

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, 18 February 2025 at 4.00 pm

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

A copy of the Agenda for this meeting is attached in accordance with Section 83 of the Act.

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



Tony Harrison
Chief Executive Officer

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1 Open Meeting

2 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 17 December 2024

Report Reference	FRAC250218R4.1
Originating Officer	Unit Manager Governance and Council Support – Victoria Moritz
Corporate Manager	Manager Office of the Chief Executive – Sarah Vinall
General Manager	Chief Executive Officer – Tony Harrison

RECOMMENDATION

That the minutes of the Finance, Risk and Audit Committee Meeting held on 17 December 2024 be taken as read and confirmed.

ATTACHMENTS

1. FRA C 241217 - Final Minutes [4.1.1 - 10 pages]



**Minutes of the Finance, Risk and Audit Committee
held on Tuesday, 17 December 2024 at 2.00 pm
Council Chamber, Council Administration Centre
245 Sturt Road, Sturt**

**PRESENT**

Josh Hubbard (Chair)
Paula Davies
Melissa Oors-L'Estrange
Councillor Luke Naismith

In Attendance

Chief Executive Officer - Tony Harrison
General Manager City Services - Angela Allison
General Manager Corporate Services - Tony Lines
Chief Financial Officer - Ray Barnwell
Manager Office of the CEO - Sarah Vinall
Manager People and Culture
Unit Manager Governance and Council Support - Victoria Moritz
Unit Manager Risk and Strategy
Suhaas Madhyastha – KPMG
Heather Martens – KPMG

1 Open Meeting

The Chair opened the meeting at 2.03pm.

2 Kurna Acknowledgement

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

3 Elected Member Declaration of Interest (if any)

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.

4 Confirmation of Minutes

4.1 Confirmation of Minutes of the Special Finance, Risk and Audit Committee Meeting held on 11 November 2024

Report Reference FRAC241217R4.1

Moved Councillor Naismith

Seconded Mr Hubbard

That the minutes of the Special Finance, Risk and Audit Committee Meeting held on 11 November 2024 be taken as read and confirmed.

Carried Unanimously

FRAC241217 - Finance, Risk and Audit Committee - 17 December 2024



5 Business Arising

5.1 Business Arising Statement - Action Items

Report Reference FRAC241217R5.1

Moved Councillor Nasmith

Seconded Mr Hubbard

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 Internal Audit Plan 2023-2025

Report Reference FRAC241217R7.1

Manager Office of the CEO introduced the item and provided a summary of the progress of the Internal Audit Program for 2023-2025.

Ms Heather Martens and Mr Suhaas Madhyastha from KPMG were present for the item.

Cloud Vendor / Third party

Ms Martens gave an overview of the Cloud Vendor / Third Party Assessment report noting:

- The audit found one high risk, 2 medium risks and 1 performance improvement opportunity. These findings relate to the management of third-party risks, roles and responsibilities not formally defined, acceptance of extended downtimes and contract management guidelines and plans.
- Across the board, there is an increasing focus on cloud environments with a need for robust frameworks.
- Scope includes assessing cloud vendors, risk management, governance, and contractual frameworks.
- The assessment included a deep dive into two contracts to understand risk management and controls.
- There are areas for improvement in how the City of Marion can mature its approach to third-party risk management of cloud vendor contracts in regard to formalised process, documentation, systems and monitoring.
- There needs to be a robust process in place to ensure ongoing checking to ensure controls are working effectively and meeting contractual arrangements.
- There is evidence of a strong Information Services team awareness and involvement in the contract renewal process, however improvement is needed in maintaining evidence of assessments and formal contract handovers for ongoing management.



- Roles and responsibilities have not been formally defined with potential risks including accountability issues and mismanagement.

The Committee provided the following feedback:

- Queried the process around data extraction and how we are ensuring control of extracted data as well as how this is housed by third parties. KPMG stressed the need for controlled access to data and clear processes to manage rights and amalgamation.
- The Committee discussed the previous data governance audit noting this assessment focussed on defining expectations to ensure user groups are receiving the insights to continue to evolve.
- Acknowledged the team's capabilities and level of technical expertise, however noted that challenges exist to maintain expertise as demands shift.
- The Committee recognised the challenge of managing complex contracts and the challenge of tracking actions to ensure success.
- The committee emphasised the importance of aligning contracts with evolving needs and ensuring robust data governance.

Project Management Scope

Ms Martens provided a summary relating to the scope of the project management audit noting the purpose was to review the effective implementation of the recently implemented Project Management Framework (PMF) for capital delivery and ICT projects. The audit will assess whether the Framework is fit-for-purpose, aligned with better practices, and provides relevant insights from comparable organisations with a deep dive into two very different projects.

The Committee provided the following discussion:

- The Committee discussed the process of selecting the sample projects that were assessed and were comfortable with the criteria applied noting this was based on projects that have gone through the full project management cycle, were based on large complex projects and included feedback from Management.
- KPMG commented there were quite a few recommendations to be followed up from the previous audit with the review of projects for this audit assessed under the new Project Management Framework.
- Management noted an increased degree of robustness since the last audit, with higher levels of accountability under the new framework. There was also a potential risk of over-bureaucratising the process.

Assurance Mapping Scope

Ms Martens provided a summary of the Assurance Mapping Scope noting the purpose of the internal audit is to provide an updated assurance map for the City of Marion's sources of assurance across



the organisation's key strategic risks. This was an opportunity to review lines of defence across key areas.

The Committee noted the risks in scope for this internal audit and queried why high residual risks weren't included. KPMG noted that there was still an opportunity to include anything further, however Management confirmed there currently aren't any risks with a high residual rating.

Moved Ms Davies

Seconded Ms Oors-L'Estrange

That the Finance, Risk and Audit Committee:

1. Considers and provides feedback on the:
 - a. Cloud Vendor/Third Party Cyber Risks Assessment Report
 - b. Project Management Scope
 - c. Assurance Mapping Scope

Carried Unanimously

7.2 Internal Audit Program - Implementation of Recommendations

Report Reference FRAC241217R7.2

The Committee noted the internal audit program and provided the following feedback:

- Discussed simplifying reports to clearly show progress, distinguishing between items "on track" and "off track," and reducing administrative burden.
- Encouraged reviewing whether all findings need to remain on the report, as some are outdated or superseded. Suggested a thorough review and closure for low-risk items where decisions have already been made or different approach taken.
- The Committee noted a preference for a summary dashboard showing key statistics and progress with an emphasis on high-risk over-due actions and a short summary of closed items.
- The Committee discussed how risk ratings and closure targets are presented and the need to focus on older findings.
- It was noted the procurement oversight committee had not yet convened; however, the Terms of Reference are complete, and membership determined. The Strategic Procurement Manager position, a key resource on the Committee is currently vacant. The Committee will meet once this role is finalised.
- The Committee queried Action J1 from the Collaborative Contract Value for Money Audit in relation to the \$450,000 threshold referenced for all new contracts and the requirement to have a contract management plan. This was taken on notice with management to provide a response out of session.
- The Committee suggested this was a good opportunity to bring a report with a revised format to the next meeting and agreed that measuring quarterly progress would be a valuable addition moving forward.



ACTION: Management to provide a response to the question in relation to how the \$450k is selected for the cutoff where all contracts in excess of this amount have Contract Management Plans in place

ACTION: Review format of current report and bring a revised version to the next Committee meeting.

Moved Ms Davies

Seconded Councillor Naismith

That the Finance, Risk and Audit Committee:

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

Carried Unanimously

7.3 Work Program and Meeting Schedule for 2025

Report Reference FRAC241217R7.3

Moved Ms Oors-L'Estrange

Seconded Councillor Naismith

That the Finance, Risk and Audit Committee:

1. Notes the proposed work program for 2025 identified at Attachment 1 to the report.
2. Adopts the following schedule of meetings for 2025:

- a. Tuesday 18 February 2025 (4pm – 6pm)
- b. Tuesday 8 April 2025 (4pm – 6pm)
- c. Tuesday 3 June 2025 (4pm – 6pm)
- d. Tuesday 12 August 2025 ((4pm – 6pm) followed by a joint workshop with Council from 6.30pm onwards)
- e. 14 October 2025 ((4pm – 6pm)
- f. 2 December 2025 ((4pm – 6pm)

Carried Unanimously

7.4 Q1 Corporate Risk Report 2024-2025

Report Reference FRAC241217R7.4

Unit Manager Risk and Strategy introduced the item commenting this report provided an opportunity to share some of the activities the teams will be undertaking over the next 12 months.

The Committee noted the report and provided the following feedback:

- Committee queried a potential conflict of interest given KPMG's dual role as internal auditor and involvement in risk management practices. Management confirmed they are comfortable with the approach and noted there was limited tender responses. The work is funded by LGRS using the risk management rebate and will be complete by 30 June 2025.

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- The Committee emphasised the importance of ensuring practical outcomes from the maturity assessment that can deliver long-term benefits and be effectively implemented.
- The Committee discussed potential impacts of the recent state by-election on priorities and infrastructure. Management indicated there were no significant changes, with expectations of more developments closer to the 2026 state election.
- The Committee discussed service delivery provided by volunteers. Management acknowledged a national decline in volunteer availability, noting a potential overreliance on the same individuals.
- Despite this, services remain stable with close to 300 volunteers. Positive feedback indicates volunteers are generally happy, though risks exist around underutilisation of skills.
- Management will continue to work on strategies to adapt to the changing volunteer environment, focusing on re-engagement and improving skill-to-task alignment.
- The Committee discussed critical risks and controls and queried whether certain individuals were burdened with too many critical controls. Management confirmed the issue had been recently discussed and committed to review control assignments and hierarchy. Efforts will focus on simplifying and reducing the scope through the controlled library in Pulse (Risk Management Software).

Moved Councillor Naismith

Seconded Ms Oors-L'Estrange

That the Finance, Risk and Audit Committee:

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

Carried Unanimously

7.5 Strategic Risk Register

Report Reference FRAC241217R7.5

Unit Manager Strategy and Risk introduced the item commenting the Committee last reviewed the Strategic Risk Register in February 2024. Since then, the Executive Leadership Team completed its bi-annual review, aligning risks with the Strategic Plan 2024-2034 and updating risk descriptions to address emerging sector-wide risks.

- The Committee commended the comprehensive analysis and sophisticated benchmarking approaches and noted excellent maturity in the process.
- Staff highlighted additional areas they felt were missing, including leveraging emerging technologies and addressing challenges in attracting skilled staff. These will be removed from the corporate risk register and elevated to the Strategic Risk Register.



