CITY OF
HOLDFAST BAY

Agenda

Audit and Risk Committee

NOTICE OF MEETING

Notice is hereby given that a meeting of the Audit and Risk Committee will be held in the

Kingston Room, Civic Centre
24 Jetty Road, Brighton

27 March 2024 at 5.30pm

Roberto Bria
Chief Executive Officer

Please Note: This agenda contains Officers' reports and recommendations that will be considered by the Committee. Any confidential items listed on the agenda will be circulated to Members separately.

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CITY OF HOLDFAST BAY

1. Opening

The Presiding Member, Councillor Smedley will declare the meeting open at 5.30pm.

2. Kaurna Acknowledgement

We acknowledge Kaurna people as the traditional owners and custodians of this land.

We respect their spiritual relationship with country that has developed over thousands of years, and the cultural heritage and beliefs that remain important to Kaurna People today.

3. Apologies

3.1   Apologies received

3.2   Absent

4. Declaration Of Interest

If a Committee Member has an interest (within the terms of the Local Government Act 1999) in a matter before the Committee they are asked to disclose the interest to the Committee and provide full and accurate details of the relevant interest. Committee Members are reminded to declare their interest before each item.

5. Confirmation Of Minutes

That the minutes of the Audit and Risk Committee held on 15 November 2023 and special meeting held on 14 February 2024 be taken as read and confirmed.

6. Action Items

7. Presentations

7.1   Budget Position

8. Reports By Officers

8.1   Standing Items (Report No: 74/24)
8.2   Internal Audit Report (Report No: 76/24)
8.3   Risk Report (Report No: 75/24)
8.4   Financial Governance Report (Report No: 77/24)

9. Urgent Business – Subject to the Leave of the Meeting

CITY OF
HOLDFAST BAY

10. Confidential Items

10.1 Review of Service (Report No: 81/24)

Pursuant to Section 87(10) of the *Local Government Act 1999* the Report attached to this agenda and the accompanying documentation is delivered to the Audit and Risk Committee upon the basis that the Committee considers the Report and the documents in confidence under Part 3 of the Act, specifically on the basis that Audit and Risk Committee will receive, discuss or consider:

j.   Information the disclosure of which –

> **i.   would divulge information provided on a confidential basis by or to a Minister of the Crown, or another public authority or official (not being an employee of the Council, or a person engaged by the Council); and**

> **ii.   would, on balance be contrary to the public interest.**

10.2 Jetty Road Masterplan Construction Procurement Plan (Report No: 80/24)

Pursuant to Section 87(10) of the *Local Government Act 1999* the Report attached to this agenda and the accompanying documentation is delivered to the Audit and Risk Committee upon the basis that the Committee considers the Report and the documents in confidence under Part 3 of the Act, specifically on the basis that Audit and Risk Committee will receive, discuss or consider:

b.   Information the disclosure of which –

> **i.   would 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;**

k.   tenders for the supply of goods, the provision of services or the carrying out of works.

10.3 Procurement Police Exemption (Report No: 79/24) - to be circulated under separate cover.

Pursuant to Section 87(10) of the *Local Government Act 1999* the Report attached to this agenda and the accompanying documentation is delivered to the Audit and Risk Committee upon the basis that the Committee considers the Report and the documents in confidence under Part 3 of the Act, specifically on the basis that Audit and Risk Committee will receive, discuss or consider:

b.   information the disclosure of which –

i. would 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;

d. commercial information of a confidential nature (not being a trade secret) the disclosure of which –

i. could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and

ii. would, on balance, be contrary to the public interest.

11. Date and time of next meeting

The next meeting of the Audit and Risk Committee will be held on Monday 15 April 2024 in the Kingston Room, Civic Centre, 24 Jetty Road, Brighton.

12. Closure

Roberto Bria
Chief Executive Officer

CITY OF
HOLDFAST BAY

Meeting	Agenda Item	Action Required	Responsibility	Estimated Completion Date	Current Status
16 December 2020	7.1 Standing Items	Develop framework for Governance relationship between Alwyndor, Audit and Risk Committee and Council.	GMs Alwyndor and Strategy & Corporate	December 2023	Work is currently being undertaken by Alwyndor to address new governance requirements under the Aged Care Reform, which is due to be put in place by December 2023. A verbal update will be provided at the meeting on 27 March 2024.

Item No: 8.1

Subject: **STANDING ITEMS – MARCH 2024**

Summary

The Audit and Risk Committee is provided with a report on standing items at each ordinary meeting.

Recommendation

That the Audit and Risk Committee advises Council it has received and considered a Standing Items Report addressing:

- **Monthly Financial Statements**
- **External Audit**
- **Public Interest Disclosures**
- **Economy and Efficiency Audits**
- **Council Recommendations**
- **Audit and Risk Committee meeting schedule.**

Background

The Audit and Risk Committee has previously resolved that a report be included in the agenda of each meeting of the Committee addressing the following standing items:

- Monthly Financial Statements
- External Audit
- Public Interest Disclosures
- Economy and Efficiency Audits

Also included in this Standing Items report is an item to formally advise the Committee of the outcomes of its recommendations and advice to Council. This is aimed at 'closing the communication loop' between the Committee and Council.

Report

Monthly Financial Statements

The budget update results for the periods ended 30 September 2023 and 31 December 2023 were considered by Council at its meetings on 24 October 2023 and 13 February 2024 respectively. Members of the Committee have received copies of these reports (361/23 and 33/24) which included a number of budgetary changes. For Council's municipal operations a surplus of $618,000 is now forecast for 30 June 2024, while Alwyndor operations are estimating a forecast surplus of $412,000.

A financial report for Municipal operations for the month ended 31 January 2024 was considered by Council at its meeting on 27 February 2024. Members of the Committee have received a copy of this report.

External Audit

Council's external auditor, Dean Newbery attended the Audit and Risk Committee on 18 October 2023 to discuss the final audit of the 2022-23 Financial Statements. The 2022-23 consolidated financial statements were adopted by Council on 24 October 2023 and are included in Council's annual report. Dean Newbery subsequently issued an unqualified audit opinion on the Council and Alwyndor 2022-23 Financial Statements and Internal Controls.

Refer Attachment 1

Council's external auditor has prepared their 2023-24 audit plan for Council's operations and it is attached for the Audit and Risk Committee's consideration.

Refer Attachment 2

Public Interest Disclosures

There have been no public interest disclosures made to Council since the previous standing items report on 18 October 2023.

Section 130A Economy and Efficiency Audits

Council has not initiated any reviews pursuant to section 130A of the *Local Government Act 1999* since the previous Standing Items Report on 18 October 2023.

Council Recommendations

At its meeting on 24 October 2023 Council received the minutes and endorsed the recommendations of the meeting of the Audit and Risk Committee held on 18 October 2023. At its meeting on 27 February 2024 it also received and noted the minutes of the special Audit and Risk Committee meeting held on 14 February 2024.

Audit and Risk Committee Meeting Schedule 2024

The Audit and Risk Committee's Terms of Reference require it to meet at least four times each year and at least once each quarter. These meetings are held to align with the two important financial programs in which the Audit and Risk Committee plays an important role:

•   development of the annual business plan and budget; and
•   completion of the annual financial statements, external audit and annual report.

In order to accommodate the above reporting requirements the following ordinary meeting schedule is proposed for 2024:

•   Monday 15 April 2024
•   Wednesday 12 June 2024
•   Wednesday 14 August 2024
•   Wednesday 16 October 2024

As the above reporting requirements have been addressed no further meetings at this time are proposed for the remainder of 2024.

Budget

Not applicable

Life Cycle Costs

Not applicable

Strategic Plan

Statutory compliance

Council Policy

Not applicable

Statutory Provisions

Local Government Act 1999, sections 41 and 126
Public Interest Disclosure Act 2018

Written By: Manager Finance

General Manager: Strategy and Corporate, Ms S Wachtel

Attachment 1

27 October 2023

Mayor Amanda Wilson
City of Holdfast Bay
PO Box 19
BRIGHTON SA 5048

Dear Mayor Wilson

RE: Balance Date Audit Management Letter: Financial Year Ended 30 June 2023

We have recently completed our external audit of your Council for the financial year ended 30 June 2023.

We issued our 2023 Audit Completion Report to the Council on the 6 October 2023. This report contained key accounting and audit matters raised during the audit, a summary of misstatements and matters to be addressed in future financial years. I met with your Council's Audit Committee on 18 October 2023 where the matters raised in our Audit Completion Report were discussed.

Since our meeting with Council's Audit Committee we have issued an unqualified Auditor's Report on the annual Financial Statements and Council's Internal Controls per Section 129 of the *Local Government Act 1999* (the Act) for the financial year ended 30 June 2023.

I would like to thank the Council's Administration for the assistance they provided during the course of our audit. If any additional information is required on any of the audit matters raised above, please feel free to contact me on the details provided below.

Yours sincerely
DEAN NEWBERY

Samantha Creten
DIRECTOR

C. Chief Executive Officer
C. Chair Audit Committee

Certification of Auditor's Independence

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

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

SAMANTHA CRETEN

Director

DEAN NEWBERY

27/10/2023

DeanNewbery

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Accountants

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Independent Auditor's Report

To the members of the City of Holdfast Bay

Opinion

We have audited the accompanying financial report of the City of Holdfast Bay (the Council), which comprises the statement of financial position as at 30 June 2023, statement of comprehensive income, statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the Certification of the Financial Statements.

In our opinion, the financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2023, and its financial performance and its cash flows for the year then ended in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulation 2011* and the Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Council in accordance with the auditor independence requirements of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants (Including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Council's Responsibility for the Financial Report

The Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* and for such internal control as Council determines is necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

In preparing the financial report, Council is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless Council either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that the audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Council.
- Conclude on the appropriateness of the Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DEAN NEWBERY

SAMANTHA CRETEN
DIRECTOR

27/10/2023

INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF THE CITY OF HOLDFAST BAY

Opinion

In our opinion, the Council has complied, in all material respects, with Section 125 of the *Local Government Act 1999* in relation to the Internal Controls established by the Council relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2022 to 30 June 2023.

Basis for opinion

We have audited the Internal Controls of the City of Holdfast Bay (the Council) under the requirements of *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2022 to 30 June 2023 have been conducted properly and in accordance with law.

We conducted our engagement in accordance with Standard on Assurance Engagements *ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and *ASAE 3150 Assurance Engagements on Controls* issued by the Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The Council's Responsibility for the Internal Controls

The Council is responsible for implementing and maintaining an adequate system of internal controls, in accordance with *Section 125 of the Local Government Act 1999* to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and incurring of liabilities have been conducted properly and in accordance with law.

Our Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and applying Auditing Standard *ASQC 1 Quality Control for Firms that Perform Audits and Review of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking the assurance engagement.

North Adelaide | Balaklava

Assurance Practitioner's Responsibilities

Our responsibility is to express an opinion on the Council's compliance with *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures have been conducted properly and in accordance with law.

ASAE 3150 requires that we plan and performed our procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the control objectives and the controls operating effectively through the period. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

An assurance engagement to report on the designed and operating effectiveness of controls involves performing procedures to obtain evidence about the suitability of the design of the controls to achieve the control objectives and the operating effectiveness of the controls throughout the period. The procedures selected depend on our judgement, including the assessment of the risks that the controls are not suitably designed or the controls did not operate effectively. Our procedures included testing the operating effectiveness to the controls that we consider necessary to achieve the control objectives identified. An Assurance engagement of this type also includes evaluating the suitability of the control objectives.

Limitation on Use

This report has been prepared for the members of the Council in accordance with *Section 129(1)(b) of the Local Government Act 1999* in relation to the Internal Controls specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than that for which it was prepared.

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An assurance engagement on operating effectiveness of controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

DEAN NEWBERY

SAMANTHA CRETEN
DIRECTOR

27/10/2023

Attachment 2

CITY OF
HOLDFAST BAY

City of Holdfast Bay

External Audit Plan

30 June 2024

DeanNewbery

Contents

DeanNewbery

Foreword

Cr John Smedley   27 February 2024
Independent Chair – Audit and Risk Committee
City of Holdfast Bay
PO Box 19
BRIGHTON SA 5048

Dear Cr Smedley

We are pleased to present to you our Audit Plan which set out our proposed audit procedures and key audit matters considered as part of our 2023/24 financial year audit of the City of Holdfast Bay (Council). Our audit plan is subject to continual review and update as new information and matters arise during the course of undertaking the external audit of the Council.

