

His Worship the Mayor
Councillors
City of Marion

Notice of Finance, Risk and Audit Committee

Council Chamber, Council Administration Centre
245 Sturt Road, Sturt

Thursday, 9 November 2023 at 9.00 am

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 and interested members of this community are welcome to attend. Access to the Council Chamber is via the main entrance to the Administration Centre on Sturt Road, Sturt.



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 Finance, Risk and Audit Committee Meeting held on 15 August 2023

Report Reference	FRAC231109R4.1
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

RECOMMENDATION

That the minutes of the Finance, Risk and Audit Committee Meeting held on 15 August 2023 be taken as read and confirmed.

ATTACHMENTS

1. FRA C 230815 - Final Public Minutes [4.1.1 - 15 pages]



**Minutes of the Finance, Risk and Audit Committee
held on Tuesday, 15 August 2023 at 3.00 pm
Council Chamber, Council Administration Centre
245 Sturt Road, Sturt**

**PRESENT**

Ms Emma Hinchey (Chair)
Ms Nicolle Rantanen
Mr Josh Hubbard (from 3.14pm)
Councillor Jason Veliskou

In Attendance

Chief Executive Officer - Tony Harrison (from 5.10pm)
General Manager Corporate Services - Angela Allison
Manager Office of the CEO - Kate McKenzie
Unit Manager Governance and Council Support - Victoria Moritz
Chief Financial Officer - Ray Barnwell
Unit Manager Statutory Finance – Andrew Doyle
Unit Manager Strategy and Risk - Sheree Tebyanian
Unit Manager Asset Solutions – Brendon Lyons
Asset Strategy Officer – Catrin Johnson
Chief Information Officer – Marcel Althoff
Mr Eric Beere – KPMG
Ms Heather Martens – KPMG
Mr Tim Muhlhausler – Galpins
Mr Juliano Freitas - Galpins

1 Open Meeting

The Chair opened the meeting at 3.00pm.

2 Kaurna Acknowledgement

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

3 Member 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

The following interests were disclosed:

- Ms Hinchey noted her position as Chief Finance Officer for Hendercare for any future items where a potential interest may arise.



- Ms Rantanen noted her husband's position for the Department for Trade and Investment SA where a potential interest may arise when discussing items relating to state planning and the like given Planning falls within his portfolio.

4 Confirmation of Minutes

4.1 Confirmation of Minutes of the Special Finance, Risk and Audit Committee Meeting held on 20 June 2023

Report Reference FRAC230815R4.1

Moved Councillor Veliskou

Seconded Ms Rantanen

That the minutes of the Special Finance, Risk and Audit Committee Meeting held on 20 June 2023 be taken as read and confirmed.

Carried Unanimously

5 Business Arising

5.1 Business Arising Statement - Action Items

Report Reference FRAC230815R5.1

Moved Councillor Veliskou

Seconded Ms Rantanen

That the Finance, Risk and Audit Committee:

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

Carried Unanimously

6 Confidential Items

6.1 Cover Report - Fraud and Corruption Annual Questionnaire 2022/23

Report Reference FRAC230815F6.1

Moved Councillor Veliskou

Seconded Ms Rantanen

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, General Manager City Development, General Manager City Services, General Manager Corporate Services, Chief Financial Officer, Manager Office of the Chief Executive Officer, Unit Manager Strategy and Risk and Unit Manager Governance and Council Support, be excluded from the meeting as the Committee receives and considers information relating to Fraud and Corruption Annual Questionnaire 2022/23, upon the basis that the Council is satisfied that the requirement for the meeting to be

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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 security of the Council.

Carried Unanimously

3.03pm the meeting went into confidence

Moved Ms Rantanen

Seconded Councillor Veliskou

In accordance with Section 91(7) and (9) of the *Local Government Act 1999* the Committee orders that this report, Fraud and Corruption Annual Questionnaire 2022/23, any appendices and the minutes arising from this report having been considered in confidence under Section 90(2) and (3)(e) of the Act, except when required to effect or comply with Council's resolution(s) regarding this matter, be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the General Council Meeting in December 2023.

Carried Unanimously

3.05pm the meeting came out of confidence

7 Reports for Discussion

7.1 Meeting with the Internal Auditors in Confidence

Report Reference FRAC230815R7.1

Moved Ms Rantanen

Seconded Councillor Veliskou

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

Carried Unanimously

3.06pm the meeting went into confidence

Moved Ms Rantanen

Seconded Councillor Veliskou

That the Finance, Risk and Audit Committee include the following comments within the minutes:

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- The organisation was very supportive and engaged
- The Strategy and Risk Team had been impacted by staff turnover
- It would be good to revisit the Payroll Audit with the implementation of the new Payroll system now complete
- Overall, it was noted that everything is moving in a positive direction.

3.14 Mr Hubbard entered the meeting

Carried Unanimously

3.30pm the meeting came out of confidence

7.2 Internal Audit Plan 2023-2025

Report Reference FRAC221213R7.2

Mr Eric Beere and Ms Heather Martens from KPMG were present for the item and provided a summary of the Internal Audit (IA) Program for 2023 – 2025 and background to the Collaborative Contract Value for Money Internal Audit Scope. The IA Plan identifies four (4) projects for this financial year, with all four progressing as collaborative projects with City of Charles Sturt (CCS). The Contract Value for Money Review also includes Port Adelaide Enfield (PAE).

Mr Beere provided a summary of the CoM Collaborative Contract Value for Money Internal Audit Scope noting the focus on governance effectiveness, looking at a portfolio approach and data accessibility for optimisation and opportunities; and operating effectiveness including a deep dive into 3 sample contracts.

The Committee provided the following comments:

- The Committee noted all 4 audits were planned to be collaborative and queried if the Auditors were comfortable with this or whether there were any that should be specific to City of Marion. KPMG commented that there was an extensive process back and forth behind the decision and were positive with where it landed. It was noted only the first audit involved all three Councils and the remaining three are with Charles Sturt only.
- The Committee questioned whether social procurement metrics were involved in the contract selection process for the selected samples. KPMG noted the Contract Value For Money Audit was more about assessing the outcomes and that hasn't been considered in this scope.
- The Committee commented that contract management of industry participation outcomes is where things fall short and should be considered. It was questioned whether performance management on contracts should be incorporated into the scope as it is a facet of value for money. KPMG acknowledged they would take this offline with Management to see where this aspect best sits, either this audit or the next, Tendering Management (Process and Control).
- The Committee discussed contract performance management, noting the tenders look good on the matrix, however it was questioned if they deliver. Management commented there is some data available on this to see where a contract has been allocated within City of Marion, South Australia, or Interstate.
- The Committee questioned the competitive process for large contracts in the City of Marion with a level of community concern around the level and frequency of KPI's. It was noted this is not covered in this audit, as this will focus on contracts already in play and how they are being managed, rather than getting to the contract stage and what to consider. This may come into the Tendering audit.



Moved Ms Rantanen

Seconded Councillor Veliskou

That the Finance, Risk and Audit Committee:

1. Considers and provides feedback on the:
 - a. Contract Value for Money Review (Attachment 1)

Carried Unanimously

7.3 Internal Audit Program - Implementation of Recommendations

Report Reference FRAC230815R7.3

The Committee noted the update of the status of implementation of recommendations from the Internal Audit (IA) program and provided the following comments:

- It was good to see the additional column now showing the original completion date as well as the forecasted completion date.
- The Committee commented due to the nature of the report, this was an ever-growing list and queried whether this needed to be looked at differently or looked at with a risk-based approach in terms of closing out items.
- Management confirmed this is how they are progressing with outstanding actions. General Managers are working with their teams to determine whether the action is still relevant or if it was no longer relevant due to a change in business needs. Those elements that are still relevant are being monitored more closely and reported with the revised reporting structure around due dates. Management is confident that outstanding items will reduce with this scrutiny applied.
- It was also noted that more scrutiny was being placed on the due dates at the close out meetings, taking into consideration realistic resourcing and business priorities.
- The Committee noted the Council Members interest in the Facilities Management Model and that they were keeping an eye on this.
- The Committee discussed some of the due dates in the Cyber Security audit, noting this was now some time since the original report. Management acknowledged this, commenting that a number of the policies were now in draft and due to be presented to the Executive Team next month.
- There were discussions around what processes were in place to close moderate findings that may take up to 6 months to close. Management commented the way in which staff were interpreting the action was bigger than what was actually required. There is an emphasis on going back to the original risk and ensuring the finding is being addressed.
- Management also noted work was progressing on a tender for a risk management system. An element of this will include the management of audit findings. An interim solution is being utilised through Sharepoint and Office 365 until an identified system can be implemented. Management expects to make significant progress over the next 12 months in closing out these actions.



Moved Ms Rantanen

Seconded Mr Hubbard

That the Finance, Risk and Audit Committee:

1. Noting and provides feedback on the Internal Audit Program (Attachment 1).

Carried Unanimously

The Chair sought and was granted leave of the meeting to vary the order of the agenda and consider the item *External Audit 2022-23 – Interim Management Report* next in the meeting.

7.6 External Audit 2022-23 – Interim Management Report

Report Reference FRAC220816R7.6

Mr Muhlhausler from Galpins introduced the item and provided a summary of how the organisation is progressing. It was noted that overall, Council demonstrated a high level of compliance with the implementation of an internal control framework consistent with the principles within the Better Practice Model. There was a particular focus on the controls opinion, and it was noted, the majority of key internal controls reviewed were in place and were operating effectively (91 out of 100 core controls reviewed). The results are pleasing particularly with the complexity of implementing a new Financial System and progressing the implementation of a new Asset Management Information System during the 2022-23 year.

This year, 91 controls were effective, down by 1 from last year. There were 3 key reasons driving this including:

- DTP Initiatives, where there was a real focus on the implementation of financial force, requiring a significant degree of time and effort
- With the implementation of a new system, comes the need to redesign internal controls.
- There are a number of items within the report that are not items that would be expected to be addressed in a 12-month period, for example, the Asset Management System.

Overall, the auditors were happy with the progress and items being addressed in a timely manner.

The Committee provided the following feedback:

- The Committee discussed the internal controls opinion and whether this had been considered holistically, and not just looking at one group. It was queried whether there is a control environment that is robust and looking at the gaps if mitigated by controls, for example the gaps in the process of approving manual journals. Management confirmed there is still visibility and a review process of these journals. The documentation may not be as strong as it could be to demonstrate this, however, oversight of the process and access to information reduces the risk.
- It was noted that it was critical when setting risk ratings to have appropriate strong internal controls, noting this is often in a state of flux, not working perfectly all the time and is reliant on staff, systems and strategies to be in place. It was acknowledged that the organisation has good self-awareness of any weaknesses.
- It was noted that the IT access controls were impacted by the new system and the need to identify appropriate reporting in the new system. The design was at a mature phase and there was a good level of maturity in terms of setting up the initial access. The next step is to look at the ongoing review process and reasserting appropriateness.
- The Committee queried some medium ratings for things that read as a significant risk, for example, an instance of purchase not in accordance with the procurement procedure.

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- Mr Muhlhausler commented that naturally issues in procurement were inherently more likely to get a higher risk finding. When looking at this instance, it was considered whether there were systemic issues around behavioral patterns or policy ignorance, noting this was a one off finding and therefore considered moderate.
- Management commented there is monitoring in place to pick up any errors and calling these out as they arise, while acknowledging the governance framework encourages positive behaviour and to make the process as easy as possible for staff. In this case, it was largely a documentation issue, where there was rationale behind the process and the procurement method was not unreasonable, although the documentation was lacking.
- The Committee acknowledged the comments, however raised concerns, in the event one of these procurements is for a large value and the correct process isn't followed. Management noted these concerns, and commented there are recommendations in place to address the issue, such as training, the ease of fillable forms, and culture of the organisation to follow correct process and policy. It was also noted this may also be picked up in the tendering audit.
- The Committee questioned the number of recommendations with management responses that had no close out dates and how these were being tracked. Management advised these are tracked internally, noting timeframes could be included. Three of the five moderate findings have already been closed with some of them system related findings expected to take a little longer.
- Mr Muhlhausler confirmed the final external audit report is on track for completion.

Moved Councillor Veliskou

Seconded Ms Rantanen

That the Finance, Risk and Audit Committee:

1. Receive and Note the Interim External Audit Report for 2022-2023

Carried Unanimously

7.4 Council Member Report

Report Reference FRAC230815R7.4

The Committee noted the Council Member Report and requested further information on the findings relating to the S270 report on Coastal Walkway.

The Manager, Office of the CEO provided the following summary:

- The scope was specific to a resident's issues around beach access, installation of a viewing platform and release of personal information through the consultation process.
- Norman Waterhouse found no error in the decision-making process of Council, however, noted the error relating to the release of information through the consultation process. Council apologized in writing to the complainant and have put measures in place to prevent this occurring in future.
- The complainant was advised there is no further appeal process internally and any further requests will need to be made to the Ombudsman.
- Nothing further has been received in relation to this matter, and council is confident the correct process has been followed.

4.20pm Mr Hubbard left the meeting

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Moved Ms Rantanen

Seconded Councillor Veliskou

That the Finance, Risk and Audit Committee:

1. Notes this report.

Carried Unanimously

7.5 Draft Asset Management Strategy 2023 – 2033

Report Reference FRAC230815R7.5

4.23pm Mr Hubbard re-entered the meeting.

The Unit Manager Asset Solutions and the Asset Strategy Officer introduced the item commenting that The City of Marion owns and manages a large and diverse asset portfolio. The Asset Management Strategy implements Council's Asset Management Policy and gives direction to the delivery of Council's Asset Management Plans.

The Committee provided the following feedback on the Draft Asset Management Strategy 2023-2033:

- The Committee commented that accurate data collection was essential and queried how confident the organisation was around asset management, had alternate avenues been explored and how was this being resourced.
- Staff commented that currently there is a resource that undertakes level 1 inspections and level 2-3 conditional assessments are based on a cycle and are determined by asset class. The strategy is driven by industry standards set out in the individual asset management plans.
- The Committee questioned whether the organisation has appropriate mechanisms in place to inform the capital program. Staff commented this was a work in process, noting that with more iterations of data that are collected, better decisions can be made. Footpaths is a good example of where good modelling is available to inform capital planning.
- The Committee discussed whether the Coastal Walkway and Open Space Assets are the same asset type. Staff confirmed these were differentiated by size noting the Coastal Walkway was a significant investment upgrade renewal driven through City Activation.
- The Committee discussed the Resilient South touch points and queried what outcomes the organisation was looking to achieve. Staff commented this was looked at from an asset management perspective noting the organisation needs to be aware of the areas within the city at risk of climate change, assets at risk and what this means in terms of managing these.
- It was noted that the organisation is not buying offsets at this stage, however focusing on carbon neutrality through action.
- The Committee queried leading practice of the management of council assets and how this was defined. Staff commented that the organisation has been undertaking maturity assessments against a national framework since 2017. The aim was to reach core maturity which was achieved last year. Rather than aim for maximum maturity, the team is looking at how this core maturity can be maintained and entrenched throughout the organisation.
- The Committee discussed the customer satisfaction survey and whether the sample size was large enough to be valid. Staff acknowledged this had varied in size in various years from 651 to 1942 responses received, depending on how this is promoted and run each year. Management also confirmed that the customer satisfaction survey was currently under



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consideration by council with a Forum planned for September to discuss the methodology. The methodology will also be considered with the Marion 100 group.

- The Committee sought clarification on who the audience of the document was, suggesting that if it was the community some of the language could be simplified or an explanation included relating to the levels of service.
- The Committee also sought clarification on the legislative requirement in relation to a strategy and Asset Management Plan, with staff confirming that a Strategy is required in addition to an Asset Management Plan for each asset class.

Moved Mr Hubbard

Seconded Ms Rantanen

That the Finance, Risk and Audit Committee:

1. Provides feedback on the Draft Asset Management Strategy 2023 – 2033.

Carried Unanimously

7.7 Business Continuity Exercise Recommendations

Report Reference FRAC230815R7.7

The Manager, Office of the CEO introduced the item and provided a brief summary of the Business Continuity Exercise held on 28 June 2023 and attended by the Incident Management Team (IMT) (primary and all alternate members). The exercise was based on a storm event with a focus on taking it back to basics given there were a large number of staff in attendance who had not participated in an committee before. The Exercise also focussed on IMT processes rather than recovery strategies which will be picked up in the next exercise. Overall, it was a successful exercise with good participation and a number of actions to follow up on.

The Committee provided the following comments:

- The Committee noted that in the feedback received some of the respondents commented that the exercise only partially addressed the objectives. Management commented this was in relation to the recovery strategies, however there was a conscious decision not to include this element in the exercise and that it would be picked up in the next one.
- The Committee noted the importance of addressing fatigue and queried how this would be managed. Management noted that for each IMT member, there is a primary and backup position with all members being trained equally. As the IMT matures in its processes, the primaries will be swapped out, giving others an opportunity to experience elements of the exercise and to practice the de-brief and swap over. It was also acknowledged that part of the People and Culture role on IMT was to consider the wellbeing of the team including the recovery period after the event.
- Management is also conscious of the recovery in the community and will build this into the recovery strategy piece of work.
- The Committee questioned how the actions were being tracked, with management advising, this was being done at an operational level with the teams.
- The Committee commended staff for progressing this so well and acknowledged the efforts put into the exercise both in planning and attending.

Moved Mr Hubbard

Seconded Councillor Veliskou

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That the Finance, Risk and Audit Committee:

1. Endorses the recommended Business Continuity actions outlined in this report.

Carried Unanimously

7.8 Incidents and Claims report 2022-23

Report Reference FRAC230815F7.8

The Manager, Office of the CEO introduced the report and provided the Committee with an overview of insurance incidents and claims for their review and consideration relating to the 2022/2023 financial year.

The Committee made the following comments:

- The Committee questioned whether, given some of the claims have increased if there has been an impact on insurance costs. Management confirmed there had been an increase in insurance cost, however this was not related to an increase in claims, but rather the hardening of the insurance market. It was also noted that the market had tightened up with insurance not covering some items. For example, insurance of consultants, which now needs to be obtained through a commercial insurer rather than LGRS.
- It was noted that insurance relating to cyber security was harder to obtain with some premiums doubling in the commercial market.
- The Committee sought clarification on the claim relating to Koorana Sports Centre, with Management advising this was a maintenance issue following a roof leak.
- The Committee discussed the claim in relation to the outdoor pool (waterslide), noting that this was now public as legal proceedings have been issued due to time period exceeding 3-years. Subsequent to the incident, there were some improvements made. The claim had been formulated for \$800k and the LGA MLS are managing this on Council's behalf
- The Committee queried the new risk of being under insured rated as medium. Management commented that the insurance renewal process was undertaken at the same time as the asset valuations and some discrepancies were noted with assets coming on and off the register. The teams will work together on the process to ensure the process around the movement of assets is robust.

Moved Mr Hubbard

Seconded Ms Rantanen

That the Finance, Risk and Audit Committee:

1. Notes and discusses the Insurance, Incident and Claims Report for 2022/2023.

Carried Unanimously



7.9 Quarterly Risk Report

Report Reference FRAC230815R7.9

The Committee noted the Corporate Risk Register Report and High Risks and provided the following feedback:

- The Committee discussed the new risk in relation to being under insured and whether Management were comfortable with the medium rating. Management commented they were not concerned with this noting that due to the discretionary nature of the schemes, it would be unlikely that a claim wasn't accepted. This risk was more around the process between asset acceptance and asset disposal and ensuring that the insurance registers match the asset registers. The Committee further commented whether this should even be included as a risk. Management noted this was specifically sitting with the risk team to prompt how this was being managed, however, the team will revisit the wording and will look at the risks around assets.
- The Committee queried who looks at the risks relating to the Marion Outdoor Pool and how these risks are communicated to the organisation. Management noted these are reviewed with the SLT managers and in this instance as it is related to the outdoor pool, the Unit Manager is also involved in the reviews.
- The Committee discussed the description of the risks in relation to the Marion Outdoor Pool, noting this was prepared for a public report. Management will monitor these to ensure the messaging is not lost and that they key points are being addressed.
- The Committee discussed the risks associated with community wellbeing and the cost of living with Management commenting this is included in the environmental scan and feeds back into the reviews being undertaken by Managers. There is no specific risk around the current economic environment, however, captured through the environmental scan. It was further noted that Council will further discuss community expectations and how council can respond through a Council Forum.
- It was also noted there was a joint workshop with the Committee Members and Council Members to follow the Committee meeting to further discuss risk management of the Council.

Moved Ms Rantanen

Seconded Mr Hubbard

That the Finance, Risk and Audit Committee:

1. Notes the Corporate Risk Register Report (Attachment 1) and High Risks (Attachment 2) and provides their feedback on the review outcomes.

Carried Unanimously

7.10 Finance and Audit Committee Annual Report to Council 2022-23

Report Reference FRAC230815R7.10

The Manager, Office of the CEO noted that following the Local Government Reform and amendments to the Legislation, from November 2023, a Council must ensure that the annual report of its audit and risk committee is included in its annual report.

ACTION: The Committee suggested, that if appropriate the FRAC Annual report be included this year.

Moved Councillor Veliskou

Seconded Mr Hubbard



That the Finance, Risk and Audit Committee:

1. Request that the following be included in the draft Finance and Audit Committee Annual Report to Council to be considered at its meeting in October 2023:
 - Financial Reporting
 - Risk Management
 - Audit
 - Prudential Reports
 - Committee Membership and Attendance

Carried Unanimously

8 Reports for Noting

8.1 Previous Service Review Program - Update on Outstanding Recommendations

Report Reference FRAC230815R8.1

Moved Ms Rantanen

Seconded Councillor Veliskou

That the Finance, Risk and Audit Committee:

1. Notes the status of the outstanding service review actions.

Carried Unanimously

8.2 Digital Transformation Project – Close Out Report

Report Reference FRAC230815R8.2

The General Manager, Corporate Services introduced the item and provided a summary of the Digital Transformation Project – Close Out Report noting that The Digital Transformation Program (DTP) scope was 12 projects; a mix of larger and smaller Projects with all projects now complete except one. The Unified Communications project has not been complete; however, work will continue into 2023-24. Moving forward the Information Services (IS) Strategic Plan which is currently being drafted which will guide the prioritisation of projects for the next 3 years (current Council term). New projects which have commenced are the Integration project, Booking System – Outdoor Pool, Booking System – Hireable spaces and the Risk Management System in addition to a range of operational improvements.

The following points were discussed:

- Management acknowledged there was reasonable maturity across the new systems, however transformation has not been achieved across the organisation. The focus over the next 1 – 2 years is integration across the systems to reap the benefits and to allow the organisation to focus on the customer.
- Management noted the benefits already achieved which hadn't been recognised including a major shift in the way things are done from working from home opportunities, cloud-based systems, AV technology, online forms etc. The next piece is to leverage from what has been put into place.



- The Committee discussed the elements of AI and whether there was an ethics framework in place around how this information is used. Management acknowledged there are many opportunities in this space, however the organisation is not at this stage just yet and will look to include this in the IS Strategy and Data Governance Framework. Management will also consider further training for staff around using AI programs for data collection and the like to determine what is and is not appropriate and the consequences of inappropriate use. Management will look to incorporate this into the Data Governance Framework.
- The Committee raised concerns around the closure of the program, with some elements missing such as a benefits realisation piece.
- Management noted the lessons learnt had come through the KMPG DTP Health Check Audit which applied to all projects. These lessons will also be built into the strategy methodology and process.
- The Information Services teams have placed a large emphasis on building discipline into all processes.
- A future audit may look at the IT program Strategy and Implementation tools, techniques and discipline to determine effectiveness of the lessons learnt.
- It was noted it was important for the organisation to close the DTP Program and move this to the next phase, imbedding as business as usual and enhancement phases including integration. The next phase will be in line with the Project Management Framework.
- The Committee suggested that Management review the points of failure and suggested a potential review across the organisation to determine if there are any other areas operating outside of their boundaries and the governance policies, applying a fresh sense of accountability on performance. Management noted that once the Project Management Framework was introduced, the projects were delivered on time and in budget and with the right structure, tools, and resources, the organisation has the right foundation to move forward.

5.36pm Ms Rantanen re-entered the meeting

- The Committee noted the similarity between the Strategy and an Asset Management, with the potential for there to be an ICT Asset Management Plan. Management commented, essentially this is what the Strategy was, with a comprehensive review every four years and touch point review every year. It was acknowledged that some flexibility was needed to only lock in projects for the next year, however, Staff will apply the lens of an Asset Management Plan over the Strategy.

5.46pm Mr Hubbard left the meeting

Moved Ms Rantanen

Seconded Councillor Veliskou

That the Finance, Risk and Audit Committee:

1. Acknowledge that Information Services has now closed the Digital Transformation Program (DTP) and is moving the individual projects from the DTP into business as usual and enhancement phases, with the exception of Unified Communications which is still in the implementation phase.
2. Note that Information Services is now focused on the development of the IS Strategic Plan and several key business-related IT projects
3. Future reporting to be consolidated into an IS Strategic Plan update which will replace the current two reports of DTP update and ICT Security.

Carried Unanimously

5.49 Mr Hubbard re-entered the meeting

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9 Workshop / Presentation Items

10 Other Business

11 Meeting Closure

The meeting was declared closed at 5.49pm

CONFIRMED THIS 10 DAY OF OCTOBER 2023

CHAIRPERSON

5 Business Arising

5.1 Business Arising Statement - Action Items

Report Reference	FRAC231109R5.1
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

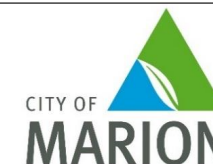
That the Finance, Risk and Audit Committee:

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

ATTACHMENTS

1. Business arising statement October 2023 [5.1.1 - 4 pages]

CITY OF MARION
BUSINESS ARISING FROM FINANCE AND AUDIT COMMITTEE MEETINGS
AS AT OCTOBER 2023



	Date of Meeting	Item	Responsible	Due Date	Status	Completed / Revised Due Date
1.	20 June 2023	Results of the Bi-Annual Performance and Effectiveness Review of the Finance, Risk and Audit Committee Action: A report be brought back to the Committee highlighting the legal responsibilities and duties of individual members and of the Committee.	Manager Office of the CEO	December 2023	The Committee is scheduled to review its terms of reference at the December Meeting. This report will also include the legal responsibilities and duties of individual members and of the Committee	December 2023
2.	15 August 2023	Finance, Risk and Audit Committee Annual Report to Council 2022-23 Action: The Committee suggested, that if appropriate the FRAC Annual report be included this year.	Unit Manager Governance & Council Support	October 2023	The City of Marion Annual Report is scheduled to be adopted by the Council on 28 November 2023 and will include the FRAC Annual Report.	November 2023

* Completed items to be removed are shaded

City of Marion
Finance Risk & Audit Committee Action Arising Statement and Work Program - 2023

SCHEDULE OF MEETINGS 2023

Day	Date	Time	Venue
Tuesday	21 February 2023	9am – 12pm	Administration Centre
Tuesday	16 May 2023	2 pm – 5pm	Administration Centre
Tuesday	20 June 2023	2 pm – 5pm	Administration Centre
Tuesday	15 August 2023	3.00 – 6.00 pm Followed by 6.30 – 7.30 pm (Joint workshop with Council)	Administration Centre
Tuesday	10 October 2023	2 pm – 5pm	Administration Centre
Tuesday	12 December 2023	2 pm – 5pm	Administration Centre

INDICATIVE COMMITTEE WORK PROGRAM – 2023

TUESDAY, 21 February 2023

Topic	Action
Council Member Report	Communication Report
Annual Strategic Risk Register	Review and Feedback
Draft Annual Business Plan and Budget 2023-24 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
Quarterly Corporate Risk Report	Review and Feedback
Budget Review 2 – 2022-23	Review and Feedback
Internal Audit Contract (confidential)	Recommendation to Council
Cybersecurity – Quarterly Update	Noting
Digital Transformation Project – Quarterly Status Update	Noting

TUESDAY, 16 May 2023

Topic	Action
Council Member Report	Communication Report
Internal Audit Program – Scopes, Reviews, Plans	Review and Feedback
Internal Audit Program – Implementation of Recommendations	Noting
Quarterly Corporate Risk Report	Review and Feedback
Internal Audit Plan for 2023-24	Review and Feedback
Cybersecurity – Quarterly Update	Noting

City of Marion
Finance Risk & Audit Committee Action Arising Statement and Work Program - 2023

Digital Transformation Project – Quarterly Status Update	Noting
FRAC Effectiveness Survey	Review and Feedback
Tree AMP – Draft	Review and Feedback
Internal Audit Plan 2023-2025	Review and Feedback
Draft Annual Business Plan 2023/24	Review and Feedback

TUESDAY, 20 June 2023

Topic	Action
Administration Building – Section 48 Report	Review and Feedback
Claims & Insurance Report	Review and Feedback
Draft Annual Business Plan and Budget 2023-24 (update after public consultation) & Draft Long Term Financial Plan	Review and Feedback
Implementation of Recommendations check - Internal Audit	Review and Feedback
Effectiveness Survey – Results	Noting
Annual Review of HSE Program	Review and Feedback
Budget Review 3 – 2022-23	Review and Feedback

TUESDAY, 15 August 2023 (Followed by Joint Workshop with Council 6.30pm– 8.30pm)

Topic	Action
Council Member Report	Communication Report
Meeting with Internal auditors in camera	Seeking feedback from Auditors
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
External Audit - Interim Audit Report	Review and Feedback
Quarterly Corporate Risk Report	Review and Feedback
Digital Transformation Project – close out report	Noting
Fraud and Corruption Annual Review	Review and Feedback
Annual Report on Business Continuity	Review and Feedback
Service Review Previous Program – Status of Outstanding Recommendations	Noting
Asset Management Strategy Review	Review and Feedback
Joint Workshop with Council (6.30pm onwards)	TBA

City of Marion
Finance Risk & Audit Committee Action Arising Statement and Work Program - 2023

TUESDAY, 9 November 2023

Topic	Action
Internal Audit – Implementation of Recommendations	Standing Report for Discussion
Council Member Report	Communications - Standing Report
FRAC Annual Report to Council 2021-22	Review and Recommendation to Council
Independence of Council's Auditor for the year end to June 2023	Review and Recommendation to Council
Audited Annual Financial Statements for the year end 30 June 2023	Review and Recommendation to Council
Investment Performance 2022-23	Noting
Debtors Report	Noting
Meeting with external auditors in confidence	Seeking feedback from Auditors
Internal Audit Program – Scopes, Reviews, Plans	Review and Feedback
Aged Car Quality Standards	

Tuesday, 12 December 2023

Topic	Action
Council 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 2024	Review and Feedback
Framework and Key Assumptions for preparation of 2024-25 ABP and LTFP	Review and Feedback
Quarterly Corporate Risk Report	Review and Feedback
Cybersecurity – Quarterly Update	Noting
Digital Transformation Project – Quarterly Status Update	Noting
FRAC Terms of Reference	Review and Feedback

6 Confidential Items

6.1 Fraud Risk update 2022-2023

Report Reference	FRAC231109F6.1
Originating Officer	Business Support Officer - Governance and Council Support – Cassidy Mitchell
Corporate Manager	Manager Office of the Chief Executive - Kate McKenzie
General Manager	Chief Executive Officer - Tony Harrison

REASON FOR CONFIDENTIALITY

Local Government Act (SA) 1999 S 90 (2) 3

(e) matters affecting the security of the council, members or employees of the council, or council property, or the safety of any person

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, Chief Financial Officer, General Manager City Development, General Manager City Services, General Manager Corporate Services, Manager Office of the Chief Executive, Unit Manager Governance and Council Support, Unit Manager Strategy and Risk, Risk Business Partner, be excluded from the meeting as the Committee receives and considers information relating to Fraud Risk update 2022-2023 upon the basis that the Council 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 matters affecting the security of the council.

7 Reports for Discussion

7.1 Internal Audit Plan 2023-2025

Report Reference	FRAC231109R7.1
Originating Officer	Manager Office of the Chief Executive – Kate McKenzie
Corporate Manager	Manager Office of the Chief Executive - Kate McKenzie
General Manager	Chief Executive Officer - Tony Harrison

REPORT OBJECTIVE

To provide a status report of the progress of the Internal Audit Program for 2023 – 2025 and to seek the Finance, Risk and Audit Committee (FRAC) feedback on the Contract Management, Value for Money Report and the Community Safety scope.

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 an initial two-year contract and this followed with a further 2 plus 2 years contract extension. The City of Port Adelaide Enfield (PAE) have also joined the contract. The three Councils worked collaboratively (with KPMG) to develop an IA Plan where some collaborative audits could be completed.

The FRAC received the IA Plan for 2023-25 at the May 2023 meeting. The IA Plan identifies four (4) projects for this financial year.

Contract Value for Money Report (Attachment 1)

The Contract Value for Money audit was completed (Attachment 1), as a collaborative audit with CCS and PAE. KPMG made three (3) joint findings across the three Councils. One was a medium risk, one was a low risk and there was one performance improvement opportunity. The City of Marion had one low risk finding identified which was specific to Marion. There were several positive observations noted during the stakeholder consultation.

Community Safety Scope (Attachment 2)

The Community Safety internal audit objectives will be to consider the effectiveness of the community safety management policies, procedures and controls. The internal audit will include review over the following specific areas related to community safety including dog and cat management, community nuisance complaints, after hours services and issuance of expiations.

2023/24

- **Contract Value for Money Review Q1 (Collaborative) (Completed – Attachment 1)**
- **Community Safety Q2 (Scope – Attachment 2)**
- **Tendering Management (Process and Control) Q3 (Collaborative)**
- **Data Governance Q4 (Collaborative)**

2024/25

- **Project Management Framework Post Implementation Review Q1**
- **Cloud Vendor/Third Party Cyber Risk Assessment Q2 (Collaborative)**
- **Financial Controls Internal Audit Q3 (Collaborative)**
- **Assurance Mapping Internal Audit Q4**

RECOMMENDATION

That the Finance, Risk and Audit Committee:

- 1. Considers and provides feedback on the:**
 - a. Contract Value for Money Audit Report (Attachment 1)**
 - b. Community Safety Scope (Attachment 2)**

ATTACHMENTS

1. Co M Collaborative Vf M Audit Report Final [7.1.1 - 31 pages]
2. Co M Community Safety IA Scope Final Draft [7.1.2 - 4 pages]



Collaborative Contract Value for Money

Internal Audit Report

October 2023

Acknowledgement of Country

KPMG acknowledges Aboriginal and Torres Strait Islander peoples as the First Peoples of Australia. We pay our respects to Elders past, present, and future as the Traditional Custodians of the land, water and skies of where we work.

At KPMG, our future is one where all Australians are united by a shared, honest, and complete understanding of our past, present, and future. We are committed to making this future a reality. Our story celebrates and acknowledges that the cultures, histories, rights, and voices of Aboriginal and Torres Strait Islander People are heard, understood, respected, and celebrated.

Australia's First Peoples continue to hold distinctive cultural, spiritual, physical and economical relationships with their land, water and skies. We take our obligations to the land and environments in which we operate seriously.

We look forward to making our contribution towards a new future for Aboriginal and Torres Strait Islander peoples so that they can chart a strong future for themselves, their families and communities. We believe we can achieve much more together than we can apart.

*This acknowledgement of country has been developed within KPMG Indigenous Network (KIN) should you wish to modify the wording please reach out for consultation of the KIN. The KIN is a culturally safe and supportive space for Aboriginal and Torres Strait Islander colleagues from all geographies, divisions, and levels of the firm and you can get in touch by emailing smoates@kpmg.com.au



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Executive Summary

In accordance with the 2024/25 Internal Audit Plan for the City of Charles Sturt (CCS), the City of Port Adelaide Enfield (CoPAE) and the City of Marion (CoM) (collectively 'the Councils'), a collaborative contract value for money (VfM) internal audit project was performed.

Objective

The overall objectives of the contract VfM internal audit were to review the following:

- VfM governance effectiveness: Understand the extent of the Council's monitoring in-place and data accessibility for VfM optimisation and opportunities.
- VfM operating effectiveness: For a sample of contracts, understand the VfM cost optimisation effectiveness via a deep dive review of the commercial arrangement in-place across each Council.

In addition, the review considered the effective application of key controls in place in relation to the CoPAE's contract management framework. The scope and approach for the internal audit are outlined below.

Scope

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

1. VfM Governance Effectiveness:

- For commercial arrangements, understand the governance framework and supporting processes in place including panel usage and independent review on proposed tender's requirements and specifications.
- Sole source arrangements in-place, including monitoring on functions/areas with relatively higher-level of activity of this nature.
- Contract value growth, price escalation(s), variations and rollovers/revisions that may indicate the need to approach the market and secure more competitive pricing and commercial terms and conditions.
- Purchase Order value growth and revisions that may indicate the need to transition to a long-term contract, which allows increased ability to obtain competitive pricing.
- High level consideration of the processes in place to identify opportunities for 'like services' and commercial arrangements pursued that achieve greater VfM from increased volume and reduce administrative related costs incurred.

- Lessons learned and identification of best practices across each Council to help inform continuous improvement towards future contracts.

2. VfM Operating Effectiveness:

- A comparative analysis of commercial arrangements across similar contract requirements in-place across the Councils.
- Review of strategic contracts that have experienced significant growth (e.g. due to price escalation(s), variations and rollovers/revisions) to determine opportunities to secure more competitive pricing and commercial terms and conditions.

In addition to the above, the scope for the CoPAE has included a high level review of contract management key processes in place and commentary on the suitability of recently endorsed contract management corporate documentation.

Collaborative Model Approach

Our approach in undertaking this joint internal audit as part of the Collaborative Model included:

- Desktop review of contract management related documentation including existing policies, procedures, processes and controls across each Council.
- Interviews with key staff across the Councils to discuss and obtain an understanding of contract management processes and VfM optimisation and opportunities.
- A deep dive review and comparative analysis for a sample of three (3) commercial arrangements across the Councils. The nominated contracts are as follows:

CCS	CoPAE	CoM
Cleaning services	Cleaning services	Cleaning services
Building services	Building services	Building services
Labour hire services	Labour hire services	Weedspray services

- Facilitation of a joint workshop with key stakeholders from across the Councils to validate risk findings and performance improvement opportunities.



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What we Heard

What's working well?

Across our review we observed the following strengths of each Council's contract VfM process.



Strategic Procurement Improvement | The Continuous Improvement Initiative, led by the Manager - Strategic Procurement has resulted in an uplift of the maturity across the Councils' Contract Management Framework through introduction of a Contract Management Guide.



Expenditure reporting | A financial dashboard report that provides a snapshot of the contractual expenditure for a particular period is currently in place.



Building services | Panel management appears effective for building services and discussions with Contract Managers has confirmed that strong relationships have been built with relevant contractors.



Cleaning services | Through discussions with Contract Managers, it was identified that there are various controls in place to monitor vendor performance including:

- CCS and CoM: A sign-in mechanism to hold contractors accountable for their performance, regular quality audits over all work-sites and customer surveys.
- CCS: Photo evidence (pre and post) is available via the cleaning contractor's online portal for each cleaning activity performed across all sites.
- CoPAE: Feedback on the cleaning contractor's performance can be (and is) provided by the community and related other contractors (e.g. security, plumbing and others).

What can be improved?

Key opportunities to further build on the maturity of the management of contract VfM across the Councils include:



Governance Body or Committee oversight | Implementation of a council governing body or committee, for strategic and focused contracts (higher risk profile) and overall contract portfolio performance monitoring should be considered (via performance reporting), which would also oversee contract management framework improvement initiatives. This includes monitoring of panel arrangements usage composition and on-going achievement of VfM.



Contract value risk profiling | Operationalise the implementation of contract value risk categorisation per the Contract Management Guide and apply it to the current contract portfolios.



Contract portfolio key data and VfM indicators | Implementation of a more robust and system based approach to capture key contract activity data and development of dashboard style reporting to monitor the contract portfolio performance, as well as provide VfM indicators (opportunities and risks) and panel spend reporting.



Contract Management Framework | Opportunities were identified to strengthen and update the Contract Management Framework to effectively manage contracts throughout the end-to-end contract lifecycle, including guidance on performance reporting required by contract category and escalation protocol guidance. This will also help to inform decision making for the management of contracts, including performance reporting requirements, maintenance of contract register and governance oversight.



Future contract improvement opportunities | Multiple opportunities were identified from review of Council's nominated contracts, where better practice elements in the current contracts can be applied for future contracts, particularly for collaborative cross Council contract opportunities.



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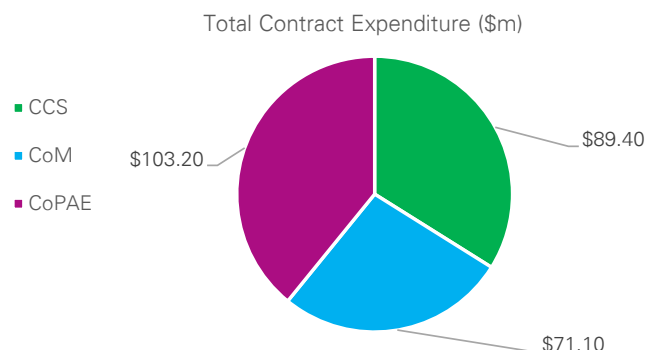
Background

Challenges ahead

The current South Australian economy is facing a significant shift with increasing inflation, and a number of other external factors which have put pressure on the financial sustainability of Councils, making it more costly to deliver services and projects.

Local governments, including the Councils (CoM, CCS, CoPAE) are not immune to these constant economic changes and face the risk of contractor non-compliance, declining quality of work and delay in timely delivery of services. Therefore, it is imperative in this environment that the Councils further progress their mindset to focus on greater consideration of VfM aspects with their contractors and subcontractors.

On average, each Council awards 40 contracts annually with an annual total value in the range of \$40 - \$70 million. The total expenditure for the three Councils is presented in the chart below:



*The above data has been derived from the total expenditure dashboard reports for the Councils.

As shown in the graph above, the CoPAE has had the largest total contract spend but also has the greatest population base. In 2022, the estimated populations for the CoM, CCS and CoPAE was 96.6k, 124.9k and 135.8k respectively.



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Context

VfM is a critical consideration for any organisation to ensure resources are utilised in the most optimum way, which is most relevant to strategic contracts. With the current economic environment, the rate increases and the rising cost of living increases, assessing whether Councils and ratepayers are obtaining VfM is critically important. VfM considerations traditionally include four (4) key criteria as described below:

Efficiency

Are the services under the contracting arrangement provided by your Partner at the lowest price and / or at the lowest amount of effort based on the quality and performance expectations outlined in the contract?

Activities

- Commercial Efficiency
- Delivery Efficiency
- Delivery Sustainability
- End to End Efficiency

Effectiveness

Are the services under the contracting arrangement delivered by your Partner in a timely manner and at the desired level of quality required by the Council?

Activities

- Program Effectiveness
- End to End Effectiveness
- Risk Assignment
- Commercial and Operational Flexibility

Economic

Is the contracting arrangement affordable across the contract life cycle and is there supplementary economic benefits to the Council' economy through the development/sup port of small business, employment, regional and indigenous opportunities?

Activities

- Financial Alignment
- Socio-economic

Ethics

Does the Partner deliver services to the City in an ethical manner, in alignment with Council policy objectives and does the Partner act in the interest of the broader community?

Activities

- Commercial behaviours
- Tactical performance and behaviours
- Stewardship
- Transparency

Background

Policies and Procedures

The key guiding framework and supporting procedures which underpin contract management, commercial framework and VfM considerations are listed below:

All three Councils:

- ❖ **Contract Management Guide:** The Contract Management Guide (last reviewed in February 2023) is a guidance document listing activities and considerations for Contract Managers to manage their contracts effectively. Four (4) categories of contracts based on value and risk (Strategic, Focused, Leveraged and Routine).

In addition to the above guide, other documents that the Councils use to manage contracts and procurement include:

City of Charles Sturt:

- **Procurement Policy:** The Procurement Policy (last reviewed in March 2022) provides clear direction for procurement within the CCS to promote best practices in procurement.

City of Port Adelaide Enfield

- **Procurement Policy:** The Procurement Policy (last reviewed in June 2023) sets the parameters for internal control environment to ensure probity transparency and risk management in relation to procurement and contract management practices.
- **Contract Management Procedure:** The Contract Management Procedure provides guidance to the CoPAE Contract Managers for proactive contract management in order to achieve the value of the contract while ensuring key aspects of the contract are delivered.

City of Marion:

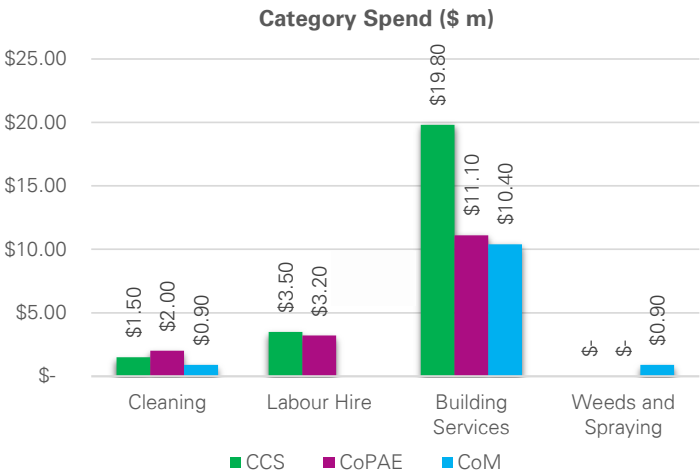
- **Procurement Policy:** The objective of the Procurement Policy (last reviewed in June 2021) is to recognise and respond to the CoM's procurement needs, consider value for money in the expenditure of public money, and provide guidance for contractor management.

Governance structure to oversee contracts

- **All Councils:** Currently, the procurement portfolios across all three (3) Councils are overseen by the Manager of Strategic Procurement Services.
- **Council Level:** At a Council level, each of the contracts has an assigned Contract Manager responsible for the day-to-day monitoring of the contract and its performance. For capital works contracts (over \$500k), there are Tender Committees to oversee the procurement and evaluation of these major works contracts.
- **Governance Committee:** An Across Council Governance Committee was established post the Contract Management audit conducted in 2021, however was disbanded in 2022. The briefly formed Committee was focused on strategic procurement opportunities activities across the three Councils.

Contract Expenditure

As outlined on pg. 4, three (3) contracts from each Council were reviewed - Cleaning Services, Labour Hire, Building and Weedspray (only for CoM). The below graph presents the expenditure across the different contracts reviewed.



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Detailed Findings – Joint Findings

Internal Audit Findings – Joint Findings and Improvement Opportunities

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 all three (3) Councils in this section.
- Specific findings that apply to only one Council have been specified from page 14 onwards.

Through discussions with stakeholders, documentation review and sample testing performed for the Councils a total of two (2) joint findings and one (1) performance improvement opportunity were identified.

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

Rating	Ref #	Description
Medium	F1	Gaps over governance and monitoring of strategic contracts
Low	F2	Opportunity to uplift contract management documentation
PIO	F3	Comparative analysis over like Council nominated contracts (Refer to Appendix 1)



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Finding 1: Gaps over governance and monitoring of strategic contracts**Medium****Observation(s)**

Gaps are identified over overarching governance and monitoring of strategic procurement contracts.

The recently rolled out new Contract Management Guide includes implementation of contract categorisation based on risk and value that drive the contract management mandatory requirements and governance applied based on the category types (i.e. transactional, routine, complex and strategic contracts). Contracts categorised as 'strategic' by the Councils contain VfM priorities that should be appropriately governed and monitored across the contract lifecycle (pre-award to closeout).

The Contract Management Guide defines VfM considerations of relevant financial and non-financial costs and benefits. Discussions with Contract Managers and the Strategic Procurement Manager indicated that VfM was largely considered to be assessed as cost and quality of service.

We noted the following gaps over governance and monitoring of strategic contracts:

i. Lack of governance body oversight in-place

Whilst there are some governance bodies in place such as the Tendering and Evaluation committees across the Councils, an overarching Committee or Leadership Group is not in place that monitors strategic and collaborative contracts performance, including proposed contract strategies for future contracts of this nature. As noted in the background of this report, an Across Council Governance Committee was established in 2019. However, this Committee was disbanded in 2020 after the Manager of Strategic Procurement Services role was established. The Committee objective was focused on strategic procurement activities across the three Councils, however the committee charter did not have a focus on strategic contracts as categorisation had not yet been implemented.

ii. Improved awareness of policies and procedures required

Through stakeholder consultations, a lack of awareness of recently implemented policies and guidance documents relating to contract management was observed. It was however noted that some Contract Managers had recently completed internal contract management training. Communication of contract management documentation could be strengthened by articulating the expectations of using the contract management guidance documents, storing it in an easily accessible centralised location and embedding it into routine business processes such as induction training for relevant staff. It was further noted that for the CoPAE that procurement and not contract management training has been rolled out.

iii. Absence of capturing key contract portfolio data and VfM indicators

Per the VfM Governance Effectiveness scope area, we checked if priority activities and profiling were being performed to monitor the contract portfolios based on key contract management data that can indicate value risk attributes. This identified the following:

- Reporting available is limited to total spend reporting, but detail on sourcing strategy (i.e. sole source, closed or open tender), variations, extensions and parent/child contract arrangements was not monitored or available.
- Based on our attempt to perform VfM type analysis, it was noted that the supporting data was not easily accessible by the Procurement Manager, and in the current process, there is only visibility over contractual expenditure by way of the dashboard reporting.

(continued on the next page)

Recommendation(s):

Internal Audit recommends the Councils consider implementing the following:

1. Operationalise the implementation of contract value risk categorisation per the new Guide and apply it to the current contract portfolios. We recommend this is supplemented with guidance on the required performance review types (including frequency and reporting lines), administration (plan vs checklist) and introduction of a contract profiling tool to improve consistency of assessment criteria application, quality control and future reference.
2. In relation to lack of oversight by a governance body, Councils to:
 - 2.1 Establish independent governance at each Council to facilitate communication and oversight over strategic contracts and overall contract portfolio monitoring at the Councils, as well as oversee strategic sourcing activities.
 - 2.2 Establish a cross-council governance forum or committee with representatives from the each Council to oversee performance of cross-council contracts and panel arrangements, explore further strategic procurement opportunities (renewals and new tenders) and knowledge share on contract management practices.
 - 2.3 As part of standing up independent governance at each Council and a cross-council governance forum, develop respective charters that clearly outline the responsibilities of these governance roles.
3. Improve awareness at each Council on contract management related policies and procedures, documents (including contract registers and owners) for all Council staff to access, including on-going roll-out of further contract management procedures, tools and templates. This includes further guidance on performance metric development (including VfM priorities) to provide clear measures ongoing performance of the active contracts, including identification and capturing of contract related social benefits.

(continued on the next page)



Finding 1: Gaps over governance and monitoring of strategic contracts**Medium****Observation(s)***(continued from the previous page)*

As a result of the above, and other challenges in obtaining the relevant data, further analysis over purchase orders, variations, panel usage, total supplier spend, etc. could not be performed at the time of reporting. While the dashboard reporting is a step in the right direction, the challenges in accessibility of the data causes a lack of visibility on contract portfolio performance.

Risk(s):

- Important information in relation to contract management may be lost or not transparent.
- Staff engaging in contract management may not be aware of the current and most updated policies, procedures and escalation structure.
- Lack of oversight over contracts leading to lost opportunities and non-optimisation of VfM considerations.

Recommendation(s):

4. Implement a contract lifecycle management (CLM) system (or equivalent via ERP contract module) to facilitate a more robust approach to capturing key contract activity data (e.g. contract spend, sourcing strategy, variations, revisions, extensions, etc.), as well as providing key information on spend under contracts, PO growth and panel reporting. In the absence of a CLM system, implement processes to capture key activity data to provide insights across the end to end contract management lifecycle.

CCS Management Action(s)

1. Consideration will be given to application of contract categorisation as per the Contract Management guide and the associated Contract Owner required. All new Contracts above \$450k will have Contract Management Plans created to provide guidance on requirements.
- 2.1 Consideration will be given to implementation of a governance committee once the maturity of the contract management function is at an appropriate level.
- 2.2 Consideration will be given to implementation of a governance committee across the three Councils once the maturity of the contract management function is at an appropriate level.
- 2.3 If the governance committee is formed, a charter will be created.
3. Continual awareness communications will be implemented to consistent applications and use of central resources.
4. The CCS has a Contracts Module in place already, as part of the Digital Futures Program, this will be considered to be improved and/or replaced with an appropriate system.

Responsibility: Manager, Strategic Procurement Services**Target Date:** Action 1,2,3 – June 2024 and
Action 4 – December 2025**CoM Management Action(s)**

1. Consideration will be given to application of contract categorisation as per the Contract Management guide and the associated Contract Owner required. All new Contracts above \$450k will have Contract Management Plans created to provide guidance on requirements.
- 2.1 Consideration will be given to implementation of a governance committee once the maturity of the contract management function is at an appropriate level.
- 2.2 Consideration will be given to implementation of a governance committee across the three Councils once the maturity of the contract management function is at an appropriate level.
- 2.3 If the governance committee is formed, a charter will be created.
3. Continual awareness communications will be implemented to consistent applications and use of central resources.
4. A contract module has been scoped as part of the implementation of the Finance System, this will be considered to be improved and/or replaced with an appropriate system. This project has been included in the IS Plan to commence in July 2024 subject to funding availability.

Responsibility: Manager, Strategic Procurement Services**Target Date:** Action 1,2,3 – June 2024 and
Action 4 – December 2025**CoPAE Management Action(s)**

1. Consideration will be given to application of contract categorisation as per the Contract Management guide and the associated Contract Owner required. All new Contracts above \$450k will have Contract Management Plans created to provide guidance on requirements.
- 2.1 Consideration will be given to implementation of a governance committee once the maturity of the contract management function is at an appropriate level.
- 2.2 Consideration will be given to implementation of a governance committee across the three Councils once the maturity of the contract management function is at an appropriate level.
- 2.3 If the governance committee is formed, a charter will be created.
3. Continual awareness communications will be implemented to consistent applications and use of central resources.
4. As part of the Digital Futures Program, this will be considered to be included, with an appropriate system implemented.

Responsibility: Manager, Strategic Procurement Services**Target Date:** Action 1,2,3 – June 2024 and
Action 4 – December 2025

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Finding 2: Opportunity to uplift contract management documentation

Low

Observation(s)

As part of this review, the new Contract Management Guide (the Guide) and Contract Management Procedure (the Procedure) were reviewed (which was in scope for the CoPAE). The Guide (not Procedure) is also relevant for the CCS and CoM, as this document was rolled out across all three Councils.

Based on our review of the Guide to identify if it contained key elements of better practice contract management, the following have been identified as areas where further clarity could be covered (refer to Appendix 2 for detailed assessment):

1. Contract Start Up

- **Contract management roles and responsibilities:** Whilst the contract management documentation provides guidance on assigning roles and responsibilities for key contract management activities, it does not specify the overarching roles and responsibilities of key personnel such as the Contract Owner/Sponsor, Contract Manager and Contract Administrator.
- **Contract contingency planning:** The contract management documentation does not specify if contingency and business continuity planning for disruption to contractor services should be performed based on the contract risk assessment.

2. Contract Performance

- **Right to audit requirements:** The contract management documentation does not provide any guidance on the right to audit requirements (including consideration of this in the common contracts provisions sections) and how this should be enacted over the life of a contract.
- **Performance management:** Whilst the Contract Management Guide includes key considerations for performance management and measurement, it does not specify the recommended frequency or depth of contract management meetings or reporting as per the contract category.
- **Problem and issue management:** The Contract Management Guide details managing complaints, disagreements and disputes, including the requirement to escalate through the Council's hierarchy. There is an opportunity to provide Contract Managers with an escalation process where there is no clear definition within the contract. Refer to Appendix 3 for an example.
- **Financial management:** The Contract Management Guide details verifying invoices and making payments. However, there is limited guidance on how financial controls can be performed for contracts, including the requirement to perform financial reconciliations between purchase orders/work orders approved, invoices paid and the approved contract value.
- **Value-for-money assessments:** The definition of VfM is currently included within the glossary, and referenced throughout the three contract phases. Whilst there is a requirement to identify drivers of VfM at the contract start-up phase, there is no market testing of contract competitiveness to be performed (e.g. during contract extensions or renewals).

(continued on the next page)

Recommendation(s):

Internal Audit recommends the Councils consider implementing the following:

1. Review and update the Guide as per areas identified.
2. Consider consolidating the Guide and Procedure into a single document.



Finding 2: Opportunity to uplift contract management documentation**Low****Observation(s)***(continued from the previous page)*

- **Contract Profiling Tool:** It was also noted that there is no Contract Profiling Tool to support an effective and consistent application to categorise contracts based on risk and value per the Guide.
- **Contract Handover:** In addition, based on our review of the Procedure, we noted that the contract handover process and minimum contract documentation requirements could be captured in the Guide. This removes the need to have a separate Contract Management Procedure document.

By providing clarity on these additional areas, a robust contract management framework will ensure that the Council obtains better VfM from its contracts, mitigating key risks and enabling better contract management capability. Please refer to Appendix 2 for the detailed assessment on the Contract Management Framework Elements.

Risk(s):

- Lack of clarity in roles and responsibility at the contract start-up may lead to lack of understanding and accountability by parties involved in contract management and procurement activities.
- Lack of clarity in performance monitoring of contracts can lead to opportunities, weaknesses and issues not being identified and rectified proactively further leading to non-profitable business decisions.