Moved Ms Davies

Seconded Councillor Naismith

That the Finance, Risk and Audit Committee:

1. Notes and provides feedback to the Strategic Risk Register.

Carried Unanimously

7.6 Framework and Key Assumptions for the preparation of the 2025-2026 ABP and LTFP
Report Reference FRAC241217R7.6

The Chief Finance Officer introduced the item and provided a summary of the proposed framework in setting the 2025-2026 Annual Business Plan (ABP) & Long-Term Financial Plan (LTFP) and a summary of the process supporting the review of financial parameters and key budget assumptions.

The following discussion and feedback were noted:

- The ABP and LTFP process has commenced, noting the budget bid deadline for staff closed on 26 November.
- The Framework aligns funding approved in the Asset Management Plans (AMP's) with the LTFP and aims to maintain a break-even position or positive cash position to ensure long term financial sustainability.
- Modelling for rate rises and implications will be discussed with Council Members at the January 2025 Planning Day.
- City of Marion is currently and historically operating with minimal debt, however as planned over the next 10-years borrowings are projected to increase from the end of this financial year. There are continued efforts to manage cash flow tightly and defer borrowings until they are required.
- Key challenges discussed include balancing average rate increases while addressing rising costs including capital works, maintaining the existing high level of service delivery and potential increase in wages resulting from the current EB agreement negotiations.
- The committee queried reliance on CPI given it may understate council cost drivers. Management acknowledged CPI is household-focused but widely used, noting there are other indexation considerations and measures such as LGPI for example.
- Management commented that borrowings in the adopted LTFP are forecast to peak at \$52m. As the next iteration of the LTFP is developed adjustments will be made to accommodate updated project timelines and deferred borrowings to date.
- The Committee suggested the annual joint workshop in August could be used to feed into the future budget processes.
- The committee highlighted the importance of robust conversations on service levels, funding priorities, and value delivery, with a focus beyond percentage increases to the actual financial impact for households.

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Moved Ms Davies

Seconded Councillor Naismith

That the Finance, Risk and Audit Committee:

1. Provide feedback on the proposed framework, key assumptions, and associated risks in setting the Annual Business Plan for 2025-2026 and the Long-Term Financial Plan.
2. Provide feedback on the Environmental Scan (Attachment 3) as input into the Draft ABP 2025-2026 and draft LTFP.

Carried Unanimously

8 Reports for Noting

8.1 Annual Ombudsman Report 2023-24

Report Reference FRAC241217R8.1

Moved Councillor Naismith

Seconded Ms Oors-L'Estrange

That the Finance, Risk and Audit Committee:

1. Notes the report.

Carried Unanimously

8.2 Council Member Report

Report Reference FRAC241217R8.2

Moved Councillor Naismith

Seconded Ms Davies

That the Finance, Risk and Audit Committee:

1. Notes this report.

Carried Unanimously

8.3 1st Budget Review 2024-2025

Report Reference FRAC241217R8.3

The Chief Finance Officer introduced the report and provided a summary of the item commenting that the first budget review addresses carry over items. It was noted that assets have been independently valued, requiring depreciation adjustments. It is anticipated that the requirement for borrowings will be reassessed closer to the 3rd quarter review.

- The Committee queried the carryover process with Management confirming there due to the nature of council projects there will always be a level of carryovers resulting from a variety of factors including grant funded projects, delays in capital programs and scheduling.



10

- Management also clarified for the new committee members that the budgeted financial statements reflect year to date actuals and a reforecast for the remainder of the financial year.

Moved Councillor Naismith**Seconded Ms Davies**

That the Finance, Risk and Audit Committee:

1. Notes the 1st Budget Review position

Carried Unanimously**9 Workshop / Presentation Items – Nil****10 Other Business – Nil****11 Meeting Closure**

The meeting was declared closed at 3.37pm.

CONFIRMED THIS 18 DAY OF FEBRUARY 2024

CHAIRPERSON

5 Business Arising

5.1 Business Arising Statement - Action Items

Report Reference	FRAC250218R5.1
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

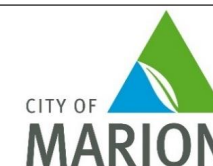
That the Finance, Risk and Audit Committee:

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

ATTACHMENTS

1. Business Arising Statement February 2025 [5.1.1 - 4 pages]

CITY OF MARION
BUSINESS ARISING FROM FINANCE RISK AND AUDIT COMMITTEE MEETINGS
AS AT FEBRUARY 2025



	Date of Meeting	Item	Responsible	Due Date	Status	Completed / Revised Due Date
1.	17 December 2024	<p>Internal Audit Program – Implementation of Recommendations</p> <p>ACTION: Management to provide a response to the question in relation to how the \$450k is selected for the cutoff where all contracts in excess of this amount have Contract Management Plans in place.</p> <p>ACTION: Review format of current report and bring a revised version to the next Committee meeting.</p>	<p>Tony Lines</p> <p>Sarah Vinall / Cassidy Mitchell</p>	<p>December 2024</p> <p>February 2025</p>	<p>Follow up email provided to Committee Members out of session by Tony Lines 17 December 2024.</p> <p>Meeting held on 21 January to discuss requests from Members, review is in progress and is to be delivered over the coming quarter.</p>	<p>Complete – 17 December 2024</p> <p>In progress April 2025</p>

* Completed items to be removed are shaded

City of Marion
Finance Risk & Audit Committee Action Arising Statement and Work Program - 2025

SCHEDULE OF MEETINGS 2025

Day	Date	Time	Venue
Tuesday	18 February 2025	4pm – 6pm	Administration Centre
Tuesday	8 April 2025	4pm – 6pm	Administration Centre
Tuesday	3 June 2025	4pm – 6pm	Administration Centre
Tuesday	12 August 2025	4pm – 6pm Followed by 6.30 – 8.30 pm (Joint workshop with Council)	Administration Centre
Tuesday	14 October 2025	4pm – 6pm	Administration Centre
Tuesday	2 December	4pm – 6pm	Administration Centre

INDICATIVE COMMITTEE WORK PROGRAM – 2025

TUESDAY, 18 February 2025

Topic	Action
Council Member Report	Communication Report
Internal Audit - Implementation of Recommendations Q2	Review & Feedback
Internal Audit Program – scopes and reports	Review & Feedback
Draft Annual Business Plan 2025-26 and LTFP	Review and feedback

TUESDAY, 8 April 2025

Topic	Action
Council Member Report	Communication Report
Business Arising	Noting
Internal Audit - Implementation of Recommendations Q3	Review & Feedback
Draft Annual Business Plan 2025-26 & LTFP Update	Review & Feedback
Budget Review 2 – 2024-25	Noting
Fraud risk register bi-annual report	Review and feedback
Internal Audit Program – scopes and reports	Review & Feedback
Glandore Oval Redevelopment S48	Review & Feedback
Risk Management Framework – Opportunities Work	Review & Feedback

City of Marion
Finance Risk & Audit Committee Action Arising Statement and Work Program - 2025

TUESDAY, 3 June 2025

Topic	Action
Council Member Report	Communication Report
Draft Annual Business Plan 2025-26 - Public Consultation Feedback	Review & Feedback
External Audit 2024-25 – Interim Management report	Review & Feedback
Budget Review 3 – 2024-25	Noting
Annual Report on Business Continuity	Noting
Internal Audit Program 2025-26	Review & Feedback
Internal Audit Program – scopes and reports	Review & Feedback
Corporate Risk Report Q3	Review and feedback
FRAC Effectiveness Survey – draft survey components for review	Review and feedback

TUESDAY, 12 August 2025 (Joint Workshop with Council to follow from 6.30pm – 8.30pm)

Topic	Action
Council Member Report	Communication Report
Fraud and Corruption Annual Questionnaire	Review & Feedback
FRAC Annual Report to Council 2024-25	Feedback and consideration of elements for inclusion
Internal Audit - Implementation of Recommendations Q4	Review & Feedback
Annual Insurance and Claims report	Review & Feedback
Corporate Risk Report Q4	Review & Feedback
FRAC Effectiveness Survey – Present outcomes / results	Discussion and noting
Joint Workshop with Council (6.30pm onwards)	

TUESDAY, 14 October 2025

Topic	Action
Council Member Report	Communication Report
FRAC Annual Report to Council 2024-25	Review and Recommendation to Council
Independence of Council's Auditor for the year end 30 June 2025	Review and Recommendation to Council
Audited Annual Financial Statements for the year end 30 June 2025	Review and Recommendation to Council
Investment Performance 2024-25	Noting
Debtors Report	Noting
IS Strategy annual progress	Noting

City of Marion
Finance Risk & Audit Committee Action Arising Statement and Work Program - 2025

Tuesday, 2 December 2025

Topic	Action
Council Member Report	Communication Report
Work Program and Meeting Schedule 2026	Review and Feedback
Ombudsman Annual Report	For Noting
Internal Audit - Implementation of Recommendations Q1	Review & Feedback
Framework and Key Assumptions for the preparation of the 2026-27 ABP and LTFP	Review and Feedback
Budget Review 1 – 2025-26	For Noting
Corporate Risk report Q1	Review & Feedback

6 Confidential Items - Nil

7 Reports for Discussion

7.1 Draft Annual Business Plan 2025-26 and Long Term Financial Plan

Report Reference	FRAC250218R7.1
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 purpose of this report is to provide the Finance Risk and Audit Committee (FRAC) with an update on the continued development of Council's Draft Annual Business Plan for 2025-2026 (2025-2026 ABP) and Draft Long Term Financial Plan (LTFP).

RECOMMENDATION

That the Finance, Risk and Audit Committee provide feedback on:

- 1. The development of Council's Draft ABP 2025-2026 and Draft LTFP**
- 2. The reasonableness, fairness and equity of potential rating approaches for 2025-2026, including in the context of Councils LTFP and on-going financial sustainability.**

DISCUSSION

Finance have worked with all business units to collate the draft high-level budget requirements for both operating and planned capital works for 2025-2026. In addition, a further review of the indicative funding requirements beyond 2025-2026 to fund council's asset management plans has been undertaken and incorporated into the draft LTFP.

The 2025-2026 budget will be developed based on projected expenditure levels, considering current cost pressures, anticipated future expenses, major contract price escalations, and broader market influences. Council's current LTFP, adopted in June 2024, included a forecast average rate increase of 4.3% for 2025-2026.

Several key developments since the adoption of the 2024-2025 LTFP must be taken into account in preparing the Draft 2025-2026 Annual Business Plan (ABP) and LTFP.