Our Audit Plan has been tailored specifically to the operations of the Council and places a high emphasis on ensuring ongoing communication of all audit matters identified during the course of undertaking the audit to you and the Elected Members on a timely basis. This document is intended for the Council's Audit and Risk Committee and the Council's Administration only.

Should you require any further information, please feel free to contact me on the details provided within.

Yours sincerely
DEAN NEWBERY

Samantha Creten
Director

Dean Newbery

Introduction

Purpose of this Document

This documents provides an overview of the planned scope and timing of the audit of the internal controls financial statements of the Council for the financial year ending 30 June 2024.

Audit Objectives

The objective of the audit process is to undertake the necessary work that will enable us to form an opinion as required per the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* as to whether:

- the financial report is prepared, in all material respects, in accordance with the Australian Auditing Standards and the *Local Government Act 1999* (the Act) and applicable Regulations; and,

- controls exercised by the Council in relation to the receipts, expenditure and investment of moneys, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide assurance that the financial transactions of the council have been conducted properly and in accordance with law. The opinion is to be based on the criteria established in the *Better Practice Model – Financial Internal Control* issued by the Local Government Association of South Australia.

All audit procedures have been designed to be carried out by our audit staff to provide us with reasonable assurance that the financial report, as a whole, is free from material misstatement.

Scope of the Audit

The scope of the engagement per the Act includes the audit of the following:

- Section 129(a): Council's financial statements for the financial year which is to be prepared in accordance with the requirements under the Act.

- Section 129(b): Audit of the controls exercised by Council in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

- The audit of acquittal statements as required, e.g. the Local Government Workers Compensation Scheme Actual Wages Declaration for the year ending 30 June 2024.

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Materiality

Auditors use materiality to assist with making a judgement of the amount of work needed to be performed on specific balances and to evaluate the effect of misstatements on the financial report. In considering what could potentially be deemed as material, our audit considers factors which may influence the decisions of intended users and accordingly, both quantitative and qualitative matters are taken into consideration.

Materiality is therefore considered in the context of its potential impact on the decision making of intended users of the financial report and if the financial information individually or in aggregate was misstated, omitted and/or not disclosed. Materiality is initially calculated at the commencement of the engagement during the planning stage and subsequently reassessed as additional information is obtained during the audit. Materiality is considered and reassessed up until the time of issuing the audit opinion. As part of our communication strategy, we will communicate to you any material and, potentially non-material matters, that may have other operational improvements or governance related benefits through our audit correspondence issued.

Internal Controls

A key component to the audit work we undertake is gaining an understanding of the internal controls in operation that is relevant to assisting us with our risk assessment procedures. In testing the effectiveness of controls, we gather evidence by employing the following techniques:

- Inspection of systems
- Observation of controls operating
- Inquire of control operations results
- Recalculation and/or re-performance of control
- Assess the Council's risk assessment process

The objective of the test of controls is to obtain evidence as to whether controls operated as intended to mitigate identified risks.

Should we become aware of any significant deficiencies or consider there to be areas where controls could be further strengthened/improved, we will communicate these matters to the Audit and Risk Committee and Administration.

Fraud

Our audit is not designed nor intended to detect whether there is any fraudulent activity occurring however, should we become aware of it, we will ensure to report any matters. As part of our audit procedures, we make enquiries of the Administration and those charged with governance to identify any instances of known or suspected fraud.

As part of considering fraud, we also consider the risk of management overrides of controls.

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Key Areas of Audit Focus

Based on our existing knowledge of the Council and the Local Government sector, we have identified the matters we think present the risk to potential material misstatements in the financial report. Our audit procedures are designed to focus our testing and review of controls on these assessed risk areas based on a risk based approach.

We have highlighted below the risks we have identified along with our planned approach to respond to those risks as part of the audit work we plan to undertake.

Focus Area	Audit Approach	Planned Response
Treatment of Grants	Substantive test	Review key assumptions applied to the recognition and treatment of grant income to ensure appropriate recognition and classification (operating versus capital) of income in accordance with AASB 1058 *Income of Not-for-Profit Entities* and the Model Financial Statements.
IT Access Controls	Controls test	Review system access controls across key IT software systems to consider whether appropriate system access has been granted across key business operations. The review includes access to network folders and records management to consider whether appropriate access controls are operating within Council.
Management override of Controls	Substantive/Controls test	This is a risk that is a required presumption under the Australian Auditing Standards. Our procedures will involve a review of internal controls and test for any unusual transactions within our samples to determine if any transactions do not appear to be within normal business operations/parameters.
Operating Expenditure	Substantive test	Given the material nature and large volume of transactions processed by the Council, a review of controls operating will be reviewed and assessed. Substantive audit procedures will be used to test the substance of transactions recorded to examine the accuracy, completeness and timing of transactions recorded. Our testing includes consideration over the assumptions and data used to process payroll transactions and provisions recorded.

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Key Areas of Audit Focus (Cont.)

	Audit Approach	Planned Response
Strategic Plans	Substantive test	Review whether key strategic plans have been reviewed and updated in line with the requirements of the Act and Council's internal policies and procedure requirements.
Accounting for Work in Progress (WIP)	Substantive test	Our procedures will review the appropriateness of transactions that are capital in nature to ensure they are correctly recorded. Our testing will include examining the ageing of WIP transactions to ensure that the costs being carried as WIP relate to current/ongoing projects that will result in an eventual asset being recorded
Roads, Kerb and Gutter and Footpath Asset Revaluations	Substantive test	Our procedures will incorporate engagement with the Administration to review data collected through asset condition audits completed and ensure they are correctly applied to asset valuation and depreciation calculations. We will obtain valuation reports provided by external valuers and perform a combination of substantive and analytical procedures to assess the appropriate recognition and disclosure of asset valuation data.

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Audit Timetable

Our audit timetable has been formulated based on information obtained from the Administration along with our existing knowledge of the level of work required to be undertaken to form the audit opinion required by the Act.

A summary of our stages of the audit program and expected milestones has been summarised below. Should there be any changes to the expected timetable below, this will be communicated with the Administration and the Audit and Risk Committee.

Key Audit Milestones	Timeframe
Submission of Audit Plan to the Audit and Risk Committee	February 2024
Commencement of Interim Audit (Off-Site Testing)	April 2024
Interim Audit (On-Site Attendance)	April 2024
Interim Management Report issued to the Audit and Risk Committee	June 2024
Balance Date Audit requirements checklist to be provided to the Council	June 2024
Balance Date Audit requirements to be provided to auditors	July 2024
Draft financial statements to be provided to auditors	September 2024
Balance Date audit attendance to commence	September 2024
Exit Meeting with the Administration	October 2024
Meet with Audit and Risk Committee	October 2024
Audit Report and Independence Declarations to be issued by auditors	October 2024

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Item No:	8.2
Subject:	**INTERNAL AUDIT PROGRAM REPORT**

Summary

The risk-based audits scheduled for the Internal Audit Program 2023-24, have now commenced, with the program attached to this report for further information.

In addition, the 'Audit Recommendations Outstanding Actions Update' is attached in three parts, highlighting those actions that are either completed, in progress or not yet implemented.

Recommendation

That the Audit and Risk Committee notes this report.

Background

Section 125 of the *Local Government Act 1999* requires Council to implement and maintain appropriate internal control policies and procedures. A risk-based Internal Audit Plan is produced annually to guide internal audit activities throughout the year.

The Internal Audit Plan for the 2023 financial year was drafted with Galpins and endorsed by the Audit and Risk Committee (Report No 343/22) in August 2022. A copy is provided as Attachment 1 for reference.

Refer Attachment 1

Report

Progress on the 2023-24 Internal Audit Plan, is outlined below:

Procurement	Internal meetings undertaken, audit finalised, Management Response completed and forwarded to auditors. Final report close to being finalised and will be provided at the next Audit and Risk Committee Meeting
Strategic Planning Alignment	Audit underway with initial draft report reviewed, management response currently being considered.
Asset Management - Buildings	Scope document drafted and approved – to be undertaken April/ May 2024.
Fraud Detection - Alwyndor	Scope document drafted and approved – to be undertaken April/ May 2024.

Procurement Audit

The Procurement Audit aligns to the following strategic risks;

> SC07   *Poor or ineffective budget development and management.*
> SCO4   *Inadequate untilisation of information technology to support service delivery.*

The testing for this audit was undertaken and completed prior to the Christmas/New Year break, with initial feedback meetings held with key stakeholders during January. Internal evaluation took place in February, the management response was drafted and forwarded to the Internal Auditors in late February and subsequently discussed for settlement in March.

Several areas highlighted for recommendation have been noted as already in place:

- exceptions reporting, for example, for threshold breaches, varied Purchase Orders, exemption spot checks, supplier creations/amendments and deletions.
- implementation of 'spot checks' to sample for procurement compliance.
- reinforcement that Purchase Orders need to be raised prior to goods/services being received.

The main areas for further action relate mostly to:

- strengthening of the Procurement Policy to provide greater clarity on the related roles and responsibilities (scheduled for review mid-2024).
- consideration of formalising further order exemption classes, eg, legal, grants, bonds and similar.
- increased training and education for new staff and refreshers for existing staff.
- review and updating of procurement process support on the intranet.

In addition, the audit considered potential TechOne system improvements and enhancements. These will be assessed, evaluated and prioritised via the IT Governance Steering Committee / Project Oversight Committee.

Strategic Planning Alignment

The Strategic Planning Alignment audit aligns to the following strategic risk:

> SC05   *Lack of strategic alignment.*

This audit has commenced, with initial engagement and content contributed by the Senior Leadership Team, Manager of Strategy and Governance and the Corporate and Service Planning Lead, and a draft report being presented. The management response is currently being considered.

Remaining Internal Audits

The remaining two audits for 2023-24, asset management – buildings; and fraud detection at Alwyndor, will then start during April/May.

Audit Recommendations – Outstanding Actions Update

Each of the actions resulting from the Internal Audit program are monitored and managed via a master spreadsheet. This captures all related information and tracks the progress through three stages: not yet implemented; in progress and partially implemented; and completed.

In order to provide a clear update, the data from this master spreadsheet is attached in three versions, split to show:

- all actions that have been completed

Refer Attachment 2a

- all actions that are in progress and partially implemented

Refer Attachment 2b

- all actions that are not yet implemented

Refer Attachment 2c

All actions are reviewed regularly, and revised due dates will be kept to a minimum going forward to ensure outcomes are achieved as efficiently and effectively as possible.

Budget

An appropriate budget has been allocated for the 2023-24 Internal Audit Program.

Life Cycle Costs

There are no life cycle costs associated with this report.

