

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, 8 April 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 18

February 2025

Report Reference FRAC250408R4.1

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 18 February 2025 be taken as read and confirmed.

### **ATTACHMENTS**

1. FRA C 250218 - Final Minutes [4.1.1 - 7 pages]



Minutes of the Finance, Risk and Audit Committee held on Tuesday, 18 February 2025 at 4.00 pm Council Chamber, Council Administration Centre 245 Sturt Road, Sturt



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

### 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
Unit Manager Governance and Council Support - Victoria Moritz
Unit Manager Risk and Strategy – Sheree Tebyanian

### 1 Open Meeting

The Chair opened the meeting at 4.02pm.

### 2 Kaurna Acknowledgement

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

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

The Chair asked if any member wished to disclose an interest in relation to any item being considered at the meeting. Nil interests were disclosed.

### 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.

### **Moved Ms Davies**

### Seconded Ms Oors-L'Estrange

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

**Carried Unanimously** 

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FRAC250218 - Finance, Risk and Audit Committee - 18 February 2025



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### 5 Business Arising

**5.1 Business Arising Statement - Action Items Report Reference**FRAC250218R5.1

### **Moved Councillor Taylor**

### **Seconded Councillor Naismith**

That the Finance, Risk and Audit Committee:

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

**Carried Unanimously** 

### 6 Confidential Items - Nil

### 7 Reports for Discussion

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

Report Reference FRAC250218R7.1

The Chief Finance Officer introduced the item and provided the following summary:

Planning for the Draft Annual Business Plan 2025-26 and Long-Term Financial Plan began in September last year, involving work with all business units to assess their operational and capital funding requirements for 2025-2026. A review of the 10-year expenditure profiles in the recently adopted Asset Management Plan's was also undertaken.

Key influences since last year's adopted position include additional funding endorsed by Council for key projects and higher depreciation forecasts following the full comprehensive asset valuations completed in June 2024. There are some continued challenges in developing this year's budget and LTFP including the uncertainty around future price escalation for key projects, potential election funding commitments through the upcoming Federal election, and the expiration of the Council's Indoor Enterprise Bargaining agreement in June this year. Budget modelling to date has been based on a 4.3%–4.8% rate increase, with the impact from higher operational costs particularly depreciation leading to some operational deficits in the early years of the LTFP based on the modelling to date. To address this operational position and ensure long-term financial sustainability, management have been looking at reducing operational costs that will not have a significant impact on service levels and exploring deferring/re-timing non-urgent operational expenditure. The outcome of this work will be incorporated into the revised LTFP models which will be presented to Council in early March for further discussion.

The Committee noted the development of Council's Draft ABP 2025-2026 and Draft LTFP and provided the following feedback:

- The Committee discussed project cost challenges in the current market with these costs becoming more and more difficult to predict, especially when projects may not be built immediately and rely on future grants.
- The committee commented on the need to reassess the council's risk appetite in managing project costs.
- Management commented they are exploring alternative approaches, such as in-house delivery of projects or potential partnerships with other councils.



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- 10-year financial impact assessments will continue to be considered to balance costs and rate increases.
- The Committee queried the feasibility of the nine endorsed projects and the prioritisation of these in-line with current forecast rate increases.
- Management confirmed the next financial modelling update will include inputs from the Council Member planning day, along with forecast savings and additional costs endorsed by the council. Next steps will also include refining financial sustainability strategies.
- It was noted that Employee costs remain a key factor, with future modelling incorporating the outcome of Enterprise Bargaining provisions and current negotiations.
- The Committee stressed the importance of maintaining stable rate increases rather than sharp peaks and drops. This must be balanced with consideration for how costs and revenue increases are profiled over time.
- The Committee raised concerns that reluctance to raise rates appropriately could lead to debt challenges and higher future borrowings.
- Balancing the need for revenue with ratepayer affordability was highlighted by the Committee
  as a critical factor in setting the rates.
- Approaches to budgeting and forecast rate increase should consider the price escalation of capital costs and other broader costs not just CPI. This was discussed in the context that capital costs have increased by significantly more than CPI in recent years.
- The Committee discussed federal regulation increasing costs for local governments, citing community housing and disability ramp funding as examples. However, it was noted this is included as a factor to consider and Management are not aware of anything that will currently be impacted by this.
- The need for realistic project cost estimates and prioritisation was highlighted.
- The consideration of any budget or service modifications should be carefully considered to manage risks effectively.

### **Moved Ms Davies**

### **Seconded Councillor Taylor**

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.

**Carried Unanimously** 

7.2 Internal Audit Plan 2023-2025

Report Reference FRAC250218R7.

Manager Office of the CEO introduced the item noting the Project Management audit is now complete 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. The Assurance Mapping Audit is underway with the final report also due for presentation to the Committee at the next meeting. 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. The audit will be looking at the LGA best



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practice guide and focus will be on areas including various purchase cards, cash handling, employee reimbursements and inventory management for consumables.

The Committee noted the status of the Internal Audit Plan and remaining audits, providing the following comments:

- The Committee inquired about total expenditure on purchase cards with staff clarifying that the audit focuses on process, risks, and management rather than expenditure amounts as the spend on purchase cards is not significant in terms of Council's overall budget.
- External auditors also review purchase card controls and will focus on various other internal control elements.
- Management confirmed there is a policy in place for issuing and use of purchase cards, with strong accountability measures through expenditure software.
- The audit is essential not for financial impact but for managing perception and associated risks.
- Management commented that the procurement process for a new internal audit provider is underway with the current auditors due to conclude after finalising the financial controls contract.
- The Committee noted the significant and positive work KPMG has done over the years and looks forward to a refreshed audit plan and exploring new opportunities.

### Moved Ms Oors-L'Estrange

### Seconded Ms Davies

That the Finance, Risk and Audit Committee:

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

**Carried Unanimously** 

7.3 Internal Audit Program - Implementation of Recommendations

Report Reference FRAC250218R7.3

The Committee noted the status of the Internal Audit Program and Implementation of Recommendations providing the following comments:

- The Committee acknowledged the progress made in closing recommendations and suggested a summary dashboard could be included in the report to enable the Committee to track further detail.
- Management commented that iterative improvements are being made to the report in collaboration with the Business Intelligence team to refine data extraction and improve reporting through to the Committee.
- The Committee noted many actions are due at the end of the financial year and queried whether this was realistic, emphasising the need for accurate deadlines and profiling of workload.
- Concerns were raised about outdated risk ratings, with some older high-risk items now very
  overdue. The Committee suggested a review of risk ratings of the older items and prioritisation
  is needed.
- The Committee encouraged a formal review process for high-risk items without adding unnecessary bureaucracy and suggested additional rational be provided to give the Committee further context and reassurance the recommendations are being managed appropriately.

FRAC250218 - Finance, Risk and Audit Committee - 18 February 2025



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It was noted that several pending actions rely on the recruitment of a Cross-Council Strategic Procurement Manager with the Committee querying the status of this position. Management commented they are in the final stages of recruitment with a replacement expected by April. Following the recruitment of the position, the three councils have committed to regular meetings to ensure an efficient and effective outcome.

- The Committee queried the status of action J2.3 in the Cyber Security with Management taking this on notice to provide an update to the Committee out of session.
- The Committee discussed action number 3.4 in the Enterprise Information and Data Architecture audit querying how this will be tracked as it is now closed. Management confirmed this will now be tracked through the Information Services Plan as part of the HRIS project with its own reporting requirements through to the Executive Leadership Team.

Action: Management to provide an update on the status of action J2.3 in the Cyber Security Recommendations.

### Moved Ms Oors-L'Estrange

### **Seconded Councillor Naismith**

That the Finance, Risk and Audit Committee:

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

**Carried Unanimously** 

### 8 Reports for Noting

**8.1 Council Member Report** 

Report Reference FRAC250218R8.

The Committee noted the Council Member Report.

### 8.2 Q2 Corporate Risk Report

Report Reference FRAC250218R8.2

The Unit Manager Strategy and Risk introduced the item noting the report showed no significant changes to the overall risk profile. However, there has been a high level of risk activity, including assurance mapping, planning, and a risk maturity assessment. Work on strategic risk alignment is ongoing. High and extreme risks are being reviewed by the Executive Leadership Team and risk partners before finalising the report to ensure thorough oversight and support.

- The Committee queried the reference to the 'alignment gap', which staff clarified relates to the recent council-endorsed strategic plan which includes different strategic priorities than previously included. The current work involves mapping priorities and strategic risks, particularly focusing on compliance and regulatory risks to ensure comprehensive coverage at a high level. This is not a gap in practices but an opportunity to elevate risk management to a strategic level, with the findings incorporated into the next review.
- The Committee suggested they would like to see the top 10 risks currently rated as high (or above) as opposed to just three as well as any movement in the emerging risks. It was noted there may be some sitting just out of the current list which would be valuable for the Committee to have oversight.

FRAC250218 - Finance, Risk and Audit Committee - 18 February 2025



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The Committee emphasised the importance of maintaining focus on WHS risks for both contractors and in-house staff ensuring appropriate controls are in place. Concerns were raised about delays in the project management solution. Management is exploring possible solutions, expecting this may be a recommendation from the current Project Management Audit, including consideration of leveraging an existing software solution.

Action: Include the top 10 risks currently rated as high (or above) as well as any movement in the emerging risks in future reports.

### **Moved Ms Davies**

**Seconded Councillor Taylor** 

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.

**Carried Unanimously** 

- 9 Workshop / Presentation Items Nil
- 10 Other Business Nil
- 11 Meeting Closure

The meeting was declared closed at 5.25pm.

**CONFIRMED THIS 8 DAY OF APRIL 2025** 

\_\_\_\_\_CHAIRPERSON



### 5 Business Arising

**5.1 Business Arising Statement - Action Items** 

Report Reference FRAC250408R5.1

Originating Officer Unit Manager Governance and Council Support – Victoria Moritz

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 April 2025 [5.1.1 - 3 pages]

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



	Date of Meeting	Item	Responsible	Due Date	Status	Completed / Revised Due Date
1.	17 December 2024	Internal Audit Program – Implementation of Recommendations  ACTION: Review format of current report and bring a revised version to the next Committee meeting.	Sarah Vinall / Cassidy Mitchell	February 2025	BI Reporting has been created by the Business Analyst and used in this quarter's reporting – feedback on new presenting format is encouraged.	Completed April 2025
2.	18 February 2025	Internal Audit Program – Implementation of Recommendations  ACTION: Management to provide an update on the status of action J2.3 in the Cyber Security Recommendations (in relation to the disruption the signature validation of hardware drivers caused to our test devices and what exactly occurred)	Tony Lines / Marcel Althoff	February 2025	Response provided via Email 20 January 2025 to Committee members summarising the issue and approach to resolve it.	Complete February 2025

<sup>\*</sup> 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

Торіс	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

Торіс	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
Internal Audit Program – scopes and reports	Review & Feedback
Glandore Oval Redevelopment S48	Review & Feedback

### TUESDAY, 3 June 2025

Торіс	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	

### City of Marion

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

Corporate Risk Report Q3	Review and feedback
FRAC Effectiveness Survey – draft survey components for review	Review and feedback
Climate Change Governance Assessment and Risk Register	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
Marion Basketball Stadium S45 Report	Review & Feedback
Internal Audit - Implementation of Recommendations Q4	Review & Feedback
Fraud risk register bi-annual report	Review and feedback
Risk Management Framework – Opportunities Work	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

Торіс	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

### Tuesday, 2 December 2025

Торіс	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

### 6.1 Cover Report - Glandore Oval Redevelopment - S48 Prudential report

Report Reference FRAC250408F6.1

Originating Officer Business Support Officer - Governance and Council Support –

Cassidy Mitchell

Corporate Manager Manager City Activation - Charmaine Hughes

### **REASON FOR CONFIDENTIALITY**

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

(b) information the disclosure of which (i) could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and (ii) would, on balance, be contrary to the public interest

### **RECOMMENDATION**

Pursuant to Section 90(2) and (3)(b) of the Local Government Act 1999, the Committee orders that the public be excluded from attendance at that part of this meeting relating to Agenda Item FRAC250408R6.1 Glandore Oval Redevelopment - s48 Prudential report, except the following persons: Chief Executive Officer, General Manager City Development, General Manager City Services, General Manager Corporate Services, Manager Office of the CEO. Manager City Property, Manager City Activation, Unit Manager Property Strategy and Delivery, Unit Manager Property and Facilities, Sports & Community Facilities Officer. Project Manager Strategic Projects, Unit Manager Engagement, Media and Events, Media and Engagement Advisor, Unit Manager Governance and Council Support and Governance Officer, and Michael Richardson, Director from BRM Advisory to enable the Council to consider the Item in confidence on the basis the Committee considers it necessary and appropriate to act in a meeting closed to the public (excepting those persons listed above) in order to receive, discuss or consider in confidence the following information or matter relating to the Item:- information the disclosure of which could reasonably be expected to negatively impact the outcomes for Council of a future construction tender process for the project and could infer a financial advantage to another entity when the project is opened to tender.

Notes the disclosure of this information would, on balance, be contrary to the public interest because be contrary to the public interest because it could infer a financial advantage to another entity when the project is opened to tender.

Determines, on this basis, the principle that meetings of the Committee should be conducted in a place open to the public has been out



### 7 Reports for Discussion

### 7.1 Internal Audit 2023-25

Report Reference FRACYYMMDDR7.1

Originating Officer Manager Office of the Chief Executive – Sarah Vinall

General Manager Chief Executive Officer - Tony Harrison

### REPORT OBJECTIVE

To update the Committee on the status of progress against the Internal Audit program 2023-2025 and seek feedback on the Project Management Internal Audit final report.

### **EXECUTIVE SUMMARY**

Work continues to progress on the current year internal audits, with a status update below:

### Project Management Framework - Final Report

This audit reviewed the effectiveness of implementation of the Project Management Framework (PMF) governing capital delivery and ICT projects, with consideration given to the PMF being contemporary and fit for purpose.

The audit found 4 medium risk, 2 low risk and 1 process improvement opportunity. No high-risk findings were made.

### Assurance Mapping

The objective of this audit is to provide an updated assurance map for Marion's sources of assurance across key identified risks.

The work is now largely complete, with a draft report due for management's review and response in coming days. The final report will be presented to the Committee at the June meeting.

### **Financial Controls**

Work is now commencing on the financial controls audit, with kick off meetings scheduled for early April. It is anticipated this final report will also be presented to the Committee at the June meeting.

### Risk Maturity Assessment

While note part of the formal internal audit program, the risk maturity assessment to be conducted by KPMG will shortly kick off following completion of the assurance mapping audit. The final report is likely to be presented to the Committee at the August meeting.

### RECOMMENDATION

That the Finance, Risk and Audit Committee:

- 1. Notes the update to the internal audits currently underway.
- 2. Considers and provides any feedback on the Project Management Framework final report.

### **ATTACHMENTS**



City of Marion - Project Management Framework Internal Audit - Final Report [7.1.1 - 33 pages]



**City of Marion** 

# Project Management Framework

**Internal Audit Report** 

**March 2025** 



# Acknowledgement of Country

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

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

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

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



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# **Executive Summary**

In accordance with the 2024/25 Internal Audit Plan for the City of Marion (CoM), an internal audit of the Project Management Framework was performed. The objective and scope for this internal audit are outlined below.

### **Objective**

**EXECUTIVE SUMMARY** 

The objective of this internal audit was to review the effective implementation of the CoM's recently implemented Project Management Framework (PMF) governing capital delivery and ICT projects. Consideration was also given to the PMF being contemporary, fit for purpose and aligned to better practice, including providing relevant insights from contemporary organisations.

### **Scope**

This scope of this engagement included consideration over the following areas:

- Status of agreed Management actions from the May 2022 'Project Management' Internal Audit, including evidence of revised practices in project management approach and documentation.
- Governance structures in relation to project management, including monitoring and reporting mechanisms of relevant governing committees, project sponsors and other key stakeholders.
- Management of the scope, quality and cost of projects, including resourcing, scheduling, budgeting, contingency management, change request management, project decision gateways and approval processes.
- Project and change management considerations with a focus on project risk
  management practices including the processes to identify, manage and
  govern risks, issues, controls and mitigating actions (including recording,
  escalation and approval).
- Project management roles, responsibilities and accountabilities throughout each phase of the project lifecycle, including how key project information is recorded and communicated where accountabilities change.
- Project management training and development materials, including consideration of staff capabilities.
- Processes for project closure and handover of deliverables, including financial closure, post-implementation and contractor performance reviews.

- Benefits realisation processes for projects, including the monitoring of benefits from project commencement through to completion for ICT projects.
- Involvement of the Project Management Office to ensure the quality of documentation and adherence to practices as identified above.

See Appendix 4 for the full scope of work.

### **Positive Observations**

While acknowledging that there are areas for improvement in how the CoM can mature its approach to project management, the following positive areas were noted during our review:

✓ Project Management Capabilities: Experienced project managers are actively strengthening project management capabilities across both IT and capital projects. Their outputs and practices are leading to greater consistency and alignment to the PMF and supporting methods.

✓ Improvements in Program Oversight: Project reporting is improving, with greater clarity at the program level through dashboard reporting. This has resulted in the acknowledgement that better project management tools, and data, are needed to further improve practices.

