His Worship the Mayor
Councillors

City of Marion

Notice of Finance, Risk and Audit Committee

Council Chamber, Council Administration Centre

245 Sturt Road, Sturt

Tuesday, 13 August 2024 at 3.00 pm

Followed by joint workshop with Council Members commencing at 6.30pm

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

1 Open Meeting

2 Kaurna Acknowledgement

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

3 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 4 June 2024	
Report Reference	FRAC240813R4.1
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 4 June 2024 be taken as read and confirmed.

ATTACHMENTS

1.   FRA C 240604 - Final Minutes [**4.1.1** - 8 pages]

CITY OF MARION

**Minutes of the Finance, Risk and Audit Committee
held on Tuesday, 4 June 2024 at 2.00 pm
Council Chamber, Council Administration Centre
245 Sturt Road, Sturt**

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PRESENT

Ms Emma Hinchey (Chair)
Ms Nicolle Rantanen
Councillor Jason Veliskou
Councillor Luke Naismith

In Attendance

Chief Executive Officer – Tony Harrison
General Manager Corporate Services – Angela Allison
General Manager City Services – Ben Keen
General Manager City Development – Tony Lines
Chief Financial Officer – Ray Barnwell
Manager Office of the CEO – Kate McKenzie
Unit Manager Governance and Council Support – Victoria Moritz
Acting Unit Manager Strategy & Risk – Sheree Tebyanian
Unit Manager Asset Solutions – Brendon Lyons
Acting Manager Engineering, Assets & Environment – Carl Lundborg
Manager City Activation – Charmaine Hughes
Acting Manager Operations – Renee Pitcher
Unit Manager Open Space Operations – Brett Jaggard

1   Open Meeting

The Chair opened the meeting at 2.00pm.

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   Elected Member Declaration of Interest (if any)

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

- Nil interests were disclosed.

FRAC240604 - Finance, Risk and Audit Committee - 4 June 2024

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4   Confirmation of Minutes

4.1 Confirmation of Minutes of the Finance, Risk and Audit Committee Meeting held on 16 April 2024
Report Reference   FRAC240604R4.1

Moved Ms Rantanen   **Seconded Councillor Naismith**

That the minutes of the Finance, Risk and Audit Committee Meeting held on 16 April 2024 be taken as read and confirmed.

Carried Unanimously

5   Business Arising

5.1 Business Arising Statement - Action Items
Report Reference   FRAC240604SR5.1

Moved Ms Rantanen   **Seconded Councillor Naismith**

That the Finance, Risk and Audit Committee:

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

Carried Unanimously

6   Confidential Items – Nil

7   Reports for Discussion

7.1 2024 Asset Management Plans - Tranche 2
Report Reference   FRAC240604R7.1

The Committee received and provided the following feedback on the Coastal Walkway and Open Space Draft Asset Management Plans (AMP). The Coastal Walkway AMP and Open Space AMP represent Tranche 2 of Council's AMP production for 2024. The remaining 3 (of 9 AMPs in total) will be presented to the FRAC in August as Tranche 3. The purpose of the AMPs is to improve Council's long-term strategic management of assets under Councils control to meet the required levels of service.

Coastal Walkway AMP

Acting Manger Environment, Asset & Engineering introduced the item, and the following discussion was noted:

- A late amendment to the Coastal Walkway AMP was sent to the Committee and includes updates relating to the retiming of Capital renewal budget design costs to be split across multiple years and Capital renewal budget construction costs split into stages and retimed. (The amended version will be made available with the agenda on the City of Marion website).
- The Committee raised concerns about the condition data collected in 2019, noting it's outdated and the need for up to date and accurate data to understand the useful life and replacement timing for assets. Management confirmed there have been significant upgrades to major

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sections of the walkway with high-risk structures scheduled for biennial audits. The Committee highlighted the importance of ensuring timely condition audits to allow for more rigorous AMP revisions in the future.

- It was noted that the condition audit data is behind schedule by 12 months, with a Level 2 audit due every four years. The delay in condition audits is being managed with budget provisions, focusing on high-risk structures like bridges, which have a different monitoring program.
- The next audit is scheduled for the first half of the next financial year. The condition audits will inform which sections require renewal and help set a renewal profile for the next revision of the AMP. There are currently three inspections levels ranging from visual inspections twice per year through to structural inspections every four to five years.
- The Committee discussed the impact of climate change on the useful life of the asset. It was noted that climate change considerations are influencing material selection for sustainability and longevity.
- The Committee queried the timing of forecast expenditures. Management gave assurance the funding requirements are aligned with those in the Long-Term Financial Plan (LTFP), with new forecasts, particularly noting the revised timing of funding required to be incorporated into the updated version of the LTFP due for adoption by the Council in June.
- It was noted that asset valuation data will be available by July following an independent valuation being undertaken for the end of financial year. The Committee commented on the amount of data that was not yet available, including the tender expenditure profile. Staff provided assurance this would be received and the document very near complete by July in preparation for public consultation.
- The Committee suggested AMP reports note the alignment of funding in the plan with the LTFP and how the plan is tracking against this, noting if there have been significant changes or otherwise.

2.15pm Councillor Veliskou entered the meeting.

- Management commented on the ongoing work over the next nine months for the Coastal Walkway plan, focusing on service levels and infrastructure. A Level 2 inspection will be conducted across the entire asset to prioritize elements for renewal.
- The Committee suggested identifying contingency needs when the plan is presented, however Management advised they are waiting for inspection results before adding contingency estimates.
- The committee acknowledged the complexity of the document and acknowledged the planned creation of a two-page summary for easier digestion and comprehensive understanding. It was also suggested the 'background' section of the document could be brought forward to aid in the understanding of the AMP.

Open Space Draft AMP

Manager City Activation introduced the item commenting the Open Space Asset Management Plan (AMP) is described as robust, covering a 10-year period with periodic reviews. It details the condition of existing open spaces and outlines maintenance strategies.

The following discussion was noted:

- The Committee questioned how effective the maintenance is from a ratepayer perspective. Management responded that service levels are continuously reviewed, with the defined service level agreements driving responses based on risk and legislative requirements. Customer information and trends are monitored to allocate resources.

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- The Committee discussed the asset condition rating, noting 12% of assets lack condition data. Staff noted that new tools including Power BI dashboards will help identify and address data gaps, improving progressively across all AMPs.
- An emphasis was placed on the need for clear service level goals and metrics. The Committee raised a question regarding the plan's effectiveness due to lack of data, and whether it was fit for purpose. Staff confirmed that the plan includes policy, methodology, and service levels to ensure equitable service delivery and recent data confirms that although there is a small percentage of complaints, the data shows teams are servicing the community to a high standard. The Service Level Agreement's (SLA) are continually reviewed and adjusted as required. Despite high service standards, some dissatisfaction is inevitable, however metrics are adjusted based on request data.
- The process of classifying open spaces and the associated service levels were discussed.
- It was noted that 90% of measured assets are in very good condition, meeting or exceeding service levels. Most identified issues relate to signage rather than play equipment.
- Management expressed a strong commitment to maintaining open spaces. There is a focus on efficiency and meeting service needs, extending from playgrounds to the current development of the Marion Cultural Centre Plaza, noting this was a new asset which will be monitored regularly to assess efficiencies in the management of the asset for the best outcomes.
- The Committee suggested a review of both AMP documents for formatting anomalies and again suggested bringing forward the 'background' section of the document to provide readers clarity and understanding. It was also suggested the table in section 2.5.1 *Customer event/notification trends* could show the data side by side for increased clarity and transparency.
- Consistent with the Coastal Walkway AMP, the Committee suggested AMP reports note the alignment of funding in the plan with the LTFP and how the plan is tracking against this, noting if there have been significant changes or otherwise.
- The Committee noted that in-house resource costs might need reconsideration for inclusion in the AMPs for consistency with AMP's that include outsourced design and planning service costs.
- The overall effort and thoroughness of the plan was noted by the Committee, acknowledging the importance of ongoing data analysis review.

2.45pm Councillor Naismith left meeting.

Moved Ms Rantanen   **Seconded Councillor Naismith**

That the Finance, Risk and Audit Committee:

1. Reviews and provides feedback on the Coastal Walkway and Open Space Draft Asset Management Plans.

                                                          Carried Unanimously

2.46pm Councillor Naismith re-entered the meeting

7.2 Draft Annual Business Plan 2024-25 for Finance, Risk and Audit Committee feedback
Report Reference   FRAC240604R7.2

The Chief Finance Officer introduced the item commenting on the consultation process and results included in the report for the Committee. In addition it was highlighted there had been significant work and consultation with Council members il to identify potential savings before releasing the plan

FRAC240604 - Finance, Risk and Audit Committee - 4 June 2024

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for consultation. The final Annual Business Plan 2024-25 is scheduled for endorsement by Council at its meeting on 25 June 2024.

The following feedback was provided by the Committee:

- The Committee noted that a significant amount of feedback focused on cost-of-living concerns, and concerns around the increase in property rates and comment regarding valuations and lack of understanding around the rate in the dollar. The Committee noted the concerns may be arising from a misunderstanding in how property rates are calculated. It was suggested that additional explanatory notes could be incorporated to assist the Community understanding the process.
- High dissatisfaction rates in the results highlighted the need for better communication about how the council spends money and the rationale behind rate increases.
- Management commented that there was an emphasis placed on balancing low rates while maintaining services and infrastructure, highlighting the positive impact on property values.
- Strategies to respond to negative feedback include improving communication via rate publications and social media, ensuring ratepayers feel heard. The committee discussed the importance of continuous sentiment checks to ensure community satisfaction remains steady.
- The Committee expressed concerns around the projected increase in loan funding to $63 million by 2033/34, seeking more explicit reasoning. The committee acknowledged the importance of presenting financial information transparently, without ambiguous assumptions, and ensuring ratepayers understand the council's efforts to maintain fiscal responsibility while providing essential services. It was suggested that an explanation could be included regarding council's maximum level of debt, potentially including this on the graphs.
- Management explained spikes in the debt profile, attributing them to specific projects within ComBAS, which are also expected to attract grant funding. It was noted that monitoring spending to stay within financial sustainability ratios is crucial.
- The Committee emphasised the need to clearly communicate the debt trajectory and the impact of major projects approved by the council, ensuring they align with long-term financial plans (LTFP).
- The Committee commended staff on the large number of consultation responses in total, noting this was significantly higher than previous years.

Moved Ms Rantanen   **Seconded Councillor Veliskou**

That the Finance, Risk and Audit Committee:

1. Provide feedback on the Draft ABP and LTFP.

Carried Unanimously

7.3 3rd Budget Review 2023-2024	
Report Reference	FRAC240604R7.3

The Committee received the 3rd Budget Review for 2023-24 noting it was a good result, briefly commenting on forecast borrowings with a cash position of $17m forecast for the end of the reporting period. Management acknowledged the feedback and would review how this could be presented better in future reporting.

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Moved Councillor Veliskou   **Seconded Councillor Naismith**

That the Finance Risk and Audit Committee:

1. Note the 2023-24 3rd Budget Review position

Carried Unanimously

8   Reports for Noting

8.1 Council Member Report	
Report Reference	FRAC240604R8.1

Moved Councillor Veliskou   **Seconded Ms Rantanen**

That the Finance, Risk and Audit Committee:

1. Notes this report.

Carried Unanimously

8.2 Corporate Risk Report - Quarter 3	
Report Reference	FRAC240604R8.2

The Committee received and noted the Corporate Risk Report for Quarter 3 and provided the following discussion:

- The risk activity associated with the Marion Outdoor Pool was discussed in particular the high risk associated with the change rooms for patron safety. It was noted that any issues would be addressed in the upcoming building audit.
- Staff reported an audit by Lifesaving SA indicated a high compliance, with recent scores of 95% overall and 92% in safety, however noted the full audit results are pending. Improvement in compliance can only be achieved through addressing the infrastructure risks associated with the change rooms and noncompliance associated with infrastructure around the height of the pool edging.
- The Committee noted the increased safety ratings could also be attributed to increased responsibility and supervision on caregivers of children.
- The Committee noted the time constraints relating to the annual Fraud questionnaire and sought clarification that the survey had been completed by 30 May as identified. Management confirmed that the survey has closed, and the team are working through the responses. The results will be presented through to the Committee for the next FRAC meeting.
- The Committed queried whether the Resilient South Action Plan was behind schedule. Staff commented this was completed in March and due to the timing of reporting, just missed the risk review cycle. This will be picked up in the next review.

Moved Councillor Veliskou   **Seconded Councillor Naismith**

That the Finance, Risk and Audit Committee:

1. Notes the Corporate Risk report

Carried Unanimously

FRAC240604 - Finance, Risk and Audit Committee - 4 June 2024

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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.

The meeting was declared closed at 3.38pm.

CONFIRMED THIS 13 DAY OF AUGUST 2024

_____
CHAIRPERSON

5 Business Arising

5.1 Business Arising Statement - Action Items

Report Reference	FRAC240813R5.1
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
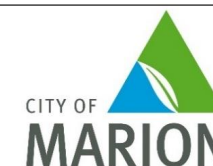
That the Finance, Risk and Audit Committee:

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

ATTACHMENTS

1.   Business Arising Statement August 2024 [**5.1.1** - 4 pages]

CITY OF MARION

BUSINESS ARISING FROM FINANCE AND AUDIT COMMITTEE MEETINGS

AS AT AUGUST 2024

	Date of Meeting	Item	Responsible	Due Date	Status	Completed / Revised Due Date
1.	16 April 2024 FRAC240416SR7.7	Draft Annual Business Plan 2024-25 and Long-Term Financial update Action: 1. Provide an assessment of all current projects to determine if we are forecasting them to come in over or under budget including any potential carryovers to be presented in Budget Review 3. 2. When considering the meeting schedule for 2025, ensure the timing of the meetings allows for the FRAC to review the final draft of the ABP before it is presented to Council for endorsement for Consultation.	Chief Finance Officer Chief Finance Officer / Manager Office CEO	4 June 2024 Dec 2024	Budget review 3 - appendix 3 details specific projects noted for retiming and carryover to 2024-25. Having assessed current projects and program spend we are forecasting to come in within existing budget for 2023-24. This will be actioned at the end of the year when the meeting schedule is prepared for 2025	Completed
2.	16 April 2024 FRAC240416R7.4	Internal Audit Plan 2023-2025 Action: 1. Include the date of the audit report on the tracking report to ensure visibility on how long a report is open for.	Manager Office CEO / BSO Governance & Council Support	August 2024	This will be addressed at the August meeting with the IA Implementation of recommendations Report is presented	

* Completed items to be removed are shaded

City of Marion
Finance Risk & Audit Committee Action Arising Statement and Work Program - 2024

SCHEDULE OF MEETINGS 2024

Day	Date	Time	Venue
Tuesday	20 February 2024	2pm – 5pm	Administration Centre
Tuesday	16 April 2024	2 pm – 5pm	Administration Centre
Tuesday	4 June 2024	2 pm – 5pm	Administration Centre
Tuesday	13 August 2024	3.00 – 6.00 pm Followed by 6.30 – 8.30 pm (Joint workshop with Council)	Administration Centre
Tuesday	8 October 2024	2 pm – 5pm	Administration Centre
Tuesday	3 December 2024	2 pm – 5pm	Administration Centre

INDICATIVE COMMITTEE WORK PROGRAM – 2024

Tuesday 20 February   2.00pm – 5.00pm

Topic	Description	Staff Responsible
Risk Management Plan, Framework and Strategic Plan review and update	Review & Feedback	S Tebyanian
Tranche AMP 1	* Stormwater * Plant, Fleet and Equipment * Art, Culture and Heritage Committee to provide feedback	M Allen A Allison C Hughes
Council Member Report	Communication Report	T Moritz
Internal Audit - Implementation of Recommendations Q2	Review & Feedback	C Mitchell
Internal Audit Program – scopes and reports	Review & Feedback	K McKenzie
Draft Annual Business Plan 2024-25 and LTFP	Review & Feedback	R Barnwell A Doyle
Corporate Risk Report Q2	Review & Feedback	S Tebyanian
Strategic Risk Register Annual Review	Review & Feedback	S Tebyanian

City of Marion
Finance Risk & Audit Committee Action Arising Statement and Work Program - 2024

Tuesday 16 April 2.00pm – 5.00pm

Topic	Description	Staff Responsible
Council Member Report	Communication Report	T Moritz
Internal Audit - Implementation of Recommendations Q3	Review & Feedback	C Mitchell
Draft Annual Business Plan 2024-25 & LTFP Update	Review & Feedback	R Barnwell A Doyle
Budget Review 2 - 2023-24	Noting	Ray Barnwell
Internal Audit Program – scopes and reports		K McKenzie
IS Strategy Update Annual Report		A Allison

Tuesday 4 June 2.00pm – 5.00pm

Topic	Description	Staff Responsible
Council Member Report	Communication Report	T Moritz
Draft Annual Business Plan 2024-25 - Public Consultation Feedback	Review & Feedback	R Barnwell A Doyle
Tranche AMP 2	* Water Treatment & Resources * Open Space * Coastal Walkway Committee to provide feedback	M Allen C Hughes M Allen
Budget Review 3 – 2023-24	Noting	R Barnwell A Doyle
Annual Report on Business Continuity	Noting – Moved to August meeting	K McKenzie
Corporate Risk Report Q3	Review & Feedback	S Tebyanian
Fraud risk register bi-annual report	Review & Feedback – Moved to August meeting	S Tebyanian

Tuesday 13 August 3.00pm – 6.00pm

Topic		Staff Responsible
Council Member Report	Communication Report	T Moritz
FRAC Annual Report to Council 2023-24	Feedback and consideration of elements for inclusion	T Moritz
Internal Audit - Implementation of Recommendations Q4	Review & Feedback	C Mitchell
Tranche 3 AMP	* Buildings and Structures * Transport Committee to provide feedback	M Hubbard M Allen
Annual Insurance and Claims report	Review & Feedback	S Tebyanian M Frew
Corporate Risk Manager Q4	Review & Feedback	S Tebyanian M Frew

City of Marion
Finance Risk & Audit Committee Action Arising Statement and Work Program - 2024

External Audit 2023-24 – Interim Management report	Review & Feedback	R Barnwell
Annual Report on Business Continuity	Noting	K McKenzie
Fraud risk register bi-annual report		S Tebyanian
Internal Audit Program 2024/25	Review & Feedback	K McKenzie
Internal Audit Program – scopes and reports	Review & Feedback	K McKenzie
Joint Workshop with Council (6.30pm onwards)		

Tuesday 8 October 2.00pm – 5.00pm

Topic	Description	Staff Responsible
Council Member Report	Communication Report	T Moritz
FRAC Annual Report to Council 2023-24	Review and Recommendation to Council	T Moritz
Independence of Council's Auditor for the year end 30 June 2024	Review and Recommendation to Council	A Doyle R Barnwell
Audited Annual Financial Statements for the year end 30 June 2024	Review and Recommendation to Council	A Doyle R Barnwell
Investment Performance 2023-24		J Stewart R Barnwell
Debtors Report		M Virgin R Barnwell
CoM State of our Assets - annual progress reporting against Asset Management Strategy KPIs		C Johnson B Lyons

Tuesday 3 December 2.00pm – 5.00pm

Topic	Description	Staff Responsible
Council Member Report	Communications Report	T Moritz
Work Program and Meeting Schedule 2025	Review and Feedback	T Moritz
Ombudsman Annual Report	For Noting	A Johnson T Moritz
Internal Audit - Implementation of Recommendations Q1	Review & Feedback	C Mitchell
Framework and Key Assumptions for the preparation of the 2025-26 ABP and LTFP	Review and Feedback	R Barnwell
Budget Review 1 – 2024-25	For Noting	R Barnwell
Corporate Risk report Q1	Review & Feedback	S Tebyanian M Frew

6 Confidential Items

6.1 Cover Report - Oracle Data Breach	
Report Reference	FRAC240813F6.1
Originating Officer	Business Support Officer - Governance and Council Support – Cassidy Mitchell
Corporate Manager	Chief Information Officer - Marcel Althoff
General Manager	General Manager Corporate Services - Tony Lines

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

1. **Pursuant to Section 90(2) and (3)(e) of the *Local Government Act 1999*, the Council orders that the public be excluded from attendance at that part of this meeting relating to Agenda Item Oracle Data Breach except the following persons: Chief Executive Officer, General Manager City Development, General Manager Corporate Services, General Manager City Services, Manager Office of the CEO, Chief Financial Officer, Unit Manager Governance and Council Support, Governance Officer, Manager IT Operations to enable the Council to consider the Item in confidence on the basis the Council considers it necessary and appropriate to act in a meeting closed to the public (excepting those persons listed above) in order to receive, discuss or consider in confidence the following information or matter relating to the Item: information the disclosure of which could reasonably be expected to diminish the safety of and cyber security measures within 3rd party suppliers and City of Marion IT Systems**

2. **Determines, on this basis, the principle that meetings of the Council should be conducted in a place open to the public has been outweighed by the need to keep consideration of the information or matter confidential.**

6.2 Cover Report - Fraud and Corruption Annual Questionnaire

Report Reference	FRAC240813F6.2
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

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

1. **Pursuant to Section 90(2) and (3)(e) of the *Local Government Act 1999*, the Council orders that the public be excluded from attendance at that part of this meeting relating to Agenda Item Fraud and Corruption Annual Questionnaire FRAC240813F6.2 except the following persons: Chief Executive Officer, General Manager City Development, General Manager City Services, General Manager Corporate Services, Manager – Office of the Chief Executive, Unit Manager – Strategy and Risk, Risk Business Advisors and Unit Manager Governance and Council Support to enable the Council to consider the Item in confidence on the basis the Council considers it necessary and appropriate to act in a meeting closed to the public (excepting those persons listed above) in order to receive, discuss or consider in confidence the following information or matter relating to the Item:- information the disclosure of which could reasonably be expected to affect the security of the council, members or employees of the council, or council property, or the safety of any person**

2. **Determines, on this basis, the principle that meetings of the Council should be conducted in a place open to the public has been outweighed by the need to keep consideration of the information or matter confidential.**

7   Reports for Discussion

7.1 Internal Audit Plan 2023-2025	
Report Reference	FRAC240813R7.1
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 Data Governance Final report and the Cloud Vendor/Third Party Cyber Risk 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 2023/24 IA Projects are now complete, and work has commenced on the 2024/2025 financial year.

Attachment 1 – Data Governance IA Final Report

The objective of this IA was to consider the current state of data governance at CoM, including the management of data, systems landscape and supportive operating model. The KPMG data Governance Framework was used to ensure coverage of data governance across CoM.   The audit noted a number of positive observations, and that the foundational layers had been achieved. The Audit noted 3 medium recommendations, 1 low and 3 performance improvement opportunities. Each recommendation has been built into the work plan for the Business Intelligence Team and Information Systems for the next 12 months.

Attachment 2 – Cloud Vendor/Third party Cyber Risk

The Objective of tis audit is to evaluate the third-party risk management processes implemented by CoM to identify and mitigate cyber threats emerging from relationships with suppliers across the contract lifecycle

2023/24

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

2024/25

Note: the timing for the first two audits have swapped since the original plan due to resourcing.

- **Cloud Vendor/Third Party Cyber Risk Assessment Q1 (Collaborative) - Scope (Attachment 2)**

- **Project Management Framework Post Implementation Review Q2**

- **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:**

ATTACHMENTS

1. Co M Data Governance Internal Audit - Final Report 060824 [**7.1.1** - 27 pages]
2. Co M Cloud Vendor & Third Party Risk Assessment Internal Audit Scope Draft Scope [**7.1.2** - 4 pages]

KPMG

City of Marion

Data Governance Internal Audit Report

August 2024

1

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.

Contents

Executive Summary

In accordance with the 2023/24 Internal Audit Plan for the City of Marion (CoM), a Data Governance internal audit was performed. This project was a collaborative internal audit with the City of Charles Sturt (CCS) (collectively 'the Councils').

Objective

The objective of the internal audit was to consider the current state of data governance at the CoM, including the management of data, system landscape and supportive operating model. The KPMG Data Governance Framework was leveraged to ensure coverage of data governance across the CoM.

Scope

This scope of this engagement included the following:
- Assessment of the current state of the CoM's data governance framework, including relevant policies, procedures, and guidance documentation against key elements of KPMG's Data Governance Framework, including the clarity of data governance roles and responsibilities.
- Assessment of the design and operating effectiveness of the CoM's data governance framework at an operational-level, including:
  - Data policies.
  - Data ownership.
  - Data controls (including lineage).
  - Data compliance requirements.
  - Data classification.
  - Data architecture (cloud/on-premises).
- Consideration of the desired future state for data governance and provision of insights for the plan to achieve this.
- Review of the identified risks associated with data governance including current risk ratings and the design of key controls.
- Recommendations which consider how identified data governance risks should be reflected in the CoM's strategic risk and corporate risk registers.

The following areas were considered out of scope:
- Defining future state applications, data, and integration architecture.
- Detailed solution design.
- Detailed data, systems, and infrastructure architecture review.
- Advising on 'end of life' for existing systems.

See **Appendix 1** for full scope of work.

Internal Audit has conducted a review of key systems utilised under the Asset Management and Open Space teams to better understand how the data governance framework at the CoM is cascaded down across these selected business units.

Positive Observations

Several positive observations were noted from the CoM's approach to data governance. Key positive observations are outlined below:

Implementation of Data Governance and Management Framework | The CoM has recently developed a Data Governance and Management Framework. This framework emphasises the critical importance of multiple areas of data governance, including the need for enhanced data stewardship and the assurance of data integrity throughout the CoM. It also lays the groundwork for creating operational procedures tailored to facilitate efficient data management across the CoM.

Established Data Governance Committee | With the implementation of the Data Governance and Management Framework, the CoM has embarked on establishing a Data Governance Committee to provide oversight of data projects across the CoM and lead data quality initiatives.

Development of Key Data Governance Controls within CoM Business Units | With the implementation of Assetic, the Asset Management team have strengthened data controls and established a single source of truth for asset data across the CoM.

Collaborative and Positive Operating Culture | Across CoM business units a positive collaborative culture is in place which allows open communication regarding data related topics.

Key Findings and Recommendations

The findings identified during the course of this internal audit are shown below with detailed findings outlined later in this Report. Classification of internal audit findings are detailed in **Appendix 3**. These findings and recommendations were discussed with CoM Management and Management has accepted the findings and has agreed action plans to address the recommendations.

Extreme/Critical	High	Medium	Low	PIO*
-	-	3	1	2

* Performance Improvement Opportunity

Background

The CoM collects, uses, and retains vast amounts of information from various data sources, including ratepayer data, financial information, asset information, supplier information, etc. The data collected is used to manage a vast array of functions within the CoM, including managing details of ratepayers, tracking of complaints, delivering community services such as waste management and libraries.

Within the CoM there are a range of business units who are critical to data governance as well as data management. Further, as the CoM offers a range of services to the community, all customer facing business units have a key role in ensuring effective data governance is maintained/established. Additionally, there is a large reliance on support functions, such as Information Security (IS) and Information Technology (IT), to support data governance initiatives, including access to data and reporting.

Policies and Procedures

The CoM has a range of data related policies and procedures in place to govern key processes within the CoM such as the Information Security Policy and Data Management Procedure. These policies and procedures are supported through a newly implemented Data Governance and Management Framework which has recently been finalised (in January 2023) and further updated in November 2023.

This Data Governance and Management Framework (Data Governance Framework) clearly outlines the key roles, responsibilities and best practices for ensuring data security, quality and accessibility is achieved by the CoM. Furthermore, the CoM has developed an Information Services Strategy for 4 years commencing in 2023, with the objective to provide a clear and concise vision of the future state of the CoM's IS service and infrastructure.

To support the Information Services Strategy and recently implemented Data Governance Framework and Data Management Procedure, the CoM has developed a Data and Integration Reference Architecture (Technical Design Guidance) to provide an insight on the CoM's data management and integration capabilities.

All documentation, strategies, policies and procedures are mapped and support the CoM's vision and overall strategy, which is documented in the CoM Corporate Plan 2019 – 2029.

Strategic and Corporate Risk Registers

Understanding risks is imperative for any organisation, as it informs the necessary control measures and mitigation strategies required for smooth operations. The CoM is in the midst of updating its strategic and corporate risk registers. As part of this update, it is essential to review and ensure that all dimensions of data governance are comprehensively addressed within these documents.

The CoM's current Strategic Risk Register does not include a risk relating to poor data quality and data governance – a risk relating to this area was previously included in the Strategic Risk Register. In its place, a new risk relating to inadequate protection of technology and data (Risk ID SR004) was included. However, this new risk is scoped around cyber threats* and does not include reference to the 'Investigating and Reporting a Privacy Breach' procedure as a supporting control. Additionally, it is noted that the revised Risk SR004 no longer references Corporate Risk CR005.

The Corporate Risk Register includes a risk relating to "poor data quality and data governance not supporting informed decision making" (Risk ID CR0095). Controls are listed to manage this risk, including that software owners' roles and responsibilities are documented. However, while documented roles and responsibilities of software owners is important, this control does not recognise the need to expand this process to formally document data roles and responsibilities across the organisation, including business units. Furthermore, despite its envisaged role in enhancing data governance practices throughout the CoM, the newly formed Data Governance Committee has not been listed as a control in the Corporate Risk Register (refer PIO 2).

Systems

A range of systems have been developed in order conduct day-to-day business activities; key systems noted during the internal audit include:

- **Salesforce –** Recently the CoM implemented Salesforce as its Customer Relationship Management (CRM) tool. This CRM has uplifted the CoM's interaction with and management of customers due to extensive platform capabilities.

- **Assetic –** As the CoM manages significant amount of assets, Assetic is utilised to aid in the management and reporting of assets.

- **Forestree –** With a population of over 60,000 trees, the CoM has implemented Forestree as their core tree management system.

- **Power BI –** Reporting is a key aspect within the CoM with a centralised reporting team that manages the data reporting process for high-value datasets. Power BI is utilised within the CoM to ensure reporting is conducted efficiently and effectively.

In addition to the systems mentioned above, the CoM has identified 53 systems in their data infrastructure. The CoM has begun development of a data catalogue to not only understand their system infrastructure, but to identify primary owners of each system as well as the purpose of each system. It is noted that this effort is underway and that this data catalogue and system register do not encompass data and systems managed by third parties (refer Finding 2 and Finding 3).

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*Review of Risk SR004 was outside the scope of this review.

Background

Key: ✓ Positive Observation   ⦿ Gaps

Data Governance Framework

In the conduct of this review, Internal Audit reviewed key systems utilised under the Asset Management and Open Space teams to better understand how the data governance framework at the CoM is cascaded down across these selected business units. A summary of our observations are outlined in the table below.

KPMG Data Governance Segments		Asset Management Team	Open Space Team
Ownership	Data Ownership refers to the identification of dataset owners which are accountable to attest the data as well as prioritise and advocate data enrichment and remediation.	✓ An overarching data governance framework recently developed that specifies data roles to be adopted and responsibilities attached to those roles. ⦿ Key business units within the CoM such as the Asset Management team and IT have established an assumption of ownership of data and have established controls and process to suit. However, data ownership roles are not formally defined for the business units reviewed. **(Finding 4)**	
Data Attestation and Controls	Design, delivery and management of data controls, including lineage (i.e. visibility of the data's journey through the organisation, from how the data enters the organisation, to how its transformed and combined with other data), such that Management can conclude the origination, consumption, context and quality of data.	✓ The Asset Management team have recently implemented Assetic to further enhance operations. Additionally, an extensive data dictionary has been developed which outlines critical data flows as well as relevant data validation. ⦿ The process to validate and assess accuracy of data entered regarding assets is completed manually, with a dedicated resource utilised to validate the manually entered data. **(Finding 2)** ⦿ Data mapping is not conducted to outline the relevant flow of data across systems within the CoM. **(Finding 2)**	✓ The Open Space Team has enacted data entry controls for input fields in the Forestree system which limits data inaccuracy when entering data. ✓ User guides for Forestree have been developed and rolled out across the team to ensure appropriate system knowledge is obtained. ⦿ A data dictionary has not been developed by the CoM for the Forestree system. **(Finding 2)** ⦿ Data mapping is not conducted to outline the relevant flow of data across systems within the CoM. **(Finding 2)**
Security and Privacy	Policies for information privacy and compliance to regulations, identifications of sensitive information attributes.	⦿ An established ongoing procedure for user access rights review has not been enacted. **(Finding 1)** ⦿ A register detailing sensitive datasets throughout the CoM has not been implemented. **(Finding 1)**	

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Background

Data Governance Framework (cont.)

Key: ✓ Positive Observation   ⊙ Gaps

KPMG Data Governance Segments		Asset Management Team	Open Space Team
Operating Charter	The Operating Charter segment emphasises the creation of a well-defined data governance committee. This data governance committee is expected to operate as any formal committee with structured meetings, reports and approvals. This committee is accountable to sponsor data programs to ensure the attestation of data.	✓ The CoM has recently developed a Data Governance Committee which is scheduled to have its first meeting in August 2024. ✓ The CoM has also implemented an Architecture Review Board and CAB which meet to discuss IS related matters. ⊙ The Corporate Risk Register does not reference the functioning of the Data Governance Committee as a control for risks relating to poor data quality and lack of data governance supporting informed decision making across the CoM. **(PIO 2)**	
Enterprise Information and Data Architecture	The governing of information architecture (capability vs accountability) and data architecture (data store design) to ensure effective and efficient design in order to maximise the short, medium and long term value of the data asset.	⊙ The procurement process of onboarding and offboarding, as well as updating asset data, is reliant on a manual (human) communication and there is no automated process to ensure this data is delivered appropriately. **(Finding 3)**	✓ Open Space have recently implemented the Forestree system which has developed their operations in relation data management. ✓ The newly developed system integrates with the CoM CRM to flow tasks to the relevant teams in the CoM.
		✓ CoM has begun development of a Data Catalogue within SharePoint which includes key aspects such as: System Catalogue, Data Asset Inventory and Data Fields Inventory.	
High-Value Datasets	Alignment with business teams to identify and appreciate high-value datasets and how the business and consumers depend upon this data to prioritise investment and remediation.	✓ A dedicated reporting team is in place that leverages Power BI and has established procedures for data ingestion and reporting. ⊙ Critical high-value datasets have not been formally documented with appropriate roles and responsibilities tied to owners of such high-value datasets. **(PIO 1)** ⊙ While there is a robust reporting process to ensure reporting is conducted appropriately, there is a lack of formalised process to ensure datasets are accurate and reliable. Furthermore, there is a lack of formalised procedures for the reporting team to meet with data owners to discuss potential implication of data alterations prior to that alteration occurring. **(PIO 1)**	

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Background

Key: ● Current state   ● Desired future state

KPMG Data Maturity Assessment

KPMG's Data Management Maturity Model is segmented into 9 pillars covering people, processes and technology. The model enables a standardised assessment to develop in-depth knowledge of the current state and desired target state attributes, strengths and opportunities for improvement in data management. A self-assessment (facilitated by KPMG) was conducted with key stakeholders (in IT, Corporate Services, Information Management and Business Intelligence) to understand their views of the current state of CoM's data management maturity as well as their desired future state within the next 24 months. The below depicts where the stakeholders have assessed the CoM's maturity level and desired state at the time of this activity, with the majority of areas sitting within the 'Basic and existent' maturity level.

	Data Governance Area	Reactive & Ad hoc	Basic and existent	Defined and standardised	Managed and controlled	Optimised and Business-Centric	*Overview of Desired State*
People	**Organisation Structure**		●		●		C-level presence & support
	Roles & Responsibilities		●		●		Defined data owners, stewards and consumers
	Culture & Communication	●			●		Open, accessible, transparent processes. Stewards and resources
Process	**Data Asset Management**	●			●		Standardised management of enterprise-level data catalogue
	Enabling Processes		●		●		Enable multi-level access definition to data under management
	Definition & Standards		●		●		Openly accessible metadata resources, data standards and policies
Technology	**Data Quality Management**		●		●		Ability to affect changes in source system to maintain data quality
	Reporting			●	●		Standard reporting and real-time dashboard of data quality measures
	Tools & Technology		●		●		Easily accessible system to record breaches and suggestions for improvements

Detailed Findings

Risk Rating

Moderate

Finding 1 - Privacy and Security

Current State Observations	Recommendations
The CoM lacks a formal identification process for sensitive datasets without comprehensive oversight or regular reviews of user rights and activities. **Identification of Sensitive Data** The CoM has not established a formal process for identifying datasets containing sensitive data within its systems. As a result, there is an absence of comprehensive cataloguing or labelling of data based on sensitivity levels. Currently, sensitive data is maintained across a range of systems and platforms, with key sensitive data being located within the Name and Address Register (NAR). **Data Access** While new joiners to the CoM are provided access to organisation-wide systems through IT, there is an informal process to providing new joiners with access to relevant systems, with the Team Leader of the respective business-unit providing access. As guidance is not provided to Team Leaders regarding provisioning of that access, including targeted reviews over edit logs and training requirements, there was an inconsistent approach to user onboarding across the business units reviewed. Additionally, in the absence of an organisation-wide policy regarding user activity and access reviews, business units are conducting these reviews inconsistently. It was noted that: • The Asset Management Team do not conduct periodic reviews of user access rights and activity. • The Open Space team does conduct ad hoc reviews of user access rights and activity; however, this is not based on set time frames. **Data Privacy** The CoM has developed a Privacy Policy which details the collection, access and use of Personal Information and Sensitive Data, how that information is maintained and stored, conditions for disclosure. However, the policy is currently reviewed every four years, and noting the evolving regulatory landscape related to this area, an adjustment is required to this review period to better ensure that existing policy framework and controls are better aligned to meet privacy risks.	1. **Enhance protection over data:** The CoM to update the Data Governance and Management Framework to define 'high-value' for dataset classification. The CoM to identify 'high-value' and 'sensitive' datasets and conduct a mapping to understand their dataflows, processing, and access within the CoM (and data access by third-party managed systems if applicable). Assess the risks associated with these datasets, and establish protections strategies in-line with existing data security policies. Once the high-value and sensitive data is adequately safeguarded, extend the assessment and risk mitigation efforts to the remaining datasets, creating a comprehensive phased plan. This prioritised approach ensures the most critical data is secured first with ongoing monitoring and review to adapt to the CoM's priority. 2. **Standardise Access Provisioning Processes:** Establish a formal, organisation-wide policy for granting system access to new joiners and employees who have changed roles, with clear guidance for Team Leaders on provisioning access, including mandatory training required on key quality standards to be adhered to prior to granting access to new joiners. This organisation-wide policy should consider access provisioning to high-value datasets and any controls needed to safeguard data within those datasets (e.g. more frequent reviews on data changes made by new joiners for a set period). 3. **Guidance on User Access Rights Reviews:** Set an organisation-wide standard for user access rights reviews, and where possible, automate the generation of a system report on user rights and activity. A workflow should be developed to facilitate Team Leader's review of user rights and activity over a set period.

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Risk Rating

Moderate

Finding 1 - Privacy and Security

Current State Observations	Recommendations

Continued from previous page.

Potential Risks

- The lack of clarity on where sensitive data resides can cause inefficiencies in data handling, increased cost and time in data management, and challenges in responding to data requests or incidents.

- Inconsistent access provisioning can lead to unauthorised system access, heightening the risk of data misuse or internal security threats. Further, a lack of training and access review protocols may result in employees being unaware of data handling expectations and best practices.

- Infrequent policy reviews may not keep pace with evolving privacy risks or regulatory changes, increasing the likelihood of non-compliance.

Rec #	Management Action	Responsibility	Target Date
1.1a	Update data governance framework to define high value datasets.	Business Intelligence Lead	31 October 2024
1.1b	Map high value datasets with Business Analyst support from Information Security.	Business Intelligence Lead	31 December 2024
1.2	Review current policies and either amend existing or create a new policy to address granting system access to new joiners and employees who have changed roles.	Chief Information Officer	31 December 2024
1.3	Will implement user access right guidance as well as user access reviews. In addition, this recommendation will be completed alongside the review and uplift of policies.	Chief Information Officer	31 December 2024

Risk Rating

Moderate

Finding 2 - Data Attestation and Controls

Current State Observations	Recommendations
While data quality management has been emphasised at an organisation-level, there is a lack of implementation of data quality management at a business-unit level.	1. **Strengthen Data Quality Assurance Practices:** Formulate business-unit guidance on clear data attestation guidelines and disseminate across business units. To support this initiative, involve key data personnel at business-unit levels in this process.

Missing enforcement of data quality measures

It is noted that the Data Governance Framework and Data Management Procedure both refer to data quality and principles regarding data quality. However:

- The current framework and procedure include key principles such as Data Classification, Data Security, Data Quality, Data Retention and Disposal, etc. However, expectations and requirements on implementation of these areas have not been outlined, including, how the data attestation process will be conducted to address data quality (and enforce practices that support data quality) at an operational-level.

- Business units do not carry out data quality reviews, including periodic reviews of manually entered data to assess and confirm that the quality of data is accurate and consistent.

