> <li>Project Managers predominately use Excel and Word as project management tools.</li> </ul>	<ul style="list-style-type: none"> <li>No project management system is utilised across the organisation.</li> <li>TechnologyOne is used for project reporting and FinanceOne is used for financial reporting.</li> <li>Project Managers predominately use Excel and Word as project management tools.</li> </ul>

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## 2.1 The Councils' Project Management Processes (continued)

The table below includes a high-level comparison between both Councils' current project management approaches and practices:

FUNCTIONS	CITY OF MARION	CITY OF CHARLES STURT
 <div data-bbox="312 486 515 622"> <b>Project Methodology and Framework</b> </div>	<p><b>Framework</b></p> <ul style="list-style-type: none"> <li>The PMO has created a Council Wide Project Management Framework (PMF), however it has been adopted inconsistently across the CoM.</li> <li>ICT projects are governed by the Solution Delivery Framework (SDF).</li> <li>Teams across the organisation have developed their own methodologies and templates for project management.</li> </ul> <p><b>Risk Management</b></p> <ul style="list-style-type: none"> <li>Project Managers are responsible for identifying, managing and reporting project risks via project risk assessments.</li> <li>The PMF does not provide guidance on project risk management requirements for different projects with varying complexities and values.</li> <li>On a monthly basis the PMO meets with Project Managers to discuss project status, risks and issues. Project issues and risks are escalated to Executive through monthly Capital Works meetings.</li> </ul> <p><b>Stage Gates</b></p> <ul style="list-style-type: none"> <li>The PMF outlines four stage gates being Initiate, Plan, Deliver and Close.</li> <li>Approval hold points in CAMMS have been aligned to the stage gates detailed within the PMF.</li> </ul> <p><b>Variations</b></p> <ul style="list-style-type: none"> <li>Variations are recorded in variation registers and approved in line with the Schedule of Delegations and Sub-Delegations.</li> </ul>	<p><b>Framework</b></p> <ul style="list-style-type: none"> <li>A capital delivery PMF is in the process of being drafted, with no formalised organisational wide PMF currently in place.</li> <li>ICT projects are governed by the Solution Delivery Framework (SDF).</li> <li>Currently teams across the organisation have developed their own templates for project management where required. There are capital delivery project management templates in the process of being drafted.</li> </ul> <p><b>Risk Management</b></p> <ul style="list-style-type: none"> <li>Project Managers are responsible for identifying, managing and reporting project risks via project risk assessments.</li> <li>The Project Classification and Project Requirements Matrices provides risk management requirements for different projects with varying complexities and values.</li> <li>Project status, risks and issues are discussed in monthly Portfolio Performance meetings and Executive Performance meetings.</li> </ul> <p><b>Stage Gates</b></p> <ul style="list-style-type: none"> <li>The Capital Works PMT outlines four key stage gates being Initiation, Planning, Delivery and Evaluation.</li> <li>The Capital Works PMT include approval guidelines that must be completed prior to progressing through each phase.</li> </ul> <p><b>Variations</b></p> <ul style="list-style-type: none"> <li>Variations are recorded in variation registers and approved in line with the Financial Delegation of Authority.</li> </ul>

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### 2.2 Overview of FY21 Projects Delivered by the CoM and CCS

The CoM and CCS Capital Works Programs consist of renewal and new projects. The budget for Capital Works Program delivered by the CoM and CCS for FY21 are outlined below. The CoM Capital Works Program budget is \$3.6million higher than the CCS budget.

**\$60.9m**

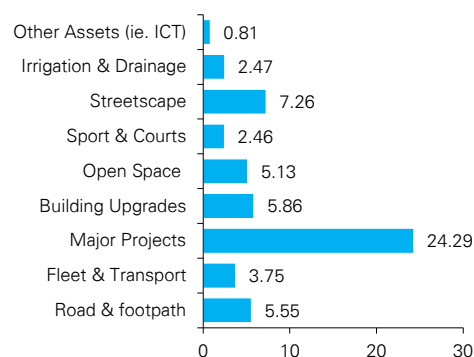
Capital Works Program Budget  
CoM FY21

**\$57.3m**

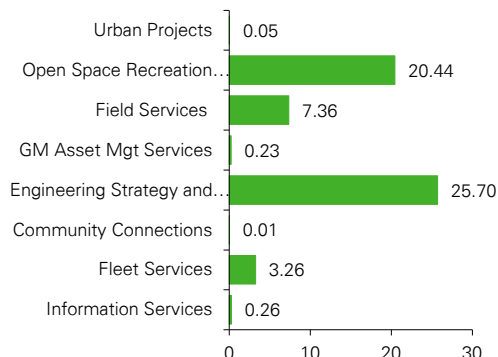
Capital Works Program Budget  
CCS FY21

A break down of the Capital Works Program budget for FY21 allocations for the Councils have been detailed in Graph 2 below. Major Projects accounts for the highest portion of the CoM's Capital Works Program budget at \$24.3 million, compared to \$25.7 million at the CCS for Engineering Strategy and Asset projects. Project expenditure has been classified differently between the Councils, resulting in the lack of accessible data to compare project spend type between the two organisations.

Graph 1: CoM's Budget Allocation (\$m)



Graph 2: CCS's Budget Allocation (\$m)



### 2.3 Projects selected for testing

A sample of projects across the Councils were selected for Internal Audit to review on the basis of a number of criteria, including a cross-section of projects delivered by different areas of the Councils, complexity, materiality and primarily completed or had been delivered within the last 12 months.

The projects sampled from CoM and CCS are outlined below:

CoM Project	Project Type	Original Budget (\$)	Adjusted Budget (\$)	Actual Spend (\$)
Birch Crescent Streetscape	Streetscapes	543,534	543,534	123,011
Sam Willoughby International BMX Complex	Major Projects	3,787,198	6,050,000	6,393,443
Marion RSL Carpark	Building Upgrades	376,929	376,929	376,928
Capella Drive Reserve Skate Park	Open Space	732,540	732,540	\$1,471,27*

\*This master account is being split in the upcoming Budget Review 3, as the actual spend also currently includes the Play Space Upgrade.

CCS Project	Project Type	Original Budget (\$)	Adjusted Budget (\$)	Actual Spend (\$)
Online Room Hire & Facilities Booking Solution	Information Services	41,540	26,540	15,450
Woodville Hockey Club Upgrade	Open space rec & property	1,000,000	1,421,000	1,419,932
Stormwater Clovelly Avenue Upgrade	Field Service	2,000,000	2,325,000	2,290,000
South Road Underpass Upgrade	Engineering Strategy & Assets	1,300,000	2,060,000	2,060,478

# 3.0 Internal Audit Findings



## 3.0 Internal Audit Findings - Joint Findings and Improvement Opportunities

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### 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 Councils (Section 3.0).
- Specific findings that apply to only one Council (Section 3.1).

Through discussions with process owners, documentation review and sample testing performed for the Councils a total of six (6) joint findings and two (2) performance improvement opportunities were identified.

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

- Discussing best practice project management frameworks, processes and systems.
- Strategies for effective implementation and adoption of frameworks, systems and tools.
- Opportunities to discuss actions to mitigate current market conditions.

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
High	F1	An organisational wide Project Management Framework is not utilised
Moderate	F2	Inconsistencies in risk management practices
Moderate	F3	Gaps identified in the performance of project close out activities
Moderate	F4	A benefits realisation framework is not in place to support effective definition, ownership and management of project benefits
Low	F5	Lessons learned are not consistently performed and communicated
Low	F6	Actioning of outstanding internal audit findings and recommendations
PIO	PIO1	Opportunity to implement formal contractor performance reviews as part of project closure
PIO	PIO2	Opportunity to better plan for current market conditions

# 3.0 Internal Audit Findings and Improvement Opportunities

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## Finding 1 – An organisational wide Project Management Framework is not utilised

**High**

### Finding(s)

Gaps in the use of a Project Management Framework (PMF) were identified for both Councils. In particular:

- The CCS does not currently have a formalised PMF in place for capital delivery projects. However, it is acknowledged the CCS has taken positive steps and has commenced drafting a PMF.
- While the CoM has an organisational wide PMF, the PMF has not been embedded consistently across the organisation with some Project Managers unaware the PMF exists.

### Inconsistency in the project management tools and templates used by Project Managers:

#### CCS

- While Project Management Plans (PMP) were provided for all sampled projects, it was observed that different templates for PMPs have been utilised, leading to varying levels of detail included within these plans.
- The process for recording variations differed between sampled projects. For example, the *South Road Underpass Upgrade (South Road)* project recorded variations in the contractor's variation register and the *Woodville Hockey Club Upgrade (Hockey Club)* project recorded variations within the Project Manager's own variation register.
- Inconsistencies in other project management methodologies and frameworks (such as risk assessments and project close out activities detailed within this report) were also observed.

#### CoM

- Whilst an organisational wide PMF is in place, it is not consistently used or embedded across the organisation.
- The current approach to project management is siloed with different teams utilising different project management methodologies and frameworks. For example, it has been advised that the Major Works team is in the process of drafting a PMF for their team and the City Activation team utilises a PMF drafted by the team in 2019, which has not undergone formal Council approval.
- The PMF outlines variations should be submitted via a formal change request. However, use of change request requests were not identified across the projects sampled. Rather the projects being, *Birch Crescent Streetscape (Birch)*, *Sam Willoughby International BMX Complex (BMX)* and *Capella Drive Reserve Skate Park (Skate Park)* used differing variation templates. It was advised that for the *Skate Park* project variations were requested via email.
- Guidance is not provided to the Project Managers for how details of the project plan should be documented, as a result project plans are detailed at different levels of formality. For example, the BMX project completed a Section 48 Prudential Report, the Skate Park project developed a formal Project Plan, whilst the other projects sampled outlined high-level details within CAMMS.

(continued on following page)

### Recommendation(s)

Internal Audit recommends:

1. The development (CCS) and further embedding (CoM) of a Council wide PMF, with consideration given to the following areas:
  - a. Use of a scalable approach as referenced in **Appendix 1**, allowing flexibility in the processes and governance required based on the project's perceived risk or cost.
  - b. Stage gates/hold points should be outlined. Each hold point should list the required approvals for the project to proceed.
  - c. Reference the use of standard templates, such as the PMP template.
  - d. The use of standardised project management tools, i.e. CAMMS (CoM) to track project budgets and variations.
  - e. Clearly outline the governance structures including relevant roles and responsibilities. A template Responsible, Accountable, Consulted and Informed (RACI) matrix should also be developed for use in project planning to clearly outline the roles and responsibilities for significant project tasks should be completed. For reference, an example Project Close Phase RACI has been provided to Management.

(continued on following page)

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## Finding 1 – An organisational wide Project Management Framework is not utilised (continued)

**High**

Finding(s)	Recommendation(s)
<p><i>(continued from previous page)</i></p> <p><b>Further formalisation of a scalable based approach is required to allow for project requirements to be tailored based on the size and complexity of projects:</b></p> <p><b>CCS</b></p> <ul style="list-style-type: none"> <li>Whilst the CCS's draft Project Management Template (PMT) includes a Classification and Project Requirements Matrix to tailor requirements based on project type (e.g. major, program of works, large, medium and small), this has yet to be formally implemented.</li> </ul> <p><b>CoM</b></p> <ul style="list-style-type: none"> <li>The CoM's PMF was developed to support delivery of projects regardless of their size, type or complexity. However, this 'one size fits all' approach does not provide the ability to tailor project requirements based on the level of risk and complexity of each project. This may be contributing to the lack of adoption of the PMF across the organisation.</li> <li>The PMT includes an Initiative Assessment and Prioritisation template, which assesses the value and risk of a project (i.e. low, medium or high) to assist ELT with decision making. However, it is not used to tailor the project management approach. It is also noted this assessment was not completed for the projects sampled.</li> </ul> <p>In relation to the CoM PMF adoption, it is recognised that challenges occurred due to a number of restructures post-implementation of the PMF in August 2019. This resulted in a lack of resources to embed and drive the use of the PMF. Further, whilst CAMMS training sessions have been provided by the PMO for Project Managers, there has been no training provided on the adoption of the PMF.</p> <p><b>Risk(s)</b></p> <p>Without a consistent overarching PMF, the CoM and CCS may be exposed to the following risks:</p> <ul style="list-style-type: none"> <li>Project management activities across the organisation may be undertaken inconsistently.</li> <li>Staff may not fully understand what is required to effectively manage projects.</li> </ul> <p><i>(management action(s) on following page)</i></p>	<p><i>(continued from previous page)</i></p> <ol style="list-style-type: none"> <li>Throughout the development of the PMF, consideration should also be given to aligning the PMF to the current ICT Solution Delivery Framework (SDF) and leveraging existing tools and resources where possible.</li> <li>Once developed the PMF should be formally implemented through communications to the Project Managers and training on the application of the PMF.</li> <li>Introduce regular Project Manager meetings where Project Manager's share project updates, PMF implementation, challenges, lessons learned, etc. This would allow Senior Management to monitor the utilisation of the PMF and identify where problems might lie.</li> </ol>

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### Finding 1 – An organisational wide Project Management Framework is not utilised (continued)

**High**

#### CCS Management Action(s)

1. Acknowledging Project Planning is well underway for 22/23 projects, the CCS will finalise and roll out the PMF and Templates through training sessions by 31st December 2022. These will be used for any projects created after the PMF has been rolled out and will be used in Project Planning for 23/24 Financial Year Projects.
2. Project managers will be trained and coached in the use of the PMF ensuring they understand how it is scalable for differing levels of project complexity and size.
3. The existing Portfolio project review meetings will be part of this process and these will include discussion on PMF implementation, challenges, lessons learned, etc. The Divisional project review meetings will then discuss and address any issues or challenges that couldn't be solved at the Portfolio level.

**Responsibility:** Corporate Program Manager

**Target Date:** 31 December 2022

#### CoM Management Action(s)

- 1-2. The CoM's PMO is currently in the progress of updating the existing PMF to include more detailed project management guidelines and instructions for Project Managers. The recommendations will be included in the updated PMF. Upon completion and approval of the revised PMF, the CoM's PMO will roll out the revised framework to the ELT, SLT and Capital Works Delivery Team.
3. Currently, there is an ongoing monthly engagement between the PMO and the Project Managers. The PMO will leverage on this existing engagement to include the recommendation as a formal agenda item.

**Responsibility:** Senior Project Manager, Financial Transformation / PMO

**Target Date:** 1&2. 30 June 2022 (for approval of revised framework); 3. From 31 July 2022 (for briefing / training of revised framework to CoM stakeholders).

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### Finding 2 – Inconsistencies in risk management practices

**Moderate**

Finding(s)	Recommendation(s)												
<p>Inconsistencies were identified in risk management practices across both Councils, which may result in project risks not being identified and/or appropriately managed throughout project delivery.</p> <p>For the CCS and the CoM, Project Managers are required to perform project risk assessments during project planning to identify risks which may have an impact on a project achieving its objectives.</p> <p><b>CCS</b></p> <p>While project risk assessments and supporting risk registers were completed for all sampled projects, the following was observed:</p> <ul style="list-style-type: none"><li>There was inconsistency in the format of the project risk assessments used, with all sampled projects utilising a different risk register template.</li><li>The level of detail and quality of project risk assessments varied across projects. For example:<ul style="list-style-type: none"><li>For the <i>Hockey Club</i> project, the residual risk assessment and responsible risk owners were incomplete. In addition, it was observed that there was an opportunity to include additional controls for a number of risks. Examples include:</li></ul></li></ul> <table><tr><th>Risk</th><th>CCS Control(s)</th><th>KPMG Additional Control</th></tr><tr><td>Lack of/insufficient funding for project</td><td>Architects appointment to control costs</td><td>Implement peer review of budget.</td></tr><tr><td>Lack of appropriate governance structure over the concept and design phases</td><td>Architects sign off at critical design development stages</td><td>Design management plan must identify roles and responsibilities.</td></tr><tr><td>Accountability throughout the initiative not identified and agreed</td><td>No control identified</td><td>Project management plan/site management plan must identify roles, responsibilities, accountabilities.</td></tr></table> <ul style="list-style-type: none"><li>For the <i>Stormwater</i> project, the risk assessment lacked sufficient detail and opportunities were identified for further identification of project risks. For example, while some safety and environmental risks were included under the PMP these were not documented within the project risk register for ongoing monitoring.</li><li>While recurrent issues and risks are reported and discussed at the monthly Divisional and Executive performance meetings, there is no formally defined requirements or thresholds for the ongoing monitoring and management of project risks.</li><li>This includes a reliance on Project Managers to monitor and manage identified risks throughout the project lifecycle, with no defined requirements to escalate or report on these to Project Sponsors or other governance mechanisms (e.g. Project Steering Committee or Divisional and Executive performance meetings).</li></ul> <p><i>(continued on following page)</i></p>	Risk	CCS Control(s)	KPMG Additional Control	Lack of/insufficient funding for project	Architects appointment to control costs	Implement peer review of budget.	Lack of appropriate governance structure over the concept and design phases	Architects sign off at critical design development stages	Design management plan must identify roles and responsibilities.	Accountability throughout the initiative not identified and agreed	No control identified	Project management plan/site management plan must identify roles, responsibilities, accountabilities.	<p>Internal Audit recommends:</p> <ol style="list-style-type: none"><li>The organisational wide PMF (see <i>Joint Finding 1</i>) provides guidelines for requirements for risk management throughout the project lifecycle.</li><li>The PMF should include reporting requirements with the project delivery team, including commentary of key risks/risk changes in each and every project report (weekly, monthly, etc).</li><li>Project Manager's should report risk using a standardised risk management spreadsheet (or software) and report on key risks and opportunities at regular PM reviews.</li><li>Review risk register in conjunction with the main contractor.</li><li>Risks should be reviewed at least monthly.</li></ol>
Risk	CCS Control(s)	KPMG Additional Control											
Lack of/insufficient funding for project	Architects appointment to control costs	Implement peer review of budget.											
Lack of appropriate governance structure over the concept and design phases	Architects sign off at critical design development stages	Design management plan must identify roles and responsibilities.											
Accountability throughout the initiative not identified and agreed	No control identified	Project management plan/site management plan must identify roles, responsibilities, accountabilities.											

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### Finding 2 – Inconsistencies in risk management practices (continued)

**Moderate**

#### Finding(s)

#### Recommendation(s)

(continued from previous page)

- Through review of TechOne end-of-month project reporting for the sampled projects, there was no information included in relation to risk (e.g. new or changed project risks).

#### CoM

Per the CoM's PMF, Project Managers are responsible for the identification, management and control of all project risks throughout the lifecycle of a project. However, the following gaps were identified through sample testing:

- No risk assessments were completed for the *Carpark* and *Birch* projects. Further, a risk assessment for the *Skate Park* project was only completed at the initial planning stage in 2017, and was not updated for delivery in 2020.
- Whilst risk assessments were conducted throughout the project lifecycle for the *BMX* project, there is an opportunity to include additional controls for a number of risks. For example:

Risk	CoM Existing Control(s)	KPMG Additional Control(s)
Contractors fail to meet their contractual obligations resulting in delays and increases costs to Council.	<ol style="list-style-type: none"> <li>Standard Conditions of Contract define Contractor's responsibilities.</li> <li>Contractor performance and project progress formally reviewed each month.</li> </ol>	<ol style="list-style-type: none"> <li>Ensure time barred elements of contract are carefully tracked by contract administrator.</li> <li>Implement weather tracking.</li> <li>Maintain Council change register and regularly align with contractor change registers</li> </ol>
Unexpected buried services discovered during excavation leads to increased costs and delays.	Service location identified during design.	Have a clear documented excavation permit process by the contractor including dial before you dig, ground penetrating radar & tracing of all services prior to excavation.

It is acknowledged that the PMOs meet with Project Managers on a monthly basis to discuss project issues. These are then reported and discussed through Monthly Capital Works reports and Executive meetings.

#### Risk(s)

If there is inconsistency in risk management practices and limited oversight and monitoring of risks, there is the potential of the following not being identified: new or changed risks; ineffective controls; overdue or incomplete mitigating actions.

In addition, Project Sponsors may not have sufficient oversight of potential issues arising from projects.

(management action(s) on following page)



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### Finding 2 – Inconsistencies in risk management practices (continued)

**Moderate**

#### CCS Management Action(s)

1-5. As part of the CCS PMF, a common risk management framework will be implemented to record this information. This will include a standardised Risk Management template that will be reviewed monthly by the Project Manager and team (which may include contractors) and/or at the steering meeting (if applicable).

**Responsibility:** Corporate Program Manager

**Target Date:** 31 December 2022

#### CoM Management Action(s)

1-2. The CoM's PMO will include the recommendation in the updated Project Management Framework. This work will progress in partnership with the Strategy and Risk Team and compliment the CoM Risk Management Framework.