Decisions are Well Managed: Decision-making over documents is well managed, with sign-offs and approvals progressing transparently.

### **Key Findings and Recommendations**

The findings identified during the course of this internal audit are shown below with detailed findings outlined later in this Report. Classification of internal audit findings are detailed in <a href="Appendix 6">Appendix 6</a>. These findings and recommendations were discussed with CoM Management and Management has accepted the findings and has agreed action plans to address the recommendations.



\* Process Improvement Opportunity



# **Background**

**EXECUTIVE SUMMARY** 

### **Overview**

In May 2022, a collaborative project management internal audit was performed to review the processes, policies and procedures governing capital delivery projects at the City of Charles Sturt and the CoM. As a result, joint and individual recommendations, as well as Process Improvement Opportunities (PIOs), were developed to help the Councils mature their project management practices.

This internal audit took the outcomes from the previous engagement as the starting point to assess project management practices at the CoM and to review the effective implementation of the recently adopted PMF governing capital delivery and ICT projects.

### Status of Agreed Management Actions

Following the May 2022 internal audit report, 13 Management actions were agreed. At the commencement of this internal audit, all 13 of these actions had been assessed as closed by CoM Management. In reviewing each Management action, Internal Audit have considered the risks that were being addressed, and whether these remain based on evidence gathered during fieldwork.

In summary, risks from four (4) of the agreed Management actions from the May 2022 internal audit report are still partly unmitigated. It is not proposed that these are re-opened, rather the findings raised in this report have identified the same risks and propose recommendations to mitigate these reflective of changes made since 2022.

It is also important to note that these actions were not closed prematurely, rather the evolution of practices have progressed and highlighted the need for solutions to mature practices further. This has resulted in the risks re-occurring until new practices are introduced.

Refer to Appendix 1 for a summary of the agreed Management actions that are considered to be only partially closed at the time of this review and alignment to current findings.

### Background to the PMF

The PMF was approved in April 2023 to integrate the recommendations from the May 2022 audit and to uplift project, program and portfolio management at the CoM. The updated PMF provides an approach to manage projects and programs across the Council including ICT and capital initiatives.

Pre-existing, function-based project methodologies are still at use within the CoM and proactively utilised by delivery teams. These methodologies are intended to be complemented by the PMF with alignment to governance, controls and ways of working.

These function-based methodologies include:

- · The Capital Delivery Framework (CDF) which supports the delivery of \$16.4m allocated to major projects according to the CoM's Annual Business Plan 2024-2025.
- The ICT Solution Delivery Framework (SDF) which support the delivery of corporate, ICT projects.

The lifecycle for delivery according to the PMF consists of key project phases (Initiate; Plan; Detailed Design; Build/Execute; Handover and Close) and the performance of post-project or closing activities.

The PMF also clarifies the governance arrangements in place to oversee project activities. This includes the need for projects to establish a fit-forpurpose Project Steering Group (PSG) at the commencement of the Plan phase. The PSG is used to manage issues that emerge at the project level. Issues that cannot be dealt with are elevated to the Programme Control Board (PCB), chaired by the Chief Executive, for consideration.



**BACKGROUND** 

**DETAILED FINDINGS** 

**APPENDICES** 

# **Summary of Findings**

### Sampled projects considered by this internal audit

Internal Audit sample tested the delivery of one (1) ICT and one (1) capital works project to assess the application and compliance of the CoM's project management methodologies and processes.

The sampled projects were selected by the Enterprise Program Management Office (EPMO) with consideration to the stage of the projects to fully observe the application of the PMF. The selected projects included:

- Risk Management System (RMS). The objective of the project was to investigate and implement an off-the-shelf solution to cater to Corporate Risk Management practices, management of audit findings and compliance requirements. The solution selected in January 2024, Pulse, provides modules for Risk Management, Audit, Compliance and Strategy Planning. The budget established for all modules was \$263k. The Risk Module implemented first with a launch in April 2024 at a cost of \$121k with other modules still to be delivered.
- Marion Cultural Centre (MCC) Plaza. The objective of this capital project was to develop a community plaza to enhance activity, amenity and accessibility to, and within, the precinct. The MCC Plaza is defined as the public realm surrounded by MCC to the east, South Australian Aquatic and Leisure Centre (SAALC), Centrelink and GP Plus to the west. Located to the south is Westfield with pedestrian and vehicle connections along Warracowie Way and Milham Street. The project featured delays during the Initiate and Detailed Design phases and was initiated in December 2020. With a budget approved at \$3,960k, construction was completed in September 2024 with actual costs of \$3,654k.

### **Summary of Observations**

Internal Audit has observed that better practice project management capabilities have been adopted and improved since May 2022. The CoM has also achieved important progress in aspects such as governance and risk management. However, certain processes and controls require improvement to ensure endto-end risk is further mitigated across business units, from pre-project to execution. This includes budget, contingency and variation management.

Internal Audit also noted the lack of consistent templates (applicable to all project types) and a Project Management System as missing tools to ensure existing controls are fit for purpose, value can be extracted from previous deliveries and decision-making is facilitated through solid data availability and

With consideration given to standard limitations found in comparable organisations, Internal Audit recommends continuing to mature existing practices by implementing the recommendations within this Report.

See over the page for a summary of findings.



**EXECUTIVE SUMMARY** 

# **Summary of Findings (cont.)**

Internal Audit identified four (4) medium and two (2) low risk-rated findings, as well as one (1) Process Improvement Opportunity (PIO). The details of the findings are provided in the Detailed Findings section of this report. These findings have been individually rated as outlined below. The classification of risk ratings in this report is based on the CoM's risk ratings (as shown in Appendix 6).

Risk	Ref	Finding	Owner	Target Date
Medium	F 1	Budgeting and Financial Management	Manager EPMO	Jul 2025 – Mar 2026
Medium	F 2	Contingency Management	Manager EPMO	Jun 2025
Medium	F 3	Variation Management	Manager EPMO	May 2025 – Jun 2025
Medium	F 4	Prioritisation, Initiation and Planning	Manager EPMO	Dec 2025 – Mar 2026
Low	F 5	Value, Visibility and Continuous Improvement from Data	Manager EPMO	Jun 2025 – Dec 2025
Low	F6	Project Management Framework	Manager EPMO	Sep 2025 – Oct 2025
PIO	PIO 1	Quality Assurance	Manager EPMO	May 2025 – Mar 2026





# **Detailed Findings**

**APPENDICES** 

## Finding 1 – Budgeting and Financial Management

Risk Rating Medium

### **Current State Observations**

Project budgets would benefit from being more detailed with clearer alignment to scope and stage of delivery to enable budget control, oversight and decision-making.

Internal Audit acknowledges that the CoM has project management capabilities that support budget management and monitoring as part of Project and Program delivery including defined roles, responsibilities and governance. However, the following gaps in budgeting and financial management were observed:

### Gaps in budget setting.

- Budgets are not comprehensive: Foreseeable items for delivery were not captured within project Business Cases and budgets. As a result, costs that should be expected are being funded through contingency or variations. As evidenced through sample testing of MCC Plaza, marketing activities, monthly consultant fees for contract administration, and funding to support the opening event were not budgeted and had to be funded from contingency.
- Budgets are not sufficiently detailed end-to-end: Budgets are not allocated by phase or tied to milestones. This makes it difficult to track and monitor if expenditure is occurring as planned, including through the use of tools such as an 'S' curve cashflow to support the monitoring of contractor progress. For example, the MCC Plaza budget was comprehensive for the design phase but unclear for the pre-project, initiation and closure phases.

### Gaps in financial management.

 Insufficient clarity over budget consumed and forecast to complete: Financial reporting to the Project Control Board (PCB) could more clearly present the status of the budget, and whether funds are adequate to complete delivery. Reporting, including monthly 'Program Dashboards' presented to the PCB, do not clearly show the progress of projects comparing planned progress, actual progress and forecast to complete. As above, the use of 'S' curves or similar in reporting would support monitoring.

For example, the August 2023 report shows that the MCC Plaza had utilised only \$0.25m of a total budget of \$3.9m at 72% completion. In considering reporting, the '% Completion' figure appears to be driven off the entire life of the project, rather than reflecting the achievement of key milestones, or completion within each phase. This doesn't make the reporting incorrect, however it is difficult to understand if these figures are appropriate based on the plan.

Lack of templates to drive consistency: Budget provisions, committed expenses and actual costs are managed in individual spreadsheets for each project without a consistent format. This impedes financial monitoring and decision-making at a Program level.

These findings are observable within MCC Plaza due to project size and complexity. They are not as relevant to the RMS which was much simpler and had a short timeframe for delivery.

### Potential Risks

- Incurring unexpected costs may impact the project's Return On Investment (ROI), erode stakeholders' expectations and result in incomplete project delivery if additional funding cannot be granted.
- · Failure to detail end-to-end budgets can lead to uncertainty regarding the project's actual status and health and may result in unexpected overruns towards the end of a project.
- · Ineffective financial control can lead to cost overruns, misallocation of funds, stakeholder mistrust and failure to achieve the project's benefits.
- Insufficient and inconsistent financial oversight can lead to uninformed and inconsistent decision-making.

Continued on next page



# Finding 1 - Budgeting and Financial Management (cont.)

Risk Rating

Medium

### Recommendations

**EXECUTIVE SUMMARY** 

- 1. Develop financial templates and guidance for budget setting. These should include a breakdown of all expenses that should be considered during Business Case and Design activities with a continuous improvement cycle used to update for lessons learned (e.g. expenditure items that were unexpected across projects).
- 2. Templates should include detail on budgeting across phases, milestones and deliverables as per the PMF to better enable comparison between 'progress' and 'expenditure'.
- 3. Consider updating reporting to better capture and convey planned vs actual project. This may include using methods such as 'S' curve reporting which can make it easier to see if projects are falling behind the planned pace of delivery.
- 4. Provide training for project managers on effective budgeting practises, financial control, and the use of standardised templates to enhance overall budget management.

Rec#	Management Action	Responsibility	Target Date
1.1	The CoM agrees that project budget guidelines setting out suggested expenditure considerations would be beneficial, particularly in the early formation of project budgets. The EPMO will develop such guidelines in consultation with other stakeholders such as (but not limited to) Project Managers, Finance, Marketing and Communications and Information Services.		
	Guidelines will be updated on a continuous improvement basis.		September 2025
1.2	Consideration will be given to the use of financial templates to support budget formation if appropriate, however the CoM recognises that such templates may not be feasible given the diverse nature of projects undertaken.	Manager EPMO	
1.3	The CoM's EPMO will review current reporting templates with the view to better enabling comparison between 'forecast' to 'actual' expenditure as is currently reported for Annual Capital Works programs and IS Strategic Projects.		July 2025
	The CoM EPMO will incorporate any improvements in the new project management solution.		
	Following the implementation of a project management solution, the CoM will have improved access to more consolidated project data. This will allow improved analysis and measurement of project performance to occur. The use of 'S' curve reporting may be considered as one such measure.		March 2026
1.4	The CoM's EPMO will collaborate with Finance to provide further guidance and training to Project Managers to enhance overall financial management within projects.		September 2025



## Finding 2 - Contingency Management

Risk Rating

Medium

### **Current State Observations**

Contingency is being managed inconsistently and utilised for purposes that would typically be managed as a variation. The CoM also has limited guidance on how to manage contingency within projects and across wider programs of work including the ICT and capital programs.

The PMF does acknowledge the need for a contingency provision as part of defining budgets and schedules, however Internal Audit has noted the following findings:

- Contingency determination and allocation is informal: The
  assumptions, processes and requirements to determine an appropriate
  contingency amount (as a sum or percentage of the budget) and allocate
  the contingency to different eventualities have not been determined or
  recorded. Without a defined method, contingency determinations are
  subjective and may not reflect the risks or uncertainties of the project, for
  example:
  - RMS: it is unclear what processes and criteria were followed to set a 15% contingency as part of the implementation, and what elements were considered as potential risks to maintain the same amount of contingency through to the project's execution phase.
  - MCC Plaza: it is unclear whether the utilised contingencies, such as asbestos, were provisioned as contingency and were to be considered during initial explorative works, and whether this contingency would have been returned if no asbestos was found.
- Contingency Management guidance is not sufficiently defined: While roles and responsibilities for contingency management control are captured in the PMF, there is a lack of guidance on:
  - What are / are not appropriate uses for contingency.
  - o Required record-keeping for contingency management.
  - Assessment and approval processes for utilising contingency and how this aligns to delegations of authority.

### Potential Risks

- An informal approach to contingency determination and allocation may lead to subjective contingency setting, inadequate treatment of risks and result in a higher likelihood of overruns.
- Inconsistency in how contingency is managed across different teams and projects may lead to varying levels of risk management effectiveness.
- Failure to establish fit for purpose contingency management may result in either excessive control which causes delays or over-administration, or inadequate control which results in poor contingency management occurring.

Continued on next page



# Finding 2 - Contingency Management (cont.)

Risk Rating

Medium

### Recommendations

- 1. Develop guidance for contingency management within the CoM (refer to Appendix 2 for suggested topics for inclusion).
- 2. In practical terms, good contingency management will be driven by good budget setting and financial management practices as per Finding 1. Building on the recommendations in Finding 1:
  - Agree a method for determining contingency on projects which focusses on the expected risks of delivery. This should include provisions for both costs and timelines (where relevant). The inclusion of a general pool of funds on top of risk-based provisions can be considered to ensure contingency provisions are able to cover unknown eventualities. This practice cannot override deficient risk assessments.
  - Ensure that these risks are aligned to the scope of works and phases of the project, e.g. by projects asking the question 'at what stage of the project should I know whether this risk will fully or partially eventuate?'. If that risk does not eventuate, contingency can be removed from the budget if practicable.
  - In monitoring contingency, the focus should be on the proportion of contingency that has been utilised during each stage of delivery. If it is within the established contingency provision, the project can approve it in consultation with the Sponsor. However, if expenditure is expected to go above the provision, or risks' impact and / or likelihood increases month-to-month, it should be brought back to the PCB to discuss the risks being experienced and the need for a revised contingency provision. Additionally, the utilisation of the general provision fund should have additional controls and be monitored by the PCB.
  - Quality Assurance (PIO 1) should also play a role in monitoring contingency management to ensure that projects are utilising contingency appropriately.
     These should be in line with what are / are not appropriate uses for contingency identified in the contingency management guidance. The biggest challenge will be addressing the use of contingency for variations (see Finding 3).

Rec#	Management Action	Responsibility	Target Date
2.1	<ul> <li>The CoM agrees with the findings. The CoM Project Risk Register template has been updated to allow for the inclusion of any approved contingency and the Phase in which the risk is applicable.</li> <li>The CoM will implement Risk-Based Contingency Management through the following:</li> <li>Contingency Management Policy</li> <li>Contingency Management Procedure</li> <li>Default set of Project Risks to be considered and assessed when determining contingency requirements</li> <li>These artefacts will consider the return of contingency, approval of contingency spend and overall monitoring and control of project contingency.</li> </ul>	Manager EPMO	June 2025
2.2	The CoM acknowledges the comments provided in point 2 of this finding and also in Appendix 2 but noting they appear advisory in nature. This advice will be considered during the actioning of Management action 2.1 regarding risk-based contingency management.	No further action. Advice to be considered in the actioning of Management action 2.1.	



#### SUMMARY OF FINDINGS

### **DETAILED FINDINGS**

### **APPENDICES**

Risk Rating

Medium

# Finding 3 - Variation Management

### **Current State Observations**

Variations are being managed inconsistently, with changes to project scopes and designs being financed through contingency, while not being raised through a variation (or change) request. The PMF requires that any variation to a project be managed through a formally controlled change process, using a change request form.

The CoM has developed a template for the submission of these change request forms.

This template was consistently used in the sampled MCC Plaza project and others, as observed in PCB reporting papers. Nevertheless, the following gaps against better practice were observed through sample testing:

- Timeline variations to the Business Case have not been formalised: Schedule variations are discussed at PCB meetings but are not formally documented in change management forms as outlined in the PMF. The MCC Plaza 'Change Management Plan' defines process flows for minor and major variation requests affecting scope, budget or timeline as per the Project Charter. However, no change request forms affecting the timeline of MCC Plaza have been sighted, despite delays having occurred. The Red / Amber / Green (RAG) status in the PCB reports was 'green' despite the project being delivered with delays of several months.
- The change request form template does not support version tracking: There is no inclusion of the deliverables or project management artefacts that require amendment due to a variation. This impedes version control and visibility over the rationale for updates to the agreed Business Case. Despite being a requirement within the PMF, none of the change request forms sighted listed the documents that must be updated.

### Potential Risks

- Failure to recognise budget variations and relying on contingency provisions may leave the project vulnerable to unplanned costs, financial instability, and a budget that is not representative of the project's true cost.
- Without formally documenting timeline variations, projects are not effectively managing schedule changes which may lead to delays, and eventual cost impacts.
- Lack of version control can result in information integrity issues. information siloes and misalignment over the project's defined scope, budget, and schedule.