- There is a lack of communication and training on the content of the Data Governance Framework and Data Management Procedure at an operational-level. This was further reinforced as stakeholder consultations highlighted that business units require greater understanding of effective data management and attestation efforts, including, what data should be reviewed and the frequency.

Changes to datasets

There is no formalised procedure for changes of datasets to be reviewed and approved. In addition, while the CoM has initiated steps to form the Data Governance Committee, there is a lack of existing reporting and an approval mechanism at an organisation-level for changes conducted to datasets. As datasets may be critical to decision making within the CoM, as well as being heavily reliant upon to conduct day-to-day operations, it is critical to ensure that changes to datasets are reviewed to understand impact to data reporting and accuracy.

The current process may lead to inaccurate reporting, for example, within the asset management business unit, asset data is provided to various business units such as Finance to inform on asset lifecycles and costing. Therefore, if asset datasets are altered without internal notification (or approval) and updating of data reporting processes, business units may conduct inaccurate reporting. As the CoM has recently established the Data Governance Committee, this Committee can facilitate the approval process for alterations of datasets.

2. **Establish Data Quality Practices**: Based on value/sensitivity of datasets (and other factors including manual entry of data), establish and mandate routine data quality reviews to ensure accuracy and consistency, with transparent criteria and scheduled intervals.

3. **Establish Formal Data Change Management Procedures:** Develop and implement a structured process for dataset changes that includes steps for review, approval, and documentation, ensuring data integrity is maintained. This process should involve relevant stakeholders and be overseen by the Data Governance Committee, which also needs to establish a clear reporting and approval mechanism at the organisational level for all changes made to datasets. This will enable better control over dataset alterations and enhance the quality and reliability of information used for decision making and operational activities.

Risk Rating

Moderate

Finding 2 - Data Attestation and Controls

Current State Observations	Recommendations

Continued from previous page.

Lack of documented data lineage

While the Data Governance Framework specifies the need to document data lineage where a data product is generated from a separate application, stakeholder meetings highlighted that this process was not carried out for datasets reviewed. Documenting data lineage is important for the CoM as it details how data is captured, transformed, and utilised and provides greater clarity on traceability of data throughout the CoM. As a better practice, organisations are leveraging data lineage tools (such as Microsoft Purview and Forcepoint) to assist in tracking and identification of the origin and transformation of data.

Potential Risks

- The lack of a detailed data attestation process and insufficient data quality reviews across business units may result in the collection and use of inaccurate or inconsistent data, leading to poor decision making and undermining the integrity of business processes.

- Insufficient communication and inadequate training regarding the Data Governance Framework and Data Management Procedure may increase the likelihood of data mismanagement.

- The absence of a formal procedure for reviewing and approving changes to datasets could lead to unauthorised or erroneous modifications that jeopardise the accuracy and reliability of the organisation's data. This may significantly affect decision-making and daily operations, resulting in misinformed strategies and operational inefficiencies.

- Undocumented data lineage can lead to inefficiencies in managing and using data, as more time is needed to understand data contexts, dependencies, and transformations manually. Further, when data lineage is not documented, it becomes challenging to integrate new data sources and scale existing systems efficiently due to unknown dependencies and dataflows.

Continued from previous page.

4. **Reinforce Data Lineage Documentation Practices:** Develop and implement standard procedures for documenting data lineage where applicable, including providing training to data owners (and other data roles) on this procedure.

Rec #	Management Action	Responsibility	Target Date
2.1	Create data quality guidelines and provide training to all business units.	Business Intelligence Lead	31 December 2024
2.2	Data quality reviews to be established after the sensitive and high value datasets mapping has occurred. The quality review schedule to be created based on these datasets and maintained through Information Security.	Chief Information Officer	31 July 2024
2.3	Develop a process for dataset change (this can occur in collaboration with Change Manager).	Business Intelligence Lead	31 December 2024
2.4	Develop a process for documenting data lineage where applicable. This will include training to data owners (and other data roles) on this procedure. This will be based on high value datasets.	Business Intelligence Lead	31 December 2024

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Risk Rating

Moderate

Finding 3 - Enterprise Information and Data Architecture

Current State Observations	Recommendations
Data Catalogue The CoM has begun development of a data catalogue in SharePoint which documents relevant systems across the CoM, System Catalogue, Data Asset Inventory, Data Fields Inventory, etc. However, this current version of the data catalogue is incomplete with data fields (e.g. Data Owners, Suppliers and Status) empty for certain systems; for example, the System Owner field is empty for Ascetic in the data catalogue. Furthermore, based on stakeholder meetings, the data catalogue does not include all data currently within third-party managed systems. **Data Dictionaries** The Data Management Procedure does not specify the need to maintain data dictionaries. As a data dictionary provides the user with an understanding of what each column represents in a dataset, a lack of data dictionaries for datasets creates ambiguity around understanding of data structure. Noted areas include: • The absence of a CoM-developed data dictionary for the Forestree system represents a gap in the system's documentation framework. • A data catalogue provides an essential, organisation-wide directory of data assets, cataloguing their locations and providing an overview of the correct interpretation of the data they contain. Without comprehensive data dictionaries for all datasets, there is an incomplete representation of the CoM's data assets, leading to ambiguity regarding the nature and purpose of the stored data. **Missing automated system integrations** There is an opportunity to further enhance and develop the system integrations across the CoM. In particular: • The current onboarding, disposal and updating of assets within Assetic is reliant on human interaction in order to update asset data. For example, when an asset is constructed and handed to the CoM to manage, there is no system integration to automatically flow the asset details from the project management system into Assetic. Note, the Asset Management team is conducting a system integration project that will assist in automating dataflows between the project management system and Assetic. *Continued on the following page.*	1. **Data Catalogue:** The CoM to complete the data catalogue. 2. **Expand the Catalogue Coverage:** The CoM to Assess the feasibility of including data within third-party managed systems in the data catalogue. 3. **Mandate Data Dictionaries:** Update the Data Management Procedure to include the creation and maintenance of data dictionaries for every dataset. To support this, initiate at the business-unit level and create a standardised data dictionary template to ensure consistency across all business units. 4. **Enhancing system integrations:** The CoM to review current asset onboarding and offboarding processes in attempt to automate and increase effectiveness.

Risk Rating

Moderate

Finding 3 - Enterprise Information and Data Architecture

Current State Observations	Recommendations

Continued from previous page.

Potential Risks

- Without comprehensive and accurate data on owners, suppliers, and status, CoM staff may spend excessive time locating and verifying data, reducing efficiency.

- Without data dictionaries, users may misinterpret the data which can lead to errors in data analysis and reporting. This misinterpretation could degrade the data's overall quality, as inconsistencies and inaccuracies become more likely.

- Minimal system integration and automated workflows within key business units such as the Asset Management team poses a risk of inaccuracy of data which stored in key systems. Additionally, this process outlines a risk of reliance of human intervention and relationships in order to collect data.

Rec #	Management Action	Responsibility	Target Date
3.1	A data catalogue is being developed with Business Analyst support from Information Security.	Business Intelligence Lead	28 February 2025
3.2	To expand the data catalogue coverage, completion of the assessment of third party systems with support IS for access. This is considered a lower priority than other recommendations.	Business Intelligence Lead	31 March 2025
3.3	Following the completion of sensitive and high value datasets mapping, a standard operation procedure will be developed that mandates the development of data dictionaries for high value datasets.	Business Intelligence Lead	31 March 2025
3.4	Following review of current policies regarding granting of system access to new joiners and employees who have changed roles, investigate feasibility of automation to further enhance system integrations across the CoM.	Chief Information Officer	31 March 2025

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Risk Rating

Low

Finding 4 - Ownership

Current State Observations	Recommendations
The Data Governance Framework and Data Management Procedure outlines the need and importance of data ownership across key data roles. However, the application of these guidelines at the operational-level is still a work in progress.	1. **Establish Formalised Data Ownership:** Develop and implement a formalised process for documenting and accepting data ownership within the CoM. This process should involve identifying data collected across the CoM, identifying accountable individuals or teams for each dataset or system, linking their roles and responsibilities with accepted data ownership roles (e.g. data steward, data custodian and data owner), documenting their roles and responsibilities, and obtaining formal acceptance from relevant stakeholders. Additionally, provide training to ensure all staff understand their data management responsibilities.

No Documented Data Ownership

While the Data Governance Framework highlights data roles to be adopted across the CoM, there is a lack of documented and formally accepted data ownership. It was advised that this issue is due to factors which include:

- Due to the longevity of staff at the CoM, the ownership of respective datasets has been assumed within business units rather than being formally designated.

- Understanding of responsibilities of data management is not well understood across the CoM.

- Additionally, while data ownership is informally understood to rest with the respective manager within a business unit, there is a lack of clear understanding of where data is maintained and the respective owner for each dataset.

- The Data Management Procedure outlines that ownership of data is to be assigned to an individual. However, within the data catalogue, there are instances where ownership of data has been assigned to business units as a whole and not to a single party within that business unit.

2. **Formalise the Approach to Data Governance:** Formalise the approach to data governance within the CoM by gaining approval from relevant data committees/senior leadership. Establish clear governance structures, processes, and decision-making frameworks to ensure consistent management of data across business units. This includes implementing formal change management procedures to prevent ad hoc decision-making and siloed activities.

Informal and Decentralised Approach of Data Ownership

Currently there is a decentralised approach to data management and governance across the CoM, as business units within the CoM operate within silos and conduct ad hoc activities such as change management decisions on datasets. As data ownership has not been formally designated across individual business units, accountability relating to data accuracy, privacy and security is unclear.

3. **Implement Consistent Data Literacy Training:** The CoM to consider standardised data literacy training for all new joiners to the CoM by centralising the planning and delivery of relevant training modules. Develop a comprehensive training program that covers data governance principles, policies, and procedures applicable across all business units. Provide ongoing training and support to ensure key data owners and custodians have a consistent understanding of their data responsibilities and relevant processes.

Limited Data Literacy Training

New staff are required to undertake a suite of trainings. However, as the CoM has not formally appointed and documented key data owners and/or custodians, there is an inability to provide relevant data training to the appropriate individuals with key data related responsibilities. As a result, this gap in training may result in key data individuals across the CoM to have an inconsistent understanding of responsibilities as well as key process regarding data management.

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Risk Rating

Low

Finding 4 - Ownership

Current State Observations	Recommendations

Continued from previous page.

<u>Potential Risks</u>

- Lack of formalised data ownership can result in accountability issues and difficulties in enforcing data policies and procedures.

- Insufficient data literacy training for key individuals may cause misunderstandings of data related responsibilities and compromise data integrity.

- A decentralised, ad hoc approach may create silos, leading to inefficient data handling and decision-making processes.

Rec #	Management Action	Responsibility	Target Date
4.1	Data ownership to be formalised across the CoM which includes acceptance and documenting ownership. Education is also to be provided to ensure all staff understand their data management responsibilities. The CoM to document data owners within Data Catalogue.	Business Intelligence Lead	28 February 2025
4.2	Formalised governance structures, processes, and decision making frameworks to ensure consistent management of data across business units will be achieved through the establishment of the Data Governance Committee.	Business Intelligence Lead	31 December 2024
4.3	Work has commenced already and will be incorporated with the uplift of policies. Training program will be developed through the Data Governance Committee in preparation to rollout.	Business Intelligence Lead	31 December 2024

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Risk Rating

PIO

PIO 1 - High-Value Datasets

Current State Observations	Recommendations
Dataset Management for Reporting Reporting within the CoM is managed by the centralised reporting team that utilises Power BI for development of dashboards. However, the process to monitor and manage changes within datasets used for reporting is less formalised and is characterised by ad hoc communication between business units and parties requesting change. Upon agreement of the change, information is relayed to the reporting team to implement adjustments in the data ingestion process. While this informal method of dataset changes allows for agility, these changes are not reviewed by a governing authority/committee to assess impact on the integrity of the reporting process.	1. **Formalising dataset changes:** Formalise a change management process for adjustments to datasets that would impact current reporting. This change management process should include notification of the change to the centralised reporting team and/or Data Governance Committee and formalised review and assessment of the impact of the change.

Rec #	Management Action	Responsibility	Target Date
PIO 1.1	Will be considered as part of the development of the new Data Change Management Procedures.	Business Intelligence Lead	31 December 2024

Risk Rating

PIO

PIO 2 - Operating Charter

Current State Observations	Recommendations
Corporate Risk Register Controls The CoM has recently established a Data Governance Committee which is scheduled to have its first meeting in August 2024. This committee is responsible for maintaining the Data Governance Framework, including: • Implementing policies to support this Framework. • Establishing data quality standards and implementing data attestation processes across the CoM. • Monitoring data quality and performance metrics. However, while the Data Governance Committee has been established to manage the data governance activities across the CoM, the Corporate Risk Register does not include reference to the functioning of this committee as a control for Risk ID CR0095 (which refers to 'poor data quality and data governance not supporting informed decision making').	1. **Update Corporate Risk Register Controls:** The CoM to update Risk ID CR0095 to reflect the functioning of the Data Governance Committee as a control for this risk area.

Rec #	Management Action	Responsibility	Target Date
PIO 2.1	This work is scheduled as part of the Corporate Risk Review process in Quarter 1 FY2025.	Manager, Office of Chief Executive Officer	31 October 2024

KPMG

Appendices

1. Scope of Work

2. Stakeholders Consulted

3. Classification of Findings

Appendix 1: Scope of Work

In accordance with the 2023/24 Internal Audit Plan for the City of Marion (CoM), a Data Governance internal audit was performed. This project was a collaborative internal audit with the City of Charles Sturt (CCS) (collectively 'the Councils').

Objective

The objective of the internal audit was to consider the current state of data governance at the CoM, including the management of the data and system landscape and supportive operating model. The KPMG Data Governance Framework was leveraged to ensure coverage of data governance across the CoM.

Scope

This scope of this engagement included the following:

- Assessment of the current state of the CoM's data governance framework, including relevant policies, procedures, and guidance documentation against key elements of KPMG's Data Governance Framework, including the clarity of data governance roles and responsibilities.
- Assessment of the design and operating effectiveness of the CoM' data governance framework at an operational-level, including:
  o Data policies.
  o Data ownership.
  o Data controls (including lineage).
  o Data compliance requirements.
  o Data classification.
  o Data architecture (cloud/on-premises).
- Consideration of the desired future state for data governance and provide insights for the plan to achieve this.
- Review of the identified risks associated with data governance including current risk ratings and the design of key controls.
- Recommendations which consider how identified data governance risks should be reflected in the CoM's strategic risk and corporate risk registers.

Out of Scope

The following areas were considered out of scope:

- Defining future state applications, data, and integration architecture.
- Detailed solution design.
- Detailed data, systems, and infrastructure architecture review.
- Advising on 'end of life' for existing systems.

Approach

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

- Gather initial information and kick off the engagement with key stakeholders and agree on requirements.
- Perform a desktop review of relevant documentation and conduct a gap analysis against better practice utilising KPMG's Data Governance Framework.
- Conduct a Discovery workshop with the Council's leadership to understand ambition, current pain points, and blockers in-line with the Council's overall vison and operating model.
- Conduct 3 - 4 consultations with the Council (two (2) business and one (1) Data/IT, and another (1) consultation, if required) with the key business and IT stakeholders to understand the current state data strategy implemented and how it is aligned with business requirements.
- Conduct a Data Governance Operating Model Workshop to discuss identified gaps, good practice data governance practices, and identify how these might operate within the context of the Council.
- Provide detailed level review comments on steps required to deliver the future state the Council has defined in the Operating Model workshop.
- Upon consideration of identified issues, prepare a draft report with findings.
- Receive Management comments and issue the final report.

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Appendix 2: 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
Kate McKenzie	Manager, Office of the Chief Executive Officer
Angela Allison	General Manager, Corporate Services
David Mackay	Business Intelligence Analyst
Marcel Althoff	Chief Information Officer
Ben Polotnianka	Senior Project Manager
Karlheins Sohl	Team Leader Records and Information Mgmt.
Gavin Black	Senior Project Manager
Brendon Lyons	UM Asset Solutions
Alex Waldron	Asset Data & Systems Administrator
David Reeves	Asset Manager Business Partner
Ella Etemadi	Graduate Officer
Brian Green	Manager Operations
Ian Seccafien	Coordinator Arboriculture
Jason Spalding	IT Governance and Cyber Security Lead
Karl Pauligk	Data Migration Lead
Martin Blunden	Technical Officer Audit
Cathlyn Anderson	Business Intelligence Lead

Appendix 3: 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 CoM's Management.

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

Appendix 3: Classification of Findings

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

Appendix 3: Classification of Findings

Risk Assessment Matrix – determine the Level of Risk

Likelihood of Occurrence	Consequence of Occurrence				
	Insignificant	Minor	Moderate	Major	Severe
Almost Certain	MEDIUM	HIGH	HIGH	EXTREME	EXTREME
Likely	LOW	MEDIUM	HIGH	HIGH	EXTREME
Possible	LOW	MEDIUM	MEDIUM	HIGH	HIGH
Unlikely	LOW	LOW	MEDIUM	MEDIUM	HIGH
Rare	LOW	LOW	LOW	MEDIUM	MEDIUM

Likelihood Criteria

Almost Certain	The event is occurring now or is almost certain to occur. (Probability >75%)
Likely	The event is likely to occur. (Probability 50- <75%)
Possible	The event may possibly occur. (Probability 25 - < 50%)
Unlikely	The event is unlikely to occur. (Probability 1 - < 25%)
Rare	The event will only occur in exceptional circumstances. (Probability close to 0)

Consequence Criteria (Summarised)

Insignifica t	Physical or other injury requiring First Aid. No impact on wellbeing*. Minor local disruption.
Minor	Physical or other injury resulting or requiring medical attention. Minor temporary impact on wellbeing*. Local and temporary poor morale.
Moderat	Physical or other injury resulting in brief hospitalization / medical treatment (1 day). Significant/medium term wellbeing* or morale morale issues.
Major	Serious injury requiring hospitalisation (2 days or more or re-admission)/ extensive rehabilitation. Long term wellbeing* impact. Entrenched severe morale problems.
Severe	Death or critical injury. Wellbeing* of majority of workforce affected. Loss of a majority of the workforce. Inability to replace critical services.

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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.

KPMG is under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form.

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

Reference to 'Review' and 'Audit'

Reference to 'Review' and 'Audit' throughout this report has not been used in the context of a review in accordance with assurance and other standards issued by the Australian Auditing and Assurance Standards Board.

Third-Party Reliance

This report is solely for the purpose set out in the Scope Section and for Councils information and is not to be used for any other purpose or distributed to any other party without KPMG's prior written consent.

This report has been prepared at the request of the Councils Finance and Audit Committee or its delegate in connection with our engagement to perform internal audit services as detailed in the contract.. Other than our responsibility to the Councils, neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third-party on this report. Any reliance placed is that party's sole responsibility.

Electronic Distribution of Report

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Responsibility for the security of any electronic distribution of this report remains the responsibility of the Councils and KPMG accepts no liability if the report is or has been altered in any way by any person.

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City of Marion

Internal audit project scope:
Cloud Vendor / Third Party Risk Assessment

July 2024

DRAFT

KPMG

Internal Audit Program 2024/25: Cloud Vendor / Third Party Risk Assessment

In accordance with the 2024/25 Internal Audit Plan for the City of Marion (CoM), a Cloud Vendor / Third Party Risk Assessment internal audit is to be performed. The objective, scope and approach for this internal audit are outlined below.

Objective

The objective of this audit will be to evaluate the third-party risk management processes implemented by the CoM council to identify and mitigate cyber threats emerging from their relationships with suppliers across the contract lifecycle, i.e., pre-contract to post-exit or termination of the contract.

Scope

This scope of this engagement will include the following:

- Desktop review of policies supporting the management of third-party risks in relation to managing vendor contracts / third party supplier contracts. This will include:
  - Select a sample of high-risk vendors and understand their security practices.
  - Evaluate CoM's procurement terms and conditions on security clauses in vendor contracts.
  - Consideration of the current state of the Council's current governance and risk management framework within the context of managing third party contracts including roles, responsibilities, policies, procedures, and guidance documentation
  - Understand ongoing review and compliance practices on vendor contracts and performance.
  - Integration and testing of vendor incident response plans.
- Assessment of the current management of business relationships and governance framework with vendors to identify opportunities to improve effectiveness in triaging suppliers.
- Assessment of the Council's current processes supporting the lifecycle from onboarding ICT vendors to departures and contract termination.

- Understand current staff training and awareness initiatives on third party risks.
- Review the Council's training module for adequacy of information provided in training on third party risks and provide recommendations for improvement opportunities identified.

Out of Scope

The following areas are out of scope:

- Testing of third-party or sampled vendors security controls.
- Initiate or provide advice to management on their decision towards engagement or relationships with third-party vendors.
- Any other items which are not listed in the scope.

Approach

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

- Gather initial information and kick off the engagement with key stakeholders and agree on requirements.
- Perform a desktop review of relevant documentation and perform a gap analysis against better practice.
- Conduct 3 - 4 consultations with the Council with relevant IT and business stakeholders to understand the current third-party risk management processes implemented and how it is aligned with business requirements.
- Upon consideration of identified issues, prepare a draft report with findings.
- Receive management comments and issue the final report.

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KPMG

Stakeholders

The following Council stakeholders will be consulted as part of the Cloud Vendor / Third Party Risk Assessment internal audit.

Personnel	Position title
Marcel Althoff	Chief Information Officer
Angela Allison	General Manager, Corporate Services
Kate McKenzie	Manager, Office of the Chief Executive
Prashant Kumar	ICT Procurement
Jason Spalding	IT Governance & Cyber Security Lead

Timing

The proposed timing for the Cloud Vendor / Third Party Risk Assessment internal audit is for the engagement to commence in late July 2024 with a draft report completed for consideration by early September 2024.

Resources and Budget

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

- Eric Beere, Partner
- Heather Martens, Director
- Suhaas Madhyastha, SME Cyber Services - Associate Director
- Navya Gunawardena, Manager
- Tex Newlyn, Consultant

The budget for the Cloud Vendor / Third Party Risk Assessment internal audit is $27,500 (exc. GST). 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 the CoM at cost.

KPMG

Approvals

We are in agreement with the scope for the Cloud Vendor / Third Party Risk Assessment internal audit.

CoM Internal Audit Engagement Sponsor:	**KPMG Internal Audit Partner:**
Name:	*Name: Eric Beere*
Signed:	*Signed:*
Date:	*Date:*

Disclaimers

Inherent limitations

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

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

Third party reliance

This scope is solely for the purpose set out above and for City of Marion's information and is not to be used for any other purpose or distributed to any other party without KPMG's prior written consent. 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.

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7.2 Internal Audit Program - Implementation of Recommendations

Report Reference	FRAC240813R7.2
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 implementation of recommendations from the IA Program is reported and monitored by the FRAC.   The Executive Leadership Team (ELT) completed a review of all recommendations.   The implementation of recommendations are being reported to:
- Not Started
- Progressing
- Behind Schedule
- Complete

The 'Behind Schedule' is any item not completed within the **original due date** tracking. The 'forecasted action completion date' is when the action is expected to be completed.   ELT continue to assess the implementation of the 'older' recommendations and if they remain relevant. Some delays are related to system implementation, competing priorities and managing change across the organisation.

This is the first report generated from the new risk and audit system (Pulse). The system can capture more information than has previously been provided. This means that the Attachment is approximately 50 pages (in comparison to about 18 in previous adgenda's).   Feedback is sought from the Committee regarding how much detail the Committee should like. Attachment 1 has a summary of the status of recommendations for each audit. The relevant outstanding recommendations and agreed actions for items 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.   Internal Audit - Implementations of Recommendations V 1 [**7.2.1** - 51 pages]

Quarterly Org Review Report

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Status Breakdown

Not Updated: 0   Not Started: 4   Behind Schedule: 21   Progressing: 20   Completed: 78

Collaborative Contract Management February 2022	18
Collaborative Contract Value for Money November 2023	15
Collaborative Model Health Check February 2022	1
Collaborative Tendering Management April 2024	9
Community Safety April 2024	19
Cyber Security June 2023	17
Cyber Security 2019 August 2019	25
Stakeholder Management Review June 2022	13
Volunteer Management February 2023	6

Collaborative Contract Value for Money

1: Nominated contracts VfM testing and observations and opportunities

Findings & Impact Details	Observation(s):
	As per 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.
	1. Contractor Feedback and Reporting:
	• 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 KPI's 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.
	2. Payment Terms:
	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 paument made for activities not performed by the contractors.
	It is also acknowleddged that the Properties 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 barbecue cleaning, covid variations etc.) Since the Council is movin towards an extension of the contract, there are improvement opportunities to streamline and update the contract to get optimum value for money.
	Risk(s):
	• 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.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
• 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	1.1	The cleaning contract will be tendered in the coming months. Spot checks will be inclued in the KPI's and reporting as part of the tender specification. The contract will be created in a manner that balances supplier and council risk and not objectives. Council does not agree that moving away from periodic payments is best practice.	Low	30/06/2024	30/10/2024	+70%	Behind Schedule	70%	Cleaning EOI to be released to market late July, KPIs, spot checks and payment terms will be included.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
• Review and refresh the HSE and Service Quality forms. These audit forms should be completed in full and stored on file.	1.2	Contract owner will be requested to amend the forms and reminder of obligations in relation to completion and retention on file.	Low	31/03/2024	31/10/2024	+50%	Behind Schedule	50%	Forms currently being refreshed and updated - to be completed in August.
Formalise the KPI reporting and proactively report on contract performance by conducting data anaylytics and feedback.	1.3	KPIs will be included in the upcoming tenders as required	Low	30/06/2024		+100%	Completed	100%	Weed spraying has been re-tendered - KPIs included in the contract. This contract is diairised to be reviewed as part of Procurement Oversight committee six months after implementation
Regular reporting to the ELT with specific focus on VfM expected vs achieved outcomes to inform budget and business decisions	1.4	This recommendation will be incorporated into the considerations of the governance committee.	Low	30/06/2024	30/9/2024	+70%	Behind Schedule	70%	Included in Procurement Oversight committee procedures, due for completion in August.
Continue to explore opportunities for collaboration with other Councils to achieve price competitiveness.	1.5	Collaboration will be explored as an ongoing BAU activity.	Low	30/06/2024			Completed	100%	This activity is ongoing
Review contracts yearly to idenify VfM optimisation opportunities in the contracts	1.6	Council will consider incorporting this into the remit of the governance committee	Low	30/06/2024	31/12/2024	No Change	Behind Schedule	0%	No action taken

J1: Gaps over governance and monitoring of strategic contracts

Findings & Impact Details	Observations: 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 of 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 contained 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 contacts 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 sarea, we checked if priority activities and profiling were being performed to monitor the contract portfolios based on key contract management data that can indicated 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. 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	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
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.	J1	Consideration will be given to application of contract categorisation as per the Contract Management guide and the associated Contract Ower required. All new Contracts above $450k will have Contract Management Plans created to provide guidance on requirements	Moderate	30/06/2024		+80%	Behind Schedule	80%	Contract Handover forms are now implemented, will be reviewed as part of the Procurement Oversight Committee implementation.
In relation to lack of oversight by a governance body, Councils to:	J2	Consideration will be given to implementation of a governance committee once the maturity of the contract management function is at an appropriate level.	Moderate	30/06/2024		+80%	Behind Schedule	80%	Procurement Oversight Committee procedures and Terms of reference drafted, for implementation in August.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Establish indepdendent governance at each Council to facilitiate communication and oversight over strategic contracts and overall contract portfolio monitoring at the Councils, as well as oversee strategic sourcing activities.	J2.1			30/06/2024	30/9/2024	+80%	Behind Schedule	80%	Procurement Oversight Committee procedures and Terms of Reference drafted, for implementation in August.
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.	J2.2	Consideration will be given to implementation of a governance committee aacross the three Councils once the maturity of the contract management function is at an appropriate level.	Moderate	30/06/2024	30/9/2024	No Change	Behind Schedule	0%	No action taken
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.	J2.3	If the governance committee is formed, a charter will be created.	Moderate	30/06/2024	30/9/2024	+50%	Behind Schedule	70%	Procurement Oversight Committee procedure and Terms of Reference complete, to be presented to ELT in August as part of the procedures refresh.
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.	J3	Continual awareness communications will be implemented to consistent applications and use of central resources.	Moderate	30/06/2024	31/12/2024	No Change	Behind Schedule	0%	No action taken

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
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 acorss the end to end contract management lifecycle.	J4	A contract module has been scoped as part of the implementation of the Finance System, this will be considered to be omproved and/or replaced with an appropriate system. This project has been included in the IS Plan to commence in July 2024 subjec to funding availability.	Moderate	30/12/2024			Completed	100%	High level requirements have been developed. The implementation of this module has now been included in the endorsed IS plan shceduled for 24-25 year. Proposed to close this finding as the project will progress under the auspice of the IS strategy.

J2: Opportunity to uplift contract management documentation

Findings & Impact Details	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 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 complains, disagreements and disputes, including the requirement to escalate through the Councils 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).
• 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.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Review and update the Guide as per areas identified.	J1	A review of the Contract Management Guide will be undertaken to include the suggested areas as appropriate.	Low	30/06/2024	31/10/2024	No Change	Behind Schedule	0%	No action taken
Consider consolidating the Guide and Procedure into a single document.	J2	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.	Low	12/10/2023			Completed	100%	Merge of documents will not be undertaken

Collaborative Model Health Check

1: Management Response

Findings & Impact Details	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:
•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 andculture.
The use of performance measures,including the development ofoutcome 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.
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.
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.
In summary, the recommendations from the internal audit will assist in further strengthening the Collaboration Model.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
An action plan with timeframes and resources will be developed for implementation of the recommendations from the internal auditand reported through to the Audit Committees of the three Councils.	1.1	An action plan with timeframes and resources will be developed for implementation of the recommendations from the internal auditand reported through to the Audit Committees of the three Councils.	Moderate	22/05/2022		+25%	Progressing	25%	Meeting between CEO's and General Managers was held on 3 April 2024 to discuss the cross council collaboration . All councils agreed the current work plan within respective organisations was not conducive to formalising the new governance, framework and schedule of projects at this time. Agreement reached to meet again in September 2024 to discuss new governance, framework and schedule of potential projects to move forward. Another meeting is scheduled to be held at the end of August 2024.

Collaborative Tendering Management

1: Non-compliance with mandatory evaluation criteria

Findings & Impact Details	Per the Tender Evaluation procedure (Section 5.2.1), the Council's Corporate Social Responsibility (CSR) commitments require a mandatory 20% weighting for recycled content.
	This criteria includes items such as recycled content (20%) and environmental sustainability (at a minimum of 5%) and is only relevant to some tenders (such as Construction, Minor Civil Works, etc).
	Through sample testing, it was noted three (3) out of 4 open tender procurements should have been subject to these requirements however did not include reference to CSR mandatory criteria within the evaluated criteria. Evidence of approval of exemption from mandatory assessment criteria was also unable to be provided for the three (3) examples below: SEE PDF FOR IMAGE
	Through stakeholder consultations, it was also advised there may be a lack of capability to effectively assess against this criteria contributing to limited uptake in the assessment process.
	Risk(s):
	Non-compliance with mandatory evaluation criteria may lead to a risk of:
	1. Inconsistent procurement practices across the Council.
	2. Reputational damage with respect to the Council's stakeholders.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Reviews the current evaluation criteria template and ensures alignment with the mandatory criteria captured within the Procurement Procedure.	1.1	The mandatory evaluation criteria will undergo a refresh as part of the current policy and procedures review.	Moderate	31/10/2024		+80%	Progressing	80%	Included in procedures update, due for completion in August.
Considers additional upskilling activities to uplift capability of the Procurement Team in assessment of CSR commitments and other sustainability related evaluation criteria.	1.2	Future upskilling and training opportunities will be considered for the Procurement Team.	Moderate	31/10/2024		No Change	Not Started	0%	No progress

2: High proportion of purchasing activity via sole sourced procurements

Findings & Impact Details	Per the CoM's Procurement Policy (Section 7.1.3), Contract Administrators perform project risk assessments as part of Tender Initiation From (TIF) within the agreed risk template based on Council's Risk Management Framework. However, guidance is not contained within the CoM's Procurement Procedure to clearly stipulate the need for a project risk assessment, if the market approach is not an open tender.
	It was noted six (6) of the 10 procurements sampled appeared to be sole sourced via purchase orders. Of the six (6), one (1) was contracted as a part of the Legal Services Panel, one (1) was an extension of an existing contract for emergency construction works and one (1) was considered low risk valued at $1,128. The following three (3) examples contained limited justification for an exemption of the Procurement Procedure (per Section 6.2) to conduct a sole sourced procurement, without having conducted a Project Risk Assessment:
	SEE PDF FOR IMAGE
	It is acknowledged better practice project risk assessment would largely consider the risk profile of the procurement, rather than the financial value or if it has gone through a tendering process.
	Risk(s):

A high proportion of purchasing activity through sole sourced procurements may lead to a risk of insufficiently testing the market to assess whether better value for money alternatives are available.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Internal Audit recommends the CoM consider expanding the scope of the Procurement Procedure to capture requirements that better align effort from the Procurement Team with the risk profile of the purchasing activity. This may require introducing additional qualitative detail around criteria for completing a Project Risk Assessment.	2.1	The risk assessment process will be updated as part of the current procedures refresh, including a greater focus on the pre-tender Project/Service risk assessment and associated tender evaluation. Where exemptions/sole sourced processes are undertaken, a risk assessment will also be required. The risk assessments will utilise the organisational risk assessment profiling tool currently in place.	Low	30/09/2024		+70%	Progressing	70%	Greater focus on risk assessments included in Procurement Procedures refresh, due for completion in August.

J1: Gaps identified in the procurement risk assessment and reporting processes

Findings & Impact Details	Finding(s) Gaps were identified in the Council's risk assessment process for sole sourced procurements and procurement reporting. Per the Procurement Procedure (Section 7.1.3) for the CCS and the CoM, the responsible procurement officer is required to perform a tender Project Risk Assessment prior to approaching the market through an open or select tender, to identify risks which may have an impact on a project achieving its objectives. It was noted there is currently no procurement risk profiling tool, to support an effective and consistent application to categorising procurements based on risk and value per the Procurement Procedure. Project Risk Assessments: Project Risk Assessments (for procurements greater than $50,000) are currently completed as a component of completing the Tender Initiation Form (TIF). In alignment with the Procurement Procedure (Section 7.1.3), Project Risk Assessments were confirmed as completed for all sampled open tender procurements. Guidance is not in place, however, within the Council's Procurement Procedure which details the need for a Project Risk Assessment to be performed if the market approach is not an open or select tender, including for sole sourced and direct quotation. Refer to CoM - Finding 2 for additional information in relation to the lack of guidance for project risk profiling when sole sourcing procurements. Executive Leadership Team (ELT) Oversight and Reporting: City of Marion (CoM) It is acknowledged the following reporting activities are currently performed across the CoM's tendering activities: • Monitoring of any delays in procurements through the Procurement Cycle Times Master spreadsheet. • Value delivery from the Strategic Procurement Team to the Council and community though the Strategic Procurement Achievements Register spreadsheet. • High-level Tender Assessment Reports are distributed to the Tender Board, to inform and seek approval for a recommended supplier from the open tender process. There is an opportunity for the CoM to provide further oversight of procurement activities to the ELT through regular reporting of key tendering data, including the total number of procurements by sourcing type, dollar spend per supplier and the number of successful contracts awarded by supplier. It is acknowledged the data to inform this type of report is available via SharePoint, however not currently being utilised to this extent. Risks:

Gaps in the procurement risk assessment and reporting processes may lead to a risk of:
1. Inconsistency in tender Project Risk Assessments, with the potential to result in poorly informed approaches to the market for purchasing activities with varying risk profiles.
2. Inadequate reporting, resulting in limited Executive oversight to help facilitate discussion on procurement strategies and trends.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Project Risk Assessments: •Consider expanding the scope of the Procurement Procedure to capture requirements that better align effort from the Procurement team with the risk profile of the purchasing activity. This may require introducing additional qualitative detail around criteria for completing a Project Risk Assessment.	J1.1	The risk assessment process will be updated as part of the current procedures refresh, including a greater focus on the pre-tender Project/Service risk assessment and associated tender evaluation. Where exemptions/sole sourced processes are undertaken, a risk assessment will be required. The risk assessments will utilise the organisational risk assessment profiling tool currently in place.	Low	30/09/2024		+70%	Progressing	65%	The risk assessment process will be updated as part of the current procedures refresh, due for completion in August.
ELT Oversight and Reporting: •The Councils consider introducing a formalised procurement expenditure report on a periodic basis, capturing key tendering data, including the total number and value of procurements by sourcing type, dollar spend per supplier and the number of successful contracts awarded by supplier. To support further Executive oversight of procurement activities, this report could be included for discussion as a standing item in quarterly ELT updates to help facilitate discussion on procurement strategies and trends, such as sole sourced procurements.	J1.2	Regular periodical reporting will be incorporated into the remit of the Procurement Oversight Committee, which will be implemented following the procedures refresh.	Low	30/09/2024		+80%	Progressing	80%	Included as part of the Procurement Oversight Committee, which will be implemented in August.

JPIO1: Opportunity to create guidelines for use of the Light and Heavy Fleet Panel

Findings & Impact Details	Observation(s) City of Charles Sturt & City of Marion It was advised a Light and Heavy Vehicle Fleet Panel has recently been established within Vendor Panel for increased efficiency of fleet procurements. As a result, there is an opportunity to formalise supplementary guidance for Light and Heavy Fleet procurements under the panel, which consistently complies with the Councils endorsed

Procurement Procedures. This may be achieved through utilising a formal user guideline for the panel agreement and it is acknowledged a document of this nature is currently in draft.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
It is recommended the CCS and the CoM finalise the user guidelines for Light and Heavy Vehicle Fleet Panel usage to align purchasing activities with the Procurement Procedure.	J PIO 1.1	The Light and Heavy Fleet User guide will be finalised and implemented to provide guidance in the fleet procurement process.		31/08/2024		+90%	Progressing	90%	User guide updated, for full implementation in August.

JPIO2: Opportunity to uplift the Tender Initiation Form

Findings & Impact Details   Observation(s)
The Tender Initiation Form (TIF) contains the key elements of pre-tender requirements, however there is an opportunity for both Councils to uplift the TIF and capture further information in relation to the following areas:
City of Marion (CoM)
There is an opportunity for the CoM to include additional criteria within the TIF, including:
•Evaluation plan and evaluation criteria, including mandatory and weighted/unweighted criteria.
•Contract management team and contract requirements.
•The responsibility of the Delegated Authority in approving the TIF, including review and approval of the accurate and suitability of the form.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
City of Marion (CoM) There is an opportunity for the CoM to include additional criteria within the TIF, including: •Evaluation plan and evaluation criteria, including mandatory and weighted/unweighted criteria. •Contract management team and contract requirements. •The responsibility of the Delegated Authority in approving the TIF, including review and approval of the accurate and suitability of the form.	J PIO 2.1	The Tender Initiation Form will undergo a refresh as part of the current policy and procedures review. This update will be included in the mandatory criteria.		30/09/2024		+25%	Progressing	25%	Updating of the TIF is in the drafting stage at present, to include these elements.

PIO1: Opportunity to formalise post-tender Conflict of Interest declarations

Findings & Impact Details   Currently, per the Procurement Procedure (Section - 7.4.1 Maintain Probity) any Conflict of Interest (COI) is required to be declared formally prior to approaching suppliers to ensure probity, accountability and transparency.

Through stakeholder consultation, it was advised the Tender Evaluation Team (TET) are not formally required to document any actual or perceived COIs prior to commencing the evaluation of tender responses.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Internal Audit recommends the CoM consider including a formalised process within the Procurement Procedure for documenting any actual or perceived COIs, prior to commencement of evaluating tender responses.	PIO 1.1	The Conflict of Interest requirements will undergo a refresh as part of the current policy and procedures review.		30/09/2024		+25%	Progressing	50%	COI elements included in the updated procedures, which will be presented to ELT for approval in August.

PIO2: Opportunity to improve timeliness of procurement process

Findings & Impact Details

Through discussion with key stakeholders, Internal Audit identified the following improvement opportunity to tendering management practices across both pre-evaluation and post-evaluation phases of the tendering management lifecycle.

1.
Pre-evaluation - Budget Approvals

Through monitoring the Procurement Cycles Times Master, it was advised delays regularly occur in the process of budget assessment and approval from a delegated individual, prior to the Procurement Team being able to approach the market.

The budget assessment and approval process is a key component of the pre-evaluation process. The outcome of the budget assessment and approval should determine the tendering management tier and associated requirements.

2.
Post-evaluation - Approval of recommended suppliers

Following evaluation of tender respondents, a Tender Assessment Report is generated with a recommended supplier, which is reviewed and approved (or rejected) by the CoM Tender Board. The Tender Board consists of the Manager Strategic Procurement Services and two (2) varying Senior Leadership Team (SLT) members.