3-5. The CoM's PMO re-introduced the use of the CoM risk register template to the Project Managers in November 2021. Currently, there is an ongoing monthly engagement between the PMO and the Project Managers. The PMO will leverage on this existing engagement to formally review the relevant project risk register with the Project Managers. The Risk Management Team will have a representative at these monthly meetings to provide connection back to corporate risk reporting.

**Responsibility:** Senior Project Manager, Financial Transformation / PMO

**Target Date:** 1&2. 30 June 2022 (for approval of revised framework); From 31 July 2022 (for briefing / training of revised framework to CoM stakeholders).

3-5. Review of Risk Register to occur by 30<sup>th</sup> June and attendance by the Risk Management team to commence from May 2022.

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### Finding 3 – Gaps identified in the performance of project close out activities

**Moderate**

Finding(s)	Recommendation(s)
<p>Gaps in the performance of project close out activities were identified across both Councils, with varying levels of information provided to evidence completion of activities. Formal guidance was also observed as lacking in detail across both Councils regarding required project close out activities.</p> <p>A project close out process aligned to better practice would include:</p> <ul style="list-style-type: none"> <li>• Undertaking final project walkthroughs to identify any defect liabilities required to be completed within agreed timeframes.</li> <li>• Once defects have been rectified with the contractor, the practical completion certificate is issued in a timely manner.</li> <li>• Sufficient guidance in place over required project close out activities, including completion of a project close out and evaluation report.</li> </ul> <p>Through sample testing, the following gaps were identified in relation to project close out:</p> <p><b>CCS</b></p> <ul style="list-style-type: none"> <li>• Varying levels of information were provided to evidence performance of a final project walkthrough and identification of any defect liabilities. In addition, the method for identifying and recording defect liabilities differed across the sampled projects. For example:             <ul style="list-style-type: none"> <li>• For the <i>Woodville Hockey</i> project, it was advised that the contractor's construction management software, Procore, was used to document and monitor completion of defect liabilities. In addition, a number of defects were recorded within e-mail communication between the CCS and the contractor.</li> <li>• For the <i>South Road</i> project, it was identified defects were recorded within the contractor's practical completion inspection report and advised these were tracked through site meeting minutes.</li> </ul> </li> </ul> <p><b>CoM</b></p> <ul style="list-style-type: none"> <li>• No project closure checklists have been provided for the projects sampled. Whilst it has been advised that there is a project closure template utilised by the Major Works team, a completed copy of this checklist was not provided for the <i>Skate Park</i> project. It is noted the <i>Birch</i> and <i>BMX</i> projects have not yet been closed.</li> </ul> <p><i>(continued on following page)</i></p>	<p>It is recommended that the Councils develop a robust close out process. Where:</p> <ol style="list-style-type: none"> <li>1. Detailed guidance is provided to Project Managers of the steps to be undertaken during the project close phase. An example Project Close Phase RACI has been provided to Management for the Councils' reference.</li> <li>2. A project closure checklist is provided to Project Managers ensuring all the necessary quality checks, reporting and documentation have been completed.</li> <li>3. All defects and omissions recorded are stored in a central register, including the person responsible and the timeframe for completion. This register should note defects which are past due, with these defects to be reported to Executive meetings for escalation.</li> <li>4. Project close out and evaluation reports are completed to evaluate performance and review project outcomes.</li> <li>5. Management should also reiterate the requirements to Project Managers for completing and documenting project close out activities, such as issuing of the practical completion certificate, financial acquittals, and monitoring during the defects liability period.</li> <li>6. Lessons learned list should be finalised at the completion of a project and stored in a central depository. The lessons learned can be referenced for future projects of similar nature.</li> </ol>

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### Finding 3 – Gaps identified in the performance of project close out activities (continued)

**Moderate**

Finding(s)	Recommendation(s)
<p><i>(continued from previous page)</i></p> <p>For further guidance on better practice close phase processes, an example Project Close Phase RACI has been provided to Management.</p> <p><b>Risk(s)</b></p> <p>If project close out activities are not completed or inconsistently performed across the Councils, there is a risk that:</p> <ul style="list-style-type: none"> <li>• Project defects are not identified.</li> <li>• Project defects identified are not closed out in an appropriate timeframe.</li> <li>• Project close out process is not completed.</li> </ul>	
CCS Management Action(s)	CoM Management Action(s)
<p>1-5. As part of the CCS PMF, project close out formalisation will be considered to record this information including a centralised defect register as well as an escalation process if defects aren't rectified within the requirement of the contract and/or within the required timeframes.</p> <p>6. As part of the CCS PMF, a central lessons learned register will be considered and developed.</p>	<p>1,2,4,5. The CoM's PMO will include the recommendations in the updated PMF. The CoM's PMO will periodically check with the Project Managers when a project has been closed off to ensure project close out activities / reports have been completed</p> <p>3. CoM PMO will work together with CoM Records Management Team to implement a centralised defect register to track defects and omissions from capital works projects completed.</p> <p>6. CoM PMO will work together with CoM Records Management Team to implement a centralised lessons learnt register to store findings from capital works projects completed.</p>
<p><b>Responsibility:</b> Corporate Program Manager</p> <p><b>Target Date:</b> 31 December 2022</p>	<p><b>Responsibility:</b> Senior Project Manager, Financial Transformation / PMO</p> <p><b>Target Date:</b> 1,2,4,5,6. 30 June 2022 (for approval of revised framework); From 31 July 2022 (for briefing / training of revised framework to CoM stakeholders).</p> <p>3. 31 August 2022.</p>

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## Finding 4 – A benefits realisation framework is not in place to support effective definition, ownership and management of project benefits

**Moderate**

### Finding(s)

Benefits and outcomes for projects were identified as being inconsistently managed across both Councils.

Better practice PMFs should articulate the definition of what project success looks like, including the key value drivers for investment and aligning them with key outcomes and KPIs for the community, Project Sponsors, Managers and other critical stakeholders.

### CCS

- While the *Stormwater* and *Online Room Hire* project benefits and measurements of success were documented, the project benefits for the *Woodville Hockey* and *South Road* projects were not formalised within the project planning documentation (e.g. PMPs). However, Internal Audit notes Project Managers informally discussed project benefits.
- A formal benefits realisation review was performed and documented for the *Stormwater* project; however there was no evidence of a formal benefits realisation review being completed for the *Woodville Hockey* and *South Road* projects.
- While performance of project expenditure and project timing is tracked and reported in monthly reports to the Divisional and Executive performance meetings, there is limited consideration to other qualitative measures for projects (e.g. community and stakeholder satisfaction or whether completed projects had achieved their identified benefits).

### CoM

- Initial project benefit evaluations were not evidenced for three (3) of the four (4) projects sampled. An initial assessment model completed through CAMMS outlined benefits to the Council for the *Skate Park* project.
- The *BMX* and *Skate Park* project objectives were documented in CAMMS. However, the project objectives were not provided for the *Carpark* and *Birch* projects. The objectives for a different project were also incorrectly listed in CAMMS for the *Birch* project, i.e. improvements to Bray Street was referenced, rather than Birch Crescent.
- In line with the PMF, a review of project outcomes should be completed during project close. It was consistently advised during stakeholder consultation that this process is not usually completed. Evidence was also not provided of a formal benefits realisation review being completed for either of the two (2) closed projects sampled. Internal Audit notes the *Birch* and *BMX* projects are not closed.

### Risk(s)

Where project performance is not formalised or consistently applied, there is a risk that:

- Reported project benefits are not adequately capturing the wholistic performance of the project.
- Necessary information required to capture the success of a project is not able to be utilised for future projects.

(management action(s) on following page)

### Recommendation(s)

Internal Audit Recommends that as part of the recommended Framework in *Joint Finding 1*, formal guidance is outlined for all areas of the Councils with regards to benefits realisation requirements.

The Framework should be developed to include:

- The objective of benefits realisation
- The phases of benefits realisation (define, plan and manage)
- Definitions and terminology
- Roles and responsibilities
- When benefits realisation is completed
- A template for capturing detailed benefits for each project (noting the CCS has developed a template for capturing project benefits).

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### Finding 4 – A benefits realisation framework is not in place to support effective definition, ownership and management of project benefits (continued)

**Moderate**

#### CCS Management Action(s)

As part of the CCS PMF, a benefits realisation framework will be considered to record this information.

**Responsibility:** Corporate Program Manager

**Target Date:** 31 December 2022

#### CoM Management Action(s)

The CoM's PMO will include the recommendations in the updated PMF. The CoM's PMO will periodically check with the Project Managers for when a project has been closed off to ensure benefits realisation review / report has been completed.

**Responsibility:** Senior Project Manager, Financial Transformation / PMO

**Target Date:** 31 December 2022

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## Finding 5 – Lessons learned are not consistently performed and communicated

**Low**

### Finding(s)

Across both Councils, the process for conducting formal lessons learned at project completion is inconsistently performed and communicated. This includes the tracking and documenting of positive and negative experiences on particular projects, and project management improvement opportunities being completed inconsistently.

#### CCS

- While lessons learned were formally documented for the *Stormwater* capital delivery project and the *Online Room Hire and Facilities Booking Solution* ICT project, no documentation was able to be provided to evidence whether a formal lessons learned was undertaken for the *Woodville Hockey* and *South Road* projects.
- While an overarching lessons learned register has been developed for all ICT projects, there is no overarching lessons learned register for capital delivery projects. As a result, lessons learned are only captured within individual project documentation for capital delivery projects.
- From review of monthly Divisional and Executive performance meeting agendas, it was observed that while recurrent issues and opportunities are discussed, there is no dedicated agenda item to discuss lessons learned from recently completed projects.

#### CoM

- The CoM's PMF outlines the requirement to capture lessons learned during the close phase. However, the PMF lacks guidance on how these lessons learned should be captured, shared, and leveraged during the initiation phase of future projects.
- A lessons learned register was not completed for the *Carpark* project. A lessons learned register was completed for the *Skate Park* project with the project's contractor. Internal Audit notes the *Birch* and *BMX* projects are not closed.
- Whilst CAMMS has the functionality to record lessons learned in a central register, it was identified that the functionality is not actively used by staff. In total, only six (6) projects lessons learned had been captured in CAMMS across the CoM.

#### Risk(s)

If lessons learned are not consistently performed and communicated, there is a risk that:

- Previous project mistakes may be repeated.
- Innovation and good work practices identified during the project lifecycle are not capitalised on for future projects.

(management action(s) on following page)

### Recommendation(s)

Internal Audit recommends the Councils reinforce the requirement to consistently undertake a formal lessons learned exercise for each project.

This should consider:

- A lessons learned register should be included in the PMF.
- A lessons learned register should be established at project commencement to ensure relevant lessons from previous projects are recognised and a location is available for new lessons learned as the project progresses.
- Lessons can be identified at any point in time during a project.
- Learnings should be centrally recorded as soon as practicable to ensure it is accurately captured, and made available to all project management staff.
- Including a formal agenda item at monthly divisional performance meetings to discuss lessons learned.



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### Finding 5 – Lessons learned are not consistently performed and communicated (continued)

**Low**

#### CCS Management Action(s)

As part of the CCS PMF, a lessons learned framework will be considered to record this information which will also include consideration and development of a central lessons learned register. Consideration will be given in the PMF as to where lessons learned should be discussed regularly to ensure they are best utilised, this may be at the Portfolio or Divisional project review meetings (or both).

**Responsibility:** Corporate Program Manager

**Target Date:** 31 December 2022

#### CoM Management Action(s)

The CoM's PMO will include the recommendation in the updated PMF. The CoM's PMO will periodically check with the Project Managers when a project has been closed off to ensure a lessons learnt review / report has been completed.

The CoM's PMO will work together with the CoM's Records Management Team to implement a centralised lessons learnt register to store findings from capital works projects completed.

**Responsibility:** Senior Project Manager, Financial Transformation / PMO

**Target Date:** 30 June 2022 (for approval of revised framework); From 31 July 2022 (for briefing / training of revised framework to CoM stakeholders); 31 August 2022 (for updating, briefing and integration of register).

## 3.0 Internal Audit Findings and Improvement Opportunities

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### Finding 6 – Actioning of outstanding internal audit findings and recommendations

**Low**

Finding(s)	Recommendation(s)
<p>A number of Management Actions associated with observations outlined in the CCS March 2019 Capital Project Delivery Review and the CoM FY16/17 Capital Works for Internal Audit reports were identified as past due and currently outstanding.</p> <p>It was noted a number of the observations from both of these reports relating to the development and implementation of a PMF, staff capability and training and risk management in particular have not yet been actioned.</p> <p>In summary, the Internal Audit Reports outlined:</p> <ul style="list-style-type: none"> <li>CCS – six (6) observations (two (2) moderate and four (4) low). It has been advised by the CCS Management that one Management Action has been formally closed out with the remaining Management Actions still in progress and are currently under review. The timeline for implementing the Management Actions ranged from June 2019 to February 2020.</li> <li>CoM – eight (8) observations (four (4) moderate and four (4) low). Currently, three (3) of the Management Actions are still in progress. The timeline for implementing the Management Actions was outlined to be September 2016.</li> </ul> <p>It is recognised that whilst the actions above are outstanding, a large body of work has been performed at both Councils to improve the delivery of major projects. This includes:</p> <ul style="list-style-type: none"> <li>CCS – the drafting of the capital delivery PMF and implementation of the Solution Delivery Framework (SDF).</li> <li>CoM – the implementation and the training in the use of CAMMS, and the adjustment to a two-year project planning and delivery lifecycle.</li> </ul> <p>Stakeholders informed Internal Audit the root cause for the delay in implementing the Management Actions has been due to the departure of key staff leading to the recommended actions and lack of capacity of resources to implement this large body of work.</p> <p><b>Risk(s)</b></p> <p>There may be a risk that key actions are not able to be implemented as a result of reduced organisational capacity and limited resources.</p> <p><i>(management action(s) on following page)</i></p>	<p>Internal Audit recommends:</p> <ol style="list-style-type: none"> <li>CCS/CoM Management review the outstanding observations and recommendations outlined within the 2019 Capital Project Delivery Review and the FY16/17 Capital Works Review and prioritise the completion of outstanding recommendations.</li> <li>Moving forward, the continuation of Executive Leadership Team and Audit Committee monitoring and reporting of past due Internal Audit recommendations should be a strong focus.</li> </ol>

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### Finding 6 – Actioning of outstanding internal audit findings and recommendations (continued)

**Low**

#### CCS Management Action(s)

1. Outstanding actions resulting from the 2019 Capital Project Delivery Review will be reviewed with the responsible officer/s. Potentially these actions could be closed and related to current Project Management Internal Audit recommendations, in line with new timelines for roll out of PMF by 31 December 2022. The intention of both Internal Audits will have the same outcome.
2. The review of agreed actions is currently overseen by Council's Internal Controls Officer as a twice yearly program. The organisation has seen a natural turn-over of staff since 2016 (outstanding actions date back to 29/02/2016) which has resulted changes to the responsible officer and a dilution of understanding of historical items. Moving forward the Internal Controls Officer will take on more a more pro-active role and will work closely with responsible officers throughout the year, to ensure current validity of actions/and risk ratings and momentum is maintained. A step of escalation will be introduced by quarterly reporting of outstanding actions to the Leadership Team. Progress of outstanding actions will also be reported directly to the Audit Committee within the standing "Internal Audit Plan Status Update Report".

**Responsibility:** Manager Governance and Operational Support

**Target Date:** 31 December 2022

#### CoM Management Action(s)

The CoM's PMO will review and coordinate the completion of outstanding actions from the FY16/17 Capital Works Review with previous and current action owners.

**Responsibility:** Senior Project Manager, Financial Transformation / PMO

**Target Date:** May 2022

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## PIO 1 – Opportunity to implement formal contractor performance reviews as part of project closure

PIO

Observation(s)	Recommendation(s)
<p>There is an opportunity for both Councils to implement formal contractor performance reviews as part of project closure activities.</p> <p>While Project Managers perform regular contractor check-ins throughout project delivery and informal performance discussion may be completed during lessons learned processes, there is no formal requirement to undertake contractor performance reviews upon project completion.</p> <p>By undertaking contractor performance reviews, this can assist both Councils in identifying positive outcomes and further learning opportunities that can be considered in future procurement decisions and delivery of projects.</p>	<p>In conjunction with the recommendations outlined in Finding 2.4 of the <i>February 2022 CoM and CCS Collaborative Contract Management Internal Audit Report</i>, the Councils should consider implementing contractor performance reviews as part of current project closure and lessons learned processes. This may include development of a standard criteria or KPIs to measure performance against. For example:</p> <ul style="list-style-type: none"> <li>• Quality of plans and specifications</li> <li>• Project scheduling</li> <li>• Material ordering and staging</li> <li>• Communication</li> <li>• Safety</li> <li>• Environmental management</li> <li>• Commercial (LDs, EOTs, etc.)</li> <li>• Project close out.</li> </ul> <p>The contractor performance expectations should be communicated to third party contractors (such as a supplier scorecard) to enable this measurable assessment of contractor performance.</p>
CCS Management Action(s)	CoM Management Action(s)
<p>As part of the CCS PMF, we will consider formal contractor reviews to record this information. CCS will work with the CCS/CoM/PAE Cross Council Collaborative Procurement Team on a standard report template for the contractor performance review and implement this on relevant projects.</p>	<p>The CoM's PMO will include the recommendations in the updated PMF and will work with the CoM's Procurement Team on a standard report template for the contractor performance review. The CoM's PMO will work with the Project Managers to ensure a contractor performance review is completed after a project has been delivered.</p>
<p><b>Responsibility:</b> Corporate Program Manager</p>	<p><b>Responsibility:</b> Senior Project Manager, Financial Transformation / PMO</p>
<p><b>Target Date:</b> 31 December 2022</p>	<p><b>Target Date:</b> 30 June 2022 (for approval of revised framework); From 31 July 2022 (for briefing / training of revised framework to CoM stakeholders).</p>

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## PIO 2 – Opportunity to better plan for current market conditions

PIO

### Observation(s)

The current level of construction activity within Australia and South Australia is unprecedented. With multiple injections of stimulus funding from Federal and State Governments, there has been a significant increase in market demand.

This impact on the market has been further compounded by the current supply chain issues as a result of COVID-19 and the war in Ukraine. This includes the price of many materials increasing, including a marked increase in shipping costs. The cost of iron ore, a key material in the production of steel, has increased significantly with prices reaching a 10-year high at \$222 AUD per tonne at the start of 2021.

For local governments, such as the CoM and the CCS, this increase in costs will have a significant impact on the ability to deliver Capital Delivery Programs on time and on budget.

Internal Audit acknowledges the CCS has held trainings and information sessions to inform Project Managers on current market condition risks and mitigating actions. The CoM has also increased their procurement timeframes.

Looking ahead, the recommendations adjacent have been raised with the aim to help both Councils prepare for these challenges.

### Recommendation(s)

It is recommended that the Councils consider the following:

- Contingency management will become even more important going forward. It is recommended that both Councils track and report on the overall pool of project contingency on a monthly basis, to allow for greater oversight.
- Implement peer review of project budgets.
- Plan and allow for longer procurement lead times.
- Undertake further market research to better understand current forecasted price increases. This information should then be provided to Project Managers and Council staff to help update forecast project costs.
- Further consider opportunities to lock in contracts with suppliers and contractors.
- Consider staggering upcoming capital expenditure work to ensure projects do not all start at once.
- Consider how key head contractors / sub-contractors could look to secure continuity of project work and reduce stress on material supply and labour availability.

### CCS Management Action(s)

1. As part of the Project Management Framework, we will:
  - a. Document our current planning process around staggering projects to take the market into account.
  - b. Document our current project staging process for large infrastructure, open space and built form projects – Year 1 concept & consult, Year 2 detailed design, Year 3 construct.
  - c. Document our current process for developing budget cost estimates and QS costing at various stages of design completion.
2. Continue to develop and manage existing and new panel supplier arrangements to ensure best possible procurement outcomes for CCS projects.

**Responsibility:** Corporate Program Manager

**Target Date:** 31 December 2022

### CoM Management Action(s)

A forward procurement plan will be created and distributed to adequately plan for upcoming tendering activities and to ensure a uniform volume of tenders are open at any one time. Lead times and the use of 'helpful hints' on the intranet will further support guidance of tenders for end users to communicate expected cycle times and requirements.

All recommendations are currently under review and align with the mitigation strategies identified in the corporate risk register.

**Responsibility:** Cross Council Manager, Strategic Procurement

**Target Date:** 31 July 2022

## 3.1 Internal Audit Findings – City of Marion

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### Internal audit findings

Through our discussions with the process owners, documentation review and sample testing performed, Internal Audit identified one moderate and one low rated findings. The following table provides a summary of the findings identified. This was discussed with Management. Management has accepted the findings and has agreed action plans to address the recommendations.