Council Members had an opportunity to review the initial high-level draft budget at Council's Planning Day in January. Following discussions at that meeting, further work is being undertaken to actively refine forecasts that optimise operational efficiencies while maintaining service levels. Efforts are also underway to assess the timing of planned expenditures, ensuring a balanced approach that minimises the financial impact on ratepayers and supports long-term budget sustainability.

1. KEY FACTORS IMPACTING THE CURRENTLY ADOPTED LTFP POSITION.

Funding approved since the adoption of the 2024-2025 ABP and LTFP

Since adopting the 2024-2025 Annual Business Plan, an additional **\$7.947M** in capital project funding has been approved for incorporation into the budget and LTFP to support the following key projects:

- Glandore Oval redevelopment

- Southern Soccer – 4th Pitch
- Marion Tennis relocation
- Marino Hall Upgrade
- Land Acquisition *

The costs of servicing debt to support this additional funding equates to approximately \$1.059M per annum which, without savings to offset these additional required funds, equates to an increase in rates of about 1.15%.

* It should be noted that the rating impact on the proposed land acquisition will be dependent on the period of time that council retains the parcel of land and the revenue obtained from the future sale of the land.

Asset Valuation - Future Asset Replacement Costs and Depreciation

The comprehensive revaluation of all council assets undertaken by independent valuers has been completed as at June 2024. The overall increase in valuation was 16.74% with depreciable assets (excluding land) increasing by almost 9%.

The impact of the higher revaluation flows through to depreciation which recognises the provision for future replacement costs. In addition, the depreciation provision forecast for 2025-2026 takes into account the impact of key new projects just completed or forecast for completion in 2024-2025 such as the Marino Hall Upgrade, Cove Sports Upgrade, MCC Plaza, Seacliff Golf Park and Coastal Walking Trail bridges. The combined impact of asset revaluation, indexation and newly capitalised assets requires the increase in depreciation in the order of 13%.

The accounting provision for depreciation, while a non-cash adjustment in 2025-2026, impacts council's operating surplus position.

Provision for Employee Costs

The current indoor workforce Enterprise Agreement will cease in June 2025 and negotiations for a new agreement have commenced. Higher inflation and moderately stronger wages growth particularly in the sector may impact the outcome of these negotiations and the current provision for employee costs in 2025-2026 and costs over the term of the LTFP.

Indexation of 4% is currently factored into the high-level draft budget position reverting to 3% from year two onwards. The impact for every additional 1% is in the order of \$400k in 2025-2026 and \$4.5M over the ten years of the LTFP.

Future Inflationary Factors

The RBA (Reserve Bank of Australia) is forecasting that it will be some time before inflation gradually returns to target rates forecasting a return to top of their target 3% in late 2026.

They also noted in their latest economic outlook that part of the recent decline in headline inflation is expected to be temporary, and headline inflation is expected to increase again as cost-of-living relief unwinds. The chart below depicts the annual movement in Adelaide CPI to the end of each quarter over the past 10 quarters.



Inflationary pressures have steadily eased since the high of 8.6% peak in December 2022. Adelaide Year on Year CPI to December 2024 is 2.5%. The major reason for the lower CPI in the last two quarters is due to a fall in prices in electricity and automotive fuel. The introduction of temporary Commonwealth Energy Bill Relief Fund rebates have assisted a drop in household electricity costs and moderating prices for new dwellings. National underlying inflation was sitting at 3.2% in the Dec 2024 quarter.

Future Major Project Price Escalation

The City of Marion has a number of significant new projects in the pipeline over the next 4 to 5 years and until market tested there is a risk that price escalation beyond forecast CPI will impact these projects.

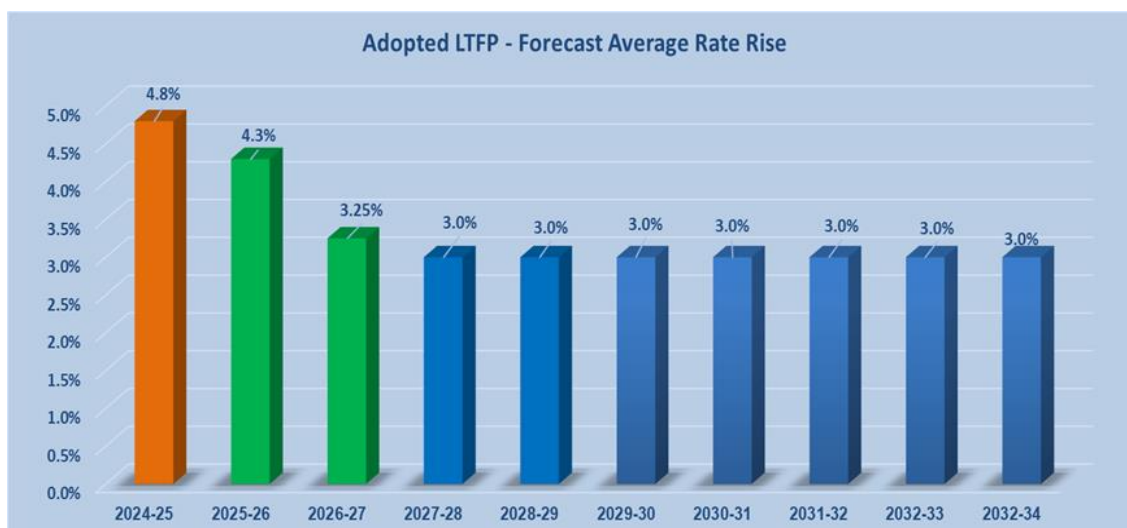
In developing an appropriate rating strategy for the 2025-2026 budget and LTFP, rate modelling options will need to balance the real cost of service provision and service demand from the community to manage escalating costs and inflationary pressures. This will enable the achievement of Council's long-term strategic objectives while maintaining a long term financially sustainable position for the City of Marion.

The RBA noted in their latest economic outlook that inflation has fallen substantially since its peak in 2022, however underlying inflation is still sitting around 3.5%, still some way off the 2.5% midpoint of their inflation target. The most recent forecasts published in the November *Statement on Monetary Policy* (SMP) do not see inflation returning sustainably to the midpoint of the target until 2026.

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

Council has successfully navigated through challenging inflationary times in the past couple of years with an appropriate rating strategy including a required increase in average rate increase in 2023-2024 of 5.2 per cent, a rate below annual Adelaide CPI to June quarter 2023 of 6.9 per cent, and more recently adopting an increase in average rates for 2024-2025 of 4.8 per cent, slightly above the Adelaide June CPI figure of 4.5%.

The table below depicts the forecast rate rises in Council's currently adopted LTFP demonstrating Council's focus on an appropriate rating strategy with a forecast gradual reduction in average rate increases over the coming years before moving to a stable increase over the remainder of the LTFP.



In developing the Draft LTFP and ABP 2025-2026 Council will need to balance the impact on our community but also enable the achievement of its long-term strategic objectives while maintaining a long term financially sustainable position for the City of Marion.

2. RATE MODEL DEVELOPMENT – 2025-2026

At the January Council Member planning day, Council considered preliminary high level LTFP modelling with forecast rate increases ranging from 4.3% to 4.8% in 2025-2026 scaling back to a steady ongoing increase of 3.0% from 2028-2029.

Planning Day Models - Average Rate Increase				
LTFP Model	2025-2026	2026-2027	2027-2028	2028-2029 onwards
Model 1	4.30%	3.25%	3.00%	3.00%
Model 2	4.80%	3.50%	3.25%	3.00%

The table below illustrates the key differences of the LTFP models considering our key financial sustainability ratios.

Are Key Financial Sustainability Ratios met in all years of the LTFP ?		
	Model 1 - 4.3%	Model 2 - 4.8%
Operating Surplus Ratio - Over Next future 5 years	✗	✓
Net Financial Liabilities Ratio	✗	✓
Debt Servicing Ratio	✓	✓
Peak level of borrowings	\$50.2M	\$42.5M
Total new borrowings over 10 years of LTFP	\$63.9M	\$50.3M
Average increase in residential rates 2025-26	\$76	\$85

Following the outcomes of the Council planning day, further rate modelling is currently being developed and will be considered by Council through the development of the 2025-26 ABP and LTFP over the coming months. A key focus in the coming months is to address ongoing operational cost pressures, balanced with minimal impact on service levels whilst delivering a long term financially sustainable plan for Council.

3. BORROWINGS

The City of Marion retains a sound financial position and has capacity to borrow for future new planned projects giving due consideration to inter-generational equity for the funding of long-term infrastructure projects and therefore the equitable sharing of the debt burden between past, present and future generations.

Council's Corporate KPI for Financial Sustainability sets a core target to maintain a **breakeven or positive cash funding position over the 10-year term of the LTFP**. The LTFP models being developed are forecast to achieve this, forecasting a net surplus over the 10 years of the LTFP.

It should also be noted that should funds be required in the short term to support a deficit position, Council has access to a Cash Advance Debenture (CAD) loan facility of \$10M with the South Australian Local Government Financing Authority to fund short term deficit cash balances.

Council borrowings are currently forecast to increase from \$1.758M in June 2024 to \$11.587M by June 2025. However, in line with Council's Treasury Management Policy, available cash will be utilised first to defer planned borrowings and only borrow when the cash balances are down to a minimum working cash balance.

There are number of significant projects set to be completed, continue, or commence over the next 12 to 24 months which require funding from borrowings in addition to grant funding received - some of these key projects include;

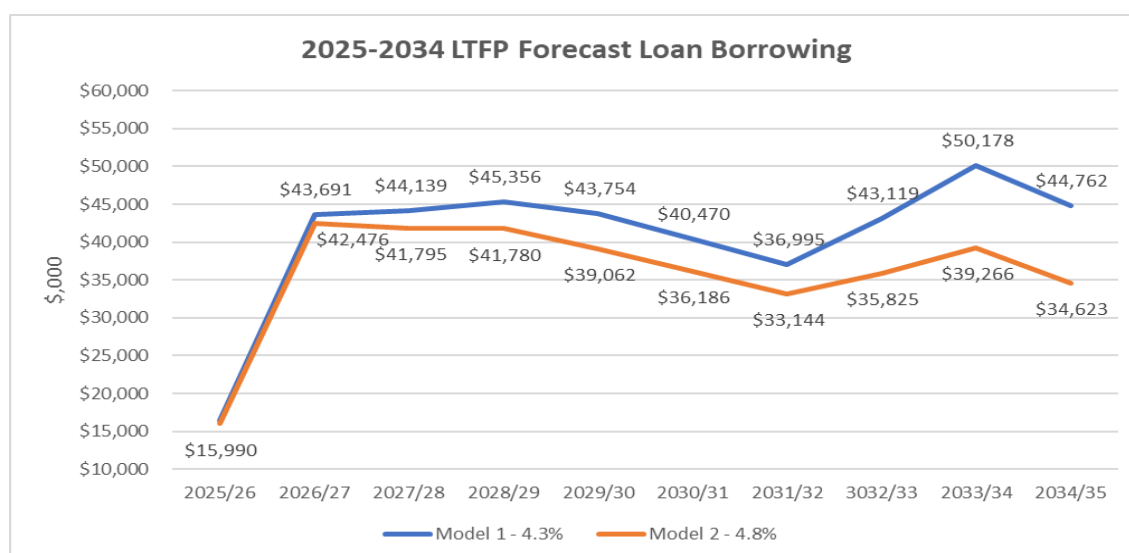
- Marino Hall Redevelopment
- Seacliff Golf Park Redevelopment
- Glandore Oval Redevelopment
- Marion Basketball Stadium Redevelopment
- Warradale Tennis Club Upgrade

It should be noted that as with Council's adopted LTFP, LTFP models being developed will incorporate indicative funding requirements to deliver projects outlined in the City of Marion Building Asset Strategy (CoMBAS), noting funding outlined in the implementation guide for this long-term strategy for most projects is subject to review on an annual basis.