CCS Management Action(s)

1. A review of the Contract Management Guide will be undertaken to include the suggested areas as appropriate.
2. Council does not consider the merging of the guide and procedure to be appropriate. The guide will be utilised as an education document to support the uplift of the function, the procedure will continue to be stand alone and complimentary to the Procurement and Tender Evaluation procedures.

Responsibility: Manager, Strategic Procurement Services**Target Date:** June 2024**CoM Management Action(s)**

1. A review of the Contract Management Guide will be undertaken to include the suggested areas as appropriate.
2. Since the completion of field work and initial briefing on this finding, Council has considered the benefits of merging the guide and procedure. Council does not consider the merging of the guide and procedure to be appropriate. The guide will be utilised as an educational document to support the uplift of the function, the procedure will continue to be stand alone and complimentary to the Procurement and Tender Evaluation procedures.

Responsibility: Manager, Strategic Procurement Services
Action 1 - June 2024**Target Date:** Action 2 – Closed 12 October 2023**CoPAE Management Action(s)**

1. A review of the Contract Management Guide will be undertaken to include the suggested areas as appropriate.
2. Council does not consider the merging of the guide and procedure to be appropriate. The guide will be utilised as an education document to support the uplift of the function, the procedure will continue to be stand alone and complimentary to the Procurement and Tender Evaluation procedures.

Responsibility: Manager, Strategic Procurement Services**Target Date:** June 2024

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Detailed Findings – City of Marion

Internal Audit Findings

Internal Audit identified one (1) low finding. The details of the findings are provided in the subsequent pages of this report.



Rating	Description
Low	Nominated contracts Vfm testing observations and opportunities

Positive Observations

A number of **good practices** were noted during the stakeholder consultations such as:

Cleaning Services	Weedspraying Services	Building and Maintenance Services
<ul style="list-style-type: none">The Property and Facilities team has been reviewing the Cleaning Services Contract to identify improvement opportunities to strengthen the contract.A number of cost saving opportunities have been identified in the contract by way of descoping a number of services in the contract such as barbeque cleaning, covid variations, etc.Regular and more frequent meetings and inspections of the sites has led to the CoM securing credits on those services from the contractor, driving further accountability.There is work underway for frequent performance meetings with contractors, implementation of a new process for reporting and revision the terms of payment to the contractor for payment to be made post satisfactory completion of services.	<ul style="list-style-type: none">Regular performance meetings conducted with the contractors with two (2) formal meetings and one (1) informal meeting in a year.Regular Health and Safety Environment Audits are conducted and stored on sharepoint.The commercial framework of the contract allows for the CoM superintendent to organise a meeting with a 24 hour notice.While there are no KPIs outlined in the contract with Urbanviro, weekly reporting is requested from the contractor during a Spot Spray run to track performance.	<ul style="list-style-type: none">Building Services contracts have been functioning well for minor maintenance works.Termination over non-performance has been clearly outlined in the panel contracts.



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Finding CoM1: Nominated contracts VfM testing observations and opportunities		Low
<p>Observation(s):</p> <p>As a part of this internal audit, three (3) services were reviewed to assess contract structure, efficiency and value for money considerations undertaken while engaging a contractor. A deep dive into the CoM nominated contracts identified the following observations and opportunities:</p> <p>1. Contractor Feedback and Reporting:</p> <ul style="list-style-type: none"> There is a large reliance on self-inspection from the cleaning contractor. It was noted that spot checks and self-audits have been an area of concern for the stakeholders interviewed. There is limited validation over the cleaning tasks completed by the contractor. The inspections of the services delivered for Weedspraying Contract is not being conducted efficiently. Upon review of the contractor monitoring checklists provided for March and June 2023, it was noted that the checklists are not completed by the CoM contract representative. There is an opportunity to provide further clarity on KPIs and performance reporting requirements in the minor maintenance contract: While the contracts outline termination on non-performance of services, there is an opportunity to include key performance indicators in the contracts and the monitoring mechanisms to track the same regularly. Additionally, incentives for meeting the KPI requirements should also be included to derive maximum value for money. <p>2. Payment Terms:</p> <p>Currently, the cleaning contract has been set up for periodic payments. Payment is made prior to the work being completed and inspected, which sometimes also includes payment made for activities not performed by the contractors.</p> <p>It is also acknowledged that the Property and Facilities team have identified many cost saving opportunities in the existing cleaning contract. The current contract is under review to incorporate improvements to payment terms to reflect a more reactive approach to payment post completion of jobs and assessment of the quality. There is also work underway to descope certain areas outlined in the current contract (such as the barbeque cleaning, covid variations, etc.) Since the Council is moving towards an extension of the contract, there are improvement opportunities to streamline and update the contract to get optimum value for money.</p> <p>Risk(s):</p> <ul style="list-style-type: none"> Absence of monitoring, review and feedback may cause inability of the Council to identify and measure if value for money is achieved during the life of contract. 	<p>Recommendation(s):</p> <p>Internal Audit recommends:</p> <p>1. Cleaning contract:</p> <ul style="list-style-type: none"> Monthly spot checks by a Council representative of 2-3 work-sites post completion of work. Review contract and explore opportunities to revise payment terms for periodic payments. <p>2. Weedspraying contract:</p> <ul style="list-style-type: none"> Review and refresh the HSE and Service Quality forms. These audit forms should be completed in full and stored on file. <p>Overall contract observations:</p> <ol style="list-style-type: none"> Formalise the KPI reporting and proactively report on contract performance by conducting data analytics and feedback. Regular reporting to the ELT with specific focus on VfM expected vs. achieved outcomes to inform budget and business decisions. Continue to explore opportunities for collaboration with other Councils to achieve price competitiveness. Review contracts yearly to identify VfM optimisation opportunities in the contracts. 	<p>Management Action(s):</p> <ol style="list-style-type: none"> The cleaning contract will be tendered in the coming months. Spot checks will be included in the KPIs and reporting as part of the tender specification. The contract will be created in a manner that balances supplier and council risk and objectives. Council does not agree that moving away from periodic payments is best practice. Responsibility: Manager – Strategic Procurement Services Target date: 30 June 2024 Contract owner will be requested to amend the forms and reminded of obligations in relation to completion and retention on file. Responsibility: Manager – Strategic Procurement Services Target Date: 31 March 2024 Response to overall contract observations: <ol style="list-style-type: none"> KPIs will be included in the upcoming tenders as required. This recommendation will be incorporated into the consideration of the creation of the governance committee. Collaboration will be explored as an ongoing BAU activity. Council will consider incorporating this into the remit of the governance committee. <p>Responsibility: Manager – Strategic Procurement Services Target Date: 30 June 2024</p>





Appendices

1. Contract Management Framework Elements
2. Example of Escalation Pathway
3. Stakeholders Consulted
4. Classification of Findings




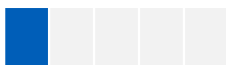



Appendix 1

Contract Management Framework Elements

Phase 1: Contract Start Up









Detailed assessment results in relation to Joint Finding 2 are summarised below.

Contract Start Up	Better Practice Principles	Clarity of current procedures	Comments
Procurement to contract management handover	Framework should specify the handover process between Procurement personnel to Contract Management function to ensure clarity of contractual scope, contractual obligations, deliverables and value intended during the procurement phase, as well as any risks and opportunities to be managed post-handover.		Contract Handover process is outlined in the PAE Contract Management Procedure.
Contract management roles and responsibilities	Roles and responsibilities should be clearly defined and communicated and to ensure that it is commensurate with resource capability.		The overarching roles and responsibilities of key personnel such as the Contract Owner, Contract Manager and Contract Administrator are not specified.
Contract management plan development	Framework should specify when a Contract Management Plan is required, including a template.		Key information to be included within the contract management plan is outlined in the Contract Management Guide.
Contract contingency planning	Framework should specify based on contract risk assessment if contingency and business continuity planning for disruption to contractor services should be performed.		Contingency and business continuity planning is not specified.
Contract risk register	Framework should outline an ongoing risk assessment and management process, including incorporation of risk reviews into regular performance monitoring meetings to ensure risks are up to date.		Risk assessment is outlined in the Contract Management Guide.

Refer to Joint Finding 2 for more details of the observations.



Phase 2: Contract Performance

Contract Performance	Better Practice Principles	Clarity of current procedures	Comments
Performance management	Framework should specify the frequency, basis and capture of performance management (including KPI validation activities) with contractors. This should include regular reviews of the validity of contract performance measures/KPIs.		The recommended or required frequency of contract management meetings or reporting as per the contract category is not specified.
Problem and issue management	Framework should specify escalation protocols including options for managing unsatisfactory contractor performance, how issues are captured and how these are tracked for remediation.		There is no escalation process outlined, particularly where there is no clear definition within the contract.
Right to audit requirements	Framework should specify that this be considered in contractual clauses but also how they should be enacted over the of the life of the contract.		Right to audit requirements in not specified.
Manage contract records	Framework should specify minimum contract records that should be maintained.		Contract information management is included.
Financial management	Framework should specify how monitoring of costs should be applied, including forecasting and reconciliation of contract expenditure against contract value.		There is limited guidance on how financial control can be performed for contracts.
Stakeholder reporting	Framework should specify how stakeholder reporting requirements (internal and external) should be identified.		There stakeholder reporting requirements (internal and external) and the contract governance structure as per the contract category.
Change management	Framework should specify the governance of contractual changes including contract variations with a focus on effective and prompt change implementation.		Change management is included within managing contract variations.
Value for money assessments	Framework should specify in what instances market testing of contract competitiveness should be performed (e.g. contract extensions or renewals).		There is no linkage to how this can be contemplated during the contract performance phase.

Refer to Joint Finding 2 for more details of the observations.



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Phase 3: Contract Closure

Contract Closure	Better Practice Principles	Clarity of current procedures	Comments
Performance evaluation/Benefits realisation	Framework to specify assessment of delivered benefits at conclusion of contract against objectives outlined during procurement phase.	<div><div></div><div></div><div></div><div></div><div></div></div>	This is included within the Contract Management Guide.
Lessons learnt	Framework should describe focus areas to be considered in capturing lessons learned, as wells as tools to capture and disseminate the information throughout the contract lifecycle effectively.	<div><div></div><div></div><div></div><div></div><div></div></div>	This is included within the Contract Management Guide.
Warranties and defects (where applicable)	Framework should refer to how defect notices and warranty documentation should be maintained.	<div><div></div><div></div><div></div><div></div><div></div></div>	This is included within the Contract Management Guide.
Transition management	Framework should describe, typically in a transition plan, how transition requirements should be considered and articulated when engaging a different supplier for the same good/services.	<div><div></div><div></div><div></div><div></div><div></div></div>	This is included within the Contract Management Guide.
Formal close-out	Framework should outline a close-out checklist to be completed and stored in document management system.	<div><div></div><div></div><div></div><div></div><div></div></div>	This is included within the Contract Management Guide.

Refer to Joint Finding 2 for more details of the observations.

Legend:

Fragmented, non-integrated contracting procedures, policies and approvals that are highly manual.

Limited procedure standardisation with some integration between processes, policies and approvals. Effort is still largely manual with some level of process compliance.

Procedures are adequately defined with common methods, policies and approvals in place.

Integrated, standardised end-to-end contracting procedures that are agency aligned and supported by standard policies and approvals.

Fully standardised, optimised and automated procedures are in place to minimize manual effort. A continuous improvement mindset is adopted to drive efficiencies across the contracting procedures.

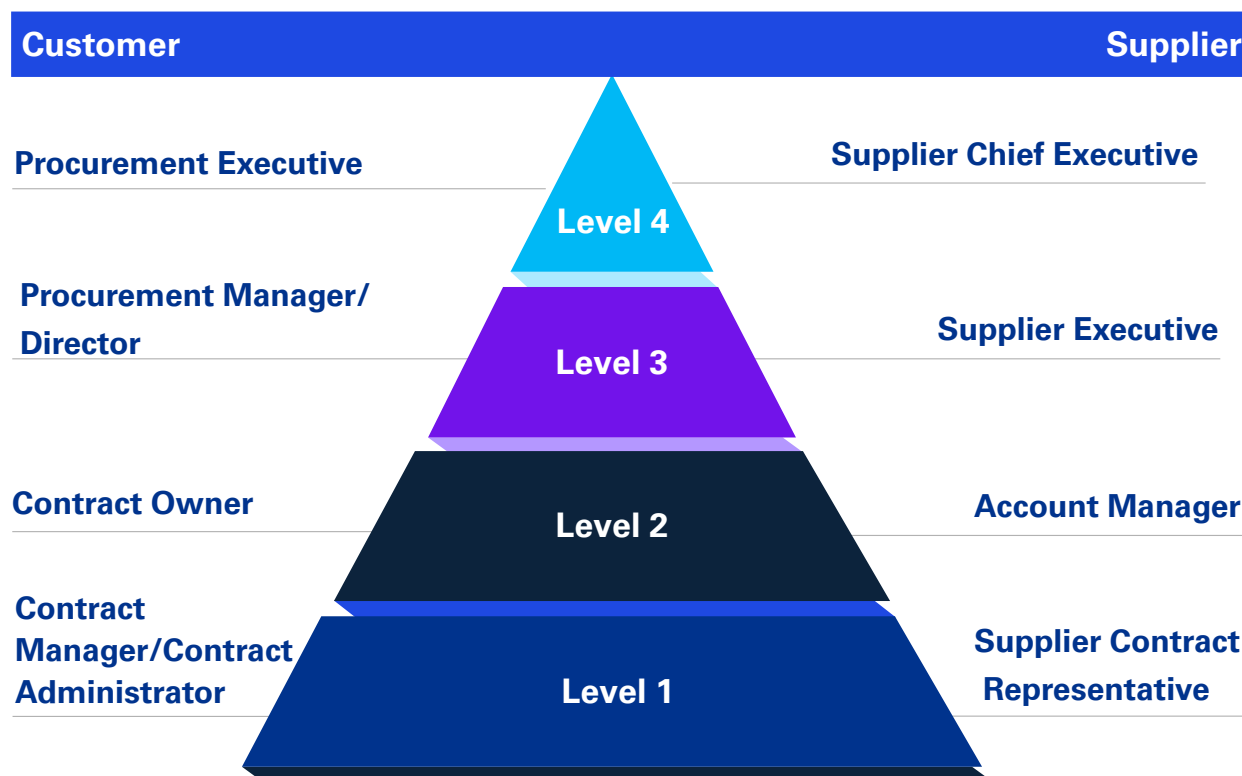


Appendix 2

Example of Escalation Pathway

Appendix 2: Example of Escalation Pathway

Below is an example for consider of an escalation pathway for complaints or disputes that a Contract Manager can apply with the Supplier in the absence of a formalised escalation protocol defined in the contract.





Appendix 3

Stakeholders Consulted

Appendix 3: Stakeholders Consulted

The table below outlines all personnel who were involved in discussions and contributed to the observations in this report.

Staff Name	Staff Role
City of Charles Sturt	
Kerrie Jackson	Manager, Governance and Operational Support
Annette Martin	Manager, Financial Services
Mary Del Giglio	Manager, Governance and Operational Support
Danielle Picicella	Internal Controls Officer
Jamie Dunnicliff	Manager Strategic Procurement Services
Amy Pearce	Manager People and Culture
Joe Parisi	Team Leader Contracted Services
Sam Higgins	Manager Open Space, Recreation and Property
Richard Hughes	Coordinator Open Space & Property Projects
Dani Hopkins	Coordinator, Maintenance

Staff Name	Staff Role
City of Marion	
Kate McKenzie	Manager, Office of the Chief Executive
Angela Allison	General Manager, Corporate Services
Ray Barnwell	Chief Financial Officer
Jamie Dunnicliff	Manager Strategic Procurement Services
Michael Collins	Unit Manager property & Facilities
Michael Taintey	Property Maintenance Officer
Luke Manuel	Coordinator, Field Operations
Jacob Lemon	Coordinator, Biodiversity

Staff Name	Staff Role
City of Port Adelaide	
Abby Dickson	Director, Corporate Services
Fiona Harvey	Director, Community Development
Lyn Guerin	Manager, Strategy and Performance
Mark Gray	Finance Manager
Daniel Dolatowski	Team Leader, Corporate Governance & Risk
Joanna Chen	Internal Audit Officer
Jamie Dunnicliff	Manager Strategic Procurement Services
Jodie Stevens	Manager People & Culture
Leigh Johns	Manager Property & Building Assets
Michelle Dikih	Team Leader Building Services
Chris Dunn	Manager Design, Construction & Transport
Jon Dy	Projects Delivery Team Leader



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Appendix 4

Classification of Findings

Appendix 4: Classification of Findings

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

Risk Matrix

Likelihood	Consequence				
	Insignificant	Minor	Moderate	Major	Extreme
Almost Certain	Moderate	High	High	Extreme	Extreme
Likely	Moderate	Moderate	High	High	Extreme
Possible	Low	Moderate	Moderate	High	High
Unlikely	Low	Low	Moderate	Moderate	High
Rare	Low	Low	Low	Moderate	Moderate

Likelihood Definition:

Rating	Likelihood	Probability by %
Almost Certain	Consequences expected to occur in most circumstances.	>90%
Likely	There is a strong possibility that the event will occur in normal circumstances.	>75%
Possible	The event could occur at some time.	>50%
Unlikely	There is a slight possibility that it could occur at some time.	<25%
Rare	Highly unlikely will occur and only in very exceptional circumstances.	<5%



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Appendix 4: Classification of Findings

Consequence(s) Definition:

	Community Impact	Financial Impact	Business Continuity/Organisational Impact	Reputation & Public Administrative Impact
Insignificant	<ul style="list-style-type: none"> Issue is insignificant with no impact to the community 	<ul style="list-style-type: none"> Financial impact and loss up to \$10,000 Project is up to 5% of original project budget 	<ul style="list-style-type: none"> Insignificant impact on the CoM ability to achieve strategic outcomes. Nil impact on achievement of key project objectives. Project duration extended up to 10% of original project timeframe 	<ul style="list-style-type: none"> Slight but manageable increase in the number of adverse resident/stakeholder complaints. Sporadic, low level negative commentary on an isolated social media platform for 1-3 days
Minor	<ul style="list-style-type: none"> Issue is temporary and may cause minor inconveniences; impact minimal to the community 	<ul style="list-style-type: none"> Financial impact and loss between \$10,000 - \$100,000 Project between 5%-10% of original budget 	<ul style="list-style-type: none"> Minor impact on strategic initiatives but overall strategic intent still achievable. Some impact on isolated key project objectives. Additional minor effort required to ensure all objectives are met. Project duration extended by 10-20% of original project timeframe 	<ul style="list-style-type: none"> Increased number of residents/stakeholder complaints requiring direct effort to resolve/attend to. Regular, low level negative coverage on multiple media platforms for 1-7 days Elected member dissatisfied, complaint
Moderate	<ul style="list-style-type: none"> Issue is significant and is an inconvenience to the community (i.e. site outage); potentially a medium-long term impact 	<ul style="list-style-type: none"> Financial impact and loss between \$100,001 - \$1M Project between 10%-20% of original budget 	<ul style="list-style-type: none"> Some key components of the strategic plan could not be achieved as a result of risk event. Additional funding/resources required to rectify. Impact numerous key project objectives. Considerable effort required including some changes in project scope to achieve outcome Project duration extended by 21-35% of original project timeframe 	<ul style="list-style-type: none"> High volume of resident/stakeholder complaints. Heightened medium level negative coverage in media platforms for up to 2 weeks Majority of Elected Members dissatisfied, Council motion affecting CEO/Administration Ombudsman or Office of Public Integrity Partner organisation complaint resolved within portfolio



Appendix 4: Classification of Findings

Consequence(s) Definition:

	Community Impact	Financial Impact	Business Continuity/Organisational Impact	Reputation & Public Administrative Impact
Major	<ul style="list-style-type: none"> Issue impacting the community and is a major inconvenience; has a long term impact 	<ul style="list-style-type: none"> Financial impact and loss between \$1M - \$4M Project between 20%-35% of original budget 	<ul style="list-style-type: none"> Council unable to deliver on numerous key strategic initiatives without additional funding/resources Major review of strategic plan required Significant portion of key project objectives impacts. Major changes to project scope and work necessary to achieve required outcomes Project duration extended by 36-50% of original project timeframe 	<ul style="list-style-type: none"> Publicised adverse resident/stakeholder comments and complaints Ongoing significant and regular campaign of negative media on multiple social media platforms. Forced resignation of General Manager/s, Ombudsman or Office of Public Integrity involvement Relationship with partner organisation harmed, requires CEO involvement
Severe	<ul style="list-style-type: none"> Issue severely impacting and inconveniencing the whole community; Has a long term or permanent impact and cannot be resolved immediately 	<ul style="list-style-type: none"> Financial impact and loss between exceed \$4M Project exceed >35% of original budget 	<ul style="list-style-type: none"> Majority of initiatives and/or key initiatives within the CoM's strategic plan unattainable Failure of project to meet all required objectives Project duration extended by >50% of original project timeframe 	<ul style="list-style-type: none"> Widely publicised resident/stakeholder comments and complaints Ongoing high level and sustained campaign of negative media on multiple social media platforms Forced resignation of CEO/Mayor. Council stood down and Minister intervention required Relationship with partner organisation harmed affecting achievement of a strategic project/objective



Disclaimers

Consequence and Category Factors

Inherent Limitations

This report has been prepared as outlined in the Scope Section. The services provided in connection with this engagement comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board and, consequently no opinions or conclusions intended to convey assurance have been 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 sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

No warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, the Councils management and personnel consulted as part of the process.

KPMG have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report.

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The findings in this report have been formed on the above basis.

Reference to 'Review' and 'Audit'

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Document Classification: KPMG Highly Confidential



City of Marion

Internal audit project scope: Community Safety

October 2023

DRAFT



DRAFT

Internal Audit Program 2023/24: Community Safety

In accordance with the 2023/24 Internal Audit Plan for the City of Marion (CoM), a Community Safety internal audit is to be performed. The objective, scope and approach for this internal audit are outlined below.

Objective

The overall objectives of the internal audit will be to consider the effectiveness of the CoM's community safety management policies, procedures and controls. This internal audit will include review over the following specific areas related to community safety:

- Dog and Cat Management.
- Community nuisance complaints (for items such as noise and smoke).
- After Hours Services
- Issuance of expiations

Scope

To address the overall objective above, the scope for this internal audit will include consideration over the following areas:

- The overall governance structure related to community safety, including the clarity of relevant roles, responsibilities and accountabilities.
- Review of the supporting policy, processes and controls in place related to the management of the identified areas above (Dog and Cat Management, Community Nuisance Complaints, After Hours Services and the Issuance of expiations).
- Training provided to the Community Safety team.
- Work Health and Safety (WHS) management of Community Safety team members and the application of the CoM's WHS policies.
- Ongoing monitoring and reporting processes, including relevant KPIs and SLAs related to community safety.
- Robustness of record keeping management and processes.

- High level consideration will be given to opportunity improvements with regards to areas of efficiency.
- Sample testing of the compliance with relevant CoM policies, procedures and operating guidelines.
- High level benchmarking performed to up to two other comparable councils related to service level response times (capped at response times for 3 selected areas) and reporting processes. (Note that this will be reliant on the availability of other council resources to respond to any requests for information).

Approach

Based on the above scope elements, the approach for the internal audit will include the following:

- Desktop review of relevant documentation relating to relevant CoM policies, procedures, guidelines, legislation and reporting.
- Consultation with key stakeholders to understand relevant CoM community safety processes, including walkthroughs of key processes where required.
- Assessing the effectiveness of existing employee recruitment, rostering, prioritisation, training and development processes and internal controls.
- Assessing the overall effectiveness and efficiency of existing community safety internal controls and processes in preventing a breach of obligations.
- Discussion of findings with Management and subsequent issuance of a draft internal audit report, for feedback and finalisation.



Stakeholders

The following CoM stakeholders will be consulted as part of the Community Safety internal audit.

Personnel	Position title
Kate McKenzie	Manager, Office of the Chief Executive
Caroline Corston	Team Leader, Community Safety
Tony Lines	General Manager, City Development
Warwick Deller - Combs	Manager, Development & Regulatory Services
Stephen Zillante	Acting Unit Manager Community Health & Safety

Additional stakeholders will be confirmed subsequent to selection of the contracts for selected deep dive review.

DRAFT

Resources and Budget

The budget for the Community Safety internal audit is based on 20 days of internal audit effort. We will discuss and agree in advance with Management any time to be incurred that may result in fees exceeding this estimate. Any out-of-pocket expenses incurred will be billed to CoM at cost.

The team members and proposed budget for this engagement are listed below:

- Eric Beere, Partner
- Heather Martens, Director
- Carmela Alas, Senior Consultant
- Aarushi Meluja, Consultant

Timing

The proposed timing for the community safety internal audit is for the engagement to commence in October 2023 with a draft report completed for consideration by December 2023.



Approvals

We are in agreement with the scope for the Community Safety internal audit.

CoM Internal Audit Engagement Sponsor:

Name:

Signed:

Date:

KPMG Internal Audit Partner:

Name: Eric Beere

Signed:

Date:

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Disclaimers

Inherent limitations

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

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

Third party reliance

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

COVID-19

1. COVID-19 has the potential to materially and adversely affect our ability to provide the Services under the Agreement.
2. Each party will co-operate with the other in implementing reasonable mitigation measures to enable us to perform the Services in a way that seeks to limit the risk or potential impact related to COVID-19.
3. If the performance of the Services is delayed or otherwise adversely affected by COVID-19 or any circumstances related to COVID-19 (including, without limitation, unavailability of personnel), we will not be liable for any failure to perform the Services and the time for performance of the Services will be extended by any such reasonable period as is advised by us.
4. If COVID-19, or any circumstances related to COVID-19, result in the parties being unable to put in place service performance mitigation measures that we consider appropriate or we conclude that we are not able to perform the Services, either party may terminate the Agreement by providing 5 business days' notice in writing.

7.2 Internal Audit Program - Implementation of Recommendations

Report Reference	FRAC231109R7.2
Originating Officer	Business Support Officer - Governance and Council Support – Cassidy Mitchell
Corporate Manager	Manager Office of the Chief Executive – Kate McKenzie
General Manager	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 15 August 2023 regarding the City of Marion's Internal Audit Program.

The implementation of recommendations from these reports continues to be monitored by the FRAC. The Executive Leadership Team (ELT) completed a thorough review of all recommendations. As part of this review, the ELT determined to amend how the implementation of recommendations are being reported to:

- On track – green
- Completed – blue
- Not of track – red.

The significant difference is that the 'not on track' is any item not completed within the original due date tracking and therefore tracking as red. An additional column has been added which is a 'forecasted action completion date'. This change to the reporting is to increase awareness and accountability for those actions that are overdue and ELT are focusing on reducing the number each quarter.

The FRAC will also note that a number of actions relating to the Digital Transformation Program are now being rolled into the new Information Systems Strategic Plan. Project timing will be subject to budget prioritisation within that plan.

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.

The implementation of timing for recommendations based on the risk level of the findings are as follows:

- Extreme: within 30 days
- High: 3 months
- Medium: 6 months
- Low or Performance Improvement Opportunity: 12 months

RECOMMENDATION

That the Finance, Risk and Audit Committee:

- 1. Reviews and provides feedback on the Internal Audit Program (Attachment 1).**

ATTACHMENTS

1. FRAC231109- Internal Audit - Implementation of Recommendations - Appendix 1 [7.2.1 - 23 pages]

Overall Summary

Project	Findings/PIO	On Track	Not on Track	Completed	Not Commenced	General Comments
Procure to Pay (2018/19)			Completed ('23)			
Cyber Security 2019	6		2	4		The two outstanding actions remain open, the Data Management Operating Manual to support the above Policies have also been drafted and reviewed by the Data Analytics Working Group and will also be presented to ELTs in October. IT to review the work recovery strategies by late October.
Payroll 2020/21			Completed ('23)			
ITT Governance			Completed ('23)			
Metrics that Matter			Completed ('23)			
Stores Management			Completed ('23)			
Business Continuity Plan and COVID-19 Response	7		1	6		The capability to provide remote working solutions for the call centre has been further enhanced with the implementation of the Unified Communication project. Only one action item left open which is tracking as not on track.
Asset Inspection Schedule			Completed ('23)			
Project Carryovers	6		3	3		Due to issues with resource constraints activity on a number of actions has stalled, however with the recruitment of a new PMO completion of these actions will recommence.
Fraud Management Framework	6		1	5		Fraud risk reviews undertaken in quarter 1 where actions were considered for inclusion in the Framework.
Community Facilities Management Models	4	1	3			All items have commenced and are on track. Interim reporting methods are being developed by the team through SharePoint and PowerBI reporting until the PMS is implemented.
Collaborative Model Health Check	1		1			All 3 councils are committed to progressing the relationship and collaboration model. Joint CEO/GM workshop to be held 30 November 2023.
Collaborative Contract Management	2	1		1		Interim process still in place to manage contracts.
Project Management	10		4	6		The onboarding of PMO has now commenced and actions are progressing, with the EPMD making recommendations to ELT.
Stakeholder Management Review	5		5			There have been resourcing impacts to the Strategy and Risk team which has caused delay in actioning the outcomes of this audit, a number of actions cannot progress until the Stakeholder Relationship Framework has been developed and endorsed.
Collaborative Community Consultation	5		2	3		Findings in this audit are progressing well with two left outstanding. Templates have been established and are in use. Translation plugins to CoM websites have been explored and will be included into the scope of the website audit and upgrade in 2023/2024.
Volunteer Management	4		3	1		Volunteer Program Coordinator facilitated 1:1 training session with Volunteer Managers where required during the quarter, work on a number of actions has not commenced as yet.

Digital Transformation Program	9		1	8	
Cybersecurity	5	3	1	1	Actions are tracking well, either on track or not commenced yet. Progress has halted due to leadership changes in IT Operations however improvement should be shown in the next quarter as those resources have now been added.
Customer Experience	6	2	4		While the on/off track numbers haven't changed a number of actions have progressed and are now complete. Formal CX onboarding and training program has been developed for new CoM staff.

The implementation of timing for recommendations based on the risk level of the findings are as follows:

Extreme: 30 days

High: 3 months

Medium: 6 months

Low or Performance Improvement Opportunity: 12 months

Cyber Security 2019											
RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ORIGINAL ACTION COMPLETION DATE	FORECASTED ACTION COMPLETION DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
<p>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:</p> <p>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.</p>	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	<div>30/09/2020</div> <div>30/06/2021</div> <div>31/07/2023</div> <div>30/09/2023</div> <div>31/12/2024</div>	Not on Track	65%	<p>The progress of cataloguing of the data assets are stalled due to resource constraint.</p> <p>The D&A Training program schedule is being developed and introduced as part of the Digital Literacy program.</p> <p>The following Policies have been drafted pending review:</p> <ul style="list-style-type: none">• Data Management Policy• Data Governance Policy• Data Access and Use Policy <p>A Data Management Operating Manual to support the above Policies have also been drafted pending review.</p> <p>It is recommended that the Forecasted Action Completion Date be move to 31/12/2024 which is when it is estimated that the full Data Analytics Program will be implemented</p>	Not on Track	95%	<p>The scope for this Action # is reduced to only cover the Data Governance and Management policies and procedures.</p> <p>The following Policies have been drafted and reviewed by the Data Analytics Working Group and will be presented to ELTs in October:</p> <ul style="list-style-type: none">• Data Management Policy• Data Governance Policy• Data Access and Use Policy <p>The Data Management Operating Manual to support the above Policies have also been drafted and reviewed by the Data Analytics Working Group and will also be presented to ELTs in October.</p> <p>The current Forecasted Action Completed Date will not be met due to when the policies and procedures will be presented to ELTs.</p>
<p>1. Ensure that defined recovery objectives have been communicate and validated with IT to ensure that these are achievable.</p>	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	<div>31/10/2021</div> <div>30/06/23</div> <div>31/10/2023</div>	Not on Track	40%	<p>A new Risk Business Partner - Business Continuity commenced 3 July 2023. They are currently onboarding, but have been provided background on this project and have met with Council's cyber security lead. This work will be the new RBP priority work to deliver and will require considerable collaboration with the Cyber Security lead. It is expected that the revised and updated IT recovery Strategies will be finalised by the end of October 2023.</p>	Not on Track	70%	<p>Work recovery strategies have been updated by work areas and IT critical systems have been identified. Meetings established with IT to review toward the end of October with the final to be complete by 31 October.</p>

Business Continuity Planning and COVID-19 Response

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ORIGINAL ACTION COMPLETION DATE	FORECASTED ACTION COMPLETION DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
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	24/04/2023	30/06/2023 30/09/2023	Not on Track	95%	The capability to provide remote working solutions for the call centre now exists with the introduction of 3CX. This capability will be further enhanced with the full implementation of the Unified Communication project that is now on track to be implemented on the 26th of September 2023.	Completed	100%	The capability to provide remote working solutions for the call centre now exists. This capability was further enhanced with the full implementation of the Unified Communication project that has been implemented
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	30/06/2021	31/03/2022 30/09/22 30/6/2023 30/6/2024	Not on Track	25%	Business case has been finalised waiting for approval. Procurement Documents are being drafted. Expected the tender will be released at the end of August with tender evaluation occurring in October 2023.	Not on Track	30%	The procurement process is underway, currently accessing responses.

Project Carryovers

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ORIGINAL ACTION COMPLETION DATE	FORECASTED ACTION COMPLETION 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	30/09/2022 31/10/2022 28/04/2023 30/05/2023 30/11/2023 30/06/2024	Not on Track	75%	Recruitment is complete for Manager EPMO (commenced 19th June). 2 further positions will be recruited July 23 and Jan 24. Once Mgr.-EPMO has been onboarded, we will be able to close out re working with PMs. However, the PM System is under review and therefore Project Info will be captured within SharePoint. It is forecast that SharePoint will be used for all projects by end Nov 23 and a new PM system will be in place by Nov 24.	Not on Track	75%	Manager EMPO and Senior Project Analyst, EPMO have now commenced and the EPMO is in its formation. The EPMO is working with Project Managers to improve monthly project reporting for timelines and milestones. Project teams continue to actively improve the planning and forecasting of activities, in particular the tender and procurement activities as outlined in this finding. The EPMO has provided ELT with a recommended approach for a first iteration project management system. Subject to ELT approval, a prioritised workplan will be developed and will include the improved visibility of project scheduling including procurement timelines. Target date for ELT approval is 30 November 2023. Subject to approval, improved scheduling will be implemented by 30 June 2024.
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	30/09/2022 30/11/2022 28/04/2023 30/05/2023 30/06/2024	Not on Track	60%	This work will resume once the Senior PMO Analyst has been onboarded, commencing August 2023, this will be prioritised with an anticipated completion Dec 2023.	Not on Track	60%	Refer to 1.1 - EPMO has now been established and is in its formation. Project templates have been identified and mapped to project phases. A review

											<p>and a refresh of these templates will prioritised and completed as the Project Management system is configured and as resource capacity allows.</p> <p>Work has commenced to review priority templates applicable to the Project Initiation and Planning phases. A stakeholder review and approval process for the first set of priority templates will be completed December 2023.</p> <p>Major Projects and IS Strategic projects continue to use existing, consistent templates for their respective projects.</p> <p>Target date is 30 June 2024 allowing for prioritised and iterative development and implementation.</p>
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	30/06/2022	30/09/2022 30/11/2022 28/04/2023 30/06/2023 30/06/2024	Not on Track	90%	This has stalled during recruitment of PMO staff and will recommence from August 2023. Expected completion end Sept 2023.	Not on Track	90%	<p>Templates are currently located in the respective project team's SharePoint sites.</p> <p>The EPMO has provided ELT with a recommended approach for a first iteration project management system.</p> <p>Subject to approval:</p> <ul style="list-style-type: none"> - project templates will be prioritised and refreshed as the Project Management system is configured and as resource capacity allows. - All templates will be available centrally in the proposed Project Management system. - Project resources will be provided with training and support as templates are refreshed and rolled out. <p>Target date is 30 June 2024 allowing for prioritised and iterative development and implementation.</p>
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	30/09/2022 30/11/2022 28/04/2023 30/05/2023 30/06/2024	Not on Track	50%	Resource planning currently sits within the responsible areas for each program. As the PMO maturity and capability develops over the next 12 months, this will become a responsibility of the PMO to capture resourcing requirements at a portfolio level to support the individual programs. Forecast full maturity June 2024.	Not on Track	50%	<p>No change from previous quarter.</p> <p>The capturing of project resource data and reporting will be a requirement of any Project Management system. The degree to which this can be achieved in the first iteration of the Project Management system is to be determined. As project management practices and tools continue to mature, it is expected that the EMPO will have greater visibility over past project resourcing that can be used to assist in future resource planning.</p> <p>Target date to have improved resource data is 30 June 2024</p>
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:	PIO2.2	The PMO will consider the feasibility of implementing this improvement opportunity in CAMMS given its cost implications.	Low	30/06/2022	30/09/2022 30/11/2022 28/04/2023 30/10/2023	Not on Track	50%	No change from previous quarter. Forecast remains at Oct 23.	Completed	100%	<p>The EPMO recommends that this Process Improvement Opportunity be closed.</p> <p>The EPMO has provided ELT with a recommended approach for a first iteration project management system.</p>

<div>•Lessons to be identified at any point in time during the project.</div> <div>•Learnings to be recorded as soon as practical, to ensure factual accuracy and that all project management staff are notified as early as possible.</div>										<div>Should the recommendation not be approved this requirement will be reconsidered and prioritised as part of a range of significant improvements. It is not feasible to implement it stand-alone or as the main priority.</div> <div>The ability to capture Lessons Learned during all phases of the project will be a requirement of the Project Management system.</div>
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Fraud Management Framework

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ORIGINAL ACTION COMPLETION DATE	FORECASTED ACTION COMPLETION DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
As part of the 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 FRAC outcomes.	Low	30/04/2022	<div>31/10/2022</div> <div>31/01/2023</div> <div>30/04/2023</div> <div>30/06/2023</div> <div>30/10/2023</div>	Not on Track	60%	The Annual People Leader Fraud and Corruption Questionnaire has been completed for 22/23. With the outcomes being presented to ELT and FRAC. These findings will also feed into the next quarter review of the fraud risk register for Q1 23/24. Any findings from both these reviews will be consolidated to inform potential internal audit projects.	Not on Track	70%	Fraud risk reviews undertaken in q1 where actions were considered for inclusion in the Framework.

Community Facilities Management Models

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ORIGINAL ACTION COMPLETION DATE	FORECASTED ACTION COMPLETION 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.	1.3	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	<div>31/12/2022</div> <div>31/07/2023</div> <div>30/06/2025</div>	Not on Track	80%	<div>Interim reporting methods are being developed by the team through a new SharePoint and Power BI reporting system until the PMS is implemented. Spot checks of agreements will continue to be undertaken. Annual building inspections and agreement compliance are ongoing.</div> <div>Comprehensive property management system which will support the implementation of those recommendations will be subject to budget prioritisation. Estimated to be completed June 2025</div>	Not on Track	80%	<div>Interim reporting methods are being developed by the team through a new SharePoint and Power BI reporting system until the PMS is implemented.</div> <div>Spot checks of agreements will continue to be undertaken.</div> <div>Annual building inspections and agreement compliance are ongoing.</div> <div>Comprehensive property management system which will support the implementation of those recommendations will be subject to budget prioritisation. Estimated to be completed June 2025</div>

To address the inadequate and inconsistent monitoring processes, it is recommended that the CoM: •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. •Consider standardising the monitoring and reporting periods across the community facility portfolio. •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.	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	31/12/2022 31/07/2023 30/06/2025	Not on Track	20%	Business requirements have been developed for the Property Management System (PMS). The Digital transformation team have not provided a revised date for this project to be delivered. Interim reporting methods are being developed by the team through a new SharePoint and Power BI reporting system until the PMS is implemented. Comprehensive property management system which will support the implementation of those recommendations will be subject to budget prioritisation. Estimated to be completed June 2025	Not on Track	20%	Business requirements have been developed for the Property Management System (PMS). The Digital transformation team have not provided a revised date for this project to be delivered. Interim reporting methods are being developed by the team through a new SharePoint and Power BI reporting system until the PMS is implemented. Comprehensive property management system which will support the implementation of those recommendations will be subject to budget prioritisation. Estimated to be completed June 2025
	As noted on p. 13, the CoM may improve the efficiency of the current processes with the following recommendations: •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. •Review the annual tenant documentation requirements with consideration to the necessity of items and removing non-value adding items. •Consider standardising the monitoring and reporting periods to increase process efficiency, as well as, reduce the resource burdens. •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.	PIO1.1	Refer to Finding 1 Management Actions.	Low	31/07/2023	On Track	95%	Refer to Action Progress Comments in Management Action 1. All items are complete with the exception of the supporting Property Management System	Not on Track	95%	Refer to Action Progress Comments in Management Action 1. All items are complete with the exception of the supporting Property Management System
	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	31/07/2023 30/06/2025	Not on Track	20%	Business requirements have been developed for the Property Management System (PMS). The Digital transformation team have not provided a revised date for this project to be delivered. Interim reporting methods are being developed by the team through a new SharePoint and Power BI reporting system until the PMS is implemented. Comprehensive property management system which will support the implementation of those recommendations will be subject to budget prioritisation. Estimated to be completed June 2025	Not on Track	20%	Business requirements have been developed for the Property Management System (PMS). The Digital transformation team have not provided a revised date for this project to be delivered. Interim reporting methods are being developed by the team through a new SharePoint and Power BI reporting system until the PMS is implemented. Comprehensive property management system which will support the implementation of those recommendations will be subject to budget prioritisation. Estimated to be completed June 2025

Collaborative Model Health Check											
RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ORIGINAL ACTION COMPLETION DATE	FORECASTED ACTION COMPLETION DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
<p>The Management of the Cities of Marion, Charles Sturt and Port Adelaide Enfield are supportive of the findings from this internal audit and the recommendations. The recommendation to refresh the current Collaborative Governance Framework to ensure it is fit for purpose and applied consistently to collaboration initiatives is timely as we now enter another phase of the collaboration. In January 2022 the three Councils engaged a Cross Council Improvement Lead (a business performance consultant). The three Councils will ensure that the appropriate governance and resourcing support is provided to the Improvement Lead Consultant and agreement for program documentation established to ensure lessons learned are not lost over time. To mitigate the key person risk identified in the internal audit the following deliverables have been built into the Improvement Lead contract:</p> <ul style="list-style-type: none">• Mentoring and support of identified staff with the aim of building a continuous improvement skill set and culture within Councils by the end of the program• Performing monthly performance meetings with leadership and executive to support embedding performance improvement processes and culture. <p>The use of performance measures, including the development of outcome indicators, is an area for improvement across all three Councils. The Cities of Marion and Port Adelaide Enfield have recently allocated additional resources into performance metrics and the City of Charles Sturt is assessing how best to resource. The three Councils will continue to explore how they can collaborate with data analytics and performance measures.</p> <p>The risk regarding certain aspects of WHS management has been shared with the WHS and Risk Teams at the three Councils and risk assessments will be embedded into the collaboration governance.</p> <p>The Cross Council Collaboration has been an innovative approach that has introduced significant change and different ways of working. The findings in regard to change management are not surprising and the recommendations will assist all three Councils to continue to engage all stakeholders and support them through change and with an increased focus on communications.</p> <p>In summary, the recommendations from the internal audit will assist in further strengthening the Collaboration Model.</p>	1.1	<p>An action plan with timeframes and resources will be developed for implementation of the recommendations from the internal audit and reported through to the Audit Committees of the three Councils.</p>	High	22/05/2022	31/12/2022	Not on track	15%	<p>GM's meet to discuss options on how to move forward. GM's will meet quarterly to discuss opportunities as they arise. Further discussion at CEO Level require to consider priorities.</p>	Not on Track	15%	<p>CEO level discussion has occurred. All 3 councils are committed to progressing the relationship and collaboration model. Joint CEO/GM workshop to be held 30 November 2023. Following that resources and planning to resolve action items will be able to be actioned.</p>

Collaborative Contract Management

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ORIGINAL ACTION COMPLETION DATE	FORECASTED ACTION COMPLETION DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
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	30/06/2023 TBA	Not on Track	50%	The original finding was in relation to transparency and governance of spend against contract value (ie value of po raised against contract could be exceeded). The use of the contract management module of FinForce will enable transparency in this area. Whilst the module is active and being used for management of securities it has not been configured for this use. This project will be outlined in the ICT strategic plan. As an interim arrangement in relation to major projects the value of contracts has been elevated to Project Delivery Board reporting as a key element of the dashboard and the status reports. The Capital works reporting includes details on outstanding PO commitments. The date for completion is subject to completion of the IS plan which will prioritise this project subject to funding.	Not on Track	50%	Interim process still in place to manage contracts. Implementation of the Financial Force contracts module has been flagged in the IS Strategy. Implementation will be dependent on resourcing availability.
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	30/06/2023 TBA	Not on Track	50%	The original finding was related to lack of documented and evidenced contract administration and in particular for this finding processes in place to ensure contract that require renewal are renewed prior to closure date. The use of the contract management module of FinForce will enable transparency in this area. Whilst the module is active and being used for management of securities it has no been configured for this use. The date for completion is subject to completion of the IS plan which will prioritise this project subject to funding. As an interim step the Procurement team will continue to utilise the macro enabled central register excel to manage expiring contracts.	Not on Track	50%	Interim process still in place to manage contracts. Implementation of the Financial Force contracts module has been flagged in the IS Strategy. Implementation will be dependent on resourcing availability.
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	30/06/2023 TBA	Not on Track	50%	The original finding was related to improved governance monitoring over the effectiveness of contract management for non-construction high risk contracts. The use of the contract management module of FinForce will enable transparency in this area. Whilst the module is active and being used for management of securities it has no been configured for this use. The date for completion is subject to completion of the IS plan which will	Not on Track	50%	Interim process still in place to manage contracts. Implementation of the Financial Force contracts module has been flagged in the IS Strategy. Implementation will be dependent on resourcing availability.

								prioritise this project subject to funding. As an interim step spot audits will be undertaken by the Procurement team, to ensure contract managers are fulfilling their obligations in line with the contract management procedure. The procurement SharePoint site has a suite of forms to assist contract administrators with this.			
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	30/06/2023 TBA	Not on Track	10%	The original finding was related to lack of documented and evidenced contract administration and in particular for this finding processes in place to ensure contract that require renewal are renewed prior to closure date. The use of the contract management module of FinForce will enable transparency in this area. Whilst the module is active and being used for management of securities it has no been configured for this use. The date for completion is subject to completion of the IS plan which will prioritise this project subject to funding. As an interim step the Procurement team will continue to utilise the macro enabled central register excel to manage expiring contracts.	Not on Track	50%	Interim process still in place to manage contracts. Implementation of the Financial Force contracts module has been flagged in the IS Strategy. Implementation will be dependent on resourcing availability.

Project Management											
RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ORIGINAL ACTION COMPLETION DATE	FORECASTED ACTION COMPLETION DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
Once developed the PMF should be formally implemented through communications to the Project Managers and training on the application of the PMF.	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.	High	30/06/24	24/04/23 30/06/2023 30/09/2023 30/12/2023	Not on Track	75%	With the onboarding of PMO resources, this will recommence August 2023 and will be complete by Sept 2023.	Not on Track	80%	Since the EPMO has been established, there has been considerable communication and direct engagement about the PMF and in particular the adaption of the PMF for project team's particular programs and projects. However, the operationalisation of the Project Management Framework (PMF) will be heavily supported by a Project Management system. The EPMO has provided ELT with a recommended approach for a first iteration project management system. The outcome of this decision, the relationship to the PMF and the implementation approach will be formally communicated to all Project Managers as soon as it is known so that there is clarity for all stakeholders. This communication is expected to be completed by December 2023.

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.	3.3	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.	Moderate	31/08/2022	24/04/23 30/06/2024 30/06/2024	Not on Track	0%	Misunderstood management action as project lessons learned. Progress % reset noting this is regarding defects. Defects are currently managed within each local project team, including a defects liability period for all contracted works. However, this is not captured in a central register. This will be considered as part of the ongoing roll-out of the PMF. Forecast completion June 24.	Not on Track	0%	The requirement for creation and management of a centralised defect register will be considered in the review of business requirements for the project management system, in particular the requirements of Phase 5: Handover and Close. Forecast completion date is June 2024
Prescribing consistent folder structures and naming conventions for project documents, i.e. use of project reference numbers.	1.2	The CoM's PMO will include the recommendations in the updated PMF with guidance from the CoM's Records Management Team	Moderate	31/07/2022	24/04/23 30/05/2023 30/12/2023 30/06/2024	Not on Track	40%	Consistent folder structures and templates are in place, however use of project reference numbers will be a requirement of the PM system once chosen and implemented. Forecast completion Dec 23.	Not on Track	40%	No change since last quarter. The use of project reference numbers will be a requirement of the Project Management system. The EPMO has provided ELT with a recommended approach for a first iteration project management system. Subject to approval, project reference numbers will form part of the system and are forecast to be in place by June 2024 .
Implementing a document retention checklist into the close process: a. Checklist which lists key documentation to be retained in Sharepoint. b. Internal Audit identified an opportunity for the CoM to explore the capability of CAMMS to link to documentation within Sharepoint.	1.3	The CoM's PMO will include the recommendations in the updated PMF with guidance from the CoM's Records Management Team	Moderate	31/07/2022	24/04/23 30/12/2023 30/06/2024	Not on Track	80%	This will be completed following the implementation of a PM system. Forecast completion Dec 23.	Not on Track	80%	All project documentation is currently stored in SharePoint CoM's record management system. The EPMO has provided ELT with a recommended approach for a first iteration project management system. Subject to approval of this recommendation, project close out checklists will form part of the requirements of Phase 5: Handover and Close. Forecast completion date is June 2024.
Refer to ISO 9001 for document retention periods. ISO 9001 is particularly critical for project quality documentation.	1.4	The CoM'S PMO will include the recommendations in the updated PMF with guidance from the CoM's Records Management Team	Moderate	31/07/2022	24/04/23 30/05/2023 30/12/2023 30/06/2024	Not on Track	50%	This will be completed following the implementation of a PM system. Forecast completion Dec 23.	Not on Track	50%	The EPMO has provided ELT with a recommended approach for a first iteration project management system. All documents are currently stored in SharePoint and retained. Subject to approval of the above recommendation, any specific document retention periods applicable to project documentation (including quality documents) will be determined during the requirements specification and configuration of the proposed Project Management system. Forecast completion date is June 2024
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.	2.1	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	Low	31/07/2022	24/04/23 30/12/2023 30/06/2024	Not on Track	0%	This will be completed following the implementation of a PM system. Forecast completion Dec 23.	Not Commenced	0%	The EPMO has provided ELT with a recommended approach for a first iteration project management system. Subject to the outcome of this decisions, communication and training on the PMF and the project management system will occur as they are iteratively rolled out.

											Forecast completion date June 2024
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.	2.2	The CoM’s PMO will consider these CAMMS recommendations and prioritise its implementation based on priority and the needs of the Council.	Low	31/07/2022	24/04/23 30/12/2023 30/06/2024	Not on Track	50%	This will be completed following the implementation of a PM system. Forecast completion Dec 23.	Not on Track	50%	The EPMO has provided ELT with a recommended approach for a first iteration project management system. It is not feasible to make changes to existing systems until this outcome is known. Subject to acceptance of the recommendation, these opportunities will be considered when configuring the project management system. Forecast completion date June 2024
Consider reviewing the capability of CAMMS to automate workflows for approvals	2.3	The CoM’s PMO will consider these CAMMS recommendations and prioritise its implementation based on priority and the needs of the Council.	Low	31/07/2022	24/04/23 30/12/2023 30/06/2024	Not on Track	50%	This will be completed following the implementation of a PM system. Forecast completion Dec 23.	Not on Track	50%	The EPMO has provided ELT with a recommended approach for a first iteration project management system. It is not feasible to make changes to existing systems until this outcome is known. Subject to acceptance of the recommendation, these opportunities will be considered when configuring the project management system. Forecast completion date June 2024

Stakeholder Management Review											
RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ORIGINAL ACTION COMPLETION DATE	FORECASTED ACTION COMPLETION DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
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: •Define roles & responsibilities for staff regarding stakeholder management. •Protocols for addressing specific high-level stakeholders. •Holistic principles-based guidance to all staff-levels, specifying methods and approaches for interacting with stakeholders. •Stakeholder assessment tools/criteria (See Finding 3).	1.1	Agreed that the development of a framework to provide organisational guidance would be useful. This work will progress in the second part of 2022.	Moderate	30/06/2022	31/12/2022 30/06/2023 30/12/2023 29/02/2024	Not on Track	25%	Following the outcomes of the ELT report on this audit, being presented in August 2023, this action will be progressed, with a Stakeholder Relationship Framework commencing development.	Not on Track	50%	Strategy and Risk team resourcing impacts in early 2023 impacted the progress of this work. A report was ready for ELT in August 2023 to review the Stakeholders however was deferred by ELT due to further work being required to finesse the key influencer Stakeholders. The report was reviewed in September with work progressing on a stakeholder management Framework. Revised due date February 2024.
See Finding 2 for recommendations relating to training and onboarding to embed a stakeholder-centric mindset and culture within the CoM.	1.2	Agreed that the development of a framework to provide organisational guidance would be useful. This work will progress in the second part of 2022.	Moderate	31/12/2022	30/06/2023	Not on Track	25%	This action cannot be commenced until a Stakeholder Relationship Framework has been developed and endorsed. Following this, a training program can	Not on Track	0%	This action cannot be commenced until a Stakeholder Relationship Framework has been developed and endorsed. Following this, a training program can be

					30/12/2023 28/02/2024			be commenced to roll out to the organisation.			commenced to roll out to the organisation. revised date of 28/02/2024
Consideration should be given to the level of resourcing required to implement the recommendations of this report and drive continuous improvement of stakeholder management.	1.3	Agreed that the development of a framework to provide organisational guidance would be useful. This work will progress in the second part of 2022.	Moderate	31/12/2022	30/06/2023 30/12/2023 30/03/2024	Not on Track	25%	There have been resourcing impacts to the Strategy and Risk team which has caused delay in actioning the outcomes of this audit. However, the team is now at capacity and it is considered that the UM Strategy and Risk role can lead the development of the Stakeholder Relationship Framework - it will however, require some commitment from other areas of the organisation, such as community engagement, a potential social planner role, projects etc.	Not on Track	20%	A report considered by ELT spoke to the KPMG recommendations. Some of these items have been considered by ELT including the gap in stakeholder relationships with indigenous communities, the potential for an add on product in salesforce to correctly document. Revised due date 30 March 2024
Apply sufficient resources to implement appropriate onboarding/training for stakeholder management.	2.1	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.	Low	31/03/2023	30/09/2023	Not on Track	0%	This action cannot be commenced until a Stakeholder Relationship Framework has been developed and endorsed. Following this, a training program can be commenced to roll out to the organisation. Any training provided will require assistance from other areas of the organisation to complete, such as Marketing and Comms to launch a CoM wide campaign on the importance of stakeholder relationships, and people and culture on an induction video.	Not on Track	0%	For the reasons stated above, the Framework is required to be developed first. Revised due date 30 March 2024
Conduct training and onboarding sessions specifically for staff in stakeholder facing roles, with specific consideration of the following: •The importance of stakeholder management, benefits and examples of poor management. •Key stakeholders of the CoM. •Situations where stakeholder management is required (including tailored and relevant examples for each business unit). •Who is best positioned in the CoM to consult on stakeholder management issues.	2.2	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.	Low	31/03/2023	30/09/2023 30/06/2024	Not on Track		This action cannot be commenced until a Stakeholder Relationship Framework has been developed and endorsed. Following this, a training program can be commenced to roll out to the organisation. Any training provided will require assistance from other areas of the organisation to complete, such as Marketing and Comms to launch a CoM wide campaign on the importance of stakeholder relationships, and people and culture on an induction video.	Not on Track	0%	Revised date by 30 June 2024
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.	2.3	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.	Low	31/03/2023	30/09/2023 30/06/2024	Not on Track		This action cannot be commenced until a Stakeholder Relationship Framework has been developed and endorsed. Following this, a training program can be commenced to roll out to the organisation. Any training provided will require assistance from other areas of the organisation to complete, such as Marketing and Comms to launch a CoM wide campaign on the importance of stakeholder relationships, and people and culture on an induction video.	Not on Track	0%	Revised date by 30 June 2024

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.	2.4	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.	Low	31/03/2023	30/09/2023 30/06/2024	Not on Track		This action cannot be commenced until a Stakeholder Relationship Framework has been developed and endorsed. Following this, a training program can be commenced to roll out to the organisation. Any training provided will require assistance from other areas of the organisation to complete, such as Marketing and Comms to launch a CoM wide campaign on the importance of stakeholder relationships, and people and culture on an induction video.	Not on Track	0%	Revised date by 30 June 2024
Implement a policy to ensure that SEPs are developed for all CoM projects and plans.	3.1	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.	Low	31/12/2022	30/09/2023 30/06/2024	Not on Track		The Stakeholder Relationship Framework needs to be developed first, this action will then stem out of the Framework and be embedded with the new EPMO process. Consultation required with Manager EPMO.	Not on Track	0%	Above comments relating to Stakeholder Framework requiring development first. Revised date by 30 June 2024
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.	3.2	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.	Low	31/12/2022	30/09/2023 30/06/2024	Not on Track		The Stakeholder Relationship Framework needs to be developed first, this action will then stem out of the Framework and be embedded with the new EPMO process. Consultation required with Manager EPMO.	Not on Track	0%	Above comments relating to Stakeholder Framework requiring development first. Revised date by 30 June 2024
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.	PIO1.1	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.		31/12/2022	30/09/2023 30/06/2024	Not on Track	75%	The current Stakeholder Relationship Map has been completed by work areas across Council, to provide an initial base of where CoM Stakeholder relationships are. This will prove a beneficial starting point for the other actions required by this audit. Investigations have been undertaken regarding the CRM. Whilst the CRM has the capacity to do what is required to house our stakeholder relationships, it is not currently within CoM package. This will require additional budget and to a business case put together, however this project is not currently within the IT Strategy. This is being presented to ELT in August 2023.	Not on Track	20%	General Manager for Corporate Services has agreed to investigate this option with Information Services team, a report may need to be further considered by EBC depending on the cost. Revised date by 30 June 2024
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.	PIO1.2	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.		31/12/2022	30/09/2023 30/06/2024	Not on Track	50%	The completed Stakeholder Relationship Map is available for viewing by leadership staff, albeit within an excel spreadsheet and not within a CRM system. The Stakeholder Relationship Framework, still to be developed, will outline some governance around how CoM will manage stakeholder relationships in the future.	Not on Track		General Manager for Corporate Services has agreed to investigate this option with Information Services team, a report may need to be further considered by EBC depending on the cost. Revised date by 30 June 2024

In the interim, the top 20 key stakeholders could be identified across the CoM, including information such as: <ul style="list-style-type: none">•Internal relationship owner•Stakeholder’s strategic alignment•Strength of relationship	PIO1.3	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.		31/12/2022	30/09/2023	Not on Track	20%	A report on this audit and the actions is being presented to ELT in August 2023. This report seeks to provide an update on progress made, seeks to record ELT’s top 20, as well as determine some governance arrangements that will be used to develop a Stakeholder Relationship Framework.	Complete	100%	This work was completed by ELT in August 2023.
Internal Audit recommends the CoM review the current approach for engaging Indigenous communities, with specific consideration to the following: <ul style="list-style-type: none">•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 Kaurna 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.	PIO2.1	Agreed. The improvements listed within this PIO will be further considered.		31/12/2022	30/09/2023 30/06/2024	Not on Track	75%	Investigations on all these points has been undertaken. The findings and recommendations on next steps are being presented to ELT in August 2023.	Not on Track	20%	Recommendations are built into deliverables of proposed Reconciliation Action Plan. Delivery date contingent upon Council endorsement of RAP - delayed due to decision to undertake further round of community consultation. Revised forecast completion date of 30/6/24.