Rating	Ref #	Description
Moderate	CoM – F1	Improvements are required to project documentation retention practices
Low	CoM – F2	Opportunity to improve CAMMS usability and adoption



## 3.1 Internal Audit Findings – City of Marion

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### Finding 1 – Improvements are required to project documentation retention practices

**Moderate**

Finding(s)	Recommendation(s)	Agreed Management Action(s)
<p>Gaps in the retention of project documentation were identified as a result of the Internal Audit review.</p> <p>Out of the four (4) projects sampled, only limited documentation was able to be provided for <i>Birch</i> and <i>Carpark</i> projects. It was also advised that the Project Brief for <i>Birch</i> was lost and not able to be provided.</p> <p>The following was noted as contributing to the gaps in documentation identified:</p> <ol style="list-style-type: none"> <li>1. A portion of documents are retained as hard copy only, with some key documents stored in SharePoint.</li> <li>2. It was advised that there are no consistent naming conventions or structures for project folders and files.</li> <li>3. There is no process at project close to ensure key documentation is retained.</li> </ol> <p>It is acknowledged that strong documentation retention practices were observed for the <i>Skate Park</i> project.</p> <p><b>Risk(s)</b></p> <p>There may be a risk that key documents are not retained in a format that can be located efficiently to leverage for future project, for internal audit processes or to respond to Freedom of Information requests.</p>	<p>Internal Audit recommends the CoM consider the following:</p> <ol style="list-style-type: none"> <li>1. Include a standardised document retention process as part of the Framework being developed for <i>Joint Finding 1</i>. This should outline documents which should be retained on SharePoint.</li> <li>2. Prescribing consistent folder structures and naming conventions for project documents, i.e. use of project reference numbers.</li> <li>3. Implementing a document retention checklist into the close process:               <ol style="list-style-type: none"> <li>a. Checklist which lists key documentation to be retained in Sharepoint.</li> <li>b. Internal Audit identified an opportunity for the CoM to explore the capability of CAMMS to link to documentation within Sharepoint.</li> </ol> </li> <li>4. Refer to ISO 9001 for document retention periods. ISO 9001 is particularly critical for project quality documentation.</li> </ol>	<p>The CoM's PMO will include the recommendations in the updated PMF with guidance from the CoM's Records Management Team</p>
<p><b>Responsibility:</b> Senior Project Manager, Financial Transformation / PMO</p> <p><b>Target date:</b> 30 June 2022 (for approval of revised framework); From 31 July 2022 (for briefing / training of revised framework to CoM stakeholders).</p>		

## 3.1 Internal Audit Findings – City of Marion

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### Finding 2 – Opportunity to improve CAMMS usability and adoption

**Low**

#### Finding(s)

Internal Audit identified an opportunity to improve the usability and adoption of CAMMS as a project management system. Specific observations included:

1. CAMMS is not consistently utilised by Project Managers as a project management system, but rather a reporting tool for end-of month reporting.
2. Project Managers advised the following gaps in the functionality of CAMMS:
  - Information to be entered into CAMMS is not streamlined based on project type.
  - Items entered into the Project Schedule were not able to be adjusted.
  - Closed projects are not able to be reviewed to leverage past project learnings.
3. Opportunities were also noted to implement workflows for approvals at project stage gates/hold points, including for budgets, variations and risk management.

It is recognised that the CoM has rolled out CAMMS training sessions recently facilitated by the PMO to further drive the use of CAMMS as a project management tool.

#### Risk(s)

There may be a risk that CAMMS is not utilised as intended for efficient and consistent project management.

#### Recommendation(s)

Internal Audit recommends that the CoM:

1. Continue to roll out CAMMS training to Project Managers. On a periodic basis, the use of CAMMS by Project Managers should be spot checked by PMO.
2. CAMMS processes are reviewed for opportunities to:
  - a. Streamline questions for different project types.
  - b. Enable items included in the Project Schedule to be adjusted as the project evolves.
  - c. Provide read-only access to closed projects to leverage previous learnings, including through the review of risk assessments and the completion of the Project Schedule.
3. Consider reviewing the capability of CAMMS to automate workflows for approvals.

#### Agreed Management Action(s)

1. The CoM's PMO currently provides ad-hoc CAMMS training upon request by staff and the management team. Feedback on the PM's experience with the use of CAMMS is currently obtained through monthly engagements between the PMO and PMs
- 2-3. The CoM's PMO will consider these CAMMS recommendations and prioritise its implementation based on priority and the needs of the Council.

**Responsibility:** Senior Project Manager, Financial Transformation / PMO

**Target date:** 31 July 2022.

## 3.1 Internal Audit Findings – City of Charles Sturt

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### Internal audit findings

Through our discussions with process owners, documentation review and sample testing performed, Internal Audit identified one performance improvement opportunity. The following table provides a summary of the performance improvement opportunity identified. This performance improvement opportunity and recommendation was discussed with Management. Management has accepted the performance improvement opportunity and has agreed action plans to address the recommendation(s).

Rating	Ref #	Description
PIO	CCS – PIO1	Opportunity to investigate implementing a dedicated project management system or tool

## 3.1 Internal Audit Findings – City of Charles Sturt

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### PIO 1 – Opportunity to investigate implementing a dedicated project management system or tool

PIO

Observation(s)	Recommendation(s)	Agreed Management Action(s)
<p>There is an opportunity for the CCS to investigate implementing a dedicated project management system or tool to better assist with the management of capital delivery and ICT projects.</p> <p>The CCS currently utilises various systems including TechOne, Content Manager and Microsoft Teams to assist in the end-to-end management of projects. As the CCS does not have a dedicated project management system, a variety of different tools and templates have been developed outside of these systems (e.g. Microsoft Excel risk and variation registers, project schedules) for use by Project Managers.</p> <p>The use of these tools and templates can create additional administrative and manual effort for Project Managers to maintain throughout delivery and for reporting. Utilising a dedicated project management system or tool will assist in reducing inefficiencies and to increase accountability by ensuring project requirements are met through workflow capabilities.</p>	<p>As part of the Expression of Interest for the collaborative Enterprise Systems program, the CCS should consider including requirements for project management system capabilities to better assist with the overall planning, organisation and management of projects.</p> <p>Internal Audit also recommends the CCS consider collaborating with the CoM to understand the lessons learned from implementing CAMMS to improve the project management system integration process.</p>	<ul style="list-style-type: none"> <li>The high-level requirements for a future project management system will be built into the Collaborative Enterprise Systems Expression of Interest to the market in 2022. This information will feed into a joint business case for endorsement with a recommended sequencing for the refresh and implementation of Councils core enterprise systems, including a project management system/tool.</li> <li>CCS will work closely with the CoM to understand the lessons learnt from their project management tool, CAMMS, and apply these to future plans.</li> </ul>
<p><b>Responsibility:</b> Coordinator Collaborative ICT Project Delivery</p> <p><b>Target date:</b> 31 December 2022</p>		

# Appendices

# Appendix 1 – Project Profiling

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A project may be profiled based on a criteria of risk and complexity. Examples of risk and complexity criteria are outlined below. Certain projects may automatically be considered as a “Major” project, e.g. significant capital infrastructure projects, or where a Funding Deed is agreed with the State Government.

## Risks

- Is there high public exposure or media interest
- Is there strong political interest or a high-level of legal risk
- It is repeatable work which the Council has a history of undertaking
- Are there likely to be any significantly high safety or environmental risks.

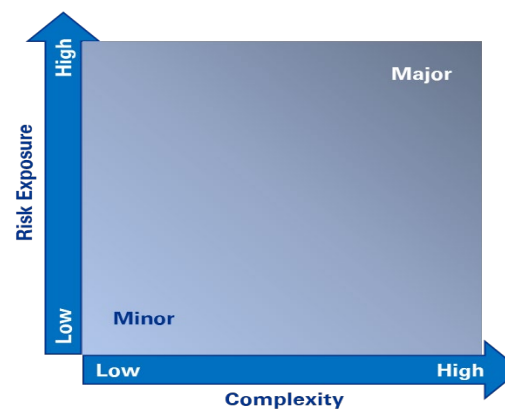
## Complexity

- Are there a high number of stakeholders or multiple portfolios involved
- Are costs difficult to estimate due to unknown circumstances in scope or conditions
- Is the project dependant on other outcomes (e.g. funding commitments)
- Are there land access issues.

## Profiling

Each of the risks and complexities identified may be considered on a qualitative basis to guide project governance. Once the project has initially been profiled by a Project Manager the classification should be endorsed by the Project Sponsor and the ELT.

HL	HM	HH
ML	MM	MH
LL	LM	LH
Minor		Major



## Appendix 2 - Staff Consultation

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

### City of Marion

Name	Title
Tony Lines	General Manager, City Services
Mathew Allen	Manager, Engineering, Assets & Environment
Kate McKenzie	Manager, Corporate Governance
Charmaine Hughes	Manager, City Activation
Kevin Poh	Senior Project Manager, Financial Transformation
Michael Collins	Unit Manager, Land & Property
Andrew Doyle	Unit Manager, Statutory Finance & Payroll
Benjamin Roberts	Projects Support Officer
Birgit Stroehrer	Project Design Advisor
Cain Jeffery	Coordinator, Streetscape Design
Amy Liddicoat	Recreation & Open Space Planner
Chloe Graham	Coordinator, Civil Contracts
Dale Fitzpatrick	Property Projects Officer
Melissa Virgin	Assistant Financial Accountant

### City of Charles Sturt

Name	Title
Adrian Ralph	General Manager, Asset Management Services
Allister Smith	Corporate Program Manager
Ian Yarrow	Coordinator, Engineering work
Karin Swiatnik	Manager, Information Services
Annette Martin	Manager, Financial Services
Mark Chittleborough	Operations Engineer
Carmine D'Amico	Coordinator, Transport Strategy & Assets
Kerri Cooper	Coordinator, Collaborative ICT Project Delivery
Richard Hughes	Coordinator, Open Space & Property Projects
Adrian Longo	Project Officer, Open Space & Property
Jaime Stiles	ICT Business Analyst
Danielle Picicella	Internal Controls Officer



# Appendix 3 – Classification of Findings

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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 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 be Councils issue.</li> <li>• Decrease in the public's confidence in the Councils.</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 Councils Finance and Audit Committee via the Presiding Member</li> <li>• Requires immediate notification to the Councils 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 Councils General Manager notification.</li> <li>• Requires prompt management action planning/remediation actions (i.e. 30 days)</li> </ul>

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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 Councils.</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 Councils 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 The competing priorities and cost/benefit (i.e. 90 days).</li> </ul>

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## Risk Assessment Matrix – determine the Level of Risk

Likelihood of Occurrence	Consequence of Occurrence				
	Insignificant	Minor	Moderate	Major	Severe
Almost Certain	MEDIUM	HIGH	HIGH	EXTREME	EXTREME
Likely	LOW	MEDIUM	HIGH	HIGH	EXTREME
Possible	LOW	MEDIUM	MEDIUM	HIGH	HIGH
Unlikely	LOW	LOW	MEDIUM	MEDIUM	HIGH
Rare	LOW	LOW	LOW	MEDIUM	MEDIUM

Likelihood Criteria	
Almost Certain	The event is occurring now or is almost certain to occur. (Probability >75%)
Likely	The event is likely to occur. (Probability 50- <75%)
Possible	The event may possibly occur. (Probability 25 - < 50%)
Unlikely	The event is unlikely to occur. (Probability 1 - < 25%)
Rare	The event will only occur in exceptional circumstances. (Probability close to 0)

Consequence Criteria (Summarised)	
Insignificant	Physical or other injury requiring First Aid. No impact on wellbeing*. Minor local disruption.
Minor	Physical or other injury resulting or requiring medical attention. Minor temporary impact on wellbeing*. Local and temporary poor morale.
Moderate	Physical or other injury resulting in brief hospitalization / medical treatment (1 day). Significant/medium term wellbeing* or morale issues.
Major	Serious injury requiring hospitalisation (2 days or more or re-admission)/ extensive rehabilitation. Long term wellbeing* impact. Entrenched severe morale problems.
Severe	Death or critical injury. Wellbeing* of majority of workforce affected. Loss of a majority of the workforce. Inability to replace critical services.

# Disclaimers

## Inherent limitations

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City of Marion

# Stakeholder Management Review Report

May 2022



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# 1.0 Executive Summary

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In accordance with the 2021/22 Internal Audit Plan for the City of Marion (CoM), an internal audit focussing on the CoM's stakeholder management was performed.

## 1.1 Objective

The objective of this internal audit was to perform a high level desktop review over the CoM's key stakeholder and relationship management, including review of relevant plans, processes and internal controls. This internal audit also considered opportunities for improvement in accordance with better practice stakeholder and relationship management.

## 1.2 Scope

To address the overall objective above, the scope of this internal audit considered the following:

- Desktop review of the CoM's Stakeholder Management Framework, including relevant stakeholder maps and stakeholder engagement plans for key relationships between the CoM and key stakeholder groups.
- Review of current internal controls related to stakeholder management, including the approach to the effective identification and profiling of key stakeholders for the CoM across Federal, State and Local Governments, business and community groups (focussed on peak groups) as well as international relationships.
- Clarity of relevant roles, responsibilities and accountabilities for stakeholder management, including understanding and confirmation of who is responsible for relationship management processes on behalf of the CoM between different people and functional areas.
- Review of current processes and practices related to stakeholder management across the CoM, including communication mechanisms in place for the facilitation of knowledge sharing and insights originating from stakeholder engagement.
- Opportunities for the introduction of better practice and process improvements for stakeholder and relationship management relevant to local government and other comparable organisations.

## 1.3 Key Observations and Recommendations




The CoM is committed to embedding better practice for managing stakeholders, and to utilise the substantial knowledge held by senior staff regarding ongoing relationships. However there is currently a lack of guidance and no system for recording and sharing insights.

Overall, our key observations included:

- Formal documented guidance is not in place to holistically govern stakeholder management within the CoM, which includes individual roles and responsibilities and how to appropriately communicate with stakeholders.
- Training and onboarding for staff does not contain information on the CoM's processes around managing or engaging with stakeholders.
- The stakeholder engagement section of CoM project plans often lacks sufficient detail to assist staff, and is not developed for all CoM projects.

## 1.4 Positive Observations

A number of positive observations were identified during the course of this internal audit, and are summarised below:

-  The CoM has a Community Engagement Plan to assist consulting with various communities regarding projects and events. This is a key area of stakeholder management.
-  The CoM has commenced the development of a Stakeholder Relationship Map, establishing a central register to keep track of relationships and engagements with key stakeholders.
-  Staff were aware of the need for better stakeholder management. It was evident that key staff are committed to embedding a stakeholder-centric culture and improving the CoM's processes for engaging with stakeholders.

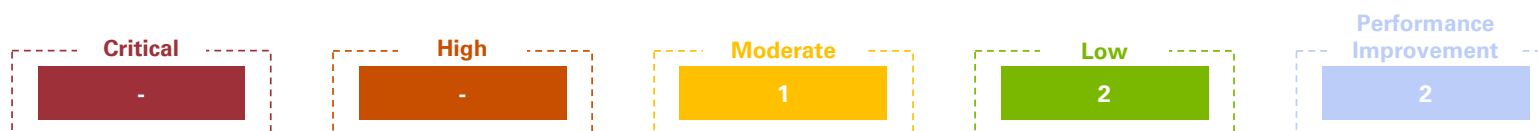


# 1.0 Executive Summary

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## Internal audit findings

Internal Audit identified one (1) moderate rated finding, two (2) low rated findings and two (2) performance improvement opportunities (PIOs). The following table provides a summary of our risk rated findings, the relevant issue owner and target date for implementation. These findings and recommendations were discussed with CoM Management. Management has accepted the findings and has agreed action plans to address the recommendations.



Rating	Ref #	Description	Issue Owner(s)	Target Date(s)
Moderate	F1	No formalised guidance in place to holistically govern stakeholder management across the CoM	Manager, Office of the CEO	31 December 2022
Low	F2	No formalised onboarding or training provided for stakeholder management	Manager, Office of the CEO	31 March 2023
Low	F3	Lack of sufficient detail in stakeholder engagement plans within reports	Unit Manager, Strategy and Risk	31 December 2022
PIO	PIO1	Opportunity for integration of a centralised system to support development of relationships with stakeholders	Unit Manager, Strategy and Risk	31 December 2022
PIO	PIO2	There is opportunity to develop a greater reach to Indigenous communities	Manager, People and Culture	31 December 2022

## 2.0 Background

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As a result of the Assurance Mapping Internal Audit conducted as part of the FY20-21 Internal Audit Plan, gaps in the CoM's current methodology for managing stakeholders were identified. In particular, it was identified that although management of key relationships is built into day to day operational processes, and considered during project and program planning, there are no formal controls or assurance mechanisms in place.

### What is a 'stakeholder'?

Stakeholders are all individuals, groups or organisations that have an interest or are impacted by decisions made by the CoM. There is a varying degree of interest and potential impact between the stakeholders, however all have a relationship with the CoM and therefore require some level of engagement and management.

### Who are the CoM's key stakeholders?

The CoM has a diverse and substantial number of stakeholders, with differing levels of influence and interest. The CoM's key stakeholder groups include:

- Members of Parliament (MPs)
- Federal and State Government members
- Other local councils
- Residents of the CoM
- Businesses within the CoM
- Community associations (such as sporting clubs and other organisations).

### What is the CoM's current approach to stakeholder management?

The CoM has a limited formalised approach to stakeholder management, with the current approach including:

- Reliance on the strong understanding of key stakeholder relationships amongst senior staff.
- Development of a Stakeholder Engagement Plan within some CoM project management plans.
- Ongoing implementation of Salesforce, which includes potential for an upcoming phase with a focus on stakeholder management.

### Stakeholder Management Risks

Ineffective stakeholder management poses a severe risk to the CoM's relationships with its stakeholders. Due to the vast nature of the CoM's activities and responsibilities, there is a substantial number of stakeholders that need to be managed. Inadequate management of stakeholders may lead to the following:

- Damaged reputation, loyalty and relationships with stakeholders resulting in the erosion of trust in the Council.
- Negative publicity.
- Increase opposition and difficulty getting stakeholders 'on-board' with plans.
- Delays in projects.

### Better Practice

From research and consultation with subject-matter experts, better practice stakeholder management for the CoM would include the following:

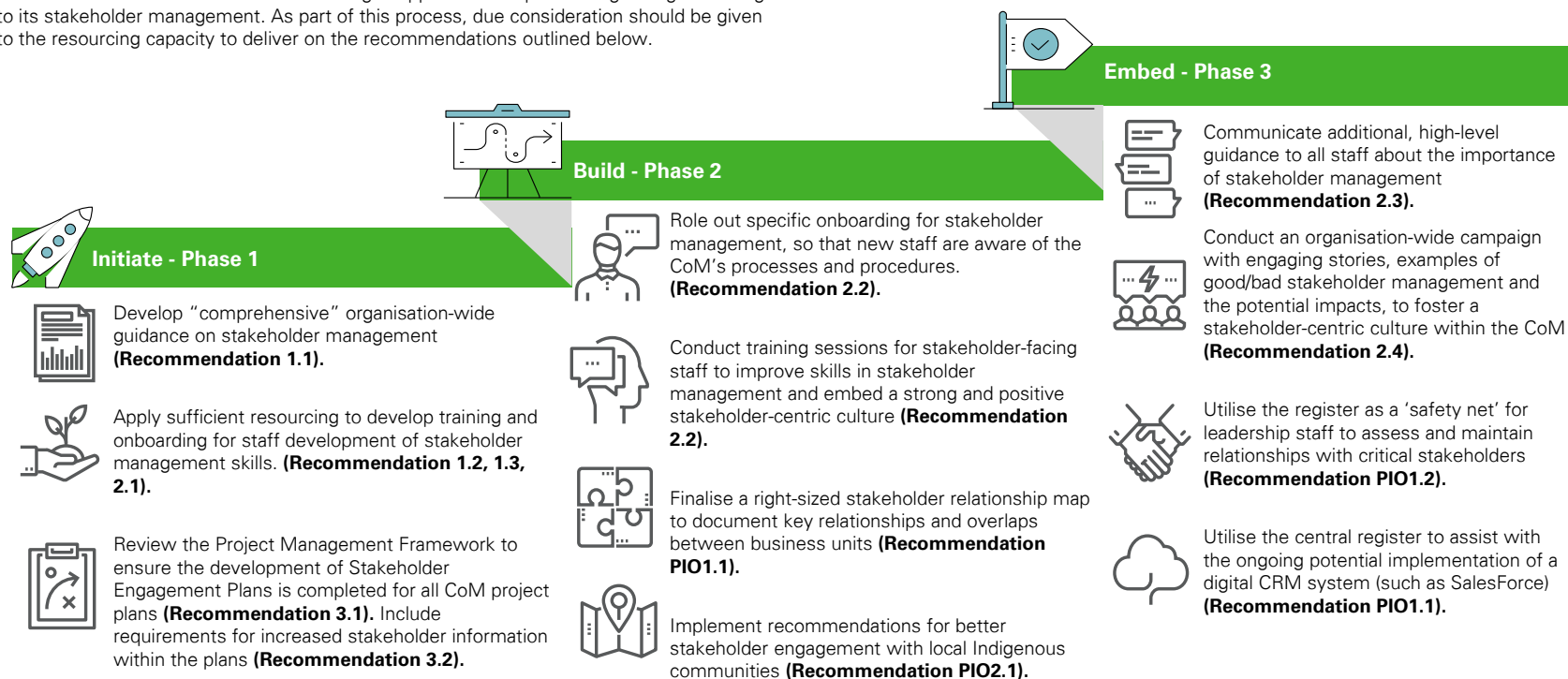
- The CoM maintain a proactive, rather than a reactive approach to dealing with stakeholders. This should include a standard method of contacting stakeholders, assessing associated risks during project planning stages and implementing broader communication and outreach programs.
- Communicating effectively can foster goodwill with stakeholders, which may lead to less incidents occurring and higher likelihood of stakeholders being forgiving.
- Designate an network of 2 – 4 internal 'champions' to oversee stakeholder management within the CoM and act as a point of contact for all stakeholder-facing staff.
- Onboarding and training for staff regarding the processes governing stakeholder management within the CoM.
- Incorporate the use of tools such as the IAP2 Spectrum of Public Participation (Appendix 1) and the Stakeholder Management Matrix (Appendix 2) for better analysis of key stakeholders. The tools still require some training and a skilled user, hence the requirement for a 'champion' individual and some level of training.