The current approval process can face delays if availability is limited of the Tender Board participants. This further impacts delays in communication to successful and unsuccessful tenderers.

There is an opportunity to expedite this process through clearer delegations of financial approval, as a segregated step to approving the appropriateness of the tender assessment process conducted.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments

Internal Audit recommends the CoM considers expediting the current Tender Assessment Report with recommended supplier through a delegate with appropriate financial authority, rather than the Tender Board.	PIO 2.1	With the proposed implementation of the Procurement Oversight Committee (POC), which will meet periodically, the timelines of available tender recommendation approvals will have a set cadence for the evaluation team and procurement teams. Management does not consider changes to delegations and/or removal of the independent review to be necessary with the POC implementation.		30/09/2024		+80%	Progressing	80%	Procurement Oversight procedures and Terms of reference drafted, for implementation in August, this will incorporate these elements.

Community Safety

1: Gaps in case receipt, categorisation and triage process

Findings & Impact Details	There is opportunity to enhance the process of receipting cases, including the initial triage and case categorisation. Internal Audit identified through stakeholder consultations and fieldwork the following gaps against better practice community safety management: Categorisation of cases • It is acknowledged that the Business Support Officers (BSOs) have a good understanding of the community safety process, triage process and answer the majority of the voice calls from customers to receipt community safety cases within Salesforce. However, Customer Service Officers (CSOs) also answer customer calls and receipt cases when BSOs do not have capacity and Management advised they do not have strong knowledge of the community safety process, as their day-to-day job is to answer all calls from members of the community, therefore CSOs have a high level understanding of all functions of the CoM. • There is no documented procedure to guide all CSOs and BSOs to ensure a consistent standardised process to receipt the customer case, and then to appropriately assess, categorise and allocate it to a Community Safety Inspector (CSI) or zone (north, south, central), whilst maintaining good customer experience. • There is an absence of formalised training for BSOs and CSOs on the community safety customer receipt and triage process with heavy reliance on on-the-job training and experience. • Sample testing identified that 2 (12%) out of 17 cases were incorrectly categorised (cases #59974 and #75695). Please note that in these specific exceptions, there was no material impact, however the impact of any mis-categorisation could potentially lead to incorrect prioritisation and service level agreement timeframe being monitored and reported. Additionally, Management advised that there are occasions of miscategorisation and the root causes are usually either: • Customers provide incorrect categorisation of the cases, or. • Customer Service Officers (CSOs) incorrectly categorise due to their limited knowledge and understanding of community safety. Risk Assessment and prioritisation It is acknowledged that Salesforce has a number of beneficial functions such as a hazard button to warn the CSI (e.g. a wandering dog or a tree over the road, etc.), as well as a dangerous address flag if the residential address has previously been identified as dangerous (e.g. if there is a dangerous resident or animal). However, Management advised that Salesforce currently lacks functionality to risk assess and prioritise cases. Current practice is for the CSIs to prioritise their case load, based on experience and physical location. This absence may result in inconsistent prioritisation, overlooking high-risk jobs, conforming with agreed SLA timeframes and impact to customer experience. Customer identification verification process Customers may call up with regards to their ongoing case and ask for information such as the status and outcome. The current practice for identifying customers in follow-up cases requires the BSOs and CSOs to verify customer identities through a three-way customer identification process. Internal Audit acknowledges that the CoM has a Privacy Policy which references the use and collection of personal information of customers, however, the three-way identification process is not formally documented to guide all BSOs and CSOs on how to appropriately verify customers identification before providing private community safety case information and status. Risk(s): 1. The absence of documented customer identification process poses the risk of unauthorised access, fraud, and compromised security in the customer interactions. 2. The absence of formal training for BSOs and CSOs and lack of documented process for customer engagement processes may lead to reduced service quality, increased errors within Salesforce, customer dissatisfaction and potential damage to the CoM's reputation. 3. The incorrect categorisation of customer cases within Salesforce poses the risk of inaccurate data analysis, ineffective decision making and compromised customer experience. 4. Inadequate system functionality of Salesforce to undertake risk assessment and prioritisation may result in inappropriate allocation of CSI to attend a case who is not

trained and/or is not teamed with another CSI which is a risk to the health and safety of both the CSI and members of the community.
5. Breach of privacy due to inadequate verification of customer identification and release of private case information.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Develop a procedure to guide CSOs and BSOs of the community safety case receipt process. The procedure should provide guidance on how to categorise the case, inputinto Salesforce and the three-way customer identification process	1.1	A new procedure to guide CSOs and BSOs of the community safety case receipt process will be developed. The procedure will provide guidance on case categorisation, input into Salesforce, and the three-way customer identification process.	Moderate	01/06/2024		+100%	Completed	100%	The existing CoM wide knowledgae base system (through salesforce) has been updated for all case categories. This knowledge base contains all procedures required for case categorisation and prioritisation.

A separate procedure has been developed via a process map (promapps) addressing the 3-way customer identification process. The Customer Service Team have been trained in applying this procedure as well. |
| Develop and implement a training and awareness program for both CSOs and BSOs covering the end-toend customer request and case management process. The training program should also include the application of the procedure per recommendation 1. | 1.2 | A comprehensive CSI induction and refresher training program will be developed and implemented. This program will include end-to-end customer request and case management training for both BSO's and CSO's and will also include the application of the procedure developed per Action 1.1. | Moderate | 01/06/2024 | | +100% | Completed | 100% | A comprehensive CSI induction and refresher training program has been developed and implemented. This program includes training on the end-to-end customer request and case management training for both BSO's and CSO's and includes the application of the procedure developed per Action 1.1. |

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Investigate the functionality of Salesforce to determine if the system has the capability to risk assess and prioritise cases. If there is capability, Management to conduct a cost/benefit analysis of implementing any additional functionality.	1.3	Management will investigate the functionality of Salesforce to identify if the system has the capability to risk assess and prioritise cases. Pending system capability, Management to consider the cost/benefit of implementing any additional functionality.	Moderate	01/06/2024		+100%	Completed	100%	salesforce functionality has been investigated. It was found that Salesforce has the capability to be able to place a risk rating against different case categories. At present, this is being manually applied by BSO's when triaging cases (and has now been incorporated into relevant procedures). We are investigating whether there are system capabilities to have this pre-populated in future.

2: Opportunity to uplift community safety training and awareness program

Findings & Impact Details	(It is acknowledged that the Community Safety Team training program contains a multi-faceted approach to training, including: • Buddy system, whereby experienced CSIs are buddied up with an experienced CSI. • Ad-hoc training by external facilitators on Dog Handling and Bite Prevention (Animal Behaviour) and Dealing with Aggressive Behaviour. • Ad-hoc WHS training completed via Skytrust (CoM's Incident Management System). However, Internal Audit noted the following opportunities for improvement: Outstanding trainings There is opportunity to formalise and uplift the community safety training program to ensure that CSIs are appropriately trained to perform their day-today duties. Internal Audit obtained a summary of the training records for each of the CSIs and noted the following: SEE PDF FOR IMAGE *The specific AIG Contractors with 'In-Progress' training were previously engaged as contractors, however Management confirmed they have since left the organisation. **Management advised that 'In-Progress' status are trainings that have not yet been completed by the CSIs. 'Expired' status are trainings required to be undertaken by CSIs again. Additionally, it was noted that there is an absence of training for the overarching process of issuing expiations. Whilst CSIs are well equipped with the functionality of the systems (such as Pinforce and IMaaS), there is an opportunity to train CSIs to ensure consistency in the expiation process, including uploading expiation reference numbers and/or expiation notices within Salesforce cases for completeness. CSI Training oversight and systems It is acknowledged that Management is currently considering conducting a training needs analysis (TNA) for the Community Safety Team. This will enable a robust training and awareness program and provide a solid foundation for CSIs to perform their day-to-day duties in a safe and efficient manner. • Currently, there is no integration between the Kineo Learning Management System, SkyTrust and the Human Resource (HR) system at the CoM which limits the oversight of employees training records and current practice relies on manual updates by people leaders and HR of training records within individual employee files.

• It was noted that there is a lack of a formal system led community safety training program. Currently, the Team Leader Community Safety is required to identify relevant trainings for CSI, which may lead to inconsistences and potential gaps in the skills development of CSIs. There is opportunity following the TNA to implement CSI training programs within system(s) to enable reminders, reporting and timely completion of required training.

Risk(s):

This presents risks to CoM including:

1. Community Safety employees (including CSIs, BSOs, CSOs) may not have sufficient technical support and training to adequately perform their duties in a safe, efficient and effective manner.

2. Absence of training on issuance of expiations may lead to a risk of inconsistencies in enforcement practices, legal compliance issues and potential misuse of authority and retention of key data and documentation.

3. Risk of skill gap and inconsistencies in training practices potentially causing varied skill development amongst CSIs. Absence of centralised induction program may result in missed opportunities for addressing evolving skill requirements across the team.

4. Lack of integration amongst systems may result in data silos, impending information flow and compromising organisation efficiency, incident response and overall employee management.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Following Management's selfidentified action to conduct a training need analysis, Management to ensure that a comprehensive CSI Induction and Refresher Training Program is established, monitored and reported to ensure timely completion of required training. Further, Management should regularly review and refresh the training program based on new and emerging risks and trends to enable continued development for all CSIs.	2.1	A comprehensive CSI induction and refresher training program will be developed and implemented, as per Action 1.2.	Moderate	01/07/2024		+100%	Completed	100%	A comprehensive induction and ongoing training program established, which includes the following training: • animal behaviour • aggressive customers • issuing expiations/notices • investigations • application of the CSI Framework • procedural/legislative updates • WHS matters • use of Salesforce, including categorisation of cases and when a case can be put "on hold" or closed • end-to-end customer request and case management process, including the application of the procedure per Action 1.1. The program is delivered through various mediums and reviewed on a regular basis. Where new and emerging risks and trends are identified, the program will be modified or enhanced to ensure continued relevance, and development for all CSI's. The program will be monitored within CoM's soon-to-be implemented Leaning Management System in 2025. Monthly meeting also scheduled with the Learning and Development Partner to monitor progress and effectiveness of the program.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Ensure that all 'Expired' and 'In-Progress' trainings are completed by CSI in a timely manner and training records are updated within individual employee files and training system(s) as required.	2.2	A review of training record has been undertaken to ensure that all 'Expired' and 'In-Progress' trainings are completed by CSIs in a timely manner and training records are updated within individual employee files and training system(s) as required.	Moderate	30/06/2024		+100%	Completed	100%	All expired trainings now complete and the system has been updated.
Management to review integration functionality between CoM systems (e.g. Kineo, Skytrust, HR, etc.) and consider in line with the organisational Digital Transformation strategy the appetite and cost/benefit analysis for system integration.	2.3	Management will review integration functionality between CoM systems (e.g. Kineo, Skytrust, HR, etc.) and consider in line with the organisational Digital Transformation strategy and the appetite and cost/benefit analysis for system integration.	Moderate	01/07/2024		+100%	Completed	100%	The requirement for a Human Resources Information System (HRIS) is a key matter being considered as part of the Digital Transformation. The ELMO Learning and Development system was reviewed by P&C team and was found to offer little benefit to CoM vs its current applications and was not considered sufficient. The requirements for an enterprise HRIS are currently being obtained from the P&C team and are near completion The expected timeframe for an enterprise HRIS to be undertaken at CoM is from July 2025.

3: Management of Work Health and Safety (WHS)

Findings & Impact Details	WHS management at the CoM plays a crucial role in ensuring the safety and wellbeing of the Community Safety (CS) Team. The WHS Business Partner oversees the implementation of safety programs and frameworks, collaborating with the broader CS team. The following opportunities were noted to improve WHS management practices relating to community safety. Body Cameras (Bodycams) • The current process of attending to customer complaints within the field requires Community Safety Inspectors (CSIs) to wear bodycams during site inspections and it is a

requirement to turn on the bodycams for any potential scenario of a risk to health and safety of the CSI or members of the community. Management advised that there is currently inconsistent use of the bodycams within the CS Team.

• CSIs are required to provide their bodycams to the Senior CSI at the end of every shift, who then manually uploads all data to the CoM SharePoint. The data is required to be reviewed and uploaded to each individual case within Salesforce. Management advised that there was a recent example (case #14901) where a complaint was received from a member of the community, however, the CoM was unable to view the bodycam footage to evidence and/or substantiate. This was due to the bodycam memory being full at the time of the incident due to the data not being uploaded and cleared in a timely manner.

Identification and management of psychosocial risks (human behaviour as a hazard)

• It is acknowledged that the WHS Business Partner is currently working on development of actions plans, with the Local Government Association (LGA) of South Australia, which is targeted to support the physical and psychological needs of workers and their families.

• There is currently an absence of comprehensive risk assessments, documented controls and risk treatment which poses a risk to the CS Team members health and safety. Further, it was noted that there has been a spike in incidents reported last calendar year, particularly in relation to aggressive behaviour from customers. There is opportunity to conduct formal risk assessments of both psychosocial hazards and risks as well as other key areas (e.g. wandering dogs, etc.) to ensure key controls are identified, documented and included in the CS training and awareness program.

Incident and Hazards Management

• Skytrust is used to report incidents across the CoM, including the CS Team. Internal Audit reviewed the data from all CS reported incidents from the last three years and identified that four (4) incidents remained open (see below). The incident close out process requires the people leader of the employee who reported the incident to review and formally close within Skytrust. Management has since investigated the four incidents below and acknowledged that it was an administrative oversight that they remained open and has confirmed they have now been closed.

SEE PDF FOR IMAGE

Risk(s):

This presents risks to the CoM including:

1. The absence of comprehensive Community Safety task specific documented WHS risk assessments, documented controls and risk treatment poses a threat to the CS Team's safety and wellbeing.

2. The absence of a comprehensive and timely psychosocial training and awareness program may impact the health and wellbeing of the CS Team.

3. Bodycams may not contain sufficient memory and battery to enable recording of all required day-to-day activities within the field in conformance with the Community Safety Framework.

4. Reported incidents are not monitored, managed, treated and closed to ensure appropriate risk treatment actions and training and awareness are delivered within a timely manner.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Review the functionality of the bodycams to ensure that they are fit for purpose for the CS Team. Additionally, training and awareness should be rolled out to ensure all CSIs understand the importance of turning on their bodycams in all required scenarios, as well as the cadence to bring into the office at the end of every shift for data upload and overnight charging, to ensure a consistent standard approach.	3.1	Management to review bodycam functionality and best use. This will include benchmarking against other councils/organisations and review of available market products. Bodycam training to be incorporated into the training and awareness program implemented as part of Action 1.2.	Moderate	01/06/2024		+100%	Completed	100%	The functionality of the current Wolfcom CSI body cameras has been assessed, while they have been deemed fit for purpose there is an opportunity to upgrade to some new technology which will automatically download the footage of the day once placed in a charging dock. Contact has been made with other Councils and the information provided shows there is a mixture of Wolfcom and Motorola body cameras being used. Training awareness for body camera operation has been in place for the last 4 years, this has been undertaken annually and all CSI's have attended. The training sessions with scenarios are already run by the Team Leader Community Safety and this covers operation, functionality, WHS and Skytrust reporting all with scenarios.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Continue to conduct a thorough assessment of psychosocial risks to identify specific risks and hazards to the CS Team's wellbeing and mental health. Further, a robust training and awareness program should be developed and implemented to ensure employees can adequately identify, report, treat and mitigate psychosoc	3.2	Community Safety Management Team to work with WH&S Business Partner (by way of set monthly meeting) to identify and manage specific risks and hazards to the CS Team's wellbeing and mental health. Training and awareness program on psychosocial hazards to be incorporated into the training and awareness program implemented as part of Action 1.2.	Moderate	01/05/2024		+100%	Completed	100%	Training on relevant psychosocial hazards (both induction and annual refresher training) has been incorporated into the CSI induction and training refresher program. Discussion/review of this training program is now a fixed agenda item at the monthly meeting between the CSI Team and WHS Business Partner.
Regularly monitor all open incidents to ensure that appropriate controls and actions are implemented, and incidents are closed within Skytrustwithin a timely manner.	3.3	A review of open/closed incidents within Sky trust to be integrated into team meetings as a fixed agenda item under 'WH&S matters.' This will be implemented across the entire Development and Regulatory Services Division.	Moderate	01/05/2024		+100%	Completed	100%	This is now a fixed agenda item at monthly team meetings and monthly leadership team meetings across the Development and Regulatory Services Division. This is also a fixed item considered at fortnightly one on one catch ups between the team leader and unit manager. Open incidents are reviewed and discussed at these meetings, and follow up actions set.

4: Large volume of open cases and enhancing governance, oversight and reporting practices

Findings & Impact Details	From the assessment of data from 21 December 2023, it was noted that there was a large number of open Community Safety (CS) cases. Management advised that there was a spike in CS cases in December, one (1) open Community Safety Inspector (CSI) FTE position and one (1) CSI on extended leave, which contributed to the volume of open cases during December. Internal Audit analysed the data and identifying the following: •280 open cases. •80 (29%) overdue* per the original SLA agreed timeframe. •25 (9%) remained overdue as at 29 January 2024.

*It is acknowledged that there are legitimate reasons for keeping a case open, for both risk management and to provide customers with a good customer service experience. Community Safety Inspectors (CSIs) are empowered to change the status of cases (e.g.to "On Hold") and override the due date within Salesforce, where there is a legitimate reason. Current practice before closing a CS case the CoM includes:

• Providing a customer with ample opportunity to remediate an issue before pursuing potential mediation or litigation. Management advised that the CoM only go to court as a last resort, due to compassionate, reputational or financial reasons.

• Changing the case status to "On Hold" where further time is required to substantiate whether the issue has been remediated. For example, a local nuisance

Days ageing analysis of overdue cases

• 3 cases greater than 200 days overdue (categories Local nuisance and Animal/Pests).

• 3 cases overdue between 100-200 days (categories Local nuisance and Animal/Pests).

• The 6 cases greater than 100 days have been investigated by Management and have been kept open to allow monitoring of the case to ensure all required actions have been completed before closing the case.

• As at 29 January 2024, CoM has closed 55 of the 80 overdue and continues to investigate and analyse the other 25 open cases.

Resourcing challenges

It is acknowledged that the CS Team has been under resourced (1-2 FTE) for most of the 2023 calendar year which has impacted the ability to action and close all cases in a timely manner. Management advised that the CS team will be fully resourced by March 2024, which should enable the team to continue to close out open cases in a manageable manner. Please note that the CS Team does currently use an external contractor (AIG) who are utilised on daily basis, including after hours and weekends, as required.

Governance, oversight and reporting practices

• The Team Leader Community Safety is responsible for managing the day-to-day operations of the CS Team. The role includes daily monitoring and allocation of cases and weekly toolbox meetings with CSIs.

• It is acknowledged that Management does periodically monitor CS Team metrics and performance via dashboard reporting, however, has acknowledged that there is opportunity to enhance dashboard reporting (e.g. overdue and near due cases against original SLA, cases "On Hold", case due date extended, cases by categories and ageing, etc.) for middle-management for more effective and efficient analysis to strengthen governance and enable informed and timely decision making.

• The CoM has developed SLA timeframes for multiple categories and subcategories of community safety cases. It is noted once cases are entered into Salesforce, the due dates are automatically calculated based on the SLAs. Whilst Management advised that the due dates are automatically calculated by Salesforce, these dates are editable and can by modified by the Community Safety Team as required.

Risks

1. Community Safety case due dates may be manually extended by a CSI without any legitimate reason, resulting in failure to close CS cases within agreed original SLA timeframes which may result in loss of customer confidence and reputational damage to the CoM.

2. Increase in caseload may negatively impact the mental health and wellbeing of CSIs.

3. Increase in use of external contractor results in financial impact and potential loss of knowledge.

4. Lack of robust and timely review of dashboard reporting may result in lack of informed and timely decision making.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Management to develop and implement a quality assurance (QA) program to periodically review a sample of cases for each CSI to ensure conformance with the CS framework, including scenarios of changing case status to "On Hold" and extending due dates. The QA program can be targeted and weighted to new and less experienced CSIs, in addition to past performance.	4.1	Management will develop and implement a quality assurance (QA) program to periodically review a sample of cases for each CSI to ensure conformance with the CS framework, including scenarios of changing case status to "On Hold" and extending due dates.	Moderate	01/06/2024		+100%	Completed	100%	This is reviewed monthly by way of a set monthly 'case sample review meeting' between the team leader and senior CSI. Where need for improvement is identified, feedback/training is provided to relevant staff and/or the team. Discussion on the progress/outcome of the program is also a fixed agenda item at team leader/unit manager fortnightly one on one catch ups.
Enhance dashboard reporting for middle Management (e.g. Manager Development and Regulatory Services, Unit Manager Regulatory Services, Team Leader Community Safety) to ensure appropriate monitoring of CS metrics and KPIs, prioritisation of cases and performance management for timely decision making.	4.2	Enhanced Salesforce dashboard reporting, including a live Salesforce reporting tool, to be developed for middle Management to monitor CSI team metrics and performance, to inform timely decision making.	Moderate	01/06/2024		+100%	Completed	100%	Enhanced dashboards have been created for all levels of middle management. The dashboards include a live salesforce reporting tool, and statistics for the current and past financial years. These have been implemented and are reviewed daily.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Develop and implement a targeted training and awareness session to guide CSIs on the process for when a case can be put "On Hold" and scenarios a case may be closed.	4.3	To be incorporated into the comprehensive CSI induction and refresher training and awareness program implemented as part of Action 1.2.	Moderate	01/06/2024		+100%	Completed	100%	Training on the process for when a case can be put "On Hold" (both induction training, and annual refresher training) has been incorporated into the CSI induction and training refresher program. In addition, relevant CSI procedures specifying use of Salesforce have been updated to clearly state what case status should be used at relevant steps within the process.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Consider developing a sub-category within Salesforce for those cases left open for an extended period for legitimate reasons. The Team Leader Community Safety should approve all cases selected within this sub-category. Further, Management to consider whether these cases can be excluded from reporting of overdue cases.	4.4	Develop a sub-category within Salesforce for those cases left open for an extended period for legitimate reasons. In addition, a process to be developed for the Team Leader Community Safety to approve all cases selected within this sub-category. Further, Management to consider whether these cases can be excluded from reporting of overdue cases.	Moderate	01/06/2024		+100%	Completed	0%	This has been investigated and it was resolved to create a new case status for cases that may be put on hold for extended periods. This approach allows the case to remain within its appropriate category (minimising potential for confusion). A new case status has been created for cases needing to be left open for extended periods. This will also result will in such cases excluded from being reported as overdue. A process has also been put in place requiring Team Leader approval to be able to change the cases to the new status. The new status is also monitored on the new Salesforce dashboard set up as part of Action 4.2.

5: Procedural documentation not current and accurate

Findings & Impact Details	It is acknowledged that the Community Safety Team framework includes the Enforcement Policy and multiple process maps and procedures to support and guide CSIs to perform their day-to-day activities in a standardised manner. However, upon review of the documentation, Internal Audit noted the following: Outdated references within the procedural documents Currently, there are multiple procedure documents which are overdue for review to ensure they contain accurate and current information. For example, the following procedures include reference to 'Authority' which Management advised was the previous case management system (before Salesforce) at the CoM. These documents are: • Dog and Cat Management. • Issuing Expiations -Fire, By-law, Nuisance & Litter, Local Government. • Local nuisance (e.g. management of complaints relating to issues with Noise and Dust). • Deal with Burning in the open, smoke and solid fuel heaters. Additionally, the documented process to issue expiations references the use of 'Pink Expiation Books' by the CSIs as part of the expiation process. Management advised that the 'Pink Expiation Books' manual process is no longer part of the expiation process, and current practice is for the CSIs to use Infringement Management as a Service (IMaaS)and Pin Force Mobile systems to issue notices, fines and expiations (implemented in early 2023).

Absence of documented procedure to manage anonymous complaints
• Sample testing identified that case #98335 was closed without the standard retention of (barking dog) data and documentation within Salesforce, which involved an anonymous complaint regarding a barking dog incident.
• Management advised procedures do not currently contain guidance on how to manage anonymous complaints.
Risk(s):
This presents risks to the CoM including:
1. Outdated procedures may result in inconsistent practice of managing community safety cases, which could potentially lead to error, delays or resource wastage.
2. Retention of required data and documentation may not be adequate to conform with legislative and the CoM requirements.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Management to review and update the procedural documents identified by Internal Audit, to ensure that they accurately reflect current practice, the operational environment and key systems.	5.1	Management will undertake a review and update of the Community Safety Framework, including: (a)All documents identified by Internal Audit to ensure they accurately reflect current practice. (b)All CSI policies and procedures to ensure that they reflect current practice, operational environment and reference current systems and tools. (c)Develop and document clear steps within relevant procedures regarding managing anonymous complaints.	Low	01/07/2024		+100%	Completed	100%	All relevant processes have been reviewed and updated through Process maps. The CoM are moving to a new process system called Viso in the near future, during the move from Process maps to Viso review dates will be implemented to ensure all processes remain current.
Ensure that all policies and procedures within the Community Safety Framework are reviewed and updated on a periodic basis as well as following any material change to current practice.	5.2	Management will ensure that policies and procedures within the Community Safety Framework are reviewed and updated on a periodic basis, in addition to following any material change to current practice.	Low	01/07/2024		+100%	Completed	100%	New review dates have been set. Review dates to be staggered to ensure it is more manageable to review, Once we move to Visio (out of promapp) this will be updated again.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Develop and document clear steps within relevant procedures regarding managing anonymous complaints, to ensure that current practice and documentation retention requirements are defined and adhered to for all anonymous cases, promoting transparency and accountability in the resolution process.	5.3	To be incorporated into the review and update of the Community Safety Framework to be implemented as per Action 5.1.	Low	01/07/2024		+100%	Completed	100%	A new process has been implemented to manage anonymous complaints, due to the variety of CSI work there are differing outcomes for anonymous complaints depending on the matter that is being handled.

6: Retention of case data and documentation.

Findings & Impact Details	Whist Salesforce is utilised as a case management system to record customer event by both Business Support Officers (BSOs) from the Community Safety (CS) Team and the Customer Service Team at the CoM, Internal Audit noted inconsistent practice with the retention of required data and documentation. Sample testing identified that 2 (20%) out of 10 community safety cases within Salesforce, there was missing documentation not in conformance with the CoM CS Framework to substantiate and evidence completed CS cases. It was noted that missing evidence included the following - SEE PDF FOR IMAGE

Expiation data and documentation in Salesforce

It was identified that for case #96048 and #64022, the expiation notices and expiation reference number were not documented and retained within Salesforce. It is acknowledged that the data and documentation is retained within Pinforce and IMaaSsystems, however Management advised that it is manual search process to obtain the required evidence. Better practice is that all data and documentation is uploaded into each relevant case within Salesforce.

Risk(s):

This presents risks to the CoM including:

1. Insufficient retention of supporting documentation to substantiate the conclusions and actions of the CS Team may result in reputational and financial damage resulting from a loss in court case.

2. Inconsistent practice with retention of data and documentation may be non-compliant with legislative and CoM requirements.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
In addition to Recommendation 1 in Finding 2, develop and implement a training and awareness program of the Community Safety Framework to CSIs to enable consistent application of the framework, including required retention of critical supporting documentation and data.	6.1	To be incorporated into the comprehensive CSI induction and training refresher program implemented as part of Actions 1.2 and2.1.	Low	01/07/2024		+100%	Completed	100%	Training on applying the Community Safety Framework (both induction and ongoing refresher training) has been incorporated into the CSI induction and training refresher program. In addition, a fixed agenda item has been added to monthly CSI team meetings to discuss updates or impacts on relevant documents/processes within the Framework.
In addition to Recommendation 1 in Finding 4, Management to develop and implement a quality assurance (QA) program to periodically review a sample of closed cases for each CSI to ensure conformance with the framework including adequation retention of data and supporting documentation. The QA program can be targeted and weighted to new and less experienced CSIs, in addition to past performance.	6.2	To be incorporated into the Quality Assurance Program implemented as part of Action 4.1	Low	01/07/2024		+100%	Completed	100%	This has been incorporated in a monthly review, all CSI's have a meeting with the Team Leader or Senior CSI where current and closed cases are reviewed to ensure that processes and policies are being adhered to.
Where expiations are issued, the relevant expiation numbers should be documented in the relevant field within the Salesforce case. Further, Management to consider whether expiation notices should also be uploaded into Salesforce for completeness.	6.3	To be incorporated into the review and update of the Community Safety Framework to be implemented as per Action 5.1 and implemented in practice to adequately retain expiation supporting documentation.	Low	01/07/2024		+100%	Completed	100%	All processes have been updated to reflect that cross referencing, expiations cannot be uploaded into Salesforce as they are processed through a separate system called IMaaS but all expiation numbers and Salesforce numbers are cross referenced for easy identification.

Cyber Security

1: Presence of shadow IT

Findings & Impact Details	Background/context:
	Shadow IT is any software, hardware or IT resource used on an enterprise network without the IT department's approval and often without IT's knowledge or oversite.
	It includes:
	▪ Hardware: servers, PCs, laptops, tablets and smartphones.
	▪ Off the shelf packaged software.
	▪ Cloud servces: including software as a service (SaaS), infrastructure as a service (IaaS), and platform as a service (PaaS).
	Finding:
	There exists a number of shadow IT in the operating environment of the CoM. These applications/tools/platforms have not been approved by CoM's IT team and do not align with the CoM's security baseline requirements.
	Specifically, "Monday.com" a productivity tool was noted as being used by a group of employees in the CoM. This SaaS application is not authorised by the IT Department and has not undergone the mandatory security assessment by IT.
	Upon further confirmation:
	▪It was communicated to IA that Monday.com does not store any personally identifiable information (PII) data howver, an assurance acitivity to confirm the same has not been performed.
	▪Monday.com is not integrated with federated identity sources at the CoM. It has been its own user login ID, password and does not have multifactor authentication controls.
	Risk(s):
	▪ Security risks: Shadow IT systems are often not subject tot he same security controls and standards as approved IT systems, which can make them more vulnerable to security threats such as hacking, malware and data breaches. This can lead to unathorised access to sensitive information, theft of intellectual property and other security incidents.
	▪Compliance risks: Shadow IT systems may not comply with the organisations legal or regulatory requirements, which can lead to compliance violations and legal or financial penalties.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Identify unapproved SaaS applications by leveraging firewall and web-proxy logs.	1.1	The CoM accepts these recommendations, and will partnet 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		+5%	Progressing	5%	Software assets are continually being reviewed, the hardware asset management audit is refining what software can be eliminated and which requires further review. The Architecture Review Board are additionally working on where they sit in the application management process such that we can continue to operationalise the improvements.
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 partnet 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		No Change	Not Started	0%	Action is dependant on item 1.1 (identify applications).
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 Analysists, and Data Managers	Moderate	31/12/2026		No Change	Not Started	0%	Action is dependent on item 1.1 (software audit), and additionally works with ARB to manage and refine the processes for determining ownership and reduction of shadow IT.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
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	31/12/2024	+50%	Progressing	50%	Staff have been advised of processes for managing new systems. Architecture Review Board has identified that this is not yet embedded into culture, and SLT are being engaged to boost visibility.

2: Lack of documented operating procedures to manage cybersecurity processess.

Findings & Impact Details	Background/context: Documenting the policies, standard operating procedures, and plans is considered to be the essential component of first line of defence. Finding: In relation to the CoM's Cybersecurity Operating Manual v1.2 dated 31.10.2020 and Cybersecurity Assurance Framework V1.1 dated 3.10.2019, the following issues were highlighted as a result of our review: ▪ The documents do not provide step-by-step procedures which are required to produce repeatable outcomes for key cybersecurity processes. ▪ Regular views of the documents are not being performed, which is required to match the changing technology, process and threat landscape. ▪ Improvements to the documentation management of these documents is also recommend. This will not only help in effective knowledge management, it will also help to strengthen the assurance measures and can provide an anchor point for reviews. IA notes that the documentation was undergoing a review at that time of the audit. Risk(s): Loss of institutional knowledge: Employees often possess knowledge about the organisation's culture, history and practices that cannot be easily replaced. When they leave, this institutional can be lost, leading to a gap in understanding and decision-making. Thus having documented procedures, guidelines and process is key to preserve institutional knowledge. Lack of accountability: Approved documents play an important role in underpinning clear roles and responsibilities for each business function and positions.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
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			Completed	100%	In depth content review of the Cyber seecurity operating manual is showing a significant gap between the Australian Cyber Security Centre Information Security Manual and the state of the CoM's cybersecurity manual.
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	31/12/2024	No Change	Behind Schedule	50%	Item held - document creation as part of the Architecture Review Board / ePMO integration is ongoing.
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		+100%	Completed	100%	Document map created in partnership with SLT, linking to the Information Security Manual. Map includes checklists for onboarding and offboarding of assets. Item relies on ISM finalisation, but is complete.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
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	31/12/2024	No Change	Behind Schedule	0%	Action held (behind schedule): Document map created, review of documents and templates relies on Information Security Manual.

J1: Weakness in data leakage prevention measures

Findings & Impact Details

Background Context: Data leakage refers to the authorised transfer of data from within an organisation to an unintended, external recipient. Data loss/leakage prevention (DLP) tools and systems work based on a set policy. If a policy is violated, a prevention measure is triggered in the form of notification to the security team and to an extend, the blocking of information transfer.

Currently, out of the box Microsoft DLP at both Councils only protects the information/data (email & documents) that are specifically marked as officially sensitive or above. However, information classification for documents stored on SharePoint and email is not current performed voluntarily.

Finding: Data leak/loss prevention rules have been configured to identify ad block unauthorised or malicious transmission of regulated or sensitive data, however it was noted that these measure can be bypassed by users if they accidentally or intentionally don't apply security labels/classifications to emails and or documents.

Risk(s): Malicious Electronic Data Leaks: These types of cyberattacks, include tactics such as phising and spoofing which trick users into clicking malicious links or attachments and can trick users into sending sensitive information. An appropriately set DLP system with up to-date classification of information prevents this type of attacks.

Loss of community trust: data breaches and other security incidents can damage Councils reputation and erode community trust. A DLP system can help protect sensitive customer data, which can help maintain community trust and loyalty.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	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 encompassess the data classification, inventory, and assessment of data assets. Information on the new Framework will be communicated to relevant staff.	Moderate	01/09/2023			Completed	100%	this work is now being embedded as part of business practices. Continue to educate staff as the organisation matures. This can be closed out

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
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 unlablled data reivewed and explored within 12 months.	Moderate	01/06/2024		+100%	Completed	100%	DLP tools and data labelling have been tested and verified, and simple labels deployed for staff to use. Unlabelled data reviewed and explored as part of testing and verification. Item is closed, records and data teams are reviewing what labels and sensitivities are appropriate for full automated leakage prevention.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Explore data leakage prevention toopls 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 unlablled data reivewed and explored within 12 months.	Moderate	01/06/2024	**Pending Data Governance Audit**	+75%	Progressing	75%	DLP through the Microsoft implementation is understood and was managed during Proof of Concept. Full implementation relies on the labelling information alongside the Data Governance Framework; Both to Educate employees about the importance of marking appropriate data classification as an interim measure, and conducting an inventory and assessment of all types of data assets to establish the scope of prevention measures. The DLP rules will then be adjusted and created as per the standards defined in the framework and managed through the appropriate tooling.

J2: Lack of controls to validate the integrity of software patches

Findings & Impact Details	Background Context: The CCS and the CoM both have defined patch management processes. The primary goal for implementing a security control in an organisation can be preventative, detective, corrective, compensatory, or function as a deterrent. Both Councils have detective controls as a key component of their respective cybersecurity programs in providing visibility into malicious activity, breaches, and attacks on the Councils IT environments. These controls include logging of events and the associated monitoring and alerting that facilitate effective IT management. Finding: A lack of detective controls, specifically related to the validation of integrity checks for patches was identified from our review. This applies to applications and operating systems that have an auto-update feature enabled. Currently, the Councils do not monitor the integrity of automated changes made in the environment, eg. automatic application of operating system patches. The configuration of a system and its components has a direct impact on the security posture of the system and organisation. How the configurations are established and maintained requires a disciplined approach to provide adequate security. Risk(s): ▪ Lack of patch integrity validation can adversely impact the previously established security posture and vetted security baselines.

▪ Unvalidated patches could contain malware or other malicious code that could infect the system and steal sensitive data or cause other types of damage. This also indicates towards the supply chain risk.

In summary, failing to validate the integrity of software patches can result in a wide range of security and operational risks, including data breaches, system crashes, downtime, and compliance issues.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
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		No Change	Progressing	50%	Standard is written into the Information Security Manual > System Patching in draft form, noting that untrusted third parties are not to be used. Engaging third party for additional verification of GRC coverage of this item as part of the broader ISM works.
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		No Change	Progressing	25%	Trusted sources are codified into the standard operating environment entries and documentation for asset classes. 1/4 of the primary asset classes have been documented. Asset class 2 is undergoing documentation. No change this quarter, pending final documentation.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Embed validation of integrity using digital signatures or similar mechanisms in BAU patching process to verify the softare 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		No Change	Not Started	0%	As outlined in the IS plan there are two components to this, analysis and implementation of the detective change project - with the analysis performed as part of the IS strategic plan which outline it's completion by end of 2025, and the multi-project schedule and resourcing plans from this strategic plan, this item is expected to run a year later than projected. Efforts are being made to bring this forward as other projects complete.

J3: Weakness in effective ICT asset management

Findings & Impact Details	Background Context: The CCS and CoM both utilise the Freshservice ITAM module as their ICT asset management solution. Having a robust IT Asset Management (ITAM) system is important for cybersecurity as it helps organisations to maintain an accurate inventory of their IT assets. Finding: Gaps were identified in the management of ICT assets configuration management database (CMDB), including for the following areas: Lack of Standardisation: The way assets are recording in the CMDB is inconsistent. As a result, there is poor quality data and inaccuracies in the total number of assets in the system and environment. Poor Data Quality: Information in the CMDB is inaccurate or outdated. The ITAM module of Freshservice is not being utilised to its full potential leading to poor data quality in the system. Upon further discussion, it was noted that the single source of truth for security purposes is the data contained endpoint manager (Microsoft Intune), leaving the security impact as low, however poor data quality in Freshservice tool can lead to wasted financial resources. Risk(s): The risks of not managing asset inventory appropriately in an organisation's IT infrastructure are significant and can have serious consequences. Some of the risks associated with poor asset inventory management include: ▪ Wasted Resources: Inaccurate inventory of its IT assets, can resullt in wasted resources. This can include purchasing unnecessary hardware or software licenses, or maintaining outdated or unused devices and software. ▪ Poor Decision-Making: Poor asset inventory management can lead to poor decision-making. Without an accurate and up-to-date inventory or IT assets, it can be difficult to make informed decisions about resource allocation, upgrades and other IT initiatives.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Collectively develop working guidelines to utlise 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			Completed	100%	IT Asset Management (ITAM) plan and procedures completed and ratified. Future efficiencies to be caputured and actioned as part of future asset stocktakes and continous improvement processes
Review and update end of life/suppport (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	31/08/2024	No Change	Behind Schedule	75%	Configuration Management Database (CMDB) review delayed pending one team from City Services. Final EOL/S information updated once CMDB complete.
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.		30/06/2025		+50%	Progressing	50%	Dedicated stocktake is pending only one team in City Services. Enrolled endpoints in Microsoft Intune are now automatically synchronised with Freshservice.\n\nFinal stocktake item leads directly into a final comparative report of assets for completion of remediation.

Cyber Security 2019

4: Business Continuity Management

Findings & Impact Details	Our previous report from 2017, recognised the following key strengths relating to Business Continuity:
	1. A secondary data centre exists at the City Services Depot on Marion Road, which acts as the recovery site in the event that the primary site at the Admin Centre is unavailable and services are required to be restored. Data is replicated across sites providing redundancy of both server and network infrastructure.

Our previous report from 2017, recognised the following key strengths relating to Business Continuity:

1. A secondary data centre exists at the City Services Depot on Marion Road, which acts as the recovery site in the event that the primary site at the Admin Centre is unavailable and services are required to be restored. Data is replicated across sites providing redundancy of both server and network infrastructure.

2. An IT Security Response Plan (SRP) has been developed to define processes to recover key production systems to the secondary site in the event of a disaster or disruption.

3. A Business Continuity Framework and associated Business Continuity Plan (BCP) have been developed to ensure that key services, including time critical activities and the supporting resources, are able to be restored in the event of a business disruption. Functions across the CoM have been defined as critical and non-critical, and all critical functions have developed an associated SRP.

This year, in addition to the above, the following was also identified.

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

• Formalises the CoM's commitment to business continuity management and establish responsibilities for the application of business continuity management within Council operations.

• Provides details of the core responsibilities during a business continuity event and the governance details (training, integration, etc.) to support going maintenance of the business continuity information.