Collaborative Community Consultation											
RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ORIGINAL ACTION COMPLETION DATE	FORECASTED ACTION COMPLETION DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
Both Councils develop translated content to be provided to residents, based on the top three spoken languages in the Council area.	J1.1	The CoM will explore translated content option and discuss with the CCS on further insight into their systems.	Moderate	28/02/2023	30/09/2023 30/06/2024	Not on Track	0%	The original finding was related to ensuring that communication and engagement methods catered for the diverse community needs. This finding specifically related to non-English speaking backgrounds and providing translated content. The current update is : Community Profiling through Population ID has identified that the top three languages spoken at home (other than English) are Mandarin (3.1%), Nepali (1.8%), Punjabi (1.2%). This does not give a clear indication of whether these households also have English speaking members, just that these languages are spoken at home. We do know that out of 19,754 residents that speak languages other than English at home, only 2,504 speak English 'not well or not at all'. Translation plugins to CoM websites have been explored and will be included into the scope of the website audit and upgrade in 2023/2024. New closure date of 30 June 2024.	Not on Track	0%	No update on previous comments. Still on track for completion 30/06/2024

The CoM develop a reporting template and checklist to ensure that key items are included, and reporting is consistent. This may be developed with consideration of the CCS reporting template.	J2.1	A plan reporting template and checklist will be rolled out across the Council with training provided to business units	Low	22/12/2022	30/06/2023	Not on Track	50%	Templates complete with all headings a base level for what is required in a full report and a 'What we heard' one-pager. These have been used regularly in reports. Training has not been undertaken as the Community Engagement team have taken ownership over these reports. The requirement for training will be followed up in the next quarter.	Completed	100%	Templates complete with all headings a base level for what is required in a full report and a 'What we heard' one-pager. These have been used regularly in reports. Community Engagement team have taken ownership over these reports. Training has been delivered to business units as needed. High level rollout of Community Engagement methodology training is complete. This was presented to all relevant business units in conjunction with brand strategy training.
Develop and provide consultation awareness training to staff.	1.2	The updated Community Engagement Framework will be presented to business units along with delivery of consultation awareness and training.	Low	28/02/2023	31/3/2023 31/10/2023	Not on Track	70%	This finding related to gaps in tools and supports in communication activities with this particular finding relating to an community engagement framework. Progress update... Framework is drafted and on track for October.	Not on Track	70%	Framework is still in draft as the anticipated State Government Community Engagement Charter (that all local councils will be required to adhere to) has not been signed off yet. Consultation awareness training is complete (as-per original recommendation)

Volunteer Management											
RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ORIGINAL ACTION COMPLETION DATE	FORECASTED ACTION COMPLETION DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
The CoM reviews the policies and handbook to ensure there is clear documentation on the expectations around record keeping.	1.1	Management agree that these recommendations are achievable. The incoming person to this role (while the present incumbent takes 12 months leave), along with the support of our Volunteer Managers in the business, will review these recommendations and ensure they are implemented.	Moderate	30/09/2023		On Track	50%	Volunteer Handbook updated, printed and in circulation from May 2023. Available on the public website. Policy review to commence August 2023.	Not on Track	50%	Policy review to commence
Quality spot checks are performed on a sample of volunteer records within Better Impact	1.2	Management agree that these recommendations are achievable. The incoming person to this role (while the present incumbent takes 12 months leave), along with the support of our Volunteer Managers in the business, will review these recommendations and ensure they are implemented.	Moderate	30/09/2023		On Track	30%	New incumbent to position has been learning how to use Better Impact and in this process has been reviewing volunteer records. This recommendation will be further actioned after Volunteer Manager workshop is completed in September 2023.	Not on Track	50%	Ad-Hoc quality spot checks are being performed. Volunteer Manager workshops held on 18 th September.
Further education and awareness is provided to relevant staff on the requirements of required volunteering documentation and documentation retention practices, including the purpose and use of Better Impact.	1.3	Management agree that these recommendations are achievable. The incoming person to this role (while the present incumbent takes 12 months leave), along with the support of our Volunteer Managers in the business, will review these recommendations and ensure they are implemented.	Moderate	30/09/2023		On Track	50%	Volunteer Program Coordinator facilitated 1:1 training sessions with Volunteer Managers where required during June/July 2023. Volunteer Manager workshop in September 2023 will assist to facilitate recommendations.	Not on Track	60%	Volunteer Program Coordinator facilitated 1:1 training session with Volunteer Managers where required during the quarter. Volunteer Manager workshop in September 2023 will assist to facilitate recommendations.
Internal Audit recommends that the COM develop and implement a council-wide process to capture and learn from volunteer feedback.	PIO1.1	Whilst we are comfortable with the current survey process in place, further consideration will be given as to how this recommendation can implemented.		30/06/2023	31/08/2023	Not on Track	80%	Annual Survey sent in July 2023 with the various volunteer responses discussed at Volunteer Manager meeting. On track to complete analysis and finalise a report by the forecasted action completion date. Investigation into the use of Making Marion engagement software in the	Completed	100%	Report completed.

								future to capture engagement and learn from this, is currently underway.			
Internal Audit recommends that the CoM review the Volunteer Strategy objectives and KPIs and ensure supporting policies and procedures sufficiently cover these key areas.	PIO2.1	Management agree that this recommendation is achievable. The incoming person to this role (while the present incumbent takes 12 months leave), along with the support of our Volunteer Managers in the business, will review this recommendation and ensure it is implemented.		30/09/2023		On Track	0%	Work has not yet commenced on this action.	Not on Track	0%	Work has not commenced on this item.
Internal Audit recommends that the CoM consider the implementation of co-design principles within the process of future improvement or development of the CoM volunteer program/s.	PIO3.1	Management agree that this recommendation is achievable. The incoming person to this role (while the present incumbent takes 12 months leave), along with the support of our Volunteer Managers in the business, will review this recommendation and ensure it is implemented.		31/12/2023		On Track	0%	Work has not yet commenced on this action.	Not on Track	0%	Work has not commenced on this item.

Digital Transformation Program											
RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ORIGINAL ACTION COMPLETION DATE	FORECASTED ACTION COMPLETION DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
Ensure all key stakeholders and SMEs are involved in the requirement scoping. Identify which stakeholders should be involved and at what stage of the process. A validation meeting should be included to confirm that the requirements meet business needs. All requirements should be endorsed by the key business stakeholders defined in the project development plan and approved by the business owner.	3.4	The CoM is currently developing an IS Strategy that will help define the current and future CoM enterprise architecture moving forward.	High	30/06/2023	30/09/2023	Not on Track	55%	The original finding was in relation to insufficient requirements scoping prior to go-to-market and in particular this item related to ensuring the enterprise architecture principles are clearly outlined in procurement documentation. Work continues on the IS Strategy and in particular the piece of work that will define the current and future CoM enterprise architecture moving forward. This will be incorporated into future procurements. The tender was issued early July and a revised completion date is 30 September 2023	Completed	100%	Completed and included within IS Strategy
Appoint an EA to the program to govern integration, including defining the system reference architecture and integration patterns.	4.1	An Enterprise Architect will be engaged as required to provide program governance over integration of the program.	High	30/06/2023	30/09/2023	Not on Track	15%	This finding related to limited information on integration strategy and in particular the engagement of an Enterprise Architect. An Enterprise Architect will not be engaged as a member of staff given the high cost and limited market availability of these types of skills. As an alternative the CoM has issued a tender for the development of an integration roadmap which will be progressively implemented over the next 2 - 3 years.	Completed	100%	9Yards has been selected via a selected and engaged

Develop a formalised integration strategy to guide the program and projects. The strategy should provide clear direction and guidance on what is required to create a successful integration between systems.	4.2	An integration strategy to help guide future projects will be developed.	High	31/03/2023	30/09/2023 30/01/2024	Not on Track	15%	This finding related to limited information on integration strategy and in particular the development of a formal integration strategy. The CoM has issued a tender for the development of an integration roadmap which will recommend a consistent approach for future projects.	Not on Track	20%	On track with the revised date, the procurement process slowed progress
Consideration of the ongoing operating model for integration aspects.	4.4	The integration strategy will include the requirement for an application support framework to be developed for each project as they transition into BAU.	High	31/03/2023	30/09/2023 30/01/2024	Not on Track	15%	This finding related to limited information on integration strategy and in particular the consideration of the ongoing operating model. This element has been incorporated into the tender for the development of an integration roadmap which will review the previous integration approaches and recommend a consistent approach for future projects BAU.	Not on Track	20%	On track with the revised date, the procurement process slowed progress

Cybersecurity

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ORIGINAL ACTION COMPLETION DATE	FORECASTED ACTION COMPLETION DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
Educate employees about the importance of marking appropriate data classification as an interim measure.	J1.1	The CoM have recently implemented a Data Governance Framework that encompasses the data classification, inventory, and assessment of data assets. Information on the new Framework will be communicated to relevant staff.	Moderate	01/09/2023	31/12/2024	Not on Track	65%	Relevant policies and procedures have been drafted, pending review and approval. The Data & Analytics training program is being developed and introduced as part of the Digital Literacy Program. Data cataloguing of all CoM systems and data assets is stalled due to lack of BA resource. It is recommended that the Forecasted Action Completion Date is set to 31/12/2024 which is when it is estimated that the full Data Analytics Program will be implemented which will include all relevant Policies & Procedures, Data Catalogue, Training Program, and Reporting.	Not on Track	65%	On track for completion by the end of 2024
Conduct an inventory and assessment of all types of data assets to establish the scope of prevention measures.	J1.2	The CoM IT cybersecurity staff will investigate automation for the data leakage prevent tools at both the cloud (SharePoint, email) and device (Microsoft Endpoint DLP), with implementation of Microsoft Endpoint for labelled data to be implemented by EOY 2023, and automated classification of unlabelled data reviewed and explored within 12 months.	Moderate	01/06/2024		On Track		Auto labelling process is understood, change in preparation for testing is being prepared for pilot staff	On Track	5%	Progress held due to leadership changes in IT Operations
Explore data leakage prevention tools as per the scope to prevent intentional and unintentional data loss.	J1.3	The CoM IT cybersecurity staff will investigate automation for the data leakage prevent tools at both the cloud (SharePoint, email) and device (Microsoft Endpoint DLP), with implementation of Microsoft Endpoint for labelled data to be implemented by EOY 2023, and automated classification of unlabelled data reviewed and explored within 12 months.	Moderate	01/06/2024		On Track		Dependant on J1.2	Not Commenced	0%	

Update patch management standard to include guidance on trusted sources and integrity validation.	J2.1	Standard to be updated to include guidance.	Low	31/12/2024		On Track	10%	Patch management documentation and standard is reviewed. Documentation composed as part of the preparation of information security manual includes appropriate notations of integrity.	On Track	10%	Progress held due to leadership changes in IT Operations.
Create a list of trusted sources of patches for all critical ICT assets and perform a gap assessment to identify the improvement measures required.	J2.2	Policy to be updated to include enforcement. A security calendar entry will be created to suppose ongoing verification of systems that are unable to be centrally controlled (Linux servers). Target 3 months.	Low	31/12/2024		On Track		Naturally follows J2.1	Not Commenced	0%	
Embed validation of integrity using digital signatures or similar mechanisms in BAU patching process to verify the software or data is from the expected source and has not been altered.	J2.3	Additional verification of patch integrity will be included in the detective change management solution, providing assertions that patches do not modify system components that are unexpected.	Low	31/12/2024		On Track		Naturally follows J2.1	Not Commenced	0%	
Collectively develop working guidelines to utilise the Freshservice ITAM module in an efficient manner.	J3.1	The current IT asset management policies and procedures will be reviewed to determine the root cause of the weakness, and an action plan created to support this.	Low	31/12/2023		On Track	10%	Current procedures reviewed against IT Service Management framework. Framework codifies asset management into CoMSupport asset management components. Assets are not adequately managed through this due to lack of technical requirements to do so, and items that are not returned as part of user decommissioning processes. Configuration Management Database (CMDB) entries are being defined and reviewed as part of a stocktake	On Track	15%	Stocktake completed. Continued CMDB entries of stocktake are being loaded and reviewed
Review and update end of life/support (EOL/S) details in the Freshservice tool for hardware and software assets. This information avenue can also be utilised for third party contracts, SSL certificates, etc.	J3.2	Attention to the entire asset lifecycle will be given, but particular focus on the end of life and transfer of assets between responsible staff, are likely to have the most focus.	Low	31/12/2023		On Track		Naturally follows J3.1	Not Commenced	0%	
Review the assets (endpoints) in the Freshservice tool with the enrolled endpoints in Microsoft Intune and remediate the identified gaps to maintain only operational assets in CMDB.	J3.3	A dedicated stocktake is proposed for all assets, as staff are known to have items at home to support their "work from home" scenario including printers, displays, laptops and consumables. Initial review of the weakness in this process identified concerns around assets being returned to IT, shadow IT purchases, desk movement, and staff movement between positions.	Low	30/06/2025		On Track		Naturally follows J3.1	Not Commenced	0%	
Identify unapproved SaaS applications by leveraging firewall and web-proxy logs.	1.1	The CoM accepts these recommendations, and will partner IT Operations with Business Analysts to engage with relevant points of contact in the Council, determine if a business process relies on the software and, if so, determine if IT security controls meet and mitigate the risks.	Moderate	31/12/2026		On Track	50%	1,000 items identified and shared with Chief Information Office in preparation for Business Analysis. Continual evaluation for this process will be integrated into the Information Security Calendar prior to closure	On Track	5%	Regular review of "top tier" applications underway to begin to operationalise the applications that are detected and manage the others. Partnering this into the Architecture Review Board proposal, as well as the IT Operations service levels
Engage with relevant point of contacts in the Council to initiate a security review of unapproved SaaS applications.	1.2	The CoM accepts these recommendations, and will partner IT Operations with Business Analysts to engage with relevant points of contact in the Council, determine if a business process relies on the software and, if so, determine if IT security controls meet and mitigate the risks.	Moderate	31/12/2026		On Track	0%	Nil	Not Commenced	0%	Dependant on 1.1
Perform an assessment of the data stored in Monday.com and other unauthorised applications.	1.3	Assessment of data stored in applications will occur in partnership with Business Analysts, and Data Managers	Moderate	31/12/2026		On Track	0%	Dependant on 1.2	Not Commenced	0%	Dependant on 1.1
Conduct business stakeholder (Council wide) training about the risk & impact of using unauthorised applications and how to get IT's approval for use of new applications/technology.	1.4	Unauthorised applications training will be included in the cybersecurity awareness training.	Moderate	31/12/2023		On Track	0%	Nil	Not Commenced	0%	

Review the cybersecurity operating manual for currency as the CoM is going through digital transformation and implementation of cybersecurity controls.	2.1	The CoM are reviewing the manual to ensure it is up-to-date and consistent with a modern organisation.	Low	31/12/2023		On Track	0%	Nil	On Track	10%	Manual review in progress, proposal for new layout to Information Security Manual and data contents being generated.
Include creation of relevant documents as a task in the asset technology onboarding and approval checklist. (this can also be included in the change control tasks)	2.2	We agree with the recommendation to include the creation of relevant documents in the asset technology onboarding and approval checklist, as well as in the change control tasks. We will update our checklists and change processes to include this task.	Low	30/06/2024		On Track	0%	Nil	Not Commenced	0%	Integrated into 2.1
Undertake an exercise to develop a document map for required documents.	2.3	We agree with the recommendation to develop a document map for the required documents. This will help us to ensure that all necessary documents are created and maintained. We will develop a document map and ensure it is regularly updated.	Low	30/06/2024		On Track	0%	Nil	Not Commenced	0%	Item held due to leadership changes in IT Operations
Develop a periodic timetable for document review.	2.4	We agree with the recommendation to develop a periodic timetable for document review. This will help us to ensure that all documents are reviewed and updated regularly. We will develop a timetable and ensure it is adhered to.	Low	30/06/2024		On Track	0%		Not Commenced	0%	Dependant on 2.3

Customer Experience											
RECOMMENDATION ☺ Planned ● Unplanned	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ORIGINAL ACTION COMPLETION DATE	FORECASTED ACTION COMPLETION DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
☺ Rollout the CX Strategy and roadmap across the CoM. To support this, a formal communications and change management plan, considering the needs of each stakeholder group should be developed to embed CX within the organisation. A detailed plan to accompany the initiatives outline in the Strategy (the 'how' and 'when') with associated metrics should also be developed.	1.1	The draft strategy and implementation roadmap is currently being developed and the recommendations of this IA will now be considered for incorporation into that strategy and roadmap as outlined in the audit findings management responses. A detailed plan with metrics for each of the initiatives in the strategy will also be developed, along with a Change Plan and Communications Plan. The final Strategy will require formal endorsement and where applicable, budget confirmation.	Moderate	31/12/2023		On Track	10%	Draft CX strategy and roadmap has been commenced with key elements of the CX maturity model incorporated	On Track	10%	Slight delay due to key resource having COVID. Draft strategy has commenced & roadmap developed (50%) . Work on strategy to embed across CoM.
☺ Review and revise the Customer Charter, policies and internal procedures to include information regarding timeframes for initial response, allocation and closure of queries and complaints. In addition to complaints and grievance, broader focus should be placed on customer experience, also including available channels, process and communication protocols. Internal procedure should be updated to reflect current process.	1.2	This will be considered as part of the Strategy development as outlined in Recommendation 1.1 to be implemented following endorsement of the Strategy.	Moderate	31/12/2023		On Track	10%	Draft CX strategy and roadmap has been commenced. Initial discussion in relation to the application of a customer charter has been held.	On Track	10%	Rebrand of Customer Charter underway. Timeframes settled for response allocation and closure as part of SLA review process. CX procedure to be developed to underpin Customer Charter including SLA for different channels, inc how to manage cases that are closed prematurely.
● Conduct a review of Knowledge Base articles linked to the CRM, to ensure information is up to date. Roles and responsibilities should be determined regarding ownership and regular update. Some councils nominate a business owner and Customer Service Officer to each article, who are responsible for working together to keep information current.	1.3	Business owners will be allocated to each Knowledge Base (KB) article by 30 June. KB articles will be aligned with information on website to ensure channel consistency for customers. Business owners will be allocated to a customer services officer who will support the review of all KB articles by 30 Dec.	Moderate	31/12/2023		On Track	50%	Knowledge base articles have been reviewed and have been updated in the test environment. Awaiting vendor support to migrate to the live environment.	On Track	80%	Business Partnering model adopted with CST & business areas to improve customer interactions and overall experience . CX Champions (refer 1.4 - Consider developing a formal cross-functional team/workgroup to identify further holistic CX enhancements across the organisation to improve collaboration and buy-in) will be confirmed by SLT and engagement approach will be via the CX Champion group.

☺ Consider developing a formal cross-functional team/workgroup to identify further holistic CX enhancements across the organisation to improve collaboration and buy-in. This may include leveraging the existing CRM Champions identified across the CoM.	1.4	The existing cross-organisational CRM Change Champions Group will be expanded to become a CX Champions Group to identify process improvements. CX enhancements and share learnings.	Moderate	30/09/2023		On Track	70%	Terms of reference has been amended. Membership to be considered by SLT.	Completed	100%	Terms of reference completed.
🔴 Finalise the Complaints Management Framework. Complaints should be allocated to the relevant business area to encourage ownership, with oversight of the Customer Service team to follow up and provide support as necessary.	1.5	The Complaints Management Framework will be finalised. Once finalised, the framework will require endorsement and be socialised across all business areas as it may require changes to current business processes and practices. To encourage ownership by business areas, the allocation of existing complains will be reviewed to ensure they are allocated to the responsible business area and a new complaints dashboard created to assist them to manage complaints.	Moderate	30/09/2023		On Track	5%	New Australian Standard 10002:2022 Complaint Management has been reviewed and will be used as the basis for the new CoM framework.	Not on Track	80%	Draft Complaint Management Framework has been developed & is currently in the consultation phase.
☺ Incorporate the responsibilities to analyse customer data and drive continual improvement with the business, into the Customer Systems Partner role.	2.1	Responsibility and resourcing for this work will be considered as part of the Strategy under Rec1.1	Low	31/12/2023		On Track	10%	Draft CX strategy and roadmap has been commenced. Specific role statement for the Customer Systems Partner is currently being reviewed to ensure it captures this requirement.	Completed	70%	Draft CX strategy and roadmap has been commenced. Specific role statement for the Customer Systems Partner has been reviewed and finalised which ensures it captures this requirement.
🔴 Consider wide roll-out of external customer satisfaction surveys to promote grater feedback, including specific questioning regarding timeframe for resolution. Insights from these surveys should feed into a review of current SLAs for each category in consideration for customer expectations. Where it is not possible for the CoM to meet customer expectations, it should be understood why this is not possible and have clear communication in place to bridge the gap with customer expectations.	2.2	2.2a - Business areas will be asked to review SLAs and insights from CSAT data will be assist to test customer expectations. 2.2b -The subject of the content and deployment of future customer satisfaction surveys will be considered as part of the Strategy under Rec 1.1	Low	2.2a 30/09/2023 2.2b 31/12/2023		On Track	2.2a 40% 2.2b 10%	2.2a SLA review is underway. SLT is required to respond to changes required by the end of July. A paper to ELT to confirm any changes will follow. 2.2b Council has agreed to an annual customer satisfaction shorter survey. The 8 August Forum will consider the nature of the questions and survey methodology.	Completed	100%	2.2a SLA review is complete. SOP to manage SLA changes into the future has been approved. 2.2b Three key Customer Satisfaction Survey Result (Ease of Lodging Requests/Time Taken to Address And Action Requests/Satisfaction with Request Handling) are now implemented and presented to the Performance Operational Review on a monthly basis. The Council has agreed to the annual customer satisfaction survey being retained (but shorter) so this action can be closed. Annual Survey will be rolled out in 2024.
🔴 Consider introducing new technologies to assist in obtaining deeper insights regarding customer sentiment online.	2.3	CoM has been investigating a potential LGA initiative with Google Eliza to provide customer sentiment insights. Will be considered further as part of developing Strategy under Rec1.1	Moderate	31/12/2023		On Track	0%	Awaiting EOI to be issued by LGA.	Completed	100%	The LGA have put this project on hold due to funding. This action to be closed and reconsidered if the LGA proceed with the Google Eliza.
☺ Develop customer segmentation strategy including updated customer personas and key journey maps to identify existing customer pain points and opportunities for CX improvements.	2.4	This will be considered in the development of the Strategy under 1.1	Moderate	31/12/2023		On Track	15%	Draft CX strategy and roadmap has been commenced. A pilot has commenced with Development and Regulatory Services to map out the customer journey mapping approach. Priority areas have been determined.	On Track	20%	Journey Mapping of priority processes is underway for IMaaS payments which will determine the approach to be incorporated in the CX Strategy.
🔴 Consider use of Helix Personas (a consumer segmentation tool that utilises psychographic attitudinal and behavioural data to identify Australian consumer segments) to gather insights on customer persona and trends across the Council.	2.5	This will be considered as part of the Strategy development under Rec 1.1	Moderate	31/12/2023		On Track	40%	Quotes have been sought for Helix Personas.	Completed	100%	Met with Roy Morgan 12 September to discuss customer segmentation. Findings will be incorporated into the CX Strategy.
🔴 Enhance CX metrics and KPIs (ie. Case closure, timeframes, customer satisfaction utilising above surveys) within business unit metrics and role profiles.	2.6	Responsibility and resourcing for this work will be considered as part of the Strategy under 1.1, following consideration of organisational community/customer satisfaction metrics at an Elected Member Forum and endorsement by Council.	Moderate	31/12/2023		On Track	60%	Council has agreed to an annual shorter customer satisfaction survey. The 8 August Council Forum will consider the nature of the questions and survey methodology (10% complete). In addition ELT has agreed to the use of 3 key CRM metrics on an ongoing basis to be incorporated into the	Completed	100%	ELT has agreed to the use of 3 key CRM metrics on an ongoing basis to be incorporated into the Operational KPI suite to be considered monthly as part of the Performance Operational Review Committee Initiated CSAT metrics.

								Operational KPI suite to be considered monthly as part of the Performance Operational Review Committee (50% complete).			
☺ 3.1 Implement Amazon Connect as planned to enable greater visibility of customer service metrics and enhanced reporting. In implementing the system, consider workflows to offer new channels such as webchat, chatbots (to answer low value questions) and integration of social channels.	3.1	The implementation of Amazon Connect is planned as part of Information Services (IS) program of work in 2023.	Moderate	30/06/2023	30/09/2023	Not on Track	20%	Delayed due to ICT project management resource availability. Project has commenced. Vendor has been engaged. Discovery workshops nearing completion. Customer Services due to go live end of September 2023	On Track	90%	Amazon Connect to go live 27 September for CST & PAI. Omnichannel scheduled to go live 25 October 2023
🔴 3.2 Develop a CRM product integration roadmap to improve channel of choice for customer. This should consider integration of marketing automation tools, social channels and other customer touchpoints such as library, outdoor pool etc.	3.2	This roadmap will be one element of the IS Strategy (CX Portal Roadmap) to be developed by 30 June 2023. Delivery will be subject to budgetary considerations.	Moderate	30/06/2023	30/09/2023	Not on Track	20%	Delayed due to ICT project management resource availability. Project has commenced. Vendor has been engaged. Discovery workshops nearing completion. Customer Services due to go live end of September 2023	Not on Track	90%	Amazon Connect to go live 27 September for CST & PAI. Omnichannel scheduled to go live 25 October 2023
🔴 Review and define oversight and escalation protocols and for overdue and/or difficult customer complaints and enquiries. Dashboard reporting should be utilised to support facilitation of these requirements.	4.1	Business engagement is commencing on defining oversight, responsibilities and escalation protocols for overdue and/or difficult customer complaints.	High	30/06/2023	30/09/2023	Not on Track	55%	High level concepts and principles have been agreed by SLT/ELT. Document in process of being finalised. Will then be endorsed by ELT/FRAC/Council.	Not on Track	95%	Developed and included as part of the IS Strategy, A new Senior Project Manager and Senior business analyst (is an experienced Salesforce consultant) have been employed with a mandate to review the current sale force implementation and look for ways to improve the customer experience. The IS Strategy is now in the consultation phase.
☺ Subsequent to the Customer Systems Role being filled, this role should work with business areas to improve customer interactions and overall experience.	4.3	Unit Manager CS will facilitate collaboration between CX Champions, Knowledge Base owners and Customer Services Team as part of redefining the role of the CX Champions under Rec 1.4.	High	30/09/2023		On Track	55%	Dashboard for oversight of complaint management has been prepared and is considered as part of the Performance Operational Review Committee (50% complete). Escalation processes will be incorporated into the Complaints management frameworks (refer 1.5) (5% complete)	Completed	100%	Business Partnering model adopted with CST to work with business areas to improve customer interactions and overall experience. CX Champions (refer 1.4 - Consider developing a formal cross-functional team/workgroup to identify further holistic CX enhancements across the organisation to improve collaboration and buy-in) will be confirmed by SLT and engagement approach will be via the CX Champion group.
🔴 Conduct a review of current resourcing of the Customer Service Team and call centre peak activity periods. Subsequent to this review, opportunities to enhance resourcing approach should be identified.	4.4	A desktop analysis review commenced in Dec 2022, but with the retirement of Unit Manager CS, this will be completed by the new Unit Manager when an assessment of activities/tasks can be observed.	High	30/09/2023		On Track	70%	Unit Manager, Customer Systems Partner and knowledge base article owners are in discussion currently. CX Champions (refer 1.4) will be confirmed by SLT and engagement approach will be via the CX Champion group.	Not on Track	0%	This finding will be delayed until Amazon Connect is implemented and stabilised.
🔴 In collaboration with the People and Culture team, embed customer-centric metrics and KPIS within position description of all customer-facing staff. It is acknowledged the Customer Experience and Marketing teams have developed KPIs which have not yet been implemented, however, these do not reach beyond these teams.	5.1	Embedding customer-centric metrics and CSAT KPIs will be considered as part of the CX Strategy under recommendation 1.1	High	31/12/2023		On Track	0%	Notwithstanding the desktop analysis undertaken to date the introduction of Amazon Connect is now considered to bring a high level of efficiency to the team. This finding will be delayed until Amazon Connect is implemented and stabilised. The due date is to be extended to 31 December 2023.	Not Commenced	0%	
☺ Develop formal onboarding and refresher training for all staff that may interact with customers in CX, and use of the CRM. This should be tailored to each area as appropriate (ie. Open space teams/staff on the road will have different needs to CSC staff trained to engage with customers). and also include all staff in peripheral Council teams i.e Librar, Swimming Centre, etc. In implementing the training, a mix of channels should be utilised ie. in-person, online and job shadowing/double jacking, to	5.2	5.2a - A formal on-boarding and refresher training has already been developed for CRM users. 5.2b - A broader CX onboarding and training program will be developed for CoM in conjunction with P&C and business areas (Libraries, Marion Outdoor Pool, Outdoor workforce, Neighbourhood Centres) that are using other customer training programs/providers/techniques, that meets all needs and is tailored to the	High	5.2a Closed 5.2b 31/12/2023		On Track	0%	This element of the CX strategy has not commenced.	On Track	80%	5.2a - Formal CX onboarding and training program has been developed for new CoM staff. 5.2b -in conjunction with P&C and business areas (Libraries, Marion Outdoor Pool, Outdoor workforce, Neighbourhood Centres) that are using other customer training programs/providers/techniques, that meets all needs and is tailored to the

increase awareness and appreciation of roles in relation to CX across the CoM.		different roles across CoM and applies industry best practice. This will be considered as part of developing CX Strategy outlined in recommendation 1.1									different roles across CoM and applies industry best practice.
☺ In considering introduction of Amazon Connect, consider the ability to better integrate customer channels, (ie. Email, socials) with CRM to better optimise resources, reduce manual entry and hence, risk of duplication/human error.	6.1	This package of works will be detailed in the IS Strategy but will be subject to funding availability and project prioritisation.	High	30/06/2023		Not on Track	0%	Not commenced.	Completed	100%	Amazon Connect now live 27 September for CST & PAI.
🔍 Investigate ability to auto-combine customer profiles, or utilise existing CRM profiles to reduce duplicates. In the meantime implement regular scrubbing process.	6.2	This works is on the forward plan for the Customer Systems Partner role.	High	30/09/2023		On Track	20%	Delayed due to ICT project management resource availability. Project has commenced. Vendor has been engaged. Discovery workshops nearing completion. Customer Services due to go live end of September 2023	Completed	100%	NAR training has been rolled out to key stakeholders & will be included in CRM onboarding. NAR cleanup is underway (5,000 duplicate records merged). This will be an ongoing piece of work for CST & will be resourced accordingly.
☺ Consider integration of further systems with the CRM ie. Marketing tools, Forestry SA, online booking system, point of sale.	6.3	This package of works will be detailed in the IS Strategy but will be subject to funding availability and project prioritisation.	High	30/06/2023	30/09/2023	Not on Track	0%	Investigations have commenced as to the quantum of backlog (est 13,000 potential duplicated records) and rectification approach. Resourcing for backlog and training to ensure there is no increase in the duplication yet to be determined and commenced. Date may be amended following the further analysis.	Not on Track	95%	Developed and included as part of the IS Strategy, A new Senior Project Manager and Senior business analyst (is an experienced Salesforce consultant) have been employed with a mandate to review the current sale force implementation and look for ways to improve the customer experience. The IS Strategy is now in the consultation phase.
☺ Review and enhance customer portal as planned, including provision of further guidance to customers regarding use of categories.	6.4	This package of works will be detailed in the IS Strategy but will be subject to funding availability and project prioritisation.	Moderate	30/06/2023	30/09/2023	Not on Track	55%	High level concepts and principles have been agreed by SLT/ELT. Document in process of being finalised. Will then be endorsed by ELT/FRAC/Council.	Not on Track	95%	Developed and included as part of the IS Strategy, A new Senior Project Manager and Senior business analyst (is an experienced Salesforce consultant) have been employed with a mandate to review the current sale force implementation and look for ways to improve the customer experience. The IS Strategy is now in the consultation phase.
🔍 Enhance CRM closure comment requirements, and automated communication with customers.	6.5	Work has already commenced on this by the Customer Systems Partner.	Moderate	30/06/2023	31/07/2023	Not on Track	55%	High level concepts and principals have been agreed by SLT/ELT. Document in process of being finalised. Will then be endorsed by ELT/FRAC/Council.	Not on Track	50%	Closed comments have been opened up by Ennovative (Implementation Business Partner) for review by COM staff. Need to review and refine. Then bulk upload of new standardised closure comments.
☺ Implement regular reporting to the Executive and Council regarding customer experience and satisfaction.	6.8	Future reporting to Executive and Council will be determined following Council consideration of KPIs. Regular reporting format, content (KPIs and other metrics), and frequency will be incorporated into the CX Strategy.	Moderate	31/12/2023		On Track	50%	Vendor training to occur on 27/7/23 for CoM staff to update closure comments configuration within the CRM. As an interim staff have been requested to use other fields to ensure customers are clear about why cases have been closed and action taken.	Completed	100%	ELT has agreed to the use of 3 key CRM metrics on an ongoing basis. These metrics are now being considered as part of the monthly Performance Operational Review Committee. The Council has agreed to the annual customer satisfaction survey being retained (but shorter) so this action can be closed. Annual Survey will be rolled out in 2024.
☺ Review the BAU resourcing required to sustain ongoing maintenance of the CRM. This should be conducted in consideration of existing IT systems resourcs and the Customer Systems Partner role. Consideration should also be given to reducing overall cost and reliance on the CRM vendor for BAU activities.	6.9	Ongoing BAU requirements for CRM systems administration to reduce reliance on CRM vendor.	Low	31/09/2023		On Track	60%	Council has agreed to an annual shorter customer satisfaction survey. The 8 August Forum will consider the nature of the questions and survey methodology (10% complete). In addition ELT has agreed to the use of 3 key CRM metrics on an ongoing basis to be incorporated into the Operational KPI suite to be considered monthly as part of the Performance Operational Review Committee (50% complete).	Completed	100%	A new Senior Project Manager and Senior business analyst (is an experienced Salesforce consultant) have been employed with a mandate to review the current sale force implementation and look for ways to improve the customer experience. This is in addition to the training of IT Operations support who will provide support in addition to Ennovative.

7.3 Finance, Risk and Audit Committee Annual Report to Council 2022/23

Report Reference	FRAC231109R7.3
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 seek feedback and endorsement from the Finance, Risk and Audit Committee (the Committee) on the attached draft annual report on the operations of the Committee for 2022/23.

EXECUTIVE SUMMARY

The draft report is prepared in accordance with the Committee terms of reference which provides that the Committee shall report annually to the Council on its operation and activities during the previous financial year. This report provides an important communication tool with Council in addition to the minutes received after each meeting.

Following the recent Local Government Reform, with effect from 30 November 2023 and pursuant to section 126(9) of the Local Government Act, a council must ensure that the annual report of its audit and risk committee is included in its annual report. Although this is not a requirement in adopting the City of Marion Annual Report this year, it is recommended that the Finance, Risk and Audit Committee Annual Report be included in the City of Marion Annual Report, to be adopted on 28 November 2023.

RECOMMENDATION

That the Finance, Risk and Audit Committee:

- 1. Endorse the Finance, Risk and Audit Committee Annual Report for 2022/23 (Attachment 1 to this report) to be presented to Council at its meeting on 28 November 2023, subject to amendments as required.**

ATTACHMENTS

1. FRAC 2022 23 Annual Report to Council Final [7.3.1 - 6 pages]

Annual Report to the City of Marion on the operations of the Finance, Risk and Audit Committee for 2022 - 2023

INTRODUCTION

This report provides an overview of the City of Marion Finance, Risk and Audit Committee (the Committee) operations for the 2022-2023 financial year. Clause 4.21 of the Committee's Terms of Reference provides that the Committee shall report annually to the Council summarising the activities of the Committee during the previous year.

During the financial year ending June 30, 2023, the Committee met on six (6) occasions, including one special meeting to consider a range of matters within the functions of the Committee's Terms of Reference.

This report includes a summary on the following matters considered by the Committee:

- Financial Reporting
- Risk Management
- External Audit
- Internal Audit
- Prudential Reports
- Committee Membership and Attendance

FINANCIAL REPORTING

End of Financial Year Reporting

The Committee received the Annual Financial Statements for the year ended 30 June 2022. The Annual Financial Statements demonstrate Council's financial performance, providing a basis for achieving the long-term objectives set out in the Strategic Plan.

In summary, Council achieved an operating surplus of \$0.542m in 2021-22 compared to an operating surplus of \$0.256m for 2020-21. The key factors contributing to the movement in operating surplus were provided to the Committee in an Analytical Review comparing the actual performance against the Adopted Budget.

Budget Reviews

The Committee reviewed the Quarterly Budget Review documents prepared by management and recommended them to Council for adoption. Some of the key points noted below were raised by the Committee:

- Considerations when setting the budget including setting appropriate resources to deliver projects
- Asset Consumption Ratio target appears to be high and suggested the target could be moved, with this to be re-assessed next financial year.

Annual Report to the City of Marion on the operations of the Finance, Risk and Audit Committee for 2022 - 2023

Annual Business Plan and Long-Term Financial Plan

The Committee reviewed the Draft Annual Business Plan and Budget 2022-2023 and Draft Long Term Financial Plan in February 2023 and again after public consultation in May 2023. The Committee provided feedback on the reasonableness, fairness and equity of the potential rating approaches for 2023-2024, including in the context of Council's LTFP and on-going financial sustainability. The Committee also tested some of the assumptions around the proposed KPI's and noted the new initiatives and service improvements incorporated into the Draft ABP 2023-2024 and Draft LTFP. The Committee discussed the proposed rate increase of 5.2% noting the work that had been undertaken to set a rate increase that balances the impact on the community without compromising on operational service or capital project delivery and maintaining a long term financially sustainable position for the City of Marion.

The Committee commented this was a high-risk budgeting year, given the challenging environment, supply chain issues, inflation and CPI and acknowledged the high-quality document that had been produced.

RISK MANAGEMENT

The Council's risk management program continues to be aligned to the ISO31000 Risk Management Standards. The Council continues to commit to further embedding the risk management processes across the Council.

Risk Reports

The Committee received quarterly Corporate Risk review reports. The Corporate Risk review is an internal process undertaken by engaging with the Senior Leadership Team. The review also includes an environmental scan outlining issues that are topical from a risk and opportunity perspective. The organisation's high risks remained reasonably static across the year with 6 or 7 reported each quarter. Key changes to the Corporate Risks included the supply chain risk being elevated to a high risk for the first half of 2022-2023, before being re-rated to a medium risk as the new normal for undertaking business and which is factored into all new projects from the beginning. The Committee noted the good work that has been done on new causes and drivers in relation to the risk for poor data quality and information governance relating to the Digital Transformation Project (DTP).

The Committee also received the bi-annual report on the Strategic Risk Register and annual report on the Fraud Risk Register. All risks have had reasonable updates provided at each review, although the risk ratings have had little movement over 2022-2023.

Annual Report to the City of Marion on the operations of the Finance, Risk and Audit Committee for 2022 - 2023

Business Continuity Program

The Committee noted the Business Continuity Program Annual Report 2021-2022 and provided feedback. It was noted that recent turnover of staff had resulted in a skills gap in the Incident Management Team, however, new staff will be trained and upskilled on the BCP requirements. The Committee suggested that the impact on the loss of access to systems as well as physical incidents be considered for further scenario training. The Committee endorsed an updated Business Continuity Plan in October 2022. At its 20 June 2023 meeting, the Committee received the 2022-2023 Business Continuity Program update, including information about a Business Continuity Exercise that was undertaken prior to the end of the financial year.

Incidents, Claims and Insurance

The Committee received information on incidents, claims and insurance, with details split across each quarter. The Committee noted two significant weather events, occurring in November 2022 and March 2023 which saw spikes in the number of incidents relating to trees, however not resulting in the number of incidents being any higher than previous financial years. The Committee noted incidents at City of Marion properties and the mitigation strategies that have been put in place. The Committee also received updates on the Sam Willoughby International BMX track claim process - which was denied.

AUDIT

External Audit

The Committee met with the External Auditors without management present and discussed the audit process noting that it was a relatively smooth process for their first year. The auditors noted the work they had performed on the asset valuations and the depreciation charges. They observed some delays in receiving initial information but advised staff were very cooperative overall.

The Committee also received the Interim External Audit for the year ending 30 June 2023. Overall, the external auditors found that Council demonstrated a high level of compliance with the implementation of an internal control framework consistent with the principles within the Better Practice Model. During their interim visit they found that the majority of key internal controls reviewed were in place and were operating effectively (92 out of 100 core controls reviewed). The principles underpinning the Better Practice Model were used by the Council in the identification of its business cycles, the establishment of its internal controls and the implementation of its financial risk management process.

Annual Report to the City of Marion on the operations of the Finance, Risk and Audit Committee for 2022 - 2023

Internal Audit

The Committee endorsed the Internal Audit Plan for 2022-2023 at the May 2022 meeting. There were five (5) completed projects for the financial year including:

- Digital Transformation Health Check (Including Human Resources)
- Volunteer Management
- Community Consultation
- Customer Experience
- Cyber Security

An additional Audit was added to the program to review the implementation of recommendations. This was completed in June 2023 resulting in all audits being completed prior to the end of the financial year. The Committee considered the Draft Internal Plan for 2023-25 which is based on current global risk exposures, industry trends, the Council's assurance map and the current corporate risk registers.

The Committee continues to monitor the Digital Transformation Project, the ever-developing cyber risk environment and the current economic environment and the impact it may have on ratepayers and Council.

PRUDENTIAL REPORTS

The following reports were presented to the Finance, Risk and Audit Committee seeking feedback in accordance with Section 48 of the Local Government Act 1999 (the Act) which requires Council to consider a report for any project where the expected capital cost is likely to exceed \$4M (indexed). The Committee provided feedback on each of the projects and whether they had adequately addressed the requirements under the Act prior to endorsement by Council:

- Marion Administration Centre Internal Fit-out Project - Section 48
- Marion Water Business Section 48 Prudential Report; proposed expansion project
- Marino Community Hall Section 48

OTHER ITEMS CONSIDERED INCLUDE:

- *Implementation of Internal Audit Recommendations*
- *Independence of Council's Auditor*
- *Cyber Security Updates*
- *Digital Transformation Program Updates*
- *Australian Service Excellence Standards – Audit Outcome*
- *Work Health and Safety Management System Annual Report*
- *Annual Ombudsman Report*
- *Asset Valuations*
- *City of Marion 2022 Asset Management Maturity Assessment Results*

Annual Report to the City of Marion on the operations of the Finance, Risk and Audit Committee for 2022 - 2023

COMMITTEE MEMBERSHIP AND ATTENDANCE

The committee comprises of three independent members and up to two Council Member Representatives. Following the Local Government Elections and expiry of term for an independent member, there was a change in membership from December 2022. The Membership is outlined below:

July 2022 – November 2022	December 2022 – June 2023
Mrs Emma Hinchey (Chair) Mr David Papa Ms Nicolle Rantanen Councillor Maggie Duncan	Mrs Emma Hinchey (Chair) Mr Josh Hubbard Ms Nicolle Rantanen Councillor Jason Veliskou Councillor Jayne Hoffmann

The table below identifies the term of appointment for each member and the number of meetings attended during 2022-2023

Meeting Date	Emma Hinchey (Chair) 1 Jan 2017 – 30 Nov 2024	David Papa 1 Dec 2019 – 30 Nov 2022	Nicolle Rantanen 1 Dec 2020 – 30 Nov 2023	Mr Josh Hubbard 1 Dec 2022 – 30 Nov 2025	Councillor Maggie Duncan 1 Dec 2021 – 10 Nov 2022	Councillor Jason Veliskou 30 Nov 2022 – 30 Nov 2023	Councillor Jayne Hoffmann 13 Dec 2022 – 30 Nov 2023
16 Aug '22	✓	✓	✓	NA	✓	NA	NA
11 Oct '22	✓	✓	✓	NA	✓	NA	NA
13 Dec '22	✓	NA	✓	✓	NA	✓	NA
21 Feb '23	✓	NA	✓	✓	NA	✓	✓
16 May '23	✓	NA	✓	✓	NA	✓	✓
20 Jun '23 (Special FRAC)	✓	NA	✗	✓	NA	✓	✓

In conclusion, this report indicates that the Committee has undertaken its principle functions as set out in Section 126(4) of the *Local Government Act 1999* which include:

- Reviewing annual financial statements to ensure that they present fairly the state of affairs of the Council
- Proposing, and providing information relevant to, a review of the Council's strategic management plans and annual business plan
- Liaising with the Council's Internal and External auditors
- Reviewing risk management systems and processes across the Council

Annual Report to the City of Marion on the operations of the Finance, Risk and Audit Committee for 2022 - 2023

The body of work undertaken by the Committee is maturing and the Committee is striving to ensure that its work is beneficial in the context of contributing to the City of Marion's strategic objectives.

The Committee would like to thank members and management for their valuable contribution to the work of the Committee for this period. Council is invited to provide any comment or feedback for continuing development of the Committee's operations.

Emma Hinchey
Chair
City of Marion Finance, Risk and Audit Committee

7.4 Information Services Plan

Report Reference	FRAC231109R7.4
Originating Officer	Chief Information Officer – Marcel Althoff
Corporate Manager	Chief Information Officer - Marcel Althoff
General Manager	General Manager Corporate Services - Angela Allison

REPORT HISTORY

FRAC230815R8.2 Digital Transformation Program Close Out Report

REPORT OBJECTIVE

The purpose of this paper is to provide the current draft of the IS Strategy to FRAC.

RECOMMENDATION

That the Finance, Risk and Audit Committee:

- 1. Review and provide feedback on the IS Strategy.**

DISCUSSION

The IS Strategy, now referred to as "T27" is poised to usher in a new era of technological transformation for the City of Marion (CoM). Building upon the recent achievements of the Digital Transformation Program (DTP), we aim to harness the potential of cutting-edge applications and seamless integration to deliver exceptional customer and management experiences.

Following the completion of the DTP, the IS team has dedicated significant time and effort to comprehensively understand and stabilise CoM's current technological landscape. Extensive discussions have taken place across all levels of the organisation to pinpoint the pain points and opportunities, steering us toward a transformational program. This program will seamlessly merge our recently upgraded best-of-breed applications, ensuring that we are well-prepared for the future.

A substantial advantage for the CoM stems from the culmination of three to four years of substantial change brought about by the DTP. We now enjoy a stable technological foundation with best-of-breed applications. Furthermore, our team has grown and developed, unlike the initial phase of the DTP when resources had to be hastily onboarded. We believe that the risk associated with T27 is significantly reduced, thanks to a well-prepared cadre of skilled project managers, business analysts, and project leads, ready to collaborate with the business to effect meaningful, mature change and business improvements.

Our research efforts have encompassed numerous workshops, consultations within the CoM across all levels, and discussions with other councils. We have also drawn insights from Gartner's research at a recent 2023 conference, amalgamating best practices from a diverse range of organisations and experiences.

A cornerstone of this IS strategy is a collaborative endeavor. Over half of the IS team has actively contributed to different sections of this IS Strategy. This collective effort aims to position the CoM as a leader in the IT space. Our IS team goal is to be seen as utilising integrated technology and improved business processes to provide better customer and staff interactions.

Our community is set to experience remarkable improvement in their interaction with the CoM. We are committed to delivering outstanding customer experiences, both for our external and internal stakeholders. This commitment extends to the creation of user-friendly customer portals that will simplify access to CoM services. Our primary goal is to ensure seamless connectivity between our community and CoM.

We are dedicated to identifying and implementing efficiency improvements across all aspects of our operations. Notably, we recognise the significant interplay between our various business units and

systems, such as our Asset Management, Customer Service, Finance, Property, Rates, Planning, GIS, and HR. Integrating these elements are pivotal in achieving our mission.

The IS strategy has a renewed focus on creating customer and management portals, integration of our best-of-breed applications, creating a data lake, and putting a holistic lens over the CoM business to unlock more improvements within our applications.

These improvements will be achieved over 4-years; all projects will have a business case defining expected benefits.

IS Strategy Elevator Pitch:



Our IS Strategy is a roadmap for innovation, enhancing customer experiences, and efficiency improvements at the CoM. Building on the foundations from the Digital Transformation Program, the IS Strategy will support the CoM to become more agile, providing more modern systems, cloud solutions and digitisation.

Our new IS strategy (T27) aligns with three key themes:

Providing Outstanding Customer Experience: We're dedicated to improving customer experiences through innovation and data-driven service delivery. Our objectives are to empower customers through innovative solutions, measured by customer satisfaction and continuous improvement.

Being Innovation & Relevance: We prioritise a skilled, customer-focused workforce and staying ahead of IS trends. This means transforming our IS Operating Model and adopting emerging technologies like AI and Business Intelligence.

Focus on Consolidation & Efficiency: We will streamline core services, establish a flexible architecture, and optimise strategic sourcing for cost-effective CoM fulfillment. We aim to optimize core services and enhance IS provision through various initiatives.

In essence, our IS Strategy empowers our workforce to deliver exceptional customer experiences while boosting operational efficiency and innovation. It ensures the CoM remains adaptable and ready to meet evolving community needs.

Proposed T27 Program Overview

CoM a Council of Excellence									Activity			
Working Groups	Projects	Oct-23	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25	Q2 25	23/24	24/25	25/26	26/27
Finance / Property & Rates	FF Automated Testing	Project in-flight								✓	✓	
	IS operational Improvements	Project in-flight										
	P & R (Civica Altitude Upgrade)		Project scheduled									
	Finance / P&R Transformation	Project in-flight								✓		
	FF Contract Mgt		Project scheduled							✓		
	PMO Tool		Initiation/Business case	Procurement	Project scheduled						✓	
	FF - AI/ OCR Invoices		Initiation/Business case	Procurement	Project scheduled					✓		
	Purchase Card	Initiation/BC/Procureme	Project							✓		
	Point of Sale (POS) - inc. gateway		Initiation/Business	Procurement	Project scheduled					✓	✓	
Operations	AMIS (Stage 2)	Project in-flight								✓	✓	
	Predictor Modelling		Open Space			Under Review				✓		
	Valuations	Project in-flight	Open Space						✓			
	FF - Fleet Management		Project scheduled	Open Space					✓			
	Property Mgt System	Business case	Procurement		Project scheduled				✓			
	Vehicle Telemetry	Project scheduled							✓	✓	✓	
	Emerging tech - AI Trucks		Business case	Procurement	Project scheduled				✓	✓	✓	
	RFID Tools - Procurement		Business case	Procurement	Project scheduled				✓			
Integration / Service Apps	Int. & Data Strategy	Procurement	Project						✓			
	OBS - Bookable Spaces	Procurement	Project scheduled						✓			
	OBS - Ticketing		Procurement	Project scheduled					✓			
	OBS (Pool)	Project in-flight							✓			
	Unified Comms	Project in-flight							✓			
	Risk Management system	Procurement	Project scheduled						✓			
	Integration / Data Lake	Procurement	Project scheduled: Integrate Assetic/CRM, Assetic ESRI, FF/ P&R,						✓	✓	✓	
	Smart Cities (reconnect & display)				Project			✓	✓	✓		
Customer Experience	Customer & Mgmt. Portal	Salesforce/CRM Review	Project scheduled							✓	✓	✓
	Website Upgrade	Procurement	Project scheduled							✓	✓	
	Payroll Inhouse Management	Project scheduled		Project scheduled						✓	✓	
	CRM Enhancements			Project scheduled						✓	✓	✓
	HRIS		Initiation/Business	Procurement	Project scheduled					✓	✓	
	Digital Marketing - Hive	Procurement	Project scheduled						✓			
	Economic Development CRM	Procurement	Project scheduled						✓			
	Doc Mgt System		Initiation/Business case	Procurement	Project scheduled					✓		
	Sky Trust Review				Sky Trust Review							✓
Ongoing Operational Activities												
Helpdesk/ Hardware/AV	Hardware Refresh	Procurement		Hardware Deployment					✓	✓	✓	✓
	Upgrade Council Chamber	Initiation/Business case	Procurement	Project scheduled					✓			✓
	Service Management	Initiation/Business case	Procurement	Project scheduled					✓			
Infrastructure	System Security Change Control				Initiation/BC/Procureme	Detective Change	Systems Security: Change Control			✓		
	Central Internet Link Upgrades	Initiation/BC/Procurement	1G-10G Internet Fiber		Central Internet Link Upgrades				✓	✓	✓	✓
	Wi-Fi Upgrades - Edge, CoM Guest	Initiation/BC/Procurement	Resident Spaces Free Wi-Fi	Phase 1: Edge Internet	Phase 2:CoM-Guest Wi-Fi All		*Remove on-prem Vuln soft.		✓	✓	✓	✓
	Core Switch VSS/ Internet Failover	Initiation/BC/Procurement	Network Resiliency	Phase 1: Core Switch VSS	Phase 2: Internet Failover		*Remove Admin Generator		✓	✓	✓	✓
	Zero Trust Systems Architecture								✓	✓	✓	✓
	Essential Eight Compliance (EEC)								✓	✓	✓	✓
	EEC: Application control								✓			
	Physical Security Systems Management	Initiation/BC/Procurement	Procurement	Project Schedule								
	AI Security				AI Security						✓	✓
	Single cloud	Initiation/BC/Procurement	Single Cloud			Move towards single cloud				✓	✓	✓

Financial:

The ELT has reviewed this draft of the IS Strategy. The project priorities and timeframe were determined following extensive stakeholder consultation. However, project annual funding is limited to \$800,000 (note 2023/24 is fully funded via carryovers). Further engagement with ELT, SLT and council is required to determine if the funding proposed in this Strategy can be made available, if not, the program may stretch out to 6 years. The IS Strategy will be enhanced with the completion of the CoM Integration and Data Strategy that will help verify the costs and timing of the Transformation 27 (T27) Program.