Continued on next page



**APPENDICES** 

# Finding 3 - Variation Management (cont.)

Risk Rating

Medium

### Recommendations

- 1. Update the 'change request form' template with a section allowing project managers to list the deliverables and project management artefacts that have been updated as a result from the variation. It is not recommended to directly update all affected project documents every time there's a variation, but to track and socialise variations through a decision-register. Ensure that any scope, budget, and schedule variation is:
  - · Adequately categorised,
  - Formally documented in the 'change request form', and
  - Identifies the impact to other affected project artefacts.

This will enhance governance oversight, facilitate timely decision-making, promote transparency and accountability, and prevent the inappropriate use of contingency funds.

- 2. Conduct training sessions for project managers and relevant staff to familiarise them with the updated 'change request form' and emphasise the importance of adhering to the PMF requirements and updated terminology.
- 3. Implement a Project Management System (PMS) and ensure it supports updates to scope variations, budget status, and schedule changes.

Rec #	Management Action	Responsibility	Target Date
3.1	<ul> <li>The CoM agrees. The CoM EPMO will update the Change Request Form accordingly to allow for:</li> <li>The identification of any impacted deliverables and / or artefacts (to be updated) and</li> <li>Categorisation where possible.</li> </ul>	Manager EPMO	May 2025
3.2	The CoM EPMO will conduct training for any new process relating to Change Requests.	Manager	May 2025
3.3	The CoM will consider how the requirements to support variation management can best be met when implementing a project management solution.	EPMO	June 2025



## Finding 4 - Prioritisation, Initiation and Planning

Risk Rating

Medium

### **Current State Observations**

The initial phases of project delivery (prioritisation, initiation and planning) are not occurring in a sequential, controlled manner. Internal Audit acknowledges that certain elements in Program and Project management, such as the Council's governance or timeline requirements, are beyond the control of the project team and Enterprise Program Management Office (EPMO). This is resulting in the reperformance of work, or decisions being made 'out of sequence' with the PMF.

The following observations have been noted:

- Project initiation occurring too late: Initiation and Planning phases do not
  occur in the correct sequencing. This increases resource investment from the
  CoM prior to a project being approved or prioritised and can lead to avoidable
  rework on matters such as scope. For example, planning for the RMS
  commenced before the initiation phase had concluded.
- Benefits and project objectives are qualitative, not quantitative: The
  expected benefits to be realised are not specific. As a result, it is not possible
  to measure success using objective metrics. For example, the RMS project
  aimed to enhance reporting efficiency. However, neither the Benefit Register
  nor Business Case quantitatively specified the expected improvement. This
  limits the ability to use costs vs benefits for prioritisation and decision-making.

### Potential Risks

- Projects that bypass proper initiation processes may incur wasted
  effort and unnecessary costs if the initiative is not prioritised and
  approved. If the 'initiation' phase is not properly completed, critical
  planning steps might be overlooked, increasing the risk of project
  failure. The impact may be substantial if underdeveloped projects are
  accelerated.
- Without specific, measurable objectives, it becomes difficult to assess what the desired outcomes are, and whether they have been achieved.

### Recommendations

- 1. Use phase-gate checklists and criteria to ensure decision-making occurs at the correct time, before progressing to the next phase of delivery. Particularly during the initial phases of projects. The inclusion of phase-gates can help avoid reworks and value destruction if priorities change and projects are temporarily stopped, as the progress achieved and milestones completed will be clear to stakeholders involved at a later stage. If desired, clarity over value to date will support conversations about late-stage changes.
- 2. Ensure projects define and manage quantifiable benefits and project objectives, encouraging the use of SMART (Specific, Measurable, Achievable, Relevant, Time-bound) criteria. For instance, for the RMS, reducing report generation time by 40% within 3 months of the go-live date.

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**EXECUTIVE SUMMARY** 

**BACKGROUND** 

### **SUMMARY OF FINDINGS**

### **DETAILED FINDINGS**

### **APPENDICES**

# Finding 4 - Prioritisation, Initiation and Planning (cont.)

Risk Rating Medium

Rec#	Management Action	Responsibility	Target Date
4.1	The CoM EPMO will implement Phase-Gate checklists and strengthen the formalisation of Phase-Gate reviews.		March 2026
4.2	The CoM agrees that quantifiable benefits allow for more specific, measurable objectives and assessment of desired outcomes. The CoM further notes that it may not be achievable to express quantifiable benefits in many cases due to an absence of or difficulty in obtaining baseline metrics. The CoM EPMO will develop guidelines for benefits identification and realisation. Guidelines will address both qualitative and quantitative benefits.	Manager EPMO	December 2025



# Finding 5 - Value, Visibility and Continuous Improvement from Data

Risk Rating

### **Current State Observations**

The CoM doesn't sufficiently benefit from the project delivery and lessons learned data it holds and generates. This is due to data being siloed and updates being manual. Enhanced visibility and sharing of lessons learned / improvement opportunities could drive better decision-making.

Internal Audit has noted the following:

- Insufficient data availability: Projects are managed through manual spreadsheets and documentation. This limits the availability of real-time data and impedes agile decision-making. It was confirmed through consultations this is a result of the decommissioning of CAMMS, the CoM's previous Enterprise Performance Management software.
- Data integrity issues: Information silos and the use of manual entries
  across project outputs have reduced the quality of data. It is important to
  ensure the accuracy, consistency, and reliability of data throughout the
  project lifecycle to maintain stakeholder trust. In reviewing MCC Plaza
  financial data, multiple spreadsheets are used to manage delivery,
  including a budget tracker, contractor PO and invoice reconciliation,
  contractor progress claim tracker and a variation tracker. Adding
  complexity to financial management activities.
- Gaps in the approach to lessons learned: Lessons learned are not
  consistently monitored throughout projects' lifecycle. Thus, there are
  projects that don't acknowledge continuous improvement opportunities
  until closing activities occur. The CDF doesn't consider the identification,
  recording, processing and socialising of lessons learned end-to-end.
  Hence, lessons learned have not been tracked yet for the MCC Plaza
  delivery as the project is undergoing its Defects Liability Period (DLP).
- Improvement case studies from lessons learned have not been identified: Lessons learned are not extrapolated across projects. As a result, inefficient practices are repeated. For example, the RMS captured a lessons learned log. However, no treatment actions or next steps to avoid repetition were recorded.

 Gaps in risk reporting practices: Risk reporting is static and does not sufficiently focus on treatment mitigation activities, target dates and ownership. This approach to risk management limits the visibility into month-to-month changes and hinders effective risk mitigation; This includes the ability to understand the aggregate risk of projects and programs under management, and whether similar risks are appearing across multiple projects and the need to manage them strategically. Reports to the PCB also showed that the level of detail on risk varies across projects.

### Potential Risks

- Without available and reliable data it is difficult to ascertain the overall health of projects and programs under management and may result in delays in identifying endemic risks or issues.
- · Poor data integrity could lead to misinformed decision-making.
- Failure to comprehensively identify, capture and share lessons learned leads project teams to relapse into the same issues over time.
- Repeating inefficient practises can result in higher project costs due to wasted resources, extended timelines, and the need for rework.
- Deficiencies in risk reporting can lead to accountability issues and increased impact from vulnerabilities.

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# Finding 5 – Value, Visibility and Continuous Improvement from Data (cont.)

Risk Rating

### Recommendations

- 1. The CoM should implement a PMS to replace the decommissioned CAMMS. This system should allow for seamless data integration and support the inclusion and visibility of data across key capabilities. Internal Audit note that discussions to address this have already commenced; Refer to <a href="Appendix 3">Appendix 3</a> for a list of elements a Project Management tool should support.
- 2. Strengthen the approach to capturing, processing, and using lessons learned throughout the project lifecycle. Ensure that all project methodologies mandate the identification and documentation of lessons learned. The following approaches are recommended:
  - Capture all lessons in a single register identifying what they apply to in the PMF (to aid theming) and actions / owners / dates for addressing (to ensure improvements / updates are made to processes / practices),
  - At the commencement of each project, hold a kick-off with the project team reflecting on relevant lessons learned and what these mean for the project.
  - · Consider community of practice sessions for project managers and interested parties to discuss projects, lessons and suggested better practice.
- 3. Develop a set of guidelines for reporting on risk management in the monthly reports to the PCB. Where possible, support these guidelines with templates. They should cover the following areas:
  - Risks to include in the reports. Include both arising and previously reported risks. For previously reported risks, the report should cover what has been done since the last meeting and provide explanations for any delays, if applicable.
  - Information to be covered. Each report should include the risk identification number, description, RAG status, treatment actions, ownership, target
    mitigation date, and status: open/closed.
  - Assignation criteria of Red Amber Green (RAG) status. The rating should represent the overall management of the risk and the level of efficacy of the
    treatment actions to date.



**EXECUTIVE SUMMARY** 

# Finding 5 - Value, Visibility and Continuous Improvement from Data (cont.)

Risk Rating

Rec#	Management Action	Responsibility	Target Date
5.1	The CoM EPMO is currently reviewing technical options to support project management. The end solution is likely to be a suite of tools. The CoM does not expect all project management requirements to be met through a single system. Implementation of the suite will be iterative and focussed on minimum viable product. The first iteration is planned for June 2025 with other works expected by December 2025.	Manager EPMO	December 2025
5.2	The CoM EPMO has recently published a new Lessons Learned template that provides categorisation of lessons and will support centralised data capture.  A review of Lessons Learned will be included in each Phase-Gate review and Phase-Gate Checklists (Management action 4.1).  The CoM will implement a centralised Lessons Learned register as part of the project management solution.		August 2025
5.3	Risk information captured in existing CoM Project Risk Registers are as per the recommendation.  The CoM EPMO will develop specific Project Risk management and reporting guidelines in consultation with the Risk and Strategy team. Guidelines will provide clear guidance as to the timing of reporting of risks through project governance committees. They will align to the CoM Risk Management Framework.  Project Risk reporting is an essential requirement of the new project management solution.		June 2025

### Finding 6 - Project Management Framework

Risk Rating

Low

#### **Current State Observations**

There are inconsistencies between the PMF, the supporting delivery frameworks and the practices followed by projects. This is creating variability in project delivery and control. The following points were observed:

- Approach to project management not fully aligned: The PMF doesn't acknowledge the delivery methodologies: The CDF and the SDF to ensure practices are aligned. This includes the PMF using a Projects IN Controlled Environments (PRINCE2) approach, while the SDF adopts agile delivery. As a result, delivery elements within the PMF are unclear in their applicability for ICT projects. For example, the implementation of the RMS didn't follow an agile approach as defined in the SDF despite being delivered by Corporate Services.
- There is a lack of clarity regarding the required outputs and their content: End-to-end compulsory deliverables across all Projects and Programs are not defined in the frameworks, including the information each deliverable should address. The PMF only identifies mandatory deliverables for the initiate phase, and these are not fully aligned with the suggested outputs identified in the CDF and SDF.

Risk and Strategy team only involved at the start: Despite the PMF identifying the need to review risks during each phase, the Risk and Strategy have noted they are only involved at the start and are not involved in any recurrent reviews of risks throughout project delivery. This limits their ability to assess risks and mitigations leading into phase-gates / key decision points.

#### Potential Risks

- Without clarity over the delivery approach to follow, projects can suffer from a lack of direction and misalignment with better practice.
- Ambiguity over the overall requirements in project delivery can create confusion among project teams and stakeholders, potentially leading to implementation delays, inefficiencies or project failure.
- Without clear definitions of compulsory deliverables and the necessary information to be generated for each, Projects and Programs may be executed inconsistently, leading to varying levels of quality.
- Without continuous involvement from the risk function, the project team may fail
  to identify and manage risks effectively and in line with the CoM requirements.

#### Recommendations

- 1. Consider updating the PMF to:
  - Recognise and integrate delivery guidelines used by various business units, such as the CDF and SDF.
  - Develop clear guidance on when each framework is applied, particularly where projects are not traditionally ICT / capital works, or may be a combination of multiple capabilities.
  - Identify mandatory deliverables for each phase of a project with detail on what each should contain (where possible, support with templates).
- 2. Contemplate establishing a continuous improvement process to regularly review and update the PMF and business-unit-based methodologies through feedback and lessons learned from completed projects.
- 3. Consider utilising the PMS and RMS to provide real-time insights and facilitate continuous risk monitoring from the risk function.

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**EXECUTIVE SUMMARY** 

## Finding 6 - Project Management Framework (cont.)

Risk Rating

Low

Rec#	Management Action	Responsibility	Target Date	
6.1	The CoM EPMO will review and republish a new version of the Project Management Framework (PMF) as part of continuous improvement.  The revised PMF will ensure recognition of any other related frameworks, guidelines, policies and procedures and their relationship to the PMF. It will connect the PMF and the project management solution.	Manager October 2025 EPMO		
	A review and continuous improvement process will be included in the revised PMF.			
6.2	The CoM recognises that the PMF will continue to evolve as our process and tools become more mature.  Lessons Learned template has a lesson category specific to the PMF.	revisions and updat Management action into phase-gate che	Vill be actioned in the description of 6.1; and incorporated ecklists (and Lessons Management action	
6.3	The CoM EPMO is currently reviewing technical options to support project management which include detailed consideration of the relationship between project management and risk management.	Manager EPMO	September 2025	

### **PIO1 – Quality Assurance**

PIO

#### **Current State Observations**

**EXECUTIVE SUMMARY** 

There is no defined responsibility for Project and Program quality assurance. Better practice recommends implementing controls to maintain consistency in quality standards and practises across an organisation. According to the PMF, the project manager is responsible for the quality of a project's deliverables, however it is unclear who must monitor that:

- · Outputs are delivered to an adequate level of quality, and
- · Projects align with the PMF and delivery methodologies.

Additionally, there is a lack of consistency in adopting phase-gate reviews. These critical checkpoints identify and address potential issues or risks before moving to the next phase. They also ensure the project remains aligned with the Business Case, stakeholder expectations, and the organisation's strategy.

#### Recommendations

**SUMMARY OF FINDINGS** 

- 1. Consider assigning responsibilities for Project and Program quality assurance. The following aspects should be overseen:
  - Adherence to delivery processes and requirements in the PMF, business-based methodologies and ad hoc project documentation.
  - Project teams and governance committees abide by defined responsibilities and Terms of Reference.
  - Consistency in quality standards, project capabilities and practises across the organisation.
- 2. Consider strengthening the phase-gate review process as defined in Recommendation 4.1.
- 3. Consider facilitating training for stakeholders involved in project delivery to ensure they understand the importance of quality standards and effectively adopt phase-gate reviews.

Rec #	Management Action	Responsibility	Target Date	
P.1	The CoM EPMO will consider clarifying these responsibilities and roles and that of the EPMO when reviewing the PMF.	Manager EPMO	Refer to Management action 6.1.	
P.2	The CoM notes this and has accepted recommendation 4.1.	No further action. A Management action	greed to action under a 4.1.	
P.3	The CoM notes this and has accepted all training recommendations.	No further action. Ag Management action action 1.4. and Mana		



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**DETAILED FINDINGS** 

**APPENDICES** 

## **Appendix 1 - Management Actions from May 2022**

The table below includes all agreed Management actions from the Cities of Charles Sturt and the CoM Project Management Internal Audit report dated May 2022. Internal Audit have included below the findings where risks are considered as only partially mitigated. Clarifications over those that should be superseded by the recommendations within this Report have been included.

Finding J – Joint I – The CoM only	Recommendation	Agreed Management Actions	Comments / Alignment to New Recommendations		
2J – Inconsistencies in risk management practices	1-2	The CoM's PMO will include the recommendation in the updated Project Management Framework. This work will progress in partnership with the Strategy and Risk Team and complement the CoM Risk Management Framework.	The CoM is considering how to consolidate risks into the PM solution which highlights the risks from this finding. See recommendation 2.2, 5.3 and 6.3.		
	3-5	The CoM's PMO re-introduced the use of the CoM risk register template to the Project Managers in November 2021. Currently, there is an ongoing monthly engagement between the PMO and the Project Managers. The PMO will leverage on this existing engagement to formally review the relevant project risk register with the Project Managers. The Risk Management Team will have a representative at these monthly meetings to provide connection back to corporate risk reporting.	recommendation 2.2, 3.3 and 0.3.		
4J – A benefits realisation framework is not in place to support effective definition, ownership and management of project benefits	1	The CoM's PMO will include the recommendations in the updated PMF. The CoM's PMO will periodically check with the Project Managers for when a project has been closed off to ensure benefits realisation review / report has been completed.	Finding 4 highlights the need for greater definition and management of benefits. See recommendation 4.2.		
5J – Lessons learned are not consistently performed and communicated	1	The CoM's PMO will work together with the CoM Records Management Team to implement a centralised lessons learned register to store findings from capital works projects completed.	Finding 5 highlights the need for more consistent lessons learned management. See recommendations 1.1, 5.2 and 6.2.		



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**EXECUTIVE SUMMARY** 

## Appendix 2 - Contingency Management Guidance

Refer to the below for key elements to consider when developing a Contingency Management Guidance:



- **Contingency Principles:** essential for establishing a strong foundation in contingency management. These principles help ensure that the different approaches and end-to-end practices are consistent, effective, and aligned with the organisation's goals and values.
- Approach to Contingency Determination, Allocation and Control: refers to the processes and requirements to consider in the definition, allocation and control of contingencies across the projects delivered. The defined approach(es) should be comprehensive and adequate for all projects.