Strategic Plan

Statutory compliance

Council Policy

Risk Management Policy

Statutory Provisions

Local Government Act 1999

Written By: Risk and Improvement Officer

General Manager: Strategy and Corporate, Ms S Wachtel

Attachment 1

CITY OF
HOLDFAST BAY

Internal Audit Program Year 2: 2023 - 24   Attachment 1

PIR = Post Implementation Review

Audit Topic	Audit Project Detail	Status	Audit Type			Risk Coverage	Project Sponsor
			System/ Process Audit	P.I.R*	Financial Controls Review		
Procurement and Contracting	Review procurement process to include flow/processing of documentation, CoHB & Alwyndor *Risk SC07 - Poor or ineffective budget development and management* *Risk SC04 - Inadequate untilisation of information technology to support service delivery.*	Strategic	✓			SC07 & SCO4	GM Strategy & Corporate
Strategic Planning Alignment	Strategic Plan – assessment of strategic alignment *Risk SC05 - Lack of Strategic Alignment*	Strategic	✓			SC05	GM Strategy & Corporate
Asset Management - Buildings	Alternative asset class/elements of service delivery/grant funding. *Risk AD02 - Insufficient or ineffective Asset Management and Planning*	Strategic	✓			AD02	GM Assets & Delivery
Fraud Detection - Alwyndor	Undertake Fraud Detection across Alwyndor *Risk SC07 - Poor or ineffective budget development and management*	Standard			✓	SC07	GM Alwyndor

Attachment 2

Audit	Date Report Finalised	Ref	Findings	Recommendation	Risk Rating	Status	Action Owner	Target Completion Date	Action Owner Comments
Strategic Planning Alignment Audit	Aug 2019	SP4	**SP4: KPIs in SMPs are not monitored effectively** - Various Key Performance Indicators ("KPIs") are included in different SMPs but not linked together for cohesive management. As a result, not all KPIs are monitored and reported to management or Council to ensure achievement. - Different operational and strategic levels of KPIs are included in Council's Strategic Plan, LTFP, I&AMPs, ABP and other SMPs. Strategic and financial KPIs in Council's Strategic Plan and LTFP are assessed annually and reported in the Annual Report, e.g. 2017-18 Annual Report. At the beginning of each financial year, the strategic and financial KPIs are communicated to public via ABP, e.g. 2018-19 ABP. However, other KPIs, such as KPIs in I&AMPs, are not monitored or reported to management or Council to measure performance. - During the audit, it was advised that I&AMPs will be reviewed and updated to fit into the SMPs review process. Once I&AMPs are updated, KPIs will be monitored and reported regularly to ensure achievement of objectives. - Also, since annual reporting on strategic KPIs was introduced last financial year, i.e. 2017-18 after the current Council's Strategic Plan was updated, the methods utilised to measure KPIs are not formalised to ensure consistency. Council is currently investigating and formalising the methods and frequency of future KPIs assessment and reporting.	**We recommend management:** 1. Investigate possibility and feasibility to link together various KPIs in different SMPs and make decision on how to cohesively manage KPIs; 2. Monitor and report KPIs in I&AMPs regularly to management or Council to measure performance once I&AMPs are reviewed and updated; and 3. Formalise the methods and frequency of future KPIs assessment and reporting.	**Medium**	See Follow Up Audit	Manager Strategy and Governance	30/06/2022 30/06/2023 31/12/2023	Comments March 2021 - The Long Term Financial Plan includes KPIs, and are reported on in the Annual Report. The Strategic Management Plans finalised in 2020 include performance indicators. The KPIs are included as a standard item in the template agendas for team meetings. At time of audit however the KPIs were not monitored or reported. The timeframe for reporting on KPIs is <Ania/Catlin - please confirm date> Comments May 2021 - Previously the annual business plan has functioned as our reporting and communication, with a more comprehensive review during revision of the Asset Plans (i.e. every 2-4 years). However in the latest plans we have committed to a review against KPIs to be reported to audit committee each year. We will likely look to undertake this the same time as annual budget presentation (Feb-June 2022), as the two tie together. Comments June 2022 - The Corporate Reporting function was subject to a restructure in May/June 2022. A new resource has been appointed, commencing 11 July 2022, who will holistically reconsider/review Council's Corporate Reporting. Comments September 2022 - Work underway to complete by revised Due Date 30/06/2023 Comments March 2023 - Strategic Planning Service Model now approved - next phase is the Strategic Planning Framework. work is underway via the corporate planning process. Biz reg's for a system to capture - revised due date to 31/12/2023 Comments June 2023 - strategic planning process continuing - on target for 31/12/2023 Comments August 2023 - currently undertaking corporate planning elements+L4 Comments October 2023 - currently undertaking corporate planning elements and will incorporate into the upcoming Strategic Planning Alignment audit Oct/Nov 2023 **Comments February 2024** **- Deferred - This action will be closed as it has been superceded by the current Strategic Planning Alignment Feb/March 2024**
Stakeholder Mgt	Dec-20	SM03	**2.2 Opportunity to improve planning for, conduct and reporting on engagements with the community;** - A review of consultation for four major projects against legislative compliance obligations identified strong compliance with the Act. - Better practice opportunities were identified to improve the planning, conduct and reporting of engagements. - Attempts to test compliance with lower-level compliance obligations around tree plantings and road closures/access changes identified some lack of awareness of these requirements. In addition, Audit were unable to obtain a sample to test compliance with these requirements.	**We recommend that:** **Rec: 3** - Review project management templates and workflows to incorporate the following opportunities for improvement: - A requirement that community engagement plans are completed for all engagements. - Community engagement template to: (I) require documentation of all risks (including over-representation by vocal minority) and how they will be managed; (ii) strengthen project documentation to assist in knowledge transfer/status updates in event of staff turnover; and (iii) support multi-stage projects/engagements, including documentation of plans to consult in stages. - Provide reminders/triggers for timely updates to stakeholders where projects are disrupted as a result of events (e.g. global pandemic) that are outside of Council's control. - Consider providing for multi-year projects in the Community Engagement Calendar and aiming to link these with the Annual Business Plan.	**Low**	**Complete**	Manager Communications & Engagement	30/06/2022 31/12/2022 30/06/2023 31/10/2023 30/11/2023	Comments June 2022; - Action 1: Manager Communications & Engagement - Once an organisational-wide project management plan template has been developed, Project Management templates can be reviewed to ensure community engagement elements are in place - TBC - once CHB have developed an organisational-wide PM template. Still awaiting project management template. Action 2: Digital Engagement Partner to review the engagement template - 30 June 2021 - completed Comments September 2022 - Project management templates review underway & will rollout to all project managers Comments March 2023 - Project management templates review underway & will rollout to all project managers. Outstanding work linked to pending approval of project prioritisation framework. Comments June 2023 - project prioritisation framework in place - work progressing to target due date Comments August 2023 - linked to Project Management Framework deadline stated in B01.1 below Comments October 2023 - Project Mgt F/W due to Council Nov 2023 - will then be implemented, with templates provided and workflows identified **Comments February 2024** **- Complete - Project Management Policy, Framework and guidance notes approved by Council 12/12/2024**
Stakeholder Mgt	Dec-20	SM04	**2.3 Opportunities to strengthen stakeholder management approach:** - Whilst the Council has policies and processes to engage with the community on specific matters and comply with legislation, there is opportunity to develop a strategic stakeholder management framework. - The Council's Community Engagement Framework and Community Consultation and Engagement Policy do not identify how Council will engage with stakeholders from diverse cultures and those with diverse abilities.	**We recommend that:** **Rec: 4** - Develop a stakeholder engagement map, documenting allocated 'ownership' and back up 'ownership' of relationship with stakeholders for all stakeholders across Council, as well as targeted frequency of interaction, and opportunities for two-way communication. This will help to ensure ongoing consistency of messaging, assist with coordinating stakeholder communications, and position Council to respond strategically to emerging opportunities and stakeholder concerns.	**Better Practice**	**Complete**	Manager Communications & Engagement	30/06/2022 31/12/2022 30/06/2023 31/10/2023 30/11/2023	Comments June 2022; - 'Action 1 - Manager Communications and Engagement to work with the Leadership Team to develop a stakeholder engagement map for key organisational - wide stakeholders. Not completed due to lack of resourcing. To be completed 22/23. Action 2 - Each Project Manager will be responsible for developing and managing a stakeholder management plan as part of their project management plan. Organisation-wide project management plan templates still to be developed by Strategy and Governance team. However, a stakeholder section has been added to the Communications Plan for project managers to develop as part of their communications and stakeholder management planning for each project. Comments September 2022 - Project management templates review underway & will rollout to all project managers Comments March 2023 - Outstanding work linked to pending approval of project prioritisation framework Comments June 2023 - work progressing to target due date Comments August 2023 - linked to Project Management Framework deadline stated in B01.1 below Comments October 2023 - Project Mgt F/W due to Council Nov 2023 - will then be implemented - enabling completion of the stakeholder mapping **Comments February 2024** **- Complete - Project Management Policy, Framework and Manual approved by Council 12/12/2024**
Budget Management	Mar-22	BM01.1	**2.2 Budget Maturity Assessment.** - The maturity of Council's budget management practices is majority 'advanced', however there are continuous improvement opportunities. - Opportunities for Council to strengthen its budget management include providing additional funding certainty for multi-year projects, use of indexation to improve the accuracy of depreciation in non-valuation years, and encouraging greater use of system functionality to file calculations, non-financial information and other documents supporting budget lines.	**We recommend that:** **Rec. 1.1** - Provide Managers with additional guidance / example calculations re use of non-financial data.	**Better Practice**	**Complete**	Manager Strategy and Governance	30/11/2022 30/06/2023 31/10/2023 30/11/2023	Comments June 2022 - Exemplars/templates for how to identify and quantify social, environmental and other non-financial costs to be provided as part of the New Initiative Process. Comments September 2022 - Work underway to complete by Due Date 30/11/2022 Comments March 2023 - work still underway, to be completed as part of the Project Prioritisation Framework Comments June 2023 - work progressing to target due date Comments August 2023 - draft model has been developed and is awaiting completion of the Project Mgt Framework Comments October 2023 - Project Mgt F/W due to Council Nov 2023 - with the additional guidance required **Comments February 2024** **- Complete - Priorisation Policy and Framework and Manual, along with Project Management Policy and Framework and Manual approved by Council 12/12/2024**
Budget Management	Mar-22	BM01.5		**We recommend that:** **Rec. 1.5**- Develop medium term (e.g. 3-4 year) plans linked to the strategic plan, identifying proposed future capital projects / new initiatives and multi-year projects requiring funding.	**Better Practice**	**Complete**	Manager Strategy and Governance	31/12/2022 31/12/2023	Comments June 2022 - Develop a rolling 4-year Corporate Plan and associated planning process for implementation, commencing with the new Council. Process should consider the State budget forecasting model, scaled to CHB. Comments September 2022 - Work underway to complete by Due Date 31/12/2022 Comments March 2023 - work still underway, linked to Corporate Planning Comments June 2023 - work progressing to target due date Comments August 2023 - work is progressing to target date **Comments February 2024** **- Complete - The implementation of the Prioritisation Policy and Framework and Manual has commenced and the first iteration of a forward project pipeline has been completed. Further details via the 4-year forward estimates will be included in the Corporate Plan.**