Some CoMBAS projects have already attracted Federal and State grant funding commitments such as Glandore Sports Club redevelopment, Warradale Tennis Upgrade and Marion Basketball Stadium Redevelopment totaling almost **\$12M**. An assumption has been made and incorporated into the LTFP models that future eligible projects will also attract **40%** grant funding.

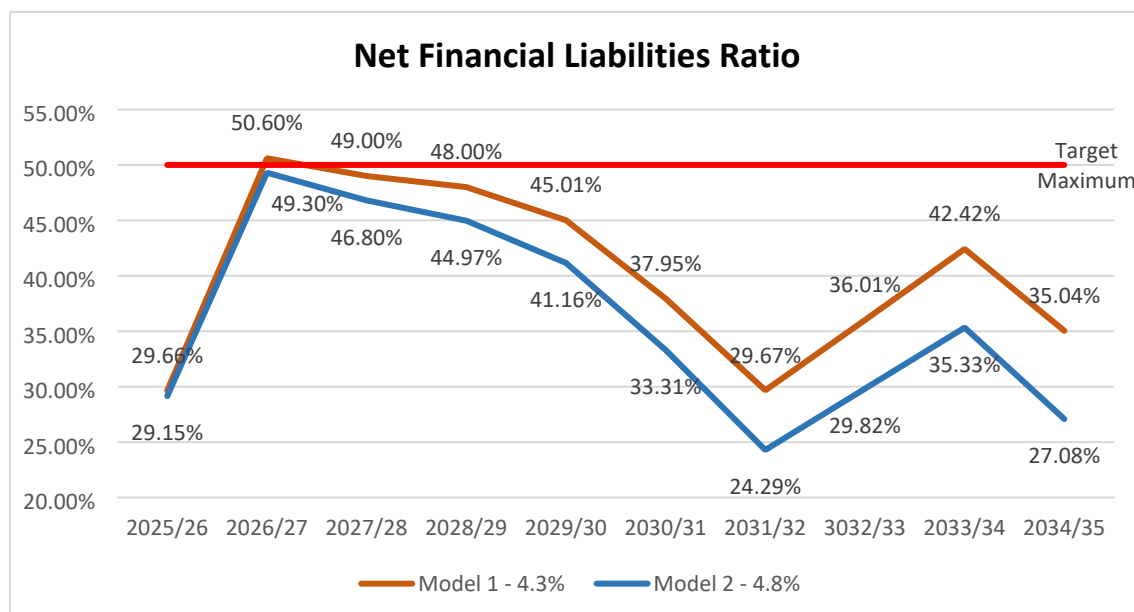
The chart below shows the borrowing profile of both LTFP models being considered to date.

The chart highlights the impact of a slightly higher rate increase in the earlier years of the LTFP with Model 1 borrowings are forecast to peak at \$50.2M in 2033-2034 against peak borrowings for Model 2 of \$42.5M in 2026-2027. This demonstrates the cumulative impact over the LTFP of slightly higher rates indexation in the early years of the LTFP. Both models forecast annual rate increases of 3% from 2028-2029 onwards. Model 2 has the most favorable outcome from a borrowings perspective with borrowings peaking at \$42.5M in 2026-2027 with the level of borrowings at the end of the LTFP being \$34.6M in this model.



The **net financial liabilities ratio** for each of the models is shown in the chart below. The chart illustrates that as the City of Marion currently has a minimal borrowing position. As the borrowings program is undertaken, particularly with the funding requirements to deliver key projects currently identified in CoMBAS, the indicator will naturally rise.

As noted earlier, CoMBAS projects are reviewed annually and any changes to funding requirements or timelines identified in the implementation guide will in turn impact forecast borrowings and the ratio as depicted below. As this ratio lowers over time it indicates that Council's capacity to meet its financial obligations from operating income is strengthening.



The following factors should be considered in deciding on the timing of when borrowings should be used by the council, including:

- Capacity to Pay (Affordability) – The forecast cash positions and financial ratios in Council's adopted LTFP indicate a capacity for further borrowings.
- Intergenerational Equity – Due consideration will be given to inter-generational equity for the funding of long-term infrastructure projects and therefore the equitable sharing of the debt burden between the past, current and future generations. The council's current position of utilising current cash reserves that have been contributed by current and past ratepayers and applying them in the short term in providing service improvements and outcomes in the LTFP would be considered sound and reasonable.
- Long-term financial sustainability – Council delivers two core services for its community in the form of Operational Services (e.g., Libraries, Waste Collection, Community Services) and Capital Services for the ongoing renewal (i.e. effectively cyclical maintenance) of existing infrastructure (e.g. roads, footpaths, drains). Sound and prudent business practice would be to not borrow for the delivery of core services. The Council's Treasury Management Policy supports borrowings for new infrastructure projects, where this is necessary.
- Cash – The key to the long-term financial sustainability of any organisation, whether they be public or private, is Cash and Cash Flow. As part of the Council's LTFP Framework the Council maintains, on average, a break-even or better funding (cash) position over the LTFP.

4. CAPITAL WORKS PROGRAM FUNDING

The planned capital works program for 2025-2026 is currently forecast at **\$34.638M** similar to the original forecast budget for 2024-2025 of \$34.802M.

The table below highlights the comparative capital expenditure on regular capital programs in addition to expenditure on significant projects. Projects set for completion in 2024-2025 include Marino Hall Redevelopment, Seacliff Golf Park Redevelopment and Warradale Tennis Club.

The administration building upgrade will continue over 2024-2025 and 2025-2026 and the key major project set for construction commencement in 2025-2026 is the Glandore Sports Club Redevelopment.

With continued challenging market conditions and pressure on contractor availability there is a risk that funding in relation to a small number of capital projects may be carried over into the 2025-2026 year. As we work through the progress of the 2024-2025 capital works program further updates will inform the development of the 2025-2026 ABP and LTFP.

Capital works funding requirements have been aligned to the required funding identified in each of the council's adopted Asset Management Plans. As these plans are further progressed future iterations of the LTFP will be adjusted accordingly.

	2024-2025 Original Budget \$000	2025-2026 Draft Budget \$000
Classification		
Civil		
Road Reseals	3,591	3,543
Kerb & Channel	900	947
Stormwater	3,624	3,425
Footpaths (New)	100	100
Walking & Cycling Plan	-	300
Footpaths (Renewal)	730	730
Kerb Ramps	50	50
Traffic Control Devices	540	540
Car Parks	248	308
Streetscapes	-	1,200
Other Infrastructure	771	550
Total Civil	10,554	11,693
Open Space		
Open Space Reserves	1,966	2,190
Total Open Space	1,966	2,190
Property & Buildings		
Property & Buildings	3,912	3,625
Furniture & Fittings	200	208
Total Property & Buildings	4,112	3,833
Other Capital		
Fleet Replacement	1,448	104
IT Hardware	399	460
Total Other Capital	1,847	564
Subtotal Capital Works Program	18,479	18,280
Total Capital Works Program	18,479	18,280

Significant Projects	2024 - 2025	2025 - 2026
Marino Hall	4,064	-
Marion Cultural Centre Plaza	1,225	-
Marion Golf Club Redevelopment	3,599	-
Marion Golf Club Irrigation	1,325	-
Administration Building Upgrade	2,250	2,359
Coastal Walkway - Cell 3	-	1,796
Glandore Sports Club Redevelopment	150	7,350
Morphettville Park Tennis Club	25	1,300
Marion Sports Club Changeroom upgrade	-	1,040
Marion Outdoor Pool renewal works	-	1,125
Marion Tennis Club facility	-	1,026
Hazelmere Reserve Courts	25	-
Warradale Tennis Club	1,460	-
Marion Basketball Redevelopment	600	362
Southern Soccer Facility Fourth Pitch	500	-
Flinders Greenway	1,100	-
Total Major Projects	16,323	16,358
Total Capital Works Budget	34,802	34,638

Classification		
Assets - Renewal	15,314	15,490
Assets - New	19,488	19,148
Total Capital Works Budget	34,802	34,638

5. OTHER KEY LTFF MODEL ASSUMPTIONS

Other key assumptions applied in the development of the high-level draft 2025-2026 ABP and LTFF models:

Service Levels – Where changes to service delivery are prioritised and approved by Council subject to financial capacity, these changes will be incorporated into the 2025-2026 Budget and Long-Term Financial Plan. Where no other endorsement exists, service delivery levels will be maintained at current levels.

Indexation – The 2025-2026 ABP is based on forecast expenditure levels indexed to reflect current cost pressures and future anticipated costs including the consideration of major contract price escalation and other market pressures.

Given the ongoing cost pressures and sustained inflationary levels, it is expected that CPI will remain above the higher end of the RBA inflation target for some time. Accordingly, indexation in the LTFF has been adjusted in the early years and will gradually revert to the mid-range RBA forecast of 2-3% from 2027-2028 onwards.

The council's cost structure is also heavily influenced by infrastructure-based costs which differ significantly from the basket of goods considered in standard Consumer Price Index (CPI) calculations. While CPI reflects the price movements of everyday consumer goods and services, council expenditure forecasts must also take into account key cost drivers for infrastructure projects and asset maintenance which includes construction materials which are subject to industry-specific price fluctuations. In addition, labour and contracted services, particularly in civil engineering and construction, are influenced by sector-specific wage trends rather than general inflation.