It is recommended that the CoM identifies the risks inherent in different projects (major works, minor works, ICT solution delivery, etc) and ensures that projects consider these in developing their contingency provisions with guidance on questions to ask, and acceptable ranges.

As the project progresses, if the likelihood of a risk increases or decreases, contingency provisions need to be adapted for accuracy. As a project completes stages and achieves milestones, contingency provisions that will no longer eventuate need to be removed or allocated to other risks. Over time, lessons learned may be used to capture the impact of each risk.

- Roles and responsibilities: the dedicated and/or virtual resources responsible for administering contingency activities throughout the lifecycle.
- **Processes:** to support the implementation of requirements and controls.
- Technology and tools: enable the definition, execution and monitoring of allocated contingencies and established practices.
- Risk Function: supports consistency through the identification of risks for each project, risk analysis, scenario probabilities and mitigation strategies.
- Governance & Compliance: establish measures for monitoring the performance of determined contingencies and actions to continuously improve the Project or Program.



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## **Appendix 3 - Project Management Tool**

The chart below outlines the capabilities and elements that should be considered by the CoM when implementing a Project Management System (PMS).

Scope	Schedule	Financials	Resources	Risks and Issues	Assumptions and Decisions		
Goals and objectives	Milestones and deadlines	Budget management	Resource database	Risk management	Approval workflows		
Expected benefits	Timeline visualisation tools (e.g. Gantt Chart)	Cost management	Resource capabilities		Attachment of supporting documents		
Required deliverables	Task dependencies and prioritisation	Founding sources	Resource capacity		Decision-making logs		
Variation management		Contingency management	Task assignment		Assumption logs		
		Pot	ential integration with other c	orporate systems or application	ons		
	Actual vs Planne	d vs Forecasted					
		Definition a	and tracking				
		Notifications a	and reminders				
		Real-time i	information				
Reporting, dashboards and Key Performance Indicators (KPIs)							
			High priority	Medium priority	Low priority		



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## Appendix 4 – Scope of Work

In accordance with the 2024/25 Internal Audit Plan for the City of Marion (CoM), a Project Management Framework Review internal audit was to be performed. The objective, scope and approach for this internal audit are outlined below.

#### **Objective**

**EXECUTIVE SUMMARY** 

The objective of this internal audit was to review the effective implementation of the CoM's recently implemented Project Management Framework (PMF) governing capital delivery and ICT projects. Consideration was also given to the PMF being contemporary, fit for purpose and aligned to better practice, including providing relevant insights from contemporary organisations.

#### Scope

This scope of this engagement included consideration over the following areas:

- Status of agreed Management actions from the May 2022 'Project Management' Internal Audit, including evidence of revised practices in project management approach and documentation.
- Governance structures in relation to project management, including monitoring and reporting mechanisms of relevant governing committees, project sponsors and other key stakeholders.
- Management of the scope, quality and cost of projects, including resourcing, scheduling, budgeting, contingency management, change request management, project decision gateways and approval processes.
- Project and change management considerations with a focus on project risk management practices including the processes to identify, manage and govern risks, issues, controls and mitigating actions (including recording, escalation and approval).
- Project management roles, responsibilities and accountabilities throughout each phase of the project lifecycle, including how key project information is recorded and communicated where accountabilities change.
- Project management training and development materials, including consideration of staff capabilities.
- Processes for project closure and handover of deliverables, including financial closure, post-implementation and contractor performance reviews.

- Benefits realisation processes for projects including the monitoring of benefits from project commencement through to completion for ICT projects.
- Involvement of the Project Management Office to ensure the quality of documentation and adherence to practices as identified above.

#### **Out of Scope**

Benefits realisation processes for capital projects were excluded from the internal audit scope.

#### **Approach**

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

- Desktop review of relevant documentation and systems in place relating to project management methodologies and processes including selected quidelines, templates and tools.
- Consultations (up to four for each project reviewed) with relevant stakeholders to understand current approaches and processes in place for project management.
- Sample testing of 1 ICT and 1 annual program capital works project to assess the application and compliance with the Councils' project management methodology and processes.
- Review of monitoring and reporting activities to relevant governing committees, Project Sponsor and other key stakeholders to assess ongoing reporting of project activities and issue escalation processes.
- Facilitation of a closing meeting to validate risk findings and performance improvement opportunities.



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**EXECUTIVE SUMMARY** 

## Appendix 5 - Stakeholders Consulted

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

Staff Name	Staff Role
Karen Blake	Manager, Enterprise PMO
Brett Grimm	City Activation
Charmaine Hughes	Manager City Activation
Gavin Black	Senior Project Manager
Kate Mckenzie	Manager People and Culture
Maddie Frew	Acting Manager Development and Regulatory Services
Sarah Vinall	Manager Office of the CEO
Sheree Tebyanian	Acting Unit Manager, Strategy and Risk



**EXECUTIVE SUMMARY** 

## **Appendix 6 - Classification of Findings**

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

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



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## **Appendix 6 - Classification of Findings (cont.)**

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



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## **Appendix 6 - Classification of Findings (cont.)**

#### Risk Assessment Matrix - determine the Level of Risk

determine the Level of Max									
Likelihood of		Cons	sequence of O	ccurrence					
Occurrence	Insignificant	Minor	Moderate	Major	Severe				
Almost Certain	MEDIUM	HIGH	HIGH	EXTREME	EXTREME				
Likely	LOW	MEDIUM	HIGH	HIGH	EXTREME				
Possible	LOW	MEDIUM	MEDIUM	HIGH	HIGH				
Unlikely	LOW	LOW	MEDIUM	MEDIUM	HIGH				
Rare	LOW	LOW	LOW	MEDIUM	MEDIUM				

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

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



## **Appendix 7 - Disclaimers**

#### Inherent Limitations

**EXECUTIVE SUMMARY** 

This report has been prepared as outlined in the Scope Section. The services provided in connection with this engagement comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board and, consequently no opinions or conclusions intended to convey assurance have been expressed.

Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that have been subject to the procedures we performed operate, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to its effectiveness of the greater internal control structure. The procedures performed were not designed to detect all weaknesses in control procedures as they are not performed continuously throughout the period and the tests performed on the control procedures are on sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

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

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

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

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

#### Reference to 'Review' and 'Audit'

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

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7.2 Internal Audit Program - Implementation of Recommendations

**Report Reference** FRAC250408R7.2

Originating Officer Business Support Officer - Governance and Council Support –

Cassidy Mitchell

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 monthsMedium: 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 Updates - Q3 [7.2.1 - 15 pages]

#### **INTERNAL AUDIT MANAGEMENT REPORT – AUDIT SUMMARY** REPORTING PERIOD: 2024/2025-FQ3 | AUDIT NAME: ALL SELECTED AUDIT NAME **TOTAL FINDINGS TOTAL ACTIONS** COMPLETED **IN-PROGRESS** OVERDUE **NOT STARTED HIGH RISK 15** 20 **FINDING TITLE ACTION CODE** IN PROGRESS FINDINGS / ACTION GANTT VIEW (VIEW IN FOCUS MODE) IN PROGRESS ACTION (RISK PROFILE) RISK RATING HIGH MODERATE LOW NOT DEFINED All ◆Collapse All **ACTION STATUS** - MANAGEMENT RESPONSE <sub>/</sub>— 1 (7.14%) 3 (21.43%) -All AN ACTION PLAN WITH TIMEFRAMES AND RESOURCES WILL BE DE... **ACTION DAYS REMAINING** - RISK MANAGEMENT CONSIDER THE OPPORTUNITY FOR THE PROCUREMENT AND RISK. All ROLES, RESPONSIBILITIES AND ACCOUNTABILITY OF CONTRACT ... **ACTION RISK RATING** COUNCILS TO EXPLORE THE FEASIBILITY OF DEVELOPING A CENT.. (14.29%) All - FINANCIAL MANAGEMENT **ACTION OWNER** IMPLEMENT FINANCIAL MANAGEMENT REPORTING TO MONITOR C... 8 (57.14%) All **DETAILED SUMMARY**

#### **INTERNAL AUDIT MANAGEMENT REPORT - AUDIT SUMMARY** REPORTING PERIOD: 2024/2025-FQ3 | AUDIT NAME: COLLABORATIVE CONTRACT MANAGEMENT **AUDIT NAME** TOTAL FINDINGS **TOTAL ACTIONS** COMPLETED **IN-PROGRESS OVERDUE NOT STARTED HIGH RISK** COLLABORATIVE CONTRACT MANAGEMENT **FINDING TITLE** IN PROGRESS ACTION (RISK PROFILE) IN PROGRESS FINDINGS / ACTION GANTT VIEW (VIEW IN FOCUS MODE) **ACTION CODE** RISK RATING HIGH MODERATE All ◆Collapse All **ACTION STATUS** RISK MANAGEMENT All CONSIDER THE OPPORTUNITY FOR THE PROCUREMENT AND RISK **ACTION DAYS REMAINING** ROLES, RESPONSIBILITIES AND ACCOUNTABILITY OF CONTRACT COUNCILS TO EXPLORE THE FEASIBILITY OF DEVELOPING A CENT. All FINANCIAL MANAGEMENT **ACTION RISK RATING** IMPLEMENT FINANCIAL MANAGEMENT REPORTING TO MONITOR C... All 1 (50%) -**ACTION OWNER** All **DETAILED SUMMARY** AUDIT NAME FINDING TITLE ACTION ACTION DETAILS ACTION ACTION ACTION ACTION ACTION DAYS ACTION FORECAST ACTION PROGRESS % PROGRESS PROGRESS DETAILS RISK RATING OWNER START DUE REMAINING COMPLETION COMPLETION DESCRIPTION BEHIND SCHEDULE NO PROGRESS - THE STRATEGIC PROJECT MANAGER HAS BEEN COLLABORATIVE FINANCIAL MANAGEMENT 2.2.1 IMPLEMENT FINANCIAL MANAGEMENT REPORTING TO MONITOR MODERATE COLIN HEATH 2/22/2022 12/30/2021 -1182 6/30/2025 CONTRACT SPEND PROFILES AGAINST THE CONTRACT COMMITMENT RECRUITED, AND THE ACTION WILL BE FURTHER PROGRESSED MANAGEMENT VALUE (ORIGINAL CONTRACT AND VARIATIONS) AND POS TO ENSURE FOLLOWING COMMENCEMENT. COMPLIANCE WITH PROCUREMENT THRESHOLDS OVER THE CONTRACT LIFECYCLE. FURTHER, CONSIDER PROVIDING THIS REPORTING TO RELEVANT COMMITTEE OR GOVERNING BODY, AS REQUIRED. COLLABORATIVE RISK MANAGEMENT CONSIDER THE OPPORTUNITY FOR THE PROCUREMENT AND RISK TEAMS HIGH COLIN HEATH 2/22/2022 8/30/2022 6/30/2025 BEHIND SCHEDULE THE STRATEGIC PROJECT MANAGER HAS BEEN RECRUITED, AND CONTRACT TO LEVERAGE THEIR SKILL SETS, ON A RISK BASED APPROACH, BEYOND THE ACTION WILL BE FURTHER PROGRESSED FOLLOWING MANAGEMENT THEIR INITIAL INPUT INTO RISK IDENTIFICATION AS PART OF THE PRE-COMMENCEMENT. COLIN TO FURTHER DISCUSS. AWARD PROCESS, TO SUPPORTING CONTRACT ADMINISTRATORS WITHIN ONGOING DYNAMIC RISK MANAGEMENT ACROSS THE CONTRACT LIFE CYCLE FOR PRIORITY/HIGHER RISK CONTRACTS COLLABORATIVE ROLES, RESPONSIBILITIES COUNCILS TO EXPLORE THE FEASIBILITY OF DEVELOPING A CENTRALISED MODERATE COLIN HEATH 2/22/2022 12/30/2022 6/30/2025 3/14/2025 100% COMPLETED AFTER EXPLORING FEASIBILITY WE RELIEVE THAT THE CURRENT CONTRACT AND ACCOUNTABILITY OF CONTRACTOR MANAGEMENT TEAM BENEFITS OF THIS MODEL STRATEGIC PROCUREMENT MODEL SUPPORTING MANAGEMENT CONTRACT INCLUDE: \* FFFFCTIVELY MANAGING THE CAPACITY. SKILLS AND DECENTRALISED CONTRACT MANAGEMENT REMAINS THE BEST **ADMINISTRATORS** EXPERIENCE OF THE TEAM. ENSURING CONSISTENCY WITH THE SOLUTION. FURTHER EFFORTS TO STRENGTHEN CONTRACT APPLICATION OF THE NEW CONTRACT MANAGEMENT MANAGEMENT SKILLS WILL OCCUR POST RECRUITMENT OF THE FRAMEWORK. • MANAGING PERFORMANCE AND CONTINUOUS CROSS COUNCIL MANAGER STRATEGIC PROCUREMENT