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

3. A Technical Impact Assessment has been documented, which informs the ICT Site Recovery Plan.

4. The CoM conducted a Cyber Security BCP exercise in 2018 with senior leadership.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
1.Ensure that defined recovery objectives have been communicated and validated with IT to ensure that these are achievable.	4.1	1.Review validity of departmental recoveryobjectivesand in conjunction with Risk Department run BCP workshops where recovery objectives are unrealistic or unachievable.	Low	30/06/2020		+100%	Completed	100%	The BCP IT dependencies have been reviewed and updated with realistic recovery objective timeframes and distributed across CoM. Information & workshops has been shared with department leads in conjunction with the Risk team have been run to update the recovery timeframes and business continuity plans.

Stakeholder Management Review

1: There is no formal guidance across the CoM to govern stakeholder management

Findings & Impact Details	Formal guidance is not in place which holistically governs stakeholder management across the CoM. Following the FY20-21 Assurance Mapping Internal Audit, the CoM has undertaken the following initiatives to address gaps in current stakeholder management processes and to align with better practice: • Commenced developing a stakeholder relationship map, which aims to document the key stakeholders of the organisation per each Business Unit. • Initial consideration has been given to further integrate a central system to support stakeholder engagement, as part of the CoM's digital transformation utilising the new CRM system, Salesforce. While these initiatives will provide greater rigour to the process, gaps identified in the CoM's current stakeholder management included: • Formal guidance is not in place which sets out the management of stakeholders across the organisation, including how to appropriately communicate with stakeholders and how to build and maintain relationships. There is some guidance within specific frameworks, such as the Project Management Framework (see Finding 3), however further formalised guidance should be developed and accessible for stakeholder-facing staff to embed better processes. • Roles and responsibilities of staff for engaging with stakeholders have not been clearly defined. This includes the groups of stakeholders staff are responsible for building relationships with, and when/how it is appropriate to address high-level stakeholders, such as Members of Parliament. Documented guidance and training (see Finding 2) will also assist with this process. • As the stakeholder relationship map is not yet complete, information on key relationships is not readily available or easily exchangeable. •Incidents of process breakdown were identified, in which all stakeholders were not adequately consulted prior to a rose garden on Council land being relocated. This resulted in a negative outcome for the CoMand its residents.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Due to the diverse nature of the CoM'sstakeholders, 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	31/12/2022		+100%	Completed	100%	the policy and procedure was adopted by ELT in April 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		+100%	Completed	100%	training delivered to the Senior Leadership Team and ongoing training has been developed.

2: No formalised onboarding or training provided for stakeholder management

Findings & Impact Details	Currently, onboarding and training is not provided to staff in relation to good stakeholder management. Whilst it is noted that Management and the Senior Leadership Team (SLT) within the CoM have a strong understanding of good stakeholder management practices, robust onboarding and training is a key process to ensure a stakeholder-

centric mindset and culture is embedded within the organisation.
Specifically it was noted:
• No onboarding is provided to new-starters on the CoM's stakeholder management process. The CoM has a large and diverse range of stakeholders, therefore it is important to provide new staff with training and development.
• Currently there is a lack of formal training provided for staff that interact with stakeholders, regarding effective processes for stakeholder management. Better practice would include council-specific content including both positive and negative examples and case studies of stakeholder management.
Whilst formalised guidance is essential (See Finding 1), it is necessary for CoM staff to also be aware of situations that require good stakeholder management. Best practice suggests that embedding a stakeholder-centric culture within the organisation is an important step to ensure that staff are aware of these situations.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
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 progressedbut also requires recommendation 1 to be fully implemented first. This will also be completed in partnership with People and Culture.	Low	31/03/2023		+100%	Completed	100%	Learning and Development have been provided with key messaging around the Stakeholder Policy and Procedure and will incorporate this as part of the onboarding process for new staff.
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 progressedbut also requires recommendation 1 to be fully implemented first. This will also be completed in partnership with People and Culture.	Low	31/03/2023		+100%	Completed	100%	It was agreed that this would be provided to the Senior Leadership group and that Managers would then disseminate information down to their teams.
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 progressedbut also requires recommendation 1 to be fully implemented first. This will also be completed in partnership with People and Culture.	Low	31/03/2023		+100%	Completed	100%	A report and presentation went to the Senior Leadership and Executive Leadership Team that outlined key communications for staff. The Strategy and Risk team are also available to support teams who need assistance.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
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 progressedbut also requires recommendation 1 to be fully implemented first. This will also be completed in partnership with People and Culture.	Low	31/03/2023		+100%	Completed	100%	It was agreed that SLT would drive this culture within their teams.

3: Lack of sufficient detail in stakeholder engagement plans within reports

Findings & Impact Details	The Stakeholder Engagement Plan (SEP) section of the CoM project management plans contains insufficient detail to effectively assist stakeholder management. Currently, SEPs included in the CoM project management plans outline the relevant project stakeholders. One document reviewed contained sufficient detail included in the 'Communication and Engagement Plan' project document, however better practice would see the SEP utilised consistently, and further detail provided. Specifically it was noted: • SEPs are not consistently developed for all CoM projects. It was noted that some CoM project plans did not contain an SEP. To ensure appropriate stakeholder management is performed, an SEP should be undertaken for all externally facing CoM projects, so it can be utilised by staff as guidance for engaging with all required stakeholders. • SEPs often lack detail, with some SEPs containing minimal information relating to stakeholder management, such as the key internal relationship and brief description on frequency of engagement. Further detail is required to ensure all stakeholders are consulted, kept up-to-date and the relationships are managed appropriately. • SEPs do not identify the stakeholders' stances on the proposed projects. This level of detail is important to ensure that relationships are maintained and associated risks mitigated. • SEPs are not project-specific. SEPs follow the same format for each project, however projects will require different levels of detail depending on the size and importance of the stakeholders. • SEPs do not identify how much information is required to be distributed to each stakeholder. Specific stakeholders may require greater levels of awareness of project updates, which should be covered within the relevant project communication/engagement plan. • Stakeholders listed are not prioritised based on importance or relevance. It is not outlined in the SEP as to which stakeholders are of higher importance, therefore requiring further specific engagement and communication processes.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
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		+100%	Completed	100%	Stakeholder engagement plans are included as part of the Project management framework

PIO1: Opportunity for integration of a centralised system to support development of relationships with stakeholders

Findings & Impact Details	There is an opportunity to integrate a centralised system or register within the CoM, that can assist with developing and supporting relationships with key stakeholders.
	As per the previous findings, better stakeholder management can be embedded within the CoM culture through provision of guidance, training and engagement plans to staff.
	However, better practice would see the relationships recorded within a centralised system, in order to:
	• Ensure key stakeholder relationships are maintained, and overlap between business units is identified.
	• Allow leadership staff to evaluate the current stakeholder landscape at any point in time, and help verify that key stakeholders are being recorded and managed appropriately.
	• Assist with future implementation of a digital system for management of stakeholders. It was noted that the current Sales Force implementation has potential for a future phase related to monitoring stakeholders. The transition to such a system would be greatly assisted by a previously developed stakeholder register.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
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 opportunitiesto use SalesForceas 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		+50%	Progressing	50%	An upgrade to our CRM Salesforce system is occurring 11-25 July 2024. This upgrade is expected to deliver the needs to move the Stakeholder register into this format, so it is more accessible and communications with some stakeholders can be stored for future enquiry.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
In the interim, the top 20 key stakeholders could be identified across the CoM, including information such as: •Internal relationship owner •Stakeholder's strategic alignment•Strength of relationship	PIO1.3	Further work needs to progress regarding the opportunitiesto use SalesForceas 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			Completed	100%	This work was completed by ELT in August 2023.

Volunteer Management

1: Gaps identified in the retention of volunteer records

Findings & Impact Details	Finding(s)
	Gaps were identified in the Council's risk assessment process for sole sourced procurements and procurement reporting.
	Per the Procurement Procedure (Section 7.1.3) for the CCS and the CoM, the responsible procurement officer is required to perform a tender Project Risk Assessment prior to approaching the market through an open or select tender, to identify risks which may have an impact on a project achieving its objectives. It was noted there is currently no procurement risk profiling tool, to support an effective and consistent application to categorising procurements based on risk and value per the Procurement Procedure.
	Project Risk Assessments:
	Project Risk Assessments (for procurements greater than $50,000) are currently completed as a component of completing the Tender Initiation Form (TIF). In alignment with the Procurement Procedure (Section 7.1.3), Project Risk Assessments were confirmed as completed for all sampled open tender procurements.
	Guidance is not in place, however, within the Council's Procurement Procedure which details the need for a Project Risk Assessment to be performed if the market approach is not an open or select tender, including for sole sourced and direct quotation.
	Refer to CoM - Finding 2 for additional information in relation to the lack of guidance for project risk profiling when sole sourcing procurements.
	Executive Leadership Team (ELT) Oversight and Reporting:
	City of Marion (CoM)
	It is acknowledged the following reporting activities are currently performed across the CoM's tendering activities:
	•Monitoring of any delays in procurements through the Procurement Cycle Times Master spreadsheet.
	•Value delivery from the Strategic Procurement Team to the Council and community though the Strategic Procurement Achievements Register spreadsheet.
	•High-level Tender Assessment Reports are distributed to the Tender Board, to inform and seek approval for a recommended supplier from the open tender process.
	There is an opportunity for the CoM to provide further oversight of procurement activities to the ELT through regular reporting of key tendering data, including the total number of procurements by sourcing type, dollar spend per supplier and the number of successful contracts awarded by supplier. It is acknowledged the data to inform this type of report is available via SharePoint, however not currently being utilised to this extent.
	Risks:
	Gaps in the procurement risk assessment and reporting processes may lead to a risk of:
	1.Inconsistency in tender Project Risk Assessments, with the potential to result in poorly informed approaches to the market for purchasing activities with varying risk profiles.
	2.Inadequate reporting, resulting in limited Executive oversight to help facilitate discussion on procurement strategies and trends.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	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	31/12/2024	+75%	Progressing	75%	The Volunteer Management handbook is not widely utilised by Volunteer Managers due to being lengthy and difficult to follow. This Handbook is currently being divided into easy to follow guides for each step of the volunteer lifecycle. This will include clear expectations on records management. Volunteer Managers received training in September 2023 regarding their role, and the importance, and requirements of volunteer record management. Record management will again be included in the Volunteer Manager's workshop in August 2024. Records Management guide will be completed by the due date. Volunteer Handbook and policies are currently under review.

PIO2: Misalignment between the Volunteer Strategy and the Volunteer Policy and Procedures (the Framework)

Findings & Impact Details	Misalignment has been identified between the Volunteer Strategy and the Volunteer Policy and Procedures (the Framework). The Volunteer Strategy was approved in January 2022 which identified key objectives and metrics for the CoM. Examples of these objectives include a focus on diversity, the quarterly audit of Better Impact data, the utilisation of SkillMatch and an emphasis on recognition and rewards. There is opportunity to ensure the Strategy's overall objectives are being addressed within the Volunteer Framework. An example of this could be • Including Better Impact quarterly reviews as part of the Volunteer Coordinators roles and responsibilities. An alignment between the overarching strategy and the policies and procedures is essential as it ensures that CoM is addressing and identifying all appropriate risks and objectives that surround the volunteer management process.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
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	31/12/2024	+80%	Progressing	80%	The 2021-2024 CoM Volunteer Strategy is currently under review and a new three year Volunteer Program Strategy is being developed aligned to the refreshed National Standards for Volunteer Involvement and the National Volunteer Strategy. During the development of the Strategy, the volunteer policies and procedures will be reviewed to ensure alignment.

PIO3: Consider the volunteer voice in the design of future programs

Findings & Impact Details	There is an opportunity for the CoM to further include the community in the design and implementation of future volunteer programs. The CoM has recently updated its volunteer programs to include SkillMatch, a program that was created to better adapt to the changing needs of volunteers by matching volunteers to their skillset as much as is practical. Further collaboration with the CoM's volunteers during the design of volunteering programs will only increase the CoM's adaptability to the ever-changing volunteering landscape. Refer to Appendix 1 for further details

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
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	31/12/2024	+50%	Progressing	50%	Co-design principles will be included in the new three year Volunteer Strategy currently under development.

7.3 External Audit 2023-2024 - Interim Management Report

Report Reference	FRAC240813R7.3
Originating Officer	Unit Manager Statutory Finance – Melissa Virgin
Corporate Manager	Chief Financial Officer - Ray Barnwell
General Manager	General Manager Corporate Services - Tony Lines

REPORT OBJECTIVE

The objective of this report is to provide the Finance Risk and Audit Committee with the External Audit 2023-2024 – Interim Report.

EXECUTIVE SUMMARY

Our external auditors Galpins have completed their interim external audit for year ending 30 June 2024. (**Attachment 1**).

Overall, our 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 (95 out of 100 core controls reviewed), an improvement from 91 out of 100 in 2022-2023.

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 processes.

The key findings and management responses to those findings are outlined in the interim external audit report provided as per Attachment 1. Proposed target dates to ensure recommendations are tracked and completed have also been included in management responses. The results are pleasing with improvement on the prior year, noting the continued progression in system development following the implementation of the new Financial System and Asset Management Information System.

RECOMMENDATION

That the Finance, Risk and Audit Committee:

1. **Receives and notes the Interim External Audit Report for 2023-2024.**

DISCUSSION

Council's legislative requirements for external audit and financial reporting are stipulated under the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*. In addition to Council's external auditors providing an opinion on the financial statements, section 129 of the Local Government Act 1999 requires our auditors to provide an opinion regarding the effectiveness of the internal financial controls of councils.

The City of Marion's external auditors, Galpins have completed their interim external audit for year ending 30 June 2024.

The interim audit overall found that Council demonstrated a high level of compliance with the

implementation of an internal control framework and that the majority of key internal controls reviewed were in place and were operating effectively (95 out of 100 core controls reviewed).

The report noted 5 findings, none of which were rated high with 3 findings with a moderate risk rating and 2 rated low risk.

The key findings in addition to management's response to those findings are detailed in the interim report on the 2023-2024 external audit highlighting the actions underway to address findings outlined in the report.

ATTACHMENTS

1.   City of Marion - Interim Management Report 2024 [**7.3.1** - 32 pages]

Galpins
Accountants, Auditors & Business Consultants

Financial Controls Review

City of Marion

2023/24 Interim Management Letter

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Galpins

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1. EXECUTIVE SUMMARY

1.1 Background

During our interim audit we perform procedures to gain an understanding of the internal controls in place relevant to the financial statements and perform tests of design and effectiveness for these controls. Based on the results of the control testing, we then assess the audit risks to define the extent and nature of our substantive procedures (e.g. inspection of documents, recalculation, reconciliation, etc) for our final visit.

In addition to an opinion on the financial statements, section 129 of the Local Government Act 1999 requires auditors to provide an opinion regarding internal controls of councils. This opinion focuses on Council's obligations under s125 of the Local Government Act 1999:

> *"A council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the council's assets, and to secure (as far as possible) the accuracy and reliability of council records."*

The audit 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.

In order to assist the Council in addressing the requirements of s129, we have reviewed a prioritised list of controls from the better practice model based on our initial audit risk assessment. Further details about our scope can be found in item 1.2 of this report.

1.2 Objectives and scope

The objectives of our interim audit were to:
- understand Council's business, business cycles and processes relevant to the financial statements
- understand the internal controls in place for the areas we consider critical for the audit of the financial statements
- design internal controls tests for the internal controls identified
- perform the internal controls tests to determine the final risks of material misstatements in the financial statements to be addressed in our final audit
- review a prioritised list of internal financial controls we consider critical for the purpose of issuing a controls opinion.

The scope of our audit included a review of internal controls we consider key controls to be in place for the purpose of addressing the requirements of s129.

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These key internal controls consist of a prioritised list of controls from the better practice model. This list was defined based on our risk assessment to determine the key business cycles, and key risks within these business cycles, that we understand should be the focus of the Council's control self-assessment.

The identification of key core controls and key business risks included the following risk assessment procedures:

Risk review – A review of Council's inherent risk assessment for internal financial controls.

Financial statement review – A high level financial statement review performed to identify key accounts and transaction streams.

Internal / external audit results review – The findings and recommendations of internal / external financial audits are reviewed to identify known areas of weakness, and areas known to be attracting audit attention.

The key core controls for the following key business cycles have been identified as critical for the purpose of issuing a controls opinion this financial year:

- General Ledger
- Fixed Assets
- Purchasing and Procurement/Contracting
- Accounts Payable
- Rates / Rates Rebates
- Receipting
- Payroll
- Credit Cards
- Banking
- Debtors

We have included a list of key controls identified by the audit for these business cycles as an appendix to this report (see Appendix 1). This list does not represent a complete population of internal controls that the Council should have in place. There is an expectation that controls not in this list will still exist and be operating effectively within Council.

The list of controls is only intended to be a guide for Council to prioritise its resourcing in readiness for the audit opinion, and for the ongoing monitoring of internal controls i.e. it is a risk based listing of controls which may be desirable for Council to include in its ongoing monitoring program for internal financial controls.

The list should not be considered a minimum standard – rather, it is a starting reference point for Council to consider. It is expected that Council will have performed a risk assessment of financial risks, and given consideration to the need to monitor controls that address High / Extreme risks that may not be included in this listing.

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1.3 Category of findings

In order to assist the Council in establishing the overall level of control effectiveness and prioritising areas for attention, we have provided an overall assessment of the business cycles for which we have identified performance improvements opportunities (this report is prepared on an exception basis).

We assessed each business cycle using our risk assessment which was focused on the risk of finding material weaknesses which could lead to a modified controls opinion in the 2023/24 financial year. An overall assessment of the risk of a potential modified audit opinion per business cycle is provided in item 1.5 of this report.

Detailed findings including the controls tested as per the Better Practice Model, findings and recommendations are provided in section 2 of this report. The individual findings are also rated to assist the Council in prioritising corrective actions.

The overall assessment of the risk of non-compliance with s125 of the Local Government Act 1999 and the related findings and recommendations were rated as follows:

Category	Description
High Risk 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.

The Council should also perform its own assessment of priority based not only on audit risks, but also other risks management considers relevant such as non-compliance with pertinent legislations and regulations, and reputational risks.

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1.4 Overall review of the Council's internal controls

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 visit we found that the majority of key internal controls reviewed were in place and were operating effectively (95 out of 100 core controls reviewed).

The principles underpinning the 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 processes.

A summary of the results of our review is provided in the table below:

Business cycles	Controls Reviewed	Operating Effectively 2024	Operating Effectively 2023	Operating Effectively 2022	2024 Findings			
					H	M	L	BP
General Ledger	11	9	8	10	-	1	1	-
Fixed Assets	16	15	14	14	-	1	-	1
Purch & Procurement/Contracting	10	8	9	8	-	1	1	-
Accounts Payable	13	13	13	13	-	-	-	-
Rates / Rates Rebates	10	10	10	10	-	-	-	-
Receipting	5	5	5	5	-	-	-	-
Payroll	19	19	18	18	-	-	-	1
Credit Cards	5	5	5	4	-	-	-	-
Banking	5	5	4	5	-	-	-	-
Debtors	6	6	5	5	-	-	-	-
Total	**100**	**95**	**91**	**92**	**-**	**3**	**2**	**2**

We recommend that Council prioritises the moderate risk findings, as failure in compensating controls addressing the same risk or existence of multiple moderate weakness within the same business cycle may lead to a material weakness and non-compliance with s125 of the Local Government Act.

Audit have concluded that there is a high likelihood of issuing an unmodified controls opinion at the end of the financial year. This will depend on the Council demonstrating continued progress towards addressing identified control weaknesses, ensuring that the existing core controls in place continue to operate effectively and that the annual internal control activities are performed at year end.

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1.5. Summary of findings

Business Cycle	Findings	Risk
General Ledger	2.1.1 A list of IT users with access to key finance modules in the Finance Force system is not reviewed by Finance Management	M
	2.1.2 Council does not have general ledger policies and/or procedures in place	L
Fixed Assets	2.2.1 Assets requiring new revaluations to ensure they are revalued with sufficient regularity	M
	2.2.2 Opportunity for Council to incorporate all asset maintenance data into its centralised asset register (Assetic)	BP
Purch. Proc. Contracting	2.3.1 Instance of a purchase for which market approach used was not in accordance with the Procurement Procedure	M
	2.3.2 Instances of purchase orders issued after the date of the invoice	L
Payroll	2.4.1 The payroll system (Aurion) is not integrated with the general ledger	BP
Accts Payable	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act.	N/A
Rates	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act.	N/A
Receipting	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act.	N/A
Credit cards	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act.	N/A
Banking	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act.	N/A
Debtors	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act.	N/A

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2. DETAILED AUDIT FINDINGS

2.1 GENERAL LEDGER

2.1.1 A list of IT users with access to key finance modules in the Finance Force system is not reviewed by Finance Management	Moderate
Control	Access to General Ledger maintenance is restricted to appropriately authorised personnel.
Risk	General ledger does not contain financial information / Data contained within the general ledger is permanently lost.

Finding	Recommendations	Management Response
During the 2022/23 financial year the Council changed its finance system from Authority to Finance Force. We reported in our 2022/23 interim management letter that a list of IT users with access to key finance modules in Finance Force was not being reviewed by Finance Management. We have performed a follow-up of this matter during our 2023/24 interim audit. IT management advised that data investigations are still ongoing to determine the optimal method for generating a list of IT users with access to key finance modules in Finance Force. Some local government entities (including City of Marion when the Council was using the Authority system) have achieved this by reviewing a matrix of users and the modules those users have access to (refer to the example provided below):	Council investigates ways to generate a list of IT users with access to key finance modules in Finance Force to enable Finance Management to perform an annual review of these access rights to ensure appropriate segregation of duties in the finance system. Key areas of access that should be considered in this review include: - Administrator access - Banking - Accounts payable - Purchase order generation - Accounts receivable - Receipting - General ledger - any other finance function considered critical by finance management	The City of Marion finance system 'Certinia' uses multiple methods of control access to financial records with the primary method being the 'Accounting License'. A user must first have access to an Accounting License, and their access is further governed by permissions to key areas. A list of licensed users is now being provided to the CFO for regular review to ensure only approved accounts have access. Council is also in the process of testing system updates to Certinia that allow for "Personas" to be established and assigned to users. CoM will aim to create the relevant personas (eg Accounts Payable, Accounts Receivable, Banking,

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User	Billing module	Accounts Receivable	Accounts Payable	Etc (list other key modules)
John Citizen	Yes	No	Yes	No
Paul Citizen	No	No	Yes	No
Sarah Citizen	No	No	No	Yes

Other local government entities have achieved this by reviewing a list modules and the users allocated to these modules (refer to the example below):

Module: Billing Module
　John Citizen
　Julian Citizen
　Etc
　Etc

Module: Accounts Receivable
　Margaret Citizen
　Zoe Citizen
　Etc
　Etc

Module: Accounts Payable
　Sarah Citizen
　Tim Citizen
　Etc
　Etc

Module: XYZ (list any other key module)
　User 1
　User 2
　User 3

This is a repeat finding from our 2022/23 interim management letter.

etc) and use these to allocate finance permissions to users.

Once this is done a listing will be provided to Finance to review on a regular basis.

This update is expected to be released to production early in the 2024-25 year and will allow for appropriate review of segregation of duties.

This will be provided in conjunction with the list of licensed users once Personas are established."

Target Date: March 2025
Responsible officer: Finance Systems Lead

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2.1.2 Council does not have general ledger policies and/or procedures in place	Low
Control	General ledger policies and procedures are appropriately created, updated and communicated to relevant staff
Risk	General Ledger does not contain accurate financial information / Data contained within the general ledger is permanently lost.

Finding	Recommendations	Management Response
Council does not have general ledger policies and/or procedures in place. This is a repeat finding from our 2021/22 interim management letter.	Consideration is given to implementing general ledger policies and/or procedures. Examples of topics that may be included in the policy or procedures include: - guidance for posting journals in the system - approvals to be obtained before processing a journal entry - process for creating/modifying general ledger accounts - procedures to ensure that changes to the structure of the general ledger framework are formally approved - reconciliations to be performed at end of month - procedures for opening and closing an accounting period in the system - use of monthly procedures checklist, and - control and review of general ledger access.	Management acknowledge the importance of establishing structured guidelines to ensure accuracy, reliability, and compliance within our financial reporting processes. Following the completion of the implementation of Certinia we will address this and are committed to implementing comprehensive general ledger policies and procedures. These will address the topics provided in the recommendations. We recognize that implementing these policies and procedures is crucial not only for compliance but also for enhancing the integrity and efficiency of our financial operations. The finance team will aim to have them fully implemented by Dec 2024. Target Date : 31 December 2024 Responsible officer: Chief Finance Officer

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2.2 FIXED ASSETS

2.2.1 Assets requiring new revaluations to ensure they are revalued with sufficient regularity		Moderate
Control	Relevant staff review useful lives, residuals, valuations, depreciation methodology and test for impairment to ensure that methods used are still appropriate and significant changes are incorporated into Asset Management Plans.	
Risk	Fixed Assets are not valued correctly initially or on subsequent revaluation.	

Finding	Recommendations	Management Response
The most recent external revaluation of land, car parks, lighting, walking trails, reserve pathways and other assets occurred on 30 June 2018 (as disclosed in the 2022/23 annual report): Accounting standards require assets using the revaluation model to be revalued with sufficient regularity to avoid material misstatement. Common practice in local government is for assets to have a full revaluation every 3-5 years, 5 years being generally accepted as the maximum allowable gap between revaluations.	Ensure that assets using the revaluation model are revalued with sufficient regularity as required by Australian Accounting Standards.	Management acknowledge the importance of complying with Australian Accounting Standards, particularly regarding the revaluation of assets under the revaluation model. Management made a decision last year with the significant workload involved in implementing the new asset management system 'Assetic' that the comprehensive valuations would be undertaken over two years 2022-23 and 2023-24. In 2022-23, 90% of our depreciable assets were independently valued leaving the remaining 10%, which are being valued in 2023/24. While we have implemented a new asset system and have undertaken significant work in valuing 90% of our depreciable assets last year, it is clear that we need to ensure

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| | | compliance with the standards regarding the frequency of asset revaluations.

Management have reviewed our current practices to ensure that all assets are scheduled for revaluation within the appropriate timeframe to align with regulatory requirements and best practices in asset management.

Target Date: September 2024
Responsible Officer: Treasury Accountant |
|---|---|---|

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2.2.2 Opportunity for Council to incorporate all asset maintenance data into its centralised asset register (Assetic)	**Better Practice**
Control	There is a process in place for the verification of fixed assets which is reconciled to the FAR.
Risk	Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed Asset Register (FAR) does not remain pertinent.

Finding	**Recommendations**	**Management Response**
Asset data is the foundation for enabling many key asset management functions. It is essential for asset intensive entities such as local government entities to maintain complete and reliable asset registers.

Better Practice in local government is for councils to have integrated asset management systems / asset registers that capture and maintain the following data:
-   Valuation data: commissioning dates, estimated asset life, estimated remaining life, construction cost, replacement cost, unit cost, written down value, depreciation rate, etc
-   Physical features: dimension, size
-   Maintenance data: work completed and work to be completed
-   Condition data: condition assessment, date of the assessment and assessor
-   Performance data: target performance indicators, year of assessment, actual performance indicator, delivery of level of services
-   Risk data: criticality rating, probability of failure, consequence of failure

Last year we reported that there was an absence of a central electronic asset management system capturing and maintaining all key asset management data, and linked / reconciled to the GIS system. Key asset management data was maintained / captured by Council as described below: | Council continues with its plans to capture and manage maintenance data in the centralised integrated asset management information (Assetic). | The City of Marion is actively progressing with the rollout of the Assetic works management system to record all asset maintenance activities against the asset register.

Currently, we have successfully implemented reactive and proactive work orders for the Workshop, SEP maintenance, and line marking. We are currently piloting the solution with the reserve maintenance team, with plans to extend implementation across all reserve maintenance teams within the next month. Our focus remains on transitioning all maintenance programs in RAAM's software to Assetic as swiftly as possible, with a target to decommission RAAM's entirely by the end of the year. |

1) Council maintained its valuation data for infrastructure assets in manual spreadsheets provided by APV valuers. 2) The physical features and condition data were captured in Council's GIS system (ESRI FieldMap). The GIS system was considered the Single Point of Truth (SPOT) data set. 3) Some maintenance data was captured by the 'RAMM' system. RAMM was a system used only by the Open Space Operation Team to undertake rolling maintenance programs on open space assets. 4) The workflow for updating and/or creating new asset data relied on emails sent to the Asset Solutions Team and files saved on shared drives. This data was then provided to officers who created and/or updated asset data in the APV spreadsheet and in the Authority system asset register, and also provided to asset officers who maintained the GIS system. There was no integration and/or reconciliation in place between the asset registers (APV spreadsheet and Authority system asset register) and the GIS system. Our follow-up of this matter performed during our interim audit found that on 24th April 2023 Council went live with its centralised Assetic asset register system. This system consolidates all Council asset data, with the exception of maintenance data, into one central electronic asset management system. The spatial data related to these assets is stored and managed in the Council GIS system (ESRI), which is automatically linked to Assetic. Council has also developed an electronic asset handover form in SharePoint. This form captures all the necessary data required to create		

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an asset, including valuation, physical features, etc., and records it in Assetic. As mentioned above, the only data not yet captured by Assetic is maintenance data, which is still managed and recorded by the 'RAAM' system. Asset management is reportedly planning to incorporate all asset maintenance data into Assetic in the next financial year.		

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2.3 PURCHASE AND PROCUREMENT/CONTRACTING

2.3.1 Instances of purchases for which market approach used was not in accordance with the Procurement Procedure	Moderate
Control	Council has a Procurement Policy that provides direction on acceptable methods and the process for procurement activities to ensure transparency and value for money within a consistent framework.
Risk	Council does not obtain value for money in its purchasing and procurement.

Finding	Recommendations	Management Response
The City of Marion Procurement Procedure provides the following thresholds to guide the general market approach: | Value of purchase	General market approach	Exemption approver
Over $100,000	Public tender undertaken through the Strategic Procurement Team	Manager Strategic Procurement Service (up to $200,00) Tender Board (above $200,000)
$50,001 - $100,000	Select tender undertaken through the Strategic Procurement Team	Manager Strategic Procurement Services | Audit selected a sample of suppliers based on their cumulative spend for the 2023/24 FY and noted an instance where Council extended a contract to 30 November 2023 (contract expired on 30 November 2022) when Procurement Procedures requires a public tender (this was a labour hire contract with cumulative spend for the first six months of the 2023/24 FY of $1,242,801). Procurement Management advised that reasons for not using the general market approach recommended by the Procurement Procedure included: - delays in proposed joint procurement processes being negotiated/coordinated over an extended period	Ensure that exemptions from the Procurement Procedure are approved in line with the requirement of the Procedure, and formally documented in a form/memo before entering into a contract with a supplier.	Management acknowledge that an exemption should have been sought for this supplier based on specialist supply and the reasons outlined in the finding. Management agrees with the recommendation and will ensure that Councils standard approach to formally document and approve an exemption from the Procurement Procedure will be adhered going forward as recommended. Management will formalise the notification to contract owners of upcoming contract expiry and provide sufficient support to ensure a new tender process is undertaken prior to contract end or as required there is a duly authorised exemption. Target Date: 30 September 2024 Responsible officer: Manager Strategic Procurement Services.

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- potential inefficiencies in engaging a completely new contractor while Council was in process of establishing a joint procurement process - supplier had staff already engaged in the Council's operations. The reasons listed above were documented in an email sent to Audit on 24 April 2024 (i.e. after procuring the supplier). Whilst audit acknowledges that Procurement Management may consider the reasons listed above to be reasonable/sufficient to warrant an exemption for the supplier, audit is of the view that approval for the exemption provided was not adequately documented. Good practice is for a formal exemption form/memo detailing the reasons for the exemption signed by the Manager Strategic Procurement Services and Tender Board (as required by the Procurement Procedure for the procurement of this supplier) to be used and maintained in the records management system. Audit acknowledges that a new tender process was undertaken after 30 November 2023 and labor hire contracts were entered into with a panel of contractors.		

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2.3.2 Instances of purchase orders issued after the date of the invoice	Low
Control	Employees must ensure all purchases are in accordance with Council's Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies.
Risk	Council does not obtain value for money in its purchasing and procurement / Purchase of goods and services are made from non-preferred suppliers.

Finding	Recommendations	Management Response
Audit selected a sample of 18 purchases and noted that two purchase orders were issued after the date of the invoice. One of these related to an existing contract, one did not.

Council's Procurement Procedure specifies that City of Marion utilises various agreement/contract types to formally engage contractors including purchase orders. The Procedures go on to say that where a procurement is being made under an existing contract, a purchase order should be used which references the terms and conditions and price as per the contract. | Ensure that purchase orders are issued before the goods/services are provided and before the date of the invoice. | Management agree with the recommendation and monitor non-compliance issues that are reported back to users and through to senior management on a regular basis.

In addition, where Invoicing is received from a supplier that has no Order Number applied, we advise that this is to be sent back to the Supplier to rectify. This results in an education for the Supplier as to our accepted T&C's, these stating that a PO must be provided prior to delivery or service and that the PO Number must appear on the Invoice.

Management commit to reviewing our procurement procedures and practices with a view to enhancing better compliance with the above requirement.

Target Date: 31 December 2024
Responsible Officer: Manager Operational Support |

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2.4 PAYROLL

2.4.1 The payroll system (Aurion) is not integrated with the general ledger	Better Practice
Control	Payroll is periodically reconciled to the General Ledger accounts.
Risk	Payroll disbursements are made to incorrect or fictitious employees.

Finding	Recommendations	Management Response
The payroll system (Aurion) is not integrated with the general ledger (Finance Force). The Aurion system generates a CSV format file containing the costings report. This file is manually uploaded into Finance Force and the amounts are allocated to different general ledger codes in Finance Force in accordance with the general ledger codes included in the costing report. Importantly, a reconciliation between amounts recorded in Aurion and in Finance Force is performed and independently reviewed. This is a repeated finding from our 2021/22 interim management letter.	Council investigates ways for Council's general ledger to be directly integrated with Aurion.	Management has after thorough investigation, determined not to pursue integration at this point in time. We will continue to evaluate opportunities for efficiency improvements while ensuring our current systems adequately support our operations.

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APPENDIX 1 – CRITICAL INTERNAL FINANCIAL CONTROLS

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GENERAL LEDGER

Risks

R1	General Ledger does not contain accurate financial information
R2	Data contained within the General Ledger is permanently lost.

RISKS	Control	Control Type
R1,R2	All major updates and changes to General Ledger finance system are authorised, tested and documented.	Core
R1,R2	Access to General Ledger maintenance is restricted to appropriately authorised personnel.	Core
R1	Reconciliation of all balance sheet accounts are completed in accordance with a schedule of review and/or procedure.	Core
R1	All balance sheet reconciliations are reviewed by a person other than the preparer at least annually.	Core
R1	Journal entry access is restricted to appropriately authorised personnel.	Core
R1,R2	Financial data is backed up and stored offsite.	Core
R1	Finance system does not allow posting of unbalanced journals or if it does regular reviews are conducted on the suspense account and discrepancies investigated and actioned.	Core
R1	Amendments to the structure of the General Ledger framework and accounts are reviewed and approved by appropriately authorised personnel.	Core
R1,R2	General Ledger policies and procedures are appropriately created, updated and communicated to relevant staff.	Core
R2	Formal disaster recovery plan is in place and communicated to relevant staff.	Core
R1	There is a process in place to review actual vs budget and significant variances investigated.	Core

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FIXED ASSETS

Risks

R1	Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed Asset Register (FAR) does not remain pertinent.
R2	If fixed assets are not securely stored, they may be subject to damage or theft.
R3	If fixed assets are not valued correctly, the management reports and financial statements will be misstated. For example, incorrect carrying values may result from the use of inappropriate depreciation rates.
R4	Depreciation charges are either invalid, not recorded at all or are inaccurately recorded which includes inappropriate useful lives and residuals.
R5	Fixed Asset maintenance and/or renewals are inadequately planned.

RISKS	Control	Control Type
R1	There is a process in place for the verification of fixed assets which is reconciled to the FAR.	Core
R1	Recorded changes to the FAR and/or masterfile are approved by appropriate staff compared to authorised source documents and General Ledger to ensure accurate input.	Core
R1	All fixed asset acquisitions and disposals are approved in accordance with Delegation of Authority and relevant Procurement and Fixed Asset Policies.	Core
R1	Maintenance of the fixed asset register is limited to appropriate staff with consideration to segregation of duties.	Core
R1	Council has an asset accounting policy which details thresholds for recognition of fixed assets which is monitored to ensure adherence.	Core
R1	Reconciliation of fixed assets to the General Ledger is performed in accordance with schedule of review or procedure.	Core
R1	Asset register calculations are reviewed for accuracy.	Core
R1	Fixed assets are recorded on acquisition, creation or when provided free of charge to facilitate accurate identification of assets and recording of details with regards to the Asset Accounting Policy.	Core
R1	Asset maintenance is planned and monitored with relevant staff in accordance with the Asset Management Plans	Additional
R2	Where appropriate, fixed assets are secured and access is restricted to appropriate staff and authorised users.	Core

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RISKS	Control	Control Type
R2	Where appropriate, identification details are recorded for portable and attractive assets such as IT and fleet assets, on acquisition to facilitate accurate identification.	Additional
R3	Relevant staff review useful lives, residuals, valuations, depreciation methodology and test for impairment as required by Accounting Standards and legislation to ensure that methods used are still appropriate and significant changes are incorporated into Asset Management Plans.	Core
R3	Profit or loss on disposal calculations can be substantiated and verified with supporting documentation.	Core
R4	Depreciation charges are calculated in accordance with the asset accounting policy and compliant with relevant accounting standards, including the useful life, depreciation method and residual values.	Core
R5	Asset Management Plans are prepared and renewal expenditure and programmed maintenance required is reviewed periodically to reflect changing priorities, additional asset data and other relevant factors.	Core
R5	Asset Management Plans for all major asset classes are adopted and reviewed by Council as required by the Local Government Act 1999.	Core

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	Purchasing and Procurement	

Risks

R1	Council does not obtain value for money in its purchasing and procurement.
R2	Purchases of goods and services are made from non-preferred suppliers.
R3	Purchase orders are either recorded inaccurately or not recorded at all.
R4	Purchase orders are made for unapproved goods and services.

RISKS	Control	Control Type
R1	Council has a Procurement Policy that provides direction on acceptable methods and the process for procurement activities to ensure transparency and value for money within a consistent framework, with consideration of any potential conflicts of interest.	Core
R1,R2	Employees must ensure all purchases are in accordance with Council's Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies.	Core
R1	The organisation has a process in place to ensure use of preferred suppliers where relevant to maximise the best value for money to Council	Core
R2,R3	There is a process in place to review purchasing patterns and ensure maximum use of preferred suppliers	Additional
R3	Purchase order numbers are either system generated and/or sequentially numbered.	Core
R3	There is a process in place to ensure all invoices for payment are matched to relevant source documents such as purchase orders where applicable and are in line with Procurement Policy guidelines.	Core
R3	There is a process in place to follow up and action incomplete purchase orders.	Additional

	CONTRACTING	

Risks

R1	Council is not able to demonstrate that all probity issues have been addressed in the Contracting process.
R2	Council does not obtain value for money in relation to its Contracting.

RISKS	Control	Control Type
R1,R2	There are robust and transparent evaluation and selection processes in place to engage contractors where relevant in accordance with the Code of Conduct, Conflict of Interest and Procurement Policy.	Core
R1	The selection panel is made up of appropriate personnel who have declared any relevant conflict of interest to ensure that informed and objective decision is made when selecting contractors.	Core
R1	Council maintains a current contract register.	Core

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ACCOUNTS PAYABLE

Risks

R1	Accounts payable amounts and disbursements are either inaccurately recorded or not recorded at all.
R2	Credit notes and other adjustments to accounts payable are either inaccurately recorded or not recorded at all.
R3	Disbursements are not authorised properly.
R4	Accounts are not paid on a timely basis.
R5	Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file.

RISKS	Control	Control Type
R1,R2,R4	Statements received from suppliers are reconciled to the supplier accounts in the accounts payable subledger regularly and differences are investigated.	Additional
R3	Records must be maintained of all payments with supporting documentation.	Core
R1	Payments are endorsed by relevant staff separate to the preparer, who ensures that they are paid to the correct payee.	Core
R5	Access to the supplier masterfile is restricted to authorised staff	Core
R2,R5	Separation of Accounts Payable and Procurement duties.	Core
R3	All invoices and payment requests are approved in accordance with relevant policies and/or Delegations of Authority.	Core
R1	Predetermined variances between Purchase Orders and Invoices are assessed and payment released only after verification by the officer with delegation to do so.	Additional
R1	Payments are verified to appropriate supporting documentation and are in line with Delegations of Authority.	Core
R4	Relevant staff to review aged payables listing on a predetermined basis and investigate where appropriate.	Core
R5	Recorded changes to the supplier master file are compared to authorised source documents to ensure that they were input accurately.	Core

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RISKS	Control	Control Type
R5	Requested changes or additions to supplier masterfile are verified independently of source documentation.	Additional
R4	There is a system generated report detailing supplier invoices due for payment at any one time.	Core
R5	There is a process in place to ensure the supplier master file is periodically reviewed for ongoing pertinence.	Additonal

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RATES / RATES REBATES

Risks

R1	Council does not raise the correct level of rate income.
R2	Rates and rate rebates are either inaccurately recorded or not recorded at all.
R3	The Property master file data does not remain pertinent.
R4	Rates are not collected on a timely basis.