Employee Costs – will be increased in alignment with council's Enterprise Agreement provisions. Note the current indoor workforce Enterprise Agreement will cease in June 2025 and negotiation for a new agreement have commenced.

In addition, any costs relating to Council approved staff resources to meet operational requirements or Council endorsed new initiatives will be incorporated into the ABP and LTFP.

Higher inflation and the ongoing tight labour market is expected to translate into moderately stronger wages growth over time and forecast employee costs in the LTFP will have to accommodate these expected conditions. The last remaining scheduled annual increase of 0.5% to the Superannuation Guarantee is also incorporated into the 2025-2026 year in the LTFP.

Interest Expenses – are directly related to council borrowings and cash flows. Forecast interest rates are based on current market rates.

Interest Revenue – is directly related to Council investments and cash flows and is carefully monitored in line with interest rate movements.

Non-recurrent Costs / Revenues – An adjustments schedule has been developed to account for any future variations in operating activities (e.g. an adjustment is made for election expenses to reflect that they only occur once every 4 years). Adjustments will be made to remove any 2024-2025 one-off expenditure amounts and to account for any future variation in operating activities or contract renewals.

Capital Grants, Subsidies and Monetary contributions – will reflect tied monies forecast to be received in relation to the purchase/construction of new assets and will be budgeted in accordance with information known at the time of preparing the final ABP 2025-2026 and LTFP.

Commonwealth and State Government Stimulus / Election funding – Council will continue to seek and optimise the opportunity to leverage any State and Federal stimulus funding provided to the sector. It should also be noted Federal and State Government funding attracted throughout the 2022 elections supports major infrastructure initiatives continuing in 2025-2026. The impact of the attraction of this and future grant funding and the resource requirements to deliver identified projects and initiatives will be considered in the development of the Draft 2025-2026 ABP and LTFP.

Breakeven or Better Funding (Cash Position) – A positive cash flow is vital to support operating requirements to continually deliver uninterrupted council services in addition to providing cash to fund:

- Renewal of existing assets over time to maintain community service standards
- Scheduled principal loan repayments
- Provision of funding for future long term asset management objectives.

Council should endeavour to set rates that minimise the impact on our community but also enable the achievement of its long-term strategic objectives while maintaining a break-even or better (cash) position over the LTFP thus ensuring the long-term financial sustainability for the City of Marion.

6. KEY RISKS IN THE PREPARATION OF THE 2025-2026 ABP AND LTFP

In considering future rating models and budget development there are numerous risks with the potential to influence the outcomes that affect Council's long-term financial position. The following key risks fall into this category:

- Inflationary Pressures – The impact of recent and ongoing inflationary phases in the economic climate exposes council to risk. Some projects and programs may deliver outcomes that will place additional pressure on the budget.
- Maintaining an appropriate rating strategy - Council will continue to monitor the appropriateness of forecast rate increases in the LTFP. Council's forecast rates assume an average rate increase reflective of the RBA targeted CPI throughout the 10-year term of the LTFP. This strategy must however be sustainable and balanced with the real cost of service provision, capital maintenance and service demand from the community.
- Unfunded and unprioritised initiatives – Will need to be prudently assessed with appropriate due diligence and in a disciplined manner to ensure Councils long term financial sustainability is preserved.
- Changes to Local Government funding programs and potential risk in relation to cost shifting from the Federal and State Government to Local Government.
- Asset renewal and infrastructure management may present challenges that will need to be addressed. Council's LTFP has been aligned to ensure there is sufficient funding to meet the renewal requirements of Council's adopted Asset Management Plans, however timing of funds and works for different asset classes may be refined with annual iterations of the asset management plans that further inform the LTFP.
- Employee Costs – councils indoor staff Enterprise Agreement is set to expire on 30 June 2025. In addition, the impact on resource requirements to deliver grant-funded projects and other significant initiatives will need to be carefully monitored in the development of the 2025-2026 ABP.
- Competing priorities – Federal and State Grant Funding and community expectations - Infrastructure projects that received Federal and State funding in 2022 are continuing delivery in FY 2025-2026. It is crucial that further aspirational strategic projects are prudently assessed with appropriate due diligence and in a disciplined manner to ensure council's long-term financial sustainability is preserved and resource capability is applied to new projects and considered alongside other priorities.

7. CONTINUED FOCUS ON ONGOING EFFICIENCIES

There will continue to be a strong focus on identifying on-going efficiencies during the preparation of the 2025-2026 ABP. Any areas where further efficiency and effectiveness savings are identified through Business Service Reviews will be incorporated into the development of the 2025-2026 ABP and LTFP.

Attachment 1 provides Council's currently adopted LTFP.

Attachment 2 outlines the timing and future opportunities for further feedback and input into the development of the 2025-2026 ABP and LTFP.

ATTACHMENTS

1. Attachment 1 - Council's Currently Adopted Long Term Financial Plan - 2024 - 2034 [7.1.1 - 1 page]
2. Attachment 2 - ABP 2025-26 Planning and Budget Process [7.1.2 - 2 pages]

Budgeted Funding Statement

City of Marion 10 Year Financial Plan for the Years ending 30 June 2034 FUNDS STATEMENT											
	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000	
Rates Indexation	4.80%	4.30%	3.25%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	
Income											
Rates	94,823	99,917	104,229	108,464	112,867	117,445	122,205	127,155	132,301	137,651	
Statutory Charges	2,738	2,820	2,905	2,985	3,059	3,136	3,214	3,295	3,377	3,461	
User Charges	4,164	4,289	4,418	4,539	4,653	4,769	4,888	5,011	5,136	5,264	
Grants, Subsidies and Contributions	9,174	9,398	9,629	9,846	10,049	9,800	10,045	10,296	10,554	10,818	
Investment Income	300	300	300	300	300	300	300	300	300	300	
Reimbursements	1,020	1,051	1,082	1,112	1,140	1,168	1,198	1,228	1,258	1,290	
Other Income	668	688	708	728	746	765	784	803	823	844	
Net gain - equity accounted Council businesses	645	664	684	705	726	748	770	793	817	842	
Total Income	113,533	119,127	123,956	128,679	133,541	138,131	143,405	148,880	154,566	160,470	
Expenses											
Employee Costs	46,610	48,216	49,663	51,153	52,687	54,268	55,896	57,573	59,300	61,079	
Materials, Contracts & Other Expenses	45,378	46,098	47,951	48,756	49,993	51,225	53,052	53,817	55,185	56,543	
Depreciation, Amortisation & Impairment	21,100	21,944	22,822	23,735	24,684	25,672	26,699	27,767	28,877	30,032	
Finance Costs	359	1,083	1,929	2,633	2,433	2,353	2,265	2,033	1,794	2,383	
Total Expenses	113,447	117,341	122,365	126,277	129,798	133,517	137,912	141,190	145,157	150,038	
Operating Surplus	86	1,786	1,590	2,402	3,742	4,614	5,492	7,691	9,409	10,432	
Operating Surplus Ratio	0.08%	1.50%	1.28%	1.87%	2.80%	3.34%	3.83%	5.17%	6.09%	6.50%	
Amounts Received Specifically for New or Upgraded Assets	2,642	8,232	3,891	1,952	5,142	4,898	2,042	2,589	18,859	19,476	
Net Surplus / (Deficit) for the Year	2,728	10,018	5,481	4,355	8,884	9,511	7,535	10,279	28,269	29,909	
Capital (Balance Sheet) and Reserve Movements											
Capital Expenditure	(34,802)	(51,644)	(40,369)	(23,224)	(33,481)	(33,297)	(26,999)	(30,048)	(70,093)	(75,978)	
Loan Repayments (External)	(657)	(1,809)	(2,635)	(3,456)	(3,656)	(3,620)	(3,997)	(4,225)	(4,466)	(4,344)	
Funds from Replaced Asset Disposal	353	320	100	766	847	454	525	1,580	1,117	1,597	
New Loan Borrowings (External)	9,500	16,600	15,400	-	2,250	2,200	-	-	14,550	15,100	
Net Transfers (to)/from Reserves	2,473	5,275	(75)	(1,375)	1,225	(75)	(2,975)	(4,525)	2,625	4,575	
Total Capital (Balance Sheet) and Reserve Movements	(23,133)	(31,258)	(27,579)	(27,289)	(32,815)	(34,339)	(33,446)	(37,217)	(56,267)	(59,050)	
Net Result (including Depreciation & Other non-cash items)	(20,406)	(21,240)	(22,097)	(22,935)	(23,930)	(24,827)	(25,911)	(26,938)	(27,999)	(29,141)	
Add back Depreciation Expense (non-cash)	21,100	21,944	22,822	23,735	24,684	25,672	26,699	27,767	28,877	30,032	
Less Other Income (non-cash)	(645)	(664)	(684)	(705)	(726)	(748)	(770)	(793)	(817)	(842)	
Cash Budget Surplus	49	40	41	95	28	97	18	36	62	49	

Annual Business Plan 2025-2026 - Planning and Budgeting Process and Timelines

Stage	Focus	Timing
1	Staff analysis of planning inputs – Research and Engagement for the Environmental Scan, committed projected/program and required labour budgets.	Oct 2024 to Jan 2025
2	Finance Risk & Audit Committee Feedback on the proposed framework, assumptions and associated risks in setting the Annual Business Plan for 2025-2026 and the Long-Term Financial Plan	3 Dec 2024
3	Council Member Planning Day <ul style="list-style-type: none"> Presentation of High Level 1st Draft 2025-2026 Budget and LTFP model Agree key assumptions, parameters and rate modelling options for further consideration Consideration of unfunded initiatives, new priority initiatives LTFP aligned with set parameters, Council resolutions and prioritised new activities. 	Planning Day 18 Jan 2025
4	Finance Risk & Audit Committee Update provided on Development Draft Annual Business Plan & LTFP, Framework and Assumptions – FRAC feedback sought prior to Public Consultation	18 Feb 2025
5	Council Member Forum <ul style="list-style-type: none"> Update on Rating data 2025-2026, Rates discussion, 2025-2026 Priority projects confirmation Draft Annual Business Plan and Comprehensive Draft Budget 	4 Mar 2025
6	<ul style="list-style-type: none"> Set Tentative Rates Set draft priority projects list for consultation 	Mar 2025 to Apr 2025
7	Council Members: Endorse and Adopt - Draft 2025-2026 Annual Business Plan for Community Consultation	22 Apr 2025
8	Community Consultation period (Min. 21 Days)	Apr 2025 to May 2025
9	<ul style="list-style-type: none"> Final Rates Discussion Final Project Priority considerations 	May 2025 to Jun 2025

10	Council Members: Community Consultation Feedback presented to Council Final Draft Annual Business Plan and LTFP with any final amendments to be brought to Council for Adoption	27 May 2025
11	Finance Risk & Audit Committee Update on Community Consultation Feedback	3 Jun 2025
12	Council Adopt - 2025-2026 Annual Business Plan and LTFP	24 Jun 2025

7.2 Internal Audit Plan 2023-2025

Report Reference	FRAC250218R7.2
Originating Officer	Manager Office of the Chief Executive – Sarah Vinall
Corporate Manager	N/A
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 scope for the Financial Control audit.