ATTACHMENTS

1. IS Strategic Plan - work in progress 0.1 [**7.4.1** - 52 pages]

CITY OF MARION

IS Strategy - T27

2023 – 2027

A great place to *live*
marion.sa.gov.au





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Policy Ref: <Ref> (<number>)
Category: <text>
Owner: CIO – Marcel Althoff
Authorisation Date: <dd/mm/yyyy>
Review Date: 12/10/2023

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Document control

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Version control

Version	Date	Author	Comments/Changes made
0.1	23/08/2023	Marcel Althoff (with IS Team) CIO City of Marion	Ben Polotnianka David Harman Ruchir Kadam Greg Gorczynski Paul Kohn Matt Kovarik Carl Funk Joel Cornish Myles Cameron-Smith Jason Spalding Dominic Ashfield Grant Cox Gavin Black HyunKyung Jeong
0.2	29/09/2023	Marcel Althoff (with IS Team) CIO City of Marion	David Harman Ruchir Kadam Paul Kohn Matt Kovarik Carl Funk Joel Cornish Myles Cameron-Smith Jason Spalding Dominic Ashfield Grant Cox Gavin Black HyunKyung Jeong Adrian Hollins Stephen Roderick
0.3	12/10/2023	Marcel Althoff (with IS Team) CIO City of Marion	Grant Cox Adrian Hollins Stephen Roderick

Acronyms, terms, and definitions

Acronym / Term	Definition
AI	Artificial Intelligence
API	Application Programming Interface
AMIS	Asset Management Information System
BI	Business Intelligence
BSFR	Business Systems Fitness Review
CoM	City of Marion
CRM	Customer Relationship Management
DACO	Dogs and Cats Online
EDRMS	Enterprise Document and Records Management
EIM	Enterprise Information Management
EA	Enterprise Architecture
ERP	Enterprise Resource Planning
GIS	Geographic Information System
IS	Information Services (CoM Department)
IoT	Internet of Things
IT	Information Technology
KPI	Key Performance Indicators
NAR	Name and Address Register
LOB	Line of Business
LTFP	Long Term Financial Plan
MSP	Managed Services Program
ROI	Return on Investment
SaaS	Software as a Service
SVC	Single View of the Customer
TOGAF	The Open Group Architecture Framework
TIME	Tolerate – Invest – Migrate – Eliminate
T27	Transformation 27 (IS Strategy)



Approval

Executive Approval: Date: dd/mm/2023

Tony Harrison, CEO, City of Marion,

Executive Approval: Date: dd/mm/2023

Tony Lines, General Manager City Development, City of Marion

Executive Approval: Date: dd/mm/2023

Ben Keen, General Manager City Services, City of Marion

Approved by Sponsor: Date: dd/mm/2023

Angela Allison, General Manager Corporate Services, City of Marion

Review

Role	Name	Signature	Review Endorsed Date
<Text>	<Name> <Designation> <Company Name>	<Signature>	<dd/mm/yyyy>
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Executive summary

Overview of IS Strategy

This IS Strategy (known as T27) document has been developed with the aim of providing the Council with a clear and concise vision for the future state of the IS Service and Infrastructure. The IS Strategy seeks to underpin the Council's business strategy and plans which in turn support the Council's vision and strategy as described in the Corporate Plan 2019 – 2029.

This is based on core principles of fairness, responsibility, and opportunity to make sure the City of Marion is a place:

- treating everyone as we want to be treated, where all contributions are valued
- fostering trust and honesty in all our interactions
- enhancing our knowledge and performance to reach our shared goals, while being dedicated to supporting one another
- encouraging new ideas and learning from our experience to do things better.

Key Focus

The focus of the IS Strategy is to:

- enable tangible improvements in the interactions and experiences people have when dealing with the CoM
- ensure efficient business processes through the appropriate use of technology
- maximise data driven decision making.

This could occur across several different avenues, such as

- Entering one of our Assets, we have improved the management and maintenance of CoM assets to ensure people get pleasurable experiences.
- Early maintenance detection such as roads, builds, footpaths, street signs, etc.
- Ability to interact easily and efficiently with the Council when paying rates, or property related enquires.
- Ensure our risk and compliance measures across the CoM are managed and corrected to help mitigate risk and ensure the safety of the public.
- Improved access to Management Information for our team leaders, managers, and staff to help them focus on the key priorities and improve efficiency.
- Find ways across the business to reduce costs and maximise the return on every dollar spent on Council Rates.
- Improved efficiency in daily operations through the use of mobile devices, improved accurate work allocation and feedback to the community.
- Utilization of improved tools to help the economic development of local businesses and then flow on effects to the wider community.
- Better use of Communication tools to help with the interaction between the CoM and the community.
- Improve the ways of working for the CoM staff and volunteers to create and maintain a happy, safe, and meaningful workplace which will flow into improvements across the CoM

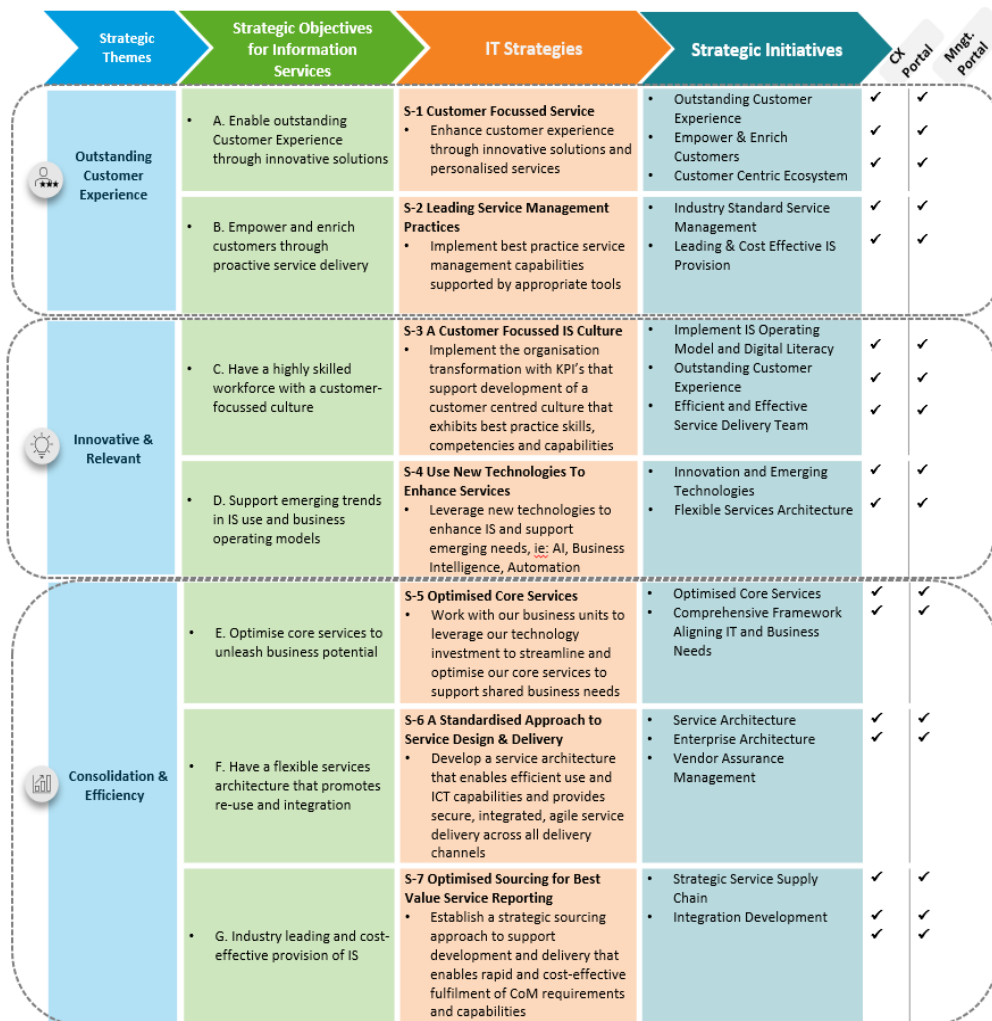
IS Vision Statement

The IS Strategy works to build a more connected and engaged community that leverages technology and innovation to enable a prosperous and liveable community that values nature and people.



IS Strategy on a Page

The IS Strategy on a page provides a simple framework for communicating the Strategic Objectives, IS Strategies and Initiatives. The IS Strategy has been developed following consultation with business stakeholders to ensure alignment with business strategies and priorities, an analysis of the current operating environment and consideration for IT trends and emerging technologies.





Introduction

Background & Purpose

The purpose of this IS Strategy is to provide strategic direction for the effective management of CoM's Information and Communication Technology (ICT). The IS Strategy will guide our ICT investments and initiatives to align with CoM's mission, optimize resource allocation, and reduce operational costs.

This IS Strategy serves as a roadmap for our digital future, to ensure we meet the evolving needs of our constituents while maintaining fiscal responsibility and transparency in our operations. The IS Strategy will be accompanied by supporting documents, such as the Integration and Data Framework (IDF) currently in development.

Over the three years 2020-21 to 2022-23 the Digital Transformation Program has upgraded many of our core systems within the CoM. The DTP was essentially the foundation layer for our future systems environment. With a heavy focus on cloud and on-line tools and applications this foundation layer replaced many on premises systems on ageing infrastructure and manual paper-based work processes. The majority of digitisation has been achieved within the individual projects, however full transformation has yet to occur. This IS Strategy outlines the work to fully embed transformation into our business processes and provide the capability to lift customer experience.

The key focus area for the IS Strategy is to optimise our investment in our existing systems and provide a solid foundation for transformation.

Stakeholder Analysis – Problem Statement

In the development of the IS Strategy extensive consultation was undertaken with key business stakeholders across CoM. Through the consultation process consistent feedback was provided.

- We are constrained in our ability to provide outstanding customer service.
- Capacity constraints exist across the business, managing multiple priorities.
- The need to optimise the investment that has been made in our existing systems.
- To leverage the benefits for our systems we need to change the way we work – to deliver value more efficiently.
- We need to improve our Service Management practices.
- The current IS Operating Model needs to change to support our dynamic, cloud-based environment.
- We need to create an environment and capacity to innovate.
- We need to review and confirm our current technical architecture so we can build the foundation of future innovation.
- We need to work towards centralising and rationalise CoM systems where possible.
- We need mature and enhance IS governance structure to maximise future IS investment.
- There is a need to improve Digital Literacy skills across the CoM.



Strategic Goals and Objectives

Key tools and technology findings from a recent Customer Experience internal audit included:

- manual intervention often required to completely capture customer queries
- limited guidance on how to integrate digital tools to optimise customer experience
- take up of the customer portal is limited due to lack of functionality and requirement to sign up multiple times
- limited dashboards readily available for management use
- more potential to use data for decision making.

Scope of Objectives

Taking into consideration the research and feedback undertaken the IS Strategy has been developed around three strategic themes.

A. Providing Outstanding Customer Experience

B. Being Innovative & Relevant

C. Focus on Consolidation & Efficiency

Each strategic theme has been expanded to include:

- Strategic Objectives
- IS Strategies
- Strategic Initiatives and how they will be measured.

A. Providing Outstanding Customer Experience

This strategic theme of "Outstanding Customer Experience", represents a comprehensive approach to delivering exceptional customer experiences that blend innovation, personalisation, and best practice service management. This theme centres on the idea that outstanding customer experiences are not just a result of excellent products or services but are the product of a carefully designed and managed customer-centric ecosystem.

The theme focusses on:

- improving the external customer experience via our customer portal, website, CRM platform, bookings system and capturing robust data for decision making and improved service delivery
- ensuring the efficient and effective internal service delivery by CoMs Information Services team, which provides support to CoM business areas.

Strategic Objectives

- Enable outstanding Customer Experience through innovative solutions.
- Empower and enrich customers through proactive service delivery.

IS Strategies

(A1) Enhance customer experience through innovative solutions and personalised services.

(A2) Implement best practice service management capabilities supported by appropriate tools.

Strategic Initiatives and measurements

(A1) Building our Customer Experience capability to support business needs.

- Online booking system.
- Customer Experience Vision and Roadmap.
- Continuous improvement of Customer Relationship Management solution.
- Public Facing Mobile App.
- Website upgrade.

Measurement: customer satisfaction, continuous improvement.

(A2) Building our Service Management capability to support business needs.

- Digital Service Management.
- Asset Lifecycle management.
- Service Level Management.
- Transition to support.

Measurement: SLA's & metrics, incident management, change management, problem management, service request management, service availability and reliability, capacity management, customer satisfaction, continuous improvement.

B. Being Innovative & Relevant

This strategic theme of "Being Innovative & Relevant" is centred around the alignment of a highly skilled workforce with a customer-focused culture, supported by the agility to embrace emerging trends in information systems, use and evolving business operating models. This theme recognises that a skilled, motivated workforce is integral to delivering exceptional customer experiences and adapting to evolving industry trends.

The theme focusses on:

- transformation of the IS Operating Model, to deliver IT services, support business operations, and achieve strategic goals more effectively
- improvements to our Digital Literacy skills at CoM
- the assessment and implementation of emerging technologies (where relevant) to achieve business goals.

Strategic Objectives

- Have a highly skilled workforce with a customer-focussed culture.
- Support emerging trends in IS use and business operating models.

IS Strategies

(B3) Implement the organisation transformation with KPIs that support development of a customer centred culture that exhibits best practice skills, competencies & capabilities.

(B4) Leverage new technologies to enhance IS and support emerging business needs, i.e., AI, Business Intelligence, automation.

Strategic Initiatives and measurements

(B3) Implement a new IS Operating Model and Improve Digital Literacy

- An IS Operating Model outlines the structure, processes, and capabilities that an organisation's information systems function needs to effectively deliver IT services, support business operations, and achieve strategic goals. It defines how IT resources, processes, and governance are organized and managed to ensure alignment with business needs. The IS operating model encompasses various aspects of IT management and service delivery.
- Continue to build CoM Digital Literacy program through individual project delivery.

Measurement: Step-change improvements in customer experience, efficiency, and cost reduction and skill proficiency.

(B4) Innovation & Emerging Technologies - backlog of initiatives

- Test automation and management
- Alignment with CoM Innovation framework
- Emerging Technologies / AI
- Smart Cities
- OCR Invoices
- AI Trucks
- Automated Rates Printing
- Carbon Account – Net Zero
- Data lake
- Inventory and warehouse management

Measurement: Innovation Output: Number of new products, services, or features introduced. Positive change in customer satisfaction scores related to new offering. Adoption Rate: Percentage of users or customers adopting new technologies or offerings. Innovation initiatives aligned with long-term strategic goals.

C. Focus on Consolidation & Efficiency

This strategic theme of Consolidation and Efficiency centres around streamlining our core services through the optimisation of our existing technology platforms, fostering a secure and agile architecture for delivering integrated, efficient services and embracing strategic sourcing for rapid, cost-effective fulfillment of CoM needs.

The theme focusses on

- Working with the business units to continually improve our core business systems
- Establishing and enforcing our organisation enterprise architecture – comprehensive framework aligning IT and business strategies to optimise operations and achieve organisational goals
- Establishing and building our Integration Layer
- Improving our strategic sourcing approach with existing and/or new vendors

Strategic Objectives

- Optimise core services to unleash business potential
- Have a flexible services architecture that promotes re-use and integration

- Industry leading & cost-effective provision of IS

IS Strategies

(C5) Work with our business units to leverage our technology investment to streamline and optimise our core services to support shared business needs.

(C6) Develop a service architecture that enables efficient use of ICT capabilities and provides secure, integrated, agile, service delivery across all delivery channels.

(C7) Establish a strategic sourcing approach to support development and delivery that enables rapid and cost-effective fulfilment of CoM requirements & capabilities.

Strategic Initiatives and measurements

(C5) Continuous Delivery of Financial capability and value to support business needs.

- FinancialForce & Vena
- Property and Rates Cloud
- Payment capability (CoM CBA, Point of sale)

(C5) Continuous Delivery of Asset Management capability and value to support business needs.

- Centralised Asset Register
- BPM & Predictor
- Customer Experience
- Fleet Management
- Works Management
- CRM continuous delivery of value
- Unified Coms
- Risk Management System
- HRIS (Aurion)

The below graphic as example brings together the business benefits of the AMIS system as envisaged in this theme.



(C5) Implement PMO software

(C5) Conduct feasibility and options analysis of replacing core systems.

- Document Management System
- Property Management
- Skytrust Review (Risk Management)
- Health Manager
- Alchemy Positive Ageing

Measurement: Customer/User Satisfaction: Gather feedback from customers or users about their satisfaction with IT services. Efficiency: Measure the time saved due to process automation or IT services.

(C6) Establish and build our Enterprise architecture capabilities.

- Enterprise Architecture
- Future Model of Architecture

(C6) Establish and build our Integration layer.

- Integration architecture & standards
- Integration development

Measurement: Business Alignment: Evaluate whether the architecture enables the delivery of services that directly contribute to business outcomes. Scalability and Flexibility:

Measure how well the service architecture scales to handle increasing workloads and user demands.

Reliability and Availability: Monitor uptime and downtime metrics to measure the availability of services. Service Reusability:

Measure the extent to which services can be reused across different projects or applications. Cost Efficiency: Measure the cost-effectiveness of the architecture in terms of infrastructure, maintenance, and development. Security and Compliance:

Measure the effectiveness of security measures implemented within the architecture.

(C7) Strategic sourcing and vendor management

- Vendor Assurance Management
- Vendor Cost Optimisation

Measurement: Customer Satisfaction Gather feedback from customers to measure their satisfaction with service deliver. Lead Time Reduction: Measure the reduction in lead times for service delivery.

Summary of Measures for each IS Strategy

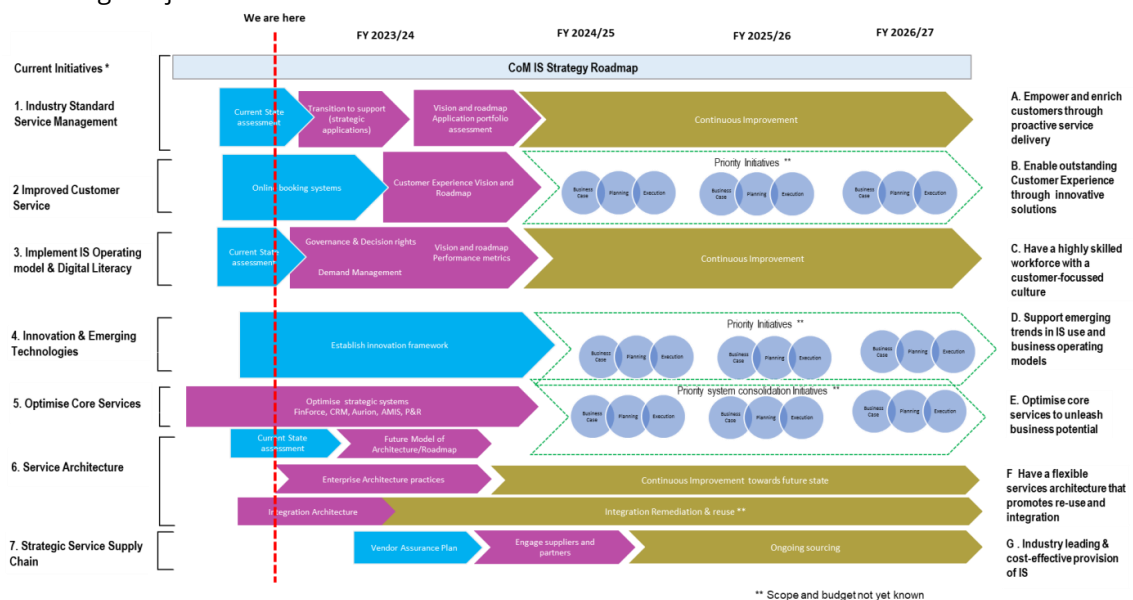
IS Strategy	Measurement	Description
A1/A2	Customer experience / satisfaction	Customer feedback will be obtained through surveys and feedback forms to assess customer satisfaction quickly and effectively and identify areas for improvement.

IS Strategy	Measurement	Description
A1/A2	Continuous improvement	Continuous improvement will be monitored by tracking key performance indicators (KPIs), analysing feedback, and regularly reviewing processes for efficiency and effectiveness.
A2	SLA's	Service Levels to be established for supported applications and monitored to ensure achievement i.e., response and resolution times for incidents and service requests.
A2	ITIL Metrics	The IS Operations Team operates using Information Technology Infrastructure Library (ITIL). ITIL is a set of practices and guidelines for IT service management (ITSM). Key ITIL measures for the IS Operations Team to measure include, incident management, change management, problem management, service request management, service availability and reliability, capacity management.
B3	Customer experience / satisfaction	Customer feedback will be obtained through surveys and feedback forms to assess customer satisfaction quickly and effectively and identify areas for improvement
B3	Efficiency	Measure the time saved due to process automation or IT services.
B3	Cost reduction	At agreed intervals compare expenses before and after implementing changes to identify cost reduction
B3	Skill proficiency	Use project performance assessments to assess technical knowledge, problem-solving abilities, and project success to gauge IT skill proficiency
B4	Number of new products, services, or features introduced	Regular intervals such as a year or quarterly capture the quantity of new products, services, or features launched.
B4	Customer experience / satisfaction	Positive change in customer satisfaction scores related to new offering. Customer feedback will be obtained through surveys and feedback forms.
B4	Adoption Rate	Percentage of users or customers adopting new technologies or offerings.
B4	Strategic alignment	Confirm the Innovation initiative is aligned with long-term strategic goals.
C5	Customer experience / satisfaction	Customer feedback will be obtained through surveys and feedback forms to assess customer satisfaction quickly and effectively and identify areas for improvement
C5	Efficiency	Measure the time saved due to process automation or IT services.
C6	Business Alignment	Evaluate whether the architecture enables the delivery of services that directly contribute to business outcomes
C6	Scalability and Flexibility	Measure how well the service architecture scales to handle increasing workloads and user demands.
C6	Service Reusability	Measure the extent to which services can be reused across different projects or applications.
C6	Cost Efficiency	Measure the cost-effectiveness of the architecture in terms of infrastructure, maintenance, and development

IS Strategy	Measurement	Description
C6	Security and Compliance	Measure the effectiveness of security measures implemented within the architecture.
C7	Customer experience / satisfaction	Customer feedback will be obtained through surveys and feedback forms to assess customer satisfaction quickly and effectively and identify areas for improvement.
C7	Lead Time Reduction	Measure the reduction in lead times for service delivery i.e., how long it takes to engage the right external services

IS Strategic Roadmap

The diagram below shows how we intend to build on our current strategic initiatives, to deliver IS strategic objectives.



Technology Landscape Assessment

Technology Trends & Emerging Technologies

Technology today is evolving at a rapid pace, enabling faster change and progress, causing an acceleration of the rate of change. However, it is not only technology trends and emerging technologies that are evolving, but a lot has also changed due to the outbreak of COVID-19

Computing power has already established its place in the digital era, with almost every device and appliance being computerized. At the same time, we have 5G already; the trend will be to gear up for an era of 6G with more power in our hands and devices surrounding us.

Almost every job needs smart software applications to make our work life more manageable. Smarter software and devices are another addition to the Technology landscape that is of high requirement and demand as we transform into digital spaces.

Datafication is simply transforming everything into devices or software powered by data. In short, Datafication is the modification of human chores and tasks into data-driven technology. From our smartphones, industrial machines, and office applications to AI-powered appliances and everything else, data is here to stay. It will be important to invest in resources, skills and technology to keep our data stored in the most efficient, secure and safe way.

Artificial Intelligence (AI) and Internet of Things (IoT) Technologies

AI and IoT can bring numerous benefits to the City of Marion, including improving efficiency, enhancing citizen services, and reducing costs.

Here are some approaches that we are considering in the implementing of AI and IoT for the City of Marion:

- Identify use cases: Identify the areas where AI and IoT can be implemented to improve council operations and citizen services. For example, it could be waste management, traffic management, or smart lighting.
- Plan and design: Plan and design the AI and IoT solutions based on the identified use cases. This involves defining the project scope, selecting the right hardware and software, and defining the system architecture.
- Data collection: Collect data from IoT devices using sensors, cameras, or other data collection devices. This data can be used for analysis and decision-making. This element must consider the ethics of the data to be collected. The policy position and approach will be defined in the CoM data management frameworks and policies.
- Data analysis: Analyse the data collected using AI algorithms and techniques to extract insights and make predictions. This can help in making informed decisions and optimising council operations.
- Integration: Integrate AI and IoT systems with existing council systems and processes to improve efficiency and automate tasks.
- Security: Ensure that appropriate security measures are in place to protect the data and systems from cyber-attacks and data breaches.
- Training and upskilling: Train City of Marion staff to use and maintain the AI and IoT systems. This involves providing training on how to use the systems and how to interpret the data.



- Continuous improvement: Continuously monitor and evaluate the AI and IoT systems to identify areas for improvement and optimisation.

By following these approaches, it is expected that the City of Marion can successfully implement AI and IoT solutions that can improve citizen services, reduce costs, and optimize council operations.

Smart City

The CoM has committed to targeted Smart City opportunities through its Strategic Plan and business plans. Key opportunities identified include but are not limited to the use of technologies to support the design, delivery, and assessment of services, using data to support and improve evidence-based policies, programs and decision-making that is repeatable and sustainable, and sharing information with our community to continue greater transparency and availability of information.

Funding was committed to progress pilot trials investigating Smart City technology and infrastructure that enables innovation to flourish. Matched funding for a "Smart Precinct Proposal" at Oaklands through the Federal Smart Cities and Suburbs Program Round 2 was also obtained. The Australian Government funding will support the smart precinct proposal to provide innovative solutions using technology and data that will deliver affordable, scalable and replicable outcomes.

Through key infrastructure elements of the precinct, the design of public realm will seek to improve the experience of the local community and visitors through increased connectivity and liveability.

The Oaklands Precinct proposal incorporates two elements; building on the foundation of the Metrics that Matter project (Virtual Platform) and the Oaklands Precinct Project.

Gartner¹ views a smart space as a 'physical or digital environment in which humans and technology-enabled systems interact in increasingly open, connected, coordinated and intelligent ecosystems. Smart spaces can be referred to by a variety of names, including "smart cities," "digital workspaces," "smart venues" and "ambient intelligence" Common uses include preventive maintenance for building infrastructure, and automated tolls and billing. Smart spaces are changing how people interact with one another and influence decision support systems within various spaces (e.g., buildings, factories and venues).

For CoM there is the opportunity to progress Smart City principles and actions across all themes of the Strategic Plan. It is therefore appropriate that this links with and supports Smart City initiatives, though the inclusion of Smart City principle.

¹ 5 Impactful Emerging Technologies for 2022 (gartner.com)

SWOT Analysis

Strengths

The CoM has built the resource capability to execute on this IS Strategy, due to the need to upskill and resource appropriately for the implementation of the 12 key foundation initiatives under the DTP.

CoM has modernised the following key core business applications and services:

1. Best of breed Finance System implemented – FinForce.
2. Best of breed Customer Relation Management System implemented – Salesforce.
3. Best of breed Asset Management System implemented – Assetic.
4. Upgraded to market leader GIS ESRI transition from MapInfo (end-of-life product).
5. Move to online payroll and time sheet management via Aurion.
6. Unified Communications replaced our ageing PABX infrastructure with a cloud based modern system, allowing for integration into CRM, portability and audio recording for record keeping, training and coaching purposes.
7. The SharePoint Intelligent Intranet improved the records management and access of our staff to CoM wide information as well as changing team sites allowing for automated updates as well as updating content.
8. Upgraded to Microsoft 365 rollout replacing all on premise version of Microsoft Office with the cloud version and removing costly on-premises servers, supporting our cloud first policy and mobility of staff.
9. The Devices List and Management replaced leased devices with owned devices which at the end of their corporate life can be deployed into the community through connections with the Digital literacy project. Considering segmenting the COM staff cohort to support all staff to access the cloud-based systems with a cost-effective device
10. Provided AV access in meeting rooms allowing for all CoM meeting rooms to be equipped with a screen and Meeting Owls to support blended meetings, staff mobility, reduce the travel time for some staff, which in turn reduces vehicle use and time lost driving.
11. Developed a capability and culture whereby the Data Analytics project supported the development of business intelligence and data analytics function that automates service reviews and reporting, provides insights into data-based decision making and transforms the organisation to data-led and measuring outcomes and performance in real time. The CoM has become more analytical, and outcome focused on its decision-making and management.

Weaknesses

The DTP had limited consideration for the need of a corporate integration layer. It is critical to the future success of the CoM to ensure future transformations can be achieved with a focus on a corporate integration solution. Work is currently underway to help define this and will also include the preferred model for testing and development environments and testing methodologies. As a result, this project has already commenced and will be a priority project in this IS Strategy.

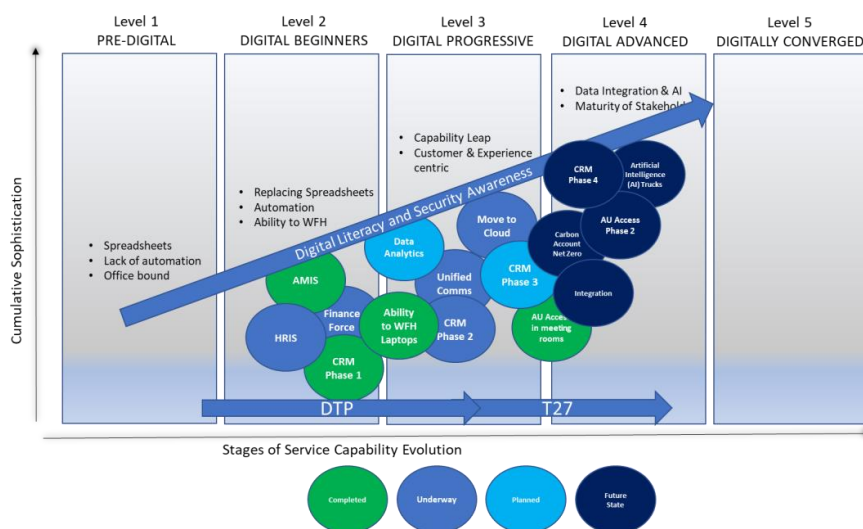
The current weakness are:

- limited Integration between core systems
- lack of redundancy across sites
- lack of centralised Data Dictionary Document and maintenance process
- lack of on and off boarding Automation
- immature processes
- lack of documented Operational BAU activities
- lack of visibility to policies and procedures
- lack of visibility to features of existing platforms.

Opportunities

As previously discussed, the CoM has been through significant change journey with the replacement of many of the key technologies and services. We now have an opportunity to focus on the real transformation and move up the curve towards more sophistication and IS evolution.

The diagram below illustrates the journey that the CoM has been on and how we as an organisation are becoming more digitally advanced as a Council.





Cultural Approach

CoM is developing a culture of continual improvement, managing change, security, and documentation as key indicators of success throughout the departments while driving to protect and provide to our residents.

- Projects and Operations work hand in glove to produce artifacts designed for our ongoing operational needs within CoM.
- Aiming towards service orientation and ease of integration.
- Operations integrate with projects, ensuring that scoped artifacts will operate within the broader architecture of the environment and integrate well.
- Automation and collaboration will occur across teams and levels both within Corporate Services, and with the wider CoM, assuring ongoing improvement for all.

Threats: Lesson Learnt Digital Transformation Program DTP

This IS Strategy has incorporated the lessons learned from the DTP and taken into consideration the recommendations and improvements suggested from the DTP Health Check undertaken by KPMG and other reviews.

Key findings related to implementation of the Digital Transformation Program were:

- strain of Project Resourcing
- stakeholder engagement was inadequate
- insufficient requirement scoping prior to going to market
- minimal Information on Integration Strategy
- change Management not monitored.

Performance Improvement Opportunities included:

- opportunity for the Council to consider choosing fit-for-purpose systems
- the content of the Project Board was focused too much on technical knowledge
- projects were driven by committed go-live dates that were not realistic
- providing teams time to map business processes.

Since the completion the DTP and subsequent audit the following actions have been implemented to ensure the seamless delivery of future programs:

- revised and improved the IS structure and reporting lines
- developed and continued to enhance our "New Ways of Working" for the IS team to ensure the improved transition from project team to ongoing support and ongoing maintenance and future enhancements
- ensure project teams are given appropriate time to complete business initiation, business case, business requirements, business process mapping, and project planning documentation prior to procurement activities to ensure the best possible solution is selected
- improved stakeholder management and engagement
- provide project teams adequate time to review analysis before committing to go-live dates
- have now built a team of project resources that has enabled a level of project capability and resource stability that didn't previously exist



- initiated the development and future implementation of Integration and Data strategy and framework that did not previously exist
- implemented the CoM Project Management Framework
- updated monthly project reporting to be in line with other parts of the business
- endorsement of the IS Strategic Plan principles from the Executive has been obtained, and future development is currently underway.

Project Implementation Roadmap

One critical activity that has already been started to help support this plan is the development of the CoM Integration and Data Strategy which is currently underway and will be completed end of 2023 early 2024. This project is critical to validate the costing assumptions that have been made within the Integration and Data projects.

The Following Key Initiatives are CoM highest priority.

Planning and Management

- Integration across all key systems
- Strengthen IT Operations system support capability
- Test Automation to be incorporated into release management practices
- Increase CoM skill sets in Salesforce and FinancialForce
- Increased Project Management discipline
- Utilise Six Sigma principles during all new initiatives

Core Systems Improvements

- AMIS Stage 2
- Financial Force Enhancements
- Property and Rates
- CoM Customer Portal
- CoM Management Portal
- Data Mart consolidation and Management Reporting
- Human Resources System
- Payroll upgrade to enable insource management and operations

Supporting Systems

- Online Booking System – Hireable Spaces
- Online Booking System – Pools
- Online Booking System – Ticketing
- Risk Management System
- Project Management System (PMO)
- Property Management Systems

Fast Followers

- Point of Sale (POS) review and rationalisation
- Staff Purchase Card management solution
- OCR Invoices

Productivity Improvements

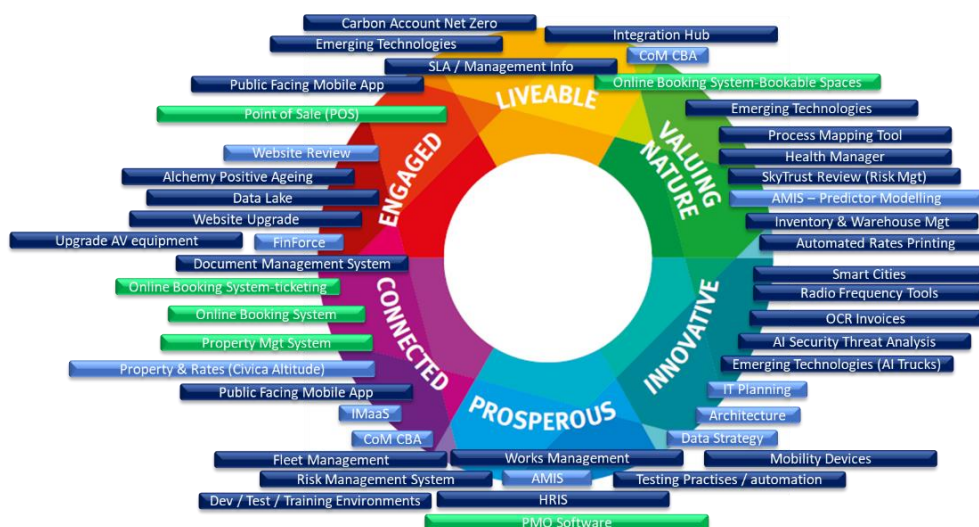
- AI Capabilities – AI Tracks
- Mobile Devices to outdoor staff
- Customer and Management Portal
- Upgrade the CoM external website and develop Mobile Application

Corporate Community Vision

The diagram below helps demonstrate how these initiatives align to the CoM Community Vision.

Building on the best of approach, we have had significant consultation with the business and looked at the needs for both our internal and external customers. In doing so we have developed a number of key strategic projects that helps leverage the upgrades from the Digital Transformation Program.

As per the diagram below, these initiatives align with our corporate and community goal.



The following initiatives have now been reviewed and prioritised by the business.

Project Initiative	Scope
Online booking system	Online bookings for Marion Bookable Spaces, Outdoor Pool and even ticketing
Risk Management System	Track, monitor and report on strategic and corporate risks, review of controls and completion of outstanding treatments and management of audit findings.
Property Management	Monitoring compliance of property lease conditions and simplified renewal processes and documentation.
Project Management System	This system will enable the systemisation of the project management framework resulting in efficient project management practices and reporting.
HRIS	Revisit original scope for HRIS and determine new requirements. Analysis will include consideration of the payroll system as a standalone system or need for a fully integrated system.
Data lake	The development of a Marion Data Lake will provide a flexible, scalable, and cost-effective solution for storing and analysing big data, enabling CoM to make more informed decisions and drive better business outcomes.

Project Initiative	Scope
Process Mapping tool	Consensus of the processing mapping tool – currently Pro Map and Visio being used. Other products are also in the market which may be considered.
Website upgrade	An upgrade to CoM website is important to meet the changing needs and expectations of our customers. By investing in website upgrades, we can improve our online presence, attract more visitors, and generate more leads and better use of our resources.
Works Management	Review current Work Management tools, to optimise our production processes, minimize costs, and improve customer satisfaction. By implementing effective works management practices, the CoM can streamline our operations, improve productivity, and deliver high-quality products or services to their customers. This would include the decommissioning of our current Ramms solution.
Inventory and warehouse management	Radio frequency (RFID) tools to support efficient movement in and out of the stores and warehouse.
Property and Rates Cloud	Migration of current Civica software to cloud based environment.
Point of sale	The review and implementation of a single POS system, compare to the multiple systems currently used across the CoM. Some of the key benefits of using a POS solution include improved accuracy and efficiency in managing inventory, better tracking of sales data, streamlined payment processing, and easier management of customer information.
Document Management System	Opportunity to significantly reduce paper throughout the CoM, with the introduction of paperless contracts
Testing Practices (test automation and management)	Effective testing practices are critical to ensuring the quality and reliability of software products. They help to identify and resolve defects early in the development process, minimise the risk of defects in production, and ensure that the software product meets the requirements and expectations of its users. We seek to investigate and implement Test Automation where appropriate.
Inventory and Warehouse Management	Inventory and warehouse management tools can help businesses improve their operational efficiency, reduce costs, and improve customer satisfaction by providing real-time visibility into their inventory levels and warehouse operations.
Mobile Devices	Provide mobile devices for field staff that can increase productivity and efficiency while keeping data secure and protected.
SLA development and refinement	Continue to help support and refine the current SLA development and it's use within the business
Fleet Management	Review and improve the current Fleet Management solution with the introduction of one of the Assetic Fleet Management modules
Public Facing Mobile App	Review current trends in the Mobile App space for Council and implement an appropriate solution
Automated Rates Printing	Introduce a new process to automate the Rates print runs, that will improve efficiency and reduce overall costs

Project Initiative	Scope
Skytrust Review (Risk Mgt)	Review current Skytrust solution for Health and safety management
Health Manager	Review current solution
Alchemy Positive Ageing	Review current solution
Carbon Account – Net Zero	Review current thinking and build on existing and future processes
Emerging Technologies/ AI	Continue to research and understand future trends and emerging technologies that provide improvement in the way CoM provides services to the community. This will be a integral part of the AI way forward. The below initiatives are examples of known applications that can support current business.
IPads (Mobility Devices for in-field application)	Improve operational efficiency with the use of mobile develops for Case management of service delivered primarily by the outdoor workforce.
AI Security Threat Analysis	Review Security threat and seek to utilise new tool when they are appropriate
Smart Cities	Maximise the use of the current Smart City initiatives/data for decision making and then build on the existing initiatives
OCR Invoices	OCR technology can be a valuable tool for businesses looking to automate their accounts payable process and improve operational efficiency. By using OCR technology to extract data from invoices, businesses can reduce manual data entry, improve accuracy, and process invoices more quickly.
AI Trucks	Installation of optical recognition devices on CoM vehicles to scan roads/footpaths condition with automatic logging of maintenance request and continuous asset condition information.



Milestones and Timelines

CoM a Council of Excellence

Working Groups	Projects	Oct-23	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25	Q2 25	23/24	24/25	25/26	26/27	Total
Finance / Property & Rates	FF Automated Testing	Project in-flight								\$12,000	\$12,000		\$24,000
	IS operational Improvements	Project in-flight											
	P & R (Civica Altitude Upgrade)		Project scheduled						\$32,000	\$122,474			\$154,474
	Finance / P&R Transformation	Project in-flight											
	FF Contract Mgt		Project scheduled						\$0				\$0
	PMO Tool		Initiation/Business case	Procurement	Project scheduled					\$250,000			\$250,000
	FF - AI/ OCR Invoices		Initiation/Business case	Procurement	Project scheduled					\$55,000			\$55,000
	Purchase Card	Initiation/BC/Procurement	Project						\$29,000				\$29,000
Operations	Point of Sale (POS) - inc. gateway		Initiation/Business	Procurement	Project scheduled					\$100,000	\$25,000		\$125,000
	AMIS (Stage 2)	Project in-flight							\$405,182	\$100,000			\$505,182
	Predictor Modelling		Open Space			Under Review			\$0				\$0
	Valuations	Project in-flight		Open Space					\$0				\$0
	FF - Fleet Management		Project scheduled		Open Space				\$0				\$0
	Property Mgt System		Business case	Procurement		Project scheduled			\$0	\$200,000			\$200,000
	Vehicle Telementory		Project scheduled						\$0	\$0	\$0	\$0	\$0
	Emerging tech - AI Trucks		Business case	Procurement		Project scheduled				\$205,000	\$200,000	\$300,000	\$705,000
Integration / Service Apps	RFID Tools - Procurement		Business case	Procurement	Project scheduled					\$40,000			\$40,000
	Int. & Data Strategy	Procurement	Project						\$114,000				\$114,000
	OBS - Bookable Spaces	Procurement	Project scheduled						\$204,000				\$204,000
	OBS - Ticketing		Procurement		Project scheduled				\$0	\$50,000			\$50,000
	OBS (Pool)	Project in-flight							\$0				\$0
	Unified Comms	Project in-flight							\$230,808				\$230,808
	Risk Management system	Procurement	Project scheduled						\$214,000				\$214,000
	Integration / Data Lake		Procurement	Project scheduled: Integrate Assetic/CRM, Assetic ESRI, FF/ P&R,					\$83,200	\$400,000	\$400,000	\$300,000	\$1,183,200
Customer Experience	Smart Cities (reconnect & display)				Project				\$20,000	\$20,000	\$80,000	\$50,000	\$150,000
	Customer & Mgmt. Portal	Salesforce/CRM Review		Project scheduled						\$75,000	\$75,000	\$65,000	\$215,000
	Website Upgrade	Procurement		Project scheduled						\$50,000	\$50,000		\$100,000
	Payroll Inhouse Management	Project scheduled											
	CRM Enhancements			Project scheduled						\$40,000	\$40,000	\$40,000	\$120,000
	HRIS		Initiation/Business	Procurement	Project scheduled					\$400,000	\$150,000		\$550,000
	Digital Marketing - Hive	Procurement	Project scheduled						\$0				\$0
	Economic Development CRM	Procurement	Project scheduled						\$0				\$0
Ongoing Operational Activities	Doc Mgt System		Initiation/Business case	Procurement	Project scheduled					\$60,000			\$60,000
	Sky Trust Review				Sky Trust Review							\$80,000	\$80,000
									\$1,312,190	\$2,167,474	\$1,020,000	\$835,000	\$5,358,664
	Hardware Refresh	Procurement		Hardware Deployment					\$198,800	\$399,300	\$432,150	\$539,900	\$1,570,150
	Upgrade Council Chamber	Initiation/Business case	Procurement	Project scheduled					\$80,000			\$50,000	\$130,000
	Service Management	Initiation/Business case	Procurement	Project scheduled					\$0	\$15,000			\$15,000
Infrastructure	System Security Change Control			Initiation/BC/Procurement	Detective Change	Systems Security: Change Control				\$25,000			\$25,000
	Central Internet Link Upgrades	Initiation/BC/Procurement	1G-10G Internet Fiber	Central Internet Link Upgrades						\$75,000	\$30,000	\$30,000	\$135,000
	Wi-Fi Upgrades - Edge, CoM Guest	Initiation/BC/Procurement	Resident Spaces Free Wi-Fi	Phase 1: Edge Internet	Phase 2: CoM-Guest Wi-Fi All	*Remove on-prem Vuln soft.				\$50,000	\$50,000	\$25,000	\$125,000
	Core Switch VSS/ Internet Failover	Initiation/BC/Procurement	Network Resiliency	Phase 1: Core Switch VSS	Phase 2: Internet Failover	*Remove Admin Generator				\$15,000	\$15,000		\$30,000
	Zero Trust Systems Architecture		Zero Trust Systems Architecture							\$30,000	\$30,000	\$30,000	\$90,000
	Essential Eight Compliance (EEC)		Essential Eight Compliance							\$15,000	\$15,000	\$15,000	\$45,000
	EEC: Application control		Essential Eight Compliance							\$15,000			\$15,000
	Physical Security Systems Management	Initiation/BC/Procurement	Procurement	Project Schedule									\$0
	AI Security		AI Security								\$115,000	\$115,000	\$230,000
	Single cloud	Initiation/BC/Procurement	Single Cloud	Move towards single cloud						TBC	TBC	TBC	
									\$278,800	\$639,300	\$687,150	\$804,900	\$2,410,150
									\$1,590,990	\$2,806,774	\$1,707,150	\$1,639,900	\$7,768,814

Hardware & Audio Visual Strategy

Overview

CoM own the current fleet of devices through a combination of previous lease buyouts and purchasing outright. Currently there is a large spread of brands and models across the fleet. Microsoft Surface devices are the majority of deployed laptops while also containing HP, Lenovo and Acer. HP is used for All in One and Tower desktop machines.

CoM will focus on a preferred supplier and pre-defined models going forward to ensure greater consistency across the fleet. This aids in the technical management of the devices and creates a more consistent user experience.

CoM aims to continuing improving the audio-visual equipment used to enable staff to easily connect and utilise for their communication needs.

Hardware Specifications

Specifications for the laptop and monitor fleet going forward:

Standard Laptop – for use by majority of the workforce

- a laptop device (not a tablet) with inbuilt keyboard and touchpad
- touch screen
- minimum 16Gb RAM
- minimum current or most recent previous generation Intel i5 or better CPU speed
- minimum 512Gb SSD internal storage (HDD expressly excluded)
- minimum of 1 x USB-C (two preferred)
- TPM 2.0 Secure Boot UEFI (compatible with Windows 11)
- bluetooth connectivity
- wireless chipset must support WPA3
- vendor must be able to pre-populate devices into CoM 365 tenancy with specified Order ID
- battery life minimum of 8 hours for normal use
- weight less than 1.5kg
- minimum 13-inch screen

Design Laptop - These devices are aimed towards users of the Creative Cloud suite and will meet the same specifications as the standard laptops, but include:

- minimum 32Gb RAM
- minimum current or current-1 generation Intel i7 or better CPU speed
- minimum 512Gb SSD internal storage (HDD expressly excluded)
- dedicated graphics

Monitor

- 32 inch in size
- 2K resolution
- 2 x USB-C
- 2 x USB-A

Investment Prioritisation

Hardware	2024		2025		2026		2027	
Laptops	48	\$112,800	138	\$324,300	149	\$350,150	134	\$314,900
Desktops	2	\$7,000	10	\$35,000		\$0	29	\$87,000
Desktop Library Systems					25	\$50,000	25	\$50,000
iPads	30	\$24,000	15	\$12,000	5	\$4,000	5	\$4,000
Phones	20	\$16,000	20	\$16,000	20	\$16,000	90	\$72,000
Monitors	65	\$39,000	20	\$12,000	20	\$12,000	20	\$12,000
		\$198,800		\$399,300		\$432,150		\$539,900

Resource Allocation

The current level of CoM resources and skills will require supplementation (in terms of capability and capacity) to drive and support this IS Strategy. The increase has been captured in the previous two sections indicative costings.

The development of strategic workforce and sourcing plans need to consider the following resources and skills:

- identifying flexible workforce and sourcing models to support the demand
- defining Business Champion roles and responsibilities and investing in appropriate training
- enhancing internal technical skills including integration
- improving negotiation skills and expanding capabilities in contract and vendor management
- leveraging the benefits of shared procurement opportunities
- formalising an IS Business Partnership model to serve as the conduit to assist with defining business requirements and developing business cases
- exploring collaborative opportunities such as the creation of a Business Intelligence Centre of Excellence
- build on the newly developed ePMO to improve overall project management capabilities, training, governance and standardised reporting.

Summary of Project and BAU investment

The following table summarises the costs associated with IS Strategic 4 year plan across, all cost will be confirmed during initiation and business case phases of the project.

CoM a Council of Excellence

T27 Program	23/24	24/25	25/26	26/27	Total
Finance / Property & Rates	\$61,000	\$539,474	\$37,000	\$0	\$637,474
Operations	\$405,182	\$545,000	\$200,000	\$300,000	\$1,450,182
Integration / Service Apps	\$846,008	\$470,000	\$480,000	\$350,000	\$2,146,008
Customer Experience	\$0	\$625,000	\$315,000	\$185,000	\$1,125,000
Integration/Testing/Support Salaries	\$0	\$540,000	\$540,000	\$375,000	\$1,455,000
Totals	\$1,312,190	\$2,719,474	\$1,572,000	\$1,210,000	\$6,813,664
Ongoing Operational Activities					
Helpdesk/ Hardware/AV	\$278,800	\$399,300	\$432,150	\$589,900	\$1,700,150
Infrastructure	\$0	\$225,000	\$255,000	\$215,000	\$695,000
3rd Party Support Contracts	\$144,000	\$154,080	\$164,866	\$176,406	\$639,352
Totals	\$422,800	\$778,380	\$852,016	\$981,306	\$3,034,502
Combined Totals	\$1,734,990	\$3,497,854	\$2,424,016	\$2,191,306	\$9,848,166



Conclusion

In this IS Strategy, we have reviewed our existing challenges and opportunities within the City of Marion (CoM) Information and Communication Technology landscape. The purpose of this IS Strategy is clear – to provide a strategic direction that not only aligns with CoM's mission but also optimizes resource allocation and reduces operational costs. It is our roadmap to usher in a digital future that is both responsive to the ever-evolving needs of our constituents and fiscally responsible.

The Digital Transformation Program (DTP) has already laid a strong foundation, with a focus on cloud-based solutions, online tools, and the replacement of aging infrastructure and manual processes. However, the full transformation has yet to be realized, and that's where this IS Strategy comes into play. Our primary focus is to optimize our investments in existing systems, ensuring that they provide a solid foundation for future innovations.

Through extensive consultation with key stakeholders across CoM, we have identified the key challenges and constraints, and these insights have formed the basis of our strategy. The problems identified range from capacity constraints and the need for improved service management to the urgency of changing the IS Operating Model to adapt to the dynamic, cloud-based environment.

The Strategic Goals and Objectives have been thoughtfully designed to address these challenges. These objectives are categorized under three strategic themes, each supported by a set of IS Strategies and Strategic Initiatives:

Providing Outstanding Customer Experience: This theme emphasizes enhancing external and internal customer experiences. We will continue to innovate and use data for decision-making, ensuring we empower and enrich our customers while maintaining efficiency in our internal service delivery.

Being Innovative & Relevant: This theme focuses on a highly skilled workforce, a customer-focused culture, and the adoption of emerging technologies. We will transform the IS Operating Model, improve digital literacy, and assess and implement emerging technologies as needed.

Focus on Consolidation & Efficiency: This theme centers around streamlining core services, optimizing existing technology platforms, establishing, and enforcing our enterprise architecture, and enhancing strategic sourcing to fulfill CoM's requirements cost-effectively.

These three themes represent our comprehensive approach to overcoming the challenges identified during stakeholder consultation and aligning our IT Strategy with CoM's broader mission and goals. As we embark on this strategic journey, we will regularly measure our progress, adapt to emerging trends, and continuously improve our services.










This IS Strategy is not just a document; it is a commitment to excellence, innovation, and efficiency in our Information and Communication Technology. Through collective effort and strategic implementation, we will position CoM as a leader in delivering outstanding customer experiences, staying innovative and relevant, and consolidating our services for maximum efficiency and impact.

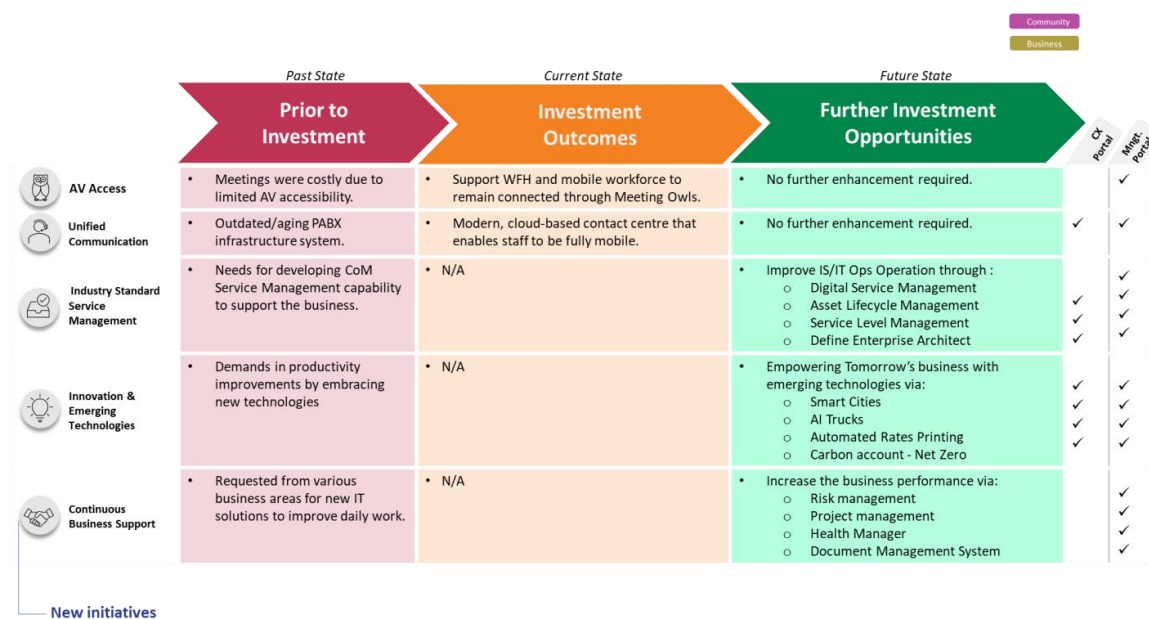


The success of this IS Strategy will be a testament to our dedication to better serve our constituents, support CoM's evolving needs, and fulfill our mission with transparency and fiscal responsibility. With a clear roadmap and a dedicated team, we are confident that the future of CoM's IS will be relevant and impactful.

Appendix A : CoM IS Investment DTP to T27

The following tables on the next two pages illustrates the CoM Digital Journey to date, and what this next level of investment to leverage the investment in the foundation layers that we are now going to use to help transform the CoM over the next four years. Where Customer and Staff user experience will be one of the significant improvements as we provide integrated solutions that enable meaningful Customer and Staff Portals.

	<div>Community</div> <div>Business</div>			Cx Portal	Staff Portal
	Past State	Current State	Future State		
	Prior to Investment	Investment Outcomes	Further Investment Opportunities		
 Digital Literacy & Cybersecurity Awareness	<ul style="list-style-type: none"> Limited digital proficiency Low cybersecurity awareness 	<ul style="list-style-type: none"> Enhanced digital literacy for staff/elected members Improved the security of corporate data and the awareness of cybersecurity 	<ul style="list-style-type: none"> Increase CoM skill sets in core systems Deliver the community-wide programs for the digital literacy 	✓	✓
 Payroll & HRIS	<ul style="list-style-type: none"> Ineffective manual payroll Complex user experience Lack of single, unified HR system 	<ul style="list-style-type: none"> Payroll automation through self-service. Modern, cloud-based payroll system 	<ul style="list-style-type: none"> Implement comprehensive HRIS to support all HR functions Upgrade payroll for insources solution 	✓	✓
 CRM	<ul style="list-style-type: none"> Outdated legacy system Lack of complete view of customer information, as divided among multiple sources 	<ul style="list-style-type: none"> Better customer satisfaction through: <ul style="list-style-type: none"> Modern single view of customers Customised service delivery Convenient service access through online self-service 	<ul style="list-style-type: none"> Further improvements in customer service enhancements via: <ul style="list-style-type: none"> Salesforce enhancement Online booking systems Webchat/ Website upgrade Customer management portal Public Facing Mobile App Community Engagement (Hive) 	✓	✓
 AMIS	<ul style="list-style-type: none"> High maintenance costs, limited CoM's assets protection due to no unified system, and limited predictive modelling 	<ul style="list-style-type: none"> Improved asset management activities via: <ul style="list-style-type: none"> Implemented the infrastructure asset management database. Implemented valuations module, enabling reporting available. 	<ul style="list-style-type: none"> Further enhancement through AMIS stage 2: <ul style="list-style-type: none"> Predictor modelling Valuations Integration with Salesforce 	✓	✓
 Financial Transformation	<ul style="list-style-type: none"> Limited efficiency and effectiveness resulting from the lack of standardisation, automation, simplification 	<ul style="list-style-type: none"> Achieved Efficiency and effectiveness through implementing the modern and cloud-based financial management system Improved access to live financial data and reporting 	<ul style="list-style-type: none"> Continuous delivery of financial capability via: <ul style="list-style-type: none"> Financial Force Enhancements Property and Rates OCR & AI Invoice POS review & Consolidation Staff CBA Credit Card solution Fleet Management Inventory & Warehouse Mgmt. 	✓	✓
 Data Analytics	<ul style="list-style-type: none"> Limited access to automated management data Insufficient data analytics proficiency 	<ul style="list-style-type: none"> Enhanced data-driven decision-making with BI and analytics Enabled to measure outcomes and performance using real-time data 	<ul style="list-style-type: none"> Further improvements through: <ul style="list-style-type: none"> Data Integration & data lake across all key systems Data mart consolidation & Management reporting 	✓	✓
 GIS ESRI	<ul style="list-style-type: none"> Retired legacy system Low levels of GIS maturity 	<ul style="list-style-type: none"> Best practice & market leader solution Lower risks associated with GIS 	<ul style="list-style-type: none"> No further enhancement required 	✓	✓
 Microsoft 365 & SharePoint Transfer	<ul style="list-style-type: none"> Expensive internal infrastructure due to On-premise hardware 	<ul style="list-style-type: none"> Adhere to the 'Cloud First' principle and providing users with superior access 'Best use' of Digital records 	<ul style="list-style-type: none"> No further enhancement required 		✓
 Device List & Management	<ul style="list-style-type: none"> Tethered to the desk with outdated leased hardware 	<ul style="list-style-type: none"> Enhanced the work setup through cost effective use of owned devices and cloud-based systems 	<ul style="list-style-type: none"> No further enhancement required 		✓



Appendix B : Strategy and Project Alignment

The table below outlines how our IS Strategic Themes and Objectives line up with our planned T27 Program of projects.