RISKS	Control	Control Type
R1,R2	Rates are automatically generated by the rate system, including the calculation of rate rebates and other parameters as applicable.	Core
R2	Rates are generated and tested for accuracy of calculation methodology prior to the rates billing run	Core
R1	All software changes to rate modelling functionality fully tested and reviewed by relevant staff.	Core
R1	There is a rating policy in place that is reviewed annually that provides clear guidance on rating methodology and relevant rebates and remissions in line with legislation.	Core
R2	Annual valuation update is balanced prior to the generation of rates; all mismatches resolved prior to finalising rate generation.	Core
R2	All rate rebates and adjustments including write offs are appropriately authorised, with reference to Delegations of Authority and source documents.	Core
R4	There is a process in place to ensure that rates are collected in a timely manner and overdue rates are followed up.	Core
R3	Recorded changes to property master file data and any rate adjustments are compared to authorised source documents to ensure that they were input accurately. An audit trail is maintained for all changes.	Core
R3	Access to the Property master file is restricted to appropriately designated personnel, with a process in place to ensure changes are in line with policies and procedures.	Core
R2	Employees responsible for processing rate payments and rebates cannot process their own payments or rebates unless the transaction is approved by someone independent of the process	Core

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RECEIPTING

Risks

R1	Receipts are either inaccurately recorded or not recorded at all.
R2	Receipts are not deposited at the bank on a timely basis.

RISKS	Control	Control Type
R2	Prior to and during the banking process, cash is stored securely at all times.	Core
R1	Customers are provided with a system generated or pre-numbered (manual) sequential tax compliant receipt detailing payment made.	Core
R1	There is a review process for the authorisation of the reversal of transactions.	Additional
R1	Receipt transactions are reconciled to the daily takings and out-of-balance banking is corrected promptly.	Core
R2	Receipts are deposited regularly at the bank by a person independent from the initial recording of the cash receipts.	Additional

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PAYROLL		

Risks

R1	Payroll expense is inaccurately calculated.
R2	Payroll disbursements are made to incorrect or fictitious employees.
R3	Time and/or attendance data is either invalid, inaccurately recorded or not recorded at all.
R4	Payroll master file does not remain pertinent and/or unauthorised changes are made to the payroll master file.
R5	Voluntary and statutory payroll deductions are inaccurately processed or without authorisation.
R6	Employees termination payments are not in accordance with statutory and enterprise agreements.

RISKS	Control	Control Type
R1	Where possible standard programmed formulae perform payroll calculations.	Core
R1, R3	There is a process to ensure all overtime is verified and approved by relevant appropriate staff.	Core
R1	All calculations for generating payroll payments are verified for accuracy.	Core
R4,R5	Managers periodically review listings of current employees within their departments and variances are investigated.	Additional
R1	Payroll is periodically reconciled to the General Ledger accounts.	Additional
R2	The payment for the payroll must be reconciled to a system generated report detailing amount and employee prior to payment.	Core
R2	There is a process to ensure an independent review of proposed payroll payments by authorised staff.	Additional
R2	The payment of the payroll is authorised by appropriate staff not involved in the preparation of the payroll.	Core
R2	Employee records to include employment details and/or contract terms and conditions, authorisations for payroll deductions and leave entitlements.	Core
R2	There is a process to ensure employees are made inactive in payroll records upon termination	Core

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RISKS	Control	Control Type
R5	All payroll deductions must be approved by the relevant employee.	Core
R3	Relevant staff are required to complete timesheets and/or leave forms, authorise them and have approved by the relevant supervisor.	Core
R2	There is a segregation of duties from those preparing the payroll to those responsible for preparation of source documents (e.g. timesheets, leave requests etc).	Core
R2	Payroll system generates audit reports detailing all payroll changes and there is a process in place to ensure all changes are reviewed and verified against source documents.	Core
R2	There is a process in place to ensure employees are not added to the payroll masterfile, nor details amended or amounts paid without receipt of the appropriate forms which have been authorised by relevant staff.	Core
R5	Access to the payroll deduction listing is restricted to authorised staff.	Core
R6	There is a process in place to ensure termination payments comply with relevant policies, procedures and legislation.	Core
R3	Time recording and attendance exceptions such as TOIL or flexitime are based on relevant policies/agreement are identified, monitored and corrected.	Core
R4	The ability to access, modify or transfer information contained in the payroll master files is restricted to authorised staff.	Core

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CREDIT CARDS

Risks

R1	Credit Cards are issued to unauthorised employees.
R2	Credit Cards are used for purchases of a personal nature.
R3	Credit Card limits are set at inappropriate levels.

RISKS	Control	Control Type
R1,R3	There is a process in place to ensure there are appropriate approvals prior to the issuing of Credit Cards and limits.	
R1,R2	Credit card holders sign a declaration confirming compliance with Council policy and procedures prior to the Credit Card being released.	
R2	There is a process in place to approve all credit card transactions to ensure compliance with the policies and procedures covering credit card usage.	
R2	Cardholders must check their statement to ensure all transactions are correct and identify any transactions of a personal nature which must be reimbursed to Council.	
R3	There is a process in place to ensure credit card limits and usage is reviewed for operational efficiency.	

BANKING

Risks

R1	Banking transactions are either inaccurately recorded or not recorded at all.
R2	Fraud (i.e. misappropriation of funds)

RISKS	Control	Control Type
R1,R2	There is a process in place to ensure all cash, blank cheques and/or cheque signing machine are adequately safeguarded.	Core
R1	Access to EFT Banking system is restricted to appropriately designated personnel.	Core
R1,R2	Bank reconciliations are performed on a predetermined basis and are reviewed by an appropriate person. Any identified discrepancies are investigated.	Core
R2	Cash transfers between bank accounts and investment bodies are undertaken by appropriate staff.	Core
R2	There is a process in place to ensure all cash collected is adequately recorded and banked regularly.	Core

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DEBTORS

Risks

R1	Debtors are either inaccurately recorded or not recorded at all.
R2	Rebates and credit notes to debtors are either inaccurately recorded or not recorded at all
R3	An appropriate provision for doubtful debts is not recorded
R4	Debtors are either not collected on a timely basis or not collected at all
R5	The Debtors master file data does not remain pertinent.

RISKS	Control	Control Type	CSA Importance Weighting
R1, R4	Debtor's reconciliation performed on a regular basis to the General Ledger and reviewed by an independent person.	Core	4
R1	Council maintains a Debt Collection Policy.	Core	5
R2, R3, R4	Management and/or Council review and approve all rebates, credit notes, bad debt write-offs and movements in the provision for doubtful debts, in accordance with delegations of authority and Local Government Act.	Core	5
R3, R4	Management reviews debtors ageing profile on a regular basis and investigates any outstanding items.	Core	4
R5	Access to the debtor's master file is restricted to appropriately designated personnel and is reviewed by management for accuracy and on-going pertinence.	Core	5
R5	Recorded changes to debtor's master file data are compared to authorised source documents or confirmed with customers/ratepayers to ensure that they were input accurately.	Core	4

7.4 2024 Asset Management Plans - Tranche 3

Report Reference	FRAC240813R7.4
Originating Officer	Unit Manager Asset Solutions – Brendon Lyons
Corporate Manager	Manager Engineering, Assets and Environment - Mathew Allen
General Manager	General Manager City Services - Angela Allison

REPORT HISTORY

Report Reference	Report Title
FRAC240220R7.1	2024 Asset Management Plans – Tranche 1
FRAC240604R7.1	2024 Asset Management Plans – Tranche 2

REPORT OBJECTIVE

The purpose of this report is to enable the Finance, Risk and Audit Committee (FRAC) to review and provide feedback on the following Asset Management Plan (AMP):

• Draft Buildings and Structures AMP

EXECUTIVE SUMMARY

The Draft Buildings and Structures AMP currently forms Tranche 3 of Council's AMP updates for 2024.

The purpose of Asset Management Plans is to improve Council's long term strategic management of assets under Council's control to meet the required levels of service. The AMPs are aligned with Council's strategic documentation and inform the Long-Term Financial Plan (LTFP).

AMPs form part of Council's *strategic management plans* as referred to in Section 122 of the Local Government Act. These plans are required to be reviewed annually with a *comprehensive review* required within two years of each general election of Council. The AMP in this report represents the output of that comprehensive review.

This AMP is expected be presented in draft to Council on 24 September 2024 for endorsement to proceed to public consultation before final endorsement by Council on 26 November 2024. Two-page community facing AMP snapshots will be designed to aid community engagement.

The process to address the remaining two outstanding (Draft Transport AMP and Draft Water Treatment and Resources AMP) AMPs will be determined at this meeting.

RECOMMENDATION

That the Finance, Risk and Audit Committee:

1. **Reviews and provides feedback on the Draft Buildings and Structures Asset Management Plan.**

2. **Determines that feedback from FRAC is sought out of session after completion of the Draft Water Treatment & Resources and Transport AMPs with a summary report being brought to FRAC for the October meeting that addresses the FRAC**

and community consultation feedback.

DISCUSSION

The AMPs are produced as a collaboration between the City of Marion's (CoM) Asset Owners and their subject matter experts with the Asset Solutions Team providing a business partnering function. Asset Owners are responsible for the assets for which they plan, create, operate, monitor, maintain, renew, and dispose (through the asset management lifecycle).

AMPs define the current state of the assets and consider any future requirements whilst balancing performance, cost, and risk. They outline an optimum lifecycle management approach and provide the forecast expenditure needed to deliver the services.

Councils are legislatively required to have AMPs endorsed within 2 years of a Council election (i.e. November 2024) which includes the requirement for 21 days community consultation.

The Draft Water Treatment & Resources and Transport AMPs are at risk of missing the November 2024 deadline. The Asset Owner has committed to the completion of these remaining draft AMPs by 30 August 2024. It is an important and valuable part of the governance process that these AMPs are presented to FRAC for consideration prior to seeking endorsement for community consultation.

With FRAC scheduled to meet next in October 2024, delaying consideration of the Draft Water Treatment & Resources and Transport AMPs until the October FRAC meeting will impact Council's ability to endorse these key strategic documents at the November 26 General Council meeting. The process that follows the reporting of draft AMPs to FRAC is to:

- Present the draft AMPs to General Council for endorsement to proceed to community consultation.
- Undertake community consultation.
- Incorporate changes and updates to the AMPs based on community feedback.
- Finalise the graphic design.
- Present the findings of the AMP community consultation to General Council for endorsement.

Delaying consideration to the October FRAC will result in The Draft Water Treatment & Resources and Transport AMPs missing the legislative deadline.

It is proposed that feedback from FRAC is sought out of session after completion of the Draft Water Treatment & Resources and Transport AMPs by the Asset Owner post 30 August 2024. A report will then be brought to FRAC at the October meeting that addresses the FRAC feedback and feedback received as part of the community consultation.

The draft AMPs have been provided to FRAC in three tranches:

- Tranche 1 – February 2024 (Artworks; Culture & Heritage; Stormwater; Fleet, Plant & Equipment)
- Tranche 2 - June 2024 (Open Space; Coastal Walkway)
- Tranche 3 – August 2024 (Buildings & Structures)
- To Be Determined – (Water Treatment & Resources; Transport)

- The Trees AMP was produced prior to Tranche 1 and was fully endorsed by General Council in March 2024.

The Artworks, Culture & Heritage; Stormwater; Fleet, Plant & Equipment AMPs were endorsed by General Council in July 2024.

The Open Space and Coastal Walkway AMPs were endorsed for Community Consultation by General Council in July 2024.

All AMPs are similarly structured with the contents including:

Executive Summary

1. Introduction - background information, planning documents and stakeholders.
2. Levels of Service - customer and technical as well as applicable legislation.
3. Future Demand - impacts which will influence the service including climate change.
4. Lifecycle Management Plan - background information on assets, OpEx (Operational Expenditure) and CapEx (Capital Expenditure) considerations.
5. Risk Management - the process of risk management; only high or above level risks noted.
6. Financial Summary - outlays, valuations, assumptions.
7. Improvement Plan – improvement initiatives discovered as part of AMP preparation.

Year 1 of the 10-Year expenditure forecast within the AMPs aligns with the Annual Business Plan and Budget with the remaining funding projections informing the preparation of the next iteration of the LTFP. Where the proposed AMP requires additional funding or change of timing than in the current adopted LTFP, that additional/change of timing of funding will be disclosed and approval sought as part of the Council paper seeking approval to go to public consultation. Any consultation feedback that would warrant additional funding to implement will then be considered at the final consideration point by Council as part of final approval of the AMP.

Key factors informing the amended funding / timing changes to the LTFP include:
- Results from the recent Condition & Compliance Audit identifying maintenance and renewal over the next 10 years.
- Realignment of CoMBAS projects between the Renewal and Create asset lifecycle phases.

ATTACHMENTS

1. Draft Building and Structures Asset Management Plan - Version 0.2 [**7.4.1** - 38 pages]

Draft

Asset Management Plan

2024

City of Marion

Building and Structures

DOCUMENT CONTROL	Asset Management Plan 2024 – Building and Structures			
PLAN OWNER:	**Manager City Property**			
DOCUMENT ID :	-			
Rev No	*Date*	*Revision Details*	*Author*	*Reviewer*	*Approver*
0.1	Jul 2024	Draft Asset Management Plan (For Internal Review)	EL	ASC	
0.2	Aug 2024	Draft Asset Management Plan (For FRAC Review)	EL		

1. TABLE OF CONTENTS

Executive summary

Purpose of the plan

The purpose of the Building and Structures Asset Management Plan (AMP) is to improve Council's long-term strategic management of assets so that they effectively meet the required levels of service. The plan defines the state of the Building and Structure assets and considers future requirements whilst balancing performance cost and risk. It provides the optimum lifecycle management and costs for the next 10 years.

The Building and Structures AMP is aligned with the Council Strategic Plan and City of Marion Building Asset Strategy and informs the Long-Term Financial Plan. The AMP is owned and managed by the Manager, City Property. Information is current as of May 2024.

State of council assets

The table below outlines the replacement cost of the assets together with quantities of the Buildings & Building Infrastructure assets that represent the majority of the Buildings and Structures replacement cost. For a further breakdown of asset information refer to Section 4.1

Table 1: Building and Structure asset groupings valuated replacement cost (left) and sample asset sub-types by quantity (right)

Replacement Cost	
Buildings	$196,427,767
Buildings Equipment and Furniture related	$4,043,911
Buildings Infrastructure related	$12,270,030
Facility	$20,963,870
Fences	$1,210,247
Pool Structures	$4,779,684
Total	**$239,695,509**

Asset sub-type		Qty
Buildings		**91**
Administration & Operations	Administration & Workshop buildings & structure, Stores shed.	6
Commercial Facilities	Café, Kindergarten, Residence	12
Community Facilities	Clubrooms, Community, Cultural/Heritage, Hall, Kitchen, Library, Neighbourhood Centre, Office Residence Toilet	38
Sports & Recreation Facilities	Canteen, Clubrooms, Hall, Stadium, Toilet, Workshop	35
Buildings Infrastructure		**118**
Administration & Operations	Storage shed, Wash-down structure	2
Commercial Facilities	Sheds	8
Community Facilities	Hall; Sheds – Garden, Pump, Storage, Tool; Exeloo Toilet, Garage, Rotunda	75
Sports & Recreation Facilities	Sheds – Bowling, Filtration, Garden, Pump, Storage; Bali Hut, Coaches Box, Starting Ramp	33
Non-Building Assets		**1322**
Grand Total		**1531**

Figure 1: Condition rating for Building and Building Component and non-Building assets as a %

Building & Building Component Condition

Non-building Assets Condition

■ 1 ■ 2 ■ 3 ■ 4 ■ 5 ■ No data
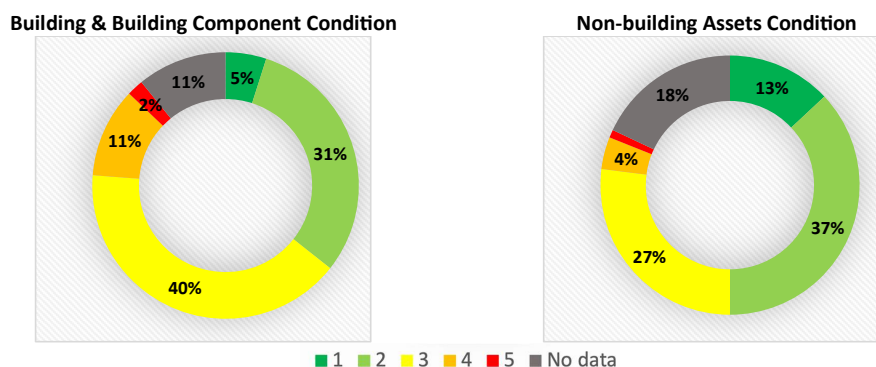
Refer to Section 4.3 for a description of the Ratings Scale 1-5 and a discussion on the ratings provided.

Table 2 (below) provides a summary of the performance of the assets against condition, function, and capacity. Overall, building and structure assets are tracking well against these measures.

Table 2: Customer performance parameters and expected trends

Parameter	Current performance	Expected trend based on budget
Condition (is the physical integrity sound?)	Nearly 76% of the 1531 assets are in fair to very good condition	Asset renewal program will ensure asset condition remains good overall. Trend is **MAINTAIN**
Function (is the asset providing the intended service?)	Almost 99% of the building assets are providing the right service.	CapEx projects will add new functionality as per the CoMBAS. Trend is **MAINTAIN**
Capacity (is the asset over or underutilised?)	Almost 99% of building capacity is within design capacity.	CapEx implementation will ensure utilisation remains within design limits. Trend is **MAINTAIN**
Climate Resilience - Not measured	refer to Section 3.1 Climate change adaptation	refer to Section 3.1 Climate change adaptation

Service levels

Table 3: Summary activities to meet the Service level required

Customer service requirement	Activities funded to sustain the service
Building and Structure assets are safe to use, functional, compliant, and able to deliver the community services required.	• Renewal of assets to ensure the desired functionality is preserved • Construction of new assets where the CoMBAS identifies a required service • Monitoring asset condition and compliance to standards through programmed inspections and audits • Operation of assets in the manner it was designed to be used for. • Repair of defects. Proactive replacement of components (where identified) via asset inspections.

Refer to Section 2 for more information on Levels of Service.

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Future demand

Table 4 Summary demand management plan.

Demand impact	Demand impact management
• **Social -** increase in population density and community expectations of building and structure assets	• Implement CoMBAS key recommendations • Monitor utilisation rates
• **Finance** – improvements in accuracy and timeliness of forecast of budget	• Review CoMBAS Implementation Guide annually to ensure agility in asset lifecycle management to manage costs

Refer to Section 3 for more details on demand management, including climate change adaptation.

Lifecycle management

What it will cost

The forecast lifecycle cost distribution across asset lifecycle phases is shown in the Figure below.

The forecast expenditure of this 10-year plan is used to inform the Long-Term Financial Plan (LTFP). Section 6.2 contains the costs for each of the years and Section 4.4 and 4.5 provide information as to the make-up of OpEx and CapEx.
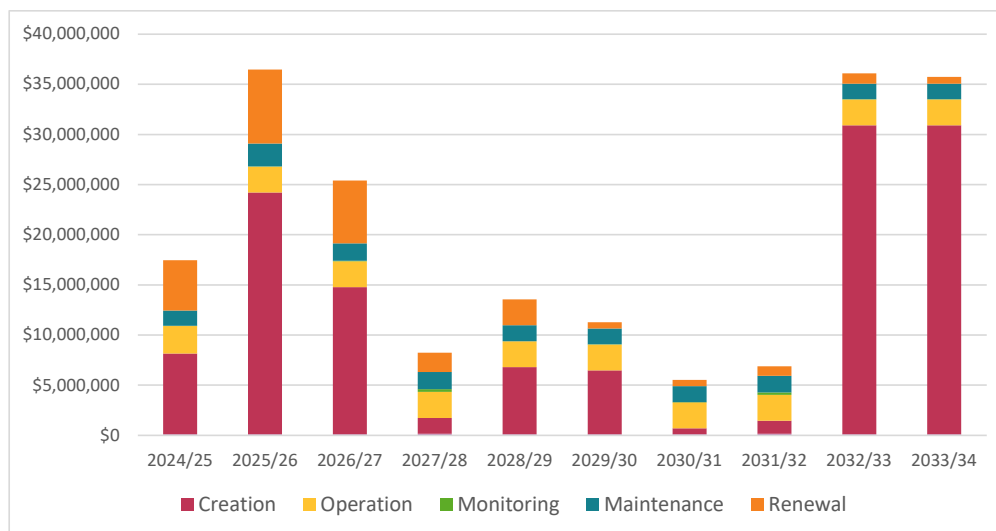
Figure 2: Summary 10-year expenditure chart for Building and Structures AMP

Table 5: Summary forecast expenditure for Building and Structure assets

Forecast Expenditure	10-Year forecast	Average Annual Cost
Operational Cost (OpEx)	$44,673,370	$4,467,337
Capital Cost (CapEx)	$151,983,650	$15,198,365
Total	**$196,657,020**	**$19,665,702**

The forecast budget is sufficient to provide the services at the required performance levels for buildings and structures assets.

Managing the risk

- Risks are managed in accordance with Council's Risk Management Policy.
- No high or above level risks have been identified for building and structure assets.
- The forecast budget allows us to achieve all our service delivery objectives.

Improvement

- Review asset class hierarchy inconsistencies in owner allocation
- Review process for measuring utilisation across the different building service groupings.
- Improve asset condition data for non-building assets.
- Implement a process to update the AMP annually to ensure information is current for annual financial cycles.

1. Introduction

1.1 Background

The Building and Structures Asset Management Plan (AMP) provides information on the state of the building and structure assets and their capability to meet the levels of service and demand requirements in a safe, cost effective and sustainable manner for the following 10 years. In delivering the service, risks are identified and managed so that a balance is achieved between achieving the desired performance of the asset, against the cost of providing the service.

This AMP complies with the requirements of Section 122 of the Local Government Act 1999; and is an input for the City of Marion (CoM) Long-Term Financial Plan. The AMP is owned and managed by the Manager, City Property. Information contained in this plan is current as of May 2024.

The Building and Structure Asset Management Plan should be read with reference to the City of Marion Building Asset Strategy (CoMBAS). Endorsed by Council in February 2023, the CoMBAS is a 10-year forward outlook using evidence, service level benchmarks and local context to inform future decision making and prioritisation to maximise the value and quality of assets and service delivery to the Marion community and within the City of Marion's financial capacity.

Building and Structure assets under the management of this AMP are outlined in the table below. Land is included in the Buildings and Structures Asset Class in the asset management information system (AMIS) asset hierarchy, however it is not considered an asset for the purposes of this AMP as the land is occupied by other assets accounted for in this AMP (buildings) or others (ie Reserves, Wetlands).

Figure 3: Assets provided for in the Building and Structures AMP by Asset sub-class (left) and asset type (right)

Asset sub-class	Asset type
Administration & Operations Buildings	• Building, Shed, Structure
Barrier continuous	• Fence, Gate, Handrail, Wall
Barrier Point	• Bollard
Building Equipment and Furniture	• Non-Fixed Furniture
Commercial Facilities	• Building, Shed
Community Facilities	• Building, Shed, Structure
Furniture & Ancillary	• Barbeque, Bicycle Fitting, Drinking Fountain, Pergola, Reserve Shelter, Rotunda, Seat, Shade sail, Table
Irrigation equipment	• Irrigation equipment
Land	• Land
Memorials	• Commemorative, Historical, Other, Place marker
Pathways	• Steps
Public lighting	• Lighting - Council Facility, Lighting - Sports
Recreational Area	• Aquatic Centre/Water Park, Cycling Facility, Fitness, Fitness Equipment, Other - Sporting and Game Arenas, Play Equipment, Sports Court, Sports Equipment, Sports Field, Sports Oval
Retaining Walls	• Retaining Wall
Signs - Guide	• Direction and Location, Hazard Board Markers
Signs - Open Space	• Information
Signs - Regulatory	• Traffic instruction
Sports & Recreation Facilities	• Building, Shed, Structure
Traffic Control Device	• Concrete Island
Waste collection point	• Butt bin, Dog bag dispenser, Wheelie bin

Note 2: While Land assets are held under the Buildings & Structures hierarchy in the Asset Management Information System, they have not been considered in this AMP however the assets that occupy the land are included in this or other AMPs.

The valuation replacement cost of our Building and Structures Assets is **$239,695,509.**

1.2 Planning Documents

Community Vision Towards 2040	A shared Community Vision innovating a future for the city and its residents
Strategic Plan and Long Term Financial Plan	A suite of plans that focus council's contributions to the Community Vision
Asset Management Policy	A consistent and integrated approach to strategic and sustainable asset management decision-making
Asset Management Strategy	Sets a clear direction to meet the evolving service delivery needs of our community - now and into the future
Asset Management Plans	Outline the financial and technical elements for managing assets to support the delivery of services to our community
Business Process Manuals	Deliver defined levels of service in the most cost effective way throughout the asset management lifecycle
Asset Management Operational Roadmap	Improvement Projects which build organisational capacity and refine processes

Figure 4 CoM Asset Management Framework

City of Marion Documents

- CoM Building Asset Strategy
- CoM Disability Access & Inclusion Plan 2020-2024
- CoM Carbon Neutral Plan 2020-2030
- CoM Energy Efficiency & Renewable Energy Plan 2018
- CoM ESD Guidelines New Buildings, Structures and Refurbishments 2022
- CoM ESD Guidelines Sustainable Building Maintenance 2021
- CoM Facilities Design Guide
- CoM Libraries Strategic Plan 2021-2025
- CoM Long Term Financial Plan
- CoM Planning and Design Code (Plan SA)
- CoM Procurement and Contract Management Policy
- CoM Public Consultation Policy
- CoM Public Lighting Guidelines 2019
- CoM Reconciliation Action Plan
- CoM Risk Management Policy
- CoM Strategic Plan 2019-2029

Other Documents

- State - The 30-Year Plan for Greater Adelaide (Plan SA)
- IPWEA NAMS+ AMP template

1.3 Key Stakeholders

- CoM Council Members - Represent community needs and endorse levels of service and endorse this AMP.
- CoM Executive Leadership - Allocate resources to ensure the service provided by Building and Structures assets is sustainable. They ensure risks are managed while meeting the objectives of the plan.
- CoM Operations & Property and Facilities Teams – Perform the required maintenance on the assets and manage defects.
- CoM Asset Solutions - provide support in AMP content and in the management of asset information systems.
- CoM Finance - allocate budgets according to forecasts and ensure alignment with the LTFP.
- Service contractors – perform maintenance and renew the assets to achieve the desired performance level.
- Specialist contractors – provide advice on design and risk.
- Community - provide feedback on level of service and offer a source of funding through rates.
- State/Federal Government - provide grant funding for some new building and structure asset projects.
- Lease/licence holders – occupiers and users of the facilities.

2. Levels of service

Levels of service ensure we meet customer expectations by describing what we deliver. The primary reason assets exist is to deliver services.

Levels of service underpin asset management decisions. Defining and measuring levels of service is a key activity in developing Asset Management Plans. When levels of service are considered collectively, they provide clarity and assist with meeting council's strategic objectives.

Building and structure assets support the delivery of community, sporting and recreational activities, provide accommodation for council's administration and operations and are leased to commercial operations.

The City of Marion Building Asset Strategy considers benchmark and service level analysis, including location and accessibility, in the development of the strategic recommendations as detailed in the CoMBAS and Implementation Guide.

Using levels of service to measure service delivery performance

1 Defined community levels of service
Target outcomes for:
• condition
• function
• capacity
• climate resilience

Outcomes What our customers value

Effectiveness How well we deliver what our customers value

4 Performance against community levels of service
Current and future service delivery monitored through:
• performance analysis
• voice of the customer
• scenario modelling

2 Defined technical levels of service
Service outputs have:
• asset management lifecycle alignment
• processes mapped
• funding forecasted
• resources allocated

Inputs What we deliver

Service gap How well we deliver our plans

3 Performance against technical levels of service
Measuring, monitoring and managing of:
• service delivery
• service funding
• legislative requirements
• accountability

Figure 5 Levels of service improvement cycle.

When defining levels of service, council takes into consideration:

• the external context, including legislative requirements which may impose minimum standards.
• the internal context including strategic objectives, the availability of resources and financial constraints.
• customer expectations of the quality of service, balanced against the price they are willing and able to pay for that service.

These drivers influence council's decisions about the range, quality and quantity of services provided.

2.1   Strategic and Corporate Goals

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

Our community vision: A community that is Liveable(L), Valuing Nature (VN), Engaged(E), Prosperous(P), Innovative(I), and Connected (C).

Table 6: Council strategic objectives and how they align with the Building and Structures AMP

Council Strategic Objective		How the Objectives are addressed in the Plan
L1	We will make our services, facilities and open spaces more accessible	New development, building development or upgrade of existing facilities considers principles of universal design and must meet and attempt to exceed minimum DDA, NCC and Australian Standard requirements.
L2	We will create more opportunities for residents to enjoy recreation and social interaction in our neighbourhood centres, libraries, sports facilities and other Council facilities	Provision of new or upgraded buildings identified in CoMBAS are based on future demand, emerging trends, and consider co-location of community and activity generating facilities.
VN1	We will plan for and respond to extreme weather events through our services and urban form, managing infrastructure issues associated with flooding and stormwater	Council's Environmentally Sustainable Design Guidelines specify requirements for climate resilient design in new buildings, structures or refurbishments. This includes finished floor levels that consider local climate risks such as localised flooding and onsite rainwater harvesting and/or stormwater reuse.
VN3	We will operate more efficiently and sustainably in terms of energy and water use, using the best technologies and methods to be as self-sufficient as possible	Maintenance, renewal or development of new buildings and facilities in accordance with Council's Environmentally Sustainable Design Guidelines which incorporate its vision for a high level of sustainability through inclusion of best practice sustainability eg water harvesting, solar power generation and storage, water re-use, low embodied energy materials, recyclable elements.
E1	We will increasingly use data and community responses to understand our community values and then we will deliver what they want	Base decision on proven demand for current and future populations and involve the community and users in design and development.

2.2   Legislation

The legislation and relevant Standards which are most relevant to the development of this AMP are shown in the table below.

Table 7: Relevant legislation for the provision of services

Legislation/Standard	Relevance to Building and Structure assets
Aboriginal Heritage Act (1988)	Provides for the protection and preservation of Aboriginal heritage including the discovery, acquisition, damage or sale of sites, objects, or remains of Aboriginal significance.
Australian Accounting Standards	Sets out the financial reporting standards relating to the valuation and depreciation of infrastructure assets.
National Construction Code	Sets out requirements for design and construction of a building including plumbing and drainage.
Disability Discrimination Act 1992, Disability Inclusion Act 2018 and other relevant disability legislation and standards	Sets the standard for accessibility to eliminate, as far as possible, discrimination against persons on the grounds of disability.
Heritage Act 1993 and Heritage Places Act 1993	Sets out the responsibilities of the landowner to maintain and preserve the heritage value of applicable buildings.

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Local Government Act (1999)	Sets out the role, purpose, responsibilities and powers of local governments including the preparation of a Long-Term Financial Plan supported by infrastructure and asset management plans for sustainable service delivery
Planning, Development, and Infrastructure Act (2016)	Sets requirements for development and building approval and requirements.
Retail and Commercial Leases Act	Regulates the leasing of certain properties.
South Australian Public Health Act 2011	Promotes and provides for the protection of the health of the public of South Australia and to reduce the incidence of preventable illness, injury and disability.
SafeWork SA Codes of Practice	Provides practical guidance for people who have work health and safety duty of care.
Work Health and Safety Act (2012)	Informs of obligations on parties to provide and maintain safe workplaces.

2.3   What our customers value

Council uses a range of activities to engage with the community and stakeholders such as social media and website, community workshops and meetings, education services and via Council Members. This ensures that levels of service, funding and management practices proposed for our assets are appropriate. The following table summarises the latest Customer Satisfaction Survey results:

Table 8: Customer survey results for Building and Structure assets

Asset Category	Importance	Satisfaction
Libraries	86%	95%
Neighbourhood Centres	79%	85%
Outdoor Pool	65%	90%
Sporting and Recreation Facilities	85%	87%

This data indicates that the bulk of the assets are meeting community expectations. These assets are highly valued by the community and there is a high level of satisfaction with their service provision.

While importance rating is lower for the Outdoor Pool, this is an increase from the 2021 importance rating of 48% and the satisfaction rating for both the pool and libraries have the highest level of satisfaction across all survey results. This is supported by record facility attendances for the Outdoor Pool's 2023/24 season with 142,393 attendances, up from 132,052 from the previous season.

Importance ratings across all asset categories increased from 2021 to 2022 survey results.

Neighbourhood Centre satisfaction decreased from 2021 rating of 88% despite an increase in importance rating during that period.

2.4   Customer levels of service

By listening and understanding what services are important to our customers, we have developed Customer Levels of Service for the Building and Structures AMP.

Council adopts the following service parameters for these assets:

Condition	Does the asset provide a safe and quality service?
Function	Is the asset fit for purpose?
Capacity	Is the service over or under used?
Climate resilience	Is the asset's design resilient against projected climate stressors.

Performance is monitored against targets, using 1-5 rating scales using industry standard ratings where available. An outline of the building and structures customer levels of service is provided below.

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Table 9: Summary of community levels of service parameters

Parameter	Community level of service	Achieved by	Predicted trend
Condition	All assets to be in good visual and structural condition.	• Assets will be regularly inspected and maintained in accordance with standards.	Maintain
Function	Provide sufficient assets to meet levels of service.	• Provide building and structure assets that meet functional requirements for building use.	Maintain
Capacity	Assets can meet current and future demand.	• Availability of appropriate building and structure assets to meet community expectations in distributed locations.	Maintain
Climate resilience	Climate resilience is a consideration for new facilities.	• Ensuring climate resilience is incorporated into design through the Facilities Design Guidelines and Environmentally Sustainable Guidelines for New Buildings, Structures and Refurbishments and Sustainable Building Maintenance.	Maintain

Refer to Section 4.2 Asset Performance for a discussion on these measures.

2.5   Technical levels of service
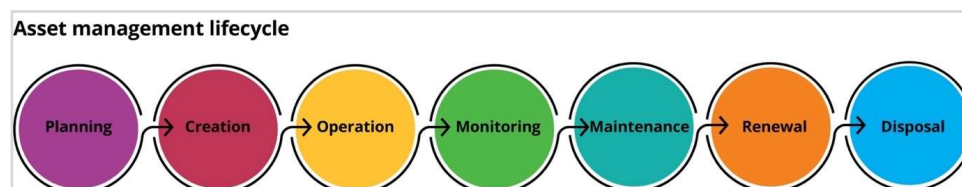
Technical Levels of Service detail what we do to deliver our services. Council manages and operates assets at the agreed levels of service while managing whole-of-life costs to ensure the best value for resources used. It is important to monitor the levels of service regularly as circumstances can and do change. Current performance is based on existing resource provision and work efficiencies. It is acknowledged changing circumstances such as technology and customer priorities will change over time.

Business Process Manuals will be developed to define the best practice industry standards and legislation requirements criteria that demonstrate efficiency and effective organisational performance. Building on industry good practice, service outputs will have asset management lifecycle alignment, processes mapped, and funding forecasted. Performance against Business Process Manuals will be monitored and reviewed to ensure delivery against technical levels of service.

Table 10: Technical levels of service for asset lifecycle phases.

	Description of the Activity
Planning	• Assets are planned in line with CoM Facilities Design Guidelines, Asset Management Policy principles and optimal asset renewal programs. • Informed by City of Marion Building Asset Strategy (CoMBAS). • Preparation and regular review of facility planning initiatives that focus on targeting effort to better meet the needs of the changing community.
Creation	• Assets created in alignment with CoMBAS to maintain, increase or upgrade a level of service and through review of the annual and 10 year renewal programs. • Assets created in keeping with emerging community needs, subject to a business case assessment which sets out capital requirements, whole of life costs, predicted utilisation.
Operation	• Operation of an asset in the manner it was designed to be used for. • Regular cleaning and security of building envelopes, interior fit out, and exterior spaces including path infrastructure. • Efficient use of water, energy and other resources essential to building operation including making better use of renewable sources
Monitoring	Inspection of assets to ensure they perform as intended: • Inspection frequency, resource and level of detail specified by the Asset Inspection Procedure.
Maintenance	CoM leases properties which describe obligations on both parties for maintenance and renewal. **Reactive maintenance:** • Assets are maintained in a functioning condition with response times to reactive repair and maintenance. • All service requests responded to within service standards. **Planned maintenance:** • Regular proactive repair/upgrade to maintain structural integrity and extend useful life. • Scheduled maintenance and testing in accordance with relevant standards.
Renewal	Assets are programmed for renewal based on: • The City of Marion Building Asset Strategy, established useful life and functional requirements. • Four yearly detailed condition & structural inspections inform renewal based on asset condition with annual checks to confirm renewal timing. • Condition rating for the asset or component is poor to very poor.
Disposal	• Complies with legislative requirements including Disposal of Land and Assets Policy and Community Land Management Provisions of the Local Government Act.

Figure 6: Customer notification events showing event themes for 2022 and 2023

Category	Request Reason	Request Sub-Reason	Service Level Agreement*
Council owned buildings	Maintenance	Air conditioning	10 Days
		Cleaning	5 Days
		Electrical	5 Days
		General Building	15 Days
		Minor furniture repairs	15 Days
		Other Issue	10 Days
		Plumbing and water leaks	10 Days
		Structural repair	20 Days
		General enquiry	5 Days
Leased Council Properties	Maintenance	Maintenance issues	60 Days
Public Toilets	Maintenance	Cleaning	5 Days
		Maintenance	10 Days
Parks/Reserves	BBQ	Cleaning	5 Days
		Maintenance	10 Days

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3.   Future demand

Demand drivers are those factors which have the potential to impact building and structures assets into the future. They include population and demographic changes, planning and design code changes, political and community expectations, economic, internal strategy, and environmental factors.

The impacts of demand drivers that may affect future service delivery are shown in the table below.

Table 11: Demand drivers, impact, and management plan

Demand driver group	Driver and projection	Impact on services	Demand Management Plan
Political	State and Federal funded initiatives for CoM managed assets will continue cyclically	Changed priorities needing to be allowed for Impacts staff workload Increases to OpEx	• CoMBAS Implementation Guide and AMP to be reviewed annually and adjusted for changed priorities.
Social	Increase in population density & changing demographics.	• Increase in small lot infill redevelopment, townhouses and apartment living will change community needs in respect to open space, sport/recreation and community facilities. • Culturally diverse communities often have greater demand for community spaces • Increased demand for social infrastructure assets such as libraries, recreational and community facilities.	• Monitor levels of utilisation and capacity. • Monitoring community expectations balancing performance cost and risk.
Social	Community expects greater amenity of building and structure assets	• Growth in female participation in organised sport requiring the need to rebuild or retrofit facilities for female changerooms. • Service gaps across council, community recreation and commercial uses addressed through precinct focussed multi-purpose hubs.	• New, renewal or upgrade of facilities consider relevant sporting standards in accordance with CoM Facilities Design Guidelines. • Replacement or new buildings are flexible and inclusive of all, integrated and consolidated, and are justified.
Technological	Greater demand for asset utilisation data to help inform asset management decisions	Improved ability to forecast renewals and improved service delivery operationally.	• Implement consistent measure of utilisation across CoM building service groupings to inform decision making.
Technological	Smart Cities, Sensors, GIS, Artificial Intelligence.	Improved data collection and accuracy assisting with decision making and reporting.	• Improve range and currency of asset data collected to inform future decisions.

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Financial	Change of design standards as older renewals fall due	Impact on OpEx or CapEx costs for building and structure assets to conform.	• Awareness to include in forecast expenditure in operating, maintenance or renewal budgets.
Stakeholder management	Increased collaboration between Councils (CS, PAE) and others within shared catchments	• Improved data sharing leading to better asset management decisions. • Ability to deliver services at a higher operational level through resource sharing.	• Continue to engage and consult with key stakeholders.

3.1 Climate change adaptation

Climate change effects are an important consideration for the management of building and structure assets.

The Department of Environment and Water produced "Guide to Climate Projections for Risk Assessment and Planning in South Australia, 2022". This document outlines the trends, and these along with how City of Marion will manage resilience is shown in Table 16.