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## Initiate, build and embed over three horizons

It is recommended that the CoM take a staged approach to implementing changes relating to its stakeholder management. As part of this process, due consideration should be given to the resourcing capacity to deliver on the recommendations outlined below.



# 3.0 Internal Audit Findings

# 3.0 Internal audit findings

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## Finding 1 – There is no formal guidance across the CoM to govern stakeholder management

Medium

Finding(s)	Recommendation(s)	Agreed Management Action(s)
<p>Formal guidance is not in place which holistically governs stakeholder management across the CoM.</p> <p>Following the FY20-21 Assurance Mapping Internal Audit, the CoM has undertaken the following initiatives to address gaps in current stakeholder management processes and to align with better practice:</p> <ul style="list-style-type: none"> <li>Commenced developing a stakeholder relationship map, which aims to document the key stakeholders of the organisation per each Business Unit.</li> <li>Initial consideration has been given to further integrate a central system to support stakeholder engagement, as part of the CoM's digital transformation utilising the new CRM system, Salesforce.</li> </ul> <p>While these initiatives will provide greater rigour to the process, gaps identified in the CoM's current stakeholder management included:</p> <ul style="list-style-type: none"> <li>Formal guidance is not in place which sets out the management of stakeholders across the organisation, including how to appropriately communicate with stakeholders and how to build and maintain relationships. There is some guidance within specific frameworks, such as the Project Management Framework (see Finding 3), however further formalised guidance should be developed and accessible for stakeholder-facing staff to embed better processes.</li> <li>Roles and responsibilities of staff for engaging with stakeholders have not been clearly defined. This includes the groups of stakeholders staff are responsible for building relationships with, and when/how it is appropriate to address high-level stakeholders, such as Members of Parliament. Documented guidance and training (see Finding 2) will also assist with this process.</li> <li>As the stakeholder relationship map is not yet complete, information on key relationships is not readily available or easily exchangeable.</li> <li>Incidents of process breakdown were identified, in which all stakeholders were not adequately consulted prior to a rose garden on Council land being relocated. This resulted in a negative outcome for the CoM and its residents.</li> </ul> <p><b>Responsibility:</b> Manager, Office of the CEO</p> <p><b>Target date(s):</b> 31 December 2022</p>	<p>Internal Audit recommends the following:</p> <ol style="list-style-type: none"> <li>Due to the diverse nature of the CoM's stakeholders, holistic guidance on stakeholder management should be developed at an organisation level. Specific consideration should be given to the following: <ul style="list-style-type: none"> <li>Define roles &amp; responsibilities for staff regarding stakeholder management.</li> <li>Protocols for addressing specific high-level stakeholders.</li> <li>Holistic principles-based guidance to all staff-levels, specifying methods and approaches for interacting with stakeholders.</li> <li>Stakeholder assessment tools/criteria (See Finding 3).</li> </ul> </li> <li>See Finding 2 for recommendations relating to training and onboarding to embed a stakeholder-centric mindset and culture within the CoM.</li> <li>Consideration should be given to the level of resourcing required to implement the recommendations of this report and drive continuous improvement of stakeholder management.</li> </ol>	<p>Agreed that the development of a framework to provide organisational guidance would be useful. This work will progress in the second part of 2022.</p>

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### Finding 2 – No formalised onboarding or training provided for stakeholder management

**Low**

Finding(s)	Recommendation(s)	Agreed Management Action(s)
<p>Currently, onboarding and training is not provided to staff in relation to good stakeholder management. Whilst it is noted that Management and the Senior Leadership Team (SLT) within the CoM have a strong understanding of good stakeholder management practices, robust onboarding and training is a key process to ensure a stakeholder-centric mindset and culture is embedded within the organisation.</p> <p>Specifically it was noted:</p> <ul style="list-style-type: none"> <li>No onboarding is provided to new-starters on the CoM's stakeholder management process. The CoM has a large and diverse range of stakeholders, therefore it is important to provide new staff with training and development.</li> <li>Currently there is a lack of formal training provided for staff that interact with stakeholders, regarding effective processes for stakeholder management. Better practice would include council-specific content including both positive and negative examples and case studies of stakeholder management.</li> </ul> <p>Whilst formalised guidance is essential (See Finding 1), it is necessary for CoM staff to also be aware of situations that require good stakeholder management. Best practice suggests that embedding a stakeholder-centric culture within the organisation is an important step to ensure that staff are aware of these situations.</p>	<p>Internal Audit recommends the following:</p> <ol style="list-style-type: none"> <li>Apply sufficient resources to implement appropriate onboarding/training for stakeholder management.</li> <li>Conduct training and onboarding sessions specifically for staff in stakeholder facing roles, with specific consideration of the following: <ul style="list-style-type: none"> <li>The importance of stakeholder management, benefits and examples of poor management.</li> <li>Key stakeholders of the CoM.</li> <li>Situations where stakeholder management is required (including tailored and relevant examples for each business unit).</li> <li>Who is best positioned in the CoM to consult on stakeholder management issues.</li> </ul> </li> <li>It would also be recommended that the CoM consider additional communication and high-level guidance to all levels of staff, to identify why stakeholder management is important.</li> <li>Implement an organisation-wide campaign to foster a stakeholder-centric mindset and culture within the CoM. As part of this, the CoM could designate a network of 2-4 internal 'champions' to oversee stakeholder management within the CoM and act as a point of contact for all stakeholder-facing staff.</li> </ol>	<p>Agreed that onboarding and training regarding the management of key stakeholders is critical. This will be progressed but also requires recommendation 1 to be fully implemented first. This will also be completed in partnership with People and Culture.</p>
<p><b>Responsibility:</b> Manager, Office of the CEO</p> <p><b>Target date(s):</b> 31 March 2023</p>		

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## Finding 3 – Lack of sufficient detail in stakeholder engagement plans within reports

Low

### Finding(s)

The Stakeholder Engagement Plan (SEP) section of the CoM project management plans contains insufficient detail to effectively assist stakeholder management.

Currently, SEPs included in the CoM project management plans outline the relevant project stakeholders. One document reviewed contained sufficient detail included in the 'Communication and Engagement Plan' project document, however better practice would see the SEP utilised consistently, and further detail provided.

Specifically it was noted:

- SEPs are not consistently developed for all CoM projects. It was noted that some CoM project plans did not contain an SEP. To ensure appropriate stakeholder management is performed, an SEP should be undertaken for all externally facing CoM projects, so it can be utilised by staff as guidance for engaging with all required stakeholders.
- SEPs often lack detail, with some SEPs containing minimal information relating to stakeholder management, such as the key internal relationship and brief description on frequency of engagement. Further detail is required to ensure all stakeholders are consulted, kept up-to-date and the relationships are managed appropriately.
- SEPs do not identify the stakeholders' stances on the proposed projects. This level of detail is important to ensure that relationships are maintained and associated risks mitigated.
- SEPs are not project-specific. SEPs follow the same format for each project, however projects will require different levels of detail depending on the size and importance of the stakeholders.
- SEPs do not identify how much information is required to be distributed to each stakeholder. Specific stakeholders may require greater levels of awareness of project updates, which should be covered within the relevant project communication/engagement plan.
- Stakeholders listed are not prioritised based on importance or relevance. It is not outlined in the SEP as to which stakeholders are of higher importance, therefore requiring further specific engagement and communication processes.

### Recommendation(s)

Internal Audit recommends the following:

1. Implement a policy to ensure that SEPs are developed for all CoM projects and plans.
2. Review the current methodology for developing SEPs and adapt to include further detail, with specific consideration of the following:
  - Additional detail in the plan for engaging with each stakeholder.
  - Include whether the stakeholder supports or opposes the plan.
  - Assessment of the stakeholders to identify areas of risk or potential issues arising.
  - Frequency and level of detail delivered to the stakeholder.
  - Prioritisation of each stakeholder due to influence/importance.

### Agreed Management Action(s)

This recommendation needs to feed into the review of the Project Management Framework.

The Strategy and Risk team will work with the Project Management Office (PMO) regarding the information to be included during development of the SEPs.

**Responsibility:** Unit Manager, Strategy and Risk

**Target date(s):** 31 December 2022



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## PIO 1 – Opportunity for integration of a centralised system to support development of relationships with stakeholders

PIO

### Finding(s)

There is an opportunity to integrate a centralised system or register within the CoM, that can assist with developing and supporting relationships with key stakeholders.

As per the previous findings, better stakeholder management can be embedded within the CoM culture through provision of guidance, training and engagement plans to staff. However, better practice would see the relationships recorded within a centralised system, in order to:

- Ensure key stakeholder relationships are maintained, and overlap between business units is identified.
- Allow leadership staff to evaluate the current stakeholder landscape at any point in time, and help verify that key stakeholders are being recorded and managed appropriately.
- Assist with future implementation of a digital system for management of stakeholders. It was noted that the current Salesforce implementation has potential for a future phase related to monitoring stakeholders. The transition to such a system would be greatly assisted by a previously developed stakeholder register.

### Recommendation(s)

Internal Audit recommends the following:

1. Using the current register as an initial base, continue to populate for the key stakeholders in the organisation. The register could then be used in the future to assist with the implementation of a digital CRM system.
2. Utilise the register as a 'safety net' for leadership staff to periodically assess and ensure the critical stakeholders are recorded and overlaps between business units are identified.
3. In the interim, the top 20 key stakeholders could be identified across the CoM, including information such as:
  - Internal relationship owner
  - Stakeholder's strategic alignment
  - Strength of relationship

### Agreed Management Action(s)

Further work needs to progress regarding the opportunities to use Salesforce as a stakeholder management tool.

In the interim, the top 20 key stakeholder map will be produced but this is only a short term measure with a long term approach required.

**Responsibility:** Unit Manager, Strategy and Risk

**Target date(s):** 31 December 2022

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### PIO 2 – Opportunity to develop a greater reach to Indigenous communities

PIO

#### Finding(s)

There is an opportunity to develop a better reach to Indigenous communities within the CoM.

The CoM is situated on the land of the Kurna people, and has regularly sought to engage with local Indigenous communities. It is understood that the CoM currently faces a number of issues during this process, including:

- The CoM has had challenges in obtaining First Nations Community members' attendance at Council events.
- Challenges are faced by the CoM in identifying the most appropriate and relevant contact to speak to within First Nation stakeholder groups. Additionally, staff are generally unaware who is best positioned internally to assist communication and help guide discussions with Indigenous communities.
- It is understood that previously there were roles within the CoM such as Team Leader – Community Cultural Development and Living Kurna Cultural Centre Coordinator. These roles were responsible for being a primary resource within the CoM to assist with engagement and consultations with Indigenous communities. It was noted that this role has been made redundant due to the outsourcing of the LKCC.
- The CoM currently has a strong Reconciliation Action Plan (RAP) in place. It is noted that with the departure of the two staff members above, further consideration is required regarding the oversight and implementation of the Council's RAP.

#### Recommendation(s)

Internal Audit recommends the CoM review the current approach for engaging Indigenous communities, with specific consideration to the following:

- Consider the re-allocation of RAP oversight, implementation and indigenous communities engagement tasks previously performed by the Team Leader – Community Cultural Development and the Living Kurna Cultural Centre Coordinator to existing roles within the organisation.
- Continuation of the Warriparinga Advisory Team to assist with the current engagement challenges faced by the CoM.
- Engage an 'Indigenous employment specialist' to achieve improved engagement and services purchased from Indigenous business.

#### Agreed Management Action(s)

Agreed. The improvements listed within this PIO will be further considered.

**Responsibility:** Manager, People and Culture

**Target date(s):** 31 December 2022

# Appendices

# Appendix 1 – IAP2 Spectrum of Public Participation

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The IAP2 Spectrum of Public Participation can be used to assist decision-making on public engagement. It identifies five levels of public participation, which is selected based on the organisation's goals. The spectrum also recognises the implied promise to the public for each level of participation.

## IAP2 Spectrum of Public Participation



IAP2's Spectrum of Public Participation was designed to assist with the selection of the level of participation that defines the public's role in any public participation process. The Spectrum is used internationally, and it is found in public participation plans around the world.

INCREASING IMPACT ON THE DECISION					
	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
PUBLIC PARTICIPATION GOAL	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision making in the hands of the public.
PROMISE TO THE PUBLIC	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will look to you for advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.

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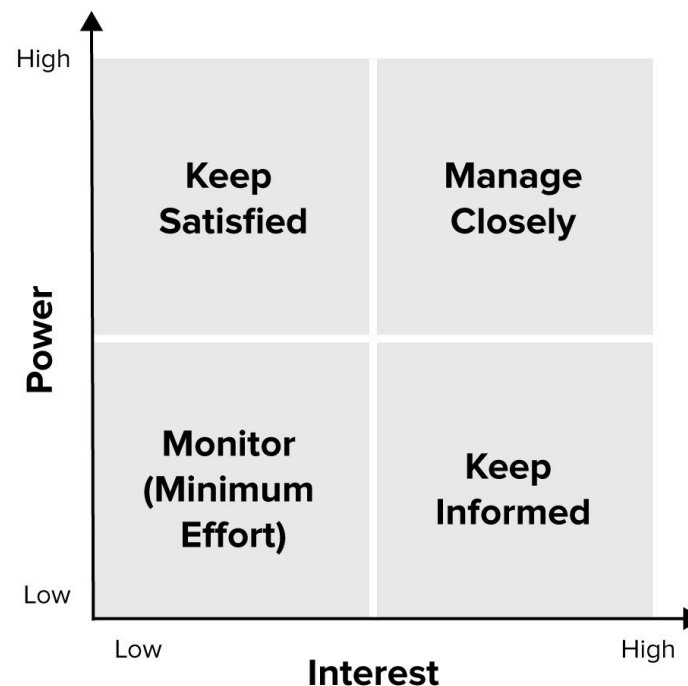
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# Appendix 2 - Stakeholder Analysis Matrix

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The Stakeholder Analysis Matrix is a tool to help assess project's stakeholders and identify the quantity of management required.

1. The initial step is to identify all stakeholders relevant to a project. It is essential to include all stakeholders within this step, no matter how minor their impact may be.
2. The identified stakeholders should then be prioritised based upon the level of influence they have on the particular project, and the amount of interest they have.
3. The level of engagement required depends on which group the stakeholder falls in to:
  - **High Power, Highly Interested**  
The most engagement is required. It is important to keep this stakeholder up-to-date and satisfied with the level of engagement.
  - **High Power, Less Interested**  
Sufficient engagement is required, but not so much that the stakeholder becomes bored.
  - **Low Power, Highly Interest**  
Adequate engagement is required to ensure no issues arise. These stakeholders can often be helpful as a supportive role on the project.
  - **Low Power, Low Interest**  
Monitor these stakeholders, and don't over-communicate.



## Appendix 3 – Staff Consultation

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The table below summarises the CoM stakeholders who were consulted during the review.

Name	Title
Tony Harrison	Chief Executive Officer
Tony Lines	General Manager, City Services
Sorana Dinmore	General Manager, Corporate Services
Mathew Allen	Manager, Engineering, Assets & Sustainability
Sheree Tebyanian	Strategy Planner
Kate McKenzie	Manager, Office of the Chief Executive
Megan Bradman	Manager, Customer Experience
Nick Marwe	Unit Manager, Media and Engagement
Charmaine Hughes	Manager, City Activation
Jessica Lynch	Manager, People and Culture

# Appendix 4 - Classification of Findings

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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 CoM 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 be Councils issue.</li> <li>• Decrease in the public's confidence in the Councils.</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 Councils Finance and Audit Committee via the Presiding Member</li> <li>• Requires immediate notification to the Councils 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 Councils 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 Councils.</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 Councils 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 The competing priorities and cost/benefit (i.e. 90 days).</li> </ul>

# Appendix 4 - Classification of Findings

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City of Marion (CoM)

## Risk Assessment Matrix – determine the Level of Risk

Likelihood of Occurrence	Consequence of Occurrence				
	Insignificant	Minor	Moderate	Major	Severe
Almost Certain	MEDIUM	HIGH	HIGH	EXTREME	EXTREME
Likely	LOW	MEDIUM	HIGH	HIGH	EXTREME
Possible	LOW	MEDIUM	MEDIUM	HIGH	HIGH
Unlikely	LOW	LOW	MEDIUM	MEDIUM	HIGH
Rare	LOW	LOW	LOW	MEDIUM	MEDIUM

Likelihood Criteria	
Almost Certain	The event is occurring now or is almost certain to occur. (Probability >75%)
Likely	The event is likely to occur. (Probability 50- <75%)
Possible	The event may possibly occur. (Probability 25 - < 50%)
Unlikely	The event is unlikely to occur. (Probability 1 - < 25%)
Rare	The event will only occur in exceptional circumstances. (Probability close to 0)

Consequence Criteria (Summarised)	
Insignificant	Physical or other injury requiring First Aid. No impact on wellbeing*. Minor local disruption.
Minor	Physical or other injury resulting or requiring medical attention. Minor temporary impact on wellbeing*. Local and temporary poor morale.
Moderate	Physical or other injury resulting in brief hospitalization / medical treatment (1 day). Significant/medium term wellbeing* or morale issues.
Major	Serious injury requiring hospitalisation (2 days or more or re-admission)/ extensive rehabilitation. Long term wellbeing* impact. Entrenched severe morale problems.
Severe	Death or critical injury. Wellbeing* of majority of workforce affected. Loss of a majority of the workforce. Inability to replace critical services.

# Disclaimers

## Inherent limitations

The scope of this report has been outlined in the Executive Summary. 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 CoM's Management and personnel. We have not sought to independently verify those sources unless otherwise noted within the report. We are under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form unless specifically agreed with the CoM. The internal audit findings expressed in this report have been formed on the above basis.

## Third party reliance

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

## Electronic distribution of report

This KPMG report was produced solely for the use and benefit of the CoM and cannot be relied on or distributed, in whole or in part, in any format by any other party. The report is dated May 2022 and KPMG accepts no liability for and has not undertaken work in respect of any event subsequent to that date which may affect the report. Any redistribution of this report requires the prior written approval of KPMG and in any event is to be the complete and unaltered version of the report and accompanied only by such other materials as KPMG may agree. Responsibility for the security of any electronic distribution of this report remains the responsibility of the CoM and KPMG accepts no liability if the report is or has been altered in any way by any person.

# Recommended Internal Audit Projects (FY2023) - Year 2

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## Recommended Internal Audit Projects FY2023

The recommended list of internal audit projects for FY2023, along with the estimated timing and if the project will be a collaborative project is provided in the table below. The Internal Audit Plan remains flexible to include or substitute other relevant projects as required.