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.

Work is progressing on the 2024/2025 financial year internal audits with a status update provided below.

Project Management

As approved in the Committee meeting in December 2024, this audit has reviewed the effectiveness of the implementation of the Project Management Framework (PMF) with a focus on contemporary, fit for purpose practices. Work has been completed and a draft report provided, with management currently drafting a response and proposed actions. The final report will be presented to the Committee at the next meeting.

Assurance Mapping

The scope of this audit was also approved by the Committee in December 2024, focusing on developing an updated assurance map for Marion's sources of assurance across key strategic risks. Meetings for this audit have recently commenced, with the final report due for presentation to the Committee at the next meeting.

Attachment 1 - Financial Controls Audit – Draft Scope

The Financial Controls internal audit is the last scheduled for 2024/25 and is intended to assess the effectiveness of a sample of core internal financial controls. Focus will be on areas including various purchase cards, cash handling, employee reimbursements and inventory management for consumables.

Procurement process – new internal audit provider

A procurement process is underway to select a new internal auditor, as the contract with KPMG will shortly cease and cannot be renewed. It is intended that we again work in partnership with CCS and PAE, with Port Adelaide Enfield coordinating the procurement process. We anticipate tender specifications being available for review by the end of February, at which time the timeframe and consultation process will also be agreed. Further information will be provided at the next Committee meeting.

RECOMMENDATION

That the Finance, Risk and Audit Committee:

- 1. Notes progress of the Project Management and Assurance Mapping audits.**
- 2. Considers and provides feedback on the draft scope for the Financial Controls audit.**
- 3. Notes the commencement of the procurement process for a new internal auditor.**

ATTACHMENTS

1. Co M Financial Controls Internal Audit Draft Scope Feb 2025 FRAC [7.2.1 - 4 pages]



City of Marion

Internal audit project scope: Financial Controls

February 2025

DRAFT



DRAFT

Internal Audit Program 2024/25: Financial Controls

In accordance with the 2024/25 Internal Audit Plan for the City of Marion (CoM), an internal audit assessing the effectiveness for a sample of core internal financial controls is to be performed.

Objective

The objective of this internal audit project will be to test a sample of the CoM's core internal financial controls in place for the period 1 July 2024 to 31 March 2025, focusing on the areas of purchase cards (i.e., Bunnings cards, taxi vouchers, petrol cards, Commonwealth Bank purchase cards), cash handling, assets (prepayments and fixed assets), employee reimbursements and consumable inventory management.

Scope of services

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

- Review the controls identified from the Better Practice Model – Internal Financial Controls for South Australian Councils (Better Practice Model) prepared by the South Australian Local Government Financial Management Group (SALGFMG).
- With reference to the Better Practice Model, identify a sample of core financial controls for the areas of purchase cards (i.e. Bunnings cards, taxi vouchers, petrol cards, Commonwealth Bank purchase cards), cash handling, assets (prepayments and fixed assets), employee reimbursements and consumable inventory management.
- Evaluate whether the CoM has implemented core internal financial controls as reflected in the Better Practice Model to address associated key financial risks. This will include a focus on appropriate segregation of duties are in place.

- A sample of controls will be selected for compliance testing, with reference to the following:
 - In coordination with the CoM's External Auditor to ensure duplication of controls testing does not occur.
 - Recently performed internal audits to avoid duplication of previously performed controls testing.
- Perform testing for the sample of identified controls and assess if the controls are operating effectively.
- High-level consideration will be given to improvement opportunities with regards to processes underpinning core financial controls selected.

Approach

The approach to this engagement will include:

- Desktop review of the core internal financial controls identified with reference to the Better Practice Model.
- Stakeholder consultation to determine whether the core internal financial controls identified within with reference to the Better Practice Model are an accurate description of the control.
- Testing of the selected controls on a sample basis, to assess if the controls are operating effectively.
- Reporting, including the identification of any performance improvement opportunities as they relate to the identified areas in scope.
- Discussion of findings with Management and subsequent issuance of a draft internal audit report, for feedback and finalisation.

**DRAFT**

Stakeholders

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

Personnel	Position title
Ray Barnwell	Chief Financial Officer
Tony Lines	General Manager, Corporate Services
Sarah Vinall	Manager, Office of the CEO
Roger Belding	Unit Manager, Operational Support
Chris Crichton	Fleet Officer
Melissa Virgin	Unit Manager, Statutory Finance

Resources and Budget

The budget for the Financial Controls internal audit is \$21,500 (exc. GST) and is based on 17 days of internal audit effort. We will discuss and agree in advance with Management any time to be incurred that may result in fees exceeding this estimate. Any out-of-pocket expenses incurred will be billed to the CoM at cost.

Timing

The proposed timing for the internal audit is set out in the table below.

Milestone	Date
Kick-off Meeting & Issuance of Document Request List	w/c 31 March 2025
Fieldwork	w/c 14 April 2025
Validation Meeting	w/c 19 May 2025
Draft Report issued	w/c 26 May 2025
Closing Meeting	w/c 2 June 2025
Management Comments received	w/c 9 June 2025
Final Report issued	w/c 16 June 2025
Finance, Risk & Audit Committee	12 August 2025



Approvals

We are in agreement with the scope for the Financial Controls internal audit.

CoM Internal Audit Project Sponsor: KPMG Internal Audit Partner:

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

7.3 Internal Audit Program - Implementation of Recommendations

Report Reference	FRAC250218R7.3
Originating Officer	Business Support Officer - Governance and Council Support – Cassidy Mitchell
Corporate Manager	Manager Office of the Chief Executive - Sarah Vinall
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.

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

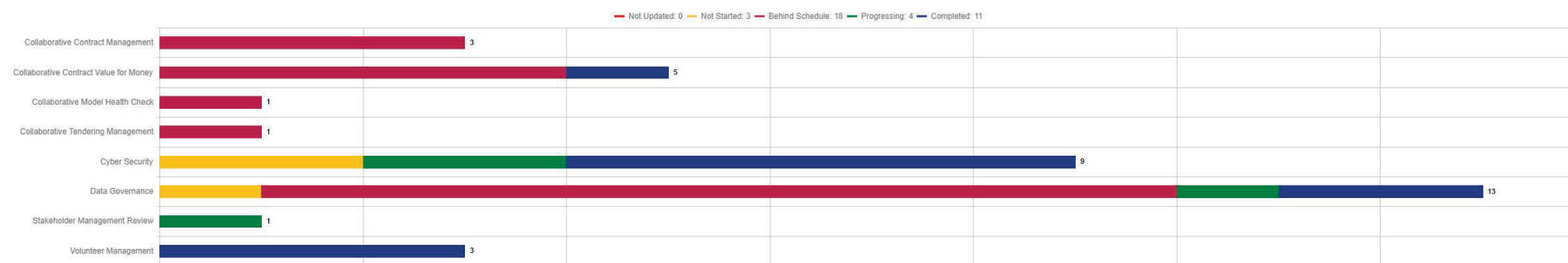
RECOMMENDATION

That the Finance, Risk and Audit Committee:

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

ATTACHMENTS

1. Internal Audit Tracking Q 2 2024-2025 [7.3.1 - 1 page]
2. Internal Audit Implementation of Recommendations Quarter (2) [7.3.2 - 18 pages]



Quarterly Org Review Report

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Internal

Collaborative Contract Management

2.1: Risk 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
Consider the opportunity for the procurement and risk teams to leverage their skill sets, on a risk based approach, beyond their initial input into risk identification as part of the pre-award process, to supporting Contract Administrators within ongoing dynamic risk management across the contract life cycle for priority/higher risk contracts.	2.1.5	Investigation of ability to resource contract management support within Council.	High	30/08/2022	30/06/2025	No Change	Behind Schedule	80%	<p>Provision of draft Contract Management Plans as part of the contract handover process from Strategic Procurement to contract administrators (for ongoing service contracts predominantly) has been in place for some time.</p> <p>The extent of Contract Management activities is currently determined by the Contract Administrator, not by a predetermined contract risk profile process. Further work is required to assess the ability to provide additional contract management support. This is on hold pending the recruitment of the Strategic Procurement Manager.</p>

2.2: Financial 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
Implement financial management reporting to monitor contract spend profiles against the contract commitment value (original contract and variations) and POs to ensure compliance with procurement thresholds over the contract lifecycle. Further, consider providing this reporting to relevant Committee or governing body, as required.	2.2.1	Ensure implementation of Contracts Module within new Finance System includes elements relating to spend versus contract sum. (implementation due September - November 2021).	Moderate	30/12/2021	30/06/2025	No Change	Behind Schedule	75%	Administration has undertaken work to assess the capability of Cetinia to implement a Contracts Module. A decision on whether to proceed to implementing is pending recruitment of the Cross Council Manager Strategic Procurement Services

2.3: Roles, responsibilities and accountability of Contract Administrators

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
Councils to explore the feasibility of developing a centralised Contractor Management Team. Benefits of this model include:•Effectively managing the capacity, skills and experience of the team.•Ensuring consistency with the application of the new contract management framework.•Managing performance and continuous improvement.	2.3.2	Feasibility study to be undertaken to explore central Contract Management Team.	Moderate	30/12/2022	30/06/2025	No Change	Behind Schedule	50%	Further work is required to be undertaken pending recruitment of the Cross Council Manager Strategic Procurement Services

Collaborative Contract Value for Money**1: Nominated contracts VfM testing and observations and opportunities**

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
<ul style="list-style-type: none"> Monthly spot checks by a Council representative of 2-3 work-sites post completion of work. Review contract and explore opportunities to revise payment terms for periodic payments 	1.1	The cleaning contract will be tendered in the coming months. Spot checks will be included 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	01/05/2025	No Change	Behind Schedule	80%	Cleaning tender is progressing and a contract likely to be established by the end of March 25
<ul style="list-style-type: none"> Review and refresh the HSE and Service Quality forms. These audit forms should be completed in full and stored on file. 	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	31/03/2025	+50%	Completed	100%	Actioned

J1: Gaps over governance and monitoring of strategic contracts

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 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 across the three Councils once the maturity of the contract management function is at an appropriate level.	Moderate	30/06/2024	30/06/2025	No Change	Behind Schedule	20%	A cross-council procurement governance committee is envisaged post the recruitment of the shared Strategic Procurement Manager.