CoM a Council of Excellence			Outstanding Customer Experience	Innovative & Relevant	Consolidation & Efficiency	Empower & Enrich Customers	Outstanding Customer Experience	Highly Skilled Workforce	Support Emerging Trends	Optimise Core Services	Flexible Services Architecture	Leading & Cost Effective IS Provision
Working Groups	Projects	IS Strategic Themes	Strategic Objectives for IS "In 4 years, we will ..."									
Finance / Property & Rates	FF Automated Testing	✓	✓	✓								
	IS Operational Improvements	✓	✓	✓								
	P & R (Civica Altitude Upgrade)	✓										
	Finance / P&R Transformation	✓	✓	✓								
	FF Contract Mgt											
	FF - AI/ OCR Invoices	✓	✓	✓								
	Purchase Card			✓								
	Point of Sale (POS) - inc. gateway	✓										
Operations	AMIS (Stage 2)	✓	✓	✓								
	Predictor Modelling	✓	✓	✓								
	Valuations											
	FF - Fleet Management											
	Property Mgt System	✓										
	Vehicle Telemetry	✓	✓									
	Emerging Tech - AI Trucks	✓	✓	✓								
	RFID Tools - Procurement			✓								
Integration / Service Apps	Int. & Data Strategy	✓	✓	✓								
	OBS - Bookable Spaces	✓	✓	✓								
	OBS - Ticketing	✓	✓	✓								
	OBS (Pool)	✓	✓	✓								
	Unified Comms	✓	✓	✓								
	Risk Management System											
	Integration / Data Lake	✓	✓	✓								
	Smart Cities (reconnect & display)	✓	✓	✓								
Customer Experience	Customer & Mgmt. Portal	✓	✓	✓								
	Website Upgrade	✓	✓	✓								
	Payroll Inhouse Management											
	CRM Enhancements	✓	✓	✓								
	HRIS (inc. AI)			✓								
	Digital Marketing - Hive	✓	✓	✓								
	Economic Development CRM	✓	✓	✓								
	Doc Mgt System	✓	✓	✓								
Ongoing Operational Activities	Sky Trust Review			✓								
	Hardware Refresh			✓								
	Upgrade Council Chamber	✓										
	Service Management											
	System Security Change Control			✓								
	Central Internet Link Upgrades			✓								
	Wi-Fi Upgrades - Edge, CoM Guest	✓										
	Core Switch VSS/ Internet Failover	✓	✓	✓								
Infrastructure	Zero Trust Systems Architecture	✓	✓	✓								
	Essential Eight Compliance (EEC)			✓								
	EEC: Application control											
	Physical Security Systems Management	✓										
	AI Security	✓	✓	✓								
	Single cloud											

Appendix C: IS Foundational Elements

Foundation Elements

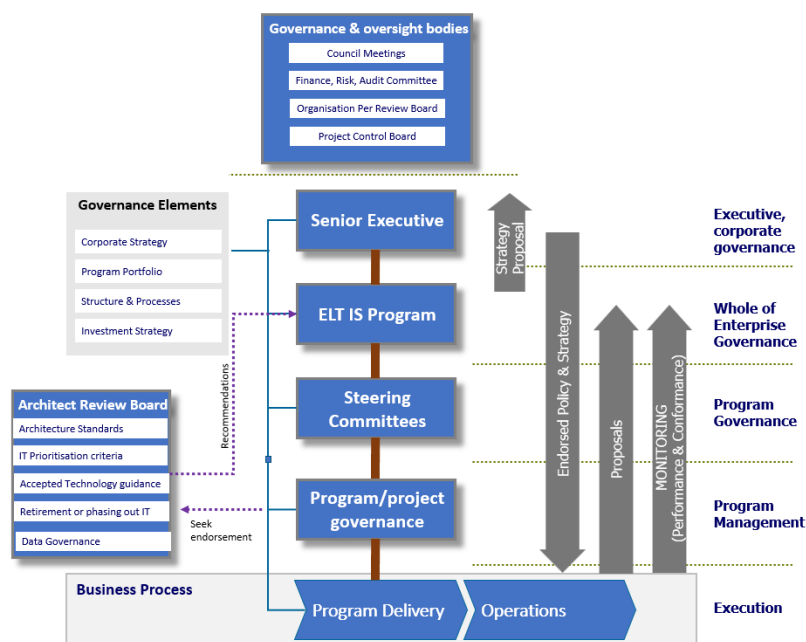
The following foundation elements are critical to ensure the seamless delivery of this IS Strategy. It will support sound decision making and provide the prerequisite assurance and quality frameworks.

IT Governance

The City of Marion (CoM) is committed to an IT Governance Framework. This includes the establishment of formal governance bodies such as the Project Control Board, Performance Organisational Review (POR), Financial Risk and Audit Committee (FRAC), Council Meetings and Architecture Review Board (ARB). This approach provides both acceptable governance practices and effective decision-making, as well as enabling the achievement of the Council's Vision and strategic themes.

The Diagram below outlines the Governance Framework for the IS Program of work.

Governance of IS Program



The CoM will continue to strengthen the IT Governance Framework through the establishment of an Architecture Review Board (ARB). The ARB will be responsible for assessing and ensuring the quality and consistency of IT architectural decisions for projects and the broader organisation, including:

- **Architectural Governance:** Establish and enforce architectural guidelines, standards, and best practices
- **Alignment with Business Goals / Decision Making:** Review proposed architectural changes, solutions, and technology decisions
- **Risk Mitigation:** Identify and mitigate potential risks and issues related to architecture, security, scalability, and performance
- **Technology Evaluation:** Assess new and emerging technologies, tools, and frameworks

Information and Data Governance

Information governance and data governance are two related but distinct concepts that help CoM manage data and information assets.

- Information governance is the process of defining and implementing strategies, policies, standards and practices for the optimal use of information for business value. Information governance covers both structured and unstructured data, as well as other types of information such as documents, records, emails and multimedia. Information governance aims to provide relevance, context, accessibility, security and compliance to information assets.
- Data governance is the process of creating and enforcing policies, procedures, roles and responsibilities for the effective management of data throughout its lifecycle. Data governance aims to ensure high-quality, secure, compliant and usable data that supports goals and objectives.

The below elements are brought together in the Data Governance Framework and associated policies and procedures.

Information Governance Principles used in CoM

Principle 1 – Information Classification

Information Classification is the practice of categorising information assets based on their significance and sensitivity. This process ensures that each piece of information is handled, secured, and shared according to its relevance and potential risks, promoting effective information management.

Principle 2 – Information Accessibility

Information Accessibility pertains to establishing controlled methods for authorised individuals to readily access and utilise information assets while preserving security measures. It ensures that the right people can access the right information at the right time, supporting efficient data utilisation within the CoM.

Principle 3 – Information Integrity

Information Integrity is a cornerstone of information governance, focusing on the accuracy, consistency, and reliability of information throughout its lifecycle. This principle emphasises

maintaining data quality and trustworthiness to ensure that information remains unaltered and reliable.

Principle 4 – Information Efficiency

Information Efficiency in information governance centres on optimising data management processes and systems to enhance productivity and resource utilisation. This principle emphasises the importance of streamlining data workflows, reducing redundancy, and improving the speed at which information is accessed and utilised.

Principle 5 – Information Lifecycle

The Information Lifecycle principle focuses on managing data from its creation to disposal in a systematic and controlled manner. This includes defining stages such as creation, storage, maintenance, usage, archiving, and secure destruction.

Data Governance and Data Management Practices

Data Governance and Data Management are integral components of Information Governance, serving two primary purposes: ensuring data's quality, security, and compliance while leveraging it as a strategic asset.

1. **Data as a Strategic Asset:** Data is often considered as one of an organisation's most valuable assets. The CoM places much importance on this practice by making it one of the key [Architecture Principles](#). Effective Data Governance and Management practices ensure that this asset is leveraged strategically to gain insights, make informed decisions, and create a competitive advantage.
2. **Data Quality and Reliability:** Poor data quality can lead to costly errors, misinformed decisions, and reputational damage. Data Governance practices, including data cleansing and validation, ensure data accuracy, completeness, and reliability, and directly support the "[Information Integrity](#)" Information Governance Principle.
3. **Risk Mitigation:** Data breaches and security incidents can have severe consequences. Data Governance includes data security measures, access controls, and risk assessments to identify and mitigate vulnerabilities, protecting both data and the organisation.
4. **Operational Efficiency:** Well managed data enhances operational efficiency by streamlining data processes, reducing duplication of effort, and ensuring data consistency. This leads to improved resource allocation and cost savings and strong support the "[Information Efficiency](#)" Information Governance Principle.
5. **Informed Decision-Making:** Access to high-quality data and well organised information enables better decision-making at all levels of the organisation. It ensures that decisions are based on facts and insights rather than assumptions.

6. **Data Integration:** Many organisations deal with disparate data sources and the CoM is not excluded from this. The CoM is committed to establishing a Data Integration Framework that will allow for a unified view of data and breaking down data silos. The Data Integration practice strongly upholds the “Data is Shared” Architecture Principle by centralising data from diverse sources into a unified repository or data warehouse, thereby eliminating data silos, improving the flow of data across systems and business processes and enhancing data accessibility across the entire organisation.
7. **Cross-Functional Collaboration:** Data is used across all departments, divisions, and teams. Effective Data Governance fosters collaboration and communication, ensuring that data is shared and used in a standardised and consistent manner. Cross-Functional Collaboration plays a pivotal role in realising the Architecture Principle that “Data is Shared” by promoting collaboration among various departments and teams, breaking down data silos, and facilitates the sharing of data, knowledge, and insights. It also directly supports the Architecture Principle “Data is Accessible” by ensuring that data and information are readily available to relevant departments and teams, promoting communication and cooperation to enhance data accessibility.
8. **Data Culture:** Establishing a data-aware culture where staff value and understand the importance of data is essential. Data Governance practices can promote this culture, encouraging staff to make data-driven decisions. Having a mature Data Culture reinforces the Architecture Principle that data should be shared throughout the organisation, ensuring that valuable insights and information are accessible to those who need them. It also complements the “Data is Accessible” Architecture Principle by fostering an environment where staff recognise that data accessibility is crucial for informed decision-making.
9. **Business Continuity:** Data Governance includes disaster recovery and backup strategies, ensuring that data is protected and can be recovered in the event of a data loss incident, contributing to business continuity.
10. **Scalability and Adaptability:** As the CoM grow and evolve, our data needs change. Good Data Governance practices allow for scalability and adaptability, accommodating increasing data volumes, new data sources, and changing business requirements.
11. **Data Auditing and Accountability:** Data Governance establishes roles and responsibilities for data stewardship and ownership. This ensures that someone is accountable for each data set, and data usage is transparent and auditable. Data Auditing and Accountability play a critical role in supporting one of Marion Architecture Principles, “Information Management is Everybody’s Business”, by promoting transparency, responsibility, and collaboration in how information (and data) is managed throughout the organisation.

Reporting, Monitoring & Evaluation

CoM IT Operations will track and assess the delivery and impact of business as usual (BAU) applications aligned to the business strategic objectives:

- **Performance & Productivity:** Measure the volume of requests, average resolution time, average first response time and conformity to service levels
- **Availability:** Measure the percentage of business hours a BAU service or application is available to the corporation.
- **Incident and Problem Management:** Measure the number of incidents, and their severity, that are generated for BAU service or application
- **Service delivery:** Measure the mean time to respond to a BAU application incident or problem ticket, the mean time to resolution, and the mean time between incidents to fully understand the value the BAU application is providing to the business and provide effective service.
- **Customer satisfaction:** Collect feedback from users to gauge their satisfaction with services

CoM Information Services Projects will track and assess the delivery and impact of business project (projects) applications:

- **Project Status Reporting:** Standard reporting of task progress and phase gates, in line with the ePMO best practices
- **Agile Progress:** Measure the number of new items delivered to the business, the number of defects or rework items, and the number of non-functional requirements (Security, Governance) that were delivered.
- **Fail Fast for Continual Improvement:** Report on rework or defect items as a primary metric for continuous improvement, using these to improve processes and optimise performance.

Reporting will be, wherever possible, automated, and available for view outside of the Information Services team, increasing transparency and visibility into the value that Information Services delivers to the business.

CoM will track and assess the execution and impact of IS initiatives aligned with strategic objectives, using the following guidelines:

- **Indicators:** Key performance indicators (KPIs) will be established e.g., system adoption rates, user satisfaction scores, and alignment with strategic goals will be used to measure the IS initiative progress.
- **Data Collection:** CoM will utilize automated data collection tools for tracking system usage, conduct periodic user surveys to gather feedback, and periodically review performance metrics.

- **Analysis and Reporting:** CoM will regularly analyse collected data to identify trends and insights. Quarterly reports will highlight achievements, challenges, and recommended actions to enhance IS strategy implementation.
- **Stakeholder Engagement:** Relevant stakeholders, including users, department heads, and IT teams, will be kept in feedback loops to ensure comprehensive insights.
- **Adaptation and Improvement:** Findings will be used to make informed adjustments to IS initiatives and the strategic plan, fostering continuous improvement.
- **Timeline:** Conduct monthly data collection and usage analysis, quarterly surveys and performance reviews, and an annual comprehensive evaluation.

IT Security & Compliance

Security Framework

The CoM Information Security Policy defines seven information security areas for risk-based security management. Each of these areas is protected through the application of the security principles. The purpose of the security principles is to provide strategic guidance on how CoM can protect its systems and information from cyber threats. These cybersecurity principles are grouped into four key activities: govern, protect, detect and respond:

- Govern: Identifying and managing security risks.
- Protect: Implementing security controls to reduce security risks.
- Detect: Detecting and understanding cybersecurity events.
- Respond: Responding to and recovering from cybersecurity incidents.

Compliance Strategy

In support of the security framework and Information Security Policy, Cybersecurity at CoM targets:

1. ongoing commitment to implement best practise "Essential Eight" Compliance, at Maturity Level 2, across the organisation
2. CIS Level 1 security compliance for virtual servers
3. identity Security at 80% or better
4. a vulnerability management strategy targeting zero known exploitable vulnerabilities through the implementation of technical controls, and less than 100 known weaknesses.
5. ITILv4 management practices in line with the IT Governance framework, permitting ease of auditing and transparency of operations.

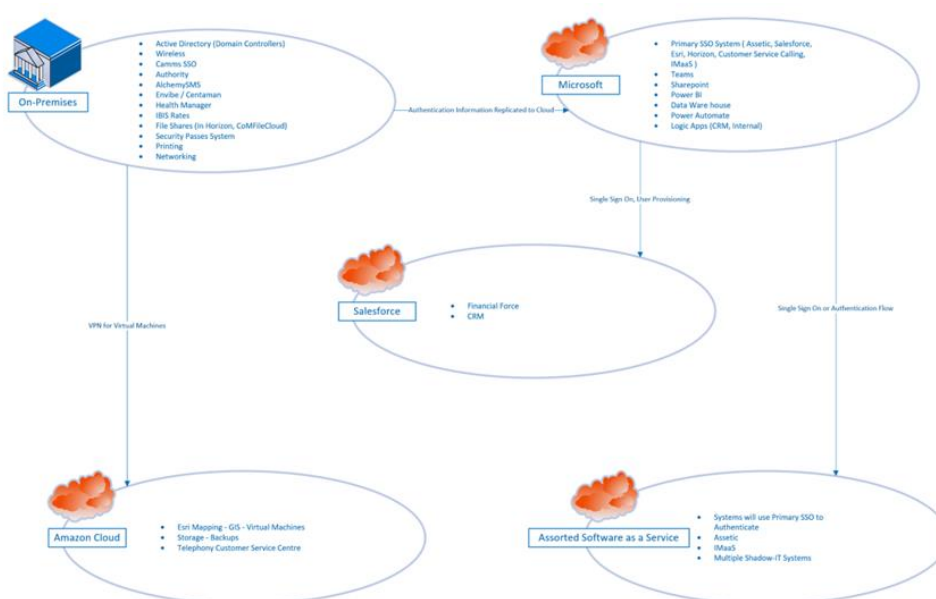
IT Infrastructure

The CoM has invested heavily in multiple software products based on business needs. This has created an infrastructure of:

1. Hybrid mix of cloud based and on premises servers supporting multiple products and services.
2. Salesforce cloud for Client Relationship Management and Financial Management.
3. Infrastructure as a Service used to support the ArcGIS Esri implementation of Mapping Marion.

4. Platform as a Service used to support the Customer Service Centre and associated business units.
5. Microsoft cloud for data management, business intelligence, and supporting identity management and security functions.
6. A multitude of on-premises and cloud-based products that are important to the business, but only impact one or two departments.

Building on the works performed over the past four years, including a network and on-premises server refresh during the 2021/22 financial year, CoM is targeting a cloud heavy infrastructure, focused on centralising and managing data under a primary provider wherever possible.



Networking hardware and any required on-premises server infrastructure will be reviewed for replacement or retirement beginning in the 2025/26 financial year.

The Open Group Architecture Framework (TOGAF)

The CoM is operating under the following eight TOGAF Critical Architecture principles. Together with the Architecture Review Board (ARB) and the Data Governance Framework these will provide better governance, decision-making, and more cost-efficient efficient solutions across the CoM in the longer term.

1. Maximize Benefit to the Enterprise

- All decisions about information management must be made based on the benefit of the enterprise. That means that sometimes, what feels best for one organisation within the enterprise might not be what's best for the enterprise as a whole.

- All individuals and organisations within the enterprise must be willing to work together, following the guiding principles, for the maximum benefit of the enterprise.

2. Information Management is Everybody's Business

- All organisations in the enterprise must be involved in all aspects of the information environment. Basically, this is another principle about the importance of working together across an enterprise.
- Everyone needs to take responsibility for doing their own part in managing information and participating in important decisions.

3. Business Continuity

- This principle states that "hardware failure, natural disasters, and data corruption should not be allowed to disrupt or stop enterprise activities"
- In other words, even though we're all depending on technological systems to get our job done, we also have to be prepared to keep the enterprise running even when those systems go down

4. Data as an Asset

- All data is a concrete, valuable asset to an enterprise. It is a real, measurable resource. Because all decisions in an enterprise are made based on data, all that data needs to be carefully organized and managed
- Everyone in the enterprise should know that their data is reliable and accurate
- They should also know how to access relevant data whenever they need to

5. Data is Shared

- This principle says that data should be stored within one application and shared across the entire enterprise. This is important so that everyone within the enterprise has access to the data they need to do their job.
- Storing all the data within one application is much cheaper and easier than storing it in different applications.

6. Data is Accessible

- This means that everyone in an enterprise needs to have easy access to all data within that enterprise. This makes it easier to do their jobs.
- One of the "implications" of this principle is that there needs to be some flexibility to make sure that all the different people of an enterprise are able to access data in a way that best works for them.
- You can see that these three principles all tie together closely: data is an asset, data is shared, data is accessible.

7. Ease-of-Use

- All technology within an enterprise needs to be easy to use.
- The more time you spend trying to figure out how to use technology, the less time you have to spend on your actual task. That means less productivity and lower concentration on the task.
- Keep the technology simple, so that everyone can do their jobs efficiently and effectively.

8. Control Technical Diversity

- Although there will necessarily be some different technical requirements for the various applications across an enterprise, this principle states that you will try to keep the different technologies to a minimum.
- The more different technologies that you throw into the mix, the more expensive and troublesome it gets for your enterprise.

Application Portfolio Management

Application Portfolio Lifecycle Management

The aim of this initiative is to mature our IT Asset Lifecycle practices by initially completing an assessment of our application portfolio to make recommendations on each of the applications to maintain, enhance, retire/replace, or review.

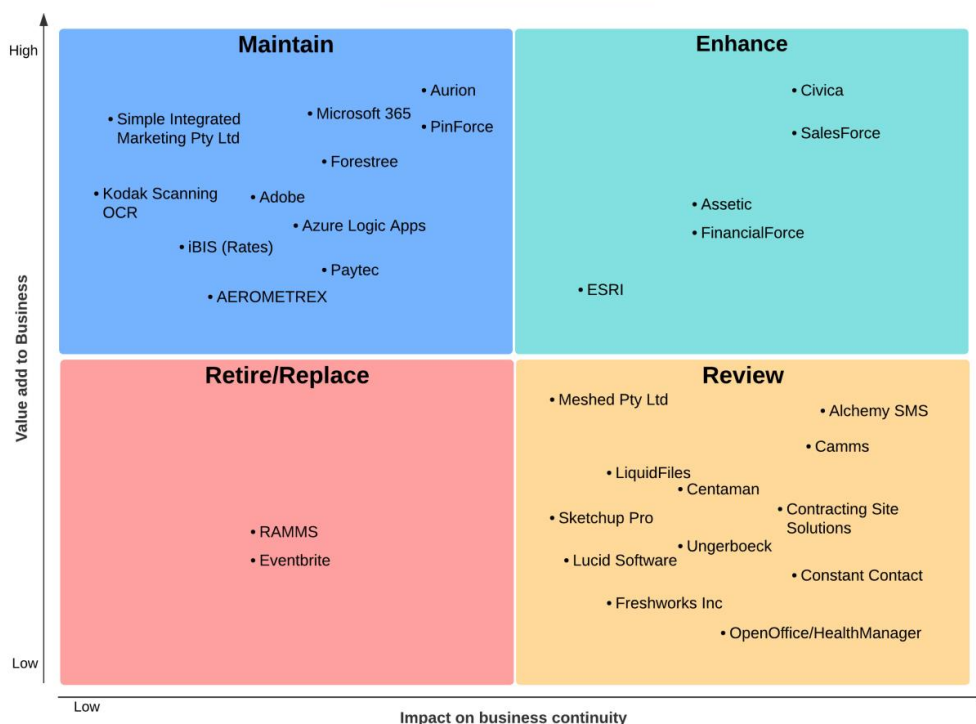
The scope of the initiative will be to classify each Supported Application into tiers (e.g., Gold, Silver, and Bronze) depending on the application Maintenance, Support and Service Requirements. Information gathered during the Application Assessment process will feed into an Application Roadmap, including applications targeted for a preventative maintenance program, applications for further enhancement and applications that are targeted to be retired/consolidated.

Rationalisation and Modernisation Plans

Gold, Silver and Bronze application tiers will be assessed based on business criticality and support requirements. Gold applications are those that deliver the most business value and warrant dedicated support and continuous improvement. Silver applications, while important, require what will be defined as “standard maintenance and support”. Bronze applications receive minimal, best-effort endeavours support.

Gold and Silver application will further be mapped to one of four quadrants: Maintain, Enhance, Retire/Replace and Review. The Maintain quadrant focuses on stability and security patches. Enhance explores ways to unlock new capabilities from existing assets. Retire/Replace identifies solutions that are obsolete or no longer provide benefits. Review determines if reassignment between quadrants is needed.

CoM Top 30 Application Map



****Disclaimer:** ** The support quadrants serve as illustrative examples of the approach intended for the formulation of the IS Strategy. The actual future of the applications may differ based on evolving circumstances and requirements. The outlined framework is designed to demonstrate the methodology and does not constitute final recommendations.

Individual modernization roadmaps will then be developed. Gold applications transitioning between Enhance and Maintain may undergo strategic platform upgrades, integration, or user experience improvements. Silver applications in Maintain receive only necessary security updates. Candidates for Retire/Replace under Bronze will be identified upfront.

This model will allow flexibility in resource allocation while ensuring technology evolves in step with business objectives. It delivers agility through a balanced focus on maintenance and innovation from our application assets. Most importantly, it transforms our portfolio into a digital foundation that enhances productivity, fuels growth, and reduces risks over the long term.

Risk Management

The following risk management consideration will be embedded into decision making.

- **Strategic Sourcing:** Tiered classification and road mapping helps justify investments during procurement planning and RFQ stages.

- **Capacity planning:** Understanding resource needs through individual application roadmaps based on tiers facilitates effective long term capacity planning. This ensures the right number and types of resources are available to deliver on commitments.
- **Vendor Management:** Clear SLA definitions per tier aid contract negotiations. Retirement plan avoids vendor lock-in.
- **Test Automation:** Enhanced test automation allows catching bugs earlier before they impact production systems or users. This reduces disruption risks.
- **Application Procurement:** Roadmaps matched to tiers reduce risks of over/under-provisioning during asset selection and sizing.
- **Asset Monitoring/Tracking:** Centralized visibility of all applications ease's workload monitoring, issue tracing and license management.
- **Maintenance/Support:** Dedicated support for Gold and Silver applications ensure uptime. Bronze applications avoids over-engineering support.
- **Usage/Optimization:** Tier-based analysis and Retire/Replace quadrant helps identify under-utilized assets for rationalisation.
- **Application Retirement:** A well-defined end-of-life plan backed by periodic reviews helps remove technical debt.
- **Documentation/Reporting:** Consistent plans and practices facilitate audits, compliance reporting as well as knowledge transition.
- **Security/Risk Management:** Architecture reviews through regular health checks through Review quadrant bolsters preventative planning.

IT Resource Management

Human Resources

Metrics will drive load for areas, alongside support tiers/classifications and the application inventory.

Skills Development

ITILv4 foundations certifications for all IT Operations staff (Manager, IT Operations down). Cybersecurity team investing in ISC2 membership and certification.

Vendor Management

The Vendor Assurance and cost optimisation initiatives will develop principles, guidelines, and standards as a framework for the delivery of support and oversight of strategic vendors. This will increase the transparency and accountability in the delivery of vendor products and services to the CoM.

Key objectives include.

1. Maintain engaging and mutually beneficial communication with IS and managed vendors, which, in turn, leads to successful vendor relationship management and satisfied stakeholders.
2. Deliver enhanced vendor worth by establishing principles, guidelines, and standards to drive efficiencies and value while mitigating risk and maximizing vendor performance.
3. Evaluates the vendor portfolio regularly to ensure that the appropriate group of vendors is being managed, and that vendor engagements are maximized for contract value, performance, and innovation.

A key deliverable is to establish a vendor management framework that will provide a consistent and transparent approach to vendor selection, engagement, relationship, risk, and performance management, in a cost effective and efficient manner.

Business Analysts - BA Community of Practice

As part of each Business Analysts ongoing development, collaboration, knowledge sharing and sharing of lessons learned across teams. CoM has established the BA Community of Practice to provide a support network.

The objectives of the Community will vary over time, but currently include:

- to identify, gather, and seek agreement on Business Analysis Community requirements
- to provide a forum for the cooperation of activities where Business Analysis services adds value to existing initiatives
- to identify linkages and opportunities for collaborative strategic and technical projects and to coordinate the delivery of Business Analysis services to projects
- to report on progress and provide updates of projects and programs that have Business Analysis components
- to advise other participants in the project on matters relating to Business Analysis services, and on issues of interest to the Community, encouraging Knowledge Sharing
- to provide an informal point of contact for organisational staff on the specific benefit or interest area that affects Business Analysis services, encouraging continued learning.

Project and Program Management

Project and Program Management

Effective project and program management is fundamental to our IS Strategy, ensuring that our initiatives are planned, executed efficiently, align with our organisation's goals, and are successfully transitioned to operations.

To ensure strategic alignment of our projects, maintain a consistent approach to ideas and initiatives, and maximise the likelihood of success, the Enterprise Project Management Office (EPMO), the Project Management Framework and governance structure will be followed for IT projects.

Steering/Stakeholder groups will be established at project level and status reporting issued to the Program Control Board (PCB).

Project Delivery

To enhance the benefit of projects into the business, CoM will assess the project delivery approach during the project planning stage. Projects will be delivered in one of three methods:

- Waterfall - requirements are gathered upfront, analysed and the solution designed and build for final implementation.
- Agile - high-level requirements are developed and the system is designed, built and implemented iteratively in smaller increments allowing functions and features to be delivered sooner to business operations.
- Hybrid-delivery - during the planning stage the project will be split into logical deliverable phases to ensure business benefits can be realised sooner without a degradation of operational service.

Business Continuity & Disaster Recovery

Following our risk based approach to information security, and in line with the IT Governance Framework, CoM will ensure that any Disaster Recovery plans and Business Continuity plans are viable for delivery.

Organisational Change Management and Stakeholder Engagement

An effective IS Strategy needs to align with organisational goals, define necessary technological infrastructure, and set the direction for digital governance. Change Management and Communication is key to the success of any strategy, and stakeholder engagement is a crucial aspect of the communication plan. The objective of this section is to describe how IS and IT Operations will build strong relationships with internal and external stakeholders to ensure Organisational Change Management is successful through seamless IT implementation and operation.

Organisational Change Management

Change Management is fundamental to the success of a program and implementation of projects, as it ensures consideration is given to people as well as process and technology.

Change Management will follow the principles and methodology of the enterprise outlined here and activities will be established on a per-project basis leveraging the ADKAR model aligned to the PROSCI methodology adopted by the organisation.

A change plan will be developed which will consider the inclusion of the below tools (this can be scalable depending on the size of the project):

- Change Triangle assessment to measure the success, sponsorship, project management and change management activities have been considered to support successful change outcomes.
- Stakeholder engagement plan – identifying impacted groups and an understanding of their expectations.
- ADKAR assessments completed for major stakeholder at key milestones within the project to measure the progress of awareness, desire, knowledge, ability, reinforcement.
- Change risk assessment to identify the level of change considering, people, process, technology, customer, culture and complexity.

- Change activities aligned to ADKAR and consideration to the risk of the change. This should be a living document and updated after each ADKAR assessment to address any additional activities required to manage a barrier point. Change activities should include consideration to:
 - Meetings
 - Emails
 - Drop in sessions
 - Surveys.
- Training plan and post implementation support– to ensure a smooth transition to business operations, training and support will be provided to assist stakeholders in adapting to new processes, tools, and technologies.
- Overall success of each project will be determined by the stakeholder during the Lessons Learnt activities and consideration to return on investment which looks at system utilisation, productivity, and employee engagement.

Change management support is available from the CoM Change Manager and change tools can be found in sharepoint at [Change Management \(sharepoint.com\)](#) .

Feedback Mechanisms

Feedback Mechanisms are an important part of ensuring that feedback from all end users and customers is seen and heard. A number of options already exist at CoM, and these will continue to be used moving forward to capture both users experience and system feedback:

- Architecture Review Board
- Project Meetings (including PMO)
- Change Advisory Board
- Post Implementation Review Meetings
- Help Desk Tickets
- Project Team meetings
- Drop in sessions
- Steering Committee Meetings
- Teampage
- ADKAR assessments.

7.5 Independence of Council's Auditors

Report Reference	FRAC221011R7.5
Originating Officer	Unit Manager Statutory Finance & Payroll – Andrew Doyle
Corporate Manager	Chief Financial Officer - Ray Barnwell
General Manager	Chief Executive Officer - Tony Harrison

REPORT OBJECTIVE

In accordance with the *Local Government Act 1999* (the Act) and *Local Government (Financial Management) Regulations 2011*, Council's auditor can only undertake work that is within the scope and function of the auditor as prescribed under the Act. This includes undertaking the annual financial audit and any audits as requested by Council under Section 130A of the Act in relation to the economy and efficiency of Council operations. The underlying principle of this requirement is to ensure that auditor independence is not compromised.

Regulation 22(3) requires Council's Chief Executive Officer and the Presiding Member of the Finance Risk and Audit Committee to each provide, on an annual basis, a statement that provides a certification as to compliance for the relevant financial year with the requirement that the auditor be independent of the City of Marion (refer to **Attachment 1**).

EXECUTIVE SUMMARY

During the 2022-23 financial year, Council has not engaged Galpins to provide any services outside the scope of the auditor's functions as prescribed in the Act.

Management confirms that it is not aware of any circumstance that would impact on the independence of Council's Auditor and that the CEO will be signing the certification within his delegation.

In addition to the above statement, regulation 22(5) also requires that Council's Auditor provide a statement (in the form provided at **Attachment 2**) attesting to their independence.

Auditor independence is an important aspect of an auditor's role. Independence is key to the confidence with which the audit is undertaken.

RECOMMENDATION

That the Finance Risk and Audit Committee:

- 1. Notes the statement provided by Council's Auditor attesting to their independence in accordance with the Local Government (Financial Management) Regulations 2011 for the 2022-23 financial year (Attachment 2).**
- 2. Notes that the CEO will be signing a statement that Council's external auditor Galpins maintained their independence in accordance with the Local Government (Financial Management) Regulations 2011 for the 2022-23 financial year.**
- 3. Endorses the Chairperson signing a statement that Council's external auditor Galpins maintained their independence in accordance with the Local Government (Financial Management) Regulations 2011 for the 2022-23 financial year.**

Legal / Legislative / Policy

Local Government Act 1999, Local Government (Financial Management) Regulations 2011.

ATTACHMENTS

1. Audit Independence Certificate 2022-23 - City of Marion [7.5.1 - 1 page]
2. Audit Independence 2022-23 - Statement by Auditor [7.5.2 - 1 page]

City of Marion

General Purpose Financial Statements

for the year ended 30 June 2023

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of City of Marion for the year ended 30 June 2023, the Council's Auditor, Galpins has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.

Tony Harrison
CHIEF EXECUTIVE OFFICER

Emma Hinchey
PRESIDING MEMBER
FINANCE RISK AND AUDIT COMMITTEE

Date:

Galpins

Accountants, Auditors
& Business Consultants



CITY OF MARION

GENERAL PURPOSE FINANCIAL STATEMENTS For the year ended 30 June 2023

Statement by Auditor

I confirm that, for the audit of the financial statements of City of Marion for the year ended 30 June 2023, I have maintained my independence in accordance with the requirements of APES 110 – *Code of Ethics for Professional Accountants (Including Independence Standards)*, Part 4A, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) *Local Government (Financial Management) Regulation 2011*.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

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ABN: 89 656 702 886

Liability limited by a scheme approved
under Professional Standards Legislation



Tim Muhlhausler CA, Registered Company Auditor

Partner

27 October 2023

7.6 Annual Financial Statements for the year ended 30 June 2023

Report Reference	FRAC231107R7.6
Originating Officer	Unit Manager Statutory Finance & Payroll – Andrew Doyle
Corporate Manager	Chief Financial Officer - Ray Barnwell
General Manager	General Manager Corporate Services - Angela Allison

REPORT OBJECTIVE

The objective of this report is to present the City of Marion's Annual Financial Statements for the financial year ended 30 June 2023 to the Finance, Risk and Audit Committee. Reports provided include:

1. **Representation letter** (Attachment 1) - audit of annual financial report for period 1 July 2022 to 30 June 2023. The purpose of this letter is to express an opinion as to whether the financial report is prepared in accordance with Australian Accounting Standards, the *Local Government Act 1999* and other mandatory reporting requirements in Australia. This letter will be signed by Tony Harrison, CEO once the financial statements have been adopted by Council.
2. **Analytical Review** (Attachment 2) - Comparative analysis to prior year Audited Financial Statements and comparison to the original adopted 2022-23 budget.
3. **Annual Financial Statements** for year ended 30 June 2023 – (Attachments 3 to 4).
4. **External Auditor (Galpins) Audit Completion Report** – (Attachment 5).

These reports are provided for consideration by the Finance, Risk and Audit Committee prior to adoption of the 2022-23 Annual Financial Statements by Council at its meeting on 28 November 2023.

EXECUTIVE SUMMARY

The 2022-23 Annual Financial Statements demonstrate Council's continued strong financial performance, providing a sound basis for long-term objectives set out in the Strategic Plan.

In summary, Council reports an operating deficit for the 2022-23 year of \$0.314m compared to an operating surplus of \$0.542m for 2021-22. The key factors contributing to the movement in the operating result are detailed in the analytical review (Attachment 2).

The Annual Financial Statements for the year ended 30 June 2023 have been completed with Council's Auditors indicating they expect to issue an unmodified audit opinion, subject to the satisfactory completion of the following matters:

- A subsequent events review up to the date of the audit opinion
- Receipt of management's signed representation letters

In accordance with its 'Terms of Reference' the Finance, Risk and Audit Committee provides independent advice and support to Council in helping it achieve its governance and prudential management obligations, including the review of Council's Annual Financial Statements to ensure they present fairly the state of affairs of the City of Marion.

This report has been prepared in accordance with section 127 of the Local Government Act 1999 and the Local Government Accounting Regulations.

In accordance with section 125 of the Local Government Act 1999 Council's external auditors have also assessed the internal financial control environment in regard to Council's compliance with all material aspects of the Act.

Council's Auditors have indicated that they expect to issue an unmodified audit opinion with regards to council's internal control environment.

As part of the annual audit process Council's external auditors also perform a number of minor grant audits, which are required as part of each individual funding agreement.

Next Steps

In conjunction with the adoption of the 2022-23 audited Annual Financial Statements the 1st Budget Review 2023-24 process will be completed which includes:

- Adoption of the 2022-23 Carryovers & Unexpended Grants (noting that the funding relating to projects which have been re-timed will be brought into the budget when required) as part of the 2023-24 First Budget Review;
- Reconciling and identifying the 2022-23 funding savings achieved against Council's adopted 2022-23 budget.

RECOMMENDATION

That the Finance, Risk and Audit Committee:

- 1. Recommends to Council that the audited Annual Financial Statements for the year ended 30 June 2023, as included at Attachments 3-4, be adopted.**
- 2. Notes Galpins Audit Completion Report, as included at Attachment 5.**
- 3. Notes the comparative analysis to prior year audited Annual Financial Statements and original adopted 2022-23 budget (Analytical Review), as included at Attachment 2.**

GENERAL ANALYSIS

The Statements have been prepared in accordance with applicable Australian Accounting Standards and the Local Government Regulations.

The Local Government Accounting Regulations require that a Council must prepare its accounts for audit by the second Friday in October and on or before 30 November, supply a copy of the Audited Financial Statements to each of the following:

- The Minister responsible for Local Government
- The Local Government Grants Commission
- The Deputy Commonwealth Statistician and Government Statistician

Legal / Legislative / Policy:

Local Government Act 1999, Local Government (Financial Management) Regulations 2011

DISCUSSION

Four main statements are prepared as part of the Annual Financial Statements as summarised below:

STATEMENT OF COMPREHENSIVE INCOME

The Statement of Comprehensive Income details Council's revenues and expenses for the reporting period 1 July 2022 to 30 June 2023 and reveals an operating deficit (before capital revenues and contributed assets) of \$0.314m for 2022-23 compared to an operating surplus of \$0.542m for 2021-22. The key movements in operating revenue and expenses are noted below with further analysis detailed in the analytical review (Attachment 2).

Operating Income – prior year comparison

Total Operating Income for 2022-23 increased 2.2% at \$104.631m compared to \$102.422m in 2021-22. Council adopted a two per cent rate increase in 2022-23 with the increase in rates revenue of \$2.451m including underlying growth of 1% in ratable properties contributing to the increase. Other increases in revenue include user charges (\$0.985m) and investment income (\$0.792m) expected with the significant increase in interest rates, offset by a reduction in operating grant income of \$1.843m on prior year.

Several other smaller variances are outlined and further detailed in Attachment 2 ("Analytical Review – against Prior Year Actual").

Operating Expenses – prior year comparison

Total Operating expenses for 2022-23 increased by 3% at \$104.945m compared to prior year actuals of \$101.880m in 2021-22. The total increase of \$3.065m on prior year actual costs is primarily a result of:

- Employee costs increased by \$2.244m - stemming largely from Enterprise Agreements annual increases (\$1.545m) in addition to additional resourcing endorsed by Council to support the newly opened Mitchell Park Sports and Community Centre and other service improvements (\$0.458m).
- Materials, Contracts & Other Expenses decreased by \$0.512m (1.1%) - increases in relation to costs pressures and additional expenditure on building maintenance and utility costs were offset by decreased operating expenditure on prior year for projects including the Digital Transformation project.
- Further analysis is detailed in Attachment 2 - ("Analytical Review – against Prior Year Actual").

Other key variances reported on the Statement of Comprehensive Income:

Capital Revenues and Revaluation – prior year comparison.

Grants recognised specifically for New or Upgraded Assets increased by \$2.828m to \$9.087m. This increase reflects grant funding for key infrastructure projects including Council's Alternative Water Supply project (\$1.740m), Coastal Walking Trail Project (\$1.107m) along with funding for Local Roads and Community Infrastructure projects of \$2.246m.

Another key movement includes Changes in Revaluation Surplus – IPP&E a decrease of \$58.179m which reflects the change in the valuation method (straight line) for all assets following the comprehensive revaluation of major buildings and infrastructure assets undertaken by independent professional valuers in 2022-23.

Variances against the 2022-23 Statement of Comprehensive Income are further detailed in Attachment 2 ("Analytical Review – against Prior Year Actual").

KEY OPERATING RATIOS

OPERATING SURPLUS RATIO	2023	2022	2021
Operating Surplus (before capital revenues)	(0.30%)	0.53%	0.26%

This ratio expresses the operating surplus as a percentage of total operating revenue. The target set in Council's Long Term Financial Plan is to "maintain a financial position at an average of between 0 and 10% over any five financial years".

Comment:

The actual result for 2022-23 Operating Surplus Ratio has fallen into a marginally negative position which was anticipated and impacted with expenditure for Digital Transformation projects flowing through operations. The 5 year average Operating Surplus Ratio is 3.99% well within Council's targeted ratio bandwidth of 0 –10%.

RATE REVENUE RATIO	2023	2022	2021
Rate Revenue Operating Revenue	81%	80%	82%

This ratio expresses rate revenue as a percentage of operating revenue.

Although this ratio is not a prescribed ratio required by the 'Model Set of Accounts' it is a valuable indicator as it highlights Council's reliance on rates as a revenue source and the need for Council to seek alternative sources of income.

Comment:

Council's reliance on rate revenue increased slightly in 2022-23 due to a decrease in other income sources such as Grants, Subsidies and Contributions and a modest increase in rate revenue.

STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position provides details of Council's assets, liabilities and equity as at 30 June 2023.

Infrastructure, Property, Plant & Equipment (IPP&E):

Council's IPP&E decreased by \$60.413m (5.0%) compared to 2021-22. Council completed construction on \$19.377m of new and renewed assets in 2022-23 offset by depreciation of \$17.732m, a once off infrastructure revaluation decrement of \$71.093m, a buildings revaluation increment of \$12.914m and disposals and other minor adjustments of \$3.880m.

The 2023 comprehensive infrastructure revaluation was undertaken for the first time using the straight-line method. This differs from the 'Match Pattern' method used previously. The method change was recommended as part of the implementation of the new asset system and is

consistent with independent valuation methodology across all other asset classes. The valuation has been prepared by Councils independent valuers (APV) endorsed by Council's external auditors (Galpins). It is important to note that despite the once off revaluation movement, it is not a result of a material decrease in service capacity or condition of infrastructure assets but reflects the valuation methodology change.

The table below identifies the key contributors to the movement in Council's non-current assets.

	2023 \$000s	2022 \$000s	Increase/(Decrease) \$000s
Buildings	143,439	130,923	12,516
Infrastructure	608,725	684,884	(76,159)

Other variances when comparing 2022-23 against the 2021-22 Statement of Financial Position are further detailed in Attachment 2 ("Analytical Review – against Prior Year Actual").

ASSET RENEWAL FUNDING RATIO	2023	2022	2021
Net Asset Renewals Targeted Renewal Expenditure	82%	78%	86%

Net asset renewal expenditure is defined as net capital expenditures on the renewal and replacement of existing assets and excludes new capital expenditure on the acquisition of additional assets.

This ratio indicates whether the Council is renewing or replacing existing assets at the rate of consumption. A long-term average ratio of 100% would indicate that Council is investing adequately in maintaining its asset base. The annual target is between 90–110%.

Comment:

Council's Long Term Financial Plan (LTFP) is set to achieve an average Asset Renewal Funding Ratio of 100% over the next three years and over the 10-year term of the LTFP.

The ratio of 82% achieved in 2022-23 is below the target of 90% and was impacted by supply chain issues particularly in relation to the renewal program for fleet, with funding of \$1.035m carried over into 2023-24 for fleet renewal.

BORROWINGS

In assessing Council's financial position, it is appropriate to consider liabilities in relation to borrowings. Borrowings are required by Council from time to time to finance strategic long-term assets for the orderly development of the City. With no new borrowings taken out in 2022-23 due to Council's strong cash holding position, Council's total borrowings as at the 30 June 2023 were \$2.687m - a net decrease of \$0.876m over the level of borrowings in June 2022. Council is in a strong position to take on the forecast borrowings of \$30.5m outlined in Council's adopted LTFP over the next couple of years.

KEY DEBT RATIOS

The following indicators are used to monitor Council's performance in relation to its current level of debt.

NET FINANCIAL LIABILITIES RATIO	2023	2022	2021
Net Financial Liabilities	(9%)	(11%)	(34%)
Total Operating Revenue			

This ratio indicates the extent to which net financial liabilities of the council can be met by the council's total operating revenue and is based on the Net Financial Liabilities above.

Comment:

This result reflects that Council's Financial Assets currently exceed its Financial Liabilities predominantly as a result Council's current holding of cash for unexpended grants, funding for multi-year capital projects, funding for projects carried over or re-timed to 2023-24 and beyond. Council's capacity to meet its financial obligations from operating revenues is strong with capacity to meet its future requirements identified in Council's Long Term Financial Plan.

INTEREST COVER RATIO	2023	2022	2021
Net Interest Expense	(0.04%)	(0.1%)	(0.2%)
Total Operating Revenue			

Net interest costs are defined as total interest expenses less total interest revenues. This ratio indicates the extent to which Council's commitment to interest expenses are met by total operating revenues.

Comment:

Negative ratios have been recorded for the past 7 years reflecting interest revenues being greater than interest expenses.

DEBT SERVICING RATIO	2023	2022	2021
Principal + Interest	1.04%	1.08%	1.28%
Total Operating Revenue			

This ratio identifies Council's ability to service its debt obligations from operating revenues, with the target range set at 0 to 5%.

Comment:

The ratio confirms that Council has a low debt holding and is well positioned for future borrowings outlined in its Long Term Financial Plan. The 1.04% result is well below the upper end of the target range of between 0 and 5%.

STATEMENT OF CHANGES IN EQUITY

The Statement of Changes in Equity reconciles the opening and closing balances of Council's equity over the reporting period.

The balance of equity represents Council's net worth of \$1,175m as reflected in the Statement of Financial Position.

CASH FLOW STATEMENT

The Cash Flow Statement details the cash movements for the year ended 30 June 2023 and reconciles with Note 11 of the Annual Financial Statements.

The Statement indicates an increase in Cash, Cash Equivalents and Investments of \$2.591m compared to 30 June 2022. As previously mentioned, a sizable portion of the cash position is committed to unexpended grants, carryovers and re-timed capital works. Council also retains cash reserves quarantined for ongoing multi-year major projects and long term asset management objectives.

RESERVE FUNDS

A review of the balances of Council's reserves indicates that they are at a level sufficient to meet their purpose and intent which are listed in Note 9 Reserves in Attachment 3. Council's current Reserve funds are made up of the following:

Grants and Carryovers Reserve: \$19.261m

This is made up of grant funded carryover projects and capital works carried over to 2022-23 or re-timed to future years as required.

Open Space Reserve: \$2.052m

It is considered by management that the current balance of this fund is adequate to meet its intended purpose.

Asset Sustainability Reserve – General \$6.306m

This fund is considered by management to be adequate to provide Council with the funding capacity to manage its long term asset management objectives. Funding in this reserve is quarantined to support key infrastructure projects continuing and commencing in 2023-24 including the Coastal Walking Trail, Alternative Water Supply Project, MCC Plaza redevelopment, Seacliff Golf Park and Cove Sports.

Asset Sustainability Reserve – Water Reserve \$1.159m

This reserve has been established to quarantine revenue received and savings identified from the sale and use of treated stormwater from the Oaklands Wetland to further develop third party supply opportunities.

EQUITY ACCOUNTED INVESTMENT

Council has part ownership in equity accounted investments and is required to include its equity share in these in its Annual Financial Statements along with copies of these entities' Financial Statements.

Southern Region Waste Resource Authority (SRWRA)

SRWRA provides and operates services for the management of waste and waste facilities on behalf of its constituent councils – The Cities of Onkaparinga, Marion and Holdfast Bay – ensuring that a long term Waste Management Strategy exists in the southern region of Adelaide. The City of Marion

has a 30% share in SRWRA.

ATTACHMENTS

1. Attachment 1 - Management Letter of Representation [**7.6.1** - 5 pages]
2. Attachment 2 - Analytical Review 2022-23 [**7.6.2** - 3 pages]
3. Attachment 3 - Annual Financial Statements - 30 June 2023 [**7.6.3** - 47 pages]
4. Attachment 4 - SRWRA Annual Report 2022-2023 [**7.6.4** - 52 pages]
5. Attachment 5 - Galpins - Audit Completion Report 2022-23 [**7.6.5** - 20 pages]



31 October 2023

Mr Tim Muhlhausler
Partner
Galpins Accountants Auditors and Business Consultants
PO Box 4067
Norwood South SA 5067

PO Box 21, Oaklands Park
South Australia 5046
245 Sturt Road, Sturt
South Australia 5047
T (08) 8375 6600
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E council@marion.sa.gov.au

Dear Tim,

This representation letter is provided in connection with your audit of the financial report of City of Marion (the Council) for the year ended 30 June 2023 for the purpose of expressing an opinion as to whether the financial report presents fairly in accordance with the Australian Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

We confirm that *(to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves)*:

A. FINANCIAL REPORT

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, for the preparation of the financial report in accordance with Australian Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*; in particular the financial report presents fairly in accordance therewith.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control for the preparation of the financial report in accordance with Australian Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.
3. Significant accounting policies adopted in the preparation of the financial report are fully and fairly described in the financial report.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
5. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Australian Accounting Standards. Such transactions with related party may include:

The City of Marion acknowledges it is part of Kaurna land and recognises the Kaurna people as the traditional and continuing custodians of the land.



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- sales, purchases, loans, transfers of assets / liabilities/ services, leasing arrangements, guarantees etc.
 - all balances due to or from related party at year end.
6. All events subsequent of the date of the financial report for which Australian Accounting Standards require adjustment or disclosure have been adjusted or disclosed.
 7. There are no identifiable misstatements, both individually and in the aggregate, within the financial report.

B. OWNERSHIP

1. The Council has good title (or lease interest) in all assets recorded in the accounts.

C. VALUATION

1. We have no plans and intentions that may affect materially the carrying value, or classification, of Council's assets and liabilities.
2. The fair value of land and buildings as determined by the external valuer is reasonable.
3. Adequate provisions have been recorded in the accounts for all anticipated losses.
4. Depreciation rates for capital and other assets have been reviewed having regard to such factors as asset usage and obsolescence. Any adjustment to reflect the most recent assessment of the useful lives of all capital and other assets has been recognised and disclosed in the financial report.
5. The carrying amount of capital and other assets does not materially differ from its fair value at the reporting date.

D. Information Provided

1. We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters;

- additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the Council from whom you determined it necessary to obtain audit evidence.
2. All transactions have been recorded in accounting records and are reflected in the financial report.
 3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
 4. We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
 5. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial report.
 6. We have disclosed to you all information in relation to allegations of fraud, suspected fraud, affecting the Council's financial report communicated by employees, former employees, analysts, regulators or others.
 7. We have disclosed to you all known instances of non-compliance or suspected non-compliances with laws and regulations including all covenants, conditions or other requirements of outstanding debts, whose effects should be considered when preparing the financial report.
 8. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial report; and accounted for and disclosed in accordance with the applicable financial reporting framework.
 9. We have disclosed to you all known unusual commitments or contractual obligations that were not in the ordinary course of business whose effects should be considered when preparing the financial report.
 10. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.

E. COMPLETENESS

1. All assets owned or controlled by the Council have been recorded in the accounts.
2. All services rendered prior to the year-end have been recorded in the correct financial year.
3. Inventory does not include items not paid for and for which no liability has been recorded in the accounts at year-end.
4. All charges to capital assets (and additions under capital leases) during the year represent actual additions and no expenditure of a capital nature have been charged to expenses during the year.
5. All capital assets sold or dismantled during the year have been properly accounted for in the accounts.
6. Capital and other assets with a limited life are being depreciated, amortised, or otherwise written off as a charge to income over their estimated useful lives in a systematic and rational manner.
7. All liabilities of the Council at year-end have been recorded in the accounts (including provisions for such items as salaries and wages, employee benefits, professional services and long term debts).

F. ELECTRONIC PUBLICATION OF FINANCIAL REPORT

1. We acknowledge our responsibility for the electronic presentation of the audited financial report and independent auditor's report on the internet is identical to the signed hard copy version.
2. We acknowledge our responsibility to clearly differentiate between audited and unaudited information in the construction of the Council's website as we understand the risk of potential misrepresentation.
3. We acknowledge our responsibility for the design, implementation and internal control to ensure the security and integrity of the data published on the internet.
4. We acknowledge our responsibility to only publish the independent auditor's report when the full financial report is presented on the website.

G. OTHER

1. Minute book provided to you contains complete and authentic minutes of all meetings and committees held throughout the year to the most recent meetings.
2. We believe that the Council will be able to meet its financial commitments when they fall due.