REF.	Project Title and Description	Category	Timing	Collaborative Project
23-01	<b>Digital Transformation Health Check (including Human Resources)</b> - A mid-program review of the Digital Transformation Project will be performed, focussing on project management and lessons learned. This review will also assess the key program governance arrangements in place, including adequacy of roles and responsibilities, reporting, change management, program planning and risk management. This review will also include a high level, post-implementation review of CoM's new HR / payroll system.	Information Technology	Q1	-
23-02	<b>Volunteer Management</b> - The objective of this internal audit project will be to assess arrangements in place to manage and oversee volunteers working with the Council. It will include consideration of volunteer attraction, induction arrangements, ongoing management, as well as consider any opportunities to increase the value achieved through the volunteer workforce.	Human Resources	Q2	-
23-03	<b>Customer Experience</b> - This internal audit project will focus on the implementation of CoM's customer management strategies, planning and operations and recommendations arising from the 2018 internal audit of Customer Experience (including complaints).	Customer Experience	Q1	-
23-04	<b>Service Delivery / Community Consultation</b> - The objective of this audit will focus on two phases: <ul style="list-style-type: none"> <li>An initial diagnosis of the alignment of current service delivery compared to minimum legislative requirements. This will also include an analysis of the costs / stated benefits for services delivered.</li> <li>The community consultation processes in place to obtain feedback from rate payers regarding the services they would like provided.</li> </ul>	Customer Experience	Q3	✓
23-05	<b>Cyber Security</b> - The objective of the internal audit will be to consider the maturity of selected aspects of each councils' cyber security posture and supporting framework including both technical and people based controls. The review will also consider opportunities to share knowledge and leverage better practice between each council, as well as to compare each council's current posture with better practice across local government and other similar sectors.	Information Technology	Q4	✓

## 6.7 Business Continuity Program Annual Report 2021-22

<b>Report Reference</b>	FRAC220517R6.7
<b>Originating Officer</b>	{position} – {author-name}
<b>Corporate Manager</b>	Manager Office of the Chief Executive - Kate McKenzie
<b>General Manager</b>	- N/A

### REPORT HISTORY

Report Reference	Report Title
e.g. FAC210518R05	Annual Business Continuity Management Program

### REPORT OBJECTIVE

The objective of this report is to provide the Finance, Risk and Audit Committee (FRAC) with an overview of the Business Continuity Management Program in 2021-22 in accordance with the FRAC's Terms of Reference to provide "effective management of risk and the protection of Council assets" and to provide assurance of the continued implementation of effective business continuity management initiatives across the organisation.

### EXECUTIVE SUMMARY

The Business Continuity Management (BCM) Program is reported annually and was last presented to the Finance and Audit Committee at its meeting held on 18 May 2021 (FAC210518R05).

This report provides an overview of the initiatives undertaken through the BCM Program in 2021--22 which aim to ensure that disruptive events are managed in accordance with the BCM Framework.

The BCM Program's objective is to build organisational maturity through capacity building, testing of key controls plus continual improvement of systems and documentation. Our response to the worldwide pandemic COVID-19, replaced the usual training provided through proactive business continuity exercises as this provided the opportunity for real life testing and capability building. Further work also progressed with KPMG on the Business Impact Assessment and the Recovery Strategies Project.

### RECOMMENDATION

**That the Finance, Risk and Audit Committee:**

- 1. Notes the report and provides feedback on the annual program.**
- 2. Endorses the revised Business Continuity Plan**
- 3. Notes the KPMG report outlining the BIA and Recovery Strategy Project**

### BACKGROUND

COVID-19 was declared a world-wide pandemic on 11 March 2021, and the Business Continuity Plan (BCP) was formally activated on 16 March 2021, however the Incident Management Team (IMT) had been meeting informally to monitor the unfolding situation for a number of weeks prior. COVID-19 significantly affected local government's ability to deliver traditional services to the community. The City of Marion was able to respond quickly and efficiently to the unprecedented

business emergency through the IMT, which was guided by the BCP. The BCP proved to be a well-entrenched document and enabled the IMT to be quickly assembled with each member being fully aware of their roles and responsibilities, allowing them to focus on the response to the unfolding pandemic. The primary objectives of the IMT were to continue serving the community safely, ensuring the safety and job security of staff and proactive transparent communications to our community and our people.

## DISCUSSION

KPMG was engaged to undertake an audit of the COVID-19 response “Business Continuity Plan and COVID-19 Response Audit”, reported to FAC at its meeting in February (FAC210223R06). The audit report acknowledged that the CoM handled the crisis well, the IMT was activated early and that appropriate risk and impact assessments were performed. The report identified five findings and two potential improvement opportunity, as outlined below:

- F1 Existing Business Continuity Framework needs to be updated to reflect pandemic planning and recovery strategy strategies
- F2 Agree protocols for fast-tracked procurement of IT infrastructure during business continuity events
- F3 Confirm and update the required technological capabilities for remote working in the Recovery Strategies
- F4 BCP documentation has not been updated to record specifics on recovery response activities
- F5 Update existing recovery strategy documentation to reflect the manual processes (and changes implemented) as a result of COVID-19
- PIO1 Potential changes to consider regarding Incident Management Team roles and responsibilities
- PIO2 Opportunities for greater integration and tailoring of documentation.

These recommendations are now in various stages of implementation and being monitored through the usual internal audit reporting to the Finance, Risk and Audit Committee.

In addition, various other initiatives have been undertaken including:

- Induction of new IMT Members
- I-Responda training
- Participated in Exercise “Stormaparinga”
- Business Impact Assessment (BIA) and Recovery Strategy Project which included:
  - o Development of a BIA & Recovery Strategy portal on SharePoint
  - o Undertaking an organisation-wide BIA to assess critical functions
  - o Development of Recovery Strategies across all business Units to identify:
    - Critical Resources
    - Critical IT Systems
    - Critical Human Resources

## NEXT STEPS

It is anticipated that the usual proactive Business Continuity Management Program will resume in 2022-23 which will continue to build organisational maturity through capacity building, testing of key controls and continual improvement of systems and documentation. The key initiative to build capacity will be the holding of an emergency response exercise to test key controls and IMT’s capability to respond to an extreme storm. The exercise held will precede a broader recovery exercise planned to be held in conjunction with the Southern Adelaide Zone Emergency Management Committee councils being the cities of Holdfast Bay, Mitcham and Onkaparinga.

## CONCLUSION

The progress achieved through our COVID-19 response over the last twelve months has led to a maturing of emergency management systems, processes, capabilities, and networks that are critical to management emergency events should they occur. The completion of actions recommended in the Business Continuity and Covid-19 Response Audit by undertaken by KPMG through the Internal Audit Program will further improve processes, embed knowledge and increase the resilience of the organisation to provide assurance to Council and all key stakeholders.

**ATTACHMENTS**

Nil



## 6.8 External Audit Engagement for the Year Ending 30 June 2022

<b>Report Reference</b>	FRAC220517R6.8
<b>Originating Officer</b>	Chief Financial Officer – Ray Barnwell
<b>Corporate Manager</b>	Chief Financial Officer - Ray Barnwell
<b>General Manager</b>	General Manager Corporate Services - Sorana Dinmore

### REPORT OBJECTIVE

The objective of this report is to provide the Finance, Risk and Audit Committee with details of Galpins proposed Audit Engagement Plan for the year ending 30 June 2022 and allow the Committee opportunity to comment on and discuss the proposed Audit Plan.

### EXECUTIVE SUMMARY

Galpins have been appointed as City of Marion's external auditors, with the 2021-22 financial year being the first year of their engagement. They have provided a report which outlines the proposed Audit Plan for the year ending 30 June 2022.

### RECOMMENDATION

**That the Finance, Risk and Audit Committee:**

- 1. Considers the outline of Galpins Audit Plan for the financial year ending 30 June 2022. (Attachment 1)**
- 2. Notes the scope of the audit to be carried out by Galpins for the year ending 30 June 2022.**
- 3. Notes the Chief Executive Officer has executed acknowledgement of Galpins engagement letter on 20 April 2022. (Attachment 2).**

### DISCUSSION

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

In March 2022, in accordance with Section 128 of the *Local Government Act 1999* (the Act) on the recommendation of the Finance Risk and Audit Committee, Council endorsed the engagement of Galpins as Council's external auditor for a term of 3 years, with an option to extend for a further period of 2 years (GC220308F18.6). The 30 June 2022 audit will be the first audit conducted under this agreement.

Section 125 and 129 of the Act together with the Local Government (Financial Management) Regulations 2011 set out the requirements for the conduct of Council's annual audit.

Provided at Attachment 1 is the Audit Plan for the financial year ending 30 June. This sets out the responsibilities of Galpins and Council in undertaking the audit, the scope of the audit, and various matters including the audit timetable. Provided in Attachment 2 is the Audit Engagement letter received from Galpins. The Chief Executive Officer executed acknowledgement of the engagement letter on 20 April 2022.

It is noted that the scope of the audit proposed by Galpins is in line with the scope of services detailed in the Contract for Services and as required under the Act. Furthermore, the fees are also consistent with those quoted in the Galpins tender for services, with appropriate approved budget allocations made.

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

## **ATTACHMENTS**

1. City of Marion External Audit Plan 2021-22 [**6.8.1** - 31 pages]
2. City of Marion Engagement Letter [**6.8.2** - 5 pages]



Accountants, Auditors & Business Consultants

## 2021/22 External Audit Plan

### City of Marion



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## 1. AUDIT SCOPE

### *Applicable Financial Reporting Framework*

The financial report is a general purpose financial report. The financial report is prepared in compliance with section 127 of the *Local Government Act 1999*, in accordance with relevant Australian Accounting Standards and in accordance with the requirements set out in the Model Financial Statements (as required by the *Local Government (Financial Management) Regulations 2011*).

The financial report prepared by council comprises a Statement of Comprehensive Income, a Statement of Financial Position, a Statement of Changes in Equity, a Statement of Cash Flows, notes disclosures and a certificate from the Mayor and the Chief Financial Officer.

### *Opinion on the Financial Report*

The financial statements prepared for each financial year must be audited by the council's auditor as required by section 127(3) of the *Local Government Act 1999*. The auditor must provide to the council an opinion with respect to the financial statements (s129(3)(a)).

We are to provide an opinion as to whether council financial report presents fairly, in all material aspects, the financial position of the council as at the end of current financial year, and its financial performance and its cash flow for the year ended on that date in accordance with the *Australia Accounting Standards, Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

### *Opinion on the Internal Controls*

Section 125(1) requires council to ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the council's assets, and to secure (as far as possible) the accuracy and reliability of council records. The auditor must provide audit opinion as to whether the controls audited are sufficient to provide reasonable assurance that the financial transactions of the council have been conducted properly and in accordance with the law (s129(3)(b)).

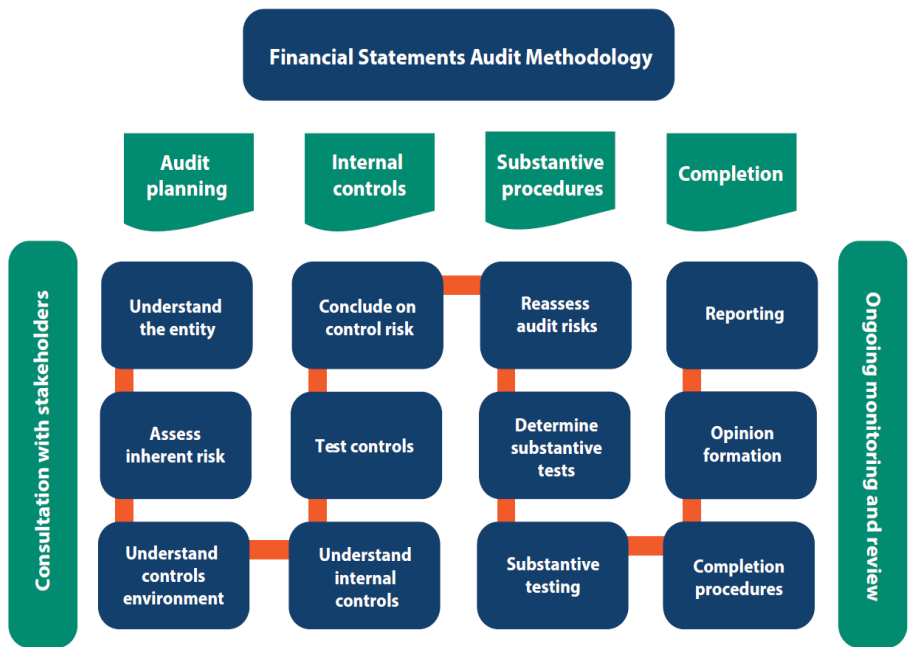
Section 125(2) of the Act, in conjunction with section 10A of the *Local Government (Financial Management) Regulations 2011*, requires internal financial controls of council to be designed and implemented in accordance with the *Better Practice Model – Internal Financial Controls*.

We are to provide an opinion whether council has complied, in all material aspects, with section 125 of the *Local Government Act 1999* only as it relates to financial internal controls established by Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the council have been conducted properly and in accordance with law for the period being audited.



2. AUDIT METHODOLOGY

The Galpins Audit Methodology is a risk-based methodology consisting of four main stages – Audit Planning, Internal Controls, Substantive Procedures and Completion. Further detail regarding these stages is provided below.



Our audit methodology incorporates all the key elements of a traditional audit approach, enhanced with the addition of modern audit techniques and artificial intelligence technology to create our own unique, industry leading methodology.

The stages are managed in an environment of ongoing monitoring and review and consultation with stakeholders.

### Audit planning

*The objective of the audit planning stage is to develop an understanding of the entity, its unique characteristics and requirements, allowing us to tailor our audit approach accordingly.*

- We research and document the entity's industry, regulatory environment, legislative responsibilities, financial reporting environment and internal governance arrangements.
- We perform analytical review, carry out structured interviews with management and other relevant staff and conduct walkthroughs to gain an understanding of the internal controls at the entity level and the financial reporting process.
- Based on this knowledge, we identify and rank the risks of material misstatement, fraud and non-compliance with legislation
- Materiality for the engagement is determined for the financial statements as a whole; for individually significant items, and a threshold for clearly trivial differences is also established.
- The overall audit strategy is then developed and audit procedures defined to achieve an efficient and effective audit approach to mitigate identified risks.

### Internal controls

*We design and perform tests of internal controls to determine the risk of material misstatement in the financial statements, and add value by identifying opportunities for improvement in processes and controls.*

- Informed by the insights gained from our planning, we obtain an understanding of key internal financial controls and perform tests of design and effectiveness for these controls.
- We use the results of control testing to refine our assessment of the risks of material misstatement and design further audit procedures to reduce risk where necessary.
- We apply our significant experience in the design, implementation and audit of internal control environments and activities to identify opportunities for improvement in our clients' internal financial controls



### Substantive procedures

*Using the latest Artificial Intelligence Assisted Audit Techniques, we analyse every transaction in the financial ledger, supporting identification of high-risk transactions. Informed by insights gained from planning, controls testing and AI analysis, we design and perform tests of account balances and transaction streams.*

- We use cutting edge Artificial Intelligence Assisted Audit Techniques to risk-rate 100% of financial transactions in the general ledger, using at least 28 different criteria.
- We perform advanced anomaly detection and trend analysis using next-generation Artificial Intelligence Assisted data analytics layered with machine learning and natural language capabilities.
- The results of our analysis are used to identify specific high risk transactions to be tested, such as suspicious manual journals and payments, and provide insights into the financial health of the entity, performance trends, and other risk factors requiring audit attention.
- We design targeted substantive procedures, including analytical review and tests of detail, to address identified risks.
- The results of substantive testing performed during the audit are evaluated to determine the extent to which risks have been addressed. This enables us to develop a final assessment of the risk of material misstatement.

### Completion

*This stage consolidates all of the audit work performed during the previous stages to determine the appropriate audit opinion and report results to management and those charged with governance.*

- We evaluate the results of audit testing and determine whether adjustments to the financial statements are required.
- We review the final financial statements to provide support regarding the best presentation of these reports.
- Following discussions with management, we prepare a management letter/s providing relevant feedback on the entity's financial operations, performance, internal controls and legislative compliance together with recommendations for improvements.
- Based on our final assessment of the risk of material misstatement, we issue an audit opinion regarding the presentation of the financial statements.

### 3. SUMMARY AUDIT PLAN

#### Audit Plan Summary Table – Statement of Comprehensive Income – Income

Account balance	Key Business cycle	2021	2020	Key Audit Matter	Audit Approach	Inherent risk
Rates and charges	Rates	80,179	79,471	N/A	Controls and Substantive	High
Statutory charges	User Pay Income	2,175	2,114	N/A	Substantive	Low
User charges	User Pay Income	2,701	2,233	N/A	Substantive	Low
Grants	Grants	9,819	7,163	Section 4.4	Substantive	Moderate
Investment Income	Investment Income	503	946	N/A	Substantive	Low
Reimbursements	Other revenue	872	1,146	N/A	Substantive	Low
Other Income	Other revenue	902	559	N/A	Substantive	Low
Equity Accounted Business	Other revenue	173	183	N/A	Substantive	Low
		<b>97,324</b>	<b>93,815</b>			

#### Audit Plan Summary Table – Statement of Comprehensive Income – Expenses

Account balance	Key Business cycle	2021	2020	Key Audit Matter	Audit Approach	Inherent risk
Employee costs	Payroll	38,238	36,487	N/A	Controls and Substantive	High
Materials, contracts and other expenses	Purch/Procurement and contracting	42,532	34,967	N/A	Controls and Substantive	High
Depreciation, amortisation and impairment	Fixed assets	15,963	15,542	Sections 4.1/4.2/4.3	Controls and Substantive	High
Finance costs	Other expenses	335	423	N/A	Substantive	Low
Net loss – equity accounted businesses	Other expenses	-	-	N/A	Substantive	Low
		<b>97,068</b>	<b>87,419</b>			

#### Audit Plan Summary Table – Statement of Comprehensive Income – Other SCI items

Account balance	Key Business cycle	2021	2020	Key Audit Matter	Audit Approach	Inherent risk
Physical Resources Received Free of Charge	Fixed assets	2,001	2,283	N/A	Controls and Substantive	High
Asset Disposal & Fair Value Adjustments	Fixed assets	(2,101)	(1,099)	N/A	Controls and Substantive	High
Amounts Received Specifically for new/up assets	Grants	9,542	175	Section 4.4	Substantive	Moderate
		<b>9,442</b>	<b>1,359</b>			



### Audit Plan Summary Table – Statement of Financial Position – Assets

Account balance	Key Business cycle	2021	2020	Key Audit Matter	Audit Approach	Inherent risk
Cash and cash equivalents	Banking	16,712	17,831	N/A	Controls and Substantive	High
Trade and other receivables	Debtors	8,110	6,000	N/A	Controls and Substantive	Moderate
Other Financial Assets	Banking	37,300	36,400	N/A	Controls and Substantive	High
Inventories	Inventories	311	331	N/A	Substantive	Low
Equity accounted investments	Other assets	6,627	6,454	N/A	Substantive	Low
Other Non-current assets	Fixed assets	10,328	4,489	Sections 4.1/4.2/4.3	Controls and Substantive	High
Infrastructure, property, plant & equipment	Fixed assets	1,129,486	1,149,808	Sections 4.1/4.2/4.3	Controls and Substantive	High
		<b>1,208,874</b>	<b>1,221,313</b>			

### Audit Plan Summary Table – Statement of Financial Position – Liabilities

Account balance	Key Business cycle	2021	2020	Key Audit Matter	Audit Approach	Inherent risk
Trade and other payables	Accounts Payable	17,721	17,231	N/A	Controls and Substantive	High
Borrowings current	Borrowings	827	1,245	N/A	Substantive	Low
Provisions current	Provisions	6,430	6,305	N/A	Substantive	Moderate
Lease liabilities current	Borrowings	15	153	N/A	Substantive	Low
Borrowings non-current	Borrowings	3,564	4,390	N/A	Substantive	Low
Provisions non-current	Provisions	702	610	N/A	Substantive	Moderate
Lease liabilities non-current	Borrowings	11	64	N/A	Substantive	Low
		<b>29,270</b>	<b>29,998</b>			

### Audit Plan Summary Table – Statement of Financial Position – Equity

Account balance	Key Business cycle	2021	2020	Key Audit Matter	Audit Approach	Inherent risk
Accumulated surplus	Other business cycles	403,189	396,604	N/A	Substantive	Low
Asset revaluation reserves	Fixed assets	732,120	753,528	Sections 4.1/4.2/4.3	Controls and Substantive	High
Other reserves	Other business cycles	44,295	41,183	N/A	Substantive	Low
		<b>1,179,604</b>	<b>1,191,315</b>			

## 4. KEY AUDIT MATTERS

Key audit matters are those matters that, in the auditor's professional judgement, ARE of most significance in the audit of the financial report. We address these matters in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### 4.1 Valuation of Infrastructure assets