### INTERNAL AUDIT MANAGEMENT REPORT – AUDIT SUMMARY

MARION

REPORTING PERIOD: 2024/2025-FQ3 AUDIT NAME: COLLABORATIVE CONTRACT VALUE FOR MONEY

AUDIT NAME

TOTAL FINDINGS

TOTAL ACTIONS

COMPLETED

IN-PROGRESS

OVERDUE

NOT STARTED

HIGH RISK

COLLABORATIVE CONTRACT VALUE FOR MONEY

FINDING TITLE

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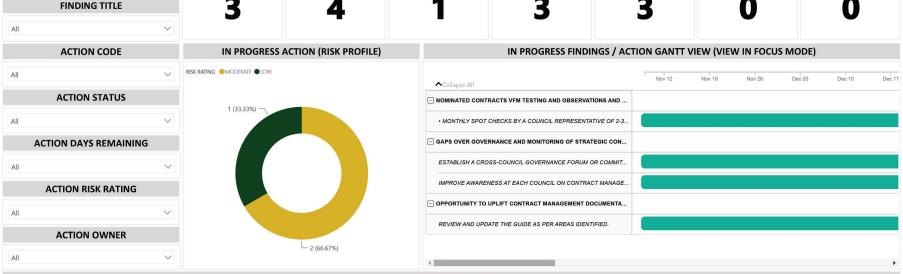
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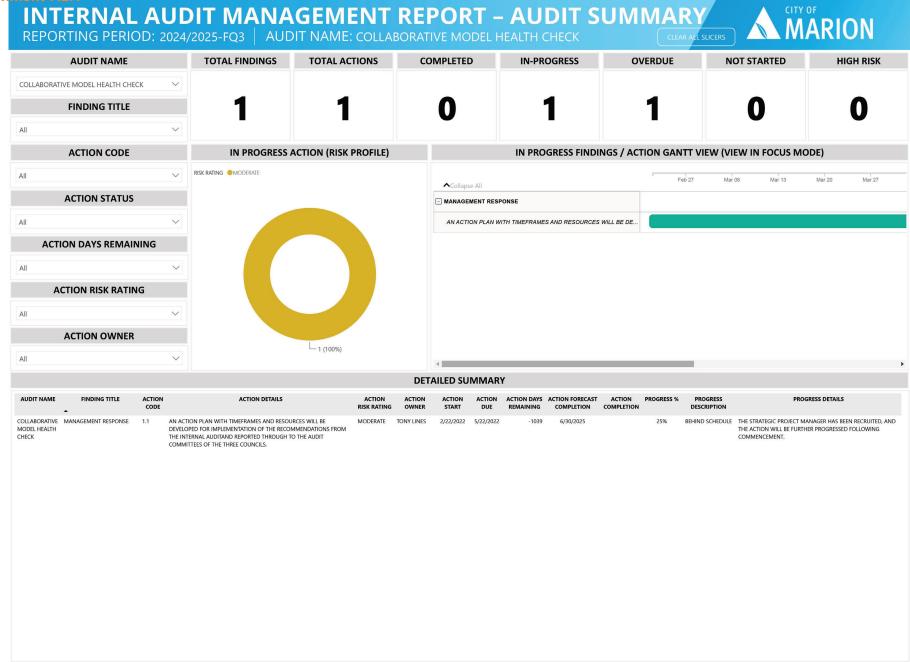
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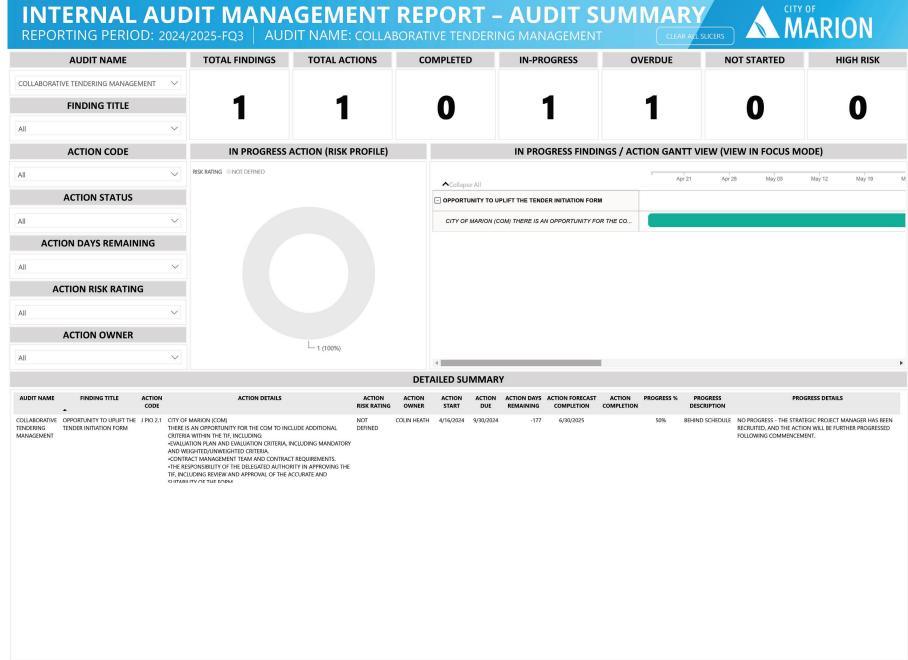
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AUDIT NAME	FINDING TITLE	ACTION CODE	ACTION DETAILS	ACTION RISK RATING	ACTION OWNER	ACTION START	ACTION DUE	ACTION DAYS REMAINING	ACTION FORECAST COMPLETION	ACTION COMPLETION	PROGRESS %	PROGRESS DESCRIPTION	PROGRESS DETAILS
COLLABORATIVE CONTRACT VALUE FOR MONEY	GAPS OVER GOVERNANCE AND MONITORING OF STRATEGIC CONTRACTS	J2.2	ESTABLISH A CROSS-COUNCIL GOVERNANCE FORUM OR COMMITTEE WITH REPRESENTATIVES FROM THE EACH COUNCIL TO OVERSEE PERFORMANCE OF CROSS-COUNCIL CONTRACTS AND PANEL ARRANGEMENTS, EXPLORE FURTHER STRATEGIC PROCUREMENT OPPORTUNITIES (RENEWALS AND NEW TENDERS) AND KNOWLEDGE SHARE ON CONTRACT MANDRESSE OF PRACTICES.	MODERATE	COLIN HEATH	11/9/2023	6/30/2024	-269	6/30/2025		20%	BEHIND SCHEDULE	NO PROGRESS - THE STRATEGIC PROJECT MANAGER HAS BEEN RECRUITED, AND THE ACTION WILL BE FURTHER PROGRESSED FOLLOWING COMMENCEMENT.
COLLABORATIVE CONTRACT VALUE FOR MONEY	GAPS OVER GOVERNANCE AND MONITORING OF STRATEGIC CONTRACTS	J3	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 VAP PRIORITIES) TO PROVIDE CLEAR MEASURES ONGOING PERFORMANCE OF THE ACTIVE CONTRACTS, INCLUDING IDENTIFICATION AND CAPILIFIED OF CONTRACT FEB 42TH SCALL BENEFITS.	MODERATE	Colin Heath	11/9/2023	6/30/2024	-269	6/30/2025		50%	BEHIND SCHEDULE	NO PROGRESS - THE STRATEGIC PROJECT MANAGER HAS BEEN RECRUITED, AND THE ACTION WILL BE FURTHER PROGRESSED FOLLOWING COMMENCEMENT.
COLLABORATIVE CONTRACT VALUE FOR MONEY	NOMINATED CONTRACTS VFM TESTING AND OBSERVATIONS AND OPPORTUNITIES	1.1	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	LOW	COLIN HEATH	11/9/2023	6/30/2024		5/1/2025	3/14/2025	100%	COMPLETED	CONTRACT MANAGERS FOR CLEANING AND WEED SPRAYING CONFIRM THEY ARE CONDUCTING REGULAR SPOT CHECKS TO ENSURE COMPLIANCE WITH CONTRACTUAL OBLIGATIONS.
COLLABORATIVE CONTRACT VALUE FOR MONEY	OPPORTUNITY TO UPLIFT CONTRACT MANAGEMENT DOCUMENTATION	J1	REVIEW AND UPDATE THE GUIDE AS PER AREAS IDENTIFIED.	LOW	COLIN HEATH	11/9/2023	6/30/2024	-269	3/31/2025		0%	BEHIND SCHEDULE	NO PROGRESS - THE STRATEGIC PROJECT MANAGER HAS BEEN RECRUITED, AND THE ACTION WILL BE FURTHER PROGRESSED FOLLOWING COMMENCEMENT.

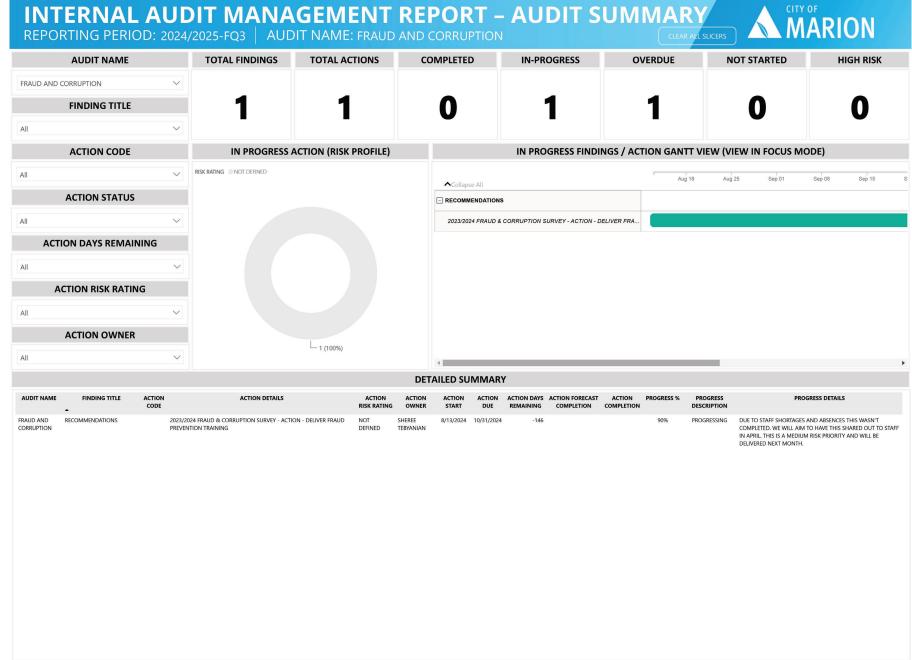


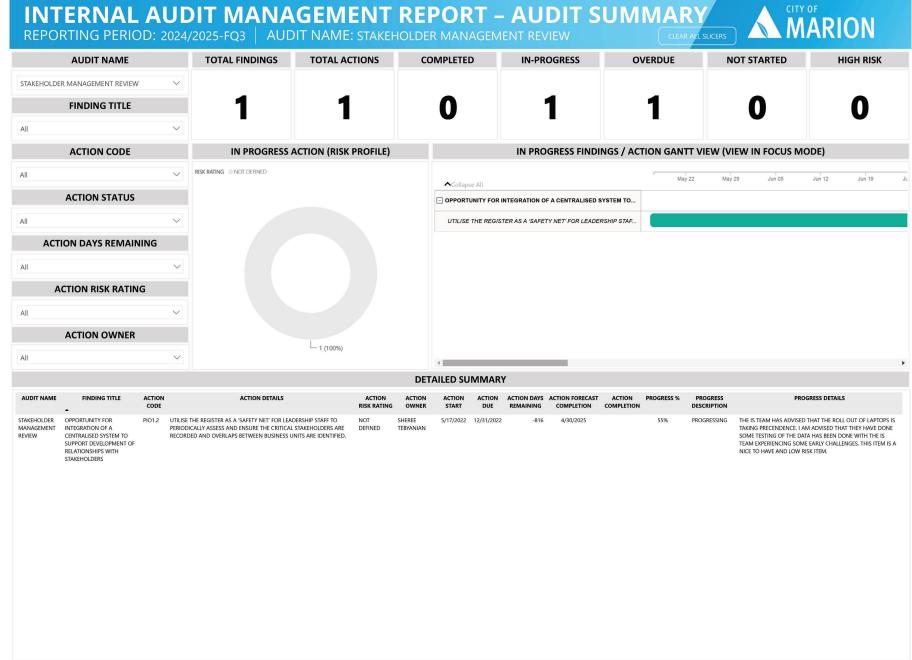


#### **INTERNAL AUDIT MANAGEMENT REPORT – AUDIT SUMMARY** REPORTING PERIOD: 2024/2025-FQ3 AUDIT NAME: CYBER SECURITY **AUDIT NAME** TOTAL FINDINGS **TOTAL ACTIONS** COMPLETED **IN-PROGRESS OVERDUE NOT STARTED HIGH RISK** CYBER SECURITY **FINDING TITLE** IN PROGRESS ACTION (RISK PROFILE) IN PROGRESS FINDINGS / ACTION GANTT VIEW (VIEW IN FOCUS MODE) **ACTION CODE** RISK RATING MODERATE LOW All ◆Collapse All **ACTION STATUS** - LACK OF CONTROLS TO VALIDATE THE INTEGRITY OF SOFTWARE .. 1 (33.33%) All EMBED VALIDATION OF INTEGRITY USING DIGITAL SIGNATURES O. **ACTION DAYS REMAINING** PRESENCE OF SHADOW IT ENGAGE WITH RELEVANT POINT OF CONTACTS IN THE COUNCIL T. All IDENTIFY UNAPPROVED SAAS APPLICATIONS BY LEVERAGING FIR.. **ACTION RISK RATING** PERFORM AN ASSESSMENT OF THE DATA STORED IN MONDAY.CO... All **ACTION OWNER** 2 (66.67%) All **DETAILED SUMMARY AUDIT NAME** FINDING TITLE ACTION ACTION DETAILS ACTION ACTION ACTION ACTION ACTION DAYS ACTION FORECAST ACTION PROGRESS % PROGRESS PROGRESS DETAILS RISK RATING OWNER START DUE REMAINING COMPLETION COMPLETION DESCRIPTION EMBED VALIDATION OF INTEGRITY USING DIGITAL SIGNATURES OR CYBER SECURITY LACK OF CONTROLS TO J2.3 JASON 5/16/2023 12/31/2024 12/31/2025 PROGRESSING NO MONTHLY PROGRESS CHANGE - SIGNATURE VALIDATION OF VALIDATE THE INTEGRITY OF SIMILAR MECHANISMS IN BAU PATCHING PROCESS TO VERIFY THE SPALDING HARDWARE DRIVERS CAUSED BUSINESS DISRUPTION SOFTARE OR DATA IS FROM THE EXPECTED SOURCE AND HAS NOT BEEN THROUGHOUT THE TEST DEVICES AND HAS BEEN ROLLED BACK. SOFTWARE PATCHES REIMPLEMENTATION OF THE DETECTIVE CONTROL IS BEING REASSESSED AGAINST THE ESSENTIAL EIGHT APPLICATION CONTROLS. CYBER SECURITY PRESENCE OF SHADOW IT 1.1 IDENTIFY UNAPPROVED SAAS APPLICATIONS BY LEVERAGING FIREWALL MODERATE **JASON** 5/16/2023 12/31/2026 645 AUTOMATION OF APPLICATION MANAGEMENT IS IN PLACE FOR AND WEB-PROXY LOGS. **SPALDING** DETECTED APPLICATIONS, WITH BLOCKS DEPLOYED AUTOMATICALLY FOR UNAPPROVED AND RISKY APPLICATIONS (WHEN ASSESSED AGAINST THE MICROSOFT CLOUD APP DASHBOARD SCORES) CYBER SECURITY PRESENCE OF SHADOW IT 1.2 ENGAGE WITH RELEVANT POINT OF CONTACTS IN THE COUNCIL TO MODERATE JASON 5/16/2023 12/31/2026 645 HIGH RISK (LOW SCORING) APPLICATIONS IDENTIFIED ARE INITIATE A SECURITY REVIEW OF UNAPPROVED SAAS APPLICATIONS. SPALDING BLOCKED TECHNOLOGICALLY. BUSINESS CONTACTS ARE BEING IDENTIFIED FOR ITEMS THAT ARE HIGH RISK AND USED BY THE BUSINESS. PERFORM AN ASSESSMENT OF THE DATA STORED IN MONDAY.COM AND MODERATE ACTION IS DEPENDENT ON ITEM 1.1 ( SOFTWARE AUDIT ), AND CYBER SECURITY PRESENCE OF SHADOW IT 1.3 **JASON** 5/16/2023 12/31/2026 645 ADDITIONALLY WORKS WITH ARB TO MANAGE AND REFINE THE SPALDING PROCESSES FOR DETERMINING OWNERSHIP AND REDUCTION OF SHADOW IT.

#### INTERNAL AUDIT MANAGEMENT REPORT - AUDIT SUMMARY REPORTING PERIOD: 2024/2025-FQ3 AUDIT NAME: DATA GOVERNANCE **AUDIT NAME** TOTAL FINDINGS **TOTAL ACTIONS** COMPLETED **IN-PROGRESS** OVERDUE **NOT STARTED HIGH RISK** DATA GOVERNANCE **FINDING TITLE** IN PROGRESS FINDINGS / ACTION GANTT VIEW (VIEW IN FOCUS MODE) **ACTION CODE** IN PROGRESS ACTION (RISK PROFILE) RISK RATING MODERATE NOT DEFINED All ◆Collapse All **ACTION STATUS** ☐ DATA ATTESTATION AND CONTROLS All ESTABLISH DATA QUALITY PRACTICES: BASED ON VALUE/SENSITIV. **ACTION DAYS REMAINING** ESTABLISH FORMAL DATA CHANGE MANAGEMENT PROCEDURES: STRENGTHEN DATA QUALITY ASSURANCE PRACTICES: FORMULAT. All F HIGH-VALUE DATASETS **ACTION RISK RATING** FORMALISING DATASET CHANGES: FORMALISE A CHANGE MANAG. All - PRIVACY AND SECURITY **ACTION OWNER** GUIDANCE ON USER ACCESS RIGHTS REVIEWS: SET AN ORGANIS L<sub>2 (100%)</sub> All **DETAILED SUMMARY AUDIT NAME** FINDING TITLE ACTION ACTION DETAILS ACTION ACTION ACTION ACTION ACTION DAYS ACTION FORECAST ACTION PROGRESS % PROGRESS PROGRESS DETAILS REMAINING RISK RATING OWNER START DUE COMPLETION COMPLETION DATA ATTESTATION AND STRENGTHEN DATA QUALITY ASSURANCE PRACTICES: FORMULATE MODERATE CATHLYN 8/13/2024 12/31/2024 3/30/2025 3/3/2025 COMPLETED DATA QUALITY GUIDELINE WAS ENDORSED BY THE DGC TODAY 100% GOVERNANCE CONTROLS BUSINESS-UNIT GUIDANCE ON CLEAR DATA ATTESTATION GUIDELINES ANDERSON (03/03/2025). DATA QUALITY MANAGEMENT TRAINING IS AND DISSEMINATE ACROSS BUSINESS UNITS. TO SUPPORT THIS AVAILABLE AS PART OF THE DIGITAL LITERACY TRAINING INITIATIVE, INVOLVE KEY DATA PERSONNEL AT BUSINESS-UNIT LEVELS IN DATA DATA ATTESTATION AND ESTABLISH DATA QUALITY PRACTICES: BASED ON VALUE/SENSITIVITY OF MODERATE MARCEL 8/13/2024 7/31/2024 6/30/2025 BEHIND SCHEDULE EXTERNAL CONTRACTOR HAS STARTED ON A 3 MONTH GOVERNANCE CONTROLS DATASETS (AND OTHER FACTORS INCLUDING MANUAL ENTRY OF DATA), ALTHOFF CONTRACT TO HELP US DEFINE AND DEVELOP A PLAN FOR THE ESTABLISH AND MANDATE ROUTINE DATA QUALITY REVIEWS TO ENSURE KPMG DATA AUDIT REPORT THAT WILL HELP COMPLETE THIS ACCURACY AND CONSISTENCY, WITH TRANSPARENT CRITERIA AND SCHEDULED INTERVALS. DATA ATTESTATION AND ESTABLISH FORMAL DATA CHANGE MANAGEMENT PROCEDURES: MODERATE CATHLYN 8/13/2024 12/31/2024 3/30/2025 3/3/2025 AMENDMENT TO THE DATA MANAGEMENT PROCEDURE TO GOVERNANCE CONTROLS DEVELOP AND IMPLEMENT A STRUCTURED PROCESS FOR DATASET INCLUDE THE DATA CHANGE MANAGEMENT SECTION WAS CHANGES THAT INCLUDES STEPS FOR REVIEW, APPROVAL, AND ENDORSED BY THE DGC TODAY (03/03/2025). 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 HIGH-VALUE DATASETS FORMALISING DATASET CHANGES: FORMALISE A CHANGE MANAGEMENT. NOT CATHIYN 8/13/2024 12/31/2024 3/3/2025 100% COMPLETED. AMENDMENT TO THE DATA MANAGEMENT PROCEDURE TO GOVERNANCE PROCESS FOR ADJUSTMENTS TO DATASETS THAT WOULD IMPACT DEFINED ANDERSON INCLUDE A SECTION ON DATA CHANGE MANAGEMENT WAS CURRENT REPORTING. THIS CHANGE MANAGEMENT PROCESS SHOULD ENDORSED TODAY (03/03/2025) BY THE DGC. 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. GUIDANCE ON USER ACCESS RIGHTS REVIEWS: SET AN ORGANISATION-BEHIND SCHEDULE EXTERNAL CONTRACTOR HAS STARTED ON A 3 MONTH DATA PRIVACY AND SECURITY MODERATE MARCEL 8/13/2024 12/31/2024 3/30/2025 GOVERNANCE WIDE STANDARD FOR USER ACCESS RIGHTS REVIEWS, AND WHERE CONTRACT TO HELP US DEFINE AND DEVELOP A PLAN FOR THE POSSIBLE, AUTOMATE THE GENERATION OF A SYSTEM REPORT ON USER KPMG DATA AUDIT REPORT THAT WILL HELP COMPLETE THIS