Yours Sincerely,

Tony Harrison
Chief Executive Officer

ANALYTICAL REVIEW - against Prior Year Actual

ATTACHMENT 2

Statement of Comprehensive Income	2022/23 \$000's	2021/22 \$000's	Variance \$000's	Variance %	Favourable/ (Unfavourable)	Analysis
Income						
Rates Revenues	84,330	81,879	2,451	3.0%	F	Council adopted a 2% rate rise in addition to movement due to the growth rate in rateable properties of 1%.
Statutory Charges	2,542	2,348	194	8.3%	F	Primarily from an increase in Planning, Development Assessment and Inspection Fees revenue (\$172k).
User Charges	3,995	3,010	985	32.7%	F	This relates to an increase in Income primarily from Mitchell Park Sporting Facilities (\$394k), Rental income from new lease agreements executed in 2022-23 (\$227k) and an increase in Admission Charges for the Marion Outdoor Pool (\$215k).
Grants, Subsidies & Contributions	9,899	11,742	(1,843)	(15.7%)	U	The decrease in grant funding reflects the final instalments for the once off grant for Food Waste Recycling Program (\$563k) and the Coastal Walking Trail renewal (\$1,193k) being received in 2021-22. A decrease in Home and Community Care Grants (\$535k) was also experienced in 2022-23.
Investment Income	1,157	365	792	217.0%	F	An increase in investment income due to a significant increase in the interest rates on prior year for deposits held.
Reimbursements	792	690	102	14.8%	F	Predominately relates to reimbursement of utilities costs from lessees signed on part way through 2021-22 (\$63k) and an a new agreement for hire of an item of plant (\$39k).
Other Income	1,271	1,506	(235)	(15.6%)	U	Predominately relates to a decrease in Cross Council Labour Recovery.
Net Gain - Equity Accounted Businesses	645	882	(237)	(26.9%)	U	Movement in equity accounted investments - refer Note 19 and SRWRA Annual Financial Statements.
Total Income	104,631	102,422	2,209	2.2%		
Expenses						
Employee Costs	42,378	40,134	2,244	5.59%	U	Includes annual increases from Enterprise Agreements (\$1,375k) and increase by 0.5% in the Super Guarantee (\$170k). In addition, Council endorsed additional resourcing primarily to support the operations at the newly opened Mitchell Park Sports and Community Centre and other service improvements (\$458k).
Materials, Contracts & Other Expenses	44,629	45,141	(512)	(1.1%)	F	Predominately relates to a decrease in contractor expense for Cleaning (\$267k) and lower than forecast Cross Council Labour expense (\$224k).
Depreciation, Amortisation & Impairment	17,732	16,334	1,398	8.6%	U	Increase in depreciation expense due to the full year impact of \$39.6m of New Asset constructed in 2021-2022 in addition to the impact of the Revaluation of Infrastructure Assets at 30/6/2022 (\$632k).
Finance Costs	206	271	(65)	(24.0%)	F	No new borrowings were taken out resulting in a decrease in interest expense.
Total Expenses	104,945	101,880	3,065	3.0%		
Operating Surplus/(Deficit)	(314)	542	(856)	(157.9%)		
Asset Disposal & Fair Value Adjustments	(382)	(1,384)	1,002	(72.4%)	F	Asset disposal differences along with higher sales consideration received in 2022-23 for Plant and equipment and disposal of excess minor land holdings.
Amounts Received Specifically for New or Upgraded Assets	9,087	6,259	2,828	45.2%	F	In 2022-23 Council received funding for the Alternative Water Supply (\$1.740m) and Coastal Walking Trail - New Bridges (\$1.107m) along with additional funding for Local Roads and Community Infrastructure (\$2.246m). The increase in grant funding in 2022-23 is largely offset by one off grants received in 2021-22 for Southern Soccer Facility (\$1.029) and Hugh Johnson Boulevard (\$0.801m). See note 2(g) for detailed breakdown.
Physical Resources Received Free of Charge	727	1,396	(669)	(47.9%)	U	Relates to a decrease in Infrastructure assets received relating to the Tonsley redevelopment and Sheidow Park.
Net Surplus/(Deficit)	9,118	6,813	2,305	33.8%		
Other Comprehensive Income						
Changes in Revaluation Surplus - IPP&E	(58,179)	37,042	(95,221)	(257.1%)	U	Reflects change in the valuation of assets following a comprehensive revaluation of building and infrastructure assets undertaken by independent professional valuers in 2022-23.
Share of Other Comprehensive Income - Equity Accounted Council Business	0	346	(346)	(100.0%)	U	Relates to Councils share of SRWRA Asset Revaluation in 2021-22.
Total Other Comprehensive Income	(58,179)	37,388	(95,567)	(255.6%)		
Total Comprehensive Income	(49,061)	44,201	(93,262)	(211.0%)		

ANALYTICAL REVIEW - against Prior Year Actual

ATTACHMENT 2

Statement of Financial Position	2022/23 \$000's	2021/22 \$000's	Variance \$000's	Variance %	Analysis
ASSETS					
Current Assets					
Cash & Cash Equivalents	26,631	24,639	1,992	8.1%	Increase in short term deposits on prior year.
Trade & Other Receivables	6,512	5,279	1,233	23.4%	Movements relate to General Debtors of \$2.458m which increased \$0.726m from 2021-22 and Rates Debtor of \$2.255m, which decreased by \$0.545m.
Other Financial Assets	3,000	2,400	600	25.0%	Relates to an increase of funds invested in term deposits with over 90 day terms at 30 June.
Inventories	678	500	178	35.6%	Relates to an increase of inventories held.
Total Current Assets	36,821	32,818	4,003	12.2%	
Non-Current Assets					
Equity Accounted Investments in Council Businesses	8,501	7,855	646	8.2%	Movement in equity accounted investments - refer Note 19 and SRWRA Annual Financial Statements.
Infrastructure, Property, Plant & Equipment	1,137,602	1,198,015	(60,413)	(5.0%)	Movements in valuation of infrastructure assets and asset acquisitions, disposals and depreciation.
Other Non-Current Assets	18,725	6,659	12,066	181.2%	Increase in Work In Progress balances relates to a number of projects incomplete as at 30 June 2023 including The Coastal Walkway, Alternative Water Supply, Clark/Naldera/Nakunda Drainage and Morphet Road Streetscapes.
Total Non-Current Assets	1,164,828	1,212,529	(47,701)	(3.9%)	
TOTAL ASSETS	1,201,649	1,245,347	(43,698)	(3.5%)	
LIABILITIES					
Current Liabilities					
Trade & Other Payables	16,830	11,029	5,801	52.6%	Reflects the increase in grant funding received in 2022-23 for future capital projects (\$6.029m).
Borrowings	929	876	53	6.1%	Current borrowings (current loan principle component) decreasing as existing loans are being paid down. No new loans established in 2022/23.
Provisions	6,722	6,346	376	5.9%	Increase in Employee Provisions.
Lease Liabilities	6	10	(4)	-	Reduction in lease liability due to leases ending.
Total Current Liabilities	24,487	18,261	6,226	34.1%	
Non-Current Liabilities					
Borrowings	1,758	2,687	(929)	(34.6%)	Reduction in total borrowings in line with scheduled repayments of existing loans - no new borrowings taken out during 2022/23.
Provisions	660	594	66	11.1%	Increase in Employee Provisions.
Lease Liabilities	0	0	0	-	
Total Non-Current Liabilities	2,418	3,281	(863)	(26.3%)	
TOTAL LIABILITIES	26,905	21,542	5,363	24.9%	
Net Assets	1,174,744	1,223,805	(49,061)	(4.0%)	
EQUITY					
Accumulated Surplus	434,637	427,628	7,009	1.6%	Refer Statement of Comprehensive Income & Statement of Change in Equity (movement in comprehensive income net of reserve transfers).
Asset Revaluation Reserves	711,329	769,508	(58,179)	(7.6%)	Reflects change in the valuation of assets following a comprehensive revaluation of building and infrastructure assets undertaken by independent professional valuers in 2022-23.
Other Reserves	28,778	26,669	2,109	7.9%	Increase in amounts held in Council's Accounting Reserves.
Total Council Equity	1,174,744	1,223,805	(49,061)	(4.0%)	

ANALYTICAL REVIEW - against Adopted Budget

ATTACHMENT 2

Statement of Comprehensive Income	2022/23	Original Budget	Variance	Variance	Favourable/ (Unfavourable)	Analysis
	\$000's	\$000's	\$000's	%		
Income						
Rates Revenues	84,330	84,146	184	0.2%	F	Primarily relates to lower than forecast requirement for Rate Rebates (\$62k) as well as interest on overdue balances being greater than forecast (\$41k).
Statutory Charges	2,542	2,194	348	15.9%	F	Increase in forecast Planning, Development Assessment and Inspection Fees Revenue (\$174k), Parking Fines (\$110k).
User Charges	3,995	2,765	1,230	44.5%	F	Increase in Rental Income for new agreements executed in 2022-23 financial year, not originally budgeted for. Increase in forecast Sales income for Mitchell Park Sporting Facility (\$227) and Marion Outdoor Pool (\$96k) along with an increase in forecast Admission charges for the Marion Outdoor Pool (\$215k).
Grants, Subsidies & Contributions	9,899	6,929	2,970	42.9%	F	Primarily relates to Grant Commission Funding received in advance \$2.068m and a number of smaller operating grants successfully attracted during the 2022-23 year.
Investment Income	1,157	200	957	478.5%	F	Actual interest revenue reflects a significant increase in official interest rates on cash holdings.
Reimbursements	792	1,159	(367)	(31.7%)	U	Relates to actual expenditure for Cross Council Labour Recovery being classified as Other Income (see below) where budget is classified as Reimbursements.
Other Income	1,271	780	491	62.9%	F	Relates to actual expenditure for Cross Council Labour Recovery being classified as Other Income where budget is classified as Reimbursements (\$336k) and unbudgeted recoveries from insurance claims (\$136k).
Net Gain - Equity Accounted Businesses	645	365	280	76.7%	F	Movement in equity accounted investments - refer Note 19 and SRWRA Annual Financial Statements.
Total Income	104,631	98,538	6,093	6.2%		
Expenses						
Employee Costs	42,378	41,584	794	1.9%	U	Primarily relates to an increase in unbudgeted positions (\$242k), Enterprise Agreement increases (\$241k), increase in employee leave provisions (\$444k) offset by temporarily vacant positions.
Materials, Contracts & Other Expenses	44,629	37,960	6,669	17.6%	U	Primarily relates to elements of budgeted capital projects reclassified to operating (\$2.78m) including Tarnham Road, MCC Plaza, Reserve Developments, BMX Pump Track, The Coastal Walkway and Streetscape projects. A total of \$2.814m of expenditure was carried over from 2021-22, \$1.174m of this was for multi-year Digital Transformation projects. An additional \$482k was spent on Building Maintenance and Utilities costs.
Depreciation, Amortisation & Impairment	17,732	16,651	1,081	6.5%	U	Increase in depreciation expense for number of new assets being depreciated for the first time in combination with the consistent application of the straight line depreciation method for all asset classes following the implementation of Asset Management System.
Finance Costs	206	202	4	2.0%	U	
Total Expenses	104,945	96,397	8,548	8.9%		
Operating Surplus/(Deficit)	(314)	2,141	(2,455)	(114.7%)	U	
Asset Disposal & Fair Value Adjustments	(382)	0	(382)	0.0%	U	Infrastructure and Buildings disposals during 2022-23.
Amounts Received Specifically for New or Upgraded Assets	9,087	6,651	2,436	36.6%	F	Grant funding received for multi year projects not originally budgeted for including Local Roads Community Infrastructure Grant (\$1.639m) Alternative Water Supply (\$1.340m), Coastal Walking Trail (\$1.107m), Sam Willoughby International BMX Facility (\$375k). Anticipated grant funding of \$2.5m for Marino Hall Upgrade did not materialise in 2022-23 (will be received over the coming 18 months in line with construction timeline).
Physical Resources Received Free of Charge	727	0	727	0.0%	F	Reflects contributed assets received and not budgeted for.
Net Surplus/(Deficit)	9,118	8,792	326	3.7%	F	
Other Comprehensive Income						
Changes in Revaluation Surplus - IPP&E	(58,179)	0	(58,179)	0.0%	U	Movement in Infrastructure assets due to full comprehensive revaluation carried out by independent valuer in 2022-23.
Share of Other Comprehensive Income - Equity Accounted Council Business	0	0	0	0.0%		
Total Other Comprehensive Income	(58,179)	0	(58,179)	0.0%		
Total Comprehensive Income	(49,061)	8,792	(57,853)	(658.0%)	U	

DRAFT

City of Marion

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023



City of Marion

General Purpose Financial Statements
for the year ended 30 June 2023

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City of Marion

General Purpose Financial Statements

for the year ended 30 June 2023

Certification of Financial Statements

We have been authorised by the Council to certify the financial statements in their final form.

In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2023 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.

Tony Harrison
Chief Executive Officer

Date:

Kris Hanna
Mayor

Date:

City of Marion

Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
Income			
Rates Revenues	2a	84,330	81,879
Statutory charges	2b	2,542	2,348
User charges	2c	3,995	3,010
Grants, subsidies and contributions - operating	2g	9,899	11,742
Investment income	2d	1,157	365
Reimbursements	2e	792	690
Other income	2f	1,271	1,506
Net gain - equity accounted council businesses	19(a)	645	882
Total income		104,631	102,422
Expenses			
Employee costs	3a	42,378	40,134
Materials, contracts and other expenses	3b	44,629	45,141
Depreciation, amortisation and impairment	3c	17,732	16,334
Finance costs	3d	206	271
Total expenses		104,945	101,880
Operating surplus / (deficit)		(314)	542
Physical resources received free of charge	2i	727	1,396
Asset disposal and fair value adjustments	4	(382)	(1,384)
Amounts received specifically for new or upgraded assets	2g	9,087	6,259
Net surplus / (deficit) ¹		9,118	6,813
Other comprehensive income			
Amounts which will not be reclassified subsequently to operating result			
Changes in revaluation surplus - I, PP&E	9a	(58,179)	37,042
Changes in Revaluation Surplus - Equity Accounted Council Businesses	19	—	346
Total other comprehensive income		(58,179)	37,388
Total comprehensive income		(49,061)	44,201

(1) Transferred to Statement of Changes in Equity

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

City of Marion

Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
ASSETS			
Current assets			
Cash and cash equivalent assets	5a	26,631	24,639
Trade and other receivables	5b	6,512	5,279
Other financial assets	5c	3,000	2,400
Inventories	5d	678	500
Total current assets		36,821	32,818
Non-current assets			
Equity accounted investments in council businesses	6a	8,501	7,855
Other non-current assets	6b	18,725	6,659
Infrastructure, property, plant and equipment	7	1,137,602	1,198,015
Total non-current assets		1,164,828	1,212,529
TOTAL ASSETS		1,201,649	1,245,347
LIABILITIES			
Current liabilities			
Trade and other payables	8a	16,830	11,029
Borrowings	8b	929	876
Provisions	8c	6,722	6,346
Lease Liabilities	8d	6	10
Total current liabilities		24,487	18,261
Non-current liabilities			
Borrowings	8b	1,758	2,687
Provisions	8c	660	594
Lease Liabilities	8d	—	—
Total non-current liabilities		2,418	3,281
TOTAL LIABILITIES		26,905	21,542
Net assets		1,174,744	1,223,805
EQUITY			
Accumulated surplus		434,637	427,628
Asset revaluation reserves	9a	711,329	769,508
Other reserves	9b	28,778	26,669
Total council equity		1,174,744	1,223,805
Total equity		1,174,744	1,223,805

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

City of Marion

Statement of Changes in Equity
for the year ended 30 June 2023

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
2023					
Balance at the end of previous reporting period		427,628	769,508	26,669	1,223,805
Net surplus / (deficit) for year		9,118	—	—	9,118
Other comprehensive income					
- Gain (Loss) on Revaluation of I,PP&E	7a	—	(58,179)	—	(58,179)
- Share of Gain (Loss) on Revaluation - Equity Accounted Council Businesses		—	—	—	—
Other comprehensive income		—	(58,179)	—	(58,179)
Total comprehensive income		9,118	(58,179)	—	(49,061)
Transfers between reserves		(2,109)	—	2,109	—
Balance at the end of period		434,637	711,329	28,778	1,174,744
2022					
Balance at the end of previous reporting period		403,189	732,120	44,295	1,179,604
Net surplus / (deficit) for year		6,813	—	—	6,813
Other comprehensive income					
- Gain (Loss) on Revaluation of I,PP&E	7a	—	37,042	—	37,042
- Share of Gain (Loss) on Revaluation - Equity Accounted Council Businesses		—	346	—	346
Other comprehensive income		—	37,388	—	37,388
Total comprehensive income		6,813	37,388	—	44,201
Transfers between reserves		17,626	—	(17,626)	—
Balance at the end of period		427,628	769,508	26,669	1,223,805

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

City of Marion

Statement of Cash Flows

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
Cash flows from operating activities			
<u>Receipts</u>			
Rates receipts		83,921	82,059
Statutory charges		2,565	2,369
User charges		4,359	3,131
Grants, Subsidies and Contributions (operating purpose)		10,254	10,156
Investment receipts		1,157	365
Reimbursements		863	748
Other receipts		6,160	12,804
<u>Payments</u>			
Finance payments		(206)	(271)
Payments to employees		(42,116)	(41,046)
Payments for materials, contracts and other expenses		(51,385)	(56,484)
Net cash provided by (or used in) operating activities	11b	15,572	13,831
Cash flows from investing activities			
<u>Receipts</u>			
Net disposal of investment securities		—	34,900
Amounts received specifically for new or upgraded assets		15,116	4,153
Sale of replaced assets		1,082	266
Sale of surplus assets		2,415	97
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(9,684)	(9,959)
Expenditure on new/upgraded assets		(21,024)	(34,416)
Net purchase of investment securities		(600)	—
Net cash provided (or used in) investing activities		(12,695)	(4,959)
Cash flows from financing activities			
<u>Payments</u>			
Repayments of Borrowings		(876)	(828)
Repayment of Finance Lease Liabilities		(9)	(117)
Net cash provided by (or used in) financing activities		(885)	(945)
Net increase (decrease) in cash held		1,992	7,927
plus: cash & cash equivalents at beginning of period		24,639	16,712
Cash and cash equivalents held at end of period	11a	26,631	24,639
Additional information:			
plus: investments on hand – end of year	6b	3,000	2,400
Total cash, cash equivalents and investments		29,631	27,039

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

City of Marion

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Contents of the Notes accompanying the General Purpose Financial Statements

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City of Marion

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

(1) Basis of preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared on a going concern basis using the historical cost convention in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 30 May 2022

1.2 Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates and requires management to exercise its judgement in applying Council's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of these Notes.

1.3 Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

1.4 Estimates and assumptions

Council has determined that there is no material uncertainty that casts doubt on Council's ability to continue as a going concern.

(2) The local government reporting entity

City of Marion is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 245 Sturt Road, Sturt. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

Other entities in which Council has an interest but does not control are reported in Note 19.

(3) Income recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Council obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as incomes in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

City of Marion

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

In recent years the payment of untied financial assistance grants has varied from the annual allocation as shown in the table below:

	Cash Payment Received	Annual Allocation	Difference
2020/21	\$3,046,589	\$2,995,722	\$50,867
2021/22	\$4,601,320	\$3,124,230	\$1,477,790
2022/23	\$5,148,040	\$3,319,025	\$1,829,015

Because these grants are untied, the Australian Accounting Standards require that payments be recognised upon receipt. Accordingly, the operating results of these periods have been distorted compared to those that would have been reported had the grants been paid in the year to which they were allocated.

The Operating Surplus Ratio disclosed in Note 15 has also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

Construction contracts

Construction works undertaken by Council for third parties are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

For works undertaken on a fixed price contract basis, revenues are recognised over time using the input method, with costs incurred compared to total expected costs used as a measure of progress. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

(4) Cash, cash equivalents and other financial instruments

Cash Assets include all amounts readily convertible to cash on hand at Council's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the *Local Government Act 1999*. Other receivables are generally unsecured and do not bear interest.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition, except for trade receivables from a contract with a customer, which are measured at the transaction price. A detailed statement of the accounting policies applied to financial instruments forms part of Note 13.

(5) Inventories

Inventories held in respect of stores have been valued by using the weighted average cost on a continual basis, after adjustment for loss of service potential. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

(6) Infrastructure, property, plant and equipment

6.1 Initial recognition

All assets are initially recognised at cost. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current

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City of Marion

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life.

Examples of capitalisation thresholds applied during the year are given below. No capitalisation threshold is applied to the acquisition of land or interests in land.

Category	Individual Threshold
Infrastructure	\$10,000
Land	n/a
Land Improvements	\$5,000
Buildings	\$10,000
Furniture and Fittings	\$5,000
Equipment	\$5,000
Other	\$5,000

Thresholds are also applied to Aggregated Assets in determining whether the value is considered material.

Category	Aggregate Threshold
Infrastructure	
Reserve Lighting	\$250,000
Reserve Pathways	\$500,000
Buildings	
Bus Shelters	\$1,000,000
Shelters/Gazebos	\$250,000
Fencing	\$500,000
Furniture and Fittings	\$25,000
Equipment	
Irrigation	\$1,000,000
LED Lighting	\$1,000,000
Other	
BBQs	\$250,000
Reserve Furniture	\$500,000
Drink Fountains	\$50,000
Reserve Bollards	\$250,000
Reserve Bins	\$100,000
City Band Instruments	\$100,000
Council Artwork	\$100,000

6.3 Subsequent recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. Further detail of these uncertainties, and of existing valuations, methods and valuers are provided at Note 7.

6.4 Depreciation of non-current assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of Council, best reflects the consumption of the service potential embodied in those assets.

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City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually.

Major depreciation periods for each class of asset are listed below. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

	Short Life Years	Long Life Years
Furniture & Equipment		
Office Equipment	3 to 10	n/a
Office Furniture	15	n/a
Vehicles and Heavy Equipment	3 to 15	n/a
Other Plant & Equipment	7 to 25	n/a
LED Lighting	50	n/a
Irrigation – Equipment	10	n/a
Irrigation - Pipework	60	n/a
Buildings		
Sub Structure	n/a	80 to 200
Super Structure	40 to 80	n/a
Roofing	40	n/a
Services	40 to 50	n/a
Fitout	30	n/a
Infrastructure		
Sealed Roads – Surface	25 to 40	n/a
Road Base	60 to 100	200
Road Formation	200	n/a
Kerb	70 to 105	200
Footpath – Bitumen/Rubber	20 to 40	60 to 100
Footpath – Concrete	50 to 85	n/a
Footpath – Paved	50 to 85	n/a
Other Road Structures	20 to 100	40 to 80
Traffic Signs	15 to 20	n/a
Bridges	80 to 140	200
Stormwater Pipes Concrete	100 to 175	200
Stormwater Pipes PVC	60 to 100	n/a
Stormwater Pipes Ribloc	60 to 100	200
Junction Boxes	100 to 175	200
Pollutant Traps	100 to 175	200
Box Culverts	100 to 175	200
Headwalls	100 to 175	200
Drainage Pits	100 to 175	200
Other Infrastructure		
Wetland Assets	15 to 100	250
Car Parks	25 to 40	n/a
Lighting	15 to 25	n/a
Recreation Pathways	30 to 40	n/a
Sports Floodlights	25	n/a
Other Assets		
Playground Equipment	20	n/a
Reserve Furniture	25	n/a
Band Instruments	30	n/a
Civic Art Structures	15 to 80	n/a

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City of Marion

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

6.5 Impairment

Assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, are not subject to impairment testing.

Other assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash inflows or value in use).

Where an asset that has been revalued is subsequently impaired, the impairment is first offset against such amount as stands to the credit of that class of assets in Asset Revaluation Reserve, any excess being recognised as an expense.

6.6 Borrowing costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with AASB 123 *Borrowing Costs*. The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 3, and the amount (if any) of interest revenue offset against borrowing costs in Note 2.

(7) Payables

7.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days from the date of invoice. No interest is payable on these amounts.

7.2 Payments Received in Advance & Deposits

Amounts other than grants received from external parties in advance of service delivery, and security deposits held against possible damage to Council assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

(8) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables".

(9) Employee benefits

9.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Hostplus Superannuation Fund. The Fund has two types of membership, each of which is funded differently. Council also makes contributions to other superannuation schemes selected by employees under the "choice of fund" legislation. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

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City of Marion

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

(10) Leases

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Council as a Lessee

Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

Council recognises the right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and the estimate of the costs to be incurred to restore the leased asset. Right-of-use assets are depreciated on a straight line basis over lease term. The right-of-use asset is also subject to impairment.

ii) Lease Liabilities

At the commencement date of the lease, Council recognises lease liabilities measured at the present value of the lease payments to be made over the lease term. In calculating the present value of the lease payments the council uses the interest rate implicit in the lease.

iii) Short term leases and leases of low value assets

Council applies the short-term lease recognition exemption to its short term leases (i.e. a lease term less than 12 months from commencement date). Council also applies the low-value assets recognition exemption to leases that do not meet the underlying asset capitalisation threshold. These leases are recognised as an expense on a straight line basis over the lease term.

(11) Equity accounted Council businesses

Council participates in cooperative arrangements with other Councils for the provision of services and facilities. Council's interests in cooperative arrangements, which are only recognised if material, are accounted for in accordance with AASB 128 and set out in detail in Note 19.

(12) GST implications

In accordance with UIG Interpretation 1031 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

(13) New accounting standards and UIG interpretations

The Council applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. New standards and amendments relevant to the Council are listed below. The Council has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to Australian Accounting Standards – AASB 2020-3: Annual Improvement 2018-2020 and Other Amendments

Council adopted AASB 2020-3 which makes some small amendments to a number of standards including the following: AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141.

The adoption of the amendment did not have a material impact on the financial statements.

AASB 2020-6: Amendments to Australian Accounting Standards – Classification of Liabilities as Current and Non-Current

AASB 2020-6 defers the effective date for applying the requirements added to AASB 101 in AASB 2020-1 from annual reporting periods beginning on or after 1 January 2022 to annual reporting periods beginning after 1 January 2023, with earlier application permitted.

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City of Marion

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

The adoption of the amendment did not have a material impact on the financial statements.

Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2023, these standards have not been adopted by Council and will be included in the financial statements on their effective date. The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at the time of compiling these illustrative statements that could be applicable to Council.

Effective for annual report periods beginning on or after 1 January 2023.

AASB 2022-6: Amendments to Australian Accounting Standards – Non current Liabilities with Covenants.

Effective for annual report periods beginning on or after 1 January 2024.

AASB 2022-5: Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback

Effective for annual report periods beginning on or after 1 January 2025.

AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an investor and its Associate or Joint Venture

Council has assessed the impact of new and changed Australian Accounting Standards and Interpretations not yet effective and concluded that they will not have a material in the financial statements.

(14) Comparative figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

(15) Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 2. Income

\$ '000	2023	2022
(a) Rates Revenues		
General rates		
General rates	84,416	81,912
Less: mandatory rebates	(2,316)	(2,316)
Less: discretionary rebates, remissions and write-offs	(159)	(35)
Total general rates	81,941	79,561
Other rates (including service charges)		
Regional Landscape Levy	2,098	2,057
Total other rates (including service charges)	2,098	2,057
Other charges		
Penalties for late payment	291	261
Total other charges	291	261
Total rates	84,330	81,879
(b) Statutory charges		
Planning and Development Fees	1,098	978
Health and septic tank inspection fees	52	–
Animal registration fees and fines	578	599
Parking fines / expiation fees	797	771
Other licences, fees and fines	17	–
Total statutory charges	2,542	2,348
(c) User charges		
Hall and equipment hire	326	345
Sales - general	1,193	593
Sundry	844	881
Admission Fees	775	560
Rental Income	857	631
Total user charges	3,995	3,010
(d) Investment income		
Interest on investments		
- Local Government Finance Authority	1,157	365
Total investment income	1,157	365

continued on next page ...

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City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 2. Income (continued)

\$ '000	2023	2022
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(e) Reimbursements

Private works	196	286
Other	596	404
Total reimbursements	792	690

(f) Other income

Sundry	443	272
Donations & Contributions income	356	459
Labour Recovery	336	656
Insurance and other recoupments - infrastructure, property, plant and equipment	136	119
Total other income	1,271	1,506

(g) Grants, subsidies and contributions

Local Roads and Community Infrastructure Phase 2	3,485	1,239
Alternative Water Supply	1,740	—
Coastal Walking Trail - New Bridges	1,107	—
Mitchell Park Sports and Community Club	502	1,230
Plympton Park Land	402	—
Sam Willoughby International BMX Facility	375	1,280
Sport and Recreation Lighting Upgrades	342	—
Cove Sports and Community Club Upgrade	251	—
Coastal Walking Trail Toilet	180	—
Ballara Park Reserve	177	—
Maldon Reserve Toilet	120	—
Edwardstown Oval Digital Screen	110	—
Woodend School Wombat Crossing	90	—
Majors Road Footpath (South Rd to Adams Rd)	80	—
Other Amounts Received Specifically for New or Upgraded Assets	126	680
Southern Soccer Facility	—	1,029
Hugh Johnson Boulevard Reserve	—	801
Total	9,087	6,259

Other grants, subsidies and contributions

Financial Assistance Grants	5,148	4,601
Home and Community Care Grants	2,098	2,633
Roads to Recovery	845	976
Library Services	313	278
Family and Community Development	285	278
Food Waste Recycling Program	—	563
Coastal Walking Trail - Pathway Renewal	—	1,193
Other grants, subsidies and contributions	1,210	1,220
Total other grants, subsidies and contributions	9,899	11,742

Total grants, subsidies and contributions

	18,986	18,001
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The functions to which these grants relate are shown in Note 12.

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City of Marion

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 2. Income (continued)

\$ '000	2023	2022
(i) Sources of grants		
Commonwealth Government	12,610	8,030
State Government	5,934	9,765
Other	442	206
Total	18,986	18,001

(ii) Individually significant items

Grants Commission - Financial Assistance Grant recognised as income	5,148	4,601
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2023: In June 2023, Council received full payment for the 2023/24 Grants Commission Financial Assistance Grants.

2022: In April 2022, Council received part payment for the 2022/23 Grants Commission Financial Assistance Grants. This payment was adjusted for minor reconciling amounts relating to the 2021/22 Grants Commission payment received in May 2021.

\$ '000	2023	2022
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(h) Conditions over grants and contributions

Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:

Unexpended at the close of the previous reporting period	4,191	8,186
---	--------------	--------------

Less:

Expended during the current period from revenues recognised in previous reporting periods

Other	(2,793)	(7,831)
Subtotal	(2,793)	(7,831)

Plus:

Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions

Other	8,299	3,836
Subtotal	8,299	3,836

Unexpended at the close of this reporting period

9,697	4,191
--------------	--------------

Net increase (decrease) in assets subject to conditions in the current reporting period

5,506	(3,995)
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(i) Physical resources received free of charge

Roads, bridges and footpaths	727	1,396
Total physical resources received free of charge	727	1,396

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 3. Expenses

\$ '000	Notes	2023	2022
(a) Employee costs			
Salaries and wages		33,835	32,841
Employee leave expense		4,767	4,004
Superannuation - defined contribution plan contributions	18	3,615	3,213
Workers' compensation insurance		1,104	944
Less: capitalised and distributed costs		(943)	(868)
Total operating employee costs		42,378	40,134
Total number of employees (full time equivalent at end of reporting period)		382	387
(b) Materials, contracts and other expenses			
(i) Prescribed expenses			
Auditor's remuneration			
- Auditing the financial reports		28	28
Bad and doubtful debts		3	95
Elected members' expenses		377	370
Operating lease rentals - cancellable leases		123	290
Subtotal - prescribed expenses		531	783
(ii) Other materials, contracts and expenses			
Contractors		22,095	23,551
Maintenance		4,598	4,187
Parts, accessories and consumables		3,726	4,720
Infrastructure Contributions & Community Grants		2,093	2,491
Sundry		1,405	1,564
Levies Paid to Government - Regional Landscape Levy		2,089	2,057
Levies - other		224	136
Energy		1,855	1,478
Professional services		3,576	1,741
Insurance		738	669
Memberships & Subscriptions		556	437
Legal expenses		240	359
Printing & Postage		322	276
Bank Fees & Charges		38	184
Library Materials		192	184
Telecommunication Charges		186	174
Fringe Benefits Tax		109	113
Advertising		56	37
Subtotal - Other material, contracts and expenses		44,098	44,358
Total materials, contracts and other expenses		44,629	45,141

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City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 3. Expenses (continued)

\$ '000	2023	2022
(c) Depreciation, amortisation and impairment		
(i) Depreciation and amortisation		
Buildings and other structures	4,227	3,746
Infrastructure	9,624	8,992
- Other	1,433	1,193
Right-of-use assets	12	130
Plant and equipment	1,483	1,416
Furniture and fittings	106	84
Intangible Assets	37	54
Other assets	810	719
Subtotal	17,732	16,334
Total depreciation, amortisation and impairment	17,732	16,334
(d) Finance costs		
Interest on loans	203	271
Charges on Finance Leases	3	—
Total finance costs	206	271

Note 4. Asset disposal and fair value adjustments

\$ '000	2023	2022
Infrastructure, property, plant and equipment		
(i) Assets renewed or directly replaced		
Proceeds from disposal	1,082	266
Less: carrying amount of assets sold	(2,925)	(1,676)
Gain (loss) on disposal	(1,843)	(1,410)
(ii) Assets surplus to requirements		
Proceeds from disposal	2,415	97
Less: carrying amount of assets sold	(954)	(71)
Gain (loss) on disposal	1,461	26
Net gain (loss) on disposal or revaluation of assets	(382)	(1,384)

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 5. Current assets

\$ '000	2023	2022
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(a) Cash and cash equivalent assets

Cash on hand and at bank	131	839
Short term deposits and bills, etc.	26,500	23,800
<u>Total cash and cash equivalent assets</u>	<u>26,631</u>	<u>24,639</u>

(b) Trade and other receivables

Rates - general and other	2,255	1,710
Rates Postponed for State Seniors	38	174
Accrued revenues	212	72
Debtors - general	2,458	1,732
GST recoupment	805	800
Prepayments	744	791
<u>Total trade and other receivables</u>	<u>6,512</u>	<u>5,279</u>

(c) Other financial assets

Other Financial Assets (Term Deposits with over 90 days to maturity)	3,000	2,400
<u>Total Other Financial Assets</u>	<u>3,000</u>	<u>2,400</u>

Amounts included in other financial assets that are not expected to be received within 12 months of reporting date are disclosed in Note 13.

(d) Inventories

Stores and materials	678	500
<u>Total inventories</u>	<u>678</u>	<u>500</u>

Note 6. Non-current assets

\$ '000	Notes	2023	2022
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(a) Equity accounted investments in council businesses

Southern Region Waste Resource Authority	19(a)i	8,501	7,855
<u>Total equity accounted investments in Council businesses</u>		<u>8,501</u>	<u>7,855</u>

(b) Other non-current assets

Capital work in progress	18,725	6,659
<u>Total other non-current assets</u>	<u>18,725</u>	<u>6,659</u>

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 7. Infrastructure, Property, Plant & Equipment

Infrastructure, property, plant and equipment

\$ '000	Fair Value Level	as at 30/06/22				Asset movements during the reporting period						as at 30/06/23			
		At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	Adjustments & Transfers	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
Land	3	353,242	—	—	353,242	3,114	—	(737)	—	—	—	355,619	—	—	355,619
Buildings and other structures	3	205,947	—	(75,024)	130,923	3,719	537	(426)	(4,227)	—	12,914	237,742	—	(94,303)	143,439
Infrastructure	3	844,563	—	(203,249)	641,314	1,962	3,192	(811)	(9,624)	—	(71,093)	950,052	—	(385,111)	564,941
Other Infrastructure	3	58,371	—	(14,801)	43,570	1,841	—	(194)	(1,433)	—	—	59,860	—	(16,076)	43,784
Right-of-use assets		—	775	(767)	8	—	9	—	(12)	—	—	—	785	(780)	5
Plant and equipment		—	27,273	(11,164)	16,109	1,015	1,298	(817)	(1,483)	—	—	—	27,489	(11,366)	16,123
Furniture and fittings		—	1,819	(758)	1,061	—	—	—	(106)	—	—	—	1,819	(863)	956
Intangible Assets		1,141	—	(985)	156	—	—	(15)	(37)	—	—	711	—	(606)	105
Other assets	3	16,710	—	(5,078)	11,632	2,625	65	(880)	(810)	—	—	17,731	—	(5,101)	12,630
Total infrastructure, property, plant and equipment		1,479,974	29,867	(311,826)	1,198,015	14,276	5,101	(3,880)	(17,732)	—	(58,179)	1,621,715	30,093	(514,206)	1,137,602
Comparatives		1,379,673	28,315	(278,502)	1,129,486	39,627	9,822	(1,747)	(16,334)	117	37,042	1,479,974	29,867	(311,826)	1,198,015

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City of Marion

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 7. Infrastructure, Property, Plant & Equipment (continued)

Valuation of infrastructure, property, plant & equipment and investment property

Valuation of assets

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Refer to Note 7a for the disclosure of the Fair Value Levels of Infrastructure, Property, Plant and Equipment Assets.

Information on valuations

Certain land, and the buildings and structures thereon, are shown above as being based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

Valuations of Crown land, community land and land subject to other restrictions on use or disposal, shown above as being based on fair value hierarchy level 3 valuation inputs, are based on prices for similar assets in an active market, but include adjustments for specific advantages or disadvantages attaching to the particular asset that are not directly or indirectly observable in that market, or the number and / or amount of observable adjustments of which are so great that the valuation is more fairly described as being based on level 3 valuation inputs.

There is no known market for buildings, infrastructure and other assets. These assets are valued at depreciated current replacement cost. This method involves:

- The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.
- The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques

Other information

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.D5 to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent addition at cost, this remains as the basis of recognition of non-material asset classes.

Upon revaluation, the current new replacement cost and accumulated depreciation are re-stated such that the difference represents the fair value of the asset determined in accordance with AASB 13 Fair Value Measurement: accumulated depreciation is taken to be the difference between current new replacement cost and fair value. In the case of land, current replacement cost is taken to be the fair value.

Highest and best use

All of Council's non financial assets are considered as being utilised for their highest and best use.

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City of Marion

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 7. Infrastructure, Property, Plant & Equipment (continued)

AASB 13 - Fair Value Measurement

The requirements of AASB 13 Fair Value Measurement have been applied to all valuations undertaken since 1 July 2013 as shown by the valuation dates by individual asset classes below.

Fair value hierarchy level 2 valuations: Land is shown above as being based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

Fair value hierarchy level 3 valuations of valuations of buildings, infrastructure and other assets: There is no known market for these assets and they are valued at depreciated current replacement cost. This method involves:

The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.

The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

Land & Land Improvements

Council being of the opinion that it is not possible to attribute a value sufficiently reliably to qualify for recognition, land under roads has not been recognised in these reports. A comprehensive revaluation was carried out by independent valuation for the reporting period, 30 June 2018.

Freehold land and land over which Council has control, but does not have title, is recognised on the cost basis. No capitalisation threshold is applied to the acquisition of land or interests in land.

Land improvements, including bulk earthworks with an assessed unlimited useful life, are recognised on the cost basis. Additions are recognised at cost.

Estimated future costs of reinstatement of land, capitalised in accordance with AASB 116.16(c), are reviewed annually (see Note 1) and depreciated over the estimated remaining life of the relevant asset. Currently there are no assets that require this treatment.

Buildings & Other Structures

A comprehensive revaluation was carried out by independent valuation for the reporting period, 30 June 2023.

Infrastructure

A comprehensive revaluation of infrastructure assets (roads, footpaths, kerbs, drains, bridges, traffic devices and traffic signs) was carried out by independent valuation for this reporting period, 30 June 2023.

A comprehensive revaluation was carried out by independent valuation for the reporting period, 30 June 2018 for other infrastructure assets such as car parks, lighting, walking trails and reserve pathways

All acquisitions made after the respective dates of valuation are recorded at cost.

Plant, Equipment & Equipment

These assets are recognised on the cost basis.

All other Assets

A comprehensive revaluation was carried out by independent valuation for the reporting period, 30 June 2018.

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 8. Liabilities

\$ '000	2023 Current	2023 Non Current	2022 Current	2022 Non Current
(a) Trade and other payables				
Goods and services	5,784	—	5,652	—
- Grants, subsidies, contributions - operating	451	—	974	—
- Grants and contributions - capital	9,246	—	3,217	—
Accrued expenses - employee entitlements	1,317	—	1,041	—
Accrued expenses - other	7	—	83	—
Other	25	—	62	—
Total trade and other payables	16,830	—	11,029	—
(b) Borrowings				
Loans	929	1,758	876	2,687
Total Borrowings	929	1,758	876	2,687
All interest bearing liabilities are secured over the future revenues of the Council				
(c) Provisions				
Employee entitlements (including oncosts)	6,722	660	6,346	594
Total provisions	6,722	660	6,346	594
(d) Lease Liabilities				
Lease Liabilities	6	—	10	—
Total other liabilities	6	—	10	—

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 9. Reserves

	as at 30/06/22				as at 30/06/23
\$ '000	Opening Balance	Increments (Decrements)	Transfers	Impairments	Closing Balance
(a) Asset revaluation reserve					
Land	250,696	–	–	–	250,696
Buildings and other structures	84,875	12,914	–	–	97,789
Infrastructure - Stormwater drainage	96,024	(24,569)	–	–	71,455
Infrastructure - Roads, Bridges and Footpaths	327,774	(46,524)	–	–	281,250
Infrastructure - Other	4,353	–	–	–	4,353
Other assets	5,073	–	–	–	5,073
JV's / associates - other comprehensive income	713	–	–	–	713
Total asset revaluation reserve	769,508	(58,179)	–	–	711,329
Comparatives	732,120	37,388	–	–	769,508

	as at 30/06/22				as at 30/06/23
\$ '000	Opening Balance	Tfrs to Reserve	Tfrs from Reserve	Other Movements	Closing Balance
(b) Other reserves					
Open Space Reserve	2,512	2,635	(3,095)	–	2,052
Grants/Carry Forward Projects Reserve	12,853	19,261	(12,853)	–	19,261
Asset Sustainability Reserve	10,151	61	(3,906)	–	6,306
Water Reserve	1,153	6	–	–	1,159
Total other reserves	26,669	21,963	(19,854)	–	28,778
Comparatives	44,295	5,752	(23,378)	–	26,669

Purposes of reserves

Asset revaluation reserves

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non current assets (less any subsequent impairment losses, where applicable).

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 Fund.

City of Marion

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 9. Reserves (continued)

Grants and Carryovers Reserve

Purpose - this reserve was created for:

Grants received in advance - occasionally a funding body has provided untied Grant funds relating to the following financial year(s) 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.

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

Use of Fund - monies are utilised in accordance with the original purpose.

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.
- 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.

The Asset Sustainability Reserve will be funded from planned surpluses identified in the Long Term Financial Plan (LTFP).

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

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 third party supply opportunities.

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

Note 10. Assets subject to restrictions

\$ '000	2023	2022
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The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.

Cash and financial assets

Grant funds received in advance	9,621	4,191
Total cash and financial assets	9,621	4,191
Total assets subject to externally imposed restrictions	9,621	4,191

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2023	2022
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(a) Reconciliation of cash

Cash assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Total cash and equivalent assets	5	26,631	24,639
Balances per Statement of Cash Flows		26,631	24,639

(b) Reconciliation of change in net assets to cash from operating activities

Net surplus/(deficit)		9,118	6,813
Non-cash items in income statements			
Depreciation, amortisation and impairment		17,732	16,334
Equity movements in equity accounted investments (increase)/decrease		(645)	(882)
Non-cash asset acquisitions		(727)	(1,396)
Grants received for capital programs		(15,116)	(6,259)
Net (gain)/loss on disposals		382	1,384
		10,744	15,994
Add (less): changes in net current assets			
Net (increase)/decrease in inventories		(178)	(189)
Net (increase)/decrease in receivables		(1,233)	2,831
Net increase/(decrease) in other liabilities		(4)	(16)
Net increase/(decrease) in trade and other payables		5,801	(4,597)
Net increase/(decrease) in unpaid employee benefits		442	(192)
Net cash provided by (or used in) operations		15,572	13,831

(c) Non-cash financing and investing activities

Acquisition of assets by means of:

Physical resources received free of charge	2i	727	1,396
Amounts recognised in income statement		727	1,396
Total non-cash financing and investing activities		727	1,396

(d) Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

Corporate credit cards	150	125
LGFA cash advance debenture facility	11,000	11,000

Council has immediate access to a short-term cash advance debenture facility at variable interest rate borrowings from the Local Government Finance Authority of SA.

City of Marion

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 12(a). Functions

Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b).										
\$ '000	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT AND NON-CURRENT)	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Functions/Activities										
Development Assessment	1,260	1,179	4,199	4,573	(2,939)	(3,394)	—	—	—	—
Crime Prevention	1	3	420	393	(419)	(390)	—	—	—	—
Community Support & Development	6,130	5,417	15,163	15,548	(9,033)	(10,131)	2,422	2,821	154,501	150,515
Public & Environment Health	149	157	1,458	1,184	(1,309)	(1,027)	481	553	—	—
Community Safety Inspection	1,687	1,411	2,552	2,235	(865)	(824)	—	—	—	—
Public Infrastructure	3,619	3,435	21,454	20,847	(17,835)	(17,412)	2,971	4,832	636,750	700,382
Open Space	1,062	1,120	18,910	18,335	(17,848)	(17,215)	241	198	301,749	298,674
Public Conveniences	1	10	798	664	(797)	(654)	—	—	4,729	3,170
Strategic Projects	77	52	1,489	1,788	(1,412)	(1,736)	18	—	25	52
Asset Management	—	—	—	—	—	—	—	—	16,227	15,236
Neighbourhood Centres	395	340	1,989	1,560	(1,594)	(1,220)	285	285	7,902	7,648
Cultural Development	286	254	4,227	3,600	(3,941)	(3,346)	44	13	19,047	14,308
Libraries	464	589	8,638	8,614	(8,174)	(8,025)	317	362	15,081	13,938
Waste & Recycling	89	110	10,701	10,269	(10,612)	(10,159)	—	—	—	—
Trees	—	—	3,266	2,471	(3,266)	(2,471)	54	20	—	—
Economic Development	99	90	1,074	1,120	(975)	(1,030)	—	—	—	—
Governance	—	—	2,184	2,555	(2,184)	(2,555)	—	—	—	—
Service Quality	1	1	242	163	(241)	(162)	—	—	587	742
Treasury	88,666	87,372	6,181	5,961	82,485	81,411	3,066	2,658	45,051	40,682
Total Functions/Activities	103,986	101,540	104,945	101,880	(959)	(340)	9,899	11,742	1,201,649	1,245,347

Revenues and expenses exclude net gain (loss) on disposal or revaluation of assets, net gain (loss) from joint ventures & associated entities, amounts received specifically for new or upgraded assets and physical resources received free of charge.

City of Marion

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 12(b). Components of functions

The activities relating to Council functions are as follows:

DEVELOPMENT ASSESSMENT

Building and planning services which ensure that houses are safely constructed and designed and developed in a manner which is sympathetic to the local neighbourhood

CRIME PREVENTION

Services such as graffiti removal and working with other agencies to improve the safety and amenity of the community

COMMUNITY SUPPORT & DEVELOPMENT

Services such as home and community care, youth services, support for volunteers and community transport providing direct support to groups within the community

PUBLIC & ENVIRONMENTAL HEALTH

Services such as food safety and public health inspections, immunisation and enforcement of certain environmental regulations as well as Planning, information, advice and demonstration to promote environmentally sensitive practices by both Council and the community

COMMUNITY SAFETY INSPECTION

Services include dog and cat control, pest control, parking control and the enforcement of by-laws to ensure that the community is safe and orderly

PUBLIC INFRASTRUCTURE

Includes the design, development and maintenance of footpaths, streets, drainage and kerb and water table, as well as street signs, traffic control devices and line-marking ensuring that local neighbourhoods are safe and accessible with good amenity

OPEN SPACE

Parks, reserves, ovals and streetscape development and maintenance providing well maintained public spaces for use by all members of the community

PUBLIC CONVENIENCES

Services such as provision and maintenance of public toilets in close proximity to highly frequented reserves and other open space areas

STRATEGIC PROJECTS

Delivery of Major Projects across the city aimed at providing improved services and facilities for the Community

ASSET MANAGEMENT

Management and maintenance of Council properties enabling them to be utilised by members of the community for various purposes such as meetings, social activities and programs

NEIGHBOURHOOD CENTRES

Providing opportunities for learning and social activities for all ages and interests

CULTURAL DEVELOPMENT

Supporting community involvement in arts and cultural activity and expression, celebrating diversity, indigenous people and those from culturally and linguistically diverse backgrounds. This includes the Marion Cultural Centre and Living Kurna Cultural Centre providing cultural and artistic experiences for the community

LIBRARIES

Three libraries and a delivery service providing opportunities for learning and social activities for all ages and interests

WASTE & RECYCLING

Services including domestic kerbside collection, hard rubbish collection, street sweeping and general litter collection to maintain cleanliness and amenity

TREES

Provision of street trees and revegetation programs to improve amenity and promote, where possible, the use of indigenous plants

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City of Marion

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 12(b). Components of functions (continued)

ECONOMIC DEVELOPMENT

Planning and support for existing and potential businesses to assist businesses to adapt to changing circumstance and provide an employment base for the Marion community

ORGANISATION OF EXCELLENCE

To lead in the delivery of the Community Vision, the organisation must maintain its sustainability. This underpins our Corporate Vision of "An Organisation of Excellence". To achieve this, the following essential support services are funded in the budget.

Governance

Elected Member Support

Provision of services which enable Elected Members to undertake their role in making decisions for the Council and community, including Council meetings, elections and council receptions.

Strategic, corporate and sustainability planning and policy development

To ensure that Council is progressing towards achieving the Community Vision 2040 and its strategic social, cultural, and economic and environmental sustainability goals in a transparent and accountable manner, working with our Local, State, and Commonwealth Government partners

Risk management policy, development and internal audit

Activities to ensure that Council is continuously improving its management systems

External relations, communication and community engagement

Enables the community to be appropriately and adequately informed about the activities and decisions of the Council.

Service Quality

Customer Experience

In particular the Customer Service Centre, which enables Council staff to liaise with the community to address issues and concerns directly with Council, as well as provide the community with information and referral to other services provided in the region.

Information Technology

Provides support to Council staff for their technological needs to enable them to contribute towards delivery of the Community Vision as well as access by the community to Council information and services through the internet and email

Information Management

Enables Council to keep adequate and appropriate records of activities and decisions

TREASURY

Including budgeting, rating, accounts management and payroll, which ensure sound and transparent financial management which enables Council to provide adequate services and facilities and appropriately address community needs

Note 13. Financial instruments

Recognised financial instruments

Bank, deposits at call, short term deposits

Accounting Policy:

Initially recognised at fair value and subsequently measured at amortised cost; interest is recognised when earned.

Terms & Conditions:

Deposits are returning fixed interest rates between 4.05% and 4.90% (2022: 0.43% and 2.17%). Short term deposits have an average maturity of 105.3 days and a weighted average interest rate of 4.6% (2022: 92 days and 0.41%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

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City of Marion

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 13. Financial instruments (continued)

Receivables - rates and associated charges

Accounting Policy:

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

Terms & Conditions:

Secured over the subject land, arrears attract interest of 5.80% (2022: 5.05%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables - fees and other charges

Accounting policy:

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

Terms and conditions:

Unsecured, and do not bear interest. Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.

Carrying amount:

Approximates fair value (after deduction of any allowance).

Receivables - other levels of government

Accounting policy:

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

Terms and conditions:

Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.

Carrying amount:

Approximates fair value.

Liabilities - creditors and accruals

Accounting policy:

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

Terms and conditions:

Liabilities are normally settled on 30 day terms.

Carrying amount:

Approximates fair value.

Liabilities - interest bearing borrowings

Accounting Policy:

Initially recognised at fair value and subsequently at amortised cost using the effective interest rate.

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City of Marion

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 13. Financial instruments (continued)

Terms & Conditions:

Secured over future revenues, borrowings are repayable over 10 to 15 years; interest is charged at fixed rates between 5.80% and 6.25% (2022: 5.8% and 6.25%).

Carrying Amount:

Approximates fair value.

Liabilities - leases**Accounting policy:**

Accounted for in accordance with AASB 16 as stated in Note 17.

\$ '000	Due < 1 year	Due > 1 year and ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial assets and liabilities					
2023					
Financial assets					
Cash and cash equivalents	26,631	—	—	26,631	26,631
Receivables	5,768	—	—	5,768	5,768
Other financial assets	3,000	—	—	3,000	3,000
Total financial assets	35,399	—	—	35,399	35,399
Financial liabilities					
Payables	5,816	—	—	5,816	5,816
Borrowings	1,081	—	—	1,081	929
Non-current borrowings	—	1,659	415	2,074	1,758
Total financial liabilities	6,897	1,659	415	8,971	8,503
Total financial assets and liabilities	42,296	1,659	415	44,370	43,902
2022					
Financial assets					
Cash and cash equivalents	24,639	—	—	24,639	24,639
Receivables	5,279	—	—	5,279	5,279
Other financial assets	2,400	—	—	2,400	2,400
Total financial assets	32,318	—	—	32,318	32,318
Financial liabilities					
Payables	5,783	—	—	5,783	5,783
Borrowings	1,081	—	—	1,081	876
Non-current borrowings	—	2,325	830	3,155	2,687
Total financial liabilities	6,864	2,325	830	10,019	9,346
Total financial assets and liabilities	39,182	2,325	830	42,337	41,664

continued on next page ...

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City of Marion

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 13. Financial instruments (continued)

The following interest rates were applicable to Council's borrowings at balance date:

\$ '000	2023		2022	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed interest rates	6.23%	2,687	6.09%	3,563
		<u>2,687</u>		<u>3,563</u>

Net fair value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Council.

Risk exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any impairment. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 and 6 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of Council's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor **currency risk** apply.

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. Council also has available a range of bank overdraft and standby borrowing facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Council has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

Expected credit losses (ECL)

Council uses an allowance matrix to measure expected credit losses for receivables from individual customers, which comprise a large number of small balances. As rates and annual charges are secured over subject land no allowance for such receivables is made. The following table provides information about Council's ECLs from receivables (excluding secured rates and charges, GST and other amounts held in trust). Impairment analysis is performed each reporting date. ECLS are based on credit history adjusted for forward looking estimates and economic conditions.

Set out below is the movement in the allowance for expected credit losses:

Note 14. Capital expenditure and investment property commitments

\$ '000	2023	2022
---------	------	------

Capital commitments

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Buildings	9,940	1,255
Infrastructure	7,116	2,655
Plant and equipment	1,557	2,093
Other	3,388	581

continued on next page ...

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City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 14. Capital expenditure and investment property commitments (continued)

\$ '000	2023	2022
	22,001	6,584
These expenditures are payable:		
Not later than one year	22,001	6,584
	22,001	6,584

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City of Marion

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 15. Financial indicators

	Indicator 2023	Indicators 2022	Indicators 2021
Financial Indicators overview			
<i>These Financial Indicators have been calculated in accordance with Information paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.</i>			
1. Operating Surplus Ratio			
Operating surplus			
Total operating income	(0.3)%	0.5%	0.3%
<i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i>			
2. Net Financial Liabilities Ratio			
Net financial liabilities			
Total operating income	(9)%	(11)%	(34)%
<i>Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.</i>			
Adjusted Operating Surplus Ratio			
Operating surplus			
Total operating income	(2.1)%	(0.9)%	0.2%
Adjustments to Ratios			
<i>In recent years the Commonwealth Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.</i>			
Adjusted Net Financial Liabilities Ratio			
Net financial liabilities			
Total operating income	(5)%	(8)%	(32)%
3. Asset Renewal Funding Ratio			
Asset renewals			
Targeted Renewal Expenditure	82%	78%	86%
<i>Asset renewals expenditure is defined as capital expenditure on the renewal and replacement of existing assets relative to the optimal level planned, and excludes new capital expenditure on the acquisition of additional assets.</i>			

City of Marion

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 16. Uniform presentation of finances

\$ '000	2023	2022
<p>The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income		
Rates	84,330	81,879
Statutory charges	2,542	2,348
User charges	3,995	3,010
Grants, subsidies and contributions - operating	9,899	11,742
Investment income	1,157	365
Reimbursements	792	690
Other income	1,271	1,506
Net gain - equity accounted council businesses	645	882
Total Income	104,631	102,422
Expenses		
Employee costs	42,378	40,134
Materials, contracts and other expenses	44,629	45,141
Depreciation, amortisation and impairment	17,732	16,334
Finance costs	206	271
Total Expenses	104,945	101,880
Operating surplus / (deficit)	(314)	542
Timing adjustment for grant revenue	(1,829)	(1,478)
Adjusted Operating surplus / (deficit)	(2,143)	(936)
Net outlays on existing assets		
Capital expenditure on renewal and replacement of existing assets	(9,684)	(9,959)
Add back depreciation, amortisation and impairment	17,732	16,334
Add back proceeds from sale of replaced assets	1,082	266
	9,130	6,641
Net outlays on new and upgraded assets		
Capital Expenditure on New and Upgraded Assets	(21,024)	(34,416)
Add back amounts received specifically for new and upgraded assets	15,116	4,153
add back Proceeds from Sale of Surplus Assets	2,415	97
	(3,493)	(30,166)
Annual net impact to financing activities (surplus/(deficit))	3,494	(24,461)

Note 17. Leases

(i) Council as a lessee

Terms and conditions of leases

continued on next page ...

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City of Marion

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 17. Leases (continued)

Computer and Office Equipment

Council has entered into non-cancellable operating leases for various items of computer and office equipment.

No contingent rentals were paid during the current or previous reporting periods.

No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

Leases in relation to computer and office equipment permit Council, at expiry of the lease, to elect to re-lease, return or acquire the equipment leased.

No lease contains any escalation clause.

Set out below are the carrying amounts of right-of-use assets recognised within Infrastructure, Property, Plant and Equipment and the movements during the period:

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City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 17. Leases (continued)

(a) Right of use assets

\$ '000	Right-of-use assets	Total
2023		
Opening balance	8	8
Adjustments to right-of-use assets due to re-measurement of lease liability	10	10
Depreciation charge	(12)	(12)
Impairment of right-of-use assets	—	—
Reclassification to Software as a Service	—	—
Balance at 30 June	6	6
2022		
Opening balance	21	21
Adjustments to right-of-use assets due to re-measurement of lease liability	117	117
Depreciation charge	(130)	(130)
Impairment of right-of-use assets	—	—
Reclassification to Software as a Service	—	—
Balance at 30 June	8	8

(b) Lease liabilities

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

\$ '000	2023	2022
Balance at 1 July	10	26
Accretion of interest	3	19
Payments	(16)	(152)
Re-measurement of Lease liability	12	117
Balance at 30 June	9	10
Classified as:		
Current	9	10

The maturity analysis of lease liabilities is included in Note 13.

Council had total cash outflows for leases of \$138,415

The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets	12	130
Interest expense on lease liabilities	3	19
Expense relating to leases of low-value assets	90	260
Other	33	30
Total amount recognised in profit or loss	138	439

City of Marion

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 18. Superannuation

The Council makes employer superannuation contributions in respect of its employees to Hostplus (formerly Statewide Super). There are two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

Accumulation only members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (10.5% in 2022/23; 10.0% in 2021/22). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2021/22) of "superannuation" salary.

In addition, Council makes a separate contribution of 4.2% of ordinary time earnings for Salarylink members to their Accumulation account. Employees also make member contributions to the Salarylink section of the Fund. As such, assets accumulate in the Salarylink section of the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2020. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to other superannuation schemes

Council also makes contributions to other superannuation schemes selected by employees under the "choice of fund" legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the net assets of the scheme, and no further liability attaches to the Council.

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 19. Interests in other entities

All joint ventures and associates are required to prepare Annual Financial Statements that comply with the SA Local Government Model Financial Statements.

\$ '000	Council's Share of Net Income		Council's Share of Net Assets	
	2023	2022	2023	2022
Council's share of net income				
Joint ventures	645	882	8,501	7,855
Total Council's share of net income	645	882	8,501	7,855

((a)i) Joint ventures, associates and joint operations

(a) Carrying amounts

\$ '000	Principal Activity	2023	2022
Southern Region Waste Resource Authority (SRWRA)	Waste and Recycling	8,501	7,855
Total carrying amounts - joint ventures and associates		8,501	7,855

Southern Region Waste Resource Authority (SRWRA)

The Southern Region Waste Resource Authority was established under Section 43 of the Local Government Act to provide and operate services for the management of waste and waste facilities under its control on behalf of its constituent councils.

The SRWRA owns and operates the Southern Region Waste Disposal Depot on behalf of the Cities of Holdfast Bay, Marion and Onkaparinga.

The City of Marion has an equal voting right and a 30% interest in the assets and liabilities of SRWRA. For the year ended 30 June 2022, the net assets of SRWRA total \$26,185,000. The City of Marion interest, totalling \$7,855,000 is disclosed below.

In 2006 the decision was taken to equity account for this investment due to a change in the operations of the business. Initial balances were brought to account through accumulated surplus.

(b) Relevant interests

	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2023	2022	2023	2022	2023	2022
Southern Region Waste Resource Authority (SRWRA)	30.00%	30.00%	30.00%	30.00%	33.00%	33.00%

City of Marion

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 19. Interests in other entities (continued)

(c) Movement in investment in joint venture or associate

\$ '000	Southern Region Waste Resource Authority (SRWRA)	
	2023	2022
Opening Balance	7,855	6,627
Share in Operating Result	646	882
Adjustments to Equity - Share of Asset Revaluation	—	346
Council's equity share in the joint venture or associate	8,501	7,855

(d) Joint Operations Expenditure Commitments

Expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:

\$ '000	2023	2022
(i) Capital expenditures payable		
Committed Projects	—	79
	—	79

Note 20. Non-current assets held for sale and discontinued operations

Council does not have any Non-Current Assets Held for Sale or any Discontinued Operations.