Table 12: Climate change projections, forecast impact, and climate resilience management

Parameter	Projected Trend	Impact on Asset and Services	Resilience Management
Temperature	• Maximum, minimum, and average temperatures will increase. • Warmer spring temperatures. • Hotter and more frequent hot days.	• Extended heat may cause fragile materials to become damaged over time. • Extended hotter days may reduce community engagement. • Greater energy demand for cooling in summer. • Heatwave related blackouts.	• New buildings designed considering orientation, building form (thermal performance, passive lighting, roofing), energy efficiency & low carbon emissions (lighting, HVAC, ICT, renewable energy & battery storage), water conservation. • Natural landscaping considerations to cool/shade building and surrounds, minimise irrigation requirements.
Rainfall	• Declining rainfall • Lower spring rainfall • More drought.	• Less rainfall/more drought may cause soil movement and damage to building structure	• Utilise alternative water sources such as Oaklands Water where available and achievable or onsite water harvesting and stormwater reuse • Monitor cracking in buildings
Storms	• More intense heavy rainfall events which carry intensified winds.	• Increased risk of flooding • Strong winds can cause damage to buildings.	• Buildings, facilities and site levels must be designed to prevent localised flooding. • Preventative programs to limit damage to buildings (ie gutter cleaning program).
Fire	• More dangerous fire weather, drier fuels.	• Potential vulnerability to fire through lack of planning • Damage or destruction of building and structure assets.	• Identify locations where fire potential risk exists. • Ensure development in areas of high fire risk are suitable and to legislative requirements

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Sea Level	- Sea levels will continue to rise - Increase in height of extreme sea level events	Increase in the extent and frequency of coastal flooding to buildings and infrastructure.	Monitor for buildings and structure assets in proximity to coast.

Climate change impact is manageable for building and structure assets within the life of this AMP. For assets created whose lifespan extends beyond this AMP they are built in accordance with CoM Facilities Design Guidelines which provide best practice design considerations for whole of life asset management and operational efficiencies and ensure that the design of new building facilities and upgrade of existing building facilities address current Council strategies and policies including Council's vision for a high level of sustainability. It is expected that following these Design Guidelines which also include alignment to CoM Environmentally Sustainable Design Guidelines (for both New Buildings, Structures and Refurbishments as well as Building Maintenance) will provide assurance that expected design life will be achieved that is resilient to the effects of climate change.

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4. Lifecycle management

4.1 Preliminary information

Building and structure assets support the delivery of community, sporting and recreational activities, provide accommodation for council's administration and operations and are leased to commercial operations and includes both buildings and a range of ancillary assets associated with the buildings such as pools, fencing, furniture, lighting, pathways, signs and sporting courts, fields, equipment and ovals.

Table 13 Building and Structures Finance Asset category groupings and replacement cost (left)

Replacement Cost	
Buildings	$196,427,767
Buildings Equipment and Furniture related	$4,043,911
Buildings Infrastructure related	$12,270,030
Facility	$20,963,870
Fences	$1,210,247
Pool Structure	$4,779,684
Total	$239,695,509

Table 14: Quantity and expected useful life of all listed assets

Asset sub-class	Asset type	Qty	Useful life (yrs)
Buildings and Buildings Infrastructure			
Administration and Operations Buildings	Building, Shed, Structure	8	30-200
Commercial Facilities	Building, Shed	20	30-200
Community Facilities	Building, Shed, Structure	113	30-200
Sports and Recreation Facilities	Building, Shed, Structure	68	30-200
Non-building assets			
Barrier Continuous	Fence, Gate, Handrail, Wall	33	40
Barrier Point	Bollard	49	40
Buildings Equipment and Furniture	Non-Fixed Furniture	127	15
Furniture & Ancillary	Barbeque, Bicycle Fitting, Drinking Fountain, Pergola, Reserve Shelter, Rotunda, Seat, Shade Sail, Table	444	10-30
Irrigation Equipment	Irrigation Equipment	18	10
Memorials	Commemorative, Historical, Other, Place Marker	15	30-100
Pathway	Steps	16	20-40
Public Lighting	Lighting – Council Facility, Lighting – Sports	306	25
Recreational Area	Aquatic Centre/Water Park, Cycling Facility, Fitness, Fitness Equipment, Other – Sporting and Game Arenas, Play Equipment, Sports Court, Sports Equipment, Sports Field, Sports Oval	190	7 - 60
Retaining Walls	Retaining wall	37	30-60
Signs - Guide	Direction and Location, Hazard Board Markers	2	15-20
Signs - Open Space	Information	20	15-20
Signs - Regulatory	Traffic Instruction	19	15-20

Asset sub-class	Asset type	Qty	Useful life (yrs)
Traffic Control Device	Concrete Island	3	40-80
Waste Collection Point	Butt bin, Dog Bag Dispenser, Wheelie Bin	43	10
Total		1531	

4.2 Age profile

Age related data for Building and Structures assets is incomplete and is not presented as part of this AMP. CoM has improved its processes in recent times which will enable this information to be captured and analysed for future editions.

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4.3   Asset performance

4.3.1   Customer notification trends per category

Customer notifications are sourced from the general public and via our building tenants. The notifications relating to the condition of the assets is provided in the figures below.

The category with the most requests, general building, consists of a wide range of building or building surround related requests including minor repairs on all aspects of the building internal and external features as well as work requested on the immediate surrounds of the buildings.
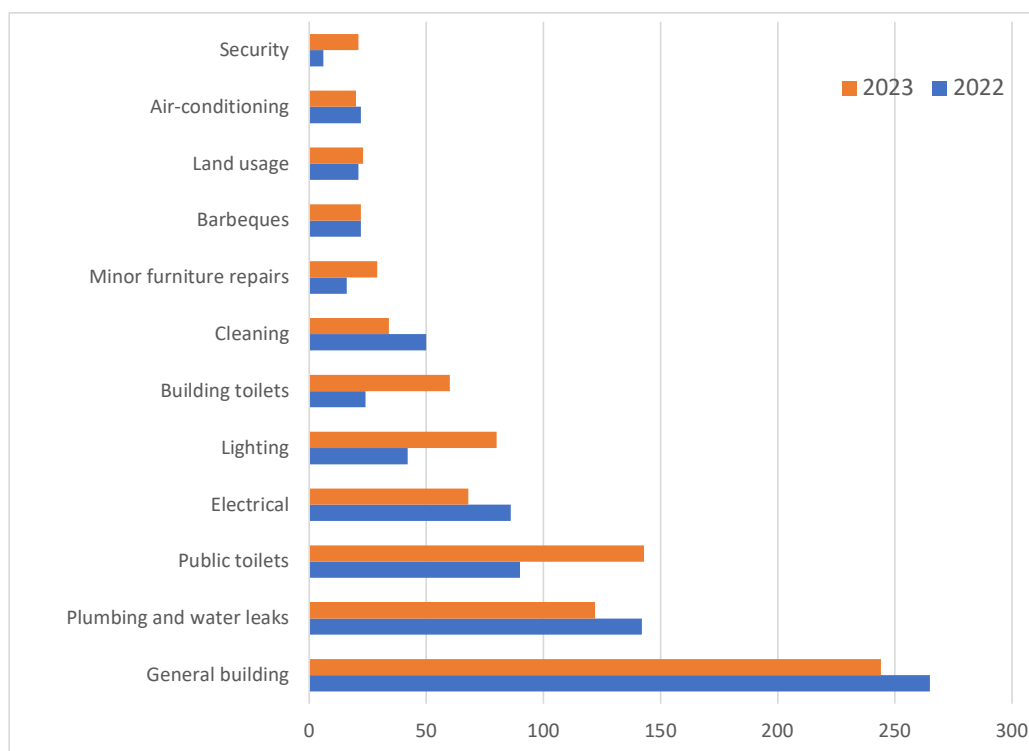
Figure 7: No. customer requests per category for 2022 and 2023

An opportunity exists to improve our notification reporting quality for consistency and to enable accurate keyword categorisation in addition to descriptive detail. The top three requiring work effort over the last two years related to public toilets, general plumbing issues which mostly relate to water ingress, and minor repairs across a whole range of issues in and around buildings.

This information provides us with an opportunity to review the effectiveness of our current maintenance and operation program overall, to review the mix of proactive and reactive work. Some of these areas will be addressed through our capital renewal program.
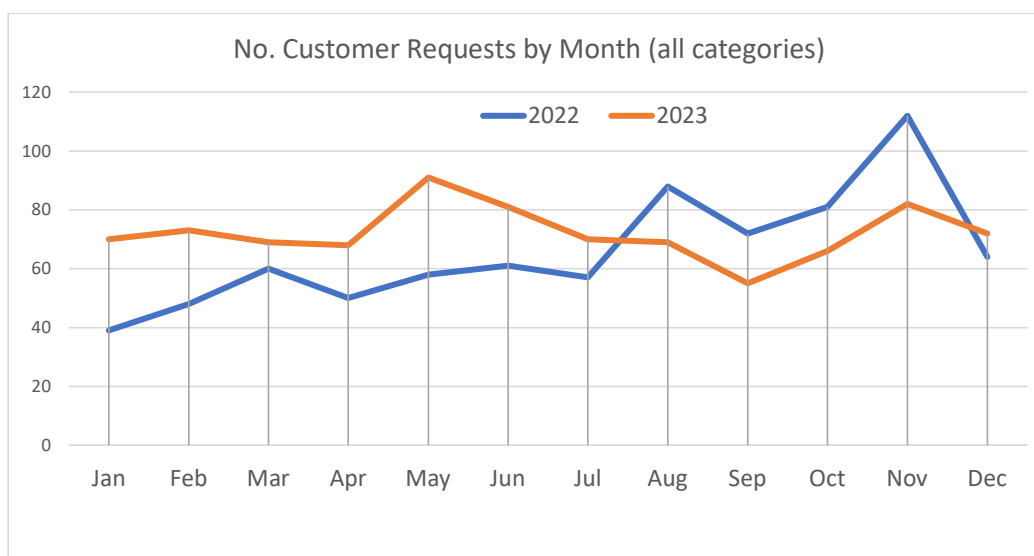
Figure 8: No. Customer requests, all categories by month for 2022 and 2023

4.3.2   Asset condition

Buildings and Building Components Asset Condition	
Asset Condition Rating	**Assets (% no. assets) by Condition**
1	**Very good**: Only planned operation and maintenance required.	
2	**Good**: Minor defects only. Repairs as needed plus planned maintenance.	
3	**Fair**: Significant maintenance required to Return to Accepted Level of Service.	
4	**Poor**: Significant maintenance or renewal required. Asset requires review to determine optimal action. Consider Renewal and/or Disposal.	
5	**Very Poor**: Approaching Unserviceable. Consider Renewal, Removal and/or Disposal.	
No data	Lack of data at time of reporting	

Figure 9: Buildings and Building Components Asset condition rating

A detailed Building Condition Audit has been undertaken in 2024 providing updated condition ratings to the majority of Building & Building Infrastructure assets. The buildings without current condition ratings – approximately 11% of all buildings - around two thirds were excluded due to being part of current or impending potential projects, almost a quarter had been disposed and the remaining are new assets completed after the audit process commenced.

Non-building Assets Condition	
Asset Condition Rating	Assets (% no. assets) by Condition
1	**Very good**: Only planned operation and maintenance required.
2	**Good**: Minor defects only. Repairs as needed plus planned maintenance.
3	**Fair**: Significant maintenance required to Return to Accepted Level of Service.
4	**Poor**: Significant maintenance or renewal required. Asset requires review to determine optimal action. Consider Renewal and/or Disposal.
5	**Very Poor**: Approaching Unserviceable. Consider Renewal, Removal and/or Disposal.
No data	Lack of data at time of reporting

Figure 10: Non-building Asset Condition

Of the non-building assets with no condition rating, over half relate to Buildings Equipment and Furniture (no condition ratings on these assets are held), almost a third is Recreational Area assets and the remaining are Barrier Point, Barrier Continuous, Furniture and Ancillary, Irrigation Equipment and Public Lighting. Of those non-building assets with a condition rating, almost 50% of the condition ratings are dated prior to 2020.

This AMP has highlighted an improvement initiative which will endeavour to obtain and update condition data for all assets.

The figure below, shows the distribution of building components and non-building assets rated as either poor or very poor. Condition data for some these non-building assets is to be reviewed for currency prior to programming renewal. This AMP provides the funding required to renew assets in poor to very poor condition.
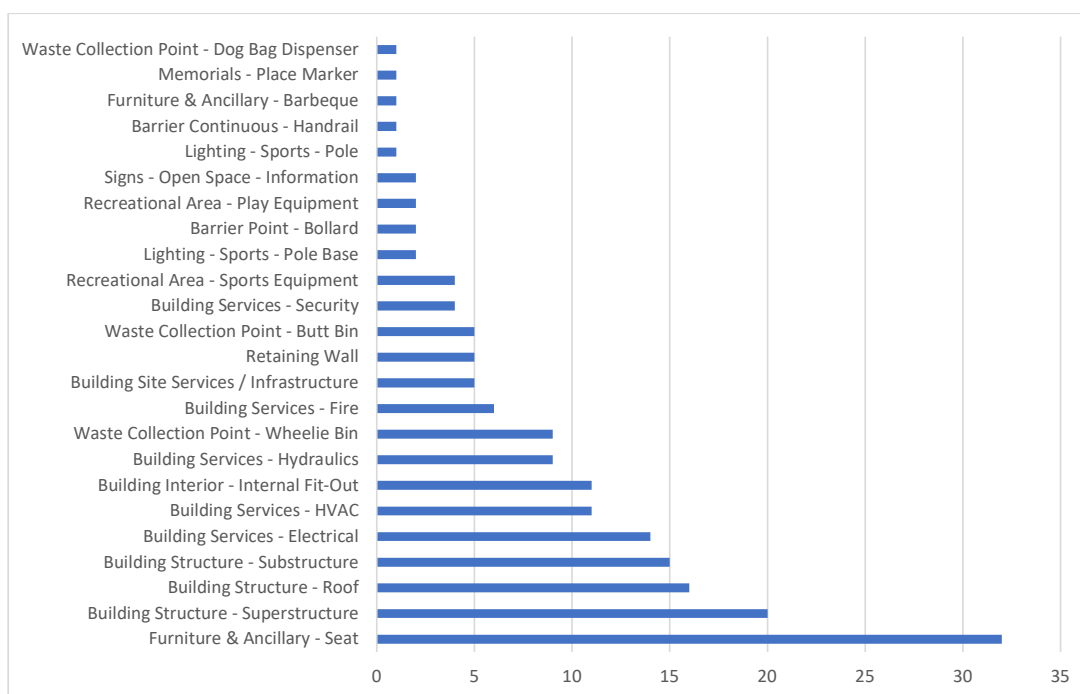
Figure 11: Poor/very poor condition rating by number of assets for different asset types

4.3.3   Asset function

Function is a measure that indicates whether the asset is providing the right type of service. Function is currently only rated against building assets. The ratings below suggests that nearly all of the building assets are fulfilling this demand of the community.

Guided by the future demand, we interpret some of our building assets to have a limited ability to meet the service needs (function rating 4). Refer to Appendix A for a list of projects which will ensure the assets continue to provide the right service.

Building Asset Function	
Asset Function Rating	**Assets (% no. assets) by Function**
1	**Very good**: meets program/service delivery needs in a fully efficient and effective manner.
2	**Good**: meets program/service delivery needs in an acceptable manner.
3	**Fair**: meets most program/service delivery needs with some inefficiencies and ineffectiveness present.
4	**Poor**: limited ability to meet program/service needs.
5	**Very Poor**: critically deficient, does not meet program/service needs, neither efficient nor effective.

Figure 12: Building Asset Function rating

4.3.4   Asset capacity

Capacity helps us understand if the assets are underutilised or overutilised. It is a measure of the assets in existence now. Building asset utilisation is obtained annually as a key performance outcome under leasing and licencing arrangements for Sporting and Community (Not for Profit) and Commercial tenants however improvements in how this is measured based on building use and analysis and use of this data have been identified. Council currently has two unoccupied buildings with options for future use under consideration.

Building Asset Capacity	
Asset Capacity Rating	**Assets (%) by Capacity**
1	**Very good**: usage corresponds with design capacity and no operational problems experienced.
2	**Good**: usage is within design capacity and occasional operation problems experienced.
3	**Fair**: usage occasionally exceeds design capacity and/or occasional operation problems occur frequently.
4	**Poor**: Usage often exceeds or is well below design capacity and/or significant operational problems are evident. Asset requires review to determine optimal action.
5	**Very Poor**: usage consistently exceeds design capacity or is little used and/or significant operational problems are serious and ongoing.

Figure 13: Building Asset capacity rating

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4.4 Operating Expenditure (OpEx)

10-year forecast Operations Expenditure (OpEx)

Legend: Planning, Operation, Monitoring, Maintenance
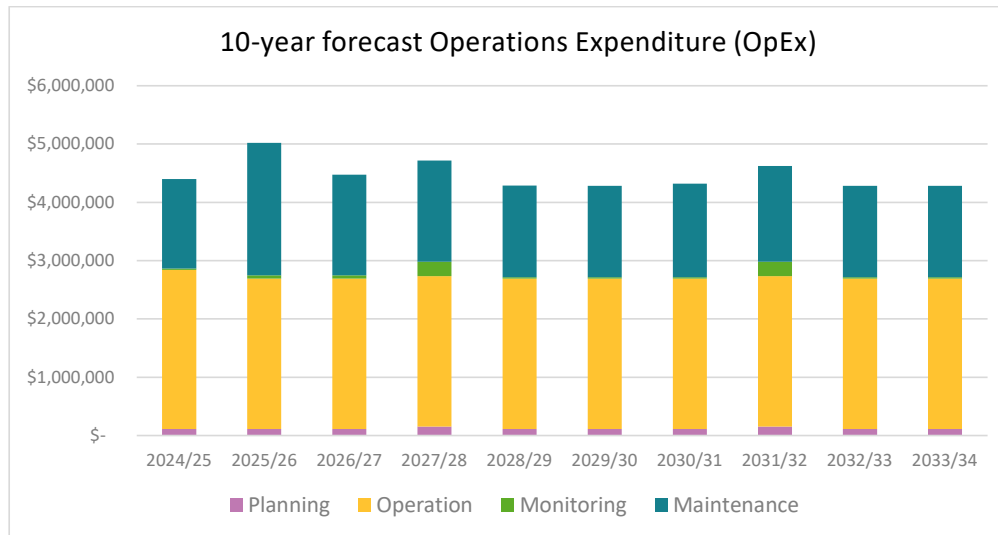
Figure 14: OpEx forecast 10-year budget

OpEx costs are those considered as direct costs for the service provided. They exclude salaried staff not engaged in direct supervision.

Planning

Planning costs include engaging specialists to undertake early feasibility work informing project proposals as well as legal advice for property related matters. Planning costs equate to $112,000 annually. Additionally, an allowance for 4-yearly updates to strategic plans has also been included.

Operation

Cleaning and electricity charges make up the majority of councils annual operation costs at around 34% each. The remaining costs in order of magnitude are for insurance, water and gas charges.

Monitoring

Monitoring activities include a four yearly allowance of $250,000 to update detailed structural and component condition data for CoM owned buildings. Allowances have also been included for non-building assets such as sports courts, pools/slides, lighting and other assets outlined in the CoM Asset Inspection Procedure requiring inspections by external contractors.

Maintenance

- Various maintenance and service contracts are in place including for Electrical Services, Fire Safety, Pest Control, Plumbing Services, Gutter Cleaning, Air Conditioning, Lifts, and Minor Building Maintenance.
- Maintenance contractor costs for reactive and planned maintenance activities amount to around $1.5m annually.
- Additional maintenance activities have been identified through the Building Condition Audit and have been included in maintenance costs from 2025/26. Maintenance costs identified through the audit for facilities leased or licenced to sporting clubs, not for profits or commercial facilities are only included where CoM has responsibility for these items based on general agreement arrangements.
- The remainder of the maintenance relates to internal costs.

Building and Structures assets are subject to degradation due to everyday usage from the community and staff with over a third of maintenance identified in the Building Condition Audit relating to Internal Fit-Out and the majority of customer notifications relating to minor internal and external building repairs.

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Regular servicing and preventative maintenance activities are undertaken at our buildings with improvement opportunity evident from the customer event log of Sec 4.3.1.

The OpEx forecast budget will enable the Buildings and Structures assets to provide the service required.

4.5 Capital expenditure (CapEx)
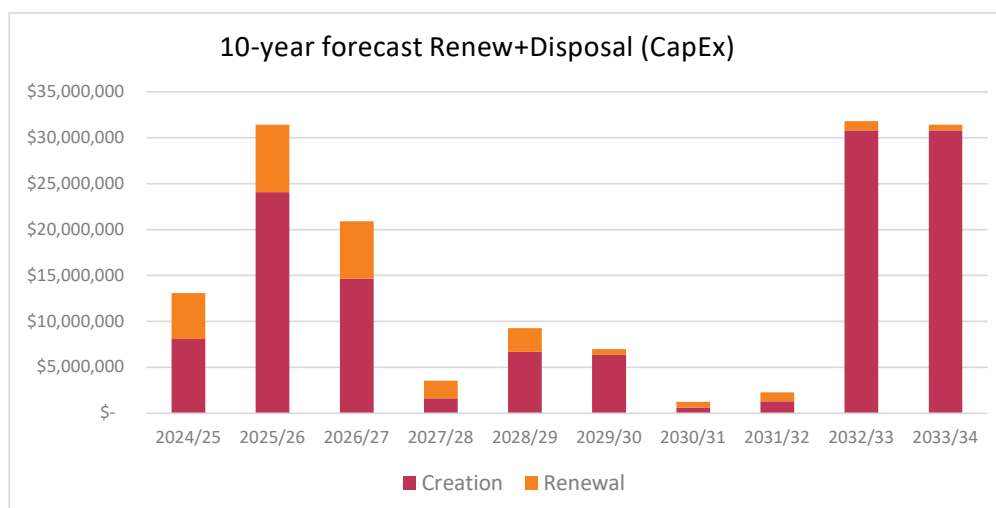
Figure 15: CapEx forecast 10-year budget

CapEx costs include contractors and specialists but exclude CoM salaried full time staff.

Renewal

Renewal activity included in this AMP has been generated from the 2023-24 building condition audit on CoM buildings which has produced a 10-year renewal plan. It is also informed by the CoMBAS projects that renew or replace an existing asset or restores an asset to its original functional condition or extends its useful life.

Creation

The CoMBAS and its key recommendations have been developed considering evidence, service level benchmarks and future demand to identify where a service function is needed to be created that previously hadn't existed.

A summary of the CapEx projects from the CoMBAS, Building Condition Audit and other identified works is provided as Appendix A. This includes both renewal projects and creation projects.

5. Risk management

Council's Risk Management Policy sets the overall framework for addressing risk within the framework of ISO31000.

The elements of this framework are:

- Risk Management Context: Establishes the objectives, stakeholders, key issues, and criteria against which risks will be evaluated.
- Identify the Risk: Identifies what risk events are likely to impact on assets and services.
- Analyse the Risk: Reviews the existing controls and then analyses the likelihood of an event occurring and the consequence of the event to determine the level of risk.
- Evaluate the Risk: Assesses and ranks the identified risks in a Risk Register.
- Treat the Risks: Identifies actions to reduce/control the risk.
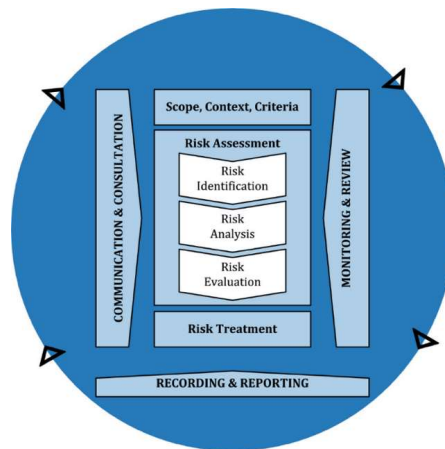
Figure 16: Risk management process from ISO 31000:2018

5.1 Critical assets

Defining critical assets

For Building and Structure assets, critical assets are those which have a consequence of failure causing significant loss or reduction of service. Critical building assets – Marion Administration and City Services Buildings – have been identified in the Business Continuity Plan due to their role in the event of a declared Business Interruption Event.

Ranking assets according to their business criticality (or consequence of failure) ensures the appropriate level of monitoring, operation and maintenance activities are performed at the right time.

High level risk assets

Generally, the assets with a higher criticality ranking will attract a higher risk should risk consequences present themselves. Typically risk events result from the overall condition or structural integrity of the asset but they may also result from failure to provide the right asset or the right amount of the asset.

There are no high or greater level risks identified for Building and Structure assets.

5.2 What we cannot do

The forecast budget of this AMP is used to inform the LTFP. It is expected that through this process of alignment with the LTFP, the objectives of this AMP will be achieved.

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6. Financial summary

6.1 Financial sustainability

Sustainability of service delivery

Two key indicators of sustainable service delivery are considered in the Building and Structures AMP:

1. The forecast renewals are funded over the life of this plan to ensure the continuity of function that the asset provides. Assets are scheduled for renewal based on the end an end of estimated useful life.
2. OpEx is funded to ensure the day to day management and integrity of the asset to ensure the required levels of service are met.

This AMP is used to inform the LTFP, through an iterative process balancing cost, performance, and risk. As a part of its Annual Business Planning process, CoM undertakes a review of forecast asset management expenditures. This revised forecast annual funding requirement is incorporated into Council's currently adopted Annual Business Plan and Long-Term Financial Plan.

10-year financial planning period

This AMP identifies the forecast OpEx and CapEx required to provide an agreed level of service to our customers over a 10-year period.

This forecast is compared with the proposed budget over the first 10 years of the planning period to identify any funding shortfall.

Table 15: Forecast total outlay for OpEx and CapEx

Forecast Expenditure	10-Year forecast	Average Annual Cost
Operational Cost (OpEx)	$44,673,370	$4,467,337
Capital Cost (CapEx)	$151,983,650	$15,198,365
Total	**$196,657,020**	**$19,665,702**

6.2 Forecast outlays for the LTFP

Table 16: Forecast 10-year expenditure – Buildings and Structures

Year	Planning	Creation	Operation	Monitor	Maintenance	Renewal	Disposal	Forecast Total
2024/25	112,000	8,061,431	2,730,000	20,000	1,536,827	5,015,210	0	$17,475,468
2025/26	112,000	24,081,595	2,580,000	50,000	2,279,797	7,364,960	0	$36,468,352
2026/27	112,000	14,650,240	2,580,000	50,000	1,731,977	6,270,100	0	$25,394,317
2027/28	152,000	1,605,600	2,580,000	250,000	1,729,937	1,938,650	0	$8,256,187
2028/29	112,000	6,677,600	2,580,000	20,000	1,573,527	2,574,905	0	$13,538,032
2029/30	112,000	6,377,600	2,580,000	20,000	1,570,327	610,000	0	$11,269,927
2030/31	112,000	600,000	2,580,000	20,000	1,605,677	633,750	0	$5,551,427
2031/32	152,000	1,300,000	2,580,000	250,000	1,639,947	960,500	0	$6,882,447
2032/33	112,000	30,789,600	2,580,000	20,000	1,568,027	1,020,159	0	$36,089,786
2033/34	112,000	30,789,600	2,580,000	20,000	1,567,327	662,150	0	$35,731,077
Total	1,200,000	124,933,266	$25,950,000	$720,000	$16,803,370	$27,050,384	0	$196,657,020

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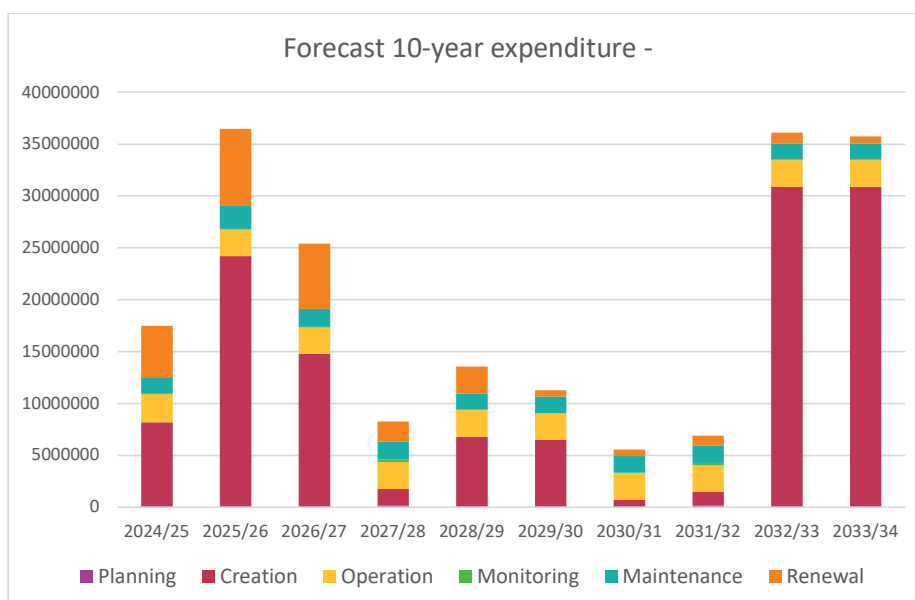
Figure 17: Summary forecast 10-year expenditure for Buildings and Structures AMP

6.3 Valuation forecasts

The best available estimate of assets included in this AMP are shown below. This estimate is based on recent purchases of equivalent assets (what it would cost to replace the asset today), or an indexed value (the original purchase cost of the asset in today's dollars).

Replacement Cost (Current/Gross)	$239,695,509
Accumulated Depreciation	$95,387,557
Depreciated Replacement Cost	$144,307,952
Depreciation	$6,062,666

6.4 Key assumptions in financial forecasts

- All data used in this AMP is current as of May 2024.
- The forecast 10-year expenditure profile is provided in 2024 dollars.
- The Long-Term Financial Plan will be adjusted annually to account for cost index increases and utility cost anomalies.
- Operation and Maintenance costs are based on existing service levels
- Contractor cost increases are consistent with the allowance for CoM indexed increases to LTFP

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6.5 Forecast reliability and data confidence

The forecast costs, proposed budgets, and valuation projections in this AMP are based on the best available data. For effective asset and financial management, it is critical that the information is current and accurate. Data confidence is classified in accordance with the table below

Table 17: Data confidence grades description.

Confidence grade	Description
A. Very high	Data based on sound records, procedures, investigations, and analysis, documented properly, and agreed as the best method of assessment. Dataset is complete and estimated to be accurate ± 2%.
B. High	Data based on sound records, procedures, investigations, and analysis, documented properly but has minor shortcomings, for example some of the data is old, some documentation is missing and/or reliance is placed on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate ± 10%.
C. Medium	Data based on sound records, procedures, investigations, and analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data are available. Dataset is substantially complete but up to 50% is extrapolated data and accuracy estimated ± 25%.
D. Low	Data is based on unconfirmed verbal reports and/or cursory inspections and analysis. Dataset may not be fully complete, and most data is estimated or extrapolated. Accuracy ± 40%.
E. Very low	None or very little data held.

Table 18: Data Confidence assessment outcome.

Data	Confidence Assessment
Asset Condition - Buildings and Building Components	A
Asset Condition – Non building assets	C
Asset Function	C
Asset Capacity	C
Asset Age Profile	D
Replacement Value	B
Service Levels	B
Demand drivers	B
Capital Expenditure Forecasts	B
Operational Expenditure Forecast	B

6.6   Monitoring and Review

This AMP will be reviewed during the annual budget planning process and revised to show any material changes in service levels, risks, forecast costs and proposed budgets as a result of budget decisions.

Cost changes will be reviewed annually, and any changes needed to the Table of Section 6.2 will be published separately to this plan.

The AMP will be reviewed and updated every four years to ensure it represents the current service level, asset values, forecast operations, maintenance, renewals, creation and asset disposal costs and planned budgets. These forecast costs and proposed budget are incorporated into the Long-Term Financial Plan or will be incorporated into the Long-Term Financial Plan once completed.

7. Improvement Plan

The following improvement initiatives were identified as part of the development of this AMP and show alignment with the overall Council Strategy.

Table 19: Improvement activities identified during the development of the AMP aligned with the Council Strategy

Alignment	Task	Resource	Completion
I2	Improve Asset naming terminology and position in the hierarchy. Review Asset Class hierarchy inconsistencies in owner allocation (eg Sports Courts) and where replacement value is reported.	Unit Manager Property, Strategy & Delivery	Dec 2025
I2	Review Facility & Intangible assets and allocate to Asset Class and AMP responsible for the asset.	Unit Manager Asset Solutions	Dec 2024
I2	Develop Level of Service for design standards for predominantly sporting facilities.	Manager City Property	Jun 2026
I2	Improve customer notification reporting quality for consistency and to enable accurate keyword categorisation in addition to descriptive detail to allow better analysis and performance reporting.	Manager City Property	Dec 2025
E1	Review process for measuring utilisation across the different building service groupings and analysis to inform reporting and asset decision making.	Manager City Property	Dec 2025
I1	Ensure asset handover process is utilised to ensure asset acquisition, upgrade, renewal and disposal is captured and communicated to maintain the Asset Management Information System.	Manager City Property	Dec 2024
I2	Review and revise chart of accounts to facilitate consistent and accurate cost allocation for all asset expenditure aligned with the Asset Management Lifecycle including differentiation between planned and reactive maintenance.	Manager City Property	Jun 2025
I2	Implement a process to update this Asset Management Plan during annual budget planning processes to show any material changes in service levels and/or resources.	Manager City Property	Nov 2024
I2	Improve quality, currency and completeness of asset data in the centralised asset management information system including condition assessments and asset/component age, design (useful) life.	Manager City Property	Dec 2025
VN3	Review opportunities identified through the 2023/24 Building Condition & Sports Lighting audit to integrate with Carbon Neutrality Plan to map out how the City of Marion Building and Structure assets can reduce carbon emissions for Council operations by 2030.	Manager City Property	Dec 2025

Appendix A – Capital Works Renewal and Improvements Program

Note: The timing and scope of these works may vary to suit a change in priorities.

Table 20: List of CapEx projects from City of Marion Building Asset Strategy, renewals identified through the 2023/24 Building Condition Audit and other planned renewals by suburb with proposed timing

Key:	Building improvement renewal activity				❶	Building site major renewal or improvement works
①	Building superstructure/roof	③	Air-conditioning systems	⑤	Fire systems	
②	Building interior fit out	④	Electrical systems	⑥	Hydrology/plumbing systems	
⑦	Court recoating/resurfacing					

Suburb	Location	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
ASCOT PARK	Active Elders Association	⑤	④⑤		②③	①②③					
BEDFORD PARK	Living Kaurna Cultural Centre		②	③		②			⑤	②⑤	
CITY WIDE	Audio visual and technology upgrades	X	X	X	X	X	X	X	X	X	X
CITY WIDE	Facility Branding and wayfinding Signage	X	X	X	X						
CITY WIDE	Public toilets improvement		②④	①	④	④			④	①④	
CLOVELLY PARK	Clovelly Park Memorial Community Centre (include Netball Facility)	④	④	⑦		②⑥				②⑤	②
CLOVELLY PARK	Cosgrove Hall	❶②⑤	④		②	❶②		④	④⑤	②⑤⑥	
EDWARDSTOWN	Abbeyfield House	③④⑤	②⑤		②	③					
EDWARDSTOWN	Marion City Band	②④⑤							②	②	
EDWARDSTOWN	Meals on Wheels - Edwardstown	②⑤	③						②⑥		
EDWARDSTOWN	Rotary Book Exchange	①	①		②③						
GLANDORE	Glandore Community Centre buildings	②④⑤	②		②④⑥	②			②③④⑥	②⑥	②
GLANDORE	Glandore CC FitzJames building – Huntington's SA Inc	②④⑤			②				②⑥	④⑤	

Suburb	Location	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
GLANDORE	Glandore CC Gundy Buildings – Community Centres SA	2								4 6	
GLANDORE	Glandore CC Naldera	4 5	2		2 5 6						
GLANDORE	Glandore Oval	0	0 1	0 2 2		2 6				2 6	
GLENGOWRIE	Hazelmere Rd Netball facilities	7		0 7							
GLENGOWRIE	Stanley Street Tennis Club	0	0 2						2 7		
GLENGOWRIE	YMCA Glengowrie		2 4	1	1 3 6				5		
HALLETT COVE	Capella Drive Reserve				2						
HALLETT COVE	Cove Civic Centre	2			2 4				2 3 4 5 6		
HALLETT COVE	Hallett Cove Beach Tennis Club				0		7		2 5 6		
HALLETT COVE	The Cove Sports & Community Club	4	2			0	0	0	0	0 5	0
HALLETT COVE	Cove Netball Facility		7								
HALLETT COVE	Meals on Wheels - Hallett Cove			2	2				2 6	3 5	
HALLETT COVE	Perry Barr Farm – Castrol Shed					3				4 5	
HALLETT COVE	Perry Barr Farm buildings– Hallett Cove Scout Group		5	2					4	3 5 6	
HALLETT COVE	Perry Barr Farm buildings – Lions Club of Hallett Cove	2 4 5		1 4	3	2 5			3	2	
MARION	Marion Basketball Stadium (new 5 court stadium)	0	0	0							
MARION	Marion Bowling Club		2 4	1 3	2 6				3	2 5 6	
MARION	Marion Bowling Club site – unused building		2		2 4 6					2 4 5	
MARION	Marion RSL	1	2 3	1	2	2					

Suburb	Location	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
MARION	Marion Sports & Community Club (Club Marion) - (changerooms Years 27,28)		3(green) 4(yellow)	3(green)	0(black) 1(grey) / 3(green) 4(yellow)	0(black)		3(green)	3(green) 6(blue)	2(gold) 5(red) / 6(blue)	
MARION	Marion Sports Precinct – carparking improvements				0(black)						
MARION	Vietnam Veterans Federation					2(gold) 6(blue)				3(green)	
MITCHELL PARK	City of Marion - City Services	5(red)	4(yellow)			4(yellow) 5(red)			5(red)	2(gold) 4(yellow) / 5(red)	
MITCHELL PARK	Mitchell Park Neighbourhood Centre (formerly)		2(gold) 5(red)		2(gold)	2(gold) 4(yellow)				2(gold)	
MITCHELL PARK	Mitchell Park Sports & Community Centre									2(gold) 7(purple)	
MORPHETTVILLE	Koorana Gymnasium	2(gold)	5(red)		4(yellow)						
MORPHETTVILLE	Marion Leisure Fitness Centre		1(grey) 3(green) / 5(red) 6(blue)	3(green) 6(blue)		2(gold)		3(green) 6(blue) / 0(black)	5(red) 0(black)	2(gold) 5(red) / 0(black)	0(black)
MORPHETTVILLE	Morphettville Park Tennis Club clubroom Y24-26	0(black) 6(blue)	0(black) 2(gold)			7(purple)			2(gold)		
O'HALLORAN HILL	Sam Willoughby BMX	4(yellow) 5(red)	4(yellow)						4(yellow)	3(green) 5(red) / 6(blue)	
OAKLANDS PARK	Marion Cultural Centre – overall (security 2032)		3(green)			2(gold)				2(gold) 3(green) / 6(blue)	
OAKLANDS PARK	Marion Cultural Centre – plaza	0(black)									
OAKLANDS PARK	Marion Cultural Centre – library	2(gold)	2(gold)	2(gold)							
OAKLANDS PARK	Marion Cultural Centre – theatre, gallery	2(gold)				2(gold)					
OAKLANDS PARK	Oaklands Park Pump Shed			6(blue)		4(yellow)					
PARK HOLME	Ascot Park Bowling Club	2(gold) 5(red)	3(green)			5(red)				2(gold) 3(green) / 4(yellow) 5(red) / 6(blue)	
PARK HOLME	Ascot Park Vermont Tennis Club		5(red)	4(yellow)							
PARK HOLME	Marion Outdoor Pool	1(grey) 2(gold) / 5(red)	1(grey) 2(gold) / 4(yellow) 6(blue)	1(grey) 2(gold)	2(gold) 4(yellow)				2(gold) 3(green) / 4(yellow) 5(red) / 6(blue)		

Suburb	Location	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
PARK HOLME	Marion Outdoor Pool - Residence	2 5	2	4	2				6		
PARK HOLME	Park Holme Community Hall	4	3 4		5				2 4	5 6	
PARK HOLME	Park Holme Library	4 5	4					4		2 4 5	
PARK HOLME	Woodforde Family Reserve Clubrooms		5	4				7			
PLYMPTON PARK	Plympton Sports & Recreation Club		1 2 4 5		2 3 5				2 3 4		
SEACLIFF PARK	Marion Golf Park – Clubhouse	0									
SEACLIFF PARK	Marion Golf Park - Course buildings							4	1 6 2 3 4 5 6	5	
SEACOMBE HEIGHTS	Tarnham Road Tennis Courts										7
SOUTH PLYMPTON	Edwardstown Soldiers Memorial Recreation Ground	4 5	2 5								
STURT	City of Marion - Administration	2	2 4	2 4		4	4				
STURT	Cooinda Neighbourhood Centre	2 4	2	2 4		2 4					
STURT	Marion Heritage Research Centre	0									
TROTT PARK	Marion City Lions Club shed		1		1						
TROTT PARK	Southbank Tennis Club		1 2	1	2	7		5	6		
TROTT PARK	City of Marion – Southern Depot	0									
TROTT PARK	Trott Park Neighbourhood Centre	4	4	3		4		5	3 4 5	2 3 4 5	
UNKNOWN	Proposed Southern Region Indoor sporting facility								0	0	0
WARRADALE	Marion Community House		1		2	6			2	5	
WARRADALE	Warradale Park Tennis Club	0 3	2 4			2	7			2	

7.5 Q4 Corporate Risk Report

Report Reference	FRAC240813R7.5
Originating Officer	Risk Business Partner – Kim Strickland
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 overview of the City of Marion Corporate Risk Register review for Quarter 4, 2023-2024 (1 April to 30 June 2024).