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
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	30/06/2025	No Change	Behind Schedule	50%	Once revised procurement policies and procedures have been implemented, appropriate communication will occur with relevant staff. Awaiting recruitment of Strategic Procurement Manager.

J2: Opportunity to uplift contract management 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
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	31/03/2025	No Change	Behind Schedule	0%	Further work is required to finalise the update of procurement policies and procedures. This is pending recruitment of the Cross Council Manager Strategic Procurement Services

Collaborative Model Health Check**1: Management Response**

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	30/06/2025		Behind Schedule	25%	

Collaborative Tendering Management**JPIO2: Opportunity to uplift the Tender Initiation 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	30/06/2025	No Change	Behind Schedule	50%	Further work is required to finalise the update of procurement policies and procedures (including the TIF). This is pending recruitment of the Cross Council Manager Strategic Procurement Services

Cyber Security**1: Presence 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
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		+30%	Not Started	40%	49.2% detected applications identified, reviewed, and classified over the last quarter, with preparation for automated management and consistent application of the assessment decisions.
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		+5%	Progressing	5%	Action is dependant on item 1.1 (identify applications). During review of 1.1, high risk (low scoring) applications identified are able to be technologically blocked, forcing individual security review of these applications with minor disruptions to the organisation should a use case be required.
Perform an assessment of the data stored in Monday.com and other unauthorised applications.	1.3	Assessment of data stored in applications will occur in partnership with Business Analysts, and Data Managers	Moderate	31/12/2026		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	+100%	Completed	50%	CoM Staff have received memo from CIO regarding appropriate use of applications, and staff are able to request an application through the CoM Support portal and IT Operations intranet pages. BAU operation of this request/approval process has been shown with staff tickets, and has been used to guide staff into using systems we already host or support. Current Learning Management System is under review as part of HRIS procurement project, additional training may be available in this system for the future.

2: Lack of documented operating procedures to manage cybersecurity 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
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	+50%	Completed	100%	Security documentation is being included as part of the Tender process for onboarding new major applications, technology projects are creating transition to support documentation as new projects are brought online.

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	Completed	0%	CLOSED WITHOUT COMPLETION - We are using the Australian ISM https://www.cyber.gov.au/resources-business-and-government/essential-cyber-security/ism as ISM, this is regularly reviewed at the national level, and updates are communicated to CoM by registration. Documents for asset onboarding are reviewed at each onboarding.

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

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	Completed	55%	CLOSED WITHOUT COMPLETION - Standard is in practical use for daily operations, and our choice of ISM controls are being selected from non-secret, non-top-secret Australian ISM https://www.cyber.gov.au/resources-business-and-government/essential-cyber-security/ism As the standard will be enforced by technical controls for Application Control work, no further need to track via Pulse.
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	Completed	50%	CLOSED WITHOUT COMPLETION - Application Register and Digital Signature embedding enforce this without additional CoM policy adjustment.

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 software or data is from the expected source and has not been altered.	J2.3	Additional verification of patch integrity will be included in the detective change management solution, providing assertions that patches do not modify system components that are unexpected.	Low	31/12/2024	31/12/2025	No Change	Progressing	5%	No Quarterly Progress change - Signature validation of hardware drivers caused business disruption throughout the test devices and has been rolled back. This reduces the effectiveness of the detective control, and is being reassessed, targeting reimplementation.

Data Governance

1: Privacy and Security

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
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.	1.1b	Map high value datasets with Business Analyst support from Information Security.	Moderate	31/12/2024	30/05/2025	+5%	Behind Schedule	10%	BA resource will be recruited soon to assist with this action. We expect to see big progress at the next update.

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
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).	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.	Moderate	31/12/2024		+100%	Completed	100%	Current policies reviewed. Sensitive data stored in central records management system Sharepoint are controlled through requests to the site owners. Additional role based access control policies can and will be implemented following business as usual practices on the implementation of HRIS.

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
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.	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.	Moderate	31/12/2024	30/03/2025	+5%	Behind Schedule	5%	<p>Standard technical delivery of user access reviews is being proof of concept developed alongside IS Cybersecurity team, targeting automated reminders and notifications to sensitive data owners and data stewards.</p> <p>Guidance on performing these reviews, and the evidence of reviews, requires development of scope for the access right guidance, and an acceptance of possible technical delivery as the approach to access reviews. A plan to operationalise user access reviews should be established and include training, and change management.</p> <p>Reviews will complement HRIS integration and automated provisioning and deprovisioning of user access through central systems. Projecting technical proof of concept to be completed by March 4, 2025.</p>

2: Data Attestation and Controls

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
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.	2.1	Create data quality guidelines and provide training to all business units.	Moderate	31/12/2024	30/03/2025	+10%	Behind Schedule	70%	Data Quality Guideline has been circulated for review. Cathlyn currently going through the feedback received to update/respond. This will be presented to the DGC at the March meeting. The first Data Quality Management training will be held on 14/02/2025.
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.	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.	Moderate	31/07/2024	30/06/2025	+5%	Behind Schedule	5%	Approval have been given for a Senior Data Governance BA - currently out for recruitment, once in place they can assess and confirm the scope and develop an appropriate plan. Expected completion date end of June 2025.
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.	2.3	Develop a process for dataset change (this can occur in collaboration with Change Manager).	Moderate	31/12/2024		+10%	Behind Schedule	20%	Have reviewed the IT Systems Change and Release Management Policy and Procedure and have determined that these Policies and Procedures do not address Data Changes. The Data Management Procedure is being updated to add another section to address this gap. Once the draft is finished, it will need to be reviewed by relevant data stakeholders and then brought to the DGC/ELT for endorsement.

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
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.	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.	Moderate	31/12/2024	28/02/2025	No Change	Behind Schedule	90%	<p>Work is in progress to create the framework to capture the data sources and assets in SharePoint that we can then utilise to document the data lineage for the short term. Long Term plan is to utilise the Data Governance tool to document data lineage.</p> <p>The draft of the SOP for Documenting Data Lineage in the Data Catalogue has been completed and pending Review.</p>

3: Enterprise Information and Data Architecture

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
Data Catalogue: The CoM to complete the data catalogue.	3.1	A data catalogue is being developed with Business Analyst support from Information Security.	Moderate	28/02/2025	30/04/2025	+10%	Behind Schedule	15%	Work is in progress by Cathlyn. A BA resource is pending recruitment to support this activity.
Expand the Catalogue Coverage: The CoM to Assess the feasibility of including data within third-party managed systems in the data catalogue.	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.	Moderate	31/03/2025		No Change	Not Started	0%	We are focusing on populating Data Catalogue with high-value datasets before commencing this action.

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
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.	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.	Moderate	31/03/2025		+15%	Progressing	15%	An SOP for documenting data dictionaries is being drafted.
Enhancing system integrations: The CoM to review current asset onboarding and offboarding processes in attempt to automate and increase effectiveness.	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.	Moderate	31/03/2025		+100%	Completed	100%	Automation infeasible with current information. A project for HRIS has been created, including a specific target of automating the onboarding and offboarding of users and their roles within the environment. The existing automation platform will then be leveraged to fully manage the system access, and implement correct Role Based Access Controls to central systems.

4: Ownership

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 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.	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.	Low	28/02/2025	30/04/2025	+10%	Behind Schedule	0%	Work is in progress by Cathlyn as part of populating the Data Catalogue. Will be getting some BA resource to assist with this soon.

PIO1: High-Value Datasets

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
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.	PIO1.1	Will be considered as part of the development of the new Data Change Management Procedures		31/12/2024		+20%	Behind Schedule	20%	See Update in 2.3

Stakeholder Management Review

PIO1: Opportunity for integration of a centralised system to support development of relationships with 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
Utilise the register as a 'safety net' for leadership staff to periodically assess and ensure the critical stakeholders are recorded and overlaps between business units are identified.	PIO1.2	Further work needs to progress regarding the opportunities to use Salesforce as a stakeholder management tool. In the interim, the top 20 key stakeholder map will be produced but this is only a short term measure with a long term approach required.		31/12/2022	30/04/2025		Progressing	55%	

Volunteer Management

1: Gaps identified in the retention of volunteer records

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	+100%	Completed	100%	The Volunteer Manager's Operations Manual has been divided into smaller documents. This is currently being uploaded into a newly created SharePoint page for easy access for the Volunteer Managers. While continuous updating and maintenance will become an operational task, this action is almost complete.

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

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	+100%	Completed	100%	The Volunteer Program Action Plan was endorsed by ELT 30/01/2025. The related Volunteer Policy has been updated and is on the agenda for council.

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

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	+100%	Completed	100%	Co-Design principles have been incorporated into the new Volunteer Program Action Plan 2025-2027 which was endorsed by ELT on 30/01/2025.

8 Reports for Noting

8.1 Council Member Report

Report Reference	FRAC250218R8.1
Originating Officer	Unit Manager Governance and Council Support – Victoria Moritz
Corporate Manager	Manager Office of the Chief Executive - Sarah Vinall
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 Council Member Representative will report the decision to the Finance, Risk and 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 Luke Naismith and Councillor Matt Taylor

Since the last Council Member report was presented to the FRAC meeting, the Council has held one General Council Meeting. 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 – 28 January 2025

Monthly Work Health and Safety Report

Report Reference: GC250128R13.1

Council received the Monthly Work Health and Safety Report and noted one lost time injury has been recorded for the year resulting in the current lost time injury frequency rate of 3.0. This is considerably lower than the 6.7 average rate for comparable Councils.

Finance Report – December 2024

Report Reference: GC250128R13.2

Council received the Finance Report for December 2025 noting Council currently has a net operating surplus result of \$0.867M before capital revenues, against a year to date forecast operating surplus budget of \$2.735M. The 2024/2025 annual budget forecasts a net cash surplus of \$443,000.

Southern Soccer Facility Pitch 4 Additional funding - Confidential

Report Reference: GC250128F11.2

8.2 Q2 Corporate Risk Report

Report Reference	FRAC250218R8.2
Originating Officer	Risk Business Partner - Business Continuity – Kim Strickland
Corporate Manager	Manager Office of the Chief Executive - Sarah Vinall
General Manager	Chief Executive Officer - Tony Harrison

REPORT OBJECTIVE

To provide the Finance, Audit and Risk Committee (FRAC) with an overview of the City of Marion Corporate Risk Register review for Quarter 2, 2024-25 (1 Oct to 31 December 2024).