Audit	Date Report Finalised	Ref	Findings	Recommendation	Risk Rating	Status	Action Owner	Target Completion Date	Action Owner Comments
Budget Management	Mar-22	BM01.6	**2.2 Budget Maturity Assessment.** - The maturity of Council's budget management practices is majority 'advanced', however there are continuous improvement opportunities. - Opportunities for Council to strengthen its budget management include providing additional funding certainty for multi-year projects, use of indexation to improve the accuracy of depreciation in non-valuation years, and encouraging greater use of system functionality to file calculations, non-financial information and other documents supporting budget lines.	**We recommend that;** **Rec 1.6** - Continue to develop the new initiatives prioritisation framework to: • provide greater assurance of funding for multi-year projects • provide guidance for decision criteria specific to in-flight initiatives • provide guidance for consideration of 'opportunistic' projects linked to State / Federal funding • clarify the timing of the prioritisation decision (e.g. for new initiatives at commencement of the idea vs concept stage). Seek endorsement of the framework from Elected Members.	Better Practice	Complete	Manager Strategy and Governance	~~31/12/2022~~ ~~30/06/2023~~ ~~31/10/2023~~ ~~30/11/2023~~ 31/12/2024	Comments June 2022 - Develop a prioritisation framework that:- provides principles by which projects are objectively assessed for value and priority, including but not limited to considerations such as: (i) alignment to the strategic plan and relevant strategies (ii) value to the community - quantitative and qualitative (iii) return on investment - quantitative and qualitative (iv) relative benefits to other scheduled investments (v) impacts on other scheduled investments (vi) organisational capacity to deliver (vii) opportunity costs; - appropriately addresses planning for multi-year commitments; - provides criteria against which opportunistic/ unplanned projects may be considered and assessed; - considers the scheduling of investments across medium and long term time horizons; includes a process by which Audit Committee oversees or periodically reviews the application of the Framework. Comments September 2022 - Work underway to complete by revised Due Date 31/12/2022 Comments March 2023 - linked to Project Prioritisation work Comments June 2023 - work progressing to target due date Comments August 2023 - works progressing with target date slightly extended to accommodate Comments October 2023 - suite of draft frameworks drafted and reviewed by SLT, due to Audit Committee in November and Council by end of 2023. **Comments February 2024** **Complete - Priorisation Policy and Framework and Manual approved by Council 12/12/2024**
2022/23 Complaints Handling	May-23	CH01	**1.1 Detailed Findings** CHB complaints handling framework vs. better practice principles	**Recommendation 1:** Further clarify among staff what constitutes a formal complaint, and ensure this definition is consistently applied when entering communications from the community into ECM.	Medium	Complete	Manager Customer Experience & Library Services	~~30/06/2023~~ ~~30/09/2023~~ 31/12/2023	Comments August 2023 - partially implemented, meetings with Project Mgt team undertaken and now monitoring complaints handling data received over next quarter, this will enable progression of the recommendation. Comments October 2023 - partially implemented, meetings with Project Mgt team undertaken and now monitoring complaints handling data received over next quarter, this will enable progression of the recommendation. Monitoring data to end of December then review. **Comments February 2024** **- Complete - and will monitor data for consistency across ECM and RMS**
2022/23 Complaints Handling	May-23	CH08	**1.3 Detailed Findings** Other TechOne Councils and their complaints handling processes	**Recommendation 8:** Explore whether the council website/RMS portal can be used to lodge customer complaints.	Better Practice	Complete	Manager Customer Experience & Library Services	~~30/06/2023~~ ~~31/12/2023~~	Comments August 2023 - partially explored - need to work with Proj.Team Comments October 2023 - partially explored - need to work with Proj.Team aiming to implement for 2024/25 year. **Comments February 2024** **- Complete - Complaints can now be lodged using the Council website online form. Note: this will be re-considered with customer portal planned for 2026/27.**
2022/23 Complaints Handling	May-23	CH09		**Recommendation 9:** Review feedback from other TechOne Councils to explore whether the council website/RMS portal can be used to lodge customer complaints.	Medium	Complete	Manager Customer Experience & Library Services	~~31/12/2023~~ 31/01/2024	Comments August 2023 - not yet commenced Comments October 2023 - to be incorporated into workplan for Oct/Nov 2023 **Comments February 2024** **- Complete - research completed, an upgrade of the Property and Name module in TechOne required first. To be considered for implementation in 26-27.**
2022/23 Cyber Security Follow Up		CS02.04	**2.2 Lack of approved IT/Security policy framework**	**We recommend that;** **Rec 4:** Develop an IT/Security Policy Framework that is tailored to Council's needs. This can include, for example, policies in relation to: - information security / mobile devices and teleworking / acceptable use of assets / human resource screening / asset management / information classification / supplier management / media handling (e.g. use of portable media) / access control. (Note: CHB rated High - Alwyndor rated Medium)	High	Complete	Manager Innovation and Technology	~~31/12/2022~~ ~~14/02/2023~~ 31/12/2023	Comments March 2023 - Council Information Security policy endorsed as of 14/02/2023 alongside (i) Council Mobile Device Policy (ii) Council Acceptable Use Policy (iii) Organisational IT Asset Management Policy and (iv) Council Social Media Policy - The flow-on objective is to develop a Security Strategy based on the LGITSA and industry best practice security frameworks for CHB, encompassing Council and Alwyndor. - The strategy will provide a suite of documents, toolkits, templates and processes to guide CHB in implementing a framework based on our risk appetite, size, available resources and maturity level. - Developing a realistic implementation plan and effective security risk management requires implementing and ongoing management of a program of works endorsed by the Senior Leadership Team, Council Leadership Team and Alwyndor Executive Team, ensuring an ongoing commitment and approach towards managing security risk sustainably and pragmatically. The security program should/will aim to consider and document the following: • The security objectives of CHB and how these support the broader strategic objectives • The scope, boundaries and exclusions of the security program • The program requirements and success criteria • The security governance model and critical responsibilities and functions Comments June 2023 - engaged CyberCX to develop and implement a cyber security framework, the intent of which is to provide clear guidance for implementing strong cyber security practices. To be completed by Mid Sept 2023. Additionally, the engagement is to identify major cyber security control and process gaps and develop a security strategy to address these gaps in a structured and consistent manner. Comments August 2023 - work progressing to target due date Comments October 2023 - ICT policies now reviewed and approved. Supporting framework to be progressed by Cyber CX. **Comments February 2024** **- Complete - Framework and Roadmap completed and awaiting SLT endorsement March/April 2024.**

Audit	Date Report Finalised	Ref	Findings	Recommendation	Risk Rating	Status	Action Owner	Target Completion Date	Action Owner Comments
Workforce Planning	Feb-21	WFP02	**2.2 Opportunity to develop a strategic workforce plan that aligns with business objectives:** - Workforce planning activities are primarily conducted at a team level with the Manager assuming key responsibility. The General Manager and People and Culture provide input and support. - All Managers interviewed demonstrated an understanding of their team's operational workforce requirements and strategic challenges and identified further the need for strategic and holistic workforce planning across Council. - Specific workforce planning approaches are informal, operational, and teams based. There is opportunity to document critical workforce knowledge. - Alwyndor's Managers have demonstrated awareness of WFP recommendations arising from the Royal Commission into Aged Care Quality and Safety (the Royal Commission) and a desire to ensure compliance. Alwyndor have commenced preliminary planning for a strategic WFP.9	**We recommend that:** **Rec: 2 -** Develop an overarching strategy or framework to guide workforce planning initiatives, specifically including <u>strategic workforce</u> planning at both CHB and Alwyndor. Options to achieve this include: - develop a high level standalone workforce plan, framework or strategy that documents the overall workforce planning requirements for CHB and Alwyndor. - link more strategic WFP activities to requirements under Council's existing 'culture' pillar. A suite of supporting documents may then be developed to further outline specific actions in place. <u>NOTE:</u> – Internal Audit consider that WFP is an ongoing process and promote a pragmatic approach to WFP rather than a time-intensive and static document. In addition, this work can be completed in line with Council's draft strategy – Audit understand that directions included in the new Strategy are already broadly known. In addition, Alwyndor's Strategic Plan, through the enabler: People and Culture, includes an action to develop a workforce plan for 2021.	Low	In Progress	Manager People and Culture	~~30/06/2022~~ ~~30/06/2023~~ ~~30/09/2023~~ ~~31/12/2023~~ **31/08/2024**	Comments June 2022; - Generic principles of Workforce Planning were determined for both Alwyndor and COHB and approved by the SLT. - Strategic Plan 2050 launched in January 2022. Awaiting development of Corporate Plan to determine workforce planning strategies to support future service delivery/strategic outcomes. - 'Culture Pillar' has now been removed for Council so is no longer applicable. Alwyndor has a separate Strategic Plan, therefore Council's 'Culture' Pillar is not applicable. - WFP strategies to be determined annually from strategic plan and workforce trends within a highly regulated industry. - Timeline for Corporate Plan to be established - approx Dec 2022 (as per SB 22/7/22) <u>Comments September 2022</u> - Corporate Plan underway - due for completion Dec 2022 - Workforce planning strategy to follow once Corporate Plan established. <u>Comments March 2023</u> - Will be completed to target due date <u>Comments June 2023</u> - Work progressing to target due date <u>Comments August 2023</u> - Corporate Plan being finalised which will then inform this strategic workforce planning. <u>Comments October 2023</u> - Corporate Plan details now finalised - to be used as a reference by newly appointed Manager P&C over coming months to inform WFP. Extended due date until end of next quarter to allow for transfer/update of information. **Comments February 2024** **- Workforce strategy to guide workforce planning underway - target for completion 30/06/24**
Workforce Planning	Feb-21	WFP03	**2.2 Opportunity to develop a strategic workforce plan that aligns with business objectives:** - Workforce planning activities are primarily conducted at a team level with the Manager assuming key responsibility. The General Manager and People and Culture provide input and support. - All Managers interviewed demonstrated an understanding of their team's operational workforce requirements and strategic challenges and identified further the need for strategic and holistic workforce planning across Council. - Specific workforce planning approaches are informal, operational, and teams based. There is opportunity to document critical workforce knowledge. - Alwyndor's Managers have demonstrated awareness of WFP recommendations arising from the Royal Commission into Aged Care Quality and Safety (the Royal Commission) and a desire to ensure compliance. Alwyndor have commenced preliminary planning for a strategic WFP.9	**We recommend that:** **Rec: 3 -** Complete the planned CHB (not Alwyndor) skills/capability and gap analysis and use this to inform plans to obtain and develop critical skills necessary for delivery of its strategic plan. Example required skills gaps identified may include: - service design capability - data analytics	Low	In Progress	Manager People and Culture	~~30/06/2022~~ ~~30/06/2023~~ ~~30/09/2023~~ ~~31/12/2023~~ **30/09/2024**	Comment June 2022; *** This recommendation does not apply to Alwyndor. - Skills/Capability Audit was undertaken for the Leadership Team, however, not completed for the rest of the organisation - Strategic Plan 2050 launched in January 2022. Awaiting development of Corporate Plan to determine workforce planning strategies to support future service delivery and strategic outcomes. - Timeline for Corporate Plan to be established - approx Dec 2022 (as per SB 22/7/22) <u>Comments September 2022</u> Corporate Plan underway - due for completion Dec 2022 - Skills capability and gap analysis to follow once Corporate Plan established. <u>Comments March 2023</u> Will be completed to target due date <u>Comments June 2023</u> - work progressing to target due date <u>Comments August 2023</u> - Corporate Plan being finalised which will then inform this skills/capability audit <u>Comments October 2023</u> - Corporate Plan details now finalised - to be used as a reference by newly appointed Manager P&C over coming months to inform WFP. Extended due date until end of next quarter to allow for transfer/update of information. **Comments February 2024** **Skills/capability gaps analysis underway – target for completion 30/9/2024**
Workforce Planning	Feb-21	WFP06	**2.4 Opportunity to ensure critical knowledge is formally documented:** - Knowledge of key workforce demand/supply gaps is informally held by Managers who are familiar with their operational requirements and market conditions. - Manager turnover may lead to inconsistent approaches to managing these risks and/or missed opportunities to more effectively plan for succession and knowledge documentation/transfer. - There is an opportunity to proactively review demand and supply requirements and associated workforce risks. This will strengthen Council's business continuity and knowledge transfer in the event of a General Manager or Manager leaving Council.	**We recommend that:** **Rec: 6 -** Review whether staff in all positions identified as critical across Council have documented their knowledge/role requirements. Where required and to assist in case of staff turnover/ unexpected leave, ensure that this knowledge is formally documented. <u>NOTE:</u> Management will review the work instructions and procedures for all critical roles, in particular Corporate roles where there is real risk due to lean team structures.	Low	In Progress	Manager People and Culture	~~30/06/2022~~ ~~31/12/2022~~ ~~30/06/2023~~ ~~30/09/2023~~ ~~31/12/2023~~ **30/06/2024**	Comments June 2022: Alwyndor Management will review the work instructions and procedures for all critical roles, in particular Corporate roles where there is a real risk due to lean team structures. Business Continuity Planning undertaken for Council, with a high focus during the pandemic. Critical roles have been identified as well as succession planning opportunities. Managers responsible for determine their business processes, as well as ensuring adequate records management processes (ECM introduced in 2020 with appropriate training for all staff) to ensure documentation available for Council. NOTE: Could incorporate reference to critical operational procedures via BCP matrices completed by Managers Feb/Mar 2022. <u>Comments September 2022</u> - Alwyndor/ Strategy & Governance to progress - no action required from Manager P&C perspective. <u>Comments March 2023</u> - Will be progressed/finally reviewed in line with current corporate Manager Finance recruitment. <u>Comments June 2023</u> - Work progressing to target due date <u>Comments August 2023</u> - Leadership team review now required to ensure workforce risks have been fully recognised and the relevant internal controls are correctly in place. <u>Comments October 2023</u> – Newly appointed Manager P&C to review the management process for 'critical position data' - with a view to closing off this action within the next quarter. **Comments February 2024** **- Critical Positions review underway – target for completion 30/6/2024**
Budget Management	Mar-22	BM01.7	**2.2 Budget Maturity Assessment.** - The maturity of Council's budget management practices is majority 'advanced', however there are continuous improvement opportunities. - Opportunities for Council to strengthen its budget management include providing additional funding certainty for multi-year projects, use of indexation to improve the accuracy of depreciation in non-valuation years, and encouraging greater use of system functionality to file calculations, non-financial information and other documents supporting budget lines.	**We recommend that;** **Rec 1.7 -** Investigate options for software to replace the existing Corporate Performance Management (CPM) system.	Better Practice	In Progress	Manager Strategy and Governance with Manager Innovation and Technology	~~30/06/2022~~ ~~31/12/2023~~ **30/06/2024**	<u>Comments June 2022</u> '- Investigate software options to replace the existing CPM module, in order to support the development of the Corporate Planning program and improve corporate and management reporting. <u>Comments September 2022</u> - 07/07/2022 - IT-GSC approved prioritisation/scheduling Corp.Planning & Reporting - to start in Sept.2022 - 15/09/2022 - IT-GSC approved contractor for Corp.Planning & Reporting (Lack of resources delayed.) - Current start 30/11/2022 and completion 31/12/2022. <u>Comments March 2023</u> - linked to the Biz Regs. <u>Comments June 2023</u> - work progressing to target due date <u>Comments August 2023</u> - work progressing to target due date <u>Comments October 2023</u> - AMP workload to be scheduled to ensure all aspects reviewed and completed within timeframe - due Dec 2023. **Comments February 2024** **- Business Requirements were completed in 2023 and further detailed analysis of reporting requirements is in progress. A preferred product has been identified and a budget bid for implementation in 2024/25 has been completed.**