RIGHTS AND ACTIVITY. A WORKFLOW SHOULD BE DEVELOPED TO

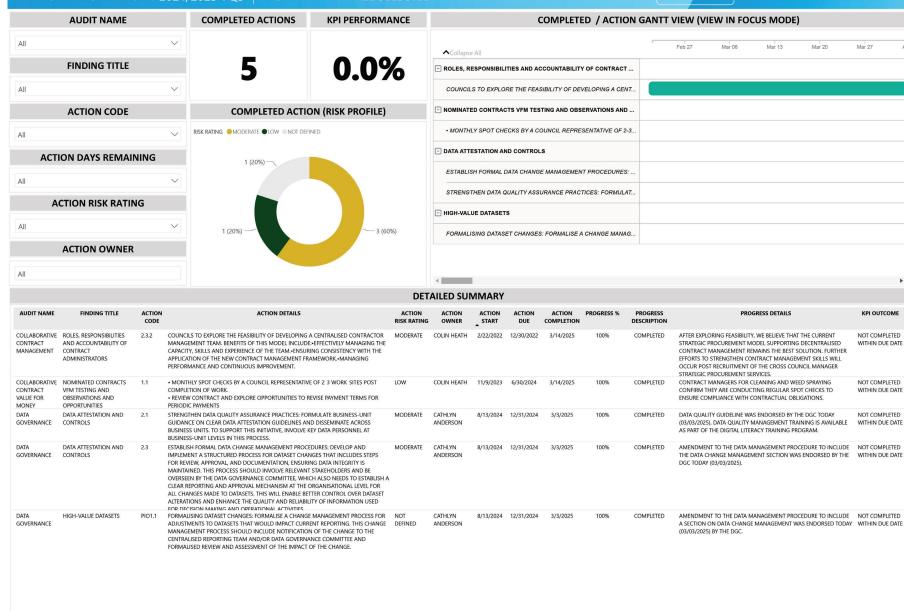




### **INTERNAL AUDIT MANAGEMENT REPORT - COMPLETED**

REPORTING PERIOD: 2024/2025-FQ3 | AUDIT NAME: ALL SELECTED

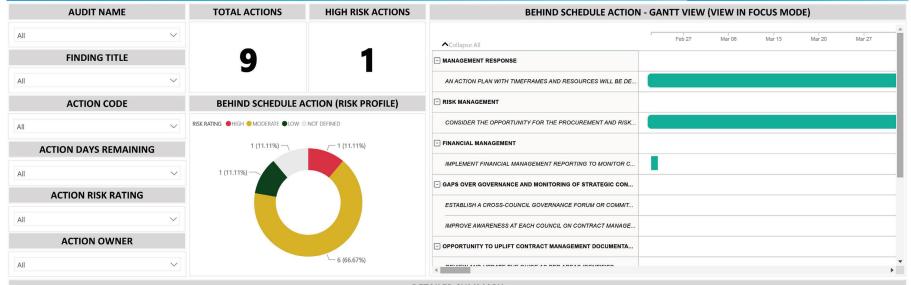




## INTERNAL AUDIT MANAGEMENT REPORT - BEHIND SCHEDULE

MARION

REPORTING PERIOD: 2024/2025-FQ3 AUDIT NAME: ALL SELECTED

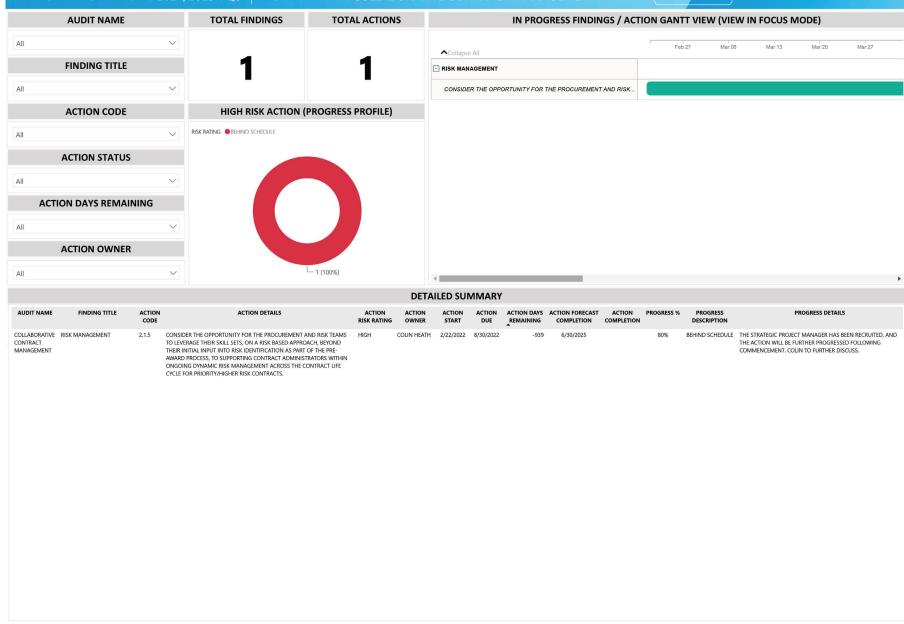


	DETAILED SUMMARY											
AUDIT NAME	FINDING TITLE	ACTION CODE	ACTION DETAILS	ACTION RISK RATING	ACTION OWNER	ACTION START	ACTION DUE	ACTION DAYS REMAINING	ACTION FORECAST COMPLETION	PROGRESS %	PROGRESS DESCRIPTION	PROGRESS DETAILS
COLLABORATIVE CONTRACT MANAGEMENT	FINANCIAL MANAGEMENT	2.2.1	IMPLEMENT FINANCIAL MANAGEMENT REPORTING TO MONITOR CONTRACT SPEND PROFILES AGAINST THE CONTRACT COMMITMENT VALUE (ORIGINAL CONTRACT AND VARIATIONS) AND POS TO BENSIE COMPILANCE WITH PROCUREMENT THRESHOLDS OVER THE CONTRACT LIFECYCLE. FURTHER, CONSIDER PROVIDING THIS REPORTING TO RELEVANT COMMITTEE OR GOVERNING BODY, AS REQUIRED.	MODERATE	COLIN HEATH	2/22/2022	12/30/2021	-1182	6/30/2025	75%	BEHIND SCHEDULE	NO PROGRESS - THE STRATEGIC PROJECT MANAGER HAS BEEN RECRUITED, AND THE ACTION WILL BE FURTHER PROGRESSED FOLLOWING COMMENCEMENT.
COLLABORATIVE CONTRACT MANAGEMENT	RISK MANAGEMENT	2.1.5	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 ADMINISTRATIOS WITHIN ONCOING DYNAMIC RISK MANAGEMENT ACROSS THE CONTRACT IF CYCLE FOR PRIORITY/HIGHER RISK CONTRACT.	HIGH	COLIN HEATH	2/22/2022	8/30/2022	-939	6/30/2025	80%	BEHIND SCHEDULE	THE STRATEGIC PROJECT MANAGER HAS BEEN RECRUITED, AN THE ACTION WILL BE FURTHER PROGRESSED FOLLOWING COMMENCEMENT. COLIN TO FURTHER DISCUSS.
COLLABORATIVE CONTRACT VALUE FOR MONEY	GAPS OVER GOVERNANCE AND MONITORING OF STRATEGIC CONTRACTS	J2.2	ESTABLISH A CROSS-COUNCIL GOVERNANCE FORUM OR COMMITTER 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.	MODERATE	COLIN HEATH	11/9/2023	6/30/2024	-269	6/30/2025	20%	BEHIND SCHEDULE	NO PROGRESS THE STRATEGIC PROJECT MANAGER HAS BEEN RECRUITED, AND THE ACTION WILL BE FURTHER PROGRESSED FOLLOWING COMMENCEMENT.
CONTRACT	GAPS OVER GOVERNANCE AND MONITORING OF STRATEGIC CONTRACTS	J3	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 RENIFIES	MODERATE	COLIN HEATH	11/9/2023	6/30/2024	-269	6/30/2025	50%	BEHIND SCHEDULE	NO PROGRESS - THE STRATEGIC PROJECT MANAGER HAS BEEF RECRUITED, AND THE ACTION WILL BE FURTHER PROGRESSED FOLLOWING COMMENCEMENT.
COLLABORATIVE CONTRACT VALUE FOR MONEY	OPPORTUNITY TO UPLIFT CONTRACT MANAGEMENT DOCUMENTATION	J1	REVIEW AND UPDATE THE GUIDE AS PER AREAS IDENTIFIED.	LOW	COLIN HEATH	11/9/2023	6/30/2024	-269	3/31/2025	0%	BEHIND SCHEDULE	NO PROGRESS - THE STRATEGIC PROJECT MANAGER HAS BEEN RECRUITED, AND THE ACTION WILL BE FURTHER PROGRESSED FOLLOWING COMMENCEMENT.
COLLABORATIVE MODEL HEALTH CHECK	MANAGEMENT RESPONSE	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 COMMITTES OF THE THREE COUNCILS.	MODERATE	TONY LINES	2/22/2022	5/22/2022	-1039	6/30/2025	25%	BEHIND SCHEDULE	THE STRATEGIC PROJECT MANAGER HAS BEEN RECRUITED, AN THE ACTION WILL BE FURTHER PROGRESSED FOLLOWING COMMENCEMENT.
COLLABORATIVE TENDERING MANAGEMENT	OPPORTUNITY TO UPLIFT THE TENDER INITIATION FORM	J PIO 2.1	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 WEIGHTEDJUNWEIGHTED CRITERIACONTRACT MANAGEMENT TEAM AND CONTRACT REQUIREMENTS.	NOT DEFINED	COLIN HEATH	4/16/2024	9/30/2024	-177	6/30/2025	50%	BEHIND SCHEDULE	NO PROGRESS - THE STRATEGIC PROJECT MANAGER HAS BEEN RECRUITED, AND THE ACTION WILL BE FURTHER PROGRESSED FOLLOWING COMMENCEMENT.