Note 21. Contingencies and assets/liabilities not recognised in the balance sheet

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but knowledge is considered relevant to the users of the financial report in making and evaluating decisions about the allocation of scarce resources.

1. Land under roads

As reported in the Financial Statements, Council is of the opinion that it is not possible to attribute a value sufficiently reliably for these assets to qualify for recognition, and accordingly land under roads has not been recognised in the reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

2. Potential insurance losses

Council is a multi-purpose organisation providing a large range of building, parks infrastructure, playgrounds and other facilities accessible to the public. At any time, it is likely that claims will have been made against Council that remain unsettled.

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to deductible "insurance excesses", the amount of which varies according to the class of insurance.

Council has recognised the potential losses arising from claims known at reporting date based on average historical net cost (including insurance excess) of similar types of claims. Other potential claims not reported to Council may have existed at reporting date.

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City of Marion

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 21. Contingencies and assets/liabilities not recognised in the balance sheet

3. Bank guarantees

Council currently has no guaranteed loans or other banking facilities advanced to community organisations and sporting bodies at reporting date.

4. Legal expenses

Council is the planning consent authority for its area under the Planning, Development and Infrastructure Act 2016 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of 9 appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

5. Legal Matter

Proceedings have been filed in the Supreme Court against 61 Councils in South Australia, including City of Marion. The claim alleges unpaid consultancy fees. A joint defence is being coordinated by the Local Government Association of SA as agent for the Councils. The amount claimed has not been recognised on the basis that an outflow of economic resources to settle it is not viewed as probable at this stage.

Note 22. Events after the balance sheet date

Events that occur after the reporting date of 30 June 2023, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Council is unaware of any material or significant "non adjusting events" that should be disclosed.

Note 23. Related party transactions

Key management personnel

Transactions with key management personnel

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. With council elections held during the year there were seven new Elected Members who commenced in November 2022. In all, 24 persons were paid the following total compensation:

\$ '000	2023	2022
The compensation paid to key management personnel comprises:		
Salaries, Allowances & Other Short-Term Employee Benefits	1,407	1,212
Post-employment benefits	98	80
Total	1,505	1,292

Amounts paid as direct reimbursement of expenses incurred on behalf of Council have not been included above.

Receipts from key management personnel comprise:

Other than amounts paid as ratepayers or residents (e.g. rates, swimming pool entry fees, etc.), Council received no receipts from Key Management Personnel.

City of Marion

General Purpose Financial Statements
for the year ended 30 June 2023

Independent Auditor's Report - Financial Statements

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City of Marion

General Purpose Financial Statements
for the year ended 30 June 2023

Independent Auditor's Report - Internal Controls

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City of Marion

General Purpose Financial Statements

for the year ended 30 June 2023

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of City of Marion for the year ended 30 June 2023, the Council's Auditor, Galpins has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.

Tony Harrison
CHIEF EXECUTIVE OFFICER

Emma Hinchey
PRESIDING MEMBER
FINANCE RISK AND AUDIT COMMITTEE

Date:

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City of Marion

General Purpose Financial Statements

for the year ended 30 June 2023

Statement by Auditor

I confirm that, for the audit of the financial statements of The City of Marion for the year ended 30 June 2023, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

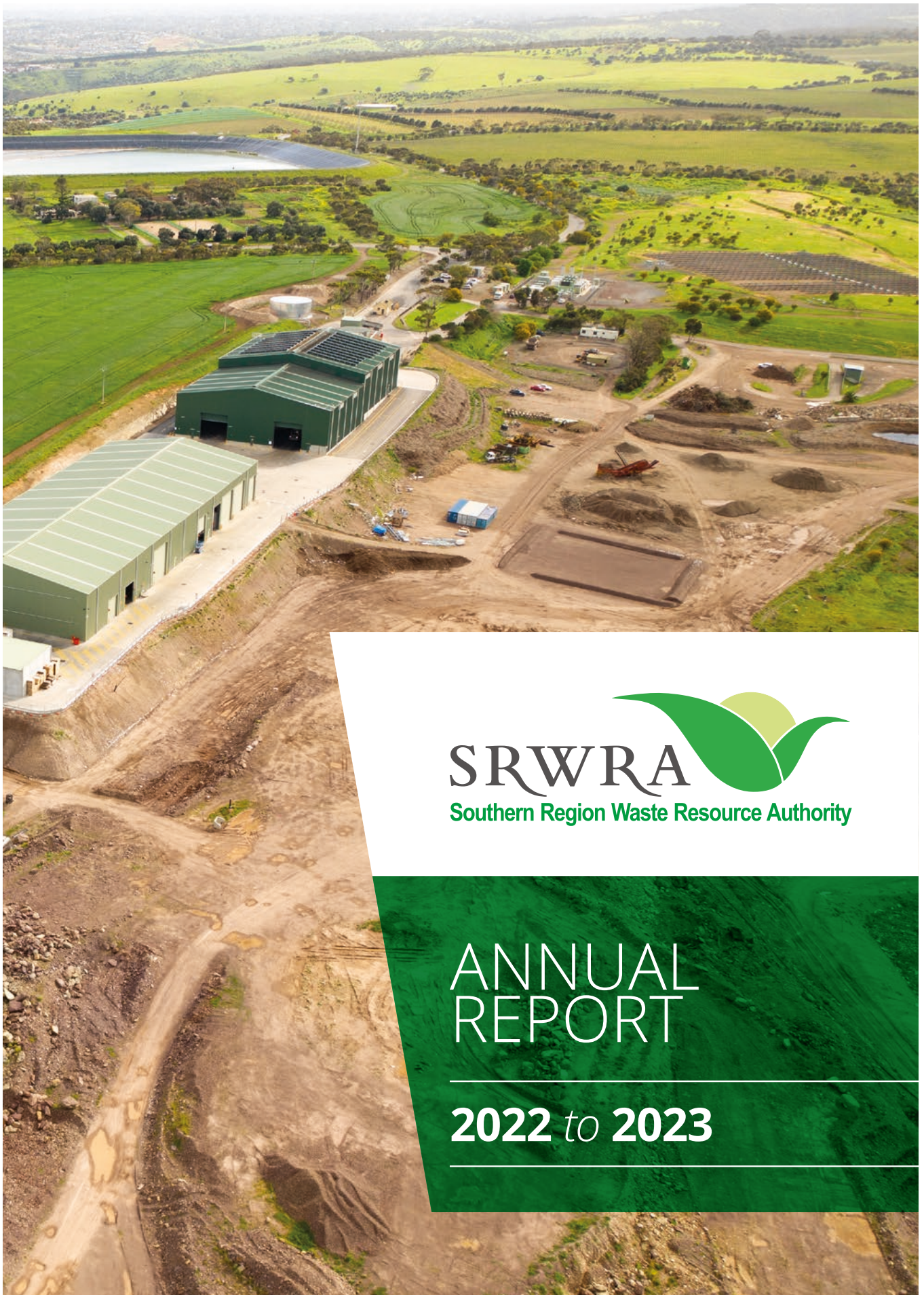
This statement is prepared in accordance with the requirements of Regulation 22 (5) *Local Government (Financial Management) Regulations 2011*.

Tim Muhlhausler

Galpins Accountants, Auditors & Business Consultants

Date:

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SRWRA
Southern Region Waste Resource Authority

**ANNUAL
REPORT**

2022 to 2023

SRWRA is a regional subsidiary established by the Cities of Onkaparinga, Marion and Holdfast Bay, pursuant to Section 43 of the Local Government Act, 1999.

Under our Charter, SRWRA is responsible for providing and operating waste management services on behalf of our Constituent Councils.

Our core business activity is the management of our recycling facilities and landfill. We partner with industry experts and pride ourselves in employing innovative resource recovery approaches to support the circular economy.

We are one of the State's major landfill operations currently receiving over 150,000 tonnes of waste annually with approximately 90,000 tonnes going to landfill.

Our joint venture operation with Integrated Waste Services (IWS) has continued to develop through the jointly owned Southern Recycling Centre (SRC) which is realising a significant reduction in waste to landfill and continues to work towards the targets set out in the Australian Government National Waste Policy Action Plan.

Our joint venture operation with Re.Cycle (Adelaide), a subsidiary of Re.Group, has completed its second year of operation through the jointly owned Southern Materials Recovery Facility (SMRF). The SMRF, which is the largest in South Australia, is a state-of-the-art facility that provides processing of kerbside commingled recycling and produces the highest product purity levels in Australia.

SRWRA CONSTITUENT COUNCILS



JOINT VENTURE PARTNERS





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CHAIRPERSON'S MESSAGE

We all have a role to play in the management of waste.

At SRWRA this is at the very core of our mission, and I am pleased to share with you the progress we have made and our commitment to creating a sustainable future through responsible waste management practices.

At SRWRA, we take great pride in our journey towards taking increasing responsibility for the management of the waste streams produced by our Constituent Councils and our other customers. We do this from the perspective of seeking the highest and best use of recovered materials, not only for the present but for future generations as well. This is the very foundation on which we have developed an integrated waste management precinct.

While the foundation of our precinct was a modern engineered landfill, which received 90,300 tonnes of waste in the past year, in progressing the development of an integrated waste precinct, we have strategically and consciously aligned ourselves with industry experts to harness the opportunities arising in the rapidly evolving landscape of integrated waste management.

LMS and Joule continue to capture and produce green energy from landfill gas in sufficient quantities to power the equivalent of 3,600 homes.

Through our joint venture with IWS, the Southern Recycling Centre has diverted more than 38,500 tonnes of municipal material from landfill, making a tangible contribution towards the targets set out in the Australian Government National Waste Policy Action Plan which seeks to halve the organic waste sent to landfill by 2030 and to achieve an 80% average recovery rate from all waste streams.

Our Material Recovery Facility, operated with Re.Group, which stands as one of the most advanced recycling facilities in Australia received the Outstanding Facility Award at the 2022 Waste Innovation and Recycling Awards. This facility processed 37,900 tonnes of commingled recyclables from household 'yellow bins,' diverting more than 77% from landfill and extending the life of materials by turning them into valuable products. Our ambition for this facility is to ensure that the output from this facility is of the highest quality, providing a solid platform for the future development of a circular economy industry in the southern region of Adelaide. This ambition has been challenged over the past 12 months as the price of many commodities has plummeted and we are a long way from having a viable circular economy, this needs Commonwealth and State leadership in supporting new industries to develop along with procurement policies which mandate the use of recycled materials in much greater quantities.



For us to achieve the targets set out in the Australian Government National Waste Policy Action Plan, we must all accept our roles and responsibility in the management of waste.

We are making progress towards the target of achieving an 80% average recovery rate from all waste streams, nationally, we currently sit at 63.1% and we have achieved an estimated increase of 2.2 percentage points since 2016/2017. To achieve this we need the right waste in the right bin - up to 30% of all recyclables ends up in the municipal waste bin. At SRWRA we will play our part by working with our Constituent Councils to provide a greater focus on education.

On a national scale, the average waste generated per person stands at 2.95 tonnes and, according to the most recent National Waste Report (2022), this has increased by 3% since 2016/2017 against a target of a 10% reduction. Quite simply we produce too much waste and we can all do something about that.

Despite the challenges of global commodities markets, we continue to maintain highly competitive waste disposal costs and reported an Operating Surplus of \$2.15 million for the year ending June 30, 2023. These surplus funds will support our future investment in waste management activities and our post-closure costs.

None of these accomplishments would have been possible without the dedication and expertise of our outstanding team. Under the accomplished leadership of CEO Chris Adams, they have collectively contributed to SRWRA's success. On behalf of the Board, I extend my heartfelt gratitude to them. I also want to express my thanks to the Board and the Audit & Risk Committee for their unwavering commitment to ensuring that SRWRA fulfills its mission.

In closing, I encourage you to explore our Annual Report for FY2023, which demonstrates our continued dedication to meeting the objectives outlined in our Charter. Together, we can make a meaningful impact on waste management in our region and contribute to a more sustainable future for all.

Mark Booth
CHAIRPERSON



CHIEF EXECUTIVE OFFICER'S MESSAGE

SRWRA operates a world class integrated waste and recycling facility at Seaford Heights that includes South Australia's largest and most technically advanced Materials Recovery Facility.

The Southern Materials Recovery Facility (SMRF) has been recognised in the 2022 Waste Innovation and Recycling Awards, winning the Outstanding Facility Award, and was recently showcased on the 'War on Waste' Docuseries (Season 3, Episode 1). This ongoing recognition of the facility is a reflection of the vision and commitment of our Constituent Councils, SRWRA Board and Joint Venture Partner Re.Group.

SRWRA's integrated site provides processing facilities for both the kerbside waste and recycling bins, a landfill, green energy precinct and a recycled water storage dam that supports McLaren Vale. The integration of our site is unique in Australia and ensures we are leaders in delivering innovative and sustainable waste management solutions for the benefit of our southern Adelaide communities.

The Southern Recycling Centre, a Joint Venture with Integrated Waste Services, plays a significant role in the diversion of organic waste from landfill. Organic waste placed in landfill produces methane, a powerful greenhouse gas. SRWRA's strategy for the removal of methane includes diversion of organics before they enter landfill and the capture and combustion of methane via the onsite 3MW biogas plant, feeding electricity into the grid in the process.

SRWRA's green energy precinct continues to grow with the addition of an Anaerobic Digester. The digester is owned and operated by LMS Energy and is part of their ongoing innovation program. The Southern Recycling Centre is supporting this research by providing organic feed stock for the digester trial.

The Authority has continued to provide a cost-effective waste management solution for its Constituent Councils and their communities. The Authority is in a strong financial position with net assets of \$28.3 million.



Over the last 12 months, the Authority invested in the education of school children within our communities through the Les Perry Memorial Grants Program. This year, 15 schools from two Constituent Council areas took part in the Les Perry Memorial Grants Program and received a total of \$9,918 in grant funding to support learning about environmentally responsible waste management.

The commitment and 'can do' attitude of the SRWRA staff has ensured the site continues to operate for the benefit of our Constituent Councils and their communities. I congratulate our team on their strong contribution and express my sincere appreciation of their efforts.

SRWRA is fortunate to have a highly committed and capable Board, led by a highly experienced Chairperson, Mark Booth. The time commitment required of the Board is increasing as SRWRA grows and increases in complexity. I would like to recognise the strong contribution of the Board and Audit & Risk Committee in SRWRA's ongoing success.

I look forward to the next 12 months as we continue to deliver innovative and sustainable waste management solutions for the benefit of our southern Adelaide communities and the environment.

Chris Adams
CHIEF EXECUTIVE OFFICER

BOARD OF MANAGEMENT

AS AT JUNE 30TH 2023



CHAIRPERSON
Mark Booth

MEMBERS



CITY OF ONKAPARINGA
Kirk Richardson



CITY OF ONKAPARINGA
Jordan Pritchard



CITY OF MARION
Ray Barnwell



CITY OF MARION
Angela Allison



CITY OF HOLDFAST BAY
Roberto Bria



CITY OF HOLDFAST BAY
John Smedley

DEPUTY MEMBERS



CITY OF ONKAPARINGA
Heidi Greaves



CITY OF ONKAPARINGA
Jessica Tucker



CITY OF MARION
Ian Crossland



CITY OF HOLDFAST BAY
Monique O'Donohue

FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023



SOUTHERN REGION WASTE RESOURCE AUTHORITY

**General Purpose Financial Report
for the financial year ended 30 June 2023**

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SOUTHERN REGION WASTE RESOURCE AUTHORITY

Annual Financial Statements
for the financial year ended 30 June 2023

Certification of Financial Statements

I have been authorised by Southern Region Waste Resource Authority to certify the financial statements in their final form. In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and Australian Accounting Standards*.
- the financial statements present a true and fair view of the Authority's financial position at 30 June 2023 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Authority's accounting and other records.



Chris Adams
Chief Executive Officer



Mark Booth
Chairperson

Date: 25/9/2023

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Statement of Comprehensive Income
for the financial year ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000
Income			
User charges	2	15,283	10,534
Investment income	2	891	656
Other	2	399	2,309
Net gain - equity accounted Joint Venture	13	1,717	2,988
Total Income		18,290	16,487
Expenses			
Employee costs	3	1,151	951
Finance costs	3	-	1
Materials, contracts & other expenses	3	13,591	11,671
Depreciation, amortisation & impairment	3	1,397	936
Total Expenses		16,139	13,559
Operating Surplus		2,151	2,928
Asset disposal & fair value adjustments	3	-	13
Amounts received specifically for new/upgraded assets		-	-
Net Surplus		2,151	2,941
Other Comprehensive Income			
Changes in revaluation surplus - property, plant & equipment		-	1,153
Total Other Comprehensive Income		-	1,153
Total Comprehensive Income		2,151	4,094

This Statement is to be read in conjunction with the attached Notes.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Statement of Financial Position
as at 30 June 2023

	Notes	2023 \$'000	2022 \$'000
Assets			
Current Assets			
Cash and cash equivalents	4	7,816	5,828
Trade & other receivables	4	3,759	2,501
Loan - Related Party	11,13	400	400
Total Current Assets		11,975	8,729
Non-current Assets			
Equity accounted joint venture	13	9,508	8,808
Property, plant & equipment	5	24,868	25,693
Total Non-current Assets		34,376	34,501
Total Assets		46,351	43,230
Liabilities			
Current Liabilities			
Trade & other payables	6	4,153	3,203
Provisions	6	137	119
Total Current Liabilities		4,290	3,322
Non-Current Liabilities			
Provisions	6	13,725	13,723
Total Non-current Liabilities		13,725	13,723
Total Liabilities		18,015	17,045
Net Assets		28,336	26,185
Equity			
Accumulated surplus		25,961	23,810
Asset revaluation reserve		2,375	2,375
Total Equity		28,336	26,185

This Statement is to be read in conjunction with the attached Notes.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Statement of Changes in Equity
for the financial year ended 30 June 2023

	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Total Equity \$'000
Balance at start of period - 1 July 2021	20,869	1,222	22,091
Net Surplus/ (Deficit) for Year	2,941	-	2,941
Other Comprehensive Income			
Gain on revaluation of property, plant & equipment	-	1,153	1,153
Transfers between reserves	-	-	-
Distributions to Member Councils	-	-	-
Balance at end of period - 30 June 2022	23,810	2,375	26,185
Balance at start of period - 1 July 2022	23,810	2,375	26,185
Net Surplus/ (Deficit) for Year	2,151	-	2,151
Other Comprehensive Income			
Gain on revaluation of property, plant & equipment	-	-	-
Transfers between reserves	-	-	-
Distributions to Member Councils	-	-	-
Balance at end of period - 30 June 2023	25,961	2,375	28,336

This Statement is to be read in conjunction with the attached Notes

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Statement of Cash Flows
for the financial year ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000
Cash Flows from Operating Activities			
Operating receipts from customers		14,424	13,334
Investment receipts		891	656
Operating payments to suppliers & employees		(13,772)	(12,228)
Finance payments		-	(1)
Net Cash provided by (or used in) Operating Activities	7	1,543	1,761
Cash Flows from Investing Activities			
Amounts specifically for new or upgraded assets		-	-
Sale of replaced assets	3	-	57
Distributions from equity accounted Joint Ventures	13	1,750	700
Contributions to equity accounted Joint Ventures	13	(733)	(703)
Expenditure on renewal/replacement of assets	5	(310)	-
Expenditure on new/upgraded assets	5	(262)	(1,730)
Net Cash provided by (or used in) Investing Activities		445	(1,676)
Cash Flows from Financing Activities			
Repayment Related Party Loans		-	1,500
Payment of Related Party Loans		-	(400)
Net Cash provided by (or used in) Financing Activities		-	1,100
Net Increase (Decrease) in cash held		1,988	1,185
Cash & cash equivalents at beginning of period	4	5,828	4,643
Cash & cash equivalents at end of period	4	7,816	5,828

This Statement is to be read in conjunction with the attached Notes

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Notes to the Financial Statements

for the year ended 30 June 2023

Note 1 – Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of Preparation

1.1 Compliance with Australian equivalents to International Financial Reporting Standards

This general-purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Urgent Issues Group Interpretations (UIGs) and relevant South Australian legislation.

The Authority is a Local Government Authority Section 43 Regional Subsidiary under the control of City of Onkaparinga, City of Marion and the City of Holdfast Bay.

Each Constituent Council hold the following equitable interest in the Authority:

- City of Onkaparinga	55%
- City of Marion	30%
- City of Holdfast Bay	15%

1.2 Historical Cost Convention

Except where stated below, these financial statements have been prepared in accordance with the historical cost convention.

1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying the Authority's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note.

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

2 The Local Government Reporting Entity

Southern Region Waste Resource Authority operates as a regional subsidiary pursuant to Section 43 of the SA Local Government Act 1999 and Section 25 of the Local Government Implementation Act 1999, and has its principal place of business at 112 Bakewell Dr, Seaford Heights SA 5169.

3 Income recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Authority obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

4 Cash, Cash Equivalents and other Financial Instruments

Cash Assets include all amounts readily convertible to cash on hand at the Authority's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

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SOUTHERN REGION WASTE RESOURCE AUTHORITY

Notes to the Financial Statements

for the year ended 30 June 2023

Receivables are generally unsecured and do not bear interest. All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 8.

5 Infrastructure, Property, Plant & Equipment

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use".

5.1 Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Authority includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

Capital works still in progress at balance date are recognised as other non-current assets and transferred to infrastructure, property, plant & equipment when completed ready for use.

5.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Authority for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. No capitalisation threshold is applied to the acquisition of land or interests in land.

Capitalisation threshold applied of \$1,000 for all asset classes. Any purchases greater than this amount are capitalised and depreciated on the Authority's asset register.

5.3 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets.

Depreciation is recognised on a straight-line basis. Major depreciation periods for each class are shown below. Depreciation of Landfill Construction and Future Capping, Rehabilitation and Restoration costs are amortised proportionately to the rate of filling based upon the projected remaining airspace of landfill cells as at the beginning of the reporting period. The Authority annually assesses the remaining airspace of landfill cells and accordingly, depreciation and amortisation rates are adjusted to reflect these estimates. Depreciation periods for infrastructure assets have been estimated based on the best information available to the Authority, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimated.

Plant, Furniture & Equipment	3 - 10 years
Buildings	30 - 50 years
Waste Facility	10 - 15 years
Landfill construction	Amortised proportionately to rate of filling
Future capping costs	Amortised proportionately to rate of filling
Future rehabilitation and restoration costs	Amortised proportionately to rate of filling

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SOUTHERN REGION WASTE RESOURCE AUTHORITY

Notes to the Financial Statements

for the year ended 30 June 2023

6 Payables

6.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

7 Employee Benefits

7.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll-based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

The Authority recognises all presently entitled liabilities as current liabilities regardless of whether it is expected to be paid within the preceding 12 months of reporting date.

7.2 Superannuation

The Authority makes employer superannuation contributions in respect of its employees to Hostplus (formerly Statewide Super). The Scheme has two types of membership, each of which is funded differently.

Accumulation Fund Members

Accumulation fund members receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with Superannuation Guarantee Legislation 10.5% in 2022/23 (10.0% in 2021/22).

No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Defined benefit scheme is where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. The Authority makes employer contributions as determined by the scheme's Trustee based on advice from the Scheme's Actuarial. The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willis Towers Watson as at 30 June 2021.

The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to the Authority's contribution rates at some future time.

The Authority also makes contributions to other superannuation schemes selected by employees under the 'choice of fund' legislation.

All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the new assets of the scheme, and no further liability attaches to the Authority.

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SOUTHERN REGION WASTE RESOURCE AUTHORITY

Notes to the Financial Statements

for the year ended 30 June 2023

8 Provisions for Landfill Capping, Rehabilitation and Restoration Costs

The Authority's provision for landfill capping, post closure rehabilitation costs and restoration costs are calculated based on the net present value of the future cash outflows expected to be incurred to remediate the landfill which will include the costs of capping, rehabilitating and restoring the landfill site.

The measurement of the provisions requires significant estimates and assumptions such as discount rate, inflation rate, assessment of the requirements of the Environment Protection Authority (EPA) or other government authorities, the timing, extent and costs of activities required and the area of the landfill to be remediated, which is determined by volumetric aerial surveys.

These uncertainties may result in future actual expenditure differing from the amounts currently provided. Expenditure relating to ongoing rehabilitation and restoration will reduce any provision previously established.

The Authority monitors the remaining airspace, the airspace consumption efficiency (compaction) ratio, the discount rate and the inflation rate used to calculate the net present value of the future landing capping, rehabilitation and restoration costs on an annual basis and makes adjustments to the liability as required to ensure an accurate projected cost of the liability is showing in the balance sheet.

A complete review of all future capping, rehabilitation and restoration costs including a review of all the key assumptions and estimates in relation to the measurement of these costs is performed on a regular basis with the assistance of external consultants to ensure all projected costs have been independently verified. However - strategic decisions potentially impacting the expected remaining life and future management strategies for the landfill are currently under consideration by the Board, and as such revaluation of the provision has been intentionally delayed causing the value of the provision to be overdue for reassessment. The next scheduled review of all capping and closure liability estimates is expected to occur in FY24, by which time it is expected that decisions regarding the future management of the landfill will have been finalised. As a result, readers of these financial statements should be aware that the value of the provisions, and related impact on the statement of comprehensive income, may change materially in the FY24 financial statements, and these financial statements should be read in this context.

The dates of the last review of the key assumptions and estimates in relation to the measurement of the future capping, rehabilitation and restoration costs are shown below:

Costs	Effective Date	Independent Assessor
Capping costs	30 June 2019	Golder Associates
Restoration Costs	30 June 2018	Golder Associates
Post Closure Rehabilitation costs	30 June 2016	Katalyse Pty Ltd

9 Inventory

Inventory held by the Authority reflect materials stored on site which have either been purchased or gifted which will be used for future Cell and Capping construction works to be undertaken in future years.

10 GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax". Receivables and Creditors include GST receivable and payable. Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable. Non-current assets and capital expenditures include GST net of any recoupment. Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Notes to the Financial Statements

for the year ended 30 June 2023

11 Comparative Information

Comparative information has been reclassified to be consistent with the current year disclosure of equivalent information in accordance with AIFRS.

12 New Accounting Standards

No new accounting standards were applied by the Authority during the financial year. The Authority has not elected to early adopt any new accounting standards, interpretations or amendments which are not yet effective.

13 Valuation of Land and Building Assets

Building assets held by the Authority were valued by Opteon (South Australia) Pty Ltd with an effective valuation date of 30 June 2014 applied for financial reporting purposes. Assets were valued to their market value based on highest and best use. All purchases made post 30 June 2014 have been recorded at cost. Since 1 July 2019, the Authority has undertaken significant building construction works which represent 65% of the recorded "At Cost" balance of assets recorded in Note 5 as at 30 June 2023.

Land assets held by the Authority were valued by AssetVal with an effective valuation date of 30 June 2022 applied for financial reporting purposes. Where there is an active and liquid market as evidenced by sales transactions of similar property types, a Market approach by way of Direct Comparison or Income methods were utilised.

Some parcels of land are subject to restrictions as to use and sale and the value of these land assets has been determined after considering suitable market evidence and making necessary adjustment to account for these restrictions.

14 Valuation of Landfill Assets

Landfill assets comprise the acquisition of landfills, cell development costs, landfill improvements costs and the assets related to future landfill capping, rehabilitation and restoration costs.

Assets related to future landfill capping, rehabilitation and restoration costs are valued based on the net present value of the future cash outflows expected to remediate the landfill which will include the costs of capping, rehabilitating and restoring the landfill asset. The assumptions used to estimate these costs and details of their regular review are described in item 8 – Provision for Landfill Capping, Rehabilitation and Restoration Costs.

All landfill assets are amortised proportionately to the rate of filling as described in Note 1.5.3 Depreciation of Non-Current Assets.

15 Equity Accounted Joint Ventures

The Authority accounts for its interest in Joint Ventures applying the equity method per AASB 128. The value of investments held in Joint Venture entities are held at cost.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Notes to the Financial Statements
for the financial year ended 30 June 2023

	2023 \$'000	2022 \$'000
Note 2 - Income		
User Charges		
Landfill Operations	15,283	10,534
	15,283	10,534
Investment Income		
Interest on investments	148	34
Rental income	743	622
	891	656
Other Income		
Other income	399	353
Joint Venture cost reimbursement	-	1,956
	399	2,309
Note 3 - Expenses		
Employee Costs		
Salaries and Wages	981	829
Employee leave expense	3	(13)
Superannuation	120	99
Workers' Compensation Insurance	47	36
Less: Capitalised and distributed costs	-	-
	1,151	951
Materials, Contracts & Other Expenses		
Auditor's Remuneration	19	39
Board Expenses	46	52
Contractors	584	403
Fuels & oils	272	199
Equipment hire	130	28
Maintenance	588	292
Legal	21	52
Levies - EPA	11,372	8,137
Professional services	177	166
Joint Venture costs*	-	1,956
Sundry	382	347
	13,591	11,671

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Notes to the Financial Statements
for the financial year ended 30 June 2023

Note 3 - Expenses (cont)

	2023 \$'000	2022 \$'000
Depreciation, Amortisation & Impairment		
Buildings & Structures	357	314
Plant & Equipment	292	310
Office Equipment	15	6
Super Cell	375	156
Super Cell Capping	316	132
Post Closure Rehabilitation	36	15
Future Restoration Costs	6	3
	1,397	936
Asset Disposals		
Proceeds from disposal	-	57
Less: Carrying amount of assets sold	-	(44)
Gain (Loss) on disposal	-	13
Note 4 - Current Assets		
Cash & Cash Equivalents		
Cash on Hand and at Bank	2,181	2,575
Short-term deposits	5,635	3,253
	7,816	5,828
Trade & Other Receivables		
Debtors - general	3,575	2,394
Accrued Revenues	107	13
Prepayments	32	49
Sundry Debtors	45	45
	3,759	2,501

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Notes to the Financial Statements
for the financial year ended 30 June 2023

Note 5 - Property, Plant & Equipment

	2022				2023			
	At Fair Value	At Cost	Accumulated Depreciation	Carrying Amount	At Fair Value	At Cost	Accumulated Depreciation	Carrying Amount
			\$'000				\$'000	
Land	6,335	-	-	6,335	6,335	-	-	6,335
Buildings & Structures	560	11,637	(1,265)	10,932	560	11,875	(1,622)	10,813
Plant & Equipment	-	4,994	(2,950)	2,044	-	5,138	(3,242)	1,896
Office Equipment	-	122	(118)	4	-	143	(132)	11
Super Cell	-	8,988	(5,756)	3,232	-	8,988	(6,131)	2,857
Super Cell Capping	5,426	-	(2,702)	2,724	5,426	-	(3,021)	2,405
Post Closure Rehabilitation	6,143	-	(5,833)	310	6,143	-	(5,869)	274
Future Restoration Costs	4,228	-	(4,172)	56	4,228	-	(4,173)	55
Work in Progress	-	56	-	56	-	222	-	222
	22,692	25,797	(22,796)	25,693	22,692	26,366	(24,190)	24,868

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the financial year ended 30 June 2023

Note 5 - Property, Plant & Equipment

	Movement in Property, Plant & Equipment during the Financial Year							2023	
	2022 \$'000	Carrying Value	Renewal / Replacement	Additions New/Upgrade	Disposals	Revaluation	Adjustment / Transfer	Depreciation	\$'000
Land		6,335	-	-	-	-	-	-	6,335
Buildings & Structures		10,932	-	238	-	-	-	(357)	10,813
Plant & Equipment		2,044	144	-	-	-	-	(292)	1,896
Office Equipment		4	-	22	-	-	-	(15)	11
Super Cell		3,232	-	-	-	-	-	(375)	2,857
Super Cell Capping		2,724	-	-	-	-	(3)	(316)	2,405
Post Closure Rehabilitation		310	-	-	-	-	-	(36)	274
Future Restoration Costs		56	-	-	-	-	5	(6)	55
Work in Progress		56	166	-	-	-	-	-	222
		25,693	310	260	-	-	2	(1,397)	24,868
2022 \$'000		25,745	-	1,730	(44)	1,153	(1,955)	(936)	25,693

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Notes to the Financial Statements
for the financial year ended 30 June 2023

Note 6 - Liabilities

	2023 \$'000		2022 \$'000	
	Current	Non-current	Current	Non-current
Trade & Other Payables				
Goods & services	4,137	-	3,186	-
Payments received in advance	16	-	17	-
	4,153	-	3,203	-
Provisions				
Annual Leave	76	-	58	-
Long Service Leave	61	7	61	5
Super Cell Capping	-	7,980	-	7,980
Post Closure Rehabilitation	-	4,064	-	4,064
Future Restoration Costs	-	1,674	-	1,674
	137	13,725	119	13,723

Reconciliation of Movement in Landfill & Restoration Provisions	Super Cell Capping	Post Closure Rehabilitation	Future Restoration Costs	Total
Opening Balance	7,980	4,064	1,674	13,718
Additional Amounts Recognised/				
(Derecognised)	-	-	-	-
Payments	-	-	-	-
Unwinding of Present Value Discounts	-	-	-	-
Closing Balance	7,980	4,064	1,674	13,718

Please refer to Note 1 part 8 for details regarding the valuation of landfill capping, post closure rehabilitation cost and restoration cost provisions. This information is important for the interpretation of these financial statements.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Notes to the Financial Statements for the financial year ended 30 June 2023

Note 7 - Cash Flow Reconciliation

(a) Reconciliation of Cash

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2023 \$'000	2022 \$'000
Total cash & equivalent assets	7,816	5,828
Less: Short-term borrowings	-	-
Balances per Cash Flow Statement	<u>7,816</u>	<u>5,828</u>

(b) Reconciliation of Change in Net Assets to Cash from Operating Activities

Net Surplus (Deficit)	2,151	2,941
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	1,397	936
Transfer of Work in Progress	-	1,955
Equity adjustment - Joint Venture	-	(16)
Net (Gain) Loss on equity accounted joint ventures	(1,717)	(2,988)
Net (Gain) Loss on disposal of assets	-	(13)
	<u>1,831</u>	<u>2,815</u>
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	(1,258)	507
Net increase (decrease) in trade & other payables	950	(1,549)
Net increase (decrease) in other provisions	20	(12)
Net Cash provided by (or used in) operations	<u>1,543</u>	<u>1,761</u>

(c) Financing Arrangements

Corporate Credit Cards	20	20
Cash Advance Debenture (CAD) Facility*	500	500

*The CAD facility is held with the Local Government Finance Authority (LGFA) and the Authority has no drawdown of funds from the facility as at reporting date.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Notes to the Financial Statements for the financial year ended 30 June 2023

Note 8 - Financial Instruments

Recognised Financial Instruments

Bank, Deposits at Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.

Deposits **Terms & conditions:** Deposits on Call do not have a maturity period and have an average interest rates of 4% (2022: 0.5%).
Carrying amount: approximates fair value due to the short term to maturity.

Receivables - Gate Accounting Policy: Carried at nominal values less any allowance for doubtful Fees & Associated debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.
Charges **Carrying amount:** approximates fair value (after deduction of any allowance).

Liabilities - Creditors Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Authority.
Terms & conditions: Liabilities are normally settled on 30 day terms.
Carrying amount: approximates fair value.

Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Authority.

Risk Exposure

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Authority is the carrying amount, net of any provision for doubtful debts. All investments are made with the SA Local Government Finance Authority and Bank SA. There is no material exposure to any individual debtor.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of the Authority's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor currency risk apply.

Liquidity Risk is the risk that the Authority will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Policy (LGA Information Paper 15), liabilities have a range of maturity dates based on cash inflows. The Authority also has available a range of bank overdraft and short-term draw down facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Most of the Authority's financial instruments are at fixed rates. Any such variations in future cash flows will not be material in effect on either the Authority's incomes or expenditures.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Notes to the Financial Statements
for the financial year ended 30 June 2023

Note 8 - Financial Instruments

Liquidity Analysis

		Maturity			Non-	
	2023	≤ 1 year	> 1 year ≤ 5 years	> 5 years	interest bearing	Total
		\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Amortised Cost						
Cash Assets		7,816	-	-	-	7,816
Receivables		-	-	-	3,759	3,759
Total		7,816	-	-	3,759	11,575
Financial Liabilities						
Payables		-	-	-	4,153	4,153
Borrowings		-	-	-	-	-
Total		-	-	-	4,153	4,153

		Maturity			Non-	
	2022	≤ 1 year	> 1 year ≤ 5 years	> 5 years	interest bearing	Total
		\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Amortised Cost						
Cash Assets		5,828	-	-	-	5,828
Receivables		-	-	-	2,501	2,501
Total		5,828	-	-	2,501	8,329
Financial Liabilities						
Payables		-	-	-	3,203	3,203
Borrowings		-	-	-	-	-
Total		-	-	-	3,203	3,203

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Notes to the Financial Statements for the financial year ended 30 June 2023

Note 9 - Commitments for Expenditure

	2023 \$'000	2022 \$'000
Capital Commitments		
Capital expenditure committed at reporting date but which is not recognised in the financial statements as liabilities are as follows:		
Committed Projects	-	79
	<u>-</u>	<u>79</u>

Note 10 - Events Occurring After Reporting Date

There were no events that occurred after reporting date that requires to be disclosed.

Note 11 - Disclosure of Related Party Transactions

The Key Management Personnel include the Chair of the Board, Chief Executive and other officers prescribed under Section 112 of the *Local Government Act 1999*. In all, 6 persons were paid the following total compensation:

Salaries, allowances & other short term benefits	499	402
Total	<u>499</u>	<u>402</u>

Transactions with Related Parties:

The following transactions occurred with Related Parties:

Related Party Entity	Sale of Goods and Services (\$'000)	Amounts Outstanding from Related Parties (\$'000)	Description of Services Provided to Related Parties
City of Onkaparinga (Member Council)	8,077	363	Provision of waste disposal services
City of Holdfast Bay (Member Council)	1,289	101	Provision of waste disposal services
City of Marion (Member Council)	3,576	311	Provision of waste disposal services
Southern Materials Recycling Facility (Joint Venture)	2,747	751	Provision of waste disposal services
Southern Recycling Centre (Joint venture)	7,425	893	Provision of waste disposal services

Amounts recorded as outstanding from Related Parties are recorded in Trade and other receivables in Note 4. Member Councils have equal representation on the Board of the Authority and accordingly have significant influence on the financial and operating decisions of the Authority. No one Member Council individually has control of those policies.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Notes to the Financial Statements
for the financial year ended 30 June 2023

Note 12 - Uniform Presentation of Finances

	2023 \$'000	2022 \$'000
Income		
<i>User charges</i>	15,283	10,534
<i>Investment income</i>	891	656
<i>Other</i>	399	2,309
<i>Net gain - equity accounted Joint Venture</i>	1,717	2,988
	18,290	16,487
Expenses		
<i>Employee costs</i>	1,151	951
<i>Finance costs</i>	-	1
<i>Materials, contracts & other expenses</i>	13,591	11,671
<i>Depreciation, amortisation & impairment</i>	1,397	936
	(16,139)	(13,559)
 Operating Surplus / (Deficit)	 2,151	 2,928
Net Outlays on Existing Assets		
<i>Capital Expenditure on renewal and replacement of Existing Assets</i>	(310)	-
<i>Depreciation, Amortisation, Impairment and Movement in Landfill Provisions</i>	1,397	936
<i>Proceeds from Sale of Replaced Assets</i>	-	57
	1,087	993
Net Outlays on New and Upgraded Assets		
<i>Capital Expenditure on New and Upgraded Assets</i>	(262)	(1,730)
<i>Amounts received specifically for New and Upgraded Assets</i>	-	-
<i>Proceeds from Sale of Surplus Assets</i>	-	-
	(262)	(1,730)
 Net Lending / (Borrowing) for Financial Year	 2,976	 2,191

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Notes to the Financial Statements for the financial year ended 30 June 2023

Note 13 - Equity Accounting Joint Ventures

Southern Recycling Centre (SRC)

The Authority has entered into a joint venture arrangement with Integrated Waste Services to operate the Southern Recycling Centre located on the Authority's landfill site.

	2023 \$'000	2022 \$'000
The Authority's respective interests are:		
- interest in operating result:	50.00%	50.00%
- ownership of equity	49.99%	49.99%
- the proportion of voting power	50.00%	50.00%
<u>Movement in Investment in Joint Operation:</u>		
Opening Balance	1,620	1,164
New Capital Contributions	-	-
Share in Operating Result	1,540	1,140
Equity Adjustment	-	16
Distributions Received	(1,750)	(700)
Share in Equity of Joint Operation	1,410	1,620

Expenditure Commitments

There were no expenditure commitments at reporting date that required to be recognised in the financial statements.

Contingent Liabilities

There were no contingent liabilities at reporting date that required to be recognised in the financial statements.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

Notes to the financial statements for the financial year ended 30 June 2023

Note 13 (cont.) - Equity Accounting Joint Ventures

Southern Materials Recycling Facility (SMRF)

The Authority has entered into a joint venture arrangement with Re.Cycle (Adelaide) Pty Ltd to operate the Southern Material Recovery Facility located on the Authority's landfill site.

	2023 \$'000	2022 \$'000
The Authority's respective interests are:		
- interest in operating result:	50.00%	50.00%
- ownership of equity	50.00%	50.00%
- the proportion of voting power	50.00%	50.00%
<u>Movement in Investment in Joint Operation:</u>		
Opening Balance	7,188	4,637
Capital Contributions (cash contribution)	733	703
Capital Contributions (transfer of plant assets)	-	-
Capital Contribution (conversion to loan)	-	-
Share in Operating Result	177	1,848
Share in Equity of Joint Operation	8,098	7,188

The Authority applies AASB 1058 when recognising income from Grants in line with the applicable treatment applied by not-for-profit entities. The Joint Venture recognises grant income on a different basis which has resulted in an inconsistent application of accounting policy between the entities on the timing of recognising income from grant revenues. As a result of this different application in accounting standards and policy on grant revenue recognition, this has resulted in an adjustment to the Share in Operating Result of \$0.495 million (increase) (FY22: \$2.327 million increase) in the current financial year.

The Authority has an outstanding receivable loan with the Southern Materials Recovery Facility totalling \$0.4 million (FY22: \$0.4 million) as at the reporting date.

Expenditure Commitments

There are no capital construction commitments as at reporting date to disclose.

Contingent Liabilities

There were no contingent liabilities at reporting date that required to be recognised in the financial statements.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

Note 14 - Fair Value Measurements

The Authority measures and recognises the following assets at fair value on a recurring basis after initial recognition:

- Land assets.

The Authority does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

(a) Fair value hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information according to the relevant level in the fair value hierarchy. This hierarchy categorises fair value measurements into one of three possible levels based on the lowest level that a significant input can be categorised into. The levels are outlined below:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair value of assets and liabilities that are not traded in an active market is determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Authority selects valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the association are consistent with one or more of the following valuation approaches:

- *Market approach*: uses prices and other relevant information generated by market transactions involving identical or similar assets or liabilities.
- *Income approach*: converts estimated future cash flows or income and expenses into a single current (i.e. discounted) value.
- *Cost approach*: reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Authority gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data are not available and therefore are developed using the best information available about such assumptions are considered unobservable.

SOUTHERN REGION WASTE RESOURCE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2023					
Recurring fair value measurements					
Property, Plant & Equipment and Landfill Assets					
- Land	5	-	6,335	-	6,335
- Buildings	5	-	560	-	560
- Super Cell Capping	5	-	-	5,426	5,426
- Post Closure Rehabilitation	5	-	-	6,143	6,143
- Future Restoration Costs	5	-	-	4,228	4,228
Total financial assets recognised at fair value		-	6,895	15,797	22,692
2022					
Recurring fair value measurements					
Property, Plant & Equipment and Landfill Assets					
- Land	5	-	6,335	-	6,335
- Buildings	5	-	560	-	560
- Super Cell Capping	5	-	-	5,426	5,426
- Post Closure Rehabilitation	5	-	-	6,143	6,143
- Future Restoration Costs	5	-	-	4,228	4,228
Total financial assets recognised at fair value		-	6,895	15,797	22,692

(b) Disclosed fair value measurements

The following tables provide the level of the fair value hierarchy within which the disclosed fair value measurements are categorised in their entirety and a description of the valuation technique(s) and inputs used.

	Fair Value Hierarchy Level	Valuation Technique	Inputs Used
There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the financial statements.	2	Market Value	Observable sales of similar properties – both vacant land and land with improvements

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the financial statements.	3	Cost Approach Landfill assets unobservable inputs. The measure of these costs requires significant estimates and assumptions such as: discount rate, inflation rate, assessment of EPA requirements, the timing, extent and costs of the required activities and the estimated remaining airspace of the landfill.
There has been no change in the valuation technique(s) used to determine the value of parcels of land where there are restrictions as to use and sale of these assets.	3	Market Value Land assets unobservable inputs. Some parcels of land are subject to restrictions as to use and sale and the value of these land assets has been determined after considering suitable market evidence and making necessary adjustments to account for these restrictions. These adjustments are usually unobservable inputs that are likely to have a significant effect on valuation.



Southern Region Waste Resource Authority

Audit & Risk Committee – Auditor Independence

Presiding Member Certification

I, Greg Connor, the person occupying the position of Presiding Member of the Southern Region Waste Resource Authority Audit & Risk Committee, for the financial year ending, 30 June 2023, do hereby certify, for the purposes of Regulation 22 (3) of the Local Government (Financial Management) Regulations 2011, that the auditor of the Southern Region Waste Resource Authority, Galpins, has not been engaged by the Southern Region Waste Resource Authority to provide services to the Southern Region Waste Resource Authority outside the scope of the audit functions under the Local Government Act 1999.

22 August 2023

Greg Connor
Presiding Member
Southern Region Waste Resource Authority
Audit & Risk Committee

Dated

Galpins

Accountants, Auditors
& Business Consultants



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SOUTHERN REGION WASTE RESOURCE AUTHORITY

GENERAL PURPOSE FINANCIAL STATEMENTS For the year ended 30 June 2023

Statement by Auditor

I confirm that, for the audit of the financial statements of the Southern Region Waste Resource Authority for the year ended 30 June 2023, I have maintained my independence in accordance with the requirements of APES 110 – *Code of Ethics for Professional Accountants (including Independence Standards)*, Part 4A, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) *Local Government (Financial Management) Regulation 2011*.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA, Registered Company Auditor

Director

26 September 2023

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INDEPENDENT AUDITOR'S REPORT

To the members of the Southern Region Waste Resource Authority

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of SRWRA (the Authority), which comprises the statements of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by the Executive Officer and the Chairman.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Authority as at 30 June 2023, and its financial performance and its cash flow for the year then ended in accordance with the Australia Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Postponed revaluation of landfill capping and post closure liabilities

Without modifying our opinion, we draw attention to Note 1 part 8 of the financial report, which describes the postponed revaluation of landfill capping and post closure liabilities. The postponement is to allow greater clarity over the strategic direction of the landfill, which will inform the appropriate assumptions to be used for the revaluation. These circumstances impact the reliability of the reported provision balances and related amounts in the statement of comprehensive income. Our opinion is not modified in respect of this matter.

Responsibility for the Financial Report

The Authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* and for such internal control as Authority determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Authority is responsible for assessing the authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of this financial report.

As part of an audit of the financial report in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the financial report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA, Registered Company Auditor

Director

26 September 2023

Galpins

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INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF THE SOUTHERN REGION WASTE RESOURCE AUTHORITY

To the members of the Southern Region Waste Resource Authority

Opinion

We have audited the compliance of SRWRA (the Authority) with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the internal controls established by the Authority 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 2022 to 30 June 2023 have been conducted properly and in accordance with the law.

In our opinion, SRWRA has complied, in all material respects, with Section 125 of the *Local Government Act 1999* in relation to internal controls established by the Authority 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 Authority have been conducted properly and in accordance with law for the period 1 July 2022 to 30 June 2023.

Basis for Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagement ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagement on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Authority 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 2022 to 30 June 2023. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The Authority's Responsibility for Internal Control

The Authority is responsible for implementing and maintaining an adequate system of internal controls, in accordance with Section 125 of the *Local Government Act 1999* to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law.

Our Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and applied Auditing Standard ASQC 1 *Quality Control for Firms that Performs Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

Auditor's responsibility

Our responsibility is to express an opinion on the Authority's compliance with Section 125 of the *Local Government Act 1999* in relation only to the internal controls established by the Authority to ensure that financial transactions relating to receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical 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 Authority 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 2022 to 30 June 2023. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An assurance engagement on controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Limitations of Use

This report has been prepared for the members of the Authority in accordance with section 129 of the *Local Government Act 1999* in relation to the internal controls specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Authority, or for any purpose other than that for which it was prepared.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA, Registered Company Auditor

Director

26 September 2023



Southern Region Waste Resource Authority

Board Chairperson – Auditor Independence

I, Mark Booth, the person occupying the position of Chairperson of the Southern Region Waste Resource Authority Board, for the financial year ending, 30 June 2023, do hereby certify, for the purposes of Regulation 22 (3) of the Local Government (Financial Management) Regulations 2011, that the auditor of the Southern Region Waste Resource Authority, Galpins, has not been engaged by the Southern Region Waste Resource Authority to provide services to the Southern Region Waste Resource Authority outside the scope of the audit functions under the Local Government Act 1999.


Mark Booth
Chairperson

Southern Region Waste Resource Authority

23.8.23

Dated

**Chief Executive Officer's Certificate of Compliance****Auditor Independence****Southern Region Waste Resource Authority**

I, Julia Grant, the person occupying the position of Acting Chief Executive Officer of the City of Onkaparinga, for the financial year ending, 30 June 2023, being a Constituent Council of the Southern Region Waste Resource Authority, do hereby certify, for the purposes of Regulation 22 (3) of the Local Government (Financial Management) Regulations 2011, that the auditor of the subsidiary, Galpins, has not been engaged by the subsidiary to provide services to the subsidiary outside the scope of the audit functions under the Local Government Act 1999.

A handwritten signature in black ink, appearing to read 'Julia Grant', written over a horizontal line.

Julia Grant
Acting Chief Executive Officer for the 22/23 financial year
City of Onkaparinga

25/08/2023

Dated



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**Chief Executive Officer's Certificate of Compliance
Auditor Independence
Southern Region Waste Resource Authority**

I, Tony Harrison, the person occupying the position of Chief Executive Officer of the City of Marion, for the financial year ending, 30 June 2023, being a Constituent Council of the Southern Region Waste Resource Authority, do hereby certify, for the purposes of Regulation 22 (3) of the Local Government (Financial Management) Regulations 2011, that the auditor of the subsidiary, Galpins, has not been engaged by the subsidiary to provide services to the subsidiary outside the scope of the audit functions under the Local Government Act 1999.

23/08/2023

Tony Harrison

Dated

Chief Executive Officer

City of Marion

The City of Marion acknowledges it is part of Kaurna land and recognises the Kaurna people
as the traditional and continuing custodians of the land.



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marion.sa.gov.au



holdfast.sa.gov.au

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PO Box 19 Brighton SA 5048


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Glenelg Customer Service Centre and Library
2 Colley Terrace, Glenelg SA 5045

23 August 2023

**Chief Executive Officer's Certificate of Compliance
Auditor Independence
Southern Region Waste Resource Authority**

I, Roberto Bria, the person occupying the position of Chief Executive Officer of the City of Holdfast Bay, for the financial year ending, 30 June 2023, being a Constituent Council of the Southern Region Waste Resource Authority, do hereby certify, for the purposes of Regulation 22 (3) of the Local Government (Financial Management) Regulations 2011, that the auditor of the subsidiary, Galpins, has not been engaged by the subsidiary to provide services to the subsidiary outside the scope of the audit functions under the Local Government Act 1999.



Roberto Bria
Chief Executive Officer
City of Holdfast Bay

23/8/23

Dated

ATTENDANCE AT BOARD MEETINGS

BOARD MEMBERS	MEETINGS HELD WHILST MEMBER	MEETINGS ATTENDED
CHAIRPERSON Mark Booth	6	5
CITY OF ONKAPARINGA Kirk Richardson	6	5
CITY OF ONKAPARINGA Richard Peat <i>Term Completed November 2022</i>	3	0
CITY OF ONKAPARINGA Jordan Pritchard <i>Appointed January 2023</i>	3	2
CITY OF MARION Sorana Dinmore <i>Term completed August 2022</i>		
CITY OF MARION Angela Allison <i>Appointed December 2022</i>	3	3
CITY OF MARION Ray Barnwell	6	6
CITY OF HOLDFAST BAY Roberto Bria	6	5
CITY OF HOLDFAST BAY John Smedley	6	6
DEPUTY BOARD MEMBERS		
Please Note: Deputy Members are only required to attend a Meeting when the Member is an apology		
CITY OF ONKAPARINGA Heidi Greaves	6	3
CITY OF ONKAPARINGA Jessica Tucker	6	6
CITY OF MARION Bruce Hull <i>Term Completed November 2022</i>	3	0
CITY OF MARION Ian Crossland	6	1
CITY OF HOLDFAST BAY Clare Lindop <i>Term Completed November 2022</i>	3	2
CITY OF HOLDFAST BAY Monique O'Donohue <i>Appointed December 2022</i>	3	2
CITY OF HOLDFAST BAY Michael De Heus <i>Term completed June 2023</i>	2	1

ATTENDANCE AT AUDIT & RISK COMMITTEE MEETINGS

	MEETINGS HELD WHILST MEMBER	MEETINGS ATTENDED
Please Note: Deputy Members are only required to attend a Meeting when the Member is an apology		
GREG CONNOR Presiding Member	4	4
SAM SPADAVECCHIA	4	4
EMMA HINCHEY <i>Term completed December 2022</i>	2	2
MARK BOOTH	4	4
JOHN SMEDLEY Deputy SRWRA Representative	4	1

PERFORMANCE AGAINST BUSINESS PLAN

Each year SRWRA prepares an Annual Business Plan, detailing its actions and measures, that is submitted to the Constituent Councils.

AIMS, OBJECTIVES AND KEY MEASURES

RESOURCE RECOVERY ACTIONS	STATUS
Investigate markets and develop pathways for the receipt and processing of commercial and industrial products and associated reuse and commercial opportunities.	Ongoing
Investigate options and pathways for the receipt and processing of organic waste and associated reuse and commercial opportunities.	Ongoing
Investigate options to establish a Bio Pad to process green waste.	Complete
Grow the customer base for SRWRA and its Joint Venture partners	Complete
Develop business case for the construction and operation of an education facility at SRWRA.	Ongoing



AIMS, OBJECTIVES AND KEY MEASURES

OPERATIONAL EXCELLENCE ACTIONS	STATUS
Continuously review and improve workplace safety systems.	Ongoing
Maximise remaining landfill airspace.	Ongoing
Develop project scope and business case for the installation of rooftop solar power on the SMRF roof.	In progress
Maximise the compatible use of buffer land.	Ongoing
Continuous improvement of litter capture on site.	Ongoing
Governance & Risk Actions	Status
Maintain a contemporary suite of policies.	Ongoing
Work in accordance with the Risk Management Policy and Framework.	Ongoing
Review and update the Business Continuity Plan.	In progress
Review and update the Work Emergency & Evacuation Plan.	In progress
Develop a Technology Disaster Recovery Plan.	In progress
Board and Committee meetings are delivered as per the agreed timing and schedule.	Completed
The Annual Business Plan and Budget is prepared, reviewed, and reported and adopted in accordance with statutory timelines.	Completed

WORK HEALTH AND SAFETY

LOST TIME INJURIES

At SRWRA safety is part of our culture, a value considered with each decision made by management and staff. SRWRA is committed to providing a healthy and safe work environment that minimises the risk of injury or illness arising from work activities.

SRWRA recorded zero lost time injury (LTI) in 2022-2023 which presents a 100% reduction over the previous twelve months.

Annual lost time injuries:

ANNUAL LOST TIME INJURIES		
(Lost time injuries represent one complete shift or more of lost time)		
2020 – 2021	2021 – 2022	2022 – 2023
1	1	0

(Lost time injuries represent one complete shift or more of lost time)

INJURY MANAGEMENT

SRWRA received no worker compensation claims during 2022-2023. This is consistent with the previous twelve months, which had zero compensation claims lodged.

PROCUREMENT

SRWRA is committed to a fair, transparent and accountable process when acquiring goods and services, consistent with Section 49 of the Local Government Act 1999.

Each year goods and services are procured to support the delivery of the Annual Business Plan and Budget. The SRWRA Board has adopted the Procurement Policy to govern all procurement activities, excluding the purchase and disposal of land and other assets owned by the Authority.

In certain circumstances, the Authority may, after approval from its Board, waive application of this Policy and pursue a method which will bring the best outcome for the SRWRA. The Authority must record its reasons in writing for waiving application of this Policy.

Annual procurement performance:

ANNUAL PROCUREMENT PERFORMANCE

NUMBER OF PROCUREMENT EVENTS	NUMBER OF PROCUREMENT POLICY WAIVERS
538	2

Key reasons for the granting of Procurement Policy waivers in the last 12 months include:

- the best value for money outcome for SRWRA
- the limited size of the market and the number of credible suppliers



SRWRA CONSTITUENT
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Accountants, Auditors & Business Consultants

2022/23 Audit Completion Report

City of Marion



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City of Marion

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EXECUTIVE SUMMARY

To the members of the audit committee of City of Marion

We are pleased to present our Audit Completion Report for the financial year ended 30 June 2023. The purpose of this document is to summarise the key accounting and audit matters that have arisen during the engagement and our audit conclusions.