Audit	Date Report Finalised	Ref	Findings	Recommendation	Risk Rating	Status	Action Owner	Target Completion Date	Action Owner Comments
Transport Asset Management	May-22	AM02	**2.1 Forward-planning processes and use of asset management information in strategic decision making** - There is a clear link between long term financial forecasts included in the AMPs and the budget, annual business plan and long term financial plan (LTFP). - A key gap in the asset management framework for CHB is the absence of an Asset Management Strategy. - CHB has recently had a comprehensive condition assessment undertaken of road assets, which identified average conditions are lower than assumed in the current AMP, indicating a need to increase spending on renewals and maintenance. - There is a focus on increasing the level of proactive maintenance of assets. - Service levels are generally defined quite well, though there are improvement opportunities in the ongoing measurement and tracking of service levels.	**We recommend that:** **Rec 02: -** Review and reconfirm / refine the KPIs in the AMPs to ensure they are measurable and provide useful insights to support decision making. Measure and monitor all selected KPIs, implementing any necessary data collection mechanisms (such as additional questions in the 'Quality of Life Community Survey').	Medium	In Progress	GM Assets & Delivery	30/11/2024	Comments June 2022 Progress in line with audit report Comments September 2022 Will be progressed in line with Target Completion Dates Comments March 2023 Will be progressed in line with Target Completion Dates Comments June 2023 - work progressing to target due date Comments August 2023 - work progressing to target due date - 2023 Quality of Life survey received to be incorporated into the development and measure of KPIs for AMPs. Comments October 2023 - works progressing on KPIs for AMPs **Comments February 2024** **- Work progressing on KPIs within AMP reviews**
Transport Asset Management	May-22	AM03		**We recommend that;** **Rec: 03** - A review timetable is introduced for all AMPs, scheduling: - annual updates to the 10-year replacement schedule, associated costings and financial summary based on current asset management data - annual updates to the tables within the Risk and Improvement Plan Appendices (including status of treatment plans) - 4-yearly comprehensive AMP updates within 2 years of each general election. **Note:** it may not be necessary to annually update all AMPs – the transport AMP is highly material and therefore the most beneficial to update. Updates for other asset classes should be considered on the basis of materiality / effort vs benefit.	Medium	In Progress	GM Assets & Delivery	30/11/2024	Comments June 2022 Progress in line with audit report Comments September 2022 Will be progressed in line with Target Completion Dates Comments March 2023 Will be progressed in line with Target Completion Dates Comments June 2023 - work progressing to target due date Comments August 2023 - work progressing to target due date Comment October 2023 - work progressing on the AMP format **Comment February 2024** **- Work progressing on the AMP reviews and formats**
Transport Asset Management	May-22	AM04		**We recommend that;** **Rec 4:** Asset replacement cost estimates within the AMPs are costed on the basis of the most likely actual replacement design (which may constitute an upgrade), rather than an assumption of like-for-like. **Note:** costings within the AMP for future planning purposes do not impact on asset revaluations or depreciation calculations for financial reporting purposes. These calculations continue to be based on modern equivalent, like-for-like replacement to ensure that depreciation expense captures the current value of consumption of existing services, not future upgrades).	Medium	In Progress	GM Assets & Delivery	~~31/07/2023~~ 31/08/2024	Comments June 2022 Progress in line with audit report Comments September 2022 Will be progressed in line with Target Completion Dates Comments March 2023 Will be progressed in line with Target Completion Dates Comments June 2023 - work progressing to target due date Comments August 2023 - valuation for replacement costs open space assets (2022/23) is currently being completed. Due August 2024. To be implemented in AMP in November 2024. Comments October 2023 - AMPs to be reviewed and timeframes checked to ensure delivery of outcomes - Due August 2024. **Comments February 2024** **- Work ongoing and on target for due date**
Transport Asset Management	May-22	AM07	**2.3 Governance and risk management frameworks.** - The majority of effectiveness criteria per the IIM standards have been met. - There is a need to develop an Asset Management Strategy to provide greater cohesiveness of asset management across asset classes, and improve transparency over the prioritisation of strategies for continuous improvement of asset management maturity at an organisational level. - Asset management risks captured within the AMPs would benefit from annual updates to implementation status of treatment plans.	**We recommend that:** **Rec 7:** Implement a 4-yearly Asset Management Maturity Self-Assessment process.	Better Practice	In Progress	GM Assets & Delivery	30/06/2024	Comments June 2022 Progress in line with Target Completion Dates Comments September 2022 Will be progressed in line with Target Completion Dates Comments March 2023 Will be progressed in line with Target Completion Dates Comments June 2023 - work progressing to target due date Comments August 2023 - completed initial maturity assessment as part of AMS Comments October 2023 - working towards this Asset Maturity Self-Assessment process in alignment with the asset management strategy **Comments February 2024** **- Work ongoing and on target for due date**
2021/22 EOFY Financial Controls Alwyndor	May-22	FC01	**Detailed Findings: 1 ASS-DEB-0013** The organisation maintains a Debt Collection Policy and/or procedure.	**Rec.Treatment Plan 1:** Debt Collection Policy to be created.	Better Practice	In Progress	Manager Finance Alwyndor	~~1/11/2022~~ ~~31/12/2023~~ 30/06/2024	Comments September 2022 - Alwyndor does not have a policy or formal documented procedure for Debt Collection. - Outstanding debtors are checked regularly and any aged debtors are followed up. - Risk level considered low, the majority of billing is collected via direct debit. - rarely a need for debt collection procedures. - If debt collection is needed the procedure is determined on a case-by-case basis. Comments March 2023 - Due to low level of risk related to this actions and current workloads of Finance Team, it's agreed to reschedule this until Dec 2023. Comments June 2023 - work progressing to target due date Comments August 2023 - work progressing to target due date Comments October 2023 - work being finalised for due date **Comments February 2024** **- Minor extension required to finalise this piece of work**
		FC02	**Detailed Findings: 2 ASS-FIX-0003** Asset Management Plans are prepared and renewal expenditure and programmed maintenance required is reviewed periodically to reflect changing priorities, additional asset data and other relevant factors.	**Rec.Treatment Plan 2:** Complete Asset Management Plan	Better Practice	In Progress	Manager Finance Alwyndor	~~31/03/2023~~ ~~30/06/2023~~ ~~31/12/2023~~ 30/06/2024	Comments September 2022 - The development of the Asset Management Plan delayed due to resources - planned for 2022/23. - Scheduled maintenance systems in place to maintain/monitor assets against priorities. - Any damage is logged. - Management of assets is undertaken by a register. Comments March 2023 - Asset Management review commenced, review completion date to 30/06/23 Comments June 2023 - work progressing to target due date Comments August 2023 - extension of time required, due to new recruitment of Financial Manager at EOFY. Comments October 2023 - work being finalised for due date **Comments February 2024** **- Minor extension required to finalise this piece of work**