RECOMMENDATION

That the Finance, Risk and Audit Committee:

1. **Reviews the Corporate Risk Report and provides any feedback.**
2. **Considers the high risks in Attachment 1 and provides any feedback.**

DISCUSSION

During Quarter 4 2023-24 (Q4), a review by risk owners was conducted on the council's Corporate Risk Register.

This review was the second time Risk Owners reviewed their risks within Pulse (the new Corporate risk system) with a good level of competency noted with risk owners being able to navigate the system well. One area requested further training of Pulse for this quarter's review, which was provided by the team.

Other key risk activity
Within the Quarter the Annual Fraud Questionnaire commenced, of which the outcomes are reported via a separate report to the ELT meeting on 18 July 2024. A new corporate risk was identified as an outcome of the Annual Fraud Questionnaire and is featured at Section 1.2 within this report.

1.1 Analysis of Quarter 4 2023-2024 Risk Metrics

The Q4 review of the Corporate Risk Register confirmed a total of 102 existing risks. There were no changes to the residual high risks since the last quarter. This quarter identified a re-rating of 1 risk from Low to Medium, and identified 1 new risk, discussed in Section 1.2 of this report.

Table 1 illustrates the Residual risk ratings, being 4 high, 71 medium, and 27 low.

Table 1: Quarter 4, 2023-2024 Risk Ratings

Inherent Risks

	Insignificant	Minor	Moderate	Major	Severe
Almost Certain		2	9	4	3
Likely			13	24	15
Possible		1	8	16	3
Unlikely		1	2		1
Rare					

Residual Risks

	Insignificant	Minor	Moderate	Major	Severe
Almost Certain	1	1			
Likely		4	1		
Possible		1	14	3	
Unlikely	2	13	32	12	
Rare		4	8	6	

Target Risks

Extreme			
High			
Medium	64		
Low	38		

Inherent Risks

- LOW, 1, (1%)
- MED, 13, (13%)
- EXTREME, 22, (22)
- HIGH, 66, (65%)

Residual Risks

- HIGH, 4, (4%)
- LOW, 27, (26%)
- MED, 71, (70%)

Target Risks

- LOW, 38, (37%)
- MED, 64, (63%)

Table 2: **Corporate Risk Register – Comparative outcomes of the last four quarters**
This table illustrates the movement in our risk exposure over the previous 12 months.

	Quarter 1 - 2023/24 July to September			Quarter 2 - 2023/24 October to December			Quarter 3 - 2023/24 January to March			Quarter 4 - 2023/24 April to June			Overall Impact *
	Residual High Risk - 4%			Residual High Risk - 4%			Residual High Risk - 4%			Residual High Risk - 4%			Overall Impact*
	Inherent	Residual	Target	Inherent	Residual	Target	Inherent	Residual	Target	Inherent	Residual	Target	
Extreme	22	0	0	22	0	0	21	0	0	22	0	0	⟺
High	69	4	0	69	4	0	67	4	0	66	4	0	⟺
Medium	10	71	63	10	71	63	12	69	63	13	71	64	⟺
Low	0	26	38	0	26	38	1	28	38	1	27	38	⟺
Total	101	101	101	101	101	101	101	101	101	102	102	102	

*overall residual rating impact across the 4 quarters.

1.2 New Risks

One new risk (CR0111) was identified during the period concerning the rapid advancement of Artificial Intelligence (AI) in the external environment and the risk exposure and impact to council and the community.

Most of the AI used by council is far from emerging, however one significant shift in AI is the size of data sets being far larger than traditionally has been the case. The source of these datasets has revealed things about our society that generate highly contentious and hotly debated ethical concerns or risks.

Advancement of AI impacts council beyond its use of AI, if information is made available in the public realm such as council Freedom Of Information release, that may contain confidential/ personal/inaccurate/ bias information that is essentially harmful to an individual or the community and council reputation.

The risk in council use of AI in its business practices and decisions can lead to privacy breach, ethical concerns and inaccurate information provided, all of which can be harmful to council resulting in public mistrust, financial and reputational risk.

There is some work required by council to navigate further the impact to council and define a useful way to explore use of AI in its functions and processes. Council recognise that a governance framework is vital in driving the development, deployment and use of AI technologies whilst

addressing the risks. Council is currently drafting an AI Policy, and the risk treatment plan includes an assessment and review processes staff training processes to educate staff to support management of the risk.

Description	Controls and Treatment Plan	Residual Risk Rating
CR0111 Rapid advancement of Artificial Intelligence (AI).	• Establish an overarching AI Framework to support the assessment of AI technologies and its source data. • Integrate the AI Framework within our procurement, project management and business case / software selection procedures. • Provide awareness and training about AI to staff and Elected Members on the associated AI Framework. • Any use of AI products internally is to go through IS department for approval to use.	Medium

1.3 Re-assigned risks

There were no risks re-assigned during the Quarter.

1.4 Re-rated risks

The following risk was re-named and re-rated accordingly.

The re-naming of the risk to *"Inability to support dog and cat management at CoM"* is required to capture the broader risk to the CoM and the community in not being able to exercise their powers and fulfil their responsibilities under the Dog and Cat Management Act, to protect animals and the public. Responsibilities and therefore the risk managed by CoM goes beyond seizing and re-homing animals; extending to enforcing and addressing roaming dogs and cats, aggressive dogs, registration, microchipping and responsible breeding to name a few.
Further, re-naming the risk removes the reference to the risk just being about re-homing and this being a RSPCA responsibility in the description, and they are not the only provider of animal rehoming services.

The risk to CoM had been tracking Low with RSPCA being able to honor their CoM/RSPCA agreement for re-homing of animals. However, in the last few months, the RSPCA accepted kittens, and only mature felines in some circumstances. This is due to a global shortage of vaccines being available for mature felines, thus the risks to RSPCA were too great for accepting mature felines with unknown vaccination status. The supply shortage of feline vaccine is a global issue that has continued to impact Australia since 2023. Shipments of vaccines are expected by 1 July 2024, as reported by Australian Veterinarian Association on 24 June 2024, although it is unclear of the numbers of supply or if it will be sufficient.
CoM does have a back-up animal re-homing with Animal Welfare League, based in Edinburgh, however this facility will likely also be impacted by vaccine shortage

In light of the above, the risk has been raised to Medium to consider the above-mentioned broader risk of services and responsibilities of council exercise by their Animal Management Plan. Further the re-rating considers the impact to the community with the current global supply shortage of feline

vaccines. Mitigations in controlling the risk include the RSPCA agreement, AWL as a back-up for re-homing, and the 5 year Animal Management Plan. The risk will continue to be monitored.

Current risk:

Risk #ID	Risk Description	Residual Risk Rating
CR0065	Inability to support dog and cat management at CoM with RSPCA at full capacity	Low

Revised Risk:

Risk #ID	Risk Description	Residual Risk Rating
CR0065	Inability to support dog and cat management at CoM	Medium

1.5 External issues/opportunities

Inflation
The Consumer Price Index (CPI) rose 1.0% this quarter. Over the 12 months to the June 2024 quarter, the Adelaide Consumer Price Index rose to 3.8% (ABS). The most significant price rises this quarter were Housing (+1.1%), Food and non-alcoholic beverages (+1.2%), Clothing and footwear (+3.1%) and Alcohol and Tobacco (1.5%).

Community feedback on council's Draft Annual Business Plan in April/May 2024 indicated increased community sentiment around cost-of-living concerns.

Dog and Cat Management Amendment Bill 2024 Act

Council was invited to provide feedback (due by 4 September 2024) on proposed changes to the dog and cat management laws in South Australia. The proposed changes include increased powers to manage wandering dogs, increased penalties for vicious dog attacks, increases in fines and expiations for dog attacks, and a ban on puppy farms through a stricter breeder licensing scheme.

Elections Funding Commitments
Members of Parliament have expressed interest in discussing the strategic priorities of Council in consideration of the future election cycles. Council's Long Term Financial Plan, unfunded priority list and projects from its strategic documents including the 'City of Marion Building Asset Strategy' and Asset Management Plans will form the basis of information. There is a risk to Council of potentially extending our debt further due to co-contributions often required during the election cycle which would have financial implication for the Council. This risk needs to be considered in any conversations with Members of Parliament regarding the next Federal election.

Claims data
A review of footpath claims data was assessed in the quarter which shows a gradual increase in footpath tripping hazards. The information has been shared with the Manager Operations to undertake a deeper dive review of the data to ascertain any key hot spots within the council area. Footpath renewal forms part of the rolling capital works program with hazards given priority attention.

1.6 High Risks

Council's Risk Management Framework outlines that high and extreme risks are reported to the ELT and subsequently, to Council via assurance from the Finance, Risk and Audit Committee.

There are currently four (4) risks assessed as outside the CoM's adopted risk appetite, as outlined in Residual Risks, **Table 3.**

Table 3. Corporate Risk Register Quarter 4, 2023-24 – Risk Scoring overview

Risk Scoring
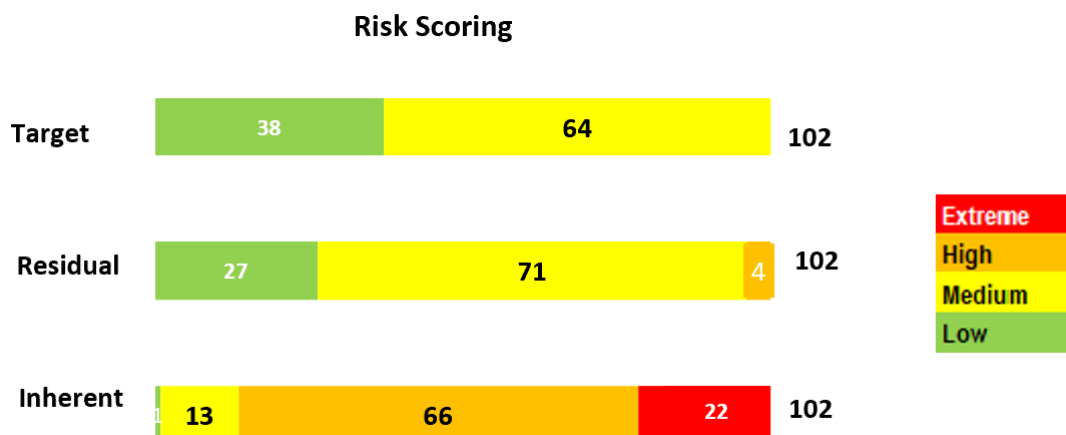
Council's high risks are reviewed in a 'High-Risk ' report format and reviewed and monitored each quarter. The 'High-Risk' report document provides full details on the risk, background/context, causes, consequences, and any current controls already in place.
It then details any planned treatments identified by the risk owners aimed at reducing the risk within tolerance levels. The 'High-Risk' Reports are in Attachment 1.

There has been a minor wording change made to CR0053 during the Q4 review. The wording change does not change the intent of the risk as it has always been about strategic projects. The amended wording just clarifies this.

From:	Ineffective & inefficient organisational project and portfolio management/ monitoring to deliver strategic objectives and outcomes
Amended to:	Ineffective & inefficient strategic project and portfolio management/ monitoring to deliver successful objectives and outcomes

It is noted that risk CR0095 relating to data quality and governance will be reviewed in quarter 1 24/25 as a result of the Internal Audit on Data Governance with a recommendation from KPMG that this risk can be re-rated to a medium risk.

Risk CR0058 relating to climate change will also be reviewed once the information on the climate change risk register and governance assessments are complete.

Table 4: Risks Currently rated as High (or above)

Risk ID	Risk Description	Inherent Risk Rating	Residual Risk Rating	Quarter Movement
CR0026	Injury or damage arising out of a failure of CoM contractors to comply with contract conditions and CoM HSW requirements	High	High	⬌

CR0053	Ineffective & inefficient organisational project and portfolio management/ monitoring to deliver strategic objectives and outcomes	High	High	⬌
CR0058	Failure to identify, assess, and manage climate-related risks and opportunities that affect our operations and community.	Extreme	High	⬌
CR0095	Poor data quality and data governance not supporting informed decision making	Extreme	High	⬌

1.7 Next Financial Year Key Activity

Risk Maturity Assessment

Off the back of the update to council's Risk Management Policy and Framework and the implementation of the 'Pulse' risk system, a Risk Maturity Assessment is scheduled for delivery this financial year (2024-2025).

Every four years Council undertakes a Risk maturity assessment. The last evaluation was conducted in 2019 with the Senior Leadership Team to identify current and desired risk management design and implementation effectiveness states (FAC200818R09). The assessment was made against the strategy, governance, process, culture and capability criterion, and Tools & Technology.

The Risk Maturity Assessment aims to address gaps between the current and desired state of council's risk management with actions intended to be delivered via a multi-year action plan aimed at increasing the maturity of the organisation over the next 4 years.

Opportunities Management

Progress has been made in integrating Opportunity Management into the Risk Management Framework (RMF). Risk & Strategy has initiated work to create an Opportunities register and defined consequence criteria. These will be further developed and refined through workshops with internal subject matter experts scheduled for July-August 2024. Finalising the register and criteria are key deliverables for the updated RMF, which will also incorporate the process for Opportunity Management. The revised RMF is planned for submission to ELT in September 2024 and FRAC in October 2024.

ATTACHMENTS

1.   Q4 2023 24 High Risk details [**7.5.1** - 8 pages]

CR0058: Failure to identify, assess, and manage climate-related risks and opportunities that affect our operations and community.

Risk Area	Risk Owner Position	Risk Category	Inherent Risk	Residual Risk	Target Rating	Within Tolerance
Environmental Sustainability	Manager Eng, Assets & Environment.	Financial	Extreme	High	Medium	No

Context Background & Env Considerations: Climate change is already affecting aspects of CoM operations including how we undertake business and activities and how we design, build, and refurbish facilities and infrastructure. It is recognised that unless we ensure we have a sound understanding of the projections and impacts of climate change and incorporate this knowledge into the design and management of infrastructure and the mode of delivery of services we risk exposing the community to increased operating costs and a decrease in the utilities of infrastructure and services. Increased extreme weather events will have ongoing impacts to our vulnerable communities.

Risk Statement: This relates to how council responds to climate change. Climate-related risks (and opportunities) can be split into two categories: physical and transitional. This risk contains both aspects.

PHYSICAL RISKS AND OPPORTUNTIES There is a risk that extreme weather events, coastal inundation and protracted and enduring changes in weather patterns caused by climate change/global warming will result in an increase in operating costs due to asset damage and accelerated deterioration, damage to Council natural and built environments and an increasing disconnect between Councils capacity to deliver facilities and services and the community's expectations. There may also be physical changes to the environment that have a positive impact such as warmer winter temperatures resulting in less energy consumption for heating and improving vegetation health during winter periods.

TRANSITIONAL RISKS AND OPPORTUNITIES Council's response to the potential physical risks of climate change are called "transitional risks". This includes what we do to reduce carbon emissions and reduce human-induced climate change (climate change mitigation) and what we do to adapt to climate change.

Risk Detail	
SLT / ELT Owner	Matt Allen/ Ben Keen
Strategic Link	Valuing Nature
Link to Business Plan	Deliver the Resilient South Asset Management Climate Risk Project Deliver the Carbon Neutral Plan
Stakeholders	Organisation-wide
Consultation	Establishment of Climate Risk Working Group (TBC) Climate Risk Governance Assessments
Likely Causes	Approval of at-risk initiatives in areas of known vulnerability Failure to include Climate Change consideration in business activities/operations (inc. events, asset management planning & CapX projects) Inadequate stakeholder engagement- Increasing carbon emissions Lack of climate change awareness / understanding Lack of recognition for climate risk mapping in urban planning (PDI Act) and decision making (climate hazard mapping) Poor inter-departmental collaboration and communication
Consequences	Catastrophic damage to assets and infrastructure and culturally significant sites during extreme weather (e.g. flooding and fire). Increased cost of remedial and mitigation works. Increased difficulty in obtaining insurance cover/increased premiums. Increased difficulty in obtaining loans if financial institutions require evidence of responses to climate change impacts. Increased operating costs. Reduction in useful asset lifecycle. Maladaptation including inappropriate investment in hazard mitigation. Dissatisfied community, damaged reputation. Damage to coastal zone from storm surge.

Controls	Control Owner	Control Effectiveness
Asset and public Liability Insurance	Maddie FREW	Effective
Asset Management Plans	Brendon LYONS	Effective
Carbon Neutral Plan	Rebecca NEUMANN	Effective
Climate risks identified in risk registers	Sheree TEBYANIAN	Effective
Coastal Climate Change Adaptation Plan including baseline monitoring to detect early changes to risk.	Rebecca NEUMANN	Effective
CoM Climate Change Policy	Rebecca NEUMANN	Effective
CoM Strategic Plan and Business Plan includes climate response	Sheree TEBYANIAN	Effective
Energy Efficiency and Renewable Energy Plan	Rebecca NEUMANN	Partially Effective
Environmental awareness training	Rebecca NEUMANN	Effective
Program and schedule of External Education via events, networking, workshops etc.	Rebecca NEUMANN	Effective
Resilient South Regional Climate Action Plan (TBC)	Rebecca NEUMANN	Effective
Resilient South Regional Climate Partnership (sector agreement)	Rebecca NEUMANN	Effective
Resilient South Regional Coordinator	Rebecca NEUMANN	Effective
Daily procedures to check weather and any environmental impacts for the day ahead, to ensure all scheduled works/staff	Mark JENTSCHE	Effective

Tasks	Task Owner	Status	End Date
Deliver the Coastal Climate Change monitoring program	Rebecca NEUMANN	Progressing	30/06/2024
Develop & implement Resilient Asset Management Pilot (RAMP) program	Rebecca NEUMANN	Progressing	30/06/2025
Develop Climate Change Risk Register	Kim STRICKLAND	Progressing	30/09/2024

CR0095: Poor data quality and data governance not supporting informed decision making.

Risk Area	Risk Owner Position	Risk Category	Inherent Risk	Residual Risk	Target Rating	Within Tolerance
Governance	Manager Office of the CEO	Business Continuity /Organisational	Extreme	High	Medium	No

Context Background & Env Considerations: Due to the limited functions of the business systems, the business has needed to make manual work arounds, this can lend to data entry errors, this can contribute to long processes for information gathering and decision making.

Risk Statement: There is a risk that poor quality and access to data within CoM systems doesn't allow for data driven decision making.

Risk Detail	
SLT / ELT Owner	Kate McKenzie / Tony Harrison
Strategic Link	Council of Excellence
Link to Business Plan	IS Operation Model
Stakeholders	Organisation-wide
Consultation	IS and Data Analytics
Likely Causes	Obsolete Data Governance Framework Business units implement their own technology solutions Inadequate strategic awareness/oversight of corporate data processes Ineffective implementation of the IS Ineffective use of end user reporting and query tools Lack of IT training for staff (no IT Trainer role) Lack of mobility tools for outdoor staff to capture data. Lack of single source of truth for corporate data Lack of standardised Data Quality Assurance processes No resource/capacity to review/embed the Data Governance Framework Poor data capture due to inadequate training around business processes & systems
Consequences	Non-compliance with related regulations/ legislation Unsupported decision making Inability to deliver identified business outcomes. Inability to address business issues. Inability to provide innovation and improve efficiencies. Lack of data integrity Inability to measure outputs and outcomes, resulting in unsupported decision making. Increased errors due to inefficient work processes Decreasing value of data assets

Controls	Control Owner	Control Effectiveness
Business intelligence/data analytics reporting toolset (MS PowerBI)	Cathlyn ANDERSON	Effective
Core application "access" requests are managed by IS. Access is granted in-line with business rules, including "manager" approval.	Jason SPALDING	Effective
Data and Analytics strategy endorsed	Kate MCKENZIE	Effective
Data Governance Framework	Kate MCKENZIE	Partially Effective
ICT Service Reviews and ICT Internal Audit recommendations implemented	Kate MCKENZIE	Effective
Performance Organisational Review Committee	Kate MCKENZIE	Effective
Policy and Procedure for Data Governance, Management, and access.	Cathlyn ANDERSON	Partially Effective
Software owner roles & responsibilities documented (org wide vs departmental)	Jason SPALDING	Effective

Tasks	Task Owner	Status	End Date
Implementation of Data and Analytics program	Cathlyn ANDERSON	Progressing	01/12/2024
Training with data information officers.	Cathlyn ANDERSON	Progressing	30/06/2024

CR0026: Injury or damage arising out of a failure of CoM contractors to comply with contract conditions and CoM WHS requirements.

Risk Area	Risk Owner Position	Risk Category	Inherent Risk	Residual Risk	Target Rating	Within Tolerance
People & Culture	Manager People & Culture	Health, Safety & Wellbeing of our People	High	High	Low	No

Context Background & Env Considerations: CoM contract management purposes are manual with no clear process or system having been implemented into the City property team through a trained and supported approach. Consideration is being given to using Skytrust to overcome these weaknesses.

Risk Statement: There is a risk of non-performance of contractors engaged by CoM to undertake high risk Land & Property related activities as a consequence of a failure to effectively apply a rigorous, commercial, and proactive contractor Induction and management process. Which may result in a failure to deliver services within the intended scope, budget, timeframe and to the required standard of safety and legislative compliance, leading to additional operational costs, the potential for injury or harm, litigation, reputational and community relationship degradation.
There is a risk of contractors failing to adhere to CoM WHS performance standards. This risk may be exaggerated when those performance standards are not made clear or understood by various stakeholders (contractors, people engaging contractors, staff, subcontractors etc.).

Risk Detail	
SLT / ELT Owner	Sarah Vinall / Tony Harrison
Strategic Link	Council of Excellence
Link to Business Plan	Develop the City of Marion Building Asset Strategy to meet community, sport and recreation needs.
Stakeholders	SafeWork SA, Community (facility users), Staff (facility users), Council members, Risk Unit, City Activation, Operational Support.
Consultation	Consultation through City Property team meetings and regular engagement with the Risk Team.
Likely Causes	Failure to undertake site inspection and hazard identification prior to commencement of work. Inconsistent / Ineffective WHS induction of contractors Inconsistent application of contract management processes Ineffective monitoring and evaluation of Contractors' WHS practices/performance Ineffective procurement processes that evaluate Contractors' WHS practices/performance
Consequences	Disruption to works impacting CoM & team. CoM exposure to liability Net increase in operating costs Serious injury to Workers, Contractors, or member of Public Officers' exposure to criminal litigation Reputational damaged through adverse media coverage Disruption to works impacting local community.

Control	Control Owner	Control Effectiveness
CoM Insurance	Maddie FREW	Effective
Contract Management Checklist -Contractor Induction/Observation/Monitoring foRms are completed for site induction, observation, and monitoring (inc. record keeping)	Mark JENTSCH	Effective
Contract Management Policy & Procedure (inc. Checklist)	Jamie DUNNICLIFF	Effective
Contractor site Induction (inc. handover of CoM risk assessment plus contractor generated site hazard and risk assessment before commencement)	Mark JENTSCH	Effective

Control	Control Owner	Control Effectiveness
Implemented Health and Safety Contract Management system	Mark JENTSCH	Effective
Outcomes from Business SA Audit of CoM Contract Management	Mark JENTSCH	Effective
Procurement Procedure	Jamie DUNNICLIFF	Effective
Tender Evaluation procedure	Jamie DUNNICLIFF	Effective
Contractor Management training and SharePoint site.	Jamie DUNNICLIFF	Effective

Task	Task Owner	Status	End Date
Review Contract Management Policy and Procedures to ensure WHS risks are fully considered.	Mark JENTSCH	Behind Schedule	29/03/2024

CR0053: Ineffective & inefficient strategic project and portfolio management/monitoring to deliver successful objectives and outcomes.

Risk Area	Risk Owner Position	Risk Category	Inherent Risk	Residual Risk	Target Rating	Within Tolerance
Project Management Office	Manager Enterprise PMO	Business Continuity /Organisational	High	High	Medium	No

Context Background & Env Considerations: The Project Management Office was introduced a number of years ago with a Project Leader and a Project Support Officer. The team developed a Project Management Policy and Framework and implemented CAMMS project management software however, the implementation and uptake of these documents and software solution was inconsistent.

Risk Statement: There is a risk that work areas across the organisation are managing projects and project risk through differing methodology and that projects are not easily able to be monitored by the Executive Leadership Team.

Risk Detail	
SLT / ELT Owner	Karen Blake / Tony Harrison
Strategic Link	Council of Excellence
Link to Business Plan	Implement the Project Management Office
Stakeholders	Organisation-wide
Consultation	All Stakeholders
Likely Causes	Inadequate assessment of strategic Project management needs Inefficient adoption of PMO Framework and policies. Lack of consistent Project Management system. Lack of PMO resources Omission of key considerations in project outline e.g.: risk/insurance/WHS/finance/reporting/contracts
Consequences	Poor business/project planning Inability to effectively deliver projects. Assets not being insured. Inadequate staff levels for projects Failure to achieve strategic objectives and identified benefits of the project. Community dissatisfaction

Control	Control Owner	Control Effectiveness
Established a centralised EPMO	Karen BLAKE	Partially Effective
KPMG Internal Audit - Project Management Framework - endorsed	Karen BLAKE	Effective
Monthly financial reporting	Andrew DOYLE	Partially Effective
Monthly Project Control Board meetings (ELT and PMS attend)	Karen BLAKE	Effective
Program Control Board (PCB) in place	Karen BLAKE	Effective
Project Management Framework (endorsed by Council April 2023)	Karen BLAKE	Partially Effective
Prudential management policy	Ray BARNWELL	Effective

Task	Task Owner	Status	End Date
Implement interim Project Management system (based on SharePoint proof of concept) **Revised date - end of September 2024**	Karen BLAKE	Progressing	30/06/2024
Implementation of new Project Management Framework **Revised date - end of September 2024**	Karen BLAKE	Progressing	30/06/2024
Internal audit on implementation of the new PMF and EPMO	Kate MCKENZIE	Not Started	31/12/2024
Training in Project Management System **Revised date - end of September 2024**	Karen BLAKE	Progressing	30/06/2024

7.6 Business Continuity Annual report

Report Reference	FRAC240813R7.6
Originating Officer	Risk Business Partner – Kim Strickland
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 provide the Executive Leadership Team (ELT) with recommended actions to be undertaken to make improvements to the City of Marion's Business Continuity readiness, following the Business Continuity Exercise held on 12 June 2024.

RECOMMENDATION

That the Finance, Risk and Audit Committee:

1. **Notes the feedback and recommendations from the facilitator "Battleground' in their report Attachment 3.**
2. **Notes the recommended actions from the event in Attachment 4**

DISCUSSION

The City of Marion's Business Continuity Plan (BCP) sets out that a Business Continuity Exercise will be conducted annually. This is to ensure there is an appropriate level of training provided to the Incident Management Team (IMT) for readiness of a real-life business continuity event.

During the past 12 months the Business Continuity suite of documents has been updated and refreshed, to ensure all relevant staff are prepared and trained. Updates include;

iResponda Training for Essentials, Bushfire, Bushfire Plant and Water training has been completed for relevant staff across the organisation, to keep our accreditations up to date, in the event of a real-life incident. This is an ongoing function, and staff requiring a refresher, or new starters, will be required to undertake training later this year.

Recovery strategies were reviewed for each business unit by SLT to ensure our required resources are documented accurately, in terms of people, technology and equipment to manage "critical functions".

Business Impact reviews for Critical Functions were completed to ensure "manual" workarounds were identified and documented, IS systems were not available, during an incident to support the critical functions required to meet legislative and regulatory requirements.

IS Dependency Map was developed to ensure there is a common understanding of the reliance on foundational servers or systems that need to be up and running before all systems can recover. Also including critical utilities.

Critical Function Recovery order for Critical Functions was reviewed and updated using the newly created IT dependency map, to ensure that our strategy is an accurate reflection of the timelines of recovery, should an incident occur, and systems are not available for a period.

The Business Continuity Plan and Framework were updated, aligning to any updated elements of the International Standards. Copies of the newly updated plans were provided to IMT members in readiness for the BCP exercise.

In June 2023 a BCP exercise "Stormfront" was held which resulted in 18 recommended actions. These actions were investigated and/or completed, and results were endorsed by ELT on 6 June 2024. A full list of complete recommendations can be found in **Attachment 1.**

On 12 June 2024, a Cyber based BCP exercise was held to test the IS recovery and IS Dependency. It was facilitated by "Battleground", an external facilitator who specialises in "Cyber" exercises. 25 IMT members (including 1st & 2nd alternates) attended, with 3 members on leave and 1 sick, in addition the CEO had to depart before the end, so some key IMT roles were covered by other IMT members.

The scene was set at the start of the day "that there had been storm over the weekend, and on our return to the office Monday morning, some systems were not working". Throughout the morning, the situation developed and escalated with a series of injections provided by Battleground, with an eventual realisation that there had been a cyber breach, within our Salesforce/Financial Force platforms, and a ransom request was received.

Details of 'CoM 2024 Cyber Event exercise "injects" can be found in **Attachment 2.**

Throughout the exercise, notes were taken to evaluate the effectiveness of the exercise and of the IMT to identify strengths as well as areas for improvement. A report provided by Battleground outlining this is attached. **Attachment 3.**

Recommended actions are attached. **Attachment 4.**

ATTACHMENTS

1. BCP exercise Stormfront 2023 recommendations and updates [**7.6.1** - 3 pages]
2. Injects For City of Marion IMT Exercise [**7.6.2** - 11 pages]
3. Battleground, City of Marion - Crisis Exercise Report FINAL [**7.6.3** - 11 pages]
4. Recommendations for BCP Cyber Exercise [**7.6.4** - 1 page]

Recommended Actions for improvement	Due Date	Responsibility	Commentary from IMT	Updates
1. Updates the BCP email distribution list and Group contacts list for IMT messages.	1/09/2023	Risk BP - BCP		*Email distribution lists were updated.*
2. Consider preparing/recommending the contents of a 'Go Bag' for IMT members. (i.e.: printed copies of BCP, power banks for charging laptops/phones and phone chargers)	30/09/2023	Risk BP - BCP		*Costed and discussed with Kate - was deemed that with IMT Kit, BCP folders and Laptops available to all staff- this was not necessary. (approx costs per bag 200-250pp)*
3. Remind all staff, especially IMT members to ensure they take their laptops home every night.	30/08/2023	UM Strategy & Risk	This should be an all of staff e-mail as it should really be all staff. Not just about IMT functions, but general ongoing business operations should there be an event where staff cannot get to the office.	*Kate sent an all staff email in Oct 2023.*
4. Incorporate the role of the Call Centre into BCP and request for an extension of hours during a crisis.	31/10/2023	Risk BP - BCP		*Oracle already covers our calls for out of hours contact. They have a detailed call Matrix, that aligns types of calls with actions/ escalations as required. This includes directing calls being redirected to SES as requred to be centrally managed.*
5. Investigate if a protocol can be implemented to allow for the Call Centre to redirect calls to SES during the crisis in order for events to be centrally managed and triaged.	31/10/2023	Risk BP - BCP		*Current contract expires March 2025*
6. Establish Group text messages for BCP and establish a protocol whereby - if no further confirmation or communication is received, CoM staff are to assume that there will be an activation of the IMT.	1/09/2023 31/12/2023	Risk BP - BCP	Two parts: 1. Establish group text and send e-mail to all IMT about interim protocol. 2. Establish protocol in BCP when updating as whole document.	*This will be managed via Xmatters - we will have an ALERT / ACTION and STANDDOWN messaging- standby step has been removed.* *xMatters due to be rolled out early June 2024.*
7. Seek to further clarify Role Statements for all Functional Roles – in particular for facilities and logistics.	31/12/2023	Risk BP - BCP		*Discussed with Kate further - primarily reviews between the People & Logistics roles- refer recommendation 9 - These roles have been clarified*
8. Clarify with the LGFSG, who is responsible for the Local Government Emergency Centre Coordinator as outlined in the SEMP.	31/12/2023	Risk BP - BCP		*IMT Commander / CEO- Tony Harrison -or 1st alternate if CEO unavailable.*
9. Update the BCP to reflect that the requests come from logistics and facilities but are arranged and deployed by 'People'.	31/12/2023	Risk BP - BCP	This action be updated to: Ensure all roles and responsibilities of each IMT are clarified and updated as required.	*Aligned to recommendation 7 - and the People & Logistics "responsibility statements have been clarified & updated.*
10. Clarify in the BCP - who is responsible for calls to the aged care and vulnerable people.	31/12/2023	Risk BP - BCP	This action be updated to: Outline within recovery strategies, the Manager, Community Connections to be called upon by the IMT for actions relation to calls to aged care and vulnerable people.	*Updated in Recovery Strategies, and added clarity to the "responsibility statement" for IMT Communication & Customer contact - liase with Community Conncetion manager to undertake.*

11. Review and clarify the keys and induction checklist for all CoM buildings/facilities.	31/12/2023	Risk BP - BCP		*Master keys are held by the Ops manager and the roster of After Hours Ops team roster- 4 people. Added a comment to the BCP about Master keys…*
12. Review and clarify CoM's capabilities (and venues) in terms of the provision of Community Emergency Relief Centres established in the BCP.	31/12/2023	Risk BP - BCP		*Exisiting Emergency Relief centres capabilities have been reviewed and remain mostly unchanged.*
13. Consider the requirement for another IMT role for the coordination of relief/recovery centres and liaison with agencies such as SA Housing.	31/12/2023	Risk BP - BCP	This action to be update to: Include within the IMT Logistics role, the responsibility to coordinate relief/recovery centres and undertake liaison with agencies such as SA Housing	*IMT Logistics "responsibility statement " has been updated to include this liaison.*
14. Acknowledging the loss of x-Matters, establish templates (email and text) within MS Teams (or similar) for the notification of IMT members.	1/09/2023	Risk BP - BCP	Similar to Action 6	*Xmatters - due to be rolled out very soon - will deliver email/ sms and app messages for IMT.*
15. Review and potentially increase the number of people on the ZEST contact list (i.e. alternates in case primary isn't available). Clarify who coordinates this and who the attendee of the ZEST should be.	1/09/2023	Risk BP - BCP	Reach out to ZEST, and ensure their contact list is kept current, with contact for IMT Coordinator (primary and alternates) and IMT Governance/Council Support (primary) are provided.	*Key contacts are Sheree Tebyanian, UM Strategy & Risk Kate McKenzie , Mgr OoCEO, and Kim Strickland, Risk Mgr, BCP - back up*
16. That the City of Marion establishes an exercise program based on running a bi-annual scenario-based exercise similar to Exercise Stormfront 2023.	31/12/2024		Agree that given the gap since the last BCP Exercise, the significant staff turnover and changes made to the IMT, that increasing the frequency of BCP Exercises would improve the maturity and readiness of the IMT. However, recommend that bi-annual exercise take place until the end of 2024, after which time the exercise training program can return to the BCP endorsed annual exercise frequency. It should also be noted, that additional budget may be required to facilitate these exercises.	*We engaged a number of provider for our next exercise, costs wer well outside the planned budget. We sought approval for some increase and have engaged Battleground to run a Cyber exercise in June (12/6/2024)*
17. That the bi-annual exercise program incorporates other potential emergency events such as IT/power outages (i.e., cyber attack) and loss of critical administrative functions.	31/12/2024		Agree. Exercise Stormfront 2023 was purposefully developed as a common real life example. The Business Continuity exercises will focus on other incidents and increase their complexity as the IMTs maturity develops.	*Business/ system recovery will be tested with a Cyber exercise planned for 12/6/2024.*
18. That any future exercises address the Recovery aspects of an emergency	31/12/2024			*As above*

19. That future exercises provide opportunities for Functional Teams to practice reporting back to the IMT (i.e., SITREPS).	31/12/2024			*As above*
20. That future exercises provide opportunities for key staff to further develop their understanding of the roles of other agencies and the roles of Local Government (i.e., councils) in Emergency Management (i.e., SEMP).	31/12/2024			*These will be considered for next exercise*

Note: During the discussion of this item at the meeting, the Committee resolved to enter into confidence and resolved attachments 7.6.2, 7.6.3 and 7.6.4 (pages 199 – 221) be retained in confidence as reflected in the minutes. These attachments have been removed from the public agenda.

Moved Councillor Veliskou **Seconded Ms Rantanen**

Pursuant to Section 90(2) and (3)(e) of the *Local Government Act 1999*, the Committee orders that the public be excluded from attendance at that part of this meeting relating to Agenda Item 7.6 – Business Continuity Annual Report except the following persons: Chief Executive Officer, General Manager City Development, General Manager Corporate Services, General Manager City Services, Manager Office of the CEO, Chief Financial Officer, Unit Manager Governance and Council Support, Governance Officer, Manager IT Operations to enable the Council to consider the Item in confidence on the basis the Council considers it necessary and appropriate to act in a meeting closed to the public (excepting those persons listed above) in order to receive, discuss or consider in confidence the following information or matter relating to the Item: information the disclosure of which could reasonably be expected to diminish the safety of and cyber security measures within 3rd party suppliers and City of Marion IT Systems

Determines, on this basis, the principle that meetings of the Council should be conducted in a place open to the public has been outweighed by the need to keep consideration of the information or matter confidential.

Carried Unanimously

7.7 Finance and Audit Committee Annual Report to Council 2023-2024

Report Reference	FRAC240813R7.7
Originating Officer	Unit Manager Governance and Council Support – Victoria Moritz
Corporate Manager	N/A
General Manager	Chief Executive Officer - Tony Harrison

REPORT OBJECTIVE

To seek input from the Finance, Risk and Audit Committee (FRAC) regarding the matters to be included within the Committee's Annual Report to Council for 2023/24.

EXECUTIVE SUMMARY

Each year, the Committee reports to Council on its operations for the past year (Clause 4.21 of the Terms of Reference). This report is traditionally presented to Council in October. A draft report will be presented to the Committee before it is presented to Council.

Feedback is sought from the Committee regarding items to include. Items that were covered in the 2022-23 Annual report included:

- ***Financial Reporting***
  - End of Year Reporting
  - Budget Reviews
  - Annual Business Plan and Long-Term Financial Plan

- ***Risk Management***
  - Quarterly Risk Reports
  - Business Continuity Program
  - Incidents, Claims and Insurance

- ***Audit***
  - External Audit
  - Internal Audit

- ***Prudential Reports***
  - Marino Community Hall
  - Marion Water Business
  - Marion Administration Centre Internal Fit-out Project

- ***Committee Membership and Attendance***

There were no prudential reports considered by the Committee during 2023-24. The Committee could consider including a summary of the Asset Management Plans they provided feedback on.

In accordance with legislation, the Finance, Risk and Audit Committee Annual Report will be included in the City of Marion Annual Report once finalised.

RECOMMENDATION

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 2024

- *Financial Reporting*
- *Risk Management*
- *Audit*
- *Asset Management Plans*
- *Committee Membership and Attendance*

ATTACHMENTS

Nil

8   Reports for Noting

8.1 Council Member Report	
Report Reference	FRAC240813R8.1
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

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 Luke Naismith
Since the last Council Member report was presented to the FRAC meeting, the Council has held two General Council Meetings. At these meetings, the 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 – 25 June 2024

Section 270 Review - Decision of Council to support the removal of trees at 262 Sturt Road
Report Reference GC240625R12.1
Council noted the request for a Section 270 review that relates to the decision of Council for landlord support for the removal of two significant trees at the location of 262 Sturt Road, Marion as part of the development of the Marion Ice Arena development. The Investigation will be outsourced to an independent investigator.

Annual Business Plan 2024-2025 and Long-Term Financial Plan
Report Reference GC240625R12.2
Council considered and adopted the final Annual Business Plan 2024-2025and Long-Term Financial Plan 2024-2034 based on a 4.8% increase in average rates for 2024-25, as well as approved the Financial Governance Policies.

Valuation - Adoption for 2024-25
Report Reference GC240625R12.3
Council received the information required to allow adoption of the Valuation for the 2024-25 financial year, as required by the Local Government Act 1999. At the time of adoption, the Valuation totalled $35,094,647,840 (including $33,506,432,361 Rateable and $1,588,215,479 Exempt).