We intend to issue the following opinions (subject to the satisfactory completion of the items described in section 1 – *Status of our Audit Work* of this document):

Intended opinions	Type of opinion	Proposed Auditor's Report
Opinion on the Financial Statements	Unmodified	Refer to Appendix 1 of this report.
Controls Opinion	Unmodified	Refer to Appendix 2 of this report.

We have included in this report the following information to ensure that councillors, management and audit committee members are aware of all significant matters relating to the audit.

Matters	Sections
Status of our audit work	Section 1
Key Audit Matters	Section 2
Internal Controls Opinion and Recommendations	Section 3
Immaterial Uncorrected Misstatements	Section 4
Proposed Independent Auditor's Report on the Financial Report	Appendix 1
Proposed Independent Auditor's Report on the Internal Controls	Appendix 2

We have also signed the statement by auditor regarding our independence, and confirmed that for the audit of the year ended 30 June 2023 we have maintained our independence in accordance with the requirements of APES 110 – *Code of Ethics for Professional Accountants (including Independence Standards)*, Part 4A, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

Yours faithfully



Tim Muhlhausler CA Registered Company Auditor
Date: 27 October 2023

1. Status of Our Audit Work

Below is a summary of the status of audit activities and key documents related to the completion of our final audit.

Activities/Documents	Responsibility	Status
Final draft of the financial report	Management	Completed
Final audit visit	Audit	Completed
Final substantive procedures	Audit	Completed
Audit verification of the final draft of the financial report	Audit	Completed
Final draft of the financial report after audit verification	Management	Completed
Audit Completion Report	Audit	Completed
Final audited financial statements from the Council's subsidiaries	Management	Completed
Signed certification of auditor independence	Management	Note 1
Final financial report after considerations from the audit committee	Management	Note 1
Signed certification of financial statements	Management	Note 1
Signed management representation letter	Management	Note 1
Final Independent Auditor's Report on the Internal Controls	Audit	Note 2
Final Independent Auditor's Report on the Financial Report	Audit	Note 2

Note 1 To be provided after the audit committee meeting.

Note 2 To be provided by audit on receipt of both the:

- final financial report containing the signed certification of financial statements and the signed certification of auditor independence, and
- signed management representation letter.

2. Key Audit Matters

Key audit matters are those matters that, in the auditor's professional judgement, were 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.

2.1 Valuation of Infrastructure assets

Why the matter is significant	How the matter was addressed
<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 was 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"> components of assets that are replaced at different times in the asset lifecycle costs required to replace these components using current prices for materials, labour, and plant costs indices for measuring subsequent changes in unit rates. <p>The useful lives of assets and the measurement of accumulated depreciation are determined by external valuers. Significant judgement is used to determine the different useful lives for different components of assets and to calculate the depreciation that would have accumulated 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 are also relevant to the calculation of the annual depreciation expense of these assets.</p>	<p>Our audit included but was not limited to the following activities:</p> <ul style="list-style-type: none"> reconciled closing balances to the asset registers reconciled the movements in note 7 to the asset register reviewed the basis for valuation used by external valuers assessed the competence of external valuers (experts) in accordance with Australian Accounting Standards reviewed the fair value hierarchy provided in note 7 for each category of asset reconciled the useful lives used to calculate the accumulated depreciation and the depreciation for the period to the revaluation reports reviewed the useful lives mentioned above for different components and compared them to other local government entities performed a recalculation of depreciation reviewed the methodology used by Council to perform componentisation of infrastructure assets and compared the methodology used to Council's actual asset management practices and to other local government entities reconciled the unit rates used for different components of infrastructure assets to the unit rates provided in the valuer's report reviewed the unit rates mentioned above and compared them to different local government entities assessed the adequacy of disclosures in the financial report.

2.2 Valuation of Land and Buildings

Why the matter is significant	How the matter was addressed
<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, 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 usually an unobservable input, and is likely to have a significant effect on valuation.</p> <p>Land, where Council has an unfettered right to sell them, is usually valued at current market value based on their highest and best use. Level 2 inputs are primarily used for 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, buildings are 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 City, adjusted for any pertinent differences.</p> <p>The significant professional judgments used to estimate the value of buildings are also relevant to the calculation of the annual depreciation expense of these assets.</p>	<p>Our audit included but was not limited to the following activities:</p> <ul style="list-style-type: none"> reconciled closing balances to the asset registers reconciled the movements in note 7 to the asset registers reviewed the basis for valuation used by external valuers assessed the competence of external valuers (experts) in accordance with Australian Accounting Standards analysed the nature of the land building assets and concluded whether the fair value hierarchy provided in note 7 for each category of asset was reasonable reconciled the useful lives used to calculate the accumulated depreciation and the depreciation for the period to the revaluation reports reviewed the useful lives mentioned above for different components and compared them to other local government entities performed a recalculation of depreciation; and assessed the adequacy of disclosures in the financial report.

2.3 Accounting treatment of capitalisation of assets

Why the matter is significant	How the matter was addressed
<p>Councils are asset intensive and highly dependent on multiple assets to deliver services to customers. 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"> 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 as the concept goes beyond the legal ownership; Inclusions and exclusions of costs at initial recognition of an asset in accordance with AASB 116; Cost involved in dismantling and removing the asset and/or restoring the site under AASB 137; Borrowing costs to be capitalised into the cost of IPPE where the asset is a "qualifying asset" as per AASB 123; and accounting for subsequent costs and defining the nature of these costs as being capital or maintenance expenditure. 	<p>Our audit included but was not limited to the following activities:</p> <ul style="list-style-type: none"> performed analytical procedures to define whether the amounts capitalised for the FY was in accordance with our expectation and our understanding of the entity; reviewed internal controls in place for capitalisation of assets; selected a sample of additions and performed an assessment of the nature of the addition and concluded whether the addition was recognised in accordance with Australian Accounting Standards; reviewed the WIP schedule and selected a sample of transfers out to ensure that the asset was appropriately valued and capitalised in the right account; and reviewed the WIP schedule in order to identify projects that should have been capitalised but were not.

2.4 Management Override of Controls

Why the matter is significant	How the matter was addressed
<p>Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare a fraudulent report by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, the risk of material misstatement due to fraud is a significant risk.</p>	<p>Our audit included but was not limited to the following activities:</p> <ul style="list-style-type: none"> tested the appropriateness of journal entries recorded in the general ledger reviewed accounting estimates for biases performed final analytical procedures to conclude as to whether the financial report is consistent with our understanding of the entity requested written representation from Management reviewed IT access controls rights processes in place reviewed processes in place to ensure independent reviews of exception reports generated by Council reviewed processes in place to ensure independent reviews of audit trails of changes to master files.

2.5 Other High Risk Areas

The other high risk areas described in this section are account balances and/or audit areas that are not subject to a high degree of professional judgement, however we assessed their inherent risks as being high due to the materiality of the account balances, the high volume of transactions involved and other reasons outlined below:

Account balance	Why the risk is High	Overall audit response
Rates and charges	<ul style="list-style-type: none"> - largest revenue item - often used as a reference point for analysing expenditure decisions - politically sensitive - reputational risk involved if rates are raised incorrectly. 	<ul style="list-style-type: none"> - walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - comparison of total capital values from the VG report to the total capital value recorded in the rates system - reconciliation of the rates modelling to the rates system and to the general ledger - recalculation of rates for a sample of rate payers.
Employee costs	<ul style="list-style-type: none"> - one of the largest expense items - high volume of transactions / data - subject to error - errors impact individuals financially. 	<ul style="list-style-type: none"> - walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - inspection of employee files (contracts, awards, EBs) - inspection of timesheets - recalculation of a sample of individual payments.
Materials, Contracts & Other expenses	<ul style="list-style-type: none"> - one of the largest expense items - high volume of transactions, inherently higher risk of error - fraud risk area (procurement, payments and credit cards) - procurement and contracting are key focus areas for ICAC and the Auditor-General's Department. 	<ul style="list-style-type: none"> - walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - inspection of supporting documents (contracts, invoices, purchase orders, subsequent payments, etc) for a sample of expenses.
Cash and cash equivalents	<ul style="list-style-type: none"> - material balance - fraud risk - if there is any instance of errors and/or fraud it will be indicative of broader errors - poor attitude to cash controls may be indicative of overall culture related to the entity's controls environment - public money. 	<ul style="list-style-type: none"> - walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - bank confirmation - inspection of bank statements - verification of outstanding reconciling items - reperformance of bank reconciliations.
Trade and other payables	<ul style="list-style-type: none"> - one of the largest liabilities - material balance - opportunity for understatements - poor use of accrual basis of accounting it may be indicative of poor culture related to financial reporting - payments represent an opportunity for fraud. 	<ul style="list-style-type: none"> - walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - reconciliation between subsidiary ledgers and the general ledger - inspection of subsequent payments for a sample of creditors - inspection of a sample of subsequent payments for completeness test.



2.6 Intended Opinion on the Financial Report

We have completed our final risk of material misstatements assessment and concluded that the audit procedures performed were sufficient to reduce the audit risk to an acceptable level. We have evaluated the results of our audit testing and determined that no further adjustments to the financial statements are required.

In our opinion, subject to the satisfactory completion of the items described in section 1 of this report, ***the financial report prepared by Council presents fairly***, in all material respects, the Council's financial position as at the end of the current financial year and its financial performance for the year ended on that date (refer to our proposed Independent Auditor's Report on the Financial Report included in Appendix 1 of this report).

3. Internal Controls Opinion and Recommendations

We have performed an extensive review of the Council's financial controls for the purpose of forming our control opinion as required by section 129 of the *Local Government Act 1999* based on council's obligations under s125 of that Act.

Our controls opinion is restricted per s129 of the Act to the application of s125 as it relates to financial internal controls, specifically the controls exercised by the Council during the relevant financial year in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

A summary of the results of our review is provided in the table below:

Business cycles	Controls Reviewed	Operating Effectively	Operating Effectively	2023 Findings			
		2023	2022	H	M	L	BP
General Ledger	11	8	10	-	2	1	-
Fixed Assets	16	14	14	-	1	1	-
Purchasing & Procurement/Contracting	10	9	8	-	1	-	-
Accounts Payable	13	13	13	-	-	-	-
Rates / Rates Rebates	10	10	10	-	-	-	-
Receipting	5	5	5	-	-	-	-
Payroll	19	18	18	-	-	1	-
Credit Cards	5	5	4	-	-	-	-
Banking	5	4	5	-	1	-	-
Debtors	6	5	5	-	-	1	-
Total	100	91	92	-	5	4	-

Overall the Council demonstrated a **high level of compliance** with the implementation of an internal control framework consistent with the principles within the Better Practice Model.

During our interim audit visit we found that the majority of key internal controls reviewed were in place and were operating effectively (91 out 100 core controls reviewed). Risks were rated based on an assessment of the risk of non-compliance with s125 of the *Local Government Act 1999* as described in Appendix 3 – Risk Ratings.

An interim audit management letter was issued and presented to the audit committee containing our overall assessment of the council's internal controls and all the controls weaknesses identified during our review of the Council's financial controls.

Council has an action plan in place to address most of the findings related to the controls that were not operating effectively as indicated in Management responses to our interim management letter issued in July 2023.

In our opinion, subject to the satisfactory completion of the items described in section 1 of this report, **the Council has complied, in all material respects, with Section 125 of the Local Government Act 1999** in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities.

4. Corrected Misstatements

Adjustment 1 – Completed capital works recorded as WIP					
D/C	Account at FS level	Assets	Liabilities	Surplus/Deficit	Other Comprehensive Income
		Increase/ (decrease) \$'000	(Increase)/ decrease \$'000	(Increase)/ decrease \$'000	(Increase)/ decrease) \$'000
D	Infrastructure, property, plant and equipment	1,730	-	-	-
C	Other non-current assets – capital work in progress	(1,730)	-	-	-
Description: Adjustment related to the capital project 63605 - Dalkeith Avenue Drainage (\$1,730,000) completed on 27 March 2023 but was still recorded as capital work in progress as at 30 June 2023.					



City of Marion

5. Immaterial Uncorrected Misstatements

There are no immaterial uncorrected misstatements to be reported.

6. Final Management Letter

We have identified the following additional performance improvement observations when performing our substantive procedures during our final audit:

		Risk
1. Absence of a breakdown between fair value hierarchies (L2 and L3) for valuation of buildings assets		Low
Finding	<p>Typically, local government entities have two basis of valuation for their building assets:</p> <ul style="list-style-type: none"> - Market value – for buildings where a market value can be reliably determined. This valuation is classified as fair value hierarchy level 2 for financial reporting purposes. - Depreciated Replacement Cost – for buildings where there is no active market due to specialised nature of the assets and the service they provide. This valuation is classified as fair value hierarchy level 3. <p>Council is currently indicating in the table containing all movements for Infrastructure, Property, Plant and Equipment assets disclosed in note 7 that the fair value of all buildings and other structures assets are classified as fair value hierarchy level 3.</p>	
Risk	Absence of appropriate note disclosures increases the risk of the financial report being not appropriately presented.	
Recommendation	<ol style="list-style-type: none"> 1. Review the nature of building assets recorded in Council's asset register 2. Review the buildings revaluation report 3. Identify buildings that are valued at market value and at depreciated replacement cost 4. Calculate the breakdown between fair value hierarchies (L2 and L3) and disclose separately in the table containing movements of Infrastructure, Property, Plant and Equipment in note 7. 	

2. Employees with excessive annual leave balances		Risk
		Low
Finding	Audit identified 15 employees with annual leave balances in excess of 300 hours.	
Risk	Leave balances exceeding the allowable balances under the relevant EB. Staff not taking leave has financial implications as leave is paid at higher rates than it was accrued, and may lead to health, safety and welfare issues. Regular taking of leave also acts as a fraud prevention control.	
Recommendation	Implement strategies to systematically reduce excessive leave balances, and prevent employees from accumulating excessive balances.	

Risks were rated based on an assessment of the risk of non-compliance with s125 of the Local Government Act 1999 as described in Appendix 3 – Risk Ratings.



City of Marion

7. Contact Details



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Appendix 1 – Proposed Independent Auditor’s Report on the Financial Report

To the members of City of Marion

Opinion

We have audited the accompanying financial report of City of Marion (the Council), which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of City of Marion.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Council as at 30 June 2023, and its financial performance and its cash flow for the year then ended in accordance with the Australia Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Council’s Responsibility for the Financial Report

Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* and for such internal control as Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, Council is responsible for assessing the Council’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Council either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Council’s financial reporting process.

Auditor’s Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatements, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and



City of Marion

are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of this financial report.

As part of an audit of the financial report in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the financial report in order to design 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA Registered Company Auditor
Partner

Date:



Appendix 2 – Proposed Independent Auditor’s Report on the Internal Controls

To the members of City of Marion

Independent Assurance Report on the Internal Controls of City of Marion

Opinion

We have audited the compliance of City of Marion (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 2022 to 30 June 2023 have been conducted properly and in accordance with the law.

In our opinion, City of Marion has complied, in all material respects, with Section 125 of the *Local Government Act 1999* in relation to internal controls established by the 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 1 July 2022 to 30 June 2023.

Basis for Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagement ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagement 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 2022 to 30 June 2023. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The Council’s Responsibility for Internal Controls

The Council is responsible for implementing and maintaining an adequate system of internal controls, in accordance with Section 125 of the *Local Government Act 1999* to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law.

Our Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and applied Auditing Standard ASQC 1 *Quality Control for Firms that Performs Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.



City of Marion

Auditor's responsibility

Our responsibility is to express an opinion on the Council's compliance with 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 receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with the law, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical 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 2022 to 30 June 2023. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An assurance engagement on controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Limitation of Use

This report has been prepared for the members of the Council in accordance with section 129 of the *Local Government Act 1999* in relation to the internal controls specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than that for which it was prepared.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA Registered Company Auditor
Partner

Date:

Appendix 3 – Risk Ratings

The audit findings identified during our interim audit documented in our interim management letter and in section 3 of this report were rated as follows:

Category	Description
Potential Material Weaknesses	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.
Moderate Weaknesses	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.
Low Risk Weaknesses	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.
Better Practice Weaknesses	The issue described has been included in this report as an opportunity for better practice.

7.7 Meeting with the External Auditors in Confidence

Report Reference	FRAC231109R7.7
Originating Officer	Manager Office of the Chief Executive – Kate McKenzie
Corporate Manager	N/A
General Manager	Chief Executive Officer - Tony Harrison

REPORT HISTORY

This is an annual report and was last considered in October 2022

Report Reference	Report Title
FAC211012.R6.4	Meeting with the external auditors in Confidence (without management present)
FRAC221011R7.4	Meeting with the External Auditors in Confidence

REPORT OBJECTIVE

The Finance and Audit Committee Terms of Reference recognises that the Committee will meet with both the external auditors and internal auditors without management, at least once per year (Clause 4.1). This provides the Committee an opportunity to have a confidential conversation with the Auditors without management present.

The purpose of this report is to exclude the public and staff from the meeting to enable this conversation to occur. Tim Muhlhausler and Juliano Freitas from Galpins will be in attendance.

The Chair of the Committee will provide a summary of the discussion to the Manager, Office of the CEO to be published in the minutes.

RECOMMENDATION

That the Finance, Risk and Audit Committee:

- 1. Pursuant to Section 90(2) and (3)(g) of the Local Government Act 1999, orders that all persons present, be excluded from the meeting, with the exception of Tim Muhlhausler and Juliano Freitas from Galpins, as the Finance, Risk and Audit Committee meets with Council's External Auditors, on the basis that the Finance and Audit Committee is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to commercial information of the Council.**
- 2. Include the following comments within the minutes:**
 - XX**

ATTACHMENTS

Nil

8 Reports for Noting

8.1 Council Member Report

Report Reference	FRAC231109R8.1
Originating Officer	Unit Manager Governance and Council Support – Victoria Moritz
Corporate Manager	Manager Office of the CEO - Kate McKenzie
General Manager	Chief Executive Officer - Tony Harrison

REPORT OBJECTIVE

Section 3.5 of the Finance, Risk and Audit Committee (FRAC) 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 Jason Veliskou and Councillor Jayne Hoffmann

Since the last Council Member report was presented to the FRAC meeting, the Council has held two (2) General Council Meetings. At these meetings, Council made the following decisions that relate to the FRAC Terms of Reference in chronological order. If the FRAC wishes to discuss any of the items considered in confidence in further detail, the Committee will be required to move into confidence.

[General Council Meeting – 22 August 2023](#)

EV Fleet Transition

Report Reference GC230822R12.1

Council approved the transition of the light passenger vehicles to electric vehicles, in line with the current replacement schedule of existing diesel, petrol and hybrid vehicles. An additional capital budget was approved of \$68,000 for the 2023/24 financial year for the increased changeover cost of vehicles (purchase less disposal cost). And an additional capital budget of \$892,000 in 2023/24 funded through borrowings as required for the electricity upgrade and charging stations for the EV transition at City Services and Administration.

Unsolicited Proposals Policy

Council considered and adopted the reviewed unsolicited proposals policy. Minor amendments were made.

Updates to the Schedule of Delegations - July 2023

Council adopted an updated Schedule of Delegations in line with the Local Government Association (LGA) Framework and recent legislative amendments. The update ensures that Council is

compliant with the relevant legislation and provides for effective, efficient and appropriate decision making by Council Officers. The updates were minor in nature.

WHS Report

Council received and noted the update on the Work Health and Safety (WHS) performance. Lost Time Injuries have remained static with zero reported for the new financial year, whereas 6 were reported for FY 2022/23. The Lost Time Injury Frequency Rate (LTIFR) has shown a decline on 51% since October 2022, while Total Recordable Incident Frequency Rate (TRIFR) have also decreased by 44.9% since March 2023.

Finance Report - July 2023

Council received and noted the *Finance Report – July 2023*. It was noted that Council currently has a net operating surplus result of \$2.120m before capital revenues, against a year to date forecast operating surplus budget of \$1.365m. The 2023-24 annual budget forecasts a net cash surplus of \$0.080m. This position is detailed in the attached Funding Statement and variation notes.

Confidential Items

Independent Member - Finance, Risk and Audit Committee (released from confidence once advised)

Council re-appoint Ms. Nicole Rantanen as an Independent Member to the Finance, Risk and Audit Committee for a period of 3 years until November 2026.

SRWRA Audit Committee Member - City of Marion Representative (released from confidence once advised)

Council resolved to nominate Mr. Josh Hubbard as the City of Marion representative to the Southern Region Waste Resource Authority Audit Committee.

General Council Meeting – 12 September 2023

Marion Water Business Strategy

Council received and noted the community feedback in the survey response report and endorsed the Marion Water Strategy *A Plan for Securing our Water Future 2023-2026*.

Draft Asset Management Strategy 2023-2033 Endorsement for Community Consultation

Council endorsed the Draft Asset Management Strategy 2023 - 2033 proceeds to community consultation.

CEO Remuneration – Submission to the South Australian Remuneration Tribunal

Endorsed the draft submission to the Remuneration Tribunal of South Australia requesting the Tribunal create salary bands for local government CEOs that are more reflective of the factors listed within the relevant Determination's accompanying report.

Digital Transformation Project – Close Out Report

Council noted that except for Unified Communications, Information Services has now finished the phase of the project related to the Digital Transformation Program (DTP) with these projects moving into BAU. Council also noted that Information Services is now focused on the development of the Information Services Plan and several key business-related IT projects.

SRWRA Board Meeting 21 August 2023 - Constituent Council Information Report

Council noted the Constituent Council Information Report from SRWRA Board Meeting, 21 August 2023.

Confidential Items**General Council Meeting – 24 October 2023****Appointment of Deputy Mayor**

The Council appointed Councillor Crossland to the position of Deputy Mayor until 29 November 2024.

Committee Structure and Council Member Representatives for various positions 2023-2024

Council determined to disband its current Committee Structure of the Planning and Development Committee, Environment Committee and Infrastructure Committee and form one Committee (with all Council Members to form the membership) called the Environment and Infrastructure Committee. This Committee will be chaired for 6 months by Councillor Luscombe and then 6 months by Councillor Hoffman.

Councillor Veliskou has been re-appointed to the FRAC until 29 November 2024.

Appointment of Date, Time and Place of Council Meetings for 2024

Council resolved its meeting schedule for 2024 and determined to have one Council Meeting per month except for March and May to allow for additional business planning and budget discussions. The Council noted the proposed FRAC meetings, noting that this still needed to be confirmed by the Committee however proposed dates were 20 February, 23 April, 4 June, 13 August, 8 October & 3 December.

Council and CEO KPI Report Quarter Four 2022/23 - Final Results

Council noted the KPI results for the FY 2023/24 noting that there were 4 KPI's not met. Council is undertaking a review of the KPI's for future years.

Finance Report – September 2023

The Council noted the finance report for September with a net operating surplus result of \$0.447m before capital revenues, against a year to date forecast operating deficit budget of \$0.311m. The 2023-24 annual budget forecasts a net cash surplus of \$0.080m. Some areas of the budget were impacted by timings.

Confidential Items**CEO Contract Review**

This item remains confidential to the Council and the CEO.

ATTACHMENTS

Nil

8.2 Debtors Report

Report Reference	FRAC221011R8.2
Originating Officer	Assistant Financial Accountant – Melissa Virgin
Corporate Manager	Chief Financial Officer - Ray Barnwell
General Manager	General Manager Corporate Services - Angela Allison

REPORT OBJECTIVE

The purpose of this report is to provide the Finance Risk and Audit Committee (FRAC) with an annual update in relation to the outstanding balances in Rates Debtors and Sundry Debtors in line with the year-end accounts.

RECOMMENDATION

That the Finance and Audit Committee:

1. **Note this Report.**

DISCUSSION

Council Debtors

Council has two main types of debtor categories that it manages: -

1. Rates Debtors
2. Sundry Debtors

Rates Debtors

Rates Debtors and Sundry Debtors (shown as 'Debtors – General') are included under "Trade and Other Receivables" in the Financial Statements in Note 5(b).

Rates Debtors have increased from a balance of \$1.884m (2.3% of total annual rates) at 30 June 2022 to \$2.293m (2.7% of total annual rates) at 30 June 2023. The increase reflects the climate of cost-of-living pressures on the community. With this in mind Council has employed a balanced approach to debt collection. Properties are progressed to debt collection and probable legal process including Section 184 of the *Local Government Act 1999* (the Act) (S184) where warranted. The cumulative effect of rates and associated fines and interest will increase the debt each year. To mitigate this, Council actively encourages ratepayers to commence payment plans to address arrears and bring accounts back into line.

The amount of arrears greater than three years has increased from \$386k (46% of all arrears) to \$438k (49% of all arrears) in 2022-23. The Act provides under S184 that a council may sell any land where the rates have been in arrears for three years or more. While there is a small percentage increase, there is a significant overall reduction in arrears greater than three years when compared to the year prior to the introduction of recovering rates under S184 (\$635k representing 61% of all arrears in 2018-19).

While S184 is noted in Council's adopted Rating Policy under section (9) 'Sale of land for Non-Payment of Rates', this option was not pursued until April 2019 when Council endorsed Finance, under delegated authority of the General Manager Corporate Services, to initiate the sale of land for non-payment of rates. Part of this included developing assessment criteria, the purpose being to

assess individual circumstances for possible exemption to initiating S184 action should it be warranted.

Since May 2019 Council has commenced S184 action on 77 properties and to date, has successfully recovered rates arrears from 74 properties totaling \$958,300. Most arrears have been recovered on receipt of a pre-section 184 letter from Council's lawyer advising of Council's intention to initiate proceedings.

Of the 74 properties that have been settled, only three properties escalated to sale:

- The first property sold above reserve, clearing arrears, fines and penalties of \$50,700. The recipients of the remaining funds from the sale were satisfied with the outcome of the auction.
- The second property sold October 2021 clearing all arrears, fines and penalties of \$16,000. The owner lives interstate and was the sole recipient of the remaining funds from the sale.
- The third and most recent property sold September 2022 clearing all arrears, fines and penalties of \$57,000. The surplus funds have been paid into Court pending probate.

Of the three properties still to be resolved, all are on track for payment in full and have agreed payment arrangements in place. The premise is to get ratepayers back onto regular payments once the debt is cleared.

The total arrears being recovered from those still to be resolved is \$33,100 (payments to date total \$14,700 leaving a balance of \$18,400).

Sundry Debtors

The total for 'Debtors – General' also includes fines (parking, animal and statutory) along with amounts receivable from Council's insurers (Workers Compensation and Income Protection reimbursements) in addition to amounts receivable from sundry debtors. The total combined amount reflected in the Financial Statements at 30 June 2023 is \$2.458m, an increase of \$0.726m from the balance at 30 June 2022 of \$1.732m.

Council's Sundry Debtors made up a total of \$1,366k (**Attachment 1**) with \$147k (11%) in the 90+ Days category. The overdue amounts in the 90+ Days category has decreased from the prior year total of \$207k.

Of the total \$147k in 90+ Days outstanding, \$27k has subsequently been settled while six accounts totaling \$61k are on payment plans which are being met. After working through our follow-up actions, we are now reviewing a number of aged debts with our debt collection agency. A provision of \$47k is included in the 2022-23 Financial Statements against these aged debts.

Debt Collection Process

Sundry Debtors

A debt recovery procedure exists which includes the following key steps in regard to debt collection:

- Monthly statements sent out directly to debtors.
- Reminder letters are sent to debtors once outstanding debt reach 60+ days.

- Follow up phone calls, letters and emails are sent to debtor by Sundry Debtors Officer as required.
- Outstanding debt 90+ days is referred to the originating officers for follow-up with the debtor.
- Payment plans are put in place if appropriate to enable collection of outstanding debt.
- If no payment is made a letter is issued to the debtor requesting payment within 48 hours to avoid recovery action being taken.
- If no payment is received an assessment is made to send to council's debt collector where financially viable to do so.
- Where the charge relates to a good or service incurred on the land (i.e., directly related to the property), amounts can be transferred to the landowner's Rates account.

Rates Debtors

The following key steps are taken in regard to debt collection:

- Overdue Notice issued approximately one week after the last day to pay.
- If debt is not paid it will be assessed for referral to the Debt Collection Agency based on criteria including > \$600 and 2 instalments overdue, or no arrangement in place.
- Council will refer the debt to the Debt Collection Agency who then proceed with letters of demand requesting payment or a payment arrangement.
- If no payment or arrangement is made, Council will instruct the Debt Collection Agency to commence legal proceedings for recovery of the debt.

Note - payment plans can be put in place at any time.

Council's rating policy provides support and assistance to eligible ratepayers through a number of different options including:

- Payment plans
- Extensions to pay
- Remit fines and interest
- Postponement of rates for seniors
- Postponement of rates for hardship.

Postponed rates debts are included as a component of "Trade and Other Receivables" in Current Assets and separately disclosed in Note 5(b) to the Financial Statements.

It should also be noted that legislation allows Council to be given high priority to recover any outstanding debts, including accumulated interest, from the proceeds on the disposal of a property.

ATTACHMENTS

1. Sundry Debtors Report 2023 [**8.2.1** - 1 page]

Sundry Debtors Report - Ageing report as at 30 June 2023

Attachment 1

Debtor	Total Balance	Current	30 Days	60 Days	90 Days	90+ Days	Percentage of total 90+ day balance	Comments for 90+ Day balances
General Total	38,340.53	23,851.53	6,534.00	1,350.00	.00	6,605.00	4%	Made up of 1 out of 7 debtors. This account is being worked through with the debt collector.
Neighbourhood Centres Total	18,367.25	14,696.75	3,412.50	67.50	190.50	.00	0%	
Regulatory Services Land Clearing Total	6,351.50	.00	.00	627.00	1,320.00	4,404.50	3%	Made up of 2 out of 8 debtors. One account totalling \$4,330.50 is on a payment plan, payments of \$300.00 have subsequently been received. One other account totalling \$74.00 has subsequently been settled.
City Property Facilities - Leased Premises Total	485,191.09	331,233.91	44,783.91	5,993.08	4,920.04	98,260.15	67%	Made up of 5 out of 35 debtors. Two accounts totalling \$52,540.24 are on a payment plans, payments of \$7,043.54 have subsequently been received. Another account totalling \$43,000.62 is with the debt collector. The two remaining accounts have subsequently been settled.
City Property Facilities - Sporting Facilities Total	4,489.52	4,339.52	150.00	.00	.00	.00	0%	
Civil Services Private Works Total	45,743.35	22,580.00	.00	.00	.00	23,163.35	16%	Made up of 15 out of 24 debtors in this category. Three accounts totalling \$4,260.00 are on payment plans, payments of \$577.50 have subsequently been received. Seven other accounts totalling \$8,313.35 have subsequently been settled.
Swim Centre Debtors Total	17,769.54	.00	2,386.00	6,495.30	8,475.24	413.00	0%	Made up of 1 out of 10 debtors. This account has subsequently been settled.
Grants & Subsidies Total	702,740.90	699,136.20	304.70	.00	.00	3,300.00	2%	Made up of 1 out of 4 debtors. This account has subsequently been settled.
Environmental Health Inspections Total	25,836.30	12,899.20	42.40	.00	1,567.00	11,327.70	8%	Made up of 59 out of 149 debtors, with none individually significant. 28 accounts totalling \$4,646.70 have subsequently been settled.
Marion Cultural Centre Total	7,155.80	6,915.80	100.00	.00	140.00	.00	0%	
Local Government	14,032.78	14,032.78	.00	.00	.00	.00	0%	
Total	1,366,018.56	1,129,685.69	57,713.51	14,532.88	16,612.78	147,473.70		
Total Aging Profile		83%	4%	1%	1%	11%		

Category	Description
Employees	Anything that relates to CoM employees.
General	Anything that does not fit into one of the below categories.
Neighbourhood Centres	For hire of rooms in Neighbourhood Centres, etc. - usually charged out at an hourly rate. Also includes cultural workshops and tours.
Regulatory Services Land Clearing	When council has had to clear land due to non-compliance of owner.
Sporting Clubs & Other Leases	Rent, electricity, water, maintenance, etc. charged out to lessees.
Civil Services Private Works	Repairs or modifications to infrastructure (footpaths, kerbs, driveway inverts). Can be at resident request.
Swim Centre Debtors	Outdoor Swimming Centre - used for lane hire, school visits, etc.
Grants & Subsidies	Government grants and subsidies.
Environmental Health Inspections	Food Inspection fees.
Regulatory Services Other	Vehicle Impoundment fees and other regulatory services.
Supplier Refunds	Where a supplier owes the City of Marion funds. This category is used to keep track to ensure we have received payment for credits.
Development Services	Includes contribution from residents and/or developers for the removal and/or replacement of Council Street Trees and significant trees.
Living Kauria Cultural Centre	Relates to programs run through the LKCC.
Environmental Health Testing	Environmental testing fees.
Local Government	Transactions with other Local Government corporations.
Communications	Anything related to communications.
Economic Development	Events, etc. relating to economic development within the City of Marion.
Marion Cultural Centre	Hiring of the Marion Cultural Centre.

*any category that does not have any outstanding invoices will not be displayed.

8.3 Annual Investment Report 2022-23

Report Reference	FRAC231109R8.3
Originating Officer	Treasury Accountant – John Stewart
Corporate Manager	Chief Financial Officer - Ray Barnwell
General Manager	Chief Executive Officer - Tony Harrison

REPORT OBJECTIVE

Section 140 of the *Local Government Act 1999* requires Council to review the performance of its investments on an annual basis. This report reviewed by the Finance Risk and Audit Committee will be presented to Council for adoption at its General Council Meeting on 28 November 2023.

EXECUTIVE SUMMARY

A summary of the 2022-23 Investment Performance is provided at Appendix 1 for the Committee's information, showing that Council recorded a favourable result against the benchmark indicator. A favourable result has been experienced each financial year since 2007-08.

RECOMMENDATION

That the Finance, Risk and Audit Committee:

- Notes the Investment Performance Report 2022-23.**

DISCUSSION

Decision making regarding investments are conducted under the guidance and parameters set within Council's Treasury Management Policy.

Compliance with Treasury Management Policy (Investments)

Council has complied with all elements of the Treasury Management Policy. Compliance has been achieved against the following major policy requirements:

Policy Requirement	Review
Council funds available for investment will be lodged 'at call' or having regard to differences in interest rates for fixed term investments of varying maturity dates, may be invested for a fixed term.	Investments in Fixed Term Deposits were made between a range of 30-180 days with an average maturity of 81 days and an average return of 3.57%. The average 'at call' rate of return was 3.42%. No Fixed Term Deposits were required to be broken during the year.
In the case of Fixed Term Investments, the term should not exceed a point in time where the funds could otherwise be applied to cost-effectively defer the need to raise a new borrowings or reduce the level of Council's variable interest rate borrowing facility.	The variable interest rate borrowing facility was not required to be accessed.

Policy Requirement	Review
Council will select the investment type which delivers the best value, having regard to investment returns, transaction costs and other relevant and objectively quantifiable factors.	The Council supports the Local Government Finance Authority of South Australia (LGFA) for the placement of investment funds. The LGFA is a statutory authority established for the benefit of councils in South Australia. Utilising the services of the LGFA provides an efficient means of investing surplus funds and a source of highly competitive interest rates. All deposits made with the LGFA are also guaranteed by the Treasurer of South Australia. To ensure Council continues to receive competitive rates for investments, quotations are regularly obtained from authorised institutions on investments of \$1,000,000 or more where the period of investment exceeds 30 days. During 2022-23 all surplus funds were invested with the LGFA, who in the process of market testing, offered the most competitive interest rates.
Investments fixed for a period greater than 12 months to be approved by Council.	No Investments were placed for a period greater than 12 months.
The Policy indicates where surplus funds can be invested and that if they are invested in choices outside of the Policy, Council approval is required.	All surplus funds invested during the 2022-23 financial year were invested with the LGFA which is an allowable option under the Policy.
The Policy indicates investment activities that Council would not participate such as shares in private/public companies, listed or unlisted property trusts and derivatives.	No investments were placed in such options.

Performance against Benchmarks

Reserve Bank Cash Rate

Council earned \$1,156,846 of interest on its investments in 2022-23 at an average rate of return of 3.45%, a favourable outcome compared to the benchmark indicator (average Reserve Bank cash rate) of 2.93%.

Bank Bill Swap Rate (BBSW)

The Finance and Audit Committee commented, when reviewing the 2014-15 Investment Report, that it would also be useful to benchmark against commercial rates being offered.

The BBSW is the rate at which banks will lend to each other. It is a short term swap rate which reflects a compilation of average market rates supplied by domestic banks regarding specific maturities of bank bills. The BBSW is published daily and therefore an annual average index can be readily calculated for comparative purposes.

The most common index applied is the 90 Day BBSW which also closely aligns with Council's average maturity of 81 days. For the 2022-23 financial year, the 90 Day BBSW was 3.21%. Council's average rate of return of 3.45% is also favourable compared to the BBSW indicator, the seventh consecutive year that this has been achieved.

Interest on Investments Budget Performance

The performance of Interest on Investments is also monitored and managed against the budgeted forecast. The actual value of investment interest of \$1,156,846 was a 0.59% favourable variance against a final revised budget forecast of \$1,150,000.

Finance Risk and Audit Committee Advice

Administration welcomes any Finance Risk and Audit Committee feedback prior to forwarding to Council the Investment Performance Result for 2022-23.

Conclusion

Council's investment performance for 2022-23 was well managed and produced an excellent outcome when compared to relevant benchmark indicators, particularly in a year of a difficult and ever moving economic climate. Investments were placed exercising due care and diligence and in strict accordance with Council's Treasury Management Policy.

ATTACHMENTS

1. Investment Performance 2022-23 [**8.3.1** - 3 pages]

Appendix 1

Investment Performance 2022-23**Interest on Investments**

Interest on investments for 2022-23 was \$1,156,846. Recent interest on investment history reveals the following:

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Total Interest (Including LGFA Bonus)	\$1,111k	\$1,214k	\$946k	\$503k	\$365k	\$1,157k
LGFA Bonus/Annual Distribution	\$132k	\$168k	\$174k	\$185k	\$199k	\$101k

The increase of interest on investments in 2022-23 is mainly attributed to the significant increase in average rates for the year increasing from 0.86% in 2021-22 to 3.45% in 2022-23. The total average amount invested per day, decreased from \$42.7m in 2021-22 to \$33.5m in 2022-23. Funds were therefore not available to be kept on deposit for longer periods that was possible in 2021-22, prior to being required to meet payment obligations for creditors, payroll and progress payments for major capital projects. This was expected with the planned drawdown of cash reserves funding for several major projects in 2022-23.

Competitive quotes were sourced during the financial year for Term Deposits and all investments were placed with the Local Government Finance Authority (LGFA) who consistently provided the best competitive rates.

Peak Value of Investments

Investments peaked in September 2022 at \$45.9m. The peak value of investments history reveals the following:

2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
\$52.6m	\$53.3m	\$58.0m	\$62.5m	\$58.9m	\$45.9m
Mar 2018	Dec 2018	Sep 2019	Sep 2020	Sep 2021	Sep 2022

Traditionally investments reach their peak in the first half of the financial year due to a portion of ratepayers paying their rates in full rather than paying quarterly. Large grant revenue receipts and the timing of significant Capital Expenditure projects also have an impact on investment balances.

Annual Rate of Return on Investments

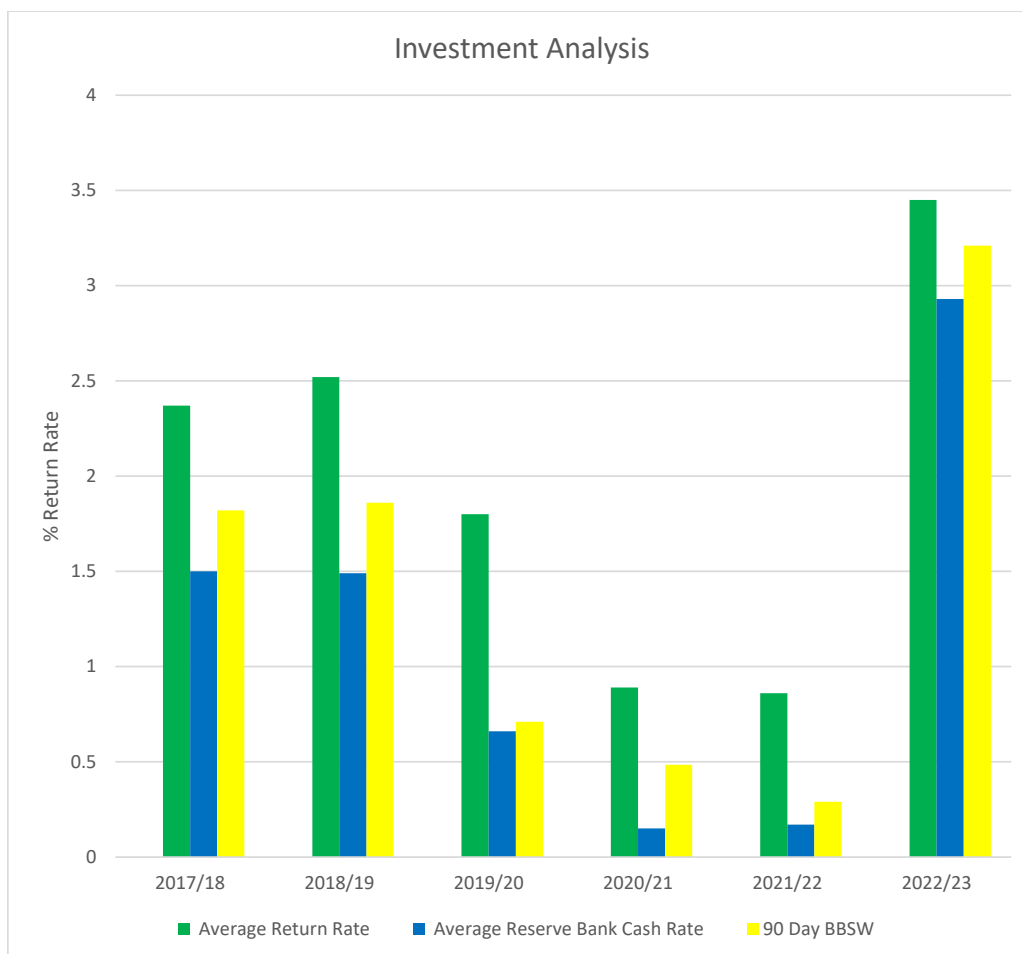
Council's Investment performance is measured against a recommended benchmark and submitted for consideration by Council on an annual basis. This is in accordance with guidelines contained in the "Investment Policy & Review of Investments" document published by the South Australian Local Government Financial Management Group.

The benchmark indicator referred to above that measures our investment performance is the average annual Reserve Bank cash rate. The cash rate commenced the 2022-23 Financial year at 0.85% and was incrementally increased to 4.10% by June 2023. The movements experienced for the year were as follows;

July 2022	From 0.85% to 1.35% (+0.50% movement)
August 2022	From 1.35% to 1.85% (+0.50% movement)
September 2022	From 1.85% to 2.35% (+0.50% movement)
October 2022	From 2.35% to 2.60% (+0.25% movement)
November 2022	From 2.60% to 2.85% (+0.25% movement)
December 2022	From 2.85% to 3.10% (+0.25% movement)
February 2023	From 3.10% to 3.35% (+0.25% movement)
March 2023	From 3.35% to 3.60% (+0.25% movement)
May 2023	From 3.60% to 3.85% (+0.25% movement)
June 2023	From 3.85% to 4.10% (+0.25% movement)

The annual rate of return on investment for the City of Marion for 2022-23 was 3.45% compared to the annual average benchmark rate of 2.93%, providing reassurance that funds invested by City of Marion were well managed. The following table and graph summarise Council's historical performance of annual rate of return on investments, benchmarked against the average Reserve Bank Cash Rate.

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Annual Rate of Return	2.37%	2.52%	1.80%	0.89%	0.86%	3.45%
Average Reserve Bank Cash Rate	1.50%	1.49%	0.66%	0.15%	0.17%	2.93%
Benchmark Variation	+0.87%	+1.03%	+1.14%	+0.74%	+0.69%	+0.52%



The Council's annual rate of return includes the annual special distribution paid by Council's principal investment financial institution – LGFA. This distribution paid to Councils by LGFA is based on a combination of Council's investment and borrowing activity for the prior year.

The table above indicates a positive variation in each financial year against the average Reserve Bank Cash Rate. The 2022/23 result is the sixteenth consecutive year of a favourable outcome against this benchmark. In addition, the 2022/23 annual rate of return of 3.45% also marks the eighth consecutive year that Council's investments outperformed the BBSW indicator.

Council's General Bank Account does not earn interest which is factored into the benchmark result. The inclusion of the General Bank Account balances held in the overall investment performance does make it more challenging to achieve a positive benchmark performance. As a result, it is important that the Treasury Management function monitors and minimises any potential negative impact.

8.4 Aged Care Quality Standards

Report Reference	FRAC231109R8.4
Originating Officer	Acting Team Leader – Susan Emerson
Corporate Manager	Manager Community Connections - Merran Fyfe
General Manager	General Manager City Services - Ben Keen

REPORT HISTORY

Report Reference	Report Title
FRAC220816	Aged Care Quality Standards
FRAC230221	Aged Care Quality Standards

REPORT OBJECTIVE

The purpose of this report is to advise the outcome of the City of Marion's Aged Care Quality Standards Assessment conducted in August 2023.

EXECUTIVE SUMMARY

The City of Marion (CoM) receives \$2,703,882 funding per annum from the Federal Government to deliver services to eligible clients, funded by the Commonwealth Home Support Programme (CHSP). The current funding agreement is to 30 June 2025 and the services associated with this funding are delivered through the Positive Ageing and Inclusion (PAI) Team.

The CHSP programme operates within the Aged Care Quality Standards (ACQS) and had, in both March 2022 and December 2022, been found by the Aged Care Quality and Safety Commission (ACQSC) to be non-compliant against the ACQS in multiple areas.

On 23 August 2023, a third assessment was undertaken and City of Marion has been found to be compliant against the ACQS (Attachment 1).

RECOMMENDATION

That the Finance, Risk and Audit Committee:

- Notes the report from the Aged Care Quality and Safety Commission dated 11 October 2023.**

BACKGROUND

The City of Marion PAI team provides a range of in-home services, well-being programs, social groups, fitness classes, information sessions and transport options helping people to connect with their community. Services include but are not limited to cleaning, basic home maintenance and modification, gardening, advocacy, social activities, transport and meals.

The assessment conducted in March 2022 by ACQSC found the service to be non-compliant against 11 Requirements across 5 Quality Standards, and in December 2022 found the service to be non-compliant against 4 Requirements across 4 Standards.

Note - If an organisation is Not Compliant against one of the individual requirements within a Standard, it is considered Not Compliant for the overarching Standard, regardless of whether the majority of the requirements were found as Compliant.

DISCUSSION

In response to the non-compliance identified in March and December 2022, the PAI team continued to implement changes to systems and processes with a focus on achieving compliance against the following requirements: 2(3)(d), 4(3)(d), 6(3)(c) and 8(3)(c).

These changes have been effective in addressing the deficiencies identified and have led to the service being assessed as compliant during the full day desktop reassessment on 23 August 2023.

The Assessor acknowledged the continuous improvement actions and the work undertaken by the team and organisation to improve the quality of service, systems, and reporting capability. The assessor found the 4 requirements (previously not met) to be compliant, and as such CoM has achieved full compliance with all 34 requirements of the Aged Care Quality & Safety Standards that the service is assessed against.

Below is a summary of the final assessment team findings during the August 2023 re-assessment:

- The PAI Team is effectively communicating outcomes of assessment and planning within a documented support plan which is readily available for consumers and staff.
- The PAI team is also effectively communicating information about each client's condition, needs and preferences with other organisations where the responsibility is shared.
- Feedback and complaints are being consistently recorded. Complaints are being addressed appropriately and timely, with open disclosure processes used.
- There are effective organisation-wide governance systems in place, including for feedback and complaints.

CoM received the final report on 12 October 2023 and the document will be made a public document on the Aged Care Quality and Safety Commission's website - www.agedcarequality.gov.au/services/city-marion-home-assist-sturt-600129 in due course.

A copy of the report is included as Attachment 1 to this report.

ATTACHMENTS

1. Performance report 600129 23-08-2023 [8.4.1 - 8 pages]



Performance Report

1800 951 822
[Agedcarequality.gov.au](https://agedcarequality.gov.au)

Name of service:	City of Marion Home Assist - STURT
Service address:	245 Sturt Road STURT SA 5047
Commission ID:	600129
Home Service Provider:	Corporation of the City of Marion
Activity type:	Assessment Contact - Desk
Activity date:	23 August 2023
Performance report date:	11 October 2023

This performance report is **published** on the Aged Care Quality and Safety Commission's (the **Commission**) website under the Aged Care Quality and Safety Commission Rules 2018.

This performance report

This performance report for City of Marion Home Assist - STURT (**the service**) has been prepared by M Abjorensen, delegate of the Aged Care Quality and Safety Commissioner (Commissioner)¹.

This performance report details the Commissioner's assessment of the provider's performance, in relation to the service, against the Aged Care Quality Standards (Quality Standards). The Quality Standards and requirements are assessed as either compliant or non-compliant at the Standard and requirement level where applicable.

The report also specifies any areas in which improvements must be made to ensure the Quality Standards are complied with.

Services included in this assessment

CHSP:

- Community and Home Support, 24502, 245 Sturt Road, STURT SA 5047

Material relied on

The following information has been considered in preparing the performance report:

- the assessment team's report for the Assessment Contact - Desk; the Assessment Contact - Desk report was informed review of documents and interviews with staff, consumers/representatives and others
- the provider's response to the assessment team's report received 10 September 2023. The provider agreed with the information and evidence provided in the Assessment Team report.

¹ The preparation of the performance report is in accordance with section 68A of the Aged Care Quality and Safety Commission Rules 2018.

Assessment summary for Commonwealth Home Support Programme (CHSP)

Standard 1 Consumer dignity and choice	Not applicable
Standard 2 Ongoing assessment and planning with consumers	Not applicable as not all requirements have been assessed
Standard 3 Personal care and clinical care	Not applicable
Standard 4 Services and supports for daily living	Not applicable as not all requirements have been assessed
Standard 5 Organisation's service environment	Not applicable
Standard 6 Feedback and complaints	Not applicable as not all requirements have been assessed
Standard 7 Human resources	Not applicable
Standard 8 Organisational governance	Not applicable as not all requirements have been assessed

A detailed assessment is provided later in this report for each assessed Standard.

Areas for improvement

There are no specific areas identified in which improvements must be made to ensure compliance with the Quality Standards. The provider is required to actively pursue continuous improvement in order to remain compliant with the Quality Standards.

Standard 2

Ongoing assessment and planning with consumers		CHSP
Requirement 2(3)(a)	Assessment and planning, including consideration of risks to the consumer's health and well-being, informs the delivery of safe and effective care and services.	Not applicable
Requirement 2(3)(b)	Assessment and planning identifies and addresses the consumer's current needs, goals and preferences, including advance care planning and end of life planning if the consumer wishes.	Not applicable
Requirement 2(3)(c)	<p>The organisation demonstrates that assessment and planning:</p> <ul style="list-style-type: none"> (i) is based on ongoing partnership with the consumer and others that the consumer wishes to involve in assessment, planning and review of the consumer's care and services; and (ii) includes other organisations, and individuals and providers of other care and services, that are involved in the care of the consumer. 	Not applicable
Requirement 2(3)(d)	The outcomes of assessment and planning are effectively communicated to the consumer and documented in a care and services plan that is readily available to the consumer, and where care and services are provided.	Compliant
Requirement 2(3)(e)	Care and services are reviewed regularly for effectiveness, and when circumstances change or when incidents impact on the needs, goals or preferences of the consumer.	Not applicable

Findings

Consumers reported they have received a copy of their care plan that reflects the outcomes of assessment and planning discussions. Staff described having access to relevant information at the point of care to inform care and service delivery. Care documentation contained individualised goals and care directives to guide care staff. The service conducts internal audits to monitor and evaluate, the quality and detail of care planning to ensure the information captured is consistent with consumers' needs and sufficient to guide care workers.

Based on the information summarised above, I find the provider, in relation to the service, compliant with Requirement (3)(d) in Standard 2, Ongoing assessment and planning with consumers.

Standard 4

Services and supports for daily living		CHSP
Requirement 4(3)(a)	Each consumer gets safe and effective services and supports for daily living that meet the consumer's needs, goals and preferences and optimise their independence, health, well-being and quality of life.	Not applicable
Requirement 4(3)(b)	Services and supports for daily living promote each consumer's emotional, spiritual and psychological well-being.	Not applicable
Requirement 4(3)(c)	Services and supports for daily living assist each consumer to: <ul style="list-style-type: none"> (i) participate in their community within and outside the organisation's service environment; and (ii) have social and personal relationships; and (iii) do the things of interest to them. 	Not applicable
Requirement 4(3)(d)	Information about the consumer's condition, needs and preferences is communicated within the organisation, and with others where responsibility for care is shared.	Compliant
Requirement 4(3)(e)	Timely and appropriate referrals to individuals, other organisations and providers of other care and services.	Not applicable
Requirement 4(3)(f)	Where meals are provided, they are varied and of suitable quality and quantity.	Not applicable
Requirement 4(3)(g)	Where equipment is provided, it is safe, suitable, clean and well maintained.	Not applicable

Findings

Consumers reported staff have access to the right information to deliver their services without the need for further instructions. Staff and volunteers advised, and documentation showed, communication protocols are effective to share information relating to a change in a consumer's condition, needs or preferences. Brokered staff described improvements in the quality of information provided in relation to consumers' needs, goals and preferences.

Based on the information summarised above, I find the provider, in relation to the service, compliant with Requirement (3)(d) in Standard 4, Services and supports for daily living.

Standard 6

Feedback and complaints		CHSP
Requirement 6(3)(a)	Consumers, their family, friends, carers and others are encouraged and supported to provide feedback and make complaints.	Not applicable
Requirement 6(3)(b)	Consumers are made aware of and have access to advocates, language services and other methods for raising and resolving complaints.	Not applicable
Requirement 6(3)(c)	Appropriate action is taken in response to complaints and an open disclosure process is used when things go wrong.	Compliant
Requirement 6(3)(d)	Feedback and complaints are reviewed and used to improve the quality of care and services.	Not applicable

Findings

The service has policies and procedures, inclusive of open disclosure principles. Training records, and staff interviews show staff have received training in complaints handling and resolution. Consumers, who had made complaints, reported being satisfied with the actions taken to resolve the issue, inclusive of an apology and timely response to feedback. Staff were familiar with the principle of open disclosure. Management explained, and documentation showed, that monthly meetings occur with brokered services to review feedback and complaints to ensure consumer feedback is captured and addressed. The feedback register showed actions taken to resolve complaints, including an acknowledgement, offering an apology, keeping consumers informed of the process and outcome, analysis of the root cause and relevant improvement actions, such as workforce training.

Based on the information summarised above, I find the provider, in relation to the service, compliant with (3)(c) in Standard 6, Feedback and complaints.

Standard 8

Organisational governance		CHSP
Requirement 8(3)(a)	Consumers are engaged in the development, delivery and evaluation of care and services and are supported in that engagement.	Not applicable
Requirement 8(3)(b)	The organisation's governing body promotes a culture of safe, inclusive and quality care and services and is accountable for their delivery.	Not applicable
Requirement 8(3)(c)	Effective organisation wide governance systems relating to the following: <ul style="list-style-type: none"> (i) information management; (ii) continuous improvement; (iii) financial governance; (iv) workforce governance, including the assignment of clear responsibilities and accountabilities; (v) regulatory compliance; (vi) feedback and complaints. 	Compliant
Requirement 8(3)(d)	Effective risk management systems and practices, including but not limited to the following: <ul style="list-style-type: none"> (i) managing high impact or high prevalence risks associated with the care of consumers; (ii) identifying and responding to abuse and neglect of consumers; (iii) supporting consumers to live the best life they can (iv) managing and preventing incidents, including the use of an incident management system. 	Not applicable
Requirement 8(3)(e)	Where clinical care is provided—a clinical governance framework, including but not limited to the following: <ul style="list-style-type: none"> (i) antimicrobial stewardship; (ii) minimising the use of restraint; (iii) open disclosure. 	Not applicable

Findings

Effective wide governance systems were demonstrated:

- Information management

- The organisation's consumer information is held securely in an electronic system with password protection and access permissions in accordance with staff role requirements
- Continuous improvement
 - Continuous improvement opportunities are identified through staff meetings, consumer feedback and internal audits
 - The organisation has policies and procedures and a continuous improvement subcommittee to monitor, plan and implement improvement activities
- Financial governance
 - The organisation has established financial reporting structures to monitor and oversee budgets through quarterly reports
- Workforce governance
 - Management oversee workforce numbers and performance, including monthly meetings with brokered services
- Regulatory compliance
 - The organisation has systems and processes in place to ensure the service complies with all relevant legislation, regulatory requirements, professional standards and guidelines
- Feedback and complaints
 - The organisation maintains a complaints and feedback procedure which details how the service will address feedback and complaints. The governing body is informed of feedback trends through reporting structures.

Based on the information summarised above, I find the provider, in relation to the service, compliant with (3)(c) in Standard 8, Organisational governance.

9 Workshop / Presentation Items - Nil**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.