Audit	Date Report Finalised	Ref	Findings	Recommendation	Risk Rating	Status	Action Owner	Target Completion Date	Action Owner Comments
2021/22 EOFY Financial Controls Alwyndor	May-22	FC03	**Detailed Findings: 3 ASS-FIX-0013** Relevant staff review useful lives, residuals, valuations, depreciation methodology and test for impairment as required by Accounting Standards and legislation to ensure that methods used are still appropriate and significant changes are incorporated into Asset Management Plans.	**Rec.Treatment Plan 3:** Fixed Assets, asset accounting policy to be reviewed	Better Practice	In Progress	Manager Finance Alwyndor	~~31/03/2023~~ ~~30/06/2023~~ ~~31/12/2023~~ 30/06/2024	Comments September 2022 Ref: 3 - Assets regularly maintained/serviced to a maintenance schedule. - The Financial Accountant provides assessment for new assets, reviewed by Finance Manager. - Finance Manager prepares high level review of useful lives/depreciation methodology every two years. - Independent valuations performed every 5 years. - Asset Management Plan to include review of communication between Finance & Maintenance, - To ensure assets effectively monitored and disposals are appropriately documented. Comments March 2023 - To be included in the Asset Management review which has now commenced, review completion date to 30/06/23 Comments June 2023 - work progressing to target due date Comments August 2023 - extension of time required, due to new recruitment of Financial Manager at EOFY. Comments October 2023 - work being finalised for due date **Comments February 2024** **- Minor extension required to finalise this piece of work**
2021/22 EOFY Financial Controls Alwyndor	May-22	FC04	**Detailed Findings: 4 ASS-FIX-0014** There is a process in place for the verification of fixed assets which is reconciled to the FAR.	**Rec.Treatment Plan 4:** Fixed Assets, asset accounting policy to be reviewed	Better Practice	In Progress	Manager Finance Alwyndor	~~31/03/2023~~ ~~30/06/2023~~ ~~31/12/2023~~ 30/06/2024	Comments September 2022 Ref: 4 - Several methods of verification are in place. - Independent valuations every 5 years. - All capital acquisitions signed off to ensure asset received, and being treated as capital, - Entered into asset schedule with end of month checks ensure asset additions are accurate. - Most assets require regular (at least annual) maintenance recorded in maintenance schedule. - Acts as form of stocktake, assets in maintenance schedule have been reconciled against asset register. - Looking to consolidate the asset ID used in Finance with the asset ID used by Maintenance team. - This will ease monitoring however majority of the control is considered effective Comments March 2023 - To be included in the Asset Management review which has now commenced, review completion date to 30/06/23 Comments June 2023 - work progressing to target due date Comments August 2023 - extension of time required, due to new recruitment of Financial Manager at EOFY. Comments October 2023 - work being finalised for due date **Comments February 2024** **- Minor extension required to finalise this piece of work**
2022/23 Flood Mitigation	Feb-23	FM02	**2.2 Detailed Findings** A need to stocktake progress in implementing SMP actions	**We recommend that:** **Rec.2:** - Conduct a stocktake of progress in implementing projects identified in the Stormwater Management Plan Coastal Catchments between Glenelg and Marino 2014 (SMP) and identify whether: - (i) sufficient action taken against these compared to associated risk. - (ii) whether sufficient financial resources associated to achieve CHB's expected progress in delivering the projects. - (iii) an action plan to ensure more timely progress is required, or - (iv) each project (considering updated flood risk modelling) is still required/considered a risk area. Report results to the Senior Leadership Team.	Medium	In Progress	Manager Engineering	~~31/12/2023~~ 30/06/2025	Comments June 2023 - work not yet commenced Comments August 2023 - not yet commenced Comments October 2023 - will program in works when meeting with Manager Engineering later this quarter. **Comments February 2024** **The SMP review to include this review, and provide recommendations to reprioratise projects and funding.** **Remaining projects prior to renewal are Tarlton/Whyte stormwater upgrade, GIlbertson Gully restoration and Harrow Road GPT.** **Recommend timeframe to change to 30/6/25, inline with SMP.**
2022/23 Flood Mitigation	Feb-23	FM03	**2.3 Detailed Findings** Further encouraging rainwater tank installation/stormwater compliance measures	**We recommend that:** **Re. 3:** - Develop a strategy to ensure existing and new rainwater and stormwater detention facilities are installed and maintained correctly. This in line with the Planning, Development and Infrastructure (2016) Act's requirements (as applicable), and CHB's Stormwater Drainage Building and Construction Policy (2020). This may include but is not limited to: (i) - researching/understanding the extent of non-compliance with detention tank installation and risks of non-compliance on stormwater flooding (ii) - confirming that tanks that meet criteria set out in the Code are installed. (iii) - requiring builders to advise owners of their responsibility to install tanks (where applicable). (iv) - offering further incentives associated with tank installation on existing properties (v) - use of education on the importance of installing tanks. (vi) - regular inspection of tank installation and detention installation. (vii) - use of an enforcement/penalty-based approach when tanks / detention are not installed as per approved plans.	Low	In Progress	Manager Engineering/ Manager Development Services	~~30/06/2024~~ 31/12/2024	Comments June 2023 - work not yet commenced - to be completed in time to inform the FY26/27 budget Comments August 2023 - not yet commenced Comments October 2023 - will factor into workload when meeting with Manager Engineering later this quarter. **Comments February 2024** **- A rainwater tank incentive trial was completed in 2022/23 to test uptake of rainwater tank improvements. Outcomes identified that grant incentives did not have the desired outcomes on a large scale.** **- Stormwater Drainage Building and Construction Policy is being reviewed prior to December 2024.** **- Compliance, installation, inspections are the responsibility of the Development team.** **Recommend timeframe to change to 30/12/24, inline with policy renewal.**
2022/23 Flood Mitigation	Feb-23	FM04	**2.4 Detailed Findings** Coastal 'inundation' management is long term, some need to clarify asset ownership	**We recommend that:** **Rec.4:** -Pending confirmation of whether ownership of seawalls rests with CHB or the SA Government, review whether: (i) - seawall assets should be included in the Asset Management Plan. (ii) - ongoing monitoring and maintenance of seawall infrastructure is captured adequately in CHB's asset management system.	Low	In Progress	Manager Engineering	~~30/06/2024~~ 30/06/2025	Comments June 2023 - work not yet commenced - as part of the AMP update Comments October 2023 - will factor into workload when meeting with Manager Engineering later this quarter. **Comments February 2024** **- Asset ownership of seawalls on a regional scale is being discussed through the 'SA Climate Ready Coasts' joint project by the LGA/SA Governement/Councils. Outcome of program will include Coastal Adaptation Planning Standards for SA including consistancy of governance such as asset ownership throughout the state.** **- Seawalls are to be excluded from AMP until ownership is resolved at a state level.** **- Design is continuing for the most at risk seawalls (Glenelg North). To be compelted this FY.** **Recommend timeframe to change to 30/6/25, inline with timeline of the new standards.**
2022/23 Flood Mitigation	Feb-23	FM05	**2.5 Detailed findings** Opportunity for proactive condition assessments and oversight of third parties	**We recommend that:** **Rec.5:** - Identify the stormwater drains/assets identified as being at higher risk of failure and use this to prioritise proactive condition assessment of these assets. Captured information can then be used to inform proactive maintenance of stormwater infrastructure going forward.	Medium	In Progress	Manager Engineering	30/06/2024	Comments June 2023 - work not yet commenced subject to budget Comments August 2023 - not yet commenced Comments October 2023 - will factor into workload when meeting with Manager Engineering later this quarter. **Comments February 2024** **- Condition inspection still in progress. Original timeframe over 3 years 2022/23, 2023/24, 2024/25. On-track to be completed this FY.** **- Once completed the data from the inspection will inform future condition assessments of pipes.** **- Condition inspection identified servicability issues, which are being actioned.** **- Currently developing a CCTV register to capture historic condition and serviceability data on underground pipes.**

Audit	Date Report Finalised	Ref	Findings	Recommendation	Risk Rating	Status	Action Owner	Target Completion Date	Action Owner Comments
2022/23 Complaints Handling	May-23	CH02	**1.1 Detailed Findings** CHB complaints handling framework vs. better practice principles	**Recommendation 2**: Create an internal procedure that details the complaint process workflows and provides step by step instructions to enable staff to understand expected complaint handling processes and to implement these processes consistently and effectively.	**Medium**	**In Progress**	Manager Customer Experience & Library Services	~~30/06/2023~~ ~~30/09/2023~~ 30/06/2024	<u>Comments August 2023</u> - draft in place, reviewing over next 2-3 months <u>Comments October 2023</u> - draft in place, reviewing over next 2-3 months **Comments February 2024** **- draft internal procedure has been tested with CE Team and training plan being developby 30/06/24**
2022/23 Complaints Handling	May-23	CH03		**Recommendation 3**: Implement a sample-based approach to conducting quality assurance and review of complaints. This may occur at regular intervals, for example quarterly or six-monthly.	**Medium**	**In Progress**	Manager Customer Experience & Library Services	~~30/06/2023~~ ~~30/09/2023~~ 30/06/2024	<u>Comments August 2023</u> - inititated, review will be undertaken in 3 months <u>Comments October 2023</u> - initiated review of samples from RMS, process successful. RMS Project Team also monitoring and refining process. Continuing to review quarterly. Ist report in January 2024. **Comments February 2024** **- RMS data tested in January 2024 and reported to SLT. Further work progressing to provide quarterly reports by 30 June.**
2022/23 Complaints Handling	May-23	CH04		**Recommendation 4**: Consider strengthening requirements for significant contractors to report on complaints received from CHB residents in relation to their services. For example, this may cover waste management, after hours call centres, immunisation services. This can help CHB to have a fuller picture of complaints received relevant to their services/areas of responsibility.	**Medium**	**In Progress**	Manager Customer Experience & Library Services	~~30/06/2023~~ ~~30/09/2023~~ 30/06/2024	Comments August 2023 - conducting a review of the implementation of this recommendation and how to differentiate between contractor service level issues and complaints Comments October 2023 - conducting a review of the implementation of this recommendation and how to differentiate between contractor service level issues and complaints. Refining process with Managers. Aim to be in place end of financial year. **Comments February 2024** **- liaison with managers to ensure completion of work for 30 June 2024.**
2022/23 Complaints Handling	May-23	CH05		**Recommendation 5**: Generate reports to enable review of CHB's complaint handling performance. This can include detail on complaint numbers, complaint by division, timeliness of resolution, and outstanding escalated complaints. Provide these reports to managers for review and discuss the findings as regular items on executive meeting agendas.	**Medium**	**In Progress**	Manager Customer Experience & Library Services	~~30/06/2023~~ ~~30/09/2023~~ 30/06/2024	<u>Comments August 2023</u> - partially implemented, meetings with Project Mgt team undertaken and now monitoring complaints handling data received over next quarter, this will enable progression of the recommendation. <u>Comments October 2023</u> - partially implemented, meetings with Project Mgt team undertaken and now monitoring complaints handling data received over next quarter, this will enable progression of the recommendation. Provide 6 Monthly report in January 2024. **Comments February 2024** **- meetings being held to progress and test data to proided a 6 monthly report by 30 June.**
2022/23 Complaints Handling	May-23	CH06		**Recommendation 6**: Develop complaint handling training, for example as part of induction training and refresher training schedules. Training can cover the definition of complaints, complaints handling processes, communication approaches and tone.	**Medium**	**In Progress**	Manager Customer Experience & Library Services	~~30/09/2023~~ 30/06/2024	<u>Comments August 2023</u> - being developed and will be informed by the data input over coming 3 months <u>Comments October 2023</u> - being developed and will be informed by the data input over coming 6 months. Training program developed to be provided from March 2024 **Comments February 2024** **- on track - training due for rollout during March 2024 with completion of the program by end of June 2024.**

Audit	Date Report Finalised	Ref	Findings	Recommendation	Risk Rating	Status	Action Owner	Target Completion Date	Action Owner Comments
Transport Asset Management	May-22	AM06	**2.3 Governance and risk management frameworks.** - The majority of effectiveness criteria per the IIMM standards have been met. - There is a need to develop an Asset Management Strategy to provide greater cohesiveness of asset management across asset classes, and improve transparency over the prioritisation of strategies for continuous improvement of asset management maturity at an organisational level. - Asset management risks captured within the AMPs would benefit from annual updates to implementation status of treatment plans.	**We recommend that;** **Rec 6:** Develop a costed delivery plan for asset management improvement initiatives identified within the Asset Management Plans. **Note:** the prioritisation of initiatives should be guided by the principals of the Asset Management Strategy.	High	Not Yet Implemented	GM Assets & Delivery	30/06/2024	Comments June 2022 Progress in line with Target Completion Dates Comments September 2022 Will be progressed in line with Target Completion Dates Comments March 2023 Will be progressed in line with Target Completion Dates Comments June 2023 - work progressing to target due date Comments August 2023 - work progressing to target due date Comments October 2023 - working towards a costed delivery plan in alignment with the Asset Management Strategy **Comments February 2024** **- Work ongoing and on target for due date**
Transport Asset Management	May-22	AM08	**2.4 Asset Management Systems.** - Asset management systems used are fit for purpose. - Opportunities exist to work towards use of advanced system functionality, including thematic GIS mapping and scenario / predictive modelling to guide future decision making.	**We recommend that;** **Rec 8:** Investigate the use of thematic GIS mapping to support decision making **Note:** This is considered a longer-term improvement opportunity, with priority to be considered in the context of other asset management improvement initiatives determined via recommendations 1 and 7.	Better Practice	Not Yet Implemented	GM Assets & Delivery	30/06/2024	Comments June 2022 Progress in line with Target Completion Dates Comments September 2022 Will be progressed in line with Target Completion Dates Comments March 2023 Will be progressed in line with Target Completion Dates Comments June 2023 - work progressing to target due date Comments August 2023 - work progressing to target due date Comments October 2023 - review of GIS mapping will be undertaken in alignment with this asset management process review **Comments February 2024** **- Work ongoing and on target for due date**
Transport Asset Management	May-22	AM09		**We recommend that;** **Rec 9:** Pursue the use of Predictive / Scenario modelling to support long term strategic asset management decisions. **Note:** This is considered a longer--term improvement opportunity, with priority to be considered in the context of other asset management improvement initiatives determined via recommendations 1 and 7.	Better Practice	Not Yet Implemented	GM Assets & Delivery	30/11/2024	Comments June 2022 Progress in line with Target Completion Dates Comments September 2022 Will be progressed in line with Target Completion Dates Comments March 2023 Will be progressed in line with Target Completion Dates Comments June 2023 - work progressing to target due date Comments August 2023 - work progressing to target due date Comments October 2023 - review this as part of the later asset management framework undertaking **Comments February 2024** **- Will incorporate into upcoming elements of AMP reviews**
2022/23 Flood Mitigation	Feb-23	FM01	**2.1 Detailed Findings** A framework to manage flooding is in place, there's opportunity to review Stormwater Management Plan	**We recommend that:** **Rec. 1:** - After updated flood modelling/risk data is received from the State Government, review the Stormwater Management Plan. This can include updated action items/projects for achievement, based on the latest modelling data. Note – this recommendation will be dependent on agreement with the City of Marion and the Stormwater Management Authority.	Low	Not Yet Implemented	Manager Engineering	~~30/06/2026~~ 30/06/2025	Comments June 2023 - work not yet commenced Comments August 2023 - not yet commenced Comments October 2023 - will program in works when meeting with Manager Engineering later this quarter. **Comments February 2024** **- The Stormwater Management Plan has been proposed as a new initiative for 2024/25. With discussion with Marion, they have agreed to co-fund the project for 2024/25 if approved by Council.**
2022/23 Flood Mitigation	Feb-23	FM05	**2.5 Detailed findings** Opportunity for proactive condition assessments and oversight of third parties	**We recommend that:** **Rec. 6:** - Develop an approach, for example via two-way liaison, to obtain assurance that Minda's current management of stormwater is effective. *Note: the intent of this recommendation is for CHB to have assurance that it will not be unexpectedly impacted by a failure in stormwater asset controls at Minda. Minda may also benefit from two-way discussion with CHB on this matter. If CHB attempt to open liaison and Minda is not forthcoming in engaging, then this recommendation will be considered closed.*	Medium	Not Yet Implemented	Manager Engineering/ Manager Development Services	~~30/06/2024~~ 30/06/2025	Comments June 2023 - work not yet commenced Comments August 2023 - not yet commenced Comments October 2023 - will factor into workload when meeting with Manager Engineering later this quarter. **Comments February 2024** **No progress on this action.** **Risk and criticality will be further explored in the SMP.** **Recommend timeframe to change to 30/6/25, inline with SMP.**
2022/23 Flood Mitigation	Feb-23	FM06	**2.6 Detailed Findings** Operational maintenance of infrastructure occurs, some minor improvements identified	**We recommend that:** **Rec.7:** - Define the maintenance requirements for CHB's Water Sensitive Urban Design (WSUD) assets and plan an approach to ensure these are maintained in line with industry standards.	Low	Not Yet Implemented	Manager Field Services	~~30/06/2024~~ 30/09/2024	Comments June 2023 - work not yet commenced - for implementation in FY 2024/25 budget Comments August 2023 - not yet commenced Comments October 2023 - will factor into workload when meeting with Manager Engineering later this quarter. **Comments February 2024** **No progress on this action. Relatively low priority in comparison to other actions.**
2022/23 Flood Mitigation	Feb-23	FM07		**We recommend that:** **Rec. 8:** Review the Yarrum Grove maintenance schedule and ensure that Field Services have oversight of these requirements.	Low	Not Yet Implemented	Manager Engineering	~~30/06/2024~~ 30/09/2024	Comments June 2023 - work not yet commenced - connect to the BMS and provide alarms/training for field staff Comments October 2023 - will factor into workload when meeting with Manager Engineering later this quarter. **Comments February 2024** **No progress on this action.**
2022/23 Flood Mitigation	Feb-23	FM08		**We recommend that:** **Rec. 9:** - Work to increase clarity around cost management of Gross Pollutant Traps, in particular: (i) - ensure that ongoing maintenance costs are included as part of forward planning for new GPTs, and (ii) - work to clarify cost recovery arrangements for GPT cleaning with the City of Marion.	Low	Not Yet Implemented	Manager Field Services	~~30/06/2024~~ 30/09/2024	Comments June 2023 - work not yet commenced - noted as 'ongoing' - need to clarify Comments August 2023 - not yet commenced Comments October 2023 - will factor into workload when meeting with Manager Engineering later this quarter. **Comments February 2024** **No progress on this action.**