### **INTERNAL AUDIT MANAGEMENT REPORT – HIGH RISK**

REPORTING PERIOD: 2024/2025-FQ3 | AUDIT NAME: COLLABORATIVE CONTRACT MANAGEMENT

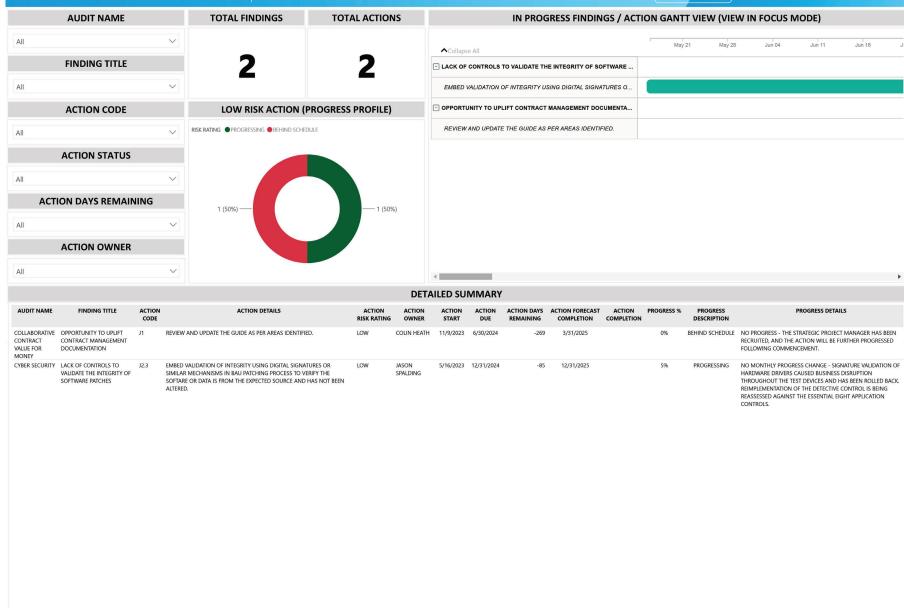




### **INTERNAL AUDIT MANAGEMENT REPORT – LOW RISK**

REPORTING PERIOD: 2024/2025-FQ3 AUDIT NAME: ALL SELECTED



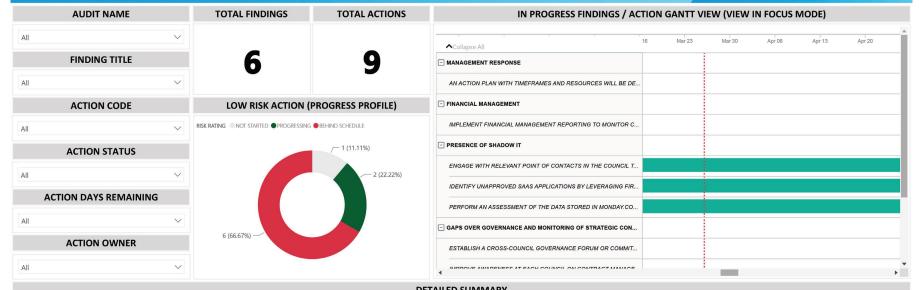


### INTERNAL AUDIT MANAGEMENT REPORT - MODERATE RISK

REPORTING PERIOD: 2024/2025-FQ3 | AUDIT NAME: ALL SELECTED





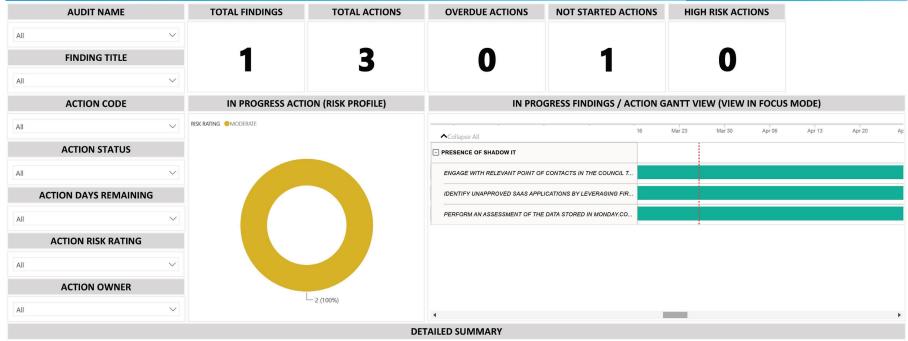


	DETAILED SUMMARY												
AUDIT NAME	FINDING TITLE	ACTION CODE	ACTION DETAILS	ACTION RISK RATING	ACTION OWNER	ACTION START	ACTION DUE	ACTION DAYS REMAINING	ACTION FORECAST COMPLETION	ACTION COMPLETION	PROGRESS %	PROGRESS DESCRIPTION	PROGRESS DETAILS
COLLABORATIVE CONTRACT MANAGEMENT	FINANCIAL MANAGEMENT	2.2.1	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.	MODERATE	COLIN HEATH	2/22/2022	12/30/2021	-1182	6/30/2025		75%	BEHIND SCHEDULE	NO PROGRESS - THE STRATEGIC PROJECT MANAGER HAS BEEN RECRUITED, AND THE ACTION WILL BE FURTHER PROGRESSED FOLLOWING COMMENCEMENT.
COLLABORATIVE CONTRACT VALUE FOR MONEY	GAPS OVER GOVERNANCE AND MONITORING OF STRATEGIC CONTRACTS	J2.2	ESTABLISH A CROSS-COUNCIL GOVERNANCE FORUM OR COMMITTEE WITH REPRESENTATIVES FROM THE EACH COUNCIL TO OVERSEE PERFORMANCE OF CROSS-COUNCIL CONTRACTS AND PANEL ARRANGEMENTS, EXPLORE FURTHER STRATEGIC PROCUBEMENT OPPORTUNITIES (RENEWALS AND NEW TENDERS) AND KNOWLEDGE SHARE ON CONTRACT MANAGEMENT PRACTICES.	MODERATE	COLIN HEATH	11/9/2023	6/30/2024	-269	6/30/2025		20%	BEHIND SCHEDULE	NO PROGRESS - THE STRATEGIC PROJECT MANAGER HAS BEEN RECRUITED, AND THE ACTION WILL BE FURTHER PROGRESSED FOLLOWING COMMENCEMENT.
COLLABORATIVE CONTRACT VALUE FOR MONEY	GAPS OVER GOVERNANCE AND MONITORING OF STRATEGIC CONTRACTS	J3	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 PURTHER CONTRACT MANAGEMENT PROCEDURES, TOOLS AND TEMPLATES. THIS INCLUDES FURTHER GUIDANCE ON PERFORMANCE METRIC DEVELOPMENT (INCLUDING VEMPRORITIES) TO PROVIDE CLEAR MEASURES ONGOING PERFORMANCE OF THE ACTIVE CONTRACTS, INCLUDING IDENTIFICATION AND CAPTURING OF CONTRACTS ATTERS SOCIAL BRIFFIEST.	MODERATE	COLIN HEATH	11/9/2023	6/30/2024	-269	6/30/2025		50%	BEHIND SCHEDULE	NO PROGRESS - THE STRATEGIC PROJECT MANAGER HAS BEEN RECRUITED, AND THE ACTION WILL BE FURTHER PROGRESSED FOLLOWING COMMENCEMENT.
COLLABORATIVE MODEL HEALTH CHECK	MANAGEMENT RESPONSE	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	TONY LINES	2/22/2022	5/22/2022	-1039	6/30/2025		25%	BEHIND SCHEDULE	THE STRATEGIC PROJECT MANAGER HAS BEEN RECRUITED, AND THE ACTION WILL BE FURTHER PROGRESSED FOLLOWING COMMENCEMENT.
CYBER SECURITY	PRESENCE OF SHADOW IT	1.1	IDENTIFY UNAPPROVED SAAS APPLICATIONS BY LEVERAGING FIREWALL AND WEB-PROXY LOGS.	MODERATE	JASON SPALDING	5/16/2023	12/31/2026	645			50%	PROGRESSING	AUTOMATION OF APPLICATION MANAGEMENT IS IN PLACE FOR DETECTED APPLICATIONS, WITH BLOCKS DEPLOYED AUTOMATICALLY FOR UNAPPROVED AND RISKY APPLICATIONS (WHEN ASSESSED AGAINST THE MICROSOFT CLOUD APP DASHBOARD SCORES)
CYBER SECURITY	PRESENCE OF SHADOW IT	1.2	ENGAGE WITH RELEVANT POINT OF CONTACTS IN THE COUNCIL TO INITIATE A SECURITY REVIEW OF UNAPPROVED SAAS APPLICATIONS.	MODERATE	JASON SPALDING	5/16/2023	12/31/2026	645			20%	PROGRESSING	HIGH RISK (LOW SCORING) APPLICATIONS IDENTIFIED ARE BLOCKED TECHNOLOGICALLY. BUSINESS CONTACTS ARE BEING IDENTIFIED FOR ITEMS THAT ARE HIGH RISK AND USED BY THE BUSINESS.
CYBER SECURITY	PRESENCE OF SHADOW IT	1.3	PERFORM AN ASSESSMENT OF THE DATA STORED IN MONDAY.COM AND OTHER UNAUTHORISED APPLICATIONS.	MODERATE	JASON SPALDING	5/16/2023	12/31/2026	645			0%	NOT STARTED	ACTION IS DEPENDENT ON ITEM 1.1 ( SOFTWARE AUDIT ), AND ADDITIONALLY WORKS WITH ARB TO MANAGE AND REFINE THE

### **INTERNAL AUDIT MANAGEMENT REPORT - COMING UP**

REPORTING PERIOD: 2024/2025-FQ3 | AUDIT NAME: CYBER SECURITY





					-	IAILLU	301111171						
AUDIT NAME	FINDING TITLE	ACTION CODE	ACTION DETAILS	ACTION RISK RATING	ACTION OWNER	ACTION START	ACTION DUE	ACTION DAYS REMAINING	ACTION FORECAST COMPLETION	ACTION COMPLETION	PROGRESS %	PROGRESS DESCRIPTION	PROGRESS DETAILS
CYBER SECURITY	PRESENCE OF SHADOW IT	1.1	IDENTIFY UNAPPROVED SAAS APPLICATIONS BY LEVERAGING FIREWALL AND WEB-PROXY LOGS.	MODERATE	JASON SPALDING	5/16/2023	12/31/2026	645			50%	PROGRESSING	AUTOMATION OF APPLICATION MANAGEMENT IS IN PLACE FOR DETECTED APPLICATIONS, WITH BLOCKS DEPLOYED AUTOMATICALLY FOR UNAPPROVED AND RISKY APPLICATIONS (WHEN ASSESSED AGAINST THE MICROSOFT CLOUD APP DASHBOARD SCORES)
CYBER SECURITY	PRESENCE OF SHADOW IT	1.2	ENGAGE WITH RELEVANT POINT OF CONTACTS IN THE COUNCIL TO INITIATE A SECURITY REVIEW OF UNAPPROVED SAAS APPLICATIONS.	MODERATE	JASON SPALDING	5/16/2023	12/31/2026	645			20%	PROGRESSING	HIGH RISK (LOW SCORING) APPLICATIONS IDENTIFIED ARE BLOCKED TECHNOLOGICALLY. BUSINESS CONTACTS ARE BEING IDENTIFIED FOR ITEMS THAT ARE HIGH RISK AND USED BY THE BUSINESS.
CYBER SECURITY	PRESENCE OF SHADOW IT	1.3	PERFORM AN ASSESSMENT OF THE DATA STORED IN MONDAY.COM AND OTHER UNAUTHORISED APPLICATIONS.	MODERATE	JASON SPALDING	5/16/2023	12/31/2026	645			0%	NOT STARTED	ACTION IS DEPENDENT ON ITEM 1.1 (SOFTWARE AUDIT), AND ADDITIONALLY WORKS WITH ARE TO MANAGE AND REFINE TH PROCESSES FOR DETERMINING OWNERSHIP AND REDUCTION OF SHADOW IT.



#### 7.3 2nd Budget Review 2024/25

Report Reference FRAC250408R7.3

Originating Officer Unit Manager - Finance Partnering & Rates – Heath Harding

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 Committee with the financial results for the 2<sup>nd</sup> Budget Review for 2024-2025. The budget review is a revised forecast of the 2024-2025 budget and as such any savings identified for 2024-2025 during budget reviews will not be confirmed until the projects are completed and/or the financial statements are prepared, inclusive of accruals, and audited at the end of the financial year.

#### **EXECUTIVE SUMMARY**

The completion of the 2<sup>nd</sup> Budget Review has identified a favourable net cash adjustment of **\$760,531**. Adding this to the 1<sup>st</sup> Budget Review forecast budget surplus of \$444,436 increases the full year forecast cash surplus to **\$1,204,967**.

The 2024-2025 - 2<sup>nd</sup> Budget Review adjustments can be attributed to the following:

Cash Statement Reconciliation	\$	\$
1st Budget Review Forecast Cash Surplus		444,436
2nd Budget Review Adjustments		
Add Favourable		
Cove Sports Upgrade - return of funds not required	899,331	
Reduction in loan repayments & interest expense	421,146	
Increase in User Charges income (Marion Outdoor Pool, MCC, Mitchell Park Sports Club)	310,776	
Recognition of Marion Water Sales	125,000	
Rates income - revised forecast for rebates, fines and interest	104,841	
Increase in Investment Interest income	103,140	
Savings in MCC Plaza Upgrade capital construction	88,192	
Increase in Statutory Charges income (Dog Registration Fees, Development Assessment Income)	84,103	
Various other net minor favourable adjustments	23,384	2,159,913
<u>Less Unfavourable</u>		
Labour resourcing (partially offset by grant funding and increase income)	_	101,455
Total 2nd Budget Review Adjustments		2,058,458
Revised 2024-2025 Cash Surplus before Council Resolutions		2,502,894
Less Council Resolutions funded from Rates		
GC250128F11.2 - Confidential - Capital	352,000	
GC241022F11.3 - Confidential - Capital	437,700	
SGC241119F8.1 - Confidential - Capital	125,000	
SGC241119F8.1 - Confidential - Operating	383,227	1,297,927
Revised 2024-2025 Forecast Cash Surplus		1,204,967



#### RECOMMENDATION

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

1. Notes the 2<sup>nd</sup> Budget Review position.

#### **GENERAL ANALYSIS**

Council is required to reconsider the approved budget three times during the year in accordance with Section 123 (13) of the Local Government Act 1999 and Section 9 of the Local Government (Financial Management) Regulations 2011.

The original 2024-25 budget was developed within the context of a long term framework to achieve a balance between meeting the objectives of the Strategic Plan and attaining financial sustainability in the long term.

#### **FRAMEWORK**

This budget review continues the focus on achieving the framework set by Council when developing the 2024-25 budget, this being:

- Support the achievement of the City of Marion's strategic directions;
- Address issues arising and opportunities identified from internal audit reviews and business excellence assessments;
- Maintain, on average, a breakeven or positive funding (cash) position over the Long Term Financial Plan:
- Continue to improve the maintenance of assets in accordance with Council's Asset
   Management Plans, with a priority on maintenance before renewal, and renewal before new
   when it is cost effective to do so;
- Review existing services and assets to ensure they meet prioritised community needs;
- Council only approve new major projects where it has the identified funding capacity to do so;
- Maintain Council's position for an average residential rate which remains among the lower rating metropolitan councils.

#### DISCUSSION

#### **Cash Position**

The completion of the 2<sup>nd</sup> Budget Review has identified a favourable net cash adjustment of **\$760,531**. Adding this to the 1<sup>st</sup> Budget Review forecast budget surplus of \$444,436 increases the full year forecast cash surplus to **\$1,204,967**.



The 2024-2025 - 2<sup>nd</sup> Budget Review adjustments can be attributed to the following:

Cash Statement Reconciliation	\$	\$
1st Budget Review Forecast Cash Surplus		444,436
2nd Budget Review Adjustments		
Add Favourable		
Cove Sports Upgrade - return of funds not required	899,331	
Reduction in loan repayments & interest expense	421,146	
Increase in User Charges income (Marion Outdoor Pool, MCC, Mitchell Park Sports Club)	310,776	
Recognition of Marion Water Sales	125,000	
Rates income - revised forecast for rebates, fines and interest	104,841	
Increase in Investment Interest income	103,140	
Savings in MCC Plaza Upgrade capital construction	88,192	
Increase in Statutory Charges income (Dog Registration Fees, Development Assessment Income)	84,103	
Various other net minor favourable adjustments	23,384	2,159,913
Less Unfavourable		
Labour resourcing (partially offset by grant funding and increase income)		101,455
Total 2nd Budget Review Adjustments	_	2,058,458
Revised 2024-2025 Cash Surplus before Council Resolutions	_	2,502,894
Less Council Resolutions funded from Rates		
GC250128F11.2 - Confidential - Capital	352,000	
GC241022F11.3 - Confidential - Capital	437,700	
SGC241119F8.1 - Confidential - Capital	125,000	
SGC241119F8.1 - Confidential - Operating	383,227	1,297,927
Revised 2024-2025 Forecast Cash Surplus		1,204,967

#### The cash result:

- Identifies the cash difference between total revenues and expenditures of Council after allowing for funding from loans, investments, cash draw-downs and reserves.
- Includes capital expenditures, which are excluded from the operating result.
- Provides information of changes in uncommitted financial resources available to Council.
- Returns a cash surplus where savings arise from the original budget, representing an increase in uncommitted financial resources or returns a cash deficit when costs are greater than the original budget, representing a decrease in available financial resources.

The 2<sup>nd</sup> Budget review for 2024-2025 is based upon actual results to the end of January 2025 and forecast for the remainder of the financial year to June 2025.

In accordance with the Local Government (Financial Management) Regulations 2011 a revised budgeted income statement, balance sheet, statement of changes in equity and statement of cash flows are provided in Attachment 2.



#### **Operating Position**

The 2<sup>nd</sup> Budget Review – 2024-2025 forecasts an operating deficit of \$6.632m, adjusted from an operating deficit of \$3.972m in the 1<sup>st</sup> Budget Review for 2024-2025.

The revised forecast operating result reflects non-cash adjustments of \$2.185m due to a revised forecast for depreciation and the reclassification to operating expenditure from capital projects of \$0.983m.

The revised forecast for depreciation results from the comprehensive revaluation of assets as part of the annual financial statements and additional depreciation for significant works expected to be completed during 2024-2025.

There were also additional funding allocations through confidential Council Resolutions of \$673k offset by favourable adjustments to income for rating, statutory and user charges.

#### **Capital Works Budget**

The 2<sup>nd</sup> Budget Review forecasts capital expenditure increasing by \$2.371m from \$46.669m to \$49.039m (Renewal \$15.407m, New \$33.632m).

This increase is predominantly in relation to the additional funds allocated through confidential council resolutions \$4.912m for works at Marino Hall, fourth soccer pitch and the planned acquisition of land at Nungamoora.

This additional expenditure was partially offset by the return of funds no longer required following the completion of the Cove Sports Club Upgrade (\$0.899m) and MCC Plaza Redevelopment works (\$0.088m). The reclassification of capital expenditure to operating \$0.983m is also reflected in the revised forecast for capital expenditure.

Capital works of \$0.778m have also been retimed with budgets carried over to 2025-2026. Detailed listings of capital works removed from the 2024-2025 budget are contained in Appendix 3.

#### **Borrowings**

The 2<sup>nd</sup> Budget review reflects additional forecast borrowings of \$3.500m for 2024-25 bringing the forecast borrowings at June 2025 to \$13.985m.

Under council's Treasury Management Policy, cash balances are continuously monitored and if required, debt will be secured to ensure cash balances do not reduce below that required for capital projects and working capital purposes.

The need for potential borrowings is reviewed as part of the annual budget setting process and approval to access these funds is sought as part of the annual budget process.

#### Reserves

The 2<sup>nd</sup> Budget Review reports a net allocation from Reserves of \$14.196m, an adjustment of \$0.778m. This adjustment relates to the transfer to reserve of Capital Works budgets retimed to 2025-2026.

Detailed listings of Capital works retimed and carried over to 2025-2026 are contained in Appendix 3.



#### **Labour Budgets**

Overall forecast labour costs have increased by \$0.101m bringing the total 2024-2025 labour budget to \$47.409m. This forecast increase reflects additional labour requirements at the Marion Outdoor Pool, fully offset by increases in Marion Outdoor Pool income and minor increases in grant funded programs.

#### Depreciation

The depreciation budget for 2024-2025 increased by \$2.185m in the 2<sup>nd</sup> Budget Review to \$23.783m. This increase is due to the comprehensive revaluation of assets as part of the annual financial statements and anticipated completion of significant capital works projects during 2024-2025.

#### Funds Carried Over from 2023-24 to 2024-25

The current status of capital works program budgets carried over from 2023-2024 (\$2.747m) as at the 31st January 2025 is provided below:

Category	# Projects	Carry Over Budget	Completed	Budget Remaining	
Infrastructure	4	997,751	904,440	93,311	
Land & Property	6	379,335	379,335	-	
Open Space Planning	1	81,880	-	81,880	
Other	4	1,287,853	1,068,746	219,107	
Total	15	2,746,819	2,352,521	394,298	

These works are expected to be completed by the 30<sup>th</sup> June 2025.