RECOMMENDATION

That the Finance, Risk and Audit committee:

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

DISCUSSION

Background

During Q2 2024-25, a review was conducted of the council's Corporate Risk Register, either by Risk owners or facilitated by Risk Business Partners.

This report captures any changes to existing risks and provides detailed risk templates for 'High Risks' at **Attachment 1**.

Other key risk activity

- Strategic risk description alignment

Council's new Strategic Plan was endorsed in September 2024, and upon review of the new Plan and council's risks, ELT endorsed three new strategic risks in October 2024.

In December 2024, the Risk team completed a further alignment review to ensure all corporate risks align to our overarching Strategic risks.

This exercise identified that council may have an alignment gap for Compliance and Regulatory requirements.

Further work will be done during the next quarter to explore any potential gap and propose relevant recommendations.

- Climate Risk Register

The Climate Risks draft was prepared, and a review is being undertaken with the Environmental Sustainability team to develop these further and identify existing Controls and Tasks. The draft Register and report will be presented to ELT in April 2025.

The risks will be presented in a similar format to the HIGH/Strategic Risk template.

- Assurance Mapping Internal Audit

KPMG has been chosen to lead this assessment, and from the Risk data presented to them, 16 risks were selected to review in detail, relating to our HIGH residual or Inherent risks, our Strategic and emerging risks (such as AI).

A series of workshop meetings has been booked in with relevant stakeholders and Leadership team throughout February 2025.

- Risk Maturity Assessment

KPMG will also be completing an evaluation of our risk management approach to assess if there has been a shift in maturity since the last assessment in 2021. This piece of work will be funded through the Local Government Risk Services Risk Incentive Fund and represents no cost to the organisation. Work will commence in March 2025.

Analysis of Quarter 2 2024-25 Risk Metrics

The Q2 2024-25 review of the Corporate Risk Register confirmed 100 existing risks.

This quarter we identified that a previously advised merge of 2 risks (in Q1 report) was not implemented until 18/12, so overall number reduced from 101 to 100 risks (details in 1.6 below)

Table 1 illustrates the Residual risk ratings, being 3 high, 70 medium, and 27 low.

Table 1: Quarter 4, 2024-25 Risk Ratings



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 3 - 2023/24 January to March			Quarter 4 - 2023/24 April to June			Quarter 1 - 2024/25 July to September			Quarter 2 - 2024/25 October to December			Overall Impact
	Residual High Risk - 4%			Residual High Risk - 4%			Residual High Risk - 4%			Residual High Risk - 4%			Residual movement
	Inherent	Residual	Target	Inherent	Residual	Target	Inherent	Residual	Target	Inherent	Residual	Target	
	Extreme	High	Medium	Low	Extreme	High	Medium	Low	Extreme	High	Medium	Low	
	21	0	0	22	0	0	22	0	0	22	0	0	↔
	67	4	0	66	4	0	64	3	0	65	3	0	↔
	12	69	63	13	71	64	14	71	63	12	70	62	↓
	1	28	38	1	27	38	1	27	38	1	27	38	↔
Total	101	101	101	102	102	102	101	101	101	100	100	100	

3. Re-assigned risks

There were no risks re-assigned during the Quarter.

4. Re-rated risks

There were no risks re-rated during the Quarter.

5. New risks

There were no new risks raised during the Quarter.

6. Merged risks

There **were no merged risks during the quarter**, however, the risk below was reported in Q1 report, but not actioned until the 18 December 24 reducing overall risk number in this report to 100- reducing number of medium risks

Risk ID	Risk Description	Owner	Current Risk Rating
CR0110	Community run events pose as a liability and reputational risk to Council members	Comms & Marketing	MEDIUM
Above risk MERGED with the risk below:			
CR0103	Ineffective and inconsistent event management across various business areas at the City of Marion	Comms & Marketing	MEDIUM

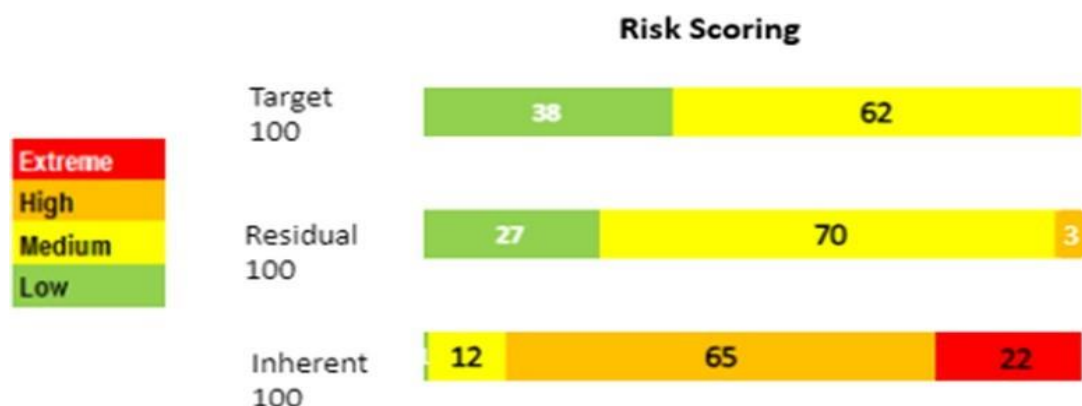
7. Risk Description change

There was no risk description changes during this quarter

8. High Risks

Although the Risk Appetite outlined in the RMF outlines varying tolerance levels for specific risk criteria, the reporting structure requires that risks with a current risk rating of Extreme or High are to be reported to the ELT and subsequently, to Council via the Finance, Risk and Audit Committee.

There are currently three (3) risks assessed as outside the adopted risk appetite, as outlined in **Table 3 Corporate Risk Register Q2, 2024-25 – Risk Scoring overview**



An excerpt of the Corporate Risk Register, outlining the three (3) currently **high-rated** risks is provided in **Table 4 (below)** which shows the movement in the current risk rating from the last reporting period.

To provide greater detail and context for High rated risks, a High-Risk Plan was developed in collaboration with each of the risk owners for review, validation, and monitoring each quarter. The High-Risk Plan documents provide 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 which are anticipated to reduce the risk to within tolerance levels. **Attachment 1.**

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

Risk ID	Risk Description	Inherent Risk Rating	Current 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	↔

1.9 External Issues/ Opportunities

Inflation

December 24 results indicate that the **Adelaide Consumer Price Index (CPI)** dropped by 0.1% during the December quarter. The most significant price rises this quarter were Domestic Holiday & Travel (+8.4%), and Tobacco (+5.9%), partially offset by reduction in Electricity costs (-10.1%)

The monthly CPI indicator for Adelaide rose 2.5 %, during the 12 months between December23 and December24

Cost of Living

Recent reports from financial lenders indicate that they are likely to cut home loan lending rates in 2025. Whilst there has been some shift already, more significant cuts from the lenders are expected between February and May 2025. Canstar has predicted changes to rates, inflation, and support payments in the first half of this year, starting in the first quarter. Although some experts are still predicting a rate cut by the RBA to the cash rate will not come until May 2025.

Volunteers

Community Connections advises there is an escalating impact on services due to a lack of appropriately trained volunteers, reporting that people prefer to volunteer episodically, rather than formally.

There is a noticeable decline in volunteering* (a national trend) and with a slow recovery since the COVID-19 pandemic, cost of living pressures, the aging population, and an increase in retirement age adding to the challenges. If there is no volunteer for the community bus, the PAI team resorts to utilising council paid staff to cover volunteer shifts. State governments in the Eastern states are moving away from volunteers to manage some of their roles, considering paid positions for more critical functions.

Climate Reporting

On 22 August 2024, the Senate passed the 'Climate reporting legislation'. Financial Disclosure reporting will commence from January 2025, for Entities scoped in Group 1, with Group 2 and 3 entities to follow in July 2026 and July 2027. A review into the decision for if, when and how Local governments need to report, with a decision expected in the next 12-18mths.

State seat of Black by-election

The by-election was held on Saturday 16 November 2024, and results were released on 27 November 2024. Labour gained Black from Liberal.

ATTACHMENTS

1. Q2 Corporate Risk HIGH Risk Report 2024 2025 [8.2.1 - 6 pages]

1. 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 OPPORTUNITIES 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	Sheree TEBYANIAN	Effective
Asset Management Plans	Brendon LYONS	Effective
Carbon Neutral Plan	Rebecca NEUMANN	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 (reCAP)	Rebecca NEUMANN	Effective
Resilient South Regional Climate Partnership (sector agreement)	Rebecca NEUMANN	Effective
Resilient South Regional Coordinator	Rebecca NEUMANN	Effective

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

Rationale for overdue Controls and Treatments	
Q1 2024-2025 update	The consultant's report came back to CoM in mid-October, it has been reviewed and a draft register has been created. Due to Christmas period it is being presented to ELT in April 2025

2. 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	Medium	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	Sarah VINALL	Effective
Contract Management Checklist -Contractor Induction/Observation/Monitoring forms are completed for site induction, observation, and monitoring (inc. record keeping)	Mark JENTSCH	Effective

Control	Control Owner	Control Effectiveness
Contract Management Policy & Procedure (inc. Checklist)	Colin HEATH (acting role)	Effective
Contractor site Induction (inc. handover of CoM Risk assessment plus contractor generated site hazard and risk assessment before commencement)	Mark JENTSCH	Effective
Outcomes from Business SA Audit of CoM Contract Management	Mark JENTSCH	Effective
Procurement Procedure	Colin HEATH (acting role)	Effective
Tender Evaluation procedure	Colin HEATH (acting role)	Effective
Contractor Management training and SharePoint site.	Colin HEATH (acting role)	Effective

Task	Task Owner	Status	End Date
Holistic review of Contractor management across P&C, WHS and Procurement team	Sarah VINALL	Progressing	30/06/2025

3. 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	Ray BARNWELL	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)	Karen BLAKE	Behind Schedule	30/06/2024
Internal audit on implementation of the new PMF and EPMO	Kate MCKENZIE	Behind Schedule	31/12/2024
Implementation of new Project Management Framework	Karen BLAKE	Behind Schedule	30/06/2024
Training in Project Management System & Templates (tools)	Karen BLAKE	Behind Schedule	30/06/2024

Rationale for overdue Controls and Treatments	
Q2 2024-2025 update	<p>Work will continue to progress including review of other systems used by CoM.</p> <p>Embedding of the Project Management Framework is ongoing. Increased Intranet presence for EPMO including access to templates, the PMF, access to support etc will help to support implementation.</p>

9 Workshop / Presentation Items - Nil**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.