Why the matter is significant	Overall audit response
<p>Infrastructure assets are valued at fair value. The fair values of these assets were based on depreciated current replacement costs which is comprised by the gross replacement cost less accumulated depreciation.</p> <p>Council values the gross replacement cost using the estimated average cost (unit cost) at which it could construct a substitute asset of comparable quality in the normal course of business. There is inherent subjectivity involved in making judgments in relation to assumptions used to estimate unit rates which also involved determining the:</p> <ul style="list-style-type: none"> <li>components of assets that are replaced at different times in the asset lifecycle</li> <li>costs required to replace these components using current prices for materials, labour, and plant costs</li> <li>indices for measuring subsequent changes in unit rates.</li> </ul> <p>The useful lives of assets and the measurement of accumulated depreciation are determined by external valuers and management. Estimated useful lives are a significant unobservable input which materially impacts asset valuations. The appropriate useful life depends on many different factors that vary between councils, including asset management strategies adopted, target service levels, maintenance strategies applied, traffic volumes, soil conditions, levels of flooding, construction materials used, etc. Significant judgement is used to determine the different useful lives for different components of assets and to calculate the accumulated depreciation since original construction using these estimated useful lives.</p> <p>The significant professional judgments used to estimate the gross replacement cost and the accumulated depreciation directly influence the calculation of annual depreciation expense.</p>	<p>Our audit includes but is not limited to the following activities:</p> <ul style="list-style-type: none"> <li>reconciling closing balances to the asset register/s</li> <li>reconciling the movements in note 7 to the asset register/s</li> <li>reviewing the basis for valuation used by external valuers</li> <li>assessing the competence of external valuers (experts) in accordance with Australian Auditing Standards</li> <li>reviewing the fair value hierarchy disclosed in note 7 for each category of asset</li> <li>reconciling the useful lives used to calculate the accumulated depreciation and the depreciation for the period to revaluation reports</li> <li>reviewing useful lives for different components in comparison to other local government entities and industry standards</li> <li>performing a recalculation of depreciation</li> <li>reviewing the methodology used by Council to perform componentisation of infrastructure assets and comparing the methodology used to Council's actual asset management practices and to other local government entities</li> <li>reconciling the unit rates used for different components of infrastructure assets to the unit rates provided in revaluation reports / other supporting documents (e.g. actual contract rates)</li> <li>reviewing the unit rates in comparison to other local government entities</li> <li>assessing the adequacy of disclosures in the financial report.</li> </ul>

## 4.2 Valuation of Land and Buildings

Why the matter is significant	Overall audit response
<p>Land and buildings are valued at fair value. The basis of valuation to be used for these assets depends on a number of factors such as the nature of the asset, purpose of their use, the highest and best use of the asset, and potential restrictions to the disposal of these assets among other factors.</p> <p>Valuation of land depends on whether the land is classified as Crown land or community land. Community land and Crown land are valued using unobservable (level 3) inputs as the allowance for the restriction on sale (requiring Ministerial consent) is an unobservable input, and is likely to have a significant effect on valuation.</p> <p>Land, where Council has an unfettered right to sell, is typically valued at current market value based on their highest and best use. Level 2 inputs are primarily used for unrestricted land during the valuation process.</p> <p>Valuation of buildings depends on the nature of these assets. Some Council buildings have no active market due to the specialised nature of the assets and the services they provide. For such buildings, fair value is usually determined on the basis of replacement with a new building having similar service potential. Valuation techniques used to measure fair value of these buildings include significant unobservable inputs (level 3).</p> <p>For buildings that have an active market, valuation is assessed on market value principles which is deemed to be their fair value based on level 2 inputs. The most significant input into this valuation approach is sales transactions of comparable properties within the local area, adjusted for any pertinent differences.</p> <p>The significant professional judgments used to estimate the value of buildings directly influence the calculation of annual depreciation expense of these assets.</p>	<p>Our audit includes but is not limited to the following activities:</p> <ul style="list-style-type: none"> <li>▪ reconciling closing balances to the asset register/s</li> <li>▪ reconciling the movements in note 7 to the asset register/s</li> <li>▪ reviewing the basis for valuation used by external valuers</li> <li>▪ assessing the competence of external valuers (experts) in accordance with Australian Auditing Standards</li> <li>▪ analysing the nature of the land and building assets to conclude whether the fair value hierarchy provided in note 7 for each category of asset was reasonable</li> <li>▪ reconciling the useful lives used to calculate accumulated depreciation and depreciation expense for the period to the revaluation reports</li> <li>▪ reviewing useful lives for different components in comparison to other local government entities</li> <li>▪ performing a recalculation of depreciation; and</li> <li>▪ assessing the adequacy of disclosures in the financial report.</li> </ul>

### 4.3 Accounting treatment of capitalisation of assets

Why the matter is significant	Overall audit response
<p>Councils are asset intensive and highly dependent on large portfolios of assets to deliver services to the community. Hence, there is a high volume of transactions and significant amounts involved in relation to capitalisation of assets.</p> <p>Due to the unique characteristics of Council's assets a number of considerations are taken into account when an expenditure is capitalised which include:</p> <ul style="list-style-type: none"> <li>whether Council is incurring capital expenditure on physical resources that are controlled by Council. Control is the most difficult of the characteristics of an asset to be defined, including considerations beyond legal ownership</li> <li>Inclusions and exclusions of costs at initial recognition of an asset in accordance with AASB 116, including treatment of internal salaries and wages</li> <li>Treatment of costs involved in dismantling and removing the asset and/or restoring the site under AASB 137</li> <li>Borrowing costs to be capitalised into the cost of IPPE where the asset is a "qualifying asset" per AASB 123, and</li> <li>accounting for subsequent costs and defining the nature of these costs as being capital or maintenance expenditure.</li> </ul>	<p>Our audit includes but is not limited to the following activities:</p> <ul style="list-style-type: none"> <li>performing analytical procedures to define whether the amounts capitalised for the FY were in accordance with our expectation and our understanding of the entity;</li> <li>reviewing internal policies and controls in place for capitalisation of assets;</li> <li>selecting a sample of additions and performing an assessment of the nature of the addition to conclude whether it has been recognised in accordance with Australian Accounting Standards;</li> <li>reviewing the Work In Progress (WIP) schedule and selecting a sample of transfers out to ensure that the asset was appropriately valued and capitalised in the right account; and</li> <li>reviewing the WIP schedule in order to identify projects that should have been capitalised but were not.</li> </ul>

### 4.4 Revenue Recognition

Why the matter is significant	How the matter will be addressed
<p>AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities provide the framework for determining the timing of revenue recognition for councils.</p> <p>Income from capital and other specific purpose grants may require recognition over time as performance obligations are met (where these obligations are sufficiently specific and arise from enforceable contracts), and a liability recognised for unspent monies. Analysis of funding agreements and some level of professional judgement is required in making such determinations.</p>	<p>Our audit includes but is not limited to the following activities:</p> <ul style="list-style-type: none"> <li>performing analytical procedures to identify any variance that would represent a risk or incorrect application of AASB 15 and/or AASB 1058</li> <li>reviewing a sample of grant agreements and assessing whether agreements contain sufficiently specific performance obligations</li> <li>evaluating the accounting policies used by Council to account for grants in accordance with AASB 15 and AAB 1058</li> <li>testing a sample of financial transactions for compliance with Australian Accounting Standards.</li> </ul>

## 5. KEY BUSINESS CYCLES – CONTROLS APPROACH

### 5.1. High risk areas where audit will place reliance on controls

The Galpins audit methodology requires a controls approach for account balances and business cycles with inherent risks assessed as high. The account balances and business cycles listed below are considered high risk areas due to the materiality of the account balances, the high volume of transactions involved and other reasons outlined below:

Key Business Cycles	Account balance	Why the risk is High
Purchasing and Procurement / Contracting	Materials, Contracts & Other expenses	<ul style="list-style-type: none"> <li>- One of the largest expense items</li> <li>- high volume of transactions / data – subject to error</li> <li>- fraud risk area (procurement, payments and credit cards)</li> <li>- procurement and contracting are key focus areas for ICAC and the Auditor-General's Department.</li> </ul>
Fixed Assets	IPPE, Depreciation expense, Asset Disposals and FV adjustments, Asset Revaluation Reserves Physical Resources Received Free of Charge	<ul style="list-style-type: none"> <li>- Involves three Key Audit Matters that require high degree of professional judgement (refer to section 4 – Key Audit Matters).</li> <li>- councils are asset intensive and highly dependent on multiple assets to deliver services to the community.</li> <li>- largest account balance in the Statement of Financial Position</li> <li>- high volume of transactions / data – subject to error</li> <li>- fraud risk area (capitalisation of assets / depreciation).</li> </ul>
Accounts Payables	Trade and other payables	<ul style="list-style-type: none"> <li>- One of the largest liabilities</li> <li>- opportunity for understatements</li> <li>- if there is a poor use of accrual basis of accounting it can be indicative of poor culture</li> <li>- payments represent an opportunity for fraud.</li> </ul>
Rates / Rates Rebates	Rates and charges	<ul style="list-style-type: none"> <li>- One of the largest revenue items</li> <li>- often used as a reference point for analysing expenditure decisions</li> <li>- politically sensitive – reputational risk involved if rates are raised incorrectly.</li> </ul>
Payroll	Employee costs	<ul style="list-style-type: none"> <li>- One of the largest expense items</li> <li>- high volume of transactions / data – subject to error.</li> <li>- errors impact individuals financially.</li> </ul>
Credit Cards	Materials, Contracts & Other expenses	<ul style="list-style-type: none"> <li>- Amounts are not material, however the use of public money is politically sensitive (qualitative factors).</li> <li>- fraud risk area. The nature of the amount rather than the significance of the amount may cause public opinion concerns.</li> </ul>
Banking	Cash and cash equivalents	<ul style="list-style-type: none"> <li>- Material balance</li> <li>- fraud risk</li> <li>- any instances of errors and/or fraud it can be indicative of broader errors</li> <li>- poor attitude to cash controls may be indicative of overall culture related to the entity's controls environment</li> <li>- public money.</li> </ul>



## 5.2. Medium risk areas where audit will place reliance on controls

The Galpins audit methodology provides that auditors can adopt either controls or substantive approach for areas with inherent risks assessed as moderate. We have outlined below the medium risk areas where audit intend to place some reliance on controls.

Key Business Cycles	Account balance	Reasons for controls approach
General ledger	All accounts	<ul style="list-style-type: none"> <li>- Values from all business cycles are captured in the GL, and therefore any concerns over GL controls are pervasive across all financial statement balances</li> <li>- good controls to ensure completeness and accuracy of the GL are essential to ensure the fair presentation of the financial report.</li> </ul>
Debtors	Trade and other receivables	<ul style="list-style-type: none"> <li>- Material balance</li> <li>- valuation assertion can only be fully addressed by performing a review of the internal controls related to debt collection, review of debtors ageing profile and reconciliation process in place to reconcile the GL to the subsidiary ledgers.</li> </ul>
Receipting	Trade and other receivables	<ul style="list-style-type: none"> <li>- Material balance</li> <li>- Completeness and Existence assertions can only be fully addressed by reviewing receipting processes to ensure that receipts are accurately recorded.</li> </ul>

## 5.3. Medium risk areas where audit will not place reliance on controls

Below, the medium risk areas where audit understands that key assertions at risk can be addressed through substantive procedures (i.e. no reliance on controls).

Key Business Cycles	Account balance	Reasons for substantive approach
Employee Provisions	Provisions	<ul style="list-style-type: none"> <li>- Key assertion at risk (valuation) can be addressed through substantive procedures (e.g. analytical procedures, recalculation and analysis of inflation and discount rates used).</li> <li>- controls related to hourly rates, leave approvals, existence of the employees included in the payroll reports, maintenance of employees' data master file, collection of payroll data that impact on the calculation of the provisions are covered in the payroll business cycle.</li> </ul>
Grants	Grants / Amounts Received Specifically for new upgraded assets.	<ul style="list-style-type: none"> <li>- This business cycle involves a low volume of transactions</li> <li>- key assertions at risk (accuracy and cutoff) can be addressed by performing substantive procedures (e.g. analytical procedures, reviewing grant agreements, inspecting receipts, analysis of classification of the grant and review of the clauses of the agreement to determine the appropriate revenue recognition criteria).</li> </ul>

## 6. CONTROLS OPINION

### 6.1. Financial Internal Controls Selected for Audit

In forming a controls opinion the auditor must assess the internal controls of the council based on criteria provided in the *Better Practice Model – Internal Financial Controls* (section 19(1)(3) of the *Local Government (Financial Management) Regulations 2011*).

The *Better Practice Model – Internal Financial Controls* (BPM) provides a number of internal financial controls within different business cycles that address a variety of inherent risks. A risk based approach is used to determine the key business cycles, and key risks within these business cycles, that we have determined as critical for the purpose of issuing a controls opinion.

The key core controls for the following key business cycles have been identified as critical for the purpose of issuing a controls opinion this financial year:

Business cycles	Account Balance	BPM controls	Inherent Risk
Purchasing and Procurement / Contracting	Materials / Contracts / Other Expenses	10	High
Fixed Assets	IPPE, Depreciation expense, Asset Disposals and FV adjustments, Revaluation Reserves	16	High
Accounts Payables	Accounts Payables	13	High
Rates / Rates Rebates	Rates charges	10	High
Payroll	Employee Costs	19	High
Credit cards	Materials / Contracts / Other Expenses	5	High
Banking	Cash and cash equivalents	5	High
General Ledger	All accounts	11	Moderate
Debtors	Debtors	6	Moderate
Receipting	Debtors / Rates and charges / Statutory charges / User charges / Other income	5	Moderate
<b>Total number of controls</b>		<b>100</b>	

The audit of internal controls of a council referred in section 129 must be carried out in accordance with the Australian Standards on Assurance published by the Auditing and Assurance Standards Board, specifically ASAE 3000 – *Standard on Assurance Engagements* and ASAE 3150 – *Assurance Engagement on Controls*.

During our interim audit we perform tests of design and effectiveness of the internal financial controls selected. Based on the results of the control testing, we form our controls opinion. The overall assessment of the risk of non-compliance with s125 of the *Local Government Act 1999* (refer to section 1. *Audit Scope*) and the related findings are rated as follows:

Category	Description
<b>High Risk Weaknesses</b>	The issue described could lead to a material weakness in the Council's internal controls and non-compliance with s125 of the Local Government Act.
<b>Moderate Weaknesses</b>	The issue described does not represent a material weakness due to the existence of compensating controls. However, the failure of the compensating controls or the existence of any other moderate weakness within the same business cycle may lead to a material weakness in the Council's internal controls and non-compliance with s125 of the Local Government Act.
<b>Low Risk Weaknesses</b>	The issue described is a low risk weakness due to the existence of compensating controls and/or the failure or absence of the internal controls does not impact significantly on the Council's financial risk. However, multiple low-level risk weakness within the same business cycle may lead to a material weakness in the Council's internal controls and non-compliance with s125 of the Local Government Act.

A prioritised list of controls from the Better Practice Model is provided in Appendix 1. After completing our tests of effectiveness of internal controls we perform a control risk assessment for each account balance. The control risks are combined with our initial inherent risk assessment performed during our audit planning stage for determining the risk of material misstatements for each account balance (see section 7 of this plan for more details).

## 6.2. IT Entity Level Controls

In addition to consideration of Better Practice Model controls, our 2021/22 financial year audit will include a review of the following IT controls (in so far as they relate to financial risk):

IT Areas	Topics covered
IT Entity Level Controls	<ul style="list-style-type: none"> <li>- IT Governance</li> <li>- IT Strategic Planning</li> <li>- Adequate financial resources</li> <li>- Adequate IT Personnel resources</li> <li>- IT Risk Management</li> </ul>
Change Management	<ul style="list-style-type: none"> <li>- Process for changes to software / programs</li> <li>- Process for changes to IT Infrastructure</li> </ul>
Information Security	<ul style="list-style-type: none"> <li>- Physical access to the Data Centre including locks including alarms, fire protection, air conditioning</li> <li>- Logical access to the network</li> <li>- Remote access to the network</li> <li>- Logical access to the financial system</li> </ul>
Backup and recovery	<ul style="list-style-type: none"> <li>- Backup process</li> <li>- IT Disaster Recovery Plan</li> <li>- Business Continuity Plan</li> </ul>
Third Party IT Providers	<ul style="list-style-type: none"> <li>- Understanding outsourced IT services</li> <li>- Access of Third Parties to the network</li> <li>- Business Continuity Plan</li> </ul>

## 7. RISK OF MATERIAL MISSTATEMENTS

Risk of material misstatement consists of the following components:

Risks	Definition
<b>Inherent risks</b>	How susceptible to fraud or error the financial statements assertions are given the nature of the entity, considering external factors such as competency of staff, availability of information, prior period misstatements, accounting systems, level of supervision, etc before consideration of any related controls. The inherent risk assessment is performed during the planning stage when obtaining understanding of the entity's business.
<b>Controls risks</b>	Risk of a misstatement due to error or fraud that could occur and not be prevented or detected by Council's internal controls. The assessment of internal controls risks is performed during the internal controls stage after performing test of internal controls.

The risk of material misstatement will be based on the combination of inherent and controls risks as demonstrated in the table below:

		Inherent Risks		
		HIGH	MEDIUM	LOW
Controls Risks	HIGH	H	H	M
	MEDIUM	H	M	L
	LOW	M	L	L

The risk of material misstatement will determine the nature and extent of our audit procedures and sample sizes to be utilised. Once we assess the risk of material misstatements (RoMM) we will design our substantive audit procedures to address identified risks. The table below summarises the impact of risk of material misstatements on our audit strategy:

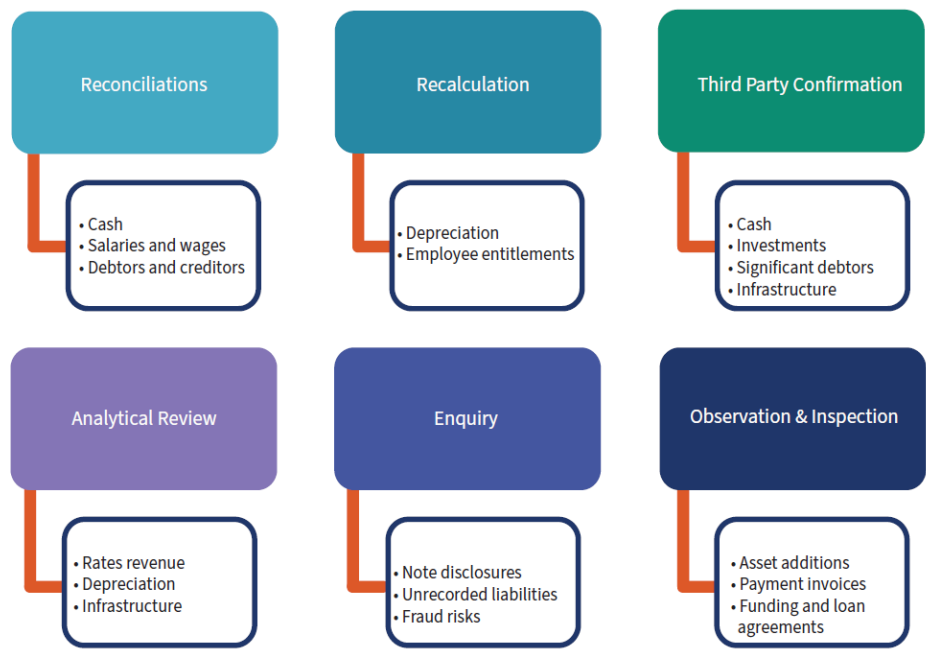
Inherent Risk	Controls Risk	RoMM	Impact on audit strategy
Low	Low	Low	High reliance on controls/minimum level of substantive tests
	Medium	Low	Some reliance on controls/low level of substantive tests
	High	Medium	No reliance on controls/medium level of substantive tests
Medium	Low	Low	High reliance on controls/low level of substantive tests
	Medium	Medium	Some reliance on controls/medium level of substantive tests
	High	High	No reliance on controls/high level of substantive tests
High	Low	Medium	High reliance on controls/medium level of substantive tests
	Medium	High	No reliance on controls/high level of substantive tests
	High	High	No reliance on controls/high level of substantive tests



8. SUBSTANTIVE PROCEDURES

From our risk analysis (please refer to section 6 of this plan), we are able to design and refine appropriate substantive procedures, including analytical review and test of details, to address identified risks of material misstatements of financial statements.

Testing methods to be applied to account balances and transactions include:



Please refer to the audit timetable indicating the dates for our final visit to perform our final substantive procedures (please refer to section 10 of this plan).

Audit will request authorisation from Council to request an independent confirmation from banks of information such as Council’s account balances, securities, treasury management instruments, documents and other related information held by banks on behalf of Council.

We will also require Council to request its lawyers to send a ‘Legal Representation Letter’ to us, identifying any matters with potential financial reporting implications (a template of the letter will be provided by the auditors).

## 9. AUDIT COMPLETION

This stage consolidates all the audit work performed during the previous stages. We perform a final risk of material misstatements assessment and conclude whether procedures performed were sufficient to reduce the audit risk to an acceptable level. We evaluate the results of audit testing and determine whether adjustments to the financial statements are required. We also review the final financial statements to promote the best presentation of these reports.

An audit completion report will be provided to the audit committee members containing:

- Our audit clearance
- Final Management Letter
- Final report listing key matters addressed during the audit
- Draft financial statement auditor's report and controls opinion, and
- List of immaterial uncorrected misstatements (IUMs)

## 10. AUDIT TIMETABLE

The following is an indicative timetable for the audit. Actual audit dates will be negotiated with the Council to ensure that dates are convenient.