Rates Declaration 2024-25
Report Reference GC240625R12.4
Council received the information required in accordance with legislation to set the differential general rate and the minimum general rate payable on all properties within the Council's area, and the separate rate which the Council is obliged to collect on behalf of the Green Adelaide Board.

Rate Rebates 2024-25
Report Reference GC240625R12.5
Council received and reviewed applications from community service organisations and resolved to grant rate rebates in accordance with the council's Rate Rebate Policy.

SRWRA Draft 24-25 Annual Business Plan
Report Reference GC240625R12.9
Council resolved to advise the Southern Region Waste Resource Authority (SRWRA) that it supports the Draft 2024-25 Annual Business Plan and Budget.

SRWRA Board Meeting 27 May 2024 - Constituent Council Information Report
Report Reference GC240625R13.3
Council received and noted the Standing Report that follows each SRWRA Board meeting to provide an update of matters considered by the SRWRA Board.

Monthly Work Health and Safety Report
Report Reference GC240625R13.6
Council noted the monthly Work Health and Safety Report. It was noted that the current financial year LTIFR for the CoM is 3.2, tracking below the target of less than 9.35.

Finance Report - May 2024
Report Reference GC240227R13.7
Council received and noted the Finance Report for May 2024. The 2023-2024 annual budget forecasts a net cash surplus of $77,000. This position is detailed in the attached Funding Statement and variation notes.

General Council Meetings – 23 July 2024

Confidential Culinary Escapades - Debt Consideration
Report Reference GC240723F11.3

Asset Management Plans - endorsement for public consultation
Report Reference GC240723R12.5
Council endorsed the Draft City of Marion Coastal Walkway AMP and Draft City of Marion Open Space AMP for public consultation.

Asset Management Plans - final endorsement
Report Reference GC240723R12.6
Council endorsed the following final City of Marion Asset Management Plans:
- City of Marion Artworks, Culture & Heritage AMP
- City of Marion Fleet, Plant & Equipment AMP
- City of Marion Stormwater AMP

Monthly Work Health and Safety Report
Report Reference GC24072313.1
Council received and noted the monthly Work HEalth and Safety Report. The report highlighted the target Lost Time Injury Rate (LTIFR) for 23/24 was 9.35 Lost Time Injuries per million hours worked. City of Marion exceeded expectations achieving a LTIFR of 2.9.

The Rolling Total Recordable Injury (TRI) Frequency Rate for 23/24 has decreased from 18.1 TRI per million hours worked to 12.9

SRWRA Board Meeting 27 June 2024 - Constituent Council Information Report
Report Reference GC240723R13.3

Council received and noted the Standing Report that follows each SRWRA Board meeting to provide an update of matters considered by the SRWRA Board.

ATTACHMENTS

Nil

8.2 Annual Insurance and Claims report	
Report Reference	FRAC240813R8.2
Originating Officer	Risk Business Partner - Insurance and Claims – Belinda Irvine
Corporate Manager	Manager Office of the Chief Executive - Kate McKenzie
General Manager	Chief Executive Officer - Tony Harrison

REPORT OBJECTIVE

This report provides the Finance, Risk and Audit Committee (FRAC) with an overview of the annual insurance renewal for 2024-25 and an evaluation of the public liability and asset claims for the 2023-2024 financial year.

RECOMMENDATION

That the Finance, Risk and Audit Committee:

1. **Notes the report.**

DISCUSSION

Background

The Local Government Risk Scheme (LGRS) have been specialist providers of risk and insurance solutions to Local Government in South Australia since 1989, including the City of Marion.

All South Australian councils subscribe to the LGRS through a range of comprehensive insurance products that includes:
- Local Government Association Mutual Liability Scheme (LGAMLS)
- Local Government Association Asset Mutual Fund (LGAAMF)
- Local Government Association Workers Compensation Scheme (LGAWCS)
- Local Government Income Protection Fund (LGIPF)
- Employee Journey Insurance
- Personal Accident Insurance

The insurance products from the LGA through the LGRS are backed by JLT Public Sector, a division of Marsh, with 100% council Membership across South Australia.

Work continues across the business to consider risk mitigation activities that aim to reduce claims and ensure the protection of the community, staff, and council-owned assets.

Insurance Market

Within the year, the Finance, Risk and Audit Committee (FRAC) considered an 'Insurance Market testing' report. In 2018/19, the Council completed a market testing process to evaluate the commercial comparability of the products provided by the LGRS, along with other benefits provided by the Schemes.

At its December 2023 meeting, the FRAC recommended to Council that the market testing not progress, and this was subsequently endorsed by Council in January 2024. The advice provided by the FRAC was that there are current risks associated with re-insurance and product exclusion in the commercial market and that Council has unlimited insurance liability backed by the State Government Treasurer Indemnity as part of its membership with the Local Government Schemes,

that cannot be replicated within the insurance market and suggests that council cease future commercial market testing.

Council's insurance procurement overview

The LGRS provided the council with Risk Scheme and Fund highlights report for City of Marion in September highlighting some key takeouts.

- In the 2023-24 year the LGAMLS contributions remained stable despite liability insurance market escalation and collection Member operating revenues and risk profiles evolving significantly.
- In 2023-24 the LGAAMF contributions remain consistent despite Asset values experiencing major inflation and property insurance market escalation.
- The overall LGAAMF Performance Bonus was $1m (where capital surplus exceeds projected requirements, the Board returns funds to Members by way of Special Distributions and or/allocations to the Risk Incentive programs), with the City of Marion receiving a $12,396 LGAAMF Performance Bonus from this overall pool.
- City of Marion also received a total of $38,220 for the Risk Incentive Fund (LGAWCS & LGAMLS). The funding was used to support a Climate Risk Governance Assessment Project and the development of a Climate Risk register (developed by two different climate risk external specialists) which aims to identify council's climate risks and ensure maturity in the assessment and reporting.

The renewal period for 2024-2025 concluded in March this year. As reported to the FRAC in December 2023, the global insurance market has experienced successive quarters (reported 23 consecutive quarters as of December 2023) of rising composite pricing, leading to successive and notably higher annual premium increases for customers broadly.

Overall, the self-insured schemes retain and manage claims risk and purchase reinsurance to cap potential losses and protect the funds. The LGRS has passed on modest increases in 2024-25 member contributions

- The LGAMLS has passed on a 5% increase in 2024-25 member contributions
- The LGAAMF has passed on a 0% increase in 2024-25 member contributions (any increases are reflective of asset values declared)

Incident and Claims

During 2023-2024 there was a total of 290 incidents reported with 101 claims.
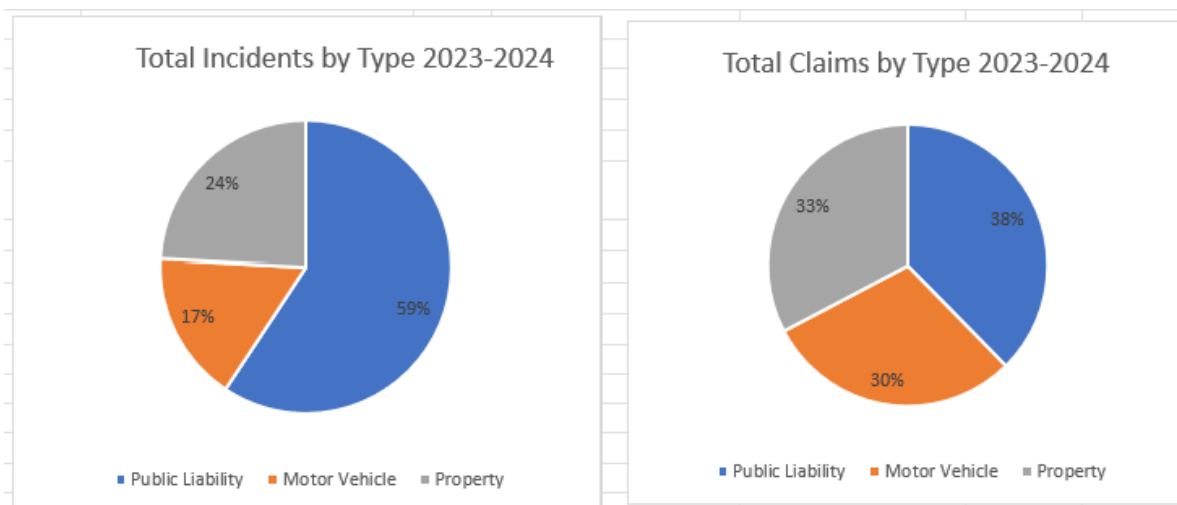
Attachment 1- Insurance and Claims Management outlines a more comprehensive breakdown of incidents and claims across the three insurance areas; Motor Vehicle Assets, Property Assets and Public Liability.

Within the year council updated the Risk Management Policy and Framework and procured more advanced reporting on claims to ensure a proactive response to incidents and efficient investigation and management of claims. Additionally, staff received training on incident reporting.

To ensure oversight of activity, the Executive Leadership Team considers quarterly Insurance and Claims reports, and any notable changes to claims data (i.e footpath claims etc) were shared with key primary stakeholders to identify improvement opportunities to reduce incidents and minimise potential losses. A deep dive review of the Marion Outdoor Pool was undertaken to consider the efficiency of controls and actions to mitigate or reduce incidents where possible.

Key stakeholders include City Property, Civil Services, Open Space Operations, and Operational Support to resolve public liability hazards as promptly as possible.

Other engagement with the Local Government Risk Scheme throughout the year, include:
- Public liability advice was sought for major projects prior to hand over, including a site visit from the LGAMLS for the Coastal Walkway Bridges.
- The LGAAMF Scheme Manager also attended a site visit (prior to hand over) on the Cove Netball and Lower Oval project to discuss insurable/non- insurable assets at the site along with advice to council on claims across the sector because of vandalism and theft.
- Legal advice from the Scheme on a potential project. The advice, provided from Wallmans Lawyers, provided general advice on the interpretation of state government legislation and council's liability in relation to aspects of the potential project.
- The LGAAMF Scheme Manager attended post renewal submission to provide advice on assets that should be reviewed for insurance purposes
- LGAMLS also visited to provide training and advice on current public liability issues in the sector.

Any significant incidents are reported to Manager Office of the Chief Executive for escalation through to the Executive Leadership Team. Incident mitigation is always part of the review of an incident/claim.

ATTACHMENTS

1.   3 4 Annual Insurance and Claims Report 2324 Appendix 1 (1) [**8.2.1** - 3 pages]

ATTACHMENT 1 – Insurance Claims Management 2023/24

Motor Vehicle Assets

There were 48 Motor Vehicle incidents reported to Council during the 2023/24 financial year resulting in a total of 30 claims. Of the 30 claims, 19 were finalised as settled by LGAAMF, and 11 current claims are under investigation. As outlined in Table 1.

Table 1: Motor Vehicle - Incident and Claims Statistics Over the Last 2 Financial Years

Party deemed at fault*	2022/2023					2023/2024					
	Incidents	Current Claims		Finalised Claims		Total Cost to CoM	Incidents	Current Claims		Finalised Claims		Total Cost to CoM
		#	Value	#	Value			#	Value	#	Value	
CoM	37			21	80,066	9,500	26	2	15,659	12	78,319	5,500
Third Party	9	2	3,196	4	3,545	1,500	21	8	19,570	3	1,684	1,000
Other*	3			3	11,141	1,500	1	1	2,096	4	11,141	2,000
SUB-TOTAL	49	2	$3,196	29	$94,752	$12,500	48	11	$37,325	19	$91,144	$8,500

*Other at fault includes incidents where there is 'no party to blame' and/or it's 'unknown'.

Key observations related to Motor Vehicle incidents and claims are:
- The total number of incidents, 49 in 2022/2033 and 48 in 2023/2024 has remained fairly consistent.
- Claims have slightly decreased by 7% from 31 (2 current, 29 finalised) in 2022/2023 to 29 (11 current, 18 finalised) in 2023/2024.
- The total value of Motor Vehicle insurance claims during 2023/2024 was $128,469 which represents an increase on the total claims value of $97,948 from 2022/2023. This is largely due to the CoM vehicle involved/repaired being heavy vehicles i.e. trucks which are higher in value. These heavy vehicles used in operations have a high exposure rate of being involved in an accident/incident due to the nature of their operation and frequent use.
- Of the 14 claims during 2023/2024 where CoM were at fault, 13 occurred during operating the vehicle namely sideswiping, reversing and colliding with a stationary vehicle. And 1 with damage found on vehicle.
- The actual cost to the CoM during 2023/2024 was $8,500, resulting in a significant decrease on the actual costs of $13,500 from 2022/2023. The total cost represents the LGAAMF excess ($500).

The importance of safe driving is regularly reinforced through corporate communications including emails, newsletters, toolbox talks and at General Staff Meetings.

Property Assets

There were 70 property asset incidents reported to Council during the 2023/2024 financial year resulting in a total of 33 claims made. Of the 33 claims, 8 are current claims and 25 have been finalised and settled by LGAAMF.

There are currently 8 claims outstanding that are under investigation; three are motor vehicle impacts to bus shelters and a school crossing, two break-ins at two separate council facilities, one water damage to council building, one vandalism to reserve picnic setting and one loss of a work mobile phone.

Table 2: Property - Incident and Claims Statistics Over the Last 2 Financial Years

Property Asset Insurance Category	2022/2023						2023/2024					
	Incidents	Current Claims		Finalised Claims		Total Cost to CoM	Incidents	Current Claims		Finalised Claims		Total Cost to CoM
		#	Value	#	Value			#	Value	#	Value	
Accidental Damage	1			1	1,082	500	4					
Arson	1											
Break-in	5			4	5,059	4,000	6			1	630	1,000
Data Breach												
Environmental	23			10	87,938	7,000	10			6	27,118	3,750
Fire	1			1	2,605	1,000	1			1	2,605	1,000
Machinery Breakdown							1					
MV Impact	6			4	5,204	4,000	13	3	20,430	2	355	2,000
Theft	7			5	24,892	4,000	11	1	2,855	4	40,026	4,500
Vandalism	32			14	134,121	14,000	16	3	20,257	9	54,659	12,000
Water Damage	3	1	12,791			1,000	7	1	12,791	1	2,320	1,000
Other	1			1	355	1,000	1			1	355	1,000
TOTAL	**80**	**1**	**$12,791**	**40**	**$263,577**	**$36,500**	**70**	**8**	**$56,333**	**25**	**$128,773**	**$26,250**

Key observations related to Property Asset incidents and claims are:

- Incidents have slightly decreased by 12.5% from 80 in 2022/2023 to 70 in 2023/2024.
- Total claims have decreased by 19.5% from 41 in 2022/2023 to 33 in 2023/2024.
- The total value of property claims during 2023/2024 was $185,066 which represents a 33% decrease on the total claims value of $276,368 in 2022/2023. A contributed reason for the difference is the mentioned decreased in claim numbers.
- Vandalism was the most significant claim cost in 2023/2024, totalling $74,916. Breakage of windows at Plympton Sports & Recreation centre was the most recent incident in July. Cooinda Neighbourhood Centre was vandalised in June this year. It was subjected to two vandal attacks last year, which council took measures to install CCTV footage, yet the recent incident wasn't in the view of the cameras. Fortunately, for both recent incidents (Cooinda and Plympton Sports) offenders were apprehended by SAPOL, and LGAAMF can attempt to recover from known offender/third party where possible. If unsuccessful will be paid by insurance. Two other costly vandalism claims that finalised in 2023/2024 was for two incidents that occurred in 2022/2023; being a smashed LCD screen at Oaklands Park Reserve and damaged signs at Marion Outdoor Pool.
- The actual cost to the CoM during 2023/2024 was $26,250 which represents a 28% decrease on the actual costs of $36,500 in 2022/2023. The total cost represents LGAAMF excess (generally $1,000 or $500 for electronics).

A significant part of budgeted annual spend is devoted to repairing, maintaining and upgrading our public assets to deliver safe and sustainable services to our community. Asset Management Plans outline the financial and technical elements for managing assets to support the delivery of services to our community. This is also supported workplace inspections, asset survey and investigation of incident reports.

Public Liability

There were 172 public liability incidents reported to Council during the 2023/24 financial year resulting in a total of 38 claims made against Council. Of the 38, 5 are current claims under investigation and 33 have been finalised by LGAMLS (further details on outcomes below).

Table 6: Public Liability - Incident and Claims Statistics Over the Last 2 Financial Years

Public Liability Insurance Category	2022/2023					2023/2024				
	Incidents	Current Claims		Finalised Claims		Total Cost to CoM	Incidents	Current Claims		Finalised Claims		Total Cost to CoM
		#	Value	#	Value			#	Value	#	Value	
Community Facilities	11			3		-	4					-
Community Land	6						6			2	195	195
Contract Management	8						6			1	-	
Event Management												-
Footpaths	59			9	6,885	-	56	3	479	9	-	-
Kerb & Water Table	7						6			2		
Non-Employ Relation	1											
Playgrounds	10			4		-	7			1	-	-
Professional Indemnity	1						1			1	-	-
Reserves	9	1	1,101	2		-	6			3	418	418
Road Management	17						9			2	-	-
Road (other)	17			10	275	-	7	3		1	399	399
Tree Management	88			18	5,886	500	64			11		-
Public pools	1			1	4,698	3,750						
TOTAL	**235**		**$1,101**	**51**	**$17,744**	**$4,250**	**172**	**5**	**$1,580**	**33**	**$1,012**	**$1,012**

- *Note: Claim values typically are not specified by the claimant, nor are they required for claim assessment of non-liability claims that are subject to the immunity provisions afforded under the LG Act 1999. If a claimant specifies a value, this value is reported.

Key observations related to Public Liability incidents and claims are:

- Incidents have decreased by 27% from 184 in 2022/2023 to 134 in 2023/2024. Across both financial years the numbers primarily represent tree and footpath incidents. This is consistent with previous years data. The higher number of tree incidents in 2022/2023 occurred during a couple of significant storm events in Adelaide at that time.

- In 2023/2024, the 33 finalised claims primarily consisted of injury from footpath trips/falls/slips and damage to private property from trees. Other types of claims included two incidents of protruding objects (tree stake and road barrier guard) that allegedly caused damage to the motorists vehicle. One incident of water damage from a storm event. One incident of vehicle damage from a pot hold in the road and one incident of damage to private property from lawn mower equipment. All 33 claims were denied by LGAMLS as council in accordance with the immunity provisions afforded to councils under the LG Act 1999. The Act states that for council to be liable they must commit an act of negligence or wrong-doing; which could not be found for any of the 33 claims made.

- The 2023/2024 total cost to CoM are ex-gratia payments made by council for settlement of low dollar value claims. These included two incidents of damage to letterbox and one incident that occurred during greens maintenance, where a rock flicked up and damaged a motorist's windscreen. These payment agreements were made with non-acceptance of liability on councils part and releasing council of any future claims arising from the incident.

A significant part of budgeted annual spend is devoted to repairing, maintaining, and upgrading our public assets to deliver safe and sustainable services to our community. Asset Management Plans outline the financial and technical elements for managing assets to support the delivery of services to our community. This is also supported footpath maintenance programs, proactive reserve maintenance and investigation of incident reports.

8.3 Q4 Incidents and Claims Report

Report Reference	FRAC240813R8.3
Originating Officer	Risk Business Partner - Insurance and Claims – Belinda Irvine
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 provide the Finance, Risk and Audit Committee (FRAC) with an overview of insurance incidents and claims for their review and consideration relating to Quarter 4 2023-2024 (1 April – 30 June 2024).

RECOMMENDATION

That the Finance, Risk and Audit Committee:

1. **Notes the Incidents and Claims Report for Quarter 4 2023-2024.**

DISCUSSION

Attachment 1 provides a summary of the incidents and claims that have been reported to the Risk Management Team during Q4 (1 April – 30 June 2024).

There is an overall increase in Incident and Claims YTD which provides an opportunity to:

- Awareness and training to volunteers on incident and claim reporting.
- Email communication being prepared to staff reminding them of the process requirements for reporting of CoM motor vehicle incident and claim.
- Identify hot spots related to footpaths.

ATTACHMENTS

1. Attachment 1: INCIDENTS AND CLAIMS report Q4 2023 2024 [**8.3.1** - 8 pages]

INCIDENTS AND CLAIMS REPORT
Q4 2023-2024

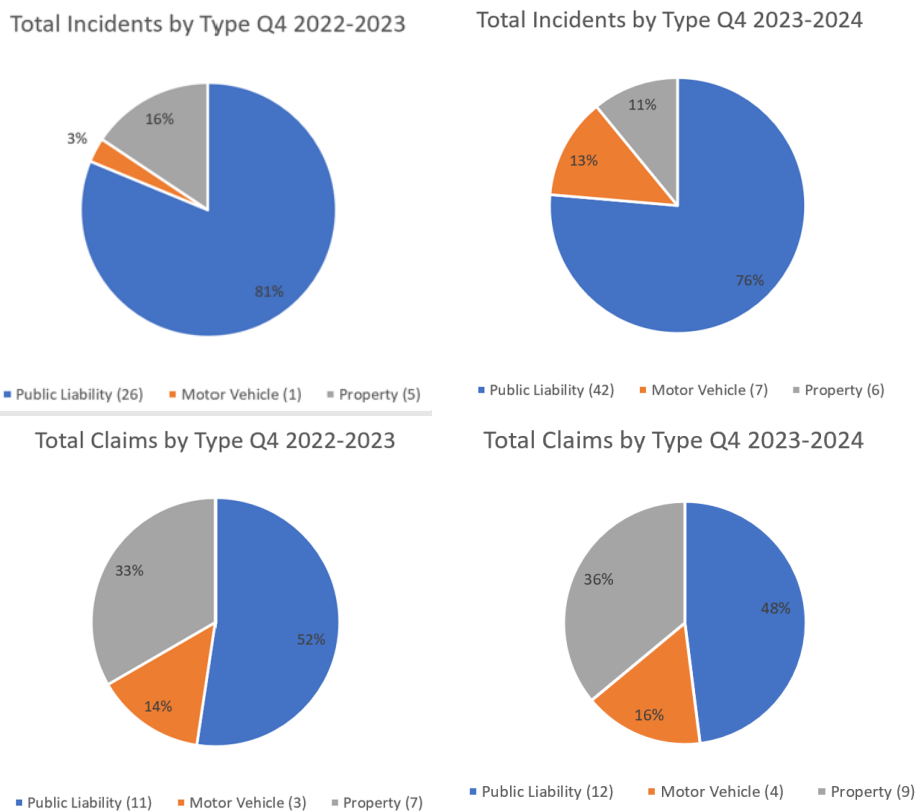This is a report of the incident and claims data for Quarter 4 2023-2024 (Q4).

Public Liability, Property and Motor Vehicle are the three types of typical incidents and claims for City of Marion. This report shows incident and claim particulars and how council are tracking in the current financial year compared to the previous financial year for Q4.

Included at Section 5.0 is reporting of volunteer accidents and claims activity during the quarter.

TOTAL INCIDENTS AND CLAIMS

1. Public Liability, Property and Motor Vehicle

The number in brackets denotes the incident/claim number.

Total Incidents by Type Q4 2022-2023

Public Liability (26) Motor Vehicle (1) Property (5)

Total Incidents by Type Q4 2023-2024

Public Liability (42) Motor Vehicle (7) Property (6)

Total Claims by Type Q4 2022-2023

Public Liability (11) Motor Vehicle (3) Property (7)

Total Claims by Type Q4 2023-2024

Public Liability (12) Motor Vehicle (4) Property (9)

Key highlights between Q4 2022-2023 and Q4 2023-2024:

- The significant hike in the number of public liability incidents during the quarter primarily comprises of footpath incidents i.e. trips and fall, which accounts for 21 of the 42 total public liability incidents. Refer to Section 4.2 – Public Liability incidents by category.
  Further, 2 reported incidents of broken bones/surgery were from 2 separate incidents from slips and/or falls on footpaths involving sites under construction by external

parties/construction company. Footpaths around construction sites were left in a bad state, with drag out of mud and debris creating a hazard, with a lack of signage. Claims were referred to the responsible construction company on these two occasions.

- The 7 motor vehicle incidents during the quarter is a mix of 3 CoM at fault, 3 Third Party at fault and 1 both parties contributed. Claim recovery from one of the incidents of Third party responsible is not possible where third party vehicle and driver details were not obtained. A communication is being prepared to staff reminding them of the process for reporting of CoM motor vehicle incidents including obtaining required third party details. Of the 7 incidents, 2 of those involved the community bus from two separate incidents in June. More information on this is provided below in section 2.2.

2. Motor Vehicle

2.1 Motor Vehicle Incidents and Claims
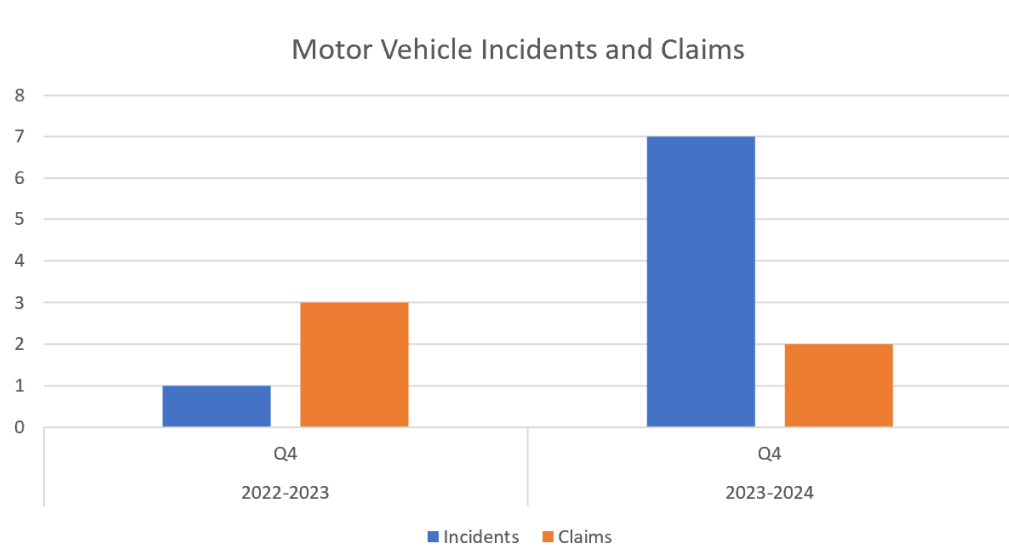
2.2 Motor Vehicle Incidents and Claims by division

Division	Team	Q4 2022-2023	Q4 2023-2024
City Services	Comm Connections		2
	Eng., Ass & Env		
	Operations	3	7
City Development	City Activation		
	City Property	1	
	Dev & Reg Svc		
Corp Services	Cust Exp & Eng		
	Finance		
	DTP		
	IT Operations		
	Strat Procurement		
Office of the CEO	Office of the CEO		
	People & Culture		
Other			2

	TOTAL	4	11

2.3 Staff involved in 3 or more motor vehicle incidents in the last 12 months.

| Staff Member	Work Group	Date of Incident	Comments
n/a	n/a	n/a	n/a

Of mention, within the last 12 months, there has been 4 reports of damage to both council community buses. 3 incidents involved volunteers driving the bus (2 CoM at fault and 1 Third Party at fault), although only 1 driver identified. One reported damage and a subsequent claim revealed the bus had incurred various damage in multiple section of the vehicle which had occurred over time yet no council incident report had been made. This has been raised as a recurring issue with the Community Wellbeing area and has another meeting set up to also discuss with the WHS team (as cross over on reporting areas here), to ensure the correct incident reporting and required processes (i.e. drug and alcohol testing) is occurring. Further communications to drivers of the bus about their reporting requirements will need to occur again also.

Motor Vehicle claims currently outstanding.

| Vehicle	Description	Date	Amount	Status
Sweeper XS18EE involved in Third Party accident.	Truck proceeding to turn right when a car vehicle entered its lane colliding with truck. No damage to council truck.	Date of loss: 19/2/2024 Third Party claim/demand: 24/6/2024	$3,477.38 $500 excess	Third Party insurer claiming for damage to vehicle. Claim is being managed by LGAAMF.
HR truck (8000)	Damaged passenger door of truck with another whilst parking in parking bay. Damage to truck only.	Date of loss: 21/2/2024 Claim made: 13/6/2024	$3,436.38 $500 excess	Claim with LGAAMF for assessment. Initial quote from Crash Repairer in Feb indicated paint scrape only (under excess), however 13/6 quote confirmed repair amount warrants insurance claim.
Community Bus S289BUD	Vehicle was found with various damage recently. No reports of an accident.	Exact date unknown.	$2,000 excess	Claim being assessed by LGAAMF for determination of outcome.
Isuzu Tipper XS23FH	Truck exiting car park, reversed out when struck by another vehicle. Damage to tool box and fuel tank.	Date of loss: 24/5/2024	$500	Assessment by LGAAMF. Third Party driver/vehicle details not obtained. Excess payable by CoM.

3. PROPERTY

3.1 Property Incident and Claims

Property Incidents and Claims
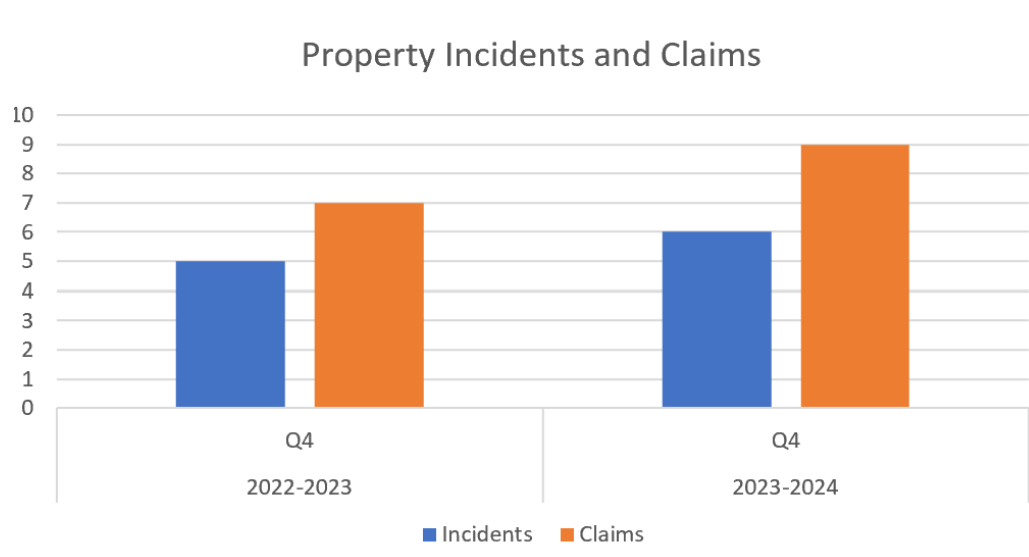
3.2 Property Claims currently outstanding and outcomes.

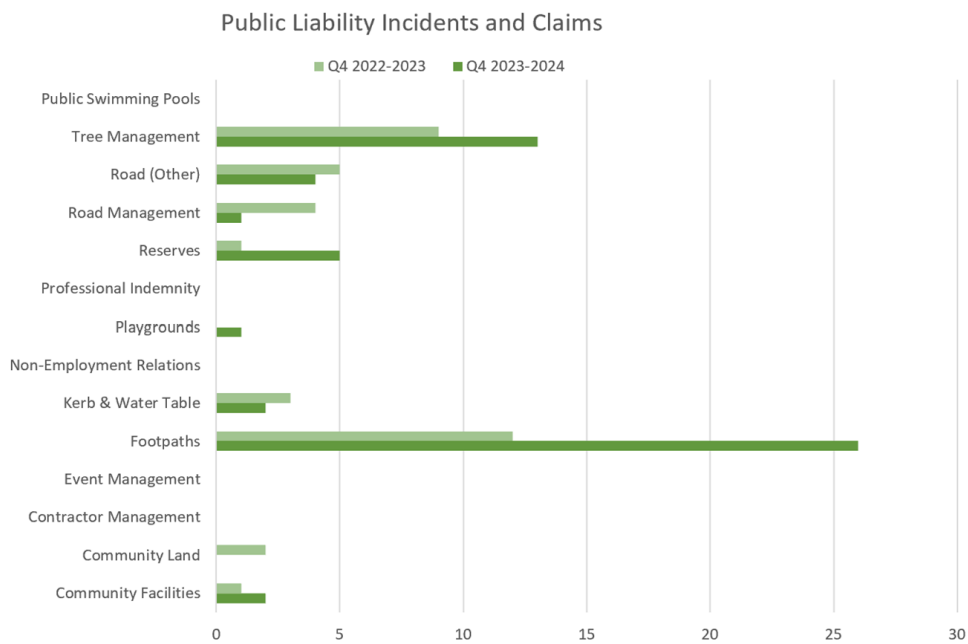| Location	Description	Date of Incident	Claimed Amount	Status
Koorana gym	Weather event – Water damage to the rondo ceiling of the main complex and kitchen areas.	6/6/2023	$7,436	Claim settled for $3,565. 3 @ insurance excess payments applied, for 3 incidents.
Plympton Sports	Vandalism to club rooms with 3 windows smashed.	28/6/2024	$3,025 inc gst	Claim lodged with LGAAMF. Where offender was apprehended. LGAAMF may recover from third party responsible.
Cooinda Red House	Break-in, smashed windows, and IT equipment stolen. CCTV footage did not capture incident. SAPOL apprehended offender.	2/6/2024	$9,810	Claim lodged with LGAAMF. Where offender was apprehended. LGAAMF may recover from third party responsible. Claimed amount does not include IT equipment which was recovered.
School crossing, 431 Dunrobin Road, Warradale	Koala crossing, fencing and stobbie pole damaged by motorist.	14/1/2024.	$9,850	Claim lodged with LGAAMF. LGAAMF may recover from third party responsible.

|				
Bus stop 54, Heysen Drive, Trott Park	Busways bus collected the roof of bus shelter causing damage.	17/8/2023	Quote being obtained.	Claim lodged with LGAAMF. LGAAMF may recover from third party responsible.
Bus stop, 13A Towers Tce, South Plympton	Passing motorist had an accident and crashed into bus shelter. Shelter damaged. Driver not insured.	29/4/2024	Quote being obtained.	Claim lodged with LGAAMF. LGAAMF may recover from third party responsible.
Bus stop 34, Main South Road, O'Halloran Hill	Passing motorist had an accident and crashed into bus shelter. Shelter damaged. Driver not insured.	23/5/2024	Quote being obtained.	Claim lodged with LGAAMF. LGAAMF may recover from third party responsible.
Bus stop 43, Davenport Tce Seacliff Park	Bus shelter collected by bus causing minor damage.	25/6/2024	Quote being obtained.	Claim lodged with LGAAMF. LGAAMF may recover from third party responsible.

4.PUBLIC LIABILITY

4.1 Public Liability Incidents and Claims

Public Liability Incidents and Claims

4.2 Public Liability by category

Public Liability Incidents and Claims
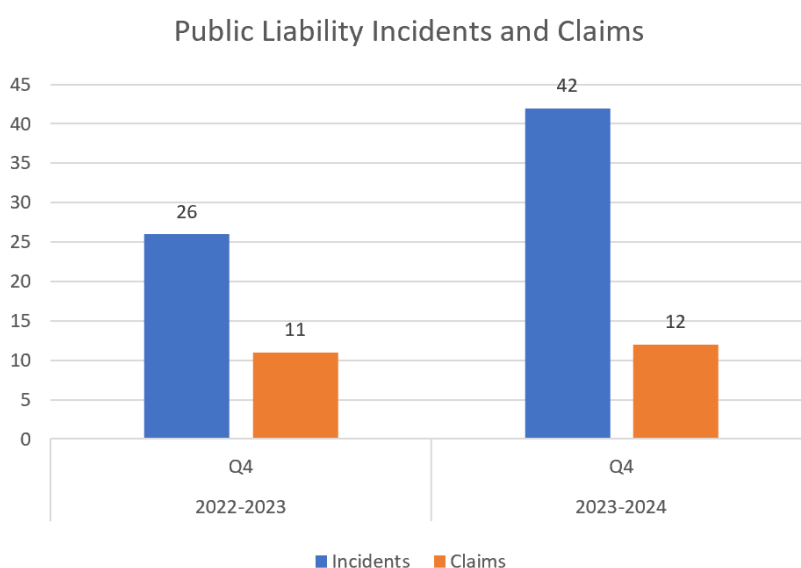
4.3 Public Liability by category

Public Liability Incidents or Claims by category
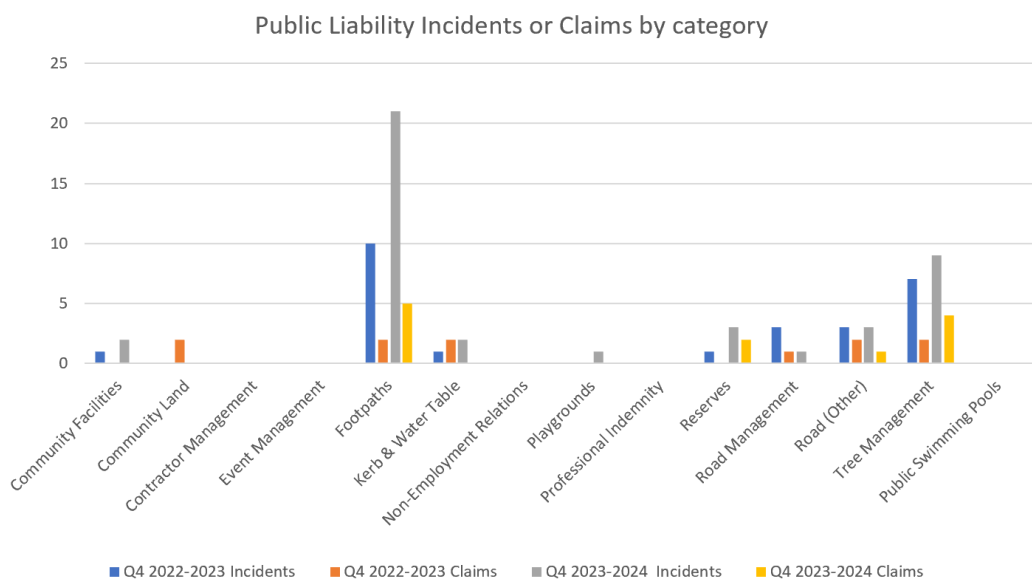
4.4 Public Liability Claims – outstanding during 2023-2024

Location	Description	Date of Incident	Claim Amount	Outcome Update

1A Hawker Av, Plympton Park	Peter and wife (Milly) walking when Peters wife fell and tripped over a hole covered in grass (on the Verge) approx 3pm on 19/4/24. Milly badly injured her ankle - severely sprained. Will go to hospital to get Xray if no improvement.	19/4/2024	No amount specified.	Claim being assessed by LGAAMF.
2 Windemere St, Seacombe Gardens	Jacqueline tripped over the raised footpath. She has broken her left elbow her glasses and strained her left wrist on Thursday 11th April at 4.30 pm. Would like to have her glasses replaced. Spec savers have quoted $368.00 that was to have one Lens replaced.	13/5/2024	$368	Claim being assessed by LGAAMF.
14 Melanto Tce, Marion	Council tree impacting resident's paved property. Seeking compensation.	6/5/2024	No amount specified.	Claim being assessed by LGAAMF.
16 Narkunda St, Glandore	During drainage works, council's contractor damage small section of resident driveway. Council contractor offered to fix section of damage to make good. Customer asking council (where contractor will not) to replace the entire crossover as they're concerned about further cracking and appearance.	22/3/2024	Replacement of entire crossover.	Council informed resident it won't be remedying or accepting claim. Council civil team member inspected damage and not concerned of further cracking, and re- work proposed by contractor is more than adequate – encouraged resident to accept contractor offer.

5. VOLUNTEERS

During the quarter there were no new incidents relating to volunteers.

There are two (2) open claims currently, being– handled by LGRS. See below.

5.1 Volunteer Accident Claims – outstanding or outcomes during Q2

Location	Description	Date of Incident	Claim Amount	Status
Incident occurred whilst engaged in duties as community bus driver	Volunteer reported injuries to both shoulder rotator cuffs. Ceased volunteering with CoM thereafter.	23/2/2023	Total settlement paid was $681.02, for reimbursement of medical treatment.	Claim was settled with all payments finalised as confirmed 11 July, 2024.
Cooinda Neighbourhood Centre	Volunteer in the course of their work was walking through internal doorway into craft room when collided with another person who was entering craft room from a different doorway.	28/4/2023	Total settlement paid $2,528. (Includes $1,500 Broken bone benefit, and $1,028 reimbursement of non-medicare expenses).	Claim has been settled with all payments finalised on the 10 May 2024.

	Volunteer injuries included a Left Humorous Fracture.			

9 Workshop / Presentation Items

10 Other Business

11 Meeting Closure

The meeting shall conclude on or before 6.00pm unless there is a specific motion adopted at the meeting to continue beyond that time.