#### **ATTACHMENTS**

- Appendix 1 Financial Statements Funding Statement 2nd Budget Review 2024-2025 [7.3.1
   1 page]
- 2. Appendix 2 Financial Statements 2nd Budget Review 2024-2025 [7.3.2 7 pages]
- 3. Appendix 3 Capital Projects Removed 2nd Budget Review 2024-2025 [7.3.3 1 page]

#### **APPENDIX 1**

CITY O	F MARION		
	ted Funding Statement		2024-2025
		YTD Actual	2nd Review
		(31 Jan 2025)	Budget
		\$'000	\$000's
		+	,,,,,
	OPERATING REVENUE		
	Rates	55,245	94,889
	Statutory Charges	1,982	2,828
	User Charges	2,928	4,418
	Operating Grants and Subsidies	7,984	10,584
	Investment Income	403	403
	Reimbursements	577	1,182
	Other Revenues	390	1,091
	Share of Profit - Equity Accounted Investments		645
		69,509	116,040
	OPERATING EXPENSES	a= aaa	4= 440
	Employee Costs	27,008	47,410
	Contractual Services	18,074	35,444
	Materials	3,191	7,153
	Finance Charges	50	285
	Depreciation	13,875	23,783
	Other	4,987	8,598
	On another Complete (Definity by four Complete Lawrence	67,185	122,673
	Operating Surplus/(Deficit) before Capital revenues	2,324	(6,633)
Add			
(a)	Capital Revenue		
( )	Capital Grants and Contributions	758	5,492
	Physical Resources received free of charge	40	_
	Asset disposal and fair value adjustments		-
Equals	Net Surplus/(Deficit) resulting from operations	3,122	(1,141)
•		<u> </u>	
Add	Depreciation	13,875	23,783
	(Gain)/Loss on disposal of assets		- (0.45)
	Share of Profit SRWRA	-	(645)
Equais	Funding available for Capital Investment expenditure	16,997	21,997
	Capital		
Less	Capital Expenditure - Renewal	5,583	15,407
Less	Capital Expenditure - New	10,003	33,632
Add	Capital - proceeds from sale of assets	400	360
Equals	Net Overall funding Surplus/(Deficit)	1,811	(26,682)
	g transactions associated with accomodating the above net over g the net overall funding surplus) are as follows:	all funding defic	it (or
	LOANS		
	Loan Principal Receipts (Net)	_	13,986
	Loan Receipts from Sporting Clubs (Net)	_	-
Less	Loan Principal Payments	152	309
	Loan funding (Net)	(152)	13,677
(h)	Movement in level of cash & accruals	0.001	4.00=
(b)	Cash Surplus/(Deficit) funding requirements	2,224	1,205
	Reserves Net (transfer to/(transfer from)	(567)	(14,211)
	Cash/Investments/Accruals Funding	1,657	(13,006)
Equals	Funding Transactions	(1,811)	26,682

	CITY OF MARIO Budgeted Funding St			
	Budgeted Fullding Co	2024-2025 1st Review	2024-2025 2nd Review	Variance
		\$000's	\$000's	\$000's
	OPERATING REVENUE		,,,,,	
	Rates	94,784	94,889	105
	Statutory Charges	2,743	2,828	85
	User Charges	4,107	4,418	311
	Operating Grants and Subsidies	10,318	10,584	266
	Investment Income	300	403	103
	Reimbursements	1,131	1,182	51
	Other Revenues	928	1,091	163
	Share of Profit - Equity Accounted Investments	645	645	-
		114,956	116,040	1,084
	OPERATING EXPENSES			
	Employee Costs	47,308	47,410	102
	Contractual Services	34,377	35,444	1,067
	Materials	6,553	7,153	600
	Finance Charges	359	285	(74)
	Depreciation	21,598	23,783	2,185
	Other	8,733	8,598	(135)
		118,928	122,673	3,745
	Operating Surplus/(Deficit) before Capital rev's	(3,972)	(6,633)	(2,661)
Add				
(a)	Capital Revenue			
	Capital Grants and Contributions	4,975	5,492	517
	Physical Resources received free of charge	-	-	-
	Asset disposal and fair value adjustments		-	<u>-</u>
Equals	Net Surplus/(Deficit) resulting from operations	1,003	(1,141)	(2,144)
Add	Depreciation	21,598	23,783	2,185
	(Gain)/Loss on disposal of assets	-	-	-
	Share of Profit SRWRA	(645)	(645)	-
Equals	Funding available for Capital Investment exp	21,956	21,997	41
	Capital			
Less	Capital Expenditure - Renewal	16,728	15,407	(1,321)
Less	Capital Expenditure - New	29,941	33,632	3,691
Add	Capital - Proceeds from Sale of Assets	353	360	7
Equals	Net Overall funding Surplus/(Deficit)	(24,360)	(26,682)	(2,322)
,		,_ ,,,,,,,	(==,==)	(=,===)

# **APPENDIX 2**

# CITY OF MARION Budgeted Funding Statement 2024-2025 2024-2025 1st Review 2nd Review Variance \$000's \$000's \$000's

Funding transactions associated with accomodating the above net overall funding deficit (or applying the net overall funding surplus) are as follows:

	LOANS			
	Loan Principal Receipts	10,486	13,986	3,500
	Loan Receipts from Sporting Clubs	-	-	-
Less	Loan Principal Payments	657	309	348
	Loan funding (Net)	9,829	13,677	3,848
	Movement in level of cash & accruals			
(b)	Cash Surplus/(Deficit) funding requirements	443	1,205	762
	Reserves Net (transfer to/(transfer from)	(14,975)	(14,211)	764
	Cash/Investments/Accruals Funding	(14,532)	(13,006)	1,526
Equals	Funding Transactions	24,360	26,683	2,322

CITY OF MARION		
Budgeted Income Statement	Actual 2023-2024 \$000's	2nd Review 2024-2025 \$000's
OPERATING REVENUE	·	·
Rates	89,976	94,889
Statutory Charges	2,400	2,828
User Charges	4,164	4,418
Operating Grants and Subsidies	6,004	10,584
Investment Income	1,246	403
Reimbursements	741	1,182
Other Revenue	1,118	1,091
Net Gain - Equity Accounted Council Businesses	770	645
TOTAL OPERATING REVENUE	106,419	116,040
OPERATING EXPENSES		
Employee Costs	45,567	47,410
Contractual Services	31,813	35,444
Materials	7,001	7,153
Finance Charges	150	285
Depreciation	21,594	23,783
Other Expenses	7,751	8,598
TOTAL OPERATING EXPENSES	113,876	122,673
Operating Surplus/(Deficit) before Capital Revenues	(7,457)	(6,633)
CAPITAL REVENUES		
Capital Grants, Subsidies and Monetary Contributions	7,976	5,492
Physical resources received free of charge	1002	-
Asset disposal and fair value adjustments	(4,677)	-
Net Surplus/(Deficit) resulting from Operations	(3,156)	(1,141)

# **APPENDIX 2**

#### **Financial Indicators**

To assist Council in meeting its objective of financial sustainability, a series of financial indicators endorsed but the Local Government Association are provided. The following table provides a matrix of indicators of the 2024-2025 2nd Budget Review and compares the forecast results against the target rate.

Key Ratios		Target	2024-25 Forecast		
Operating S	urplus Ratio	0 - 10%	-5.72%		
This ratio exp	presses the operating su	rplus as a percenta	age of total ope	rating revenue	
Target :	Average between 0-1	0% over each cons	ecutive 5-year	period	
Comment :	Positive ratio indicates	s that Council has s	sufficient opera	ting revenue to cover operational e	xpenses
	The average Operating	g Surplus over the	past five years	is 0.1%.	
	al Liabilities Ratio icates the extent to whic		<b>29.50%</b> lities can be m	et by total operating revenue	
Comment :			-	exceed its Financial Liabilities.	maina atron
Comment :			-	exceed its Financial Liabilities. y to meet its financial obligations re	mains stronç
Comment :  Debt Servici	This ratio falls within t		-		mains stronç
Debt Servici	This ratio falls within t	he target range. Co	ouncil's capaci		
Debt Servici	This ratio falls within t ng Ratio ntifies Council's abilitiy to	ne target range. Co 0 - 10% o service its debt of	ouncil's capaci 0.51% bligations (prin	y to meet its financial obligations re	
Debt Servici This ratio ide	This ratio falls within to the result of the ratio of the	0 - 10% o service its debt of	0.51% bligations (prind	y to meet its financial obligations re	
<b>Debt Servici</b> This ratio ide Comment:	ng Ratio ntifies Council's abilitiy to This ratio falls within t is well positioned for f	0 - 10% o service its debt of the target range and uture borrowings of	0.51% bligations (prind indicates Colutlined in the L	y to meet its financial obligations re cipal & interest) from operating reve incil has a low debt holding and	
Debt Servici This ratio ide Comment:	ng Ratio ntifies Council's abilitiy to This ratio falls within t is well positioned for f	0 - 10% o service its debt of the target range and uture borrowings of	0.51% bligations (prind indicates Coutlined in the L	y to meet its financial obligations re cipal & interest) from operating reve uncil has a low debt holding and ong Term Financial Plan	
Debt Servici This ratio ide Comment:	ng Ratio ntifies Council's abilitiy to This ratio falls within t is well positioned for f wal Funding Ratio icates whether Council is	0 - 10% o service its debt of the target range and uture borrowings of 90 - 110% s renewing or repla	0.51% bligations (prind indicates Coutlined in the Laborations) 100% cring existing a	y to meet its financial obligations re cipal & interest) from operating reve incil has a low debt holding and	

The ratio can vary from year to year dependant on the renewal capital expenditure.

Council's Long Term Financial Plan is set to achieve an average Asset Renewal Funding Ratio of 100%

over the next three years

CITY OF MARION		
Budgeted Statement of Cash Flows	Actual	2nd Review
		<b>2024-2025</b> \$000's
	ψ0003	Ψ0003
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts	113,345	115,395
Payments	(97,093)	(98,890)
NET CASH PROVIDED BY OPERATING ACTIVITIES	16,252	16,505
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts		
Loans Received	_	13,986
Proceeds from Bonds & Deposits	-	-
Payments		
Principal	(929)	(309)
Repayment of Finance Lease Liabilities	(1)	` -
Repayment of Bonds & Deposits	-	-
NET CASH (USED IN) FINANCING ACTIVITIES	(930)	13,677
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts		
Capital Grants/Subsidies & Contributions/Investments	6,301	5,492
Sale of surplus assets	828	360
Sale of replaced assets	251	-
Distributions from Equity Accounted Investments		-
Payments		
Purchase of IPP&E	(37,372)	(49,039)
NET CASH (USED IN) INVESTING ACTIVITIES	(29,992)	(43,187)
NET INODE AGE!/DEODE AGE) IN GACILLIELD	(44.070)	(42.005)
NET INCREASE/(DECREASE) IN CASH HELD	(14,670)	(13,005)
CASH AT END OF REPORTING PERIOD	28,431	13,761
CASH AT END OF REPORTING PERIOD	13,761	756

CITY OF MARION  Budgeted Statement of Changes in	Fauity	
Daageted Statement of Changes in		2nd
	Actual 2023-2024	Review 2024-2025
	\$000's	
ACCUMULATED SURPLUS		
Balance at beginning of period	434,637	440,335
Net Surplus/(Deficit)	(3,155)	(1,141)
Adjustments	(5,155)	(1,141)
Transfers from Reserves	8,853	15,064
Transfers to Reserves	-	(853)
Balance at end of period	440,335	453,405
	,	100,100
ASSET REVALUATION RESERVE		
Balance at beginning of period	711,329	893,903
Net change this year	182,574	-
Balance at end of period	893,903	893,903
OTHER RESERVES		
Balance at beginning of period	28,778	19,925
Net change this year	(8,853)	(14,211)
Balance at end of period	19,925	5,714
Total Reserves	913,828	899,617
TOTAL EQUITY	1,354,163	1,353,022
IOIAL EQUIII	1,004,100	1,000,022

CITY OF MARION				
Budgeted Statement of Financial Position				
	Actual 2023-2024 \$000's	2nd Review 2024-2025 \$000's		
CURRENT ASSETS				
Cash & Cash Equivalents	13,761	756		
Receivables	6,531	6,531		
Inventory	600	600		
TOTAL CURRENT ASSETS	20,892	7,887		
CURRENT LIABILITIES				
Trade & Other Payables	17,534	17,534		
Provisions	7,134	7,134		
Borrowings	310	1,029		
Lease Liabilities	-	-		
TOTAL CURRENT LIABILITIES	24,978	25,697		
Net Current Assets/(Liabilities)	(4,086)	(17,810)		
NON-CURRENT ASSETS				
Investment in SRWRA & Council Solutions	9,271	9,916		
Infrastructure, Property, Plant & Equipment	1,328,046	1,353,662		
Other Non-Current Assets	23,080	23,080		
TOTAL NON-CURRENT ASSETS	1,360,397	1,386,658		
NON-CURRENT LIABILITIES				
Provisions	700	700		
Borrowings	1,448	15,126		
Lease Liabilities	-	-		
TOTAL NON-CURRENT LIABILITIES	2,148	15,826		
NET ASSETS	1,354,163	1,353,022		
EQUITY				
Accumulated surplus	440,335	453,405		
Asset Revaluation Reserves	893,903	893,903		
Other Reserves	19,925	5,714		
TOTAL EQUITY	1,354,163	1,353,022		

2nd Budget Review 2024-25 - Capital Works projects	removed from	m Rudget			
Capital Project	Budget \$				
Works deferred and budget carried over into 2025-2026	Works deferred and budget carried over into 2025-2026 (transfers to Reserve)				
Road Rejuvenation Program	316,462	Suitable contractors were unable to be engaged for this program. Looking at potential joint tender process with other Councils to complete the works. Due to timing this program will be completed during 2025/26			
Sturt Linear Path Footpath	185,000	Project dependent on the redevelopment of Lot 707 which has been delayed. Project to be completed during 2025/26			
Open Space - Ben Pethick Reserve Irrigation	86,169	Irrigation projects retimed to 2025/26 due to contractor availability and the opportunity for efficiency through cross Council collaboration			
Open Space - Koomooloo Reserve Irrigation	76,163	Irrigation projects retimed to 2025/26 due to contractor availability and the opportunity for efficiency through cross Council collaboration			
Open Space - Willoughby Avenue Irrigation Reserve	53,931	Irrigation projects retimed to 2025/26 due to contractor availability and the opportunity for efficiency through cross Council collaboration			
Oaklands Wetlands Sand Filters	40,000	Works reprioritised and project to be completed in conjunction with 2025/26 works program			
Open Space - Mulcra Avenue Reserve Irrigation	20,580	Irrigation projects retimed to 2025/26 due to contractor availability and the opportunity for efficiency through cross Council collaboration			
Total	778,305				
Works removed from 2024-2025 program as works no l	Works removed from 2024-2025 program as works no longer required. Budget reprioritized in 2024-2025				
Footpath - Waterfall Creek	246,000	Project reviewed and considered low priority with works not included in Council's Walking & Cycling Strategy Plan. Budget reallocated to other Civil Infrastructure works in 2024/25			
Kerb - Glenvale Avenue	3,000	Upon closer inspection of this location the kerbing was deemed to be in good condition and not requiring renewal at this time			
Total	249,000				
Works retimed - prioritised in 2025-2026 proposed capital works program budget. Budget reprioritised in 2024-2025					
Stormwater - Brolga Place	495,000	Project retimed into 2025/26 program due to cost pressures in other Stormwater projects			
Kerb - Gledsdale Road	43,000	Project retimed into the 2025/26 program. Budget reprioritised to other civil infrastructure projects in 2024/25			
Kerb - Pildappa Avenue	30,000	Project retimed into the 2025/26 program. Budget reprioritised to other civil infrastructure projects in 2024/25			
Road Reseal - Bundarra Road	34,241	Contractors identified risks associated with project. Project to be re-scoped and re-designed next year. Budget reprioritised 2024/25 to other civil infrastructure projects in 2024/25			
Total	602,241				



# 8 Reports for Noting

# 8.1 Council Member Report

Report Reference FRAC250408R8.1

Originating Officer Unit Manager Governance and Council Support – Victoria Moritz

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 three General Council Meetings. At these meetings, the Council made the following decisions that relate to the FRAC Terms of Reference in chronological order. If the FRAC wishes to discuss any of the items considered in confidence in further detail, the Committee will be required to move into confidence.

# **General Council Meeting – 25 February 2025**

# Monthly Work Health and Safety Report

Council received and noted the WHS performance for City of Marion. It was noted that the current financial year LTIFR is 2.5; tracking above the annual target of 2.34. Overall, the result remains consistent with low levels of injuries.

# Finance Report – January 2025

Council received and noted the Finance Report for January 2025. It was noted that Council currently has a net operating surplus result of \$2.097M before capital revenues, against a year to date forecast operating deficit budget of \$0.872M. The 2024- 2025 annual budget forecasts a net cash surplus of \$443,000.

#### **Marion Outdoor Pool Costings**

A Question with notice was received and a staff response provided in relation to the capital cost, maintenance cost and operating cost for the Marion Outdoor Pool for each of the years 2014 through 2025 as well as proposed expenses in the upcoming 2025-26 financial year.

# **General Council Meeting – 11 March 2025**



#### 2<sup>nd</sup> Budget Review 2024/25

Council received and adopted the revised budgeted statements including the Income Statement, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows. The completion of the 2<sup>nd</sup> Budget Review has identified a favourable net cash adjustment of \$760,531. Adding this to the 1<sup>st</sup> Budget Review forecast budget surplus of \$444,436 increases the full year forecast cash surplus to \$1,204,967.

**SRWRA Board Meeting 24 February 2025 – Constituent Council Information Report**Council received and noted the Constituent Council Information Report form the SRWRA Board Meeting held on 24<sup>th</sup> February 2025.

# **General Council Meeting – 25 March 2025**

CoMBAS Unfunded Initiatives – Plympton Oval Options and Seaside Pool Options – Confidential

#### **Marion Basketball Stadium**

# Confidential (Released with financials redacted)

Council endorsed a Marion Basketball Stadium with a minimum of 4 Courts for community consultation and endorsed a revised total project maximum. A further report will be presented to Council on 27 May outlining the results of the Consultation.

# CoMBAS Implementation Guide Annual Review 2025 Confidential

# Commonwealth Home Support Program Update Confidential

#### **SRWRA Charter Review 2025**

Council approved the Southern Region Waste Resource Authority draft Charter 2025 which includes an amendment to enable the number of independent Board members be increased to 3 to enable orderly succession planning.



# 8.2 Draft Annual Business Plan 2025-26 & LTFP Update

Report Reference FRAC250408R8.2

Originating Officer Business Support Officer - Governance and Council Support -

Cassidy Mitchell

Corporate Manager Chief Financial Officer - Ray Barnwell

General Manager General Manager Corporate Services - Tony Lines

#### **EXECUTIVE SUMMARY**

A verbal update on the Draft Annual Business Plan 2025-26 and Long-Term Financial Plan will be presented by Chief Financial Officer – Ray Barnwell

# **RECOMMENDATION**

That the Finance, Risk and Audit Committee:

1. Note the update on the Draft Annual Business Plan 2025-26 and Long-Term Financial Plan

# **ATTACHMENTS**

Nil



# 9 Workshop / Presentation Items - Nil10 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.