Audit Activities	Indication of Dates
1. Initial Meetings with Finance Management and Key Staff Members	April
2. Detailed Audit Plan / Audit Program Development	May
3. Presentation of the plan to the audit committee members	May
4. Interim Site Visit (Internal controls review)	17, 18, 19, 20 May
5. Interim Management Letter	Mid June
6. Final Audit Visit	TBA
7. Audit Completion Report (with audit clearance)	TBA
8. Final auditor's reports	TBA



11. CONTACT DETAILS



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## APPENDIX 1 – CRITICAL INTERNAL FINANCIAL CONTROLS

## Purchasing and Procurement

## Risks

R1	Council does not obtain value for money in its purchasing and procurement.
R2	Purchases of goods and services are made from non-preferred suppliers.
R3	Purchase orders are either recorded inaccurately or not recorded at all.
R4	Purchase orders are made for unapproved goods and services.

RISKS	Control	Control Type
R1	Council has a Procurement Policy that provides direction on acceptable methods and the process for procurement activities to ensure transparency and value for money within a consistent framework, with consideration of any potential conflicts of interest.	Core
R1,R2	Employees must ensure all purchases are in accordance with Council's Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies.	Core
R1	The organisation has a process in place to ensure use of preferred suppliers where relevant to maximise the best value for money to Council	Core
R2,R3	There is a process in place to review purchasing patterns and ensure maximum use of preferred suppliers	Additional
R3	Purchase order numbers are either system generated and/or sequentially numbered.	Core
R3	There is a process in place to ensure all invoices for payment are matched to relevant source documents such as purchase orders where applicable and are in line with Procurement Policy guidelines.	Core
R3	There is a process in place to follow up and action incomplete purchase orders.	Additional

## CONTRACTING

## Risks

R1	Council is not able to demonstrate that all probity issues have been addressed in the Contracting process.
R2	Council does not obtain value for money in relation to its Contracting.

RISKS	Control	Control Type
R1,R2	There are robust and transparent evaluation and selection processes in place to engage contractors where relevant in accordance with the Code of Conduct, Conflict of Interest and Procurement Policy.	Core
R1	The selection panel is made up of appropriate personnel who have declared any relevant conflict of interest to ensure that informed and objective decision is made when selecting contractors.	Core
R1	Council maintains a current contract register.	Core

## FIXED ASSETS

## Risks

R1	Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed Asset Register (FAR) does not remain pertinent.
R2	If fixed assets are not securely stored, they may be subject to damage or theft.
R3	If fixed assets are not valued correctly, the management reports and financial statements will be misstated. For example, incorrect carrying values may result from the use of inappropriate depreciation rates.
R4	Depreciation charges are either invalid, not recorded at all or are inaccurately recorded which includes inappropriate useful lives and residuals.
R5	Fixed Asset maintenance and/or renewals are inadequately planned.

RISKS	Control	Control Type
R1	There is a process in place for the verification of fixed assets which is reconciled to the FAR.	Core
R1	Recorded changes to the FAR and/or masterfile are approved by appropriate staff compared to authorised source documents and General Ledger to ensure accurate input.	Core
R1	All fixed asset acquisitions and disposals are approved in accordance with Delegation of Authority and relevant Procurement and Fixed Asset Policies.	Core
R1	Maintenance of the fixed asset register is limited to appropriate staff with consideration to segregation of duties.	Core
R1	Council has an asset accounting policy which details thresholds for recognition of fixed assets which is monitored to ensure adherence.	Core
R1	Reconciliation of fixed assets to the General Ledger is performed in accordance with schedule of review or procedure.	Core
R1	Asset register calculations are reviewed for accuracy.	Core
R1	Fixed assets are recorded on acquisition, creation or when provided free of charge to facilitate accurate identification of assets and recording of details with regards to the Asset Accounting Policy.	Core
R1	Asset maintenance is planned and monitored with relevant staff in accordance with the Asset Management Plans	Additional
R2	Where appropriate, fixed assets are secured and access is restricted to appropriate staff and authorised users.	Core



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RISKS	Control	Control Type
R2	Where appropriate, identification details are recorded for portable and attractive assets such as IT and fleet assets, on acquisition to facilitate accurate identification.	Additional
R3	Relevant staff review useful lives, residuals, valuations, depreciation methodology and test for impairment as required by Accounting Standards and legislation to ensure that methods used are still appropriate and significant changes are incorporated into Asset Management Plans.	Core
R3	Profit or loss on disposal calculations can be substantiated and verified with supporting documentation.	Core
R4	Depreciation charges are calculated in accordance with the asset accounting policy and compliant with relevant accounting standards, including the useful life, depreciation method and residual values.	Core
R5	Asset Management Plans are prepared and renewal expenditure and programmed maintenance required is reviewed periodically to reflect changing priorities, additional asset data and other relevant factors.	Core
R5	Asset Management Plans for all major asset classes are adopted and reviewed by Council as required by the Local Government Act 1999.	Core

## GENERAL LEDGER

## Risks

R1	General Ledger does not contain accurate financial information
R2	Data contained within the General Ledger is permanently lost.

RISKS	Control	Control Type
R1,R2	All major updates and changes to General Ledger finance system are authorised, tested and documented.	Core
R1,R2	Access to General Ledger maintenance is restricted to appropriately authorised personnel.	Core
R1	Reconciliation of all balance sheet accounts are completed in accordance with a schedule of review and/or procedure.	Core
R1	All balance sheet reconciliations are reviewed by a person other than the preparer at least annually.	Core
R1	Journal entry access is restricted to appropriately authorised personnel.	Core
R1,R2	Financial data is backed up and stored offsite.	Core
R1	Finance system does not allow posting of unbalanced journals or if it does regular reviews are conducted on the suspense account and discrepancies investigated and actioned.	Core
R1	Amendments to the structure of the General Ledger framework and accounts are reviewed and approved by appropriately authorised personnel.	Core
R1,R2	General Ledger policies and procedures are appropriately created, updated and communicated to relevant staff.	Core
R2	Formal disaster recovery plan is in place and communicated to relevant staff.	Core
R1	There is a process in place to review actual vs budget and significant variances investigated.	Core

## ACCOUNTS PAYABLE

## Risks

R1	Accounts payable amounts and disbursements are either inaccurately recorded or not recorded at all.
R2	Credit notes and other adjustments to accounts payable are either inaccurately recorded or not recorded at all.
R3	Disbursements are not authorised properly.
R4	Accounts are not paid on a timely basis.
R5	Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file.

RISKS	Control	Control Type
R1,R2,R4	Statements received from suppliers are reconciled to the supplier accounts in the accounts payable subledger regularly and differences are investigated.	Additional
R3	Records must be maintained of all payments with supporting documentation.	Core
R1	Payments are endorsed by relevant staff separate to the preparer, who ensures that they are paid to the correct payee.	Core
R5	Access to the supplier masterfile is restricted to authorised staff	Core
R2,R5	Separation of Accounts Payable and Procurement duties.	Core
R3	All invoices and payment requests are approved in accordance with relevant policies and/or Delegations of Authority.	Core
R1	Predetermined variances between Purchase Orders and Invoices are assessed and payment released only after verification by the officer with delegation to do so.	Additional
R1	Payments are verified to appropriate supporting documentation and are in line with Delegations of Authority.	Core
R4	Relevant staff to review aged payables listing on a predetermined basis and investigate where appropriate.	Core
R5	Recorded changes to the supplier master file are compared to authorised source documents to ensure that they were input accurately.	Core



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RISKS	Control	Control Type
R5	Requested changes or additions to supplier masterfile are verified independently of source documentation.	Additional
R4	There is a system generated report detailing supplier invoices due for payment at any one time.	Core
R5	There is a process in place to ensure the supplier master file is periodically reviewed for ongoing pertinence.	Additonal



## RATES / RATES REBATES

## Risks

R1	Council does not raise the correct level of rate income.
R2	Rates and rate rebates are either inaccurately recorded or not recorded at all.
R3	The Property master file data does not remain pertinent.
R4	Rates are not collected on a timely basis.

RISKS	Control	Control Type
R1,R2	Rates are automatically generated by the rate system, including the calculation of rate rebates and other parameters as applicable.	Core
R2	Rates are generated and tested for accuracy of calculation methodology prior to the rates billing run	Core
R1	All software changes to rate modelling functionality fully tested and reviewed by relevant staff.	Core
R1	There is a rating policy in place that is reviewed annually that provides clear guidance on rating methodology and relevant rebates and remissions in line with legislation.	Core
R2	Annual valuation update is balanced prior to the generation of rates; all mismatches resolved prior to finalising rate generation.	Core
R2	All rate rebates and adjustments including write offs are appropriately authorised, with reference to Delegations of Authority and source documents.	Core
R4	There is a process in place to ensure that rates are collected in a timely manner and overdue rates are followed up.	Core
R3	Recorded changes to property master file data and any rate adjustments are compared to authorised source documents to ensure that they were input accurately. An audit trail is maintained for all changes.	Core
R3	Access to the Property master file is restricted to appropriately designated personnel, with a process in place to ensure changes are in line with policies and procedures.	Core
R2	Employees responsible for processing rate payments and rebates cannot process their own payments or rebates unless the transaction is approved by someone independent of the process	Core

## PAYROLL

## Risks

- |    |  |
|----|--|
| R1 | Payroll expense is inaccurately calculated.  |
| R2 | Payroll disbursements are made to incorrect or fictitious employees.   |
| R3 | Time and/or attendance data is either invalid, inaccurately recorded or not recorded at all.                   |
| R4 | Payroll master file does not remain pertinent and/or unauthorised changes are made to the payroll master file. |
| R5 | Voluntary and statutory payroll deductions are inaccurately processed or without authorisation.                |
| R6 | Employees termination payments are not in accordance with statutory and enterprise agreements.                 |

RISKS	Control	Control Type
R1	Where possible standard programmed formulae perform payroll calculations.	Core
R1, R3	There is a process to ensure all overtime is verified and approved by relevant appropriate staff.	Core
R1	All calculations for generating payroll payments are verified for accuracy.	Core
R4,R5	Managers periodically review listings of current employees within their departments and variances are investigated.	Additional
R1	Payroll is periodically reconciled to the General Ledger accounts.	Additional
R2	The payment for the payroll must be reconciled to a system generated report detailing amount and employee prior to payment.	Core
R2	There is a process to ensure an independent review of proposed payroll payments by authorised staff.	Additional
R2	The payment of the payroll is authorised by appropriate staff not involved in the preparation of the payroll.	Core
R2	Employee records to include employment details and/or contract terms and conditions, authorisations for payroll deductions and leave entitlements.	Core
R2	There is a process to ensure employees are made inactive in payroll records upon termination	Core

RISKS	Control	Control Type
R5	All payroll deductions must be approved by the relevant employee.	Core
R3	Relevant staff are required to complete timesheets and/or leave forms, authorise them and have approved by the relevant supervisor.	Core
R2	There is a segregation of duties from those preparing the payroll to those responsible for preparation of source documents (e.g. timesheets, leave requests etc).	Core
R2	Payroll system generates audit reports detailing all payroll changes and there is a process in place to ensure all changes are reviewed and verified against source documents.	Core
R2	There is a process in place to ensure employees are not added to the payroll masterfile, nor details amended or amounts paid without receipt of the appropriate forms which have been authorised by relevant staff.	Core
R5	Access to the payroll deduction listing is restricted to authorised staff.	Core
R6	There is a process in place to ensure termination payments comply with relevant policies, procedures and legislation.	Core
R3	Time recording and attendance exceptions such as TOIL or flexitime are based on relevant policies/agreement are identified, monitored and corrected.	Core
R4	The ability to access, modify or transfer information contained in the payroll master files is restricted to authorised staff.	Core

## CREDIT CARDS

## Risks

- |    |   |
|----|---|
| R1 | Credit Cards are issued to unauthorised employees.        |
| R2 | Credit Cards are used for purchases of a personal nature. |
| R3 | Credit Card limits are set at inappropriate levels.       |

RISKS	Control	Control Type
R1,R3	There is a process in place to ensure there are appropriate approvals prior to the issuing of Credit Cards and limits.	
R1,R2	Credit card holders sign a declaration confirming compliance with Council policy and procedures prior to the Credit Card being released.	
R2	There is a process in place to approve all credit card transactions to ensure compliance with the policies and procedures covering credit card usage.	
R2	Cardholders must check their statement to ensure all transactions are correct and identify any transactions of a personal nature which must be reimbursed to Council.	
R3	There is a process in place to ensure credit card limits and usage is reviewed for operational efficiency.	

## BANKING

## Risks

- |    |   |
|----|---|
| R1 | Banking transactions are either inaccurately recorded or not recorded at all. |
| R2 | Fraud (i.e. misappropriation of funds)  |

RISKS	Control	Control Type
R1,R2	There is a process in place to ensure all cash, blank cheques and/or cheque signing machine are adequately safeguarded.	Core
R1	Access to EFT Banking system is restricted to appropriately designated personnel.	Core
R1,R2	Bank reconciliations are performed on a predetermined basis and are reviewed by an appropriate person. Any identified discrepancies are investigated.	Core
R2	Cash transfers between bank accounts and investment bodies are undertaken by appropriate staff.	Core
R2	There is a process in place to ensure all cash collected is adequately recorded and banked regularly.	Core

## DEBTORS

## Risks

R1	Debtors are either inaccurately recorded or not recorded at all.
R2	Rebates and credit notes to debtors are either inaccurately recorded or not recorded at all
R3	An appropriate provision for doubtful debts is not recorded
R4	Debtors are either not collected on a timely basis or not collected at all
R5	The Debtors master file data does not remain pertinent.

RISKS	Control	Control Type	CSA Importance Weighting
R1, R4	Debtor's reconciliation performed on a regular basis to the General Ledger and reviewed by an independent person.	Core	4
R1	Council maintains a Debt Collection Policy.	Core	5
R2, R3, R4	Management and/or Council review and approve all rebates, credit notes, bad debt write-offs and movements in the provision for doubtful debts, in accordance with delegations of authority and Local Government Act.	Core	5
R3, R4	Management reviews debtors ageing profile on a regular basis and investigates any outstanding items.	Core	4
R5	Access to the debtor's master file is restricted to appropriately designated personnel and is reviewed by management for accuracy and on-going pertinence.	Core	5
R5	Recorded changes to debtor's master file data are compared to authorised source documents or confirmed with customers/ratepayers to ensure that they were input accurately.	Core	4

## RECEIPTING

## Risks

R1	Receipts are either inaccurately recorded or not recorded at all.
R2	Receipts are not deposited at the bank on a timely basis.

RISKS	Control	Control Type
R2	Prior to and during the banking process, cash is stored securely at all times.	Core
R1	Customers are provided with a system generated or pre-numbered (manual) sequential tax compliant receipt detailing payment made.	Core
R1	There is a review process for the authorisation of the reversal of transactions.	Additional
R1	Receipt transactions are reconciled to the daily takings and out-of-balance banking is corrected promptly.	Core
R2	Receipts are deposited regularly at the bank by a person independent from the initial recording of the cash receipts.	Additional

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13 April 2022

Mr Tony Harrison  
CEO  
City of Marion  
245 Sturt Rd  
Sturt SA 5047

Dear Tony,

## AUDIT ENGAGEMENT LETTER

### Scope

You have requested that we audit the financial report of City of Marion (the Council) which comprises the balance sheet as at 30 June 2022, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and Council certificate. You have also requested that we provide an audit of the compliance of the Council with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2021 to 30 June 2022 have been conducted properly and in accordance with law. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of expressing an opinion on the financial report and financial controls in place.

### The responsibilities of the auditor

We will conduct our audit of the financial report of the Council in accordance with Australian Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

-

We will conduct our audit of the compliance of the Council with the requirements of Section 125 of the *Local Government Act 1999* in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls specified above for the period 1 July 2021 to 30 June 2022. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

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

#### **The responsibilities of the Council and management**

Our audit will be conducted on the basis that the Council and management acknowledge and understand that they have responsibility:

- (a) for the preparation of the financial report that presents fairly in accordance with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards;
- (b) for such internal control as the Council and management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error;
- (c) for the identification of risks that threaten compliance with section 125 of the *Local Government Act 1999*;
- (d) for design of the system, comprising controls which will mitigate those risks so that those risks will not prevent achievement of compliance with section 125 of the *Local Government Act 1999*;
- (e) for ensuring that the financial controls established by the Council were suitably designed to ensure compliance with section 125 of the *Local Government Act 1999*;
- (f) for operation of the controls as designed throughout the period;
- (g) to provide us with:
  - (i) access to all information of which the Council and management are aware that is relevant to the preparation of the financial report and compliance with section 125 of the *Local Government Act 1999* such as records, documentation and other matters;



- (ii) additional information that we may request from the Council and management for the purpose of the audit of the financial report and the controls opinion;
- (iii) unrestricted access to persons within the Council from whom we determine it necessary to obtain audit evidence;
- (h) for adjusting the financial report to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial report as a whole;
- (i) for informing us of your knowledge of any allegations of fraud or suspected fraud affecting The Council received in communications from employees, former employees, regulators, or others;
- (j) for identifying and ensuring that the Council complies with applicable laws and regulations.

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

We look forward to full cooperation from your staff during our audit.

#### **Quality control**

The conduct of our audit in accordance with Australian Auditing Standards means that information acquired by us in the course of our audit is subject to strict confidentiality requirements. Information will not be disclosed by us to other parties except as required or allowed for by law or professional standards, or with your express consent.

Our audit files may, however, be subject to review as part of the quality control review program of CPA Australia and/or The Institute of Chartered Accountants in Australia which monitors compliance with professional standards by its members. We advise you that by signing this letter you acknowledge that, if requested, our audit files relating to this audit will be made available under this program. Should this occur, we will advise you. The same strict confidentiality requirements apply under this program as apply to us as your auditor.

#### **Independence**

We confirm that, to the best of our knowledge and belief, we currently meet the independence requirements of the Australian professional accounting bodies or any applicable code of professional conduct in relation to the audit of the financial report. In conducting our audit of the financial report, should we become aware that we have contravened the independence requirements, we shall notify you on a timely basis.

To assist us in meeting the independence requirements, and to the extent permitted by law and regulation, we request you discuss with us:

- (a) the provision of services offered to you by us prior to engaging or accepting the service; and

- (b) the prospective employment opportunities of any current or former partner or professional employee of our firm prior to the commencement of formal employment discussions with the current or former partner or professional employee.

#### **Communication**

We may communicate with you or others via email transmission. Due to the nature of email transmission, we cannot guarantee that emails from us will be properly delivered and/or read only by the addressee. Therefore, we accept no liability or responsibility for any loss or damage to any person or entity resulting from the use of email transmissions in connection with this engagement.

#### **Limitation of liability**

Our liability is limited by a scheme approved under Professional Standards Legislation. Further information on the scheme is available from the Professional Standards Councils' website:  
<http://www.professionalstandardscouncil.gov.au>.

#### **Paperless files**

We advise that our firm maintains paperless files. Necessary documents that we need will be retained as scanned copies only. We will not keep original documents belonging to you – these will be scanned and returned to you. If documents are required by you in future for any purpose, we will only be able to provide scanned copies.

#### **Presentation of audited financial report on the internet**

The Council may intend to publish a hard copy of the audited financial report and auditor's report for members, and to electronically present the audited financial report and auditor's report on its internet web site. When information is presented electronically on a web site, the security and controls over information on the web site should be addressed by the Council to maintain the integrity of the data presented. The examination of the controls over the electronic presentation of audited financial information on the Council's web site is beyond the scope of the audit of the financial report. Responsibility for the electronic presentation of the financial report on the Council's web site is that of the Council.

#### **Fees**

We look forward to full cooperation from your staff and we trust that they will make available to us whatever records, documentation and other information we request in connection with our audit. Audit fees are specified in our tender. Our fees, which will be billed as work progresses, are based on the time required by the individuals assigned to the engagement. Individual hourly rates vary according to the degree of responsibility involved and the experience and skill required. Our usual credit term will apply to this engagement which is 14 days from the date of invoice.

Our fee assumes that unaudited data (including trial balance, financial statements and notes to the accounts) are presented for audit in a satisfactory, auditable and timely manner, with full supporting schedules and documentation. While we will use our best endeavours to work with the Council to achieve a positive outcome,

our fee does not allow for rework of the financial report after submission for audit, other than for minor audit adjustments. Where we consider that the quality of data presented will result in additional audit effort, we may need to negotiate an additional fee. In order to maintain audit independence, it is necessary that we avoid providing assistance to the Council to prepare the financial report.

Additional grant audits provided is charged on hourly basis, it depends on the number, size and nature of grants requiring acquittal.

#### **Ownership of documents**

All original documents obtained from the client arising from the engagement shall remain the property of the client. However, we reserve the right to make a reasonable number of copies of the original documents for our records. All other documents produced by us in respect of this engagement will remain the property of the firm.