Item No:	8.3
Subject:	**RISK REPORT**

Summary

A review of the Strategic Risk Register and high operational risks was undertaken in line with Council's Risk Management Policy and ISO31000 (2018), to ensure an accurate reflection of the current risk position across the business, scoping both business risks and opportunities.

Recommendation

That the Audit Committee notes this report.

Background

As per the updated ISO31000 (2018) guidelines, both risks and related opportunities were captured and reviewed by the Senior Leadership Team (SLT) whilst using *Our Holdfast 2050+* and supporting business plans for reference.

Report

Pursuant to Council's Risk Management Policy all strategic risks, and all extreme and high operational risks are required to be reported to the Audit and Risk Committee.

A review of risk data for January to March 2024 has resulted in movement on the previous quarter, with one additional operational risk charted, relating to a recent WHS confined spaces review.

The resulting twelve-month Corporate Risk Profile Overview (Table 1) and Corporate Risk Profile Movement (Table 2) are shown below. These show the Inherent (I) and Current (C) risk ratings once controls are applied.

The full register detail for '*Strategic and High Level Operational Risk*' is presented for noting and is attached to this report.

Refer Attachment 1

Table 1: Corporate Risk Profile Overview - 12 Months to March 2024

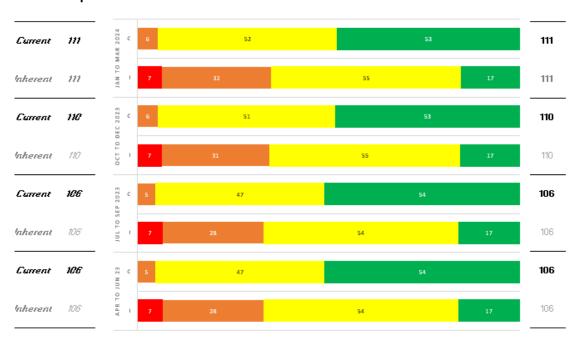| Period	Apr to Jun 23		Jul to Sep 2023		Oct to Dec 2023		Jan to Mar 2024		Risk Movement
Risk	I	C	I	C	I	C	I	C	current quarter
Extreme	7	0	7	0	7	0	7	0	-
High	28	5	28	5	31	6	32	6	-
Medium	54	47	54	47	55	51	55	52	↑
Low	17	54	17	54	17	53	17	53	-
Total	106	106	106	106	110	110	111	111	

Table 2: Corporate Risk Profile Movement – 12 months to March 2024

Strategic and 'Extreme/High' Rated Operational Risk Reviews

The risks currently rated as high from the strategic and operational risk registers have been reviewed for 2023-24 - Quarter 3 and are summarised in Table 3.

Table 3 – Risks with Current Rating of HIGH – January to March 2024

	I	C	R
Strategic Risk SC01 Inability to respond and recover effectively from disruptive events. *Increased national cyber incidents and councils being perceived as 'soft targets'*	E	H	M
Strategic Risk SC07 Inability to effectively implement strategic projects. *Reviewed as related contractor scarcity factor, as materials more readily available*	E	H	M
Strategic Risk SC09 Ineffective management of legislative/regulatory obligations & ongoing changes *Raised uncertainties - LGA Reforms, Elected Members and Administration*	E	H	M
Strategic Risk AD01 Poor or ineffective management of the impacts of climate change *Addressed actively at local and metropolitan level - a long-term high risk issue*	E	H	M
Operational Risk: AM02 Asset Management Plans with high-risk actions (to be completed within 1 year) *Asset Management Strategy and Plans being finalised, with completed asset risk assessments*	H	H	M
Operational Risk: MA03 Failure of work scheduling processes - *Field Services* *Increased workload, expectation and delivery pressures – review during 2023-24 Q3*	H	H	M

New/Emerging Risks and Opportunities

Risk and opportunity discussions were held with SLT during late February. This detailed a quarterly review of new and/or emerging risks included a review of the areas previously identified in order to consider them for inclusion in the strategic and/or operational risk registers.

As a result, the issues listed below were identified as having links to existing risks:

- **Project management** - linked to strategic risk SC07;
  Being tightly managed. Contractor scarcity factors remain however raw materials/ supplies are now recognised as being more readily available.

- **Financial hardship** - linked to strategic risk SC08;
  Continued pressure across the community and business from cost of living, impacts on customer services and challenges for compliance.

- **Staff attraction and retention -** linked to strategic risk SC10;
  People & Culture team newly resourced, as a result a review of priorities, workplans, policies and procedures is currently underway.

- **Community wellbeing/open space -** linked to strategic risk CB01:
  Focussed discussion on issue of homeless, with ongoing work in partnership with agencies. Overnight parking occurrences and related issues being monitored by Community Safety.

- **Expansion of Jetty Road, Glenelg** – managed by Project Control Group.
  Being closely monitored as a major project, linked to local economic risk, revenue loss and key reputation risk. This project involves Federal funding and will be tightly monitored over the project lifespan, with a new staff member assisting the next project phase(s).

The remaining emerging risk areas will be monitored going forward:

- **Business Sustainability** was revisited and agreed to be monitored as an emerging risk area.

- **Tree management -** a recent fatal incident in Adelaide parklands raised this issue, however the tree management program across Holdfast has recently received additional resources and an 18-month tree audit completed. This work will be consolidated into regular work programs going forward.

The remaining areas of potential/future opportunity were also reviewed and remain as follows:

- **Project management** – diversification and/or partnering to ensure continuation of service delivery.

- **Financial Stress** - partnering with advisory groups and community resources, alternative markets and assistance programs via libraries and community centres.

- **Technological** – increased work flexibility options, work/life balance options, IT and cyber safe training/awareness.

- **Legal** – access and inclusion programs, partnering with neighbouring councils to address issues such as service delivery costs, isolated communities and/or increased homeless/community wellbeing issues.

- **Environmental** – with increased demand for outdoor space, there's an opportunity for environmental engagement and/or awareness programs to safeguard and maximise community assets whilst empowering the community.

2023-24 Work Program

In addition to the regular risk reviews and SLT discussion sessions, the following work program elements have been completed:

- Risk reviews – across all five Asset Management Plans
- Operational Risk Reviews for Quarter 2 – Assets and Delivery Directorate
- Review of the corporate reporting format – to include cross-reference to strategic risk

The following elements are currently ongoing:

- Emergency Management risk review
- Project Management risk review
- Operational Risk Reviews for:
  o Quarter 3 – Strategy and Corporate Directorate
  o Quarter 4 – CEO, Community and Business Directorate and Alwyndor.

With the remaining item from the risk work program being programmed for later in the year.

- an Elected Member workshop to identify and set the corporate 'Risk Appetite'.

Budget

There are no budget implications associated with this report.

Life Cycle Costs

There are no life cycle costs associated with this report.