The firm has a policy of exploring a legal right of lien over any client documents in our possession in the event of a dispute. The firm has also established dispute resolution processes.

#### **Other**

This letter will be effective for future years unless we advise you of its amendment or replacement, or the engagement is terminated.

Please sign and return this letter to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial report including our respective responsibilities.

Yours sincerely,



**Tim Muhlhausler** CA, Registered Company Auditor  
Partner

Acknowledged and agreed on behalf of City of Marion by



Mr Tony Harrison  
CEO

Date 20/04/2022

## 7 Reports for Noting

### 7.1 DTP Update

<b>Report Reference</b>	FRAC220517R7.1
<b>Originating Officer</b>	General Manager Corporate Services - Sorana Dinmore
<b>Corporate Manager</b>	- N/A
<b>General Manager</b>	General Manager Corporate Services - Sorana Dinmore

### REPORT HISTORY

<b>Report Reference</b>	<b>Report Title</b>
FAC211012R7.5	Digital Transformation Program Update

### REPORT OBJECTIVE

The purpose of the report is to update the Committee members on the progress of the Digital Transformation Program (DTP).

### EXECUTIVE SUMMARY

Since the February update resourcing constraints have eased, which has enabled further progress, albeit slower than expected. Fresh perspectives on some of the project delivery and benefits realisation are foreshadowing further changes being necessary. For some projects that means reconsideration of previous process mapping, for others a slight shift in direction to deliver the outcomes sought.

### RECOMMENDATION

**That the Finance, Risk and Audit Committee:**

1. Note the update on the Digital Transformation Program.

### DISCUSSION

The City of Marion Digital Transformation Program (DTP) is supporting a wholesale change in approach for CoM, putting the community at the centre of our service delivery and responding to the strategic plan imperatives set by Council, through replacing and renewing major technology systems across twelve projects. It is an ambitious program expected to deliver among others, a new finance system, an asset management system, a customer relationship system and cloud-based collaboration tools like Microsoft 365 and GIS ESRI. All projects are underpinned by a digital literacy and cybersecurity awareness project, aimed at our staff, our elected members and our community. The Digital Literacy and Cybersecurity Awareness (DLCA) project is an ongoing program of works which will be delivered collaboratively between IT, People and Culture, Libraries and other Teams. The program commenced delivery in April 2020 and is expected to be nearing completion of stage one by December 2022. Stage two, consisting of continuous improvement activities will commence in 2023 with post implementation reviews and ongoing maintenance.

#### Resourcing

Recruitment of resources has continued. While the external Program Manager has moved on, we were successful in recruiting an in-house replacement. We have also added to the Team a Project Manager, a training resource, two Business Analysts and a Change Manager.

### Governance reviews and audits

The EQI Consulting report has just been provided to management and it and the response will be brought to the next meeting.

An additional review of the Payroll / HRIS project is being undertaken currently as the project has not met its objectives and further work is required.

## **MAY 2022 UPDATE**

### CoM 1: DLCA (Digital Literacy and Cybersecurity Awareness)

The High-level Plan is to prioritise staff and elected member assessment, training and measurement (re-assessment), and to establish RTO capability for CoM to claim Federal Government funding, thus making this an investment neutral proposition. 2023 will be to execute the Plan to broaden scope to the CoM community. Plans to engage the vendor (Navitas) to perform the initial DL assessment on the Operations / Open Spaces Team has been delayed because of the inability to reserve resources for this task. This is now on hold, pending the election result as the Labour government may withhold funding. The priority for the new BA is to define roles and the required DL capability level, using the government framework and standardised ranking. The Stakeholder Management and Communications Plan is also a priority deliverable for May / June, produced concurrently with the PMP, with the immediate planning horizon for May / June to reset the Plan, and seek stakeholder endorsement.

### CoM 2: HRIS (Human Resources Information System including Payroll Project)

While a review of the overall project is being conducted, work is continuing on delivering some of the objectives. The Recruitment and Onboarding Module implementation is on track for the end of July 2022 Go live. Initial SME training has been booked and commences on the 12th May. UAT test scripts are being developed with UAT and planned to commence Monday 16th May for a duration 2 weeks.

### CoM 3: CRM (Customer Relationship Management)

The CRM project is live and our rates portal is live for the community as well. So far it has been successful. Further engagement with the business is required in some areas, to ensure the system is being used fully and that it is currently being addressed by the Project Team. A review of the initial CRM implementation is currently underway with a number of suggested improvements to the workflow being developed and updated within the product. The intention is to re-implement these improvements and re-train / re-focus through the business within the next 2 to 3 months.

The Elected Member Portal regression testing is complete, with a demonstrated functionality to DTP management and has received good feedback. A demonstration session has been scheduled with the Governance Team, this will happen on Friday 13<sup>th</sup> May.

### CoM 4: Asset Management System

Whilst data has been imported and continues to be, there have been issues with this Project. Working closely with the business to refine the schedule to meet the business needs, we intend to re-baseline the project implementation schedule over the next month. We have reviewed our approach around data quality and what is possible with the model predictor configuration. We believe that we can build the model predictor with the current data set and will be seeking sign off from the business on this approach. We expect that the status of this project will improve now that the Project Team has re-set and re-engaged with the business.

### CoM 5: Finance System

The Finance Project is moving rapidly toward go-live, with a ramping up of communications and visibility of the progress throughout the business. Early rounds of testing have been extremely encouraging, and selected users are now undertaking Acceptance Testing – also with good results so far. Change management with users is now being addressed, as without a resource over the

past year, the Project Team had not been able to.

CoM 6: Microsoft 365

This Project will require ongoing support with administration now that the external contract has ended. Further options are being canvassed currently.

CoM 7 and 8: The SharePoint Project and GIS

These have transferred into ongoing maintenance, post completion.

CoM 9: Data and Analytics Project

No progress was made on this project due to lack of resources.

CoM 10: The Unified Communications Project

The Pilot Project is being rolled out to use Teams as our communication tool including phones. A broader rollout is expected in June/July by the IT Ops Team.

CoM 11: The Devices Fleet Management Project

Stage 1 of the Project is almost at completion stage – expected late July 2022. New devices have been purchased and allocated and the Helpdesk Team are rolling them out to staff.

CoM 12: AV Access in meeting rooms

All meeting rooms are now equipped with Meeting Owl Pros and TVs. The Chamber requires another splitter and will have the floor screens installed during May for commencement of in person meetings later in the month.

**ATTACHMENTS**

1. Program Status - Current version [7.1.1 - 2 pages]
2. Program Road Map Timeline [7.1.2 - 2 pages]

Digital Transformation Update: Current version - save with date once fortnightly meeting complete											
Digital Transformation Program	Orig. End date	F/cast End date	Fortnightly Project Status - RAG Status					Last Period	This period	Key Risks / Issues emerged this period	Comments to address Amber/ Red or risks / issues
			Scope	Schedule	Cost	Benefits / outcome	Resource				
Overall Program	Oct-22	Oct-23	Amber	Red	Amber	Amber	Amber	Amber	Amber	Refer to project issues below. PMS & Booking System discovery work occurring. Still not explicitly endorsed and resourced yet in the Program	Address the Project reds and ambers below  Decision on PMS & Booking System request post preliminary BA assessment
Dig. literacy & cyber sec. awareness	May-20	Aug-21	Amber	Amber	Amber	Green	Amber	Red	Amber	<b>Scope:</b> Once confirmed by new PM, requires a review and sign off <b>Schedule:</b> High level schedule in the scope doc developed, needs to be reviewed and endorsed by ETL.	<b>Overall:</b> Amber - Several indicators will revert to green when the revised Plan with forward outlook for schedule, budget and attainment of scope (delivered products) is endorsed. <b>Scope:</b> Scope is becoming clearer, need to demarcate what is in / out. <b>Schedule:</b> High Level (Straw man) schedule for remaining 2022 activity (Staff and Elected Member focus) has been produced. <b>Cost:</b> TBD. Notionally, the costs to be endorsed by ELT. <b>Benefits:</b> Measures are to be associated with the Objectives, and measurement method and process is to be defined. <b>Resources:</b> New team members capacity is questionable at this time.
Payroll +HRIS	Jan-22	Jan-22	Amber	Green	Green	Amber	Green	Amber	Amber	<b>Scope:</b> changes requested for out of the box solution for onboarding/recruitment <b>Schedule:</b> Program Schedule had HRIS to be implemented in by Dec 2021. Draft schedule received, but scope question above needs resolving <b>Benefits:</b> internal resources are spending more manual effort checking Aurion's output than originally anticipated.	Schedule: Recruitment/onboarding module Go Live end of July 30th Scope: The scope of this project is looking to implement the recruitment and onboarding component. This will give us a good foundation for understanding of what we will need in this capability moving forwards and give additional benefit of informing IT and payroll through new staff coming into the org. This will also give P&C an understanding of their workforce levels and movement of staff around the organisation. The solution we are implementing should be viewed as a tactical solution and the learnings we find over the next few months will inform any future projects embarking on a more enterprise HRIS solution.
CRM system	Jul-22	Jul-22	Green	Green	Green	Green	Green	Green	Green		
AMIS	Jul-22	Jan-23	Amber	Red	Green	Amber	Red	Red	Red	<b>Scope:</b> Still awaiting a decision on approach to data quality which will possible change the scope of predictor configuration <b>Schedule:</b> negatively impacted as a result of lack of stakeholder engagement in providing resources- training sessions deferred <b>Resources:</b> Business has failed to provide suitable resources for training sessions Recruitment process for BA - 2 out of 3 BAs recruited	<b>Overall:</b> Red - Approach being developed to identify and document gaps in business capabilities and asset management maturity <b>Scope:</b> We now have a view on the correct approach to data quality which will possible change the scope of predictor configuration <b>Schedule:</b> Working with the business to refine the schedule to meet the business needs. We will re baseline the project implementation schedule over the next month <b>Resources:</b> Project: Re-starting recruitment process for a BA
Financial transformation	Oct-22	Feb-23	Green	Green	Amber	Green	Green	Green	Green	<b>Risk:</b> Additional load will be placed on finance users to undertake user acceptance testing & training. This load will be spread out past go-live by deferring Vena related activities.	<b>Overall:</b> No significant issues to raise <b>Cost:</b> Property & Rating costs to be finalised subject to contract being signed. Once approved - seek to move status to Green in ELT update.
Microsoft365	Oct-22	Oct-22	Green	Green	Green	Green	Green	Green	Green		Closure reports have been completed
SharePoint transfer- intelligent intranet	Apr-21	Aug-21	Green	Green	Green	Green	Green	Green	Green		Closure reports have been completed
GIS – ESRI transition	May-21	Jul-21	Green	Green	Green	Green	Green	Green	Green		




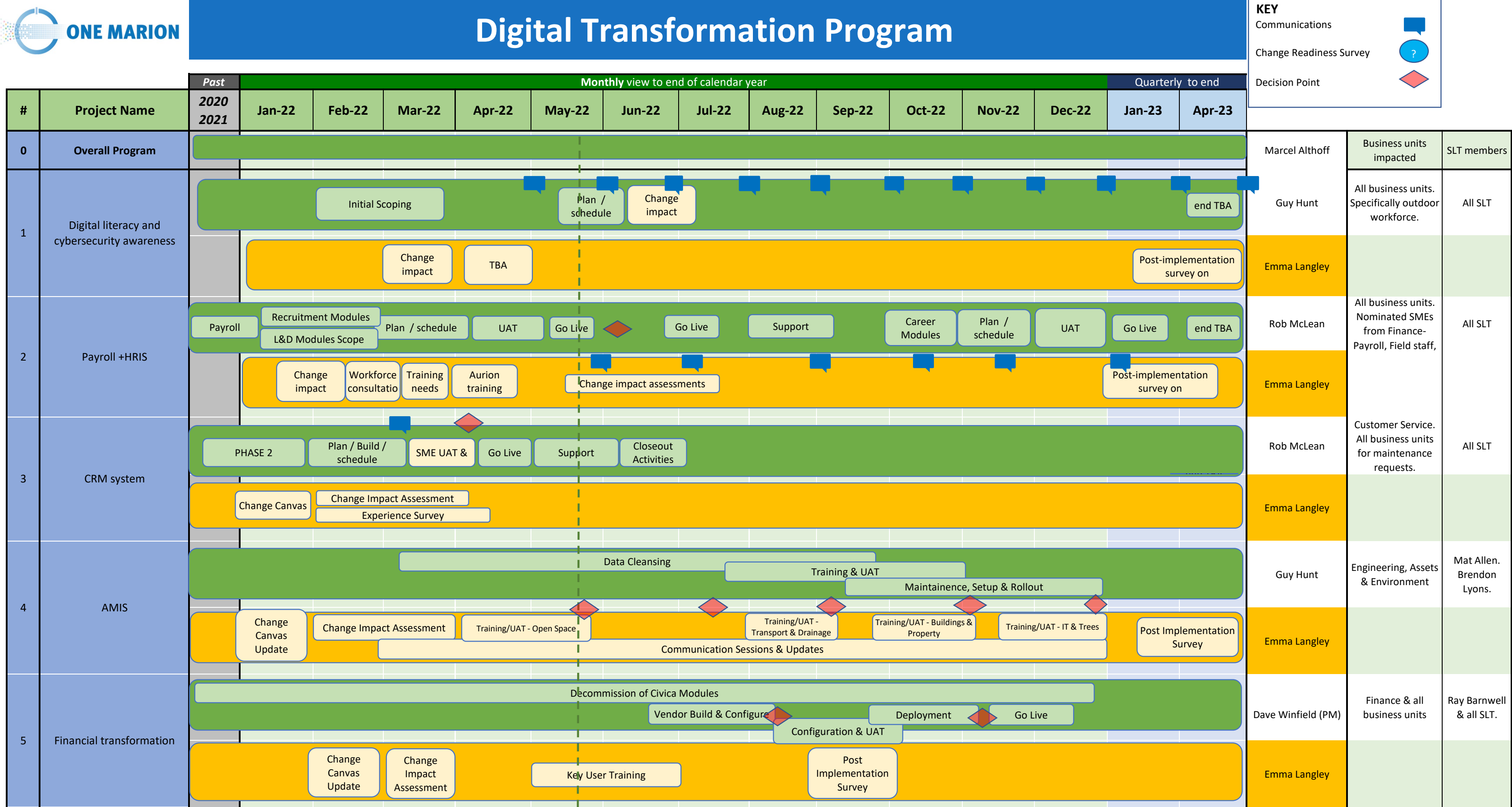
Digital Transformation Update: Current version - save with date once fortnightly meeting complete											
Data analytics	Apr-22	Apr-22	Green	Red	Green	Amber	Red	Red	Red	<b>Schedule:</b> overdue since June 2021 <b>Cost:</b> we aren't spending the allocated budget and the draft strategy exceeds budget. <b>Benefit:</b> High level summary in scope doc. <b>Resource:</b> Project currently unresourced	<b>Resource:</b> Recuritment for two Business Intelligence Analysts is current in progress.
Unified comms	Jun-21	Feb-22	Amber	Red	Amber	Green	Green	Red	Amber	<b>Cost:</b> Tender responses for the joint procurement with CCS were outside budget and deemed too expensive. <b>Schedule:</b> Unable to meet the January implementation timeline	<b>Scope / Cost / Schedule:</b> POC with Vocus plan for implementation by end of May 2022.
Devices Fleet management	Jan-21	Dec-21	Green	Amber	Green	Green	Green	Amber	Green		<b>Schedule:</b> Need to ensure staff collect laptops at agreed times, having a lot of re-bookings. GM emails to be sent out to business area's.
AV access in meeting rooms	Dec-20	Dec-21	Green	Amber	Green	Green	Green	Red	Amber		<b>Schedule:</b> Waiting on remaining hardware

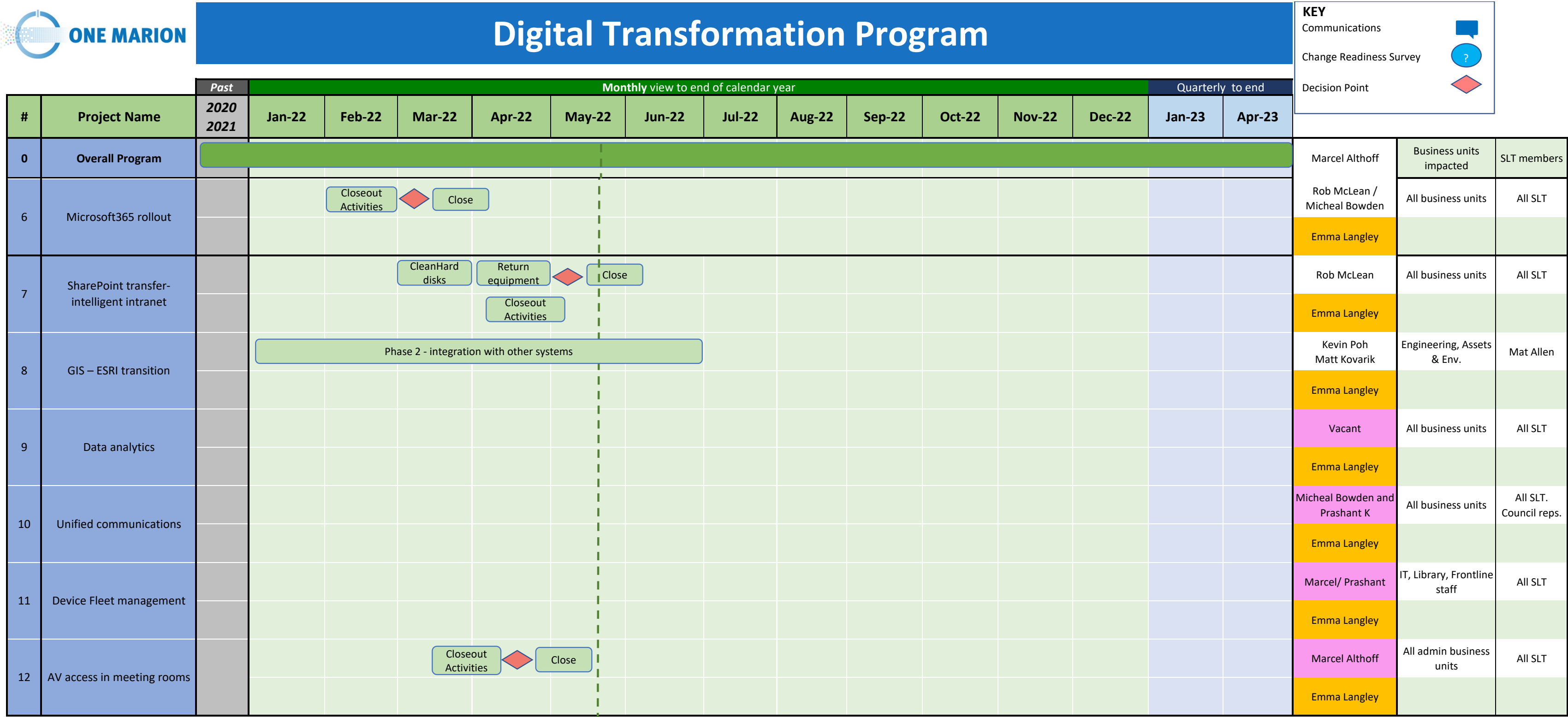
Digital Transformation Program Status Update Discussion areas

Key Program Achievements this Period	Key Program Focus areas for next period
CRM - Online Rates Module went live on the 12th of April	Refer to comments to address Ambers and Reds at Program and Project Level Need to address the PM and BA resource shortfall

Program Decisions Required and outcomes	Key Program Actions
N/A	Refer to comments to address Ambers and Reds at Program and Project Level







**8 Workshop / Presentation Items**

**9 Confidential Items**

**9.1 Cover Report - Cybersecurity Quarterly Update**

Report Reference	FRAC220517F9.1
Originating Officer	ICT Governance & Cybersecurity Lead – Jason Spalding
Corporate Manager	Manager IT Operations - Micheal Bowden
General Manager	General Manager Corporate Services - Sorana Dinmore

**REASON FOR CONFIDENTIALITY**

***Local Government Act (SA) 1999 S 90 (2) 3***

(b) information the disclosure of which (i) could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and (ii) would, on balance, be contrary to the public interest

**RECOMMENDATION**

That pursuant to Section 90(2) and (3)(e) of the Local Government Act 1999, the Committee orders that all persons present, with the exception of the following persons: Chief Executive Officer, A/General Manager City Development, General Manager Corporate Services, A/General Manager City Services, Manager Office of the CEO, Chief Financial Officer, Unit Manager Governance and Council Support and Governance Officer, be excluded from the meeting as the Committee receives and considers information relating to Cyber security of CoM, 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 the current status of the CoM Cyber Security and the impact on contractual expectations.

**10 Other Business****11 Meeting Closure**

The meeting shall conclude on or before 5.00pm unless there is a specific motion adopted at the meeting to continue beyond that time.