Strategic Plan

Statutory compliance

Council Policy

Risk Management Policy

Statutory Provisions

Not applicable

Written By: Risk and Improvement Officer

General Manager: Strategy and Corporate, Ms S Wachtel

Attachment 1

Review Date	Review Qtr	Risk ID	Strategic/ Operational	Risk Type	Risk Category	Risk Description	Consequences	Risk Manager		Causes	Inherent Likelihood	Inherent Consequence	Inherent Risk Rating	Controls Description	Current Likelihood	Current Consequence	Current Risk Rating	Residual Likelihood	Residual Consequence	Residual Risk Rating	Additional controls Further treatments/actions
February 2024	Q4	CE01	Strategic	Governance, Legal & Compliance	Effective Governance	Inability to implement appropriate controls to manage changes to Local Government reform	Legal/ Regulatory/ Policy, People, Financial Infrastructure, Reputation	Chief Executive Officer	Chief Executive Officer	1. Significant LG changes are ongoing 2. General rate/revenue pressures from State Govt. 3. Dissatisfaction with Boundary Reform process	Possible	Major	High	1.Membership of Local Government Association 2.Qualified /Specialised support staff for CEO office 3.LGRS suite of LG insurances /PSSI 4.Elected Members trained - with localised support partnerships 5.Relevant suite of policies and procedures	Unlikely	Major	Medium	Unlikely	Major	Medium	1. Review skills/provide relevant training for Elected Members. 2. Undertake annual LGRS Insurance review 3. Undertake ongoing policy and procedure review
February 2024	Q4	CB01	Strategic	Poor or ineffective Community Service delivery	Community Service	Poor or ineffective Community Service delivery	Service Delivery Financial/ Infrastructure Environmental/Cultural	General Manager Community and Business	Manager Community Wellbeing	1. Significant range of services and increasing demand 2. Decreasing State and Federal services/funding 3. Economic / post pandemic impacts	Possible	Major	High	1.Policy, procedure & processes 2.Qualified/specialist staff 3.Community Engagement strategies 4.Inclusion Policy / Youth Plan/Play plan 5.Website events/activites calendar	Unlikely	Major	Medium	Unlikely	Major	Medium	1.Measure engagement particpants per year, 2.Monitor developments ie single/mixed use, new/existing 3.Scope current/potential CHB building usage stats
February 2024	Q4	CB02	Strategic	External Communications	Growth and Prosperity	Failure to appropriately engage the broader community and stakeholders	Service Delivery Environmental/Cultural Reputation	General Manager Community and Business	Manager Communications & Engagement	1.Lack of appropriate engagement /informing community 2.Disproportionate vocal minority 3.Inconsistent approach to stakeholder management	Possible	Moderate	Medium	1.Communications Strategy 2030 2.Qualified/specialised staff and full project delivery program 3.Policy & procedures for Communications & Engagement 4.Website training programs 5.Regular 1:1 support for project managers	Unlikely	Moderate	Low	Rare	Moderate	Low	1.Implement newly approved Project Management Framework inc.comms plan/community engagement plan 2.Review Community Engagement Charter - OLG advised legislation/charter June 2024 3.Review Community Consultation and Engagement Policy and Procedure
February 2024	Q4	CB03	Strategic	Service Delivery	Customer Service	Poor or ineffective customer service delivery	Service Delivery, Reputation, Environmental/Cultural	General Manager Community and Business	Manager Customer Experience & Library Services	1.Lack of customer-centric design 2.Lack of customer focus, especially post COVID 3.Inadequate IT support systems/processes for efficient/effective customer service	Likely	Moderate	High	1.Experienced /qualified customer service staff 2.Cross Council service standards for customer experience 3.Benchmarking and service information from LG network groups 4.Customer experience strategy 5.Service level performance key measures	Unlikely	Moderate	Medium	Unlikely	Minor	Low	1. Undertake Customer Experience Strategy review 2. Develop a Customer Service Charter/Service Statement. 3.Review metrics from last 3-6 month period of RMS data - re customer experience & complaints handling
February 2024	Q4	CB05	Strategic	Economic Development	Service Delivery	Poor or inadequate Economic Development and Tourism Management	Financial/ Infrastructure, Service Delivery, Environmental/Cultural, Reputation	General Manager Community and Business	Manager City Activation	1.Outdated Tourism Policy/Plan 2.Lack of Social Inclusion/Access and Inclusion Plan 3.Lack of effective traffic mgt. strategies /transport issues	Possible	Major	High	1.Membership of Regional Toursim Boards 2.Networking with tourism organisations 3.Qualified/experienced staff 4.Tourism Destination Action Plan 5.Regional Destination Action Plan	Unlikely	Major	Medium	Unlikely	Major	Medium	1.Update LTFP with current economic dev.funding detail 2.Review tourism/visitor/events activity data for 2023/4 Summer 3. Review business impact of Jetty Road Development
February 2024	Q4	AL01	Strategic	Community Health and Wellbeing	Aged Care	Inability to sustainably provide aged care services to the community consistent with the requirements of the ACQS.	Legal/ Regulatory/ Policy Service Delivery Financial/ Infrastructure Reputation	General Manager Alwyndor	General Manager Alwyndor	1.Significant operation with $20m turnover/250 staff 2.Operates with multiple other Allied Health services 3.Lack of defined/inadpequate policies and procedures	Possible	Major	High	1.Onsite management and support from Alwyndor Mgt Board 2.Specialised/trained staff 3.Additonal staffing available via contracted services 4.Policies, procedures and processes 5.Aged Care Service standards	Unlikely	Major	Medium	Unlikely	Major	Medium	1.Support services / staff skills review 2.Implement actions identified in recent aged care audits 3.Benchmark services against lead aged care industry providers
February 2024	Q3	SC01	Strategic	Community Safety	Disruptive events	Inability to respond and recover effectively from disruptive events	Reputation Legal/ Regulatory/ Policy Service Delivery	General Manager Strategy and Governance	Manager Strategy & Governance	1.Cyber Security/hacking 2.Disruptive events 3.Climate change/Environmental factors	Almost Certain	Major	Extreme	1.Crisis and Incident Management Plan 2.Business Continuity Plan 3.Incident Management training 4.Southern Adelaide Zone Emergency Mgt Committee SAZEMC (with CoMa/CoMi/CoO)	Possible	Major	High	Unlikely	Major	Medium	1.Undertake training identified on Emergency Mgt SAZEMC annual return 2. Identify refuge/recovery sites that may be nominated to SA Housing 3.Review website to ensure Community infopages are updated
February 2024	Q3	SC02	Strategic	Place Making	Growth and Prosperity	Poor or ineffective planning systems and processes	Legal/ Regulatory/ Policy Service Delivery Reputation	General Manager Strategy and Governance	Manager Development Services	1. Planning reform impacts reducing Council's influence 2. Priorities/targets to increase tree coverage impacting on Council planning 3. Loss of knowledge	Likely	Major	Extreme	1.Planning legislation and guidelines, policies and procedures 2.Qualified/Specialist staff 3.Effective Planning and Development application process (PlanSA portal) 4.Completed Internal Audit review 5.Assessments sampled/reviewed by supervisor	Possible	Moderate	Medium	Unlikely	Moderate	Medium	1. Review training requirements of team members 2. Revoke Development Application Policy, no longer required
February 2024	Q3	SC03	Strategic	Workplace Culture	People & Culture (incl. WHS)	Staff, contractor or volunteer death or serious injury OR subject to physical, sexual, emotional or psychological abuse	People Reputation Legal/ Regulatory/ Policy	General Manager Strategy and Governance	Manager People & Culture	1.Physical, sexual, emotional or psychological abuse 2. Unqualified staff 3.Lack of appropriate training	Possible	Catastrophic	High	1.WHS Strategic Plan and Programs 2.Qualified/Specialised staff 3.Regular appraisal systems 4.Skills audits/Training Needs Analysis (TNA) 5.Published training program	Rare	Catastrophic	Medium	Rare	Catastrophic	Medium	1.Update policy documentation as required 2.Implement new Confined Spaces procedure
February 2024	Q3	SC04	Strategic	Governance, Legal & Compliance	Innovation and Business Support	Inadequate utilisation of information technology to support service delivery	Service Delivery, Environmental/Cultural, Project, Legal/ Regulatory/ Policy , People	General Manager Strategy and Governance	Manager Innovation and IT	1.Inadequate approach to data governance/security 2.Failure of significant/SMART city concepts/opportunities 3.Council's needs fail to align with vendor functionality	Likely	Major	Extreme	1.Information Management Governance Committee 2.Secure working practices in line with ISO 27001 Info Security Mgt Systems 3.Networking partnerships with neighbouring/metro Council areas 4.Qualified / Specialised staff 5.Vendor agreements/ preferred contractors for third party services	Possible	Moderate	Medium	Possible	Moderate	Medium	1. Implement 2023/24 IT security workplans 2. Review finalised roll out of user security inc MFA at Council & Alwyndor 3. Enable IT Governance Committee IT related actions
February 2024	Q3	SC05	Strategic	Governance, Legal & Compliance	Effective Governance	Lack of strategic alignment	Service Delivery, Financial/ Infrastructure, Reputation, Environmental/Cultural	General Manager Strategy and Governance	Manager Strategy & Governance	1.Increased service demands/delivery; need to be agile 2.Low risk appetite for alternative service options 3.Hard to measure performance outcomes vs outputs	Possible	Major	High	1.Experienced/qualified staff overseeing strategy/governance process 2.Membership on LG related Strategic and Governance networks 3.Related policies, procedures and processes 4.Strategic Plan review working group 5.Benchmarking groups - access to key governance data	Unlikely	Moderate	Medium	Unlikely	Moderate	Medium	1. Undertake Strategy Planning Alignment audit 2. Review audit findings and implement recommendations 3. Review corporate feedback for new 4 year delivery plan/Corporate Plan
February 2024	Q3	SC06	Strategic	People & Culture (incl. WHS)	Workforce Planning	Poor or ineffective workforce planning, including recruitment and retention.	People Legal/ Regulatory/ Policy Reputation Financial/ Infrastructure	General Manager Strategy and Governance	Manager People & Culture	1.Inadequate workforce planning 2.Lack of effective position management 3.Poor and ineffective recruitment decisions	Possible	Catastrophic	High	1.Organisational Development Policy 2.Recruitment and Selection Procedures 3.Background Screening & Reporting Procedures, 4.People & Culture Service Standards, 5.Quality Working Culture Policy & Professional Development Review process	Rare	Major	Medium	Rare	Major	Medium	1. Review/renew Organisational Development and related policies 2. Undertake skills gap analysis across new P&C team 3. Undertake rolling gap analysis of corporate skills and qualifications
February 2024	Q3	SC07	Strategic	Service Delivery	Project delivery	Inability to effectively implement strategic projects	Financial/ Infrastructure, Service Delivery, Reputation, Environmental/Cultural	General Manager Strategy and Governance	Manager Public Realm & Urban Design	1.Increased volume and complexity of projects 2. isguided stakeholder interest in major project outcomes 3.Decentralised approach to project management	Likely	Major	High	1.Project Oversight Committee meetings and oversight 2.Project Management Framework and templates 3.Qualified /specialised staff managing project progress 4.Regular budget management process 5.Quarterly grant funding reporting and verification process	Possible	Major	High	Unlikely	Major	Medium	1.Implement the renewed project management framework & reporting templates 2.Scope/design group training or online training module 3.Deliver project management training module and/or online module
February 2024	Q3	SC08	Strategic	Financial	Effective Governance	Poor or ineffective budget development and management	Financial/ Infrastructure, Service Delivery, Legal/Regulatory/Policy, Reputation	General Manager Strategy and Governance	Manager Finance	1.Lack of zero based budgeting aligned with strategy 2.Insufficient budget for development of new assets 3. Difficult to understand full cost of individual services	Possible	Major	High	1.Qualified/experienced/ specialised staff 2.Financial regulations/ Accounting standards 3.Internal policies, procedures, processes 4.Regular external and internal system audits 5.Budget setting, management & reporting timetable	Unlikely	Major	Medium	Unlikely	Major	Medium	1. Review new business initiatives and capital commitments as part budget setting process 2. Ensure capital accounting adequately allocated for new assets 3. Train/raise awareness for budget monitoring & reporting process
February 2024	Q3	SC09	Strategic	Governance, Legal & Compliance	Effective Governance	Poor or ineffective management of legislative and regulatory obligations and ongoing changes	Legal/ Regulatory/ Policy, Service Delivery, Financial/Infrastructure, Reputation	General Manager Strategy and Governance	Manager Strategy & Governance	1.Poor comms. re. legislative/regulatory change 2.Poor comms re. Aged Care legislative/regulatory change 3.Lack of compliance framework/understanding for risks	Almost Certain	Major	Extreme	1.Reference to LGA 1999 Act & regulations 2.LGA Governance networking group 3.Qualified / experienced staff 4.Compliance Register - Council 5.Governance policy, procedure and processes	Possible	Major	High	Rare	Major	Medium	1. Review and update Compliance Register 2. Draft a Compliance Policy & Framework 3. Provide Compliance training for staff as relevant
February 2024	Q3	SC10	Strategic	Workforce Planning	People & Culture (incl. WHS)	Inability of current staff profile to transform the organisation	People, Service Delivery, Legal/ Regulatory/ Policy, Reputation	General Manager Strategy and Governance	Manager People & Culture	1.Lack of innovative/dynamic organisational direction 2.Poor capability/capacity for organisational transformation 3.Lack of skills/training to support staff to build change/agile skills	Possible	Major	High	1.HR policy and procedures 2.Training Needs Analysis (TNA) & corporate traininng program 3.Organisational structures and skills audits 4.Vacancy Management 5.Succession Planning	Unlikely	Major	Medium	Unlikely	Major	Medium	1.Align updated Organisational Structure to the new Strategic Planning review 2.Benchmark similar Councils re.their strategic planning process 3. Ensure 'key worker' risk/succession planning is updated & mapped.
February 2024	Q3	SC11	Strategic	Workforce Planning	People & Culture (incl. WHS)	Prevention of risk or harm to children, young and vulnerable people	People, Service Delivery, Reputation, Environmental/Cultural	General Manager Strategy and Governance	Manager People & Culture	1.'Poor recruitment 2.'Failure to adequately undertake staff checks/ screening. 3. Inadequate level of training	Likely	Catastrophic	Extreme	1.Background Screening & Reporting Procedures 2.Training Needs Analysis (TNA) details training per position. 3.Required training undertaken for existing related postions. 4.Appropriate screening checks undertaken as part of recruitment process.	Rare	Major	Medium	Unlikely	Major	Medium	1.Undertake TNA reconciliation to skills source docs. 2.Ensure related staff acknowledge 'Children & Vulnerable People' req'mts. 3.Undertake audit to ensure required screening checks have been undertaken
February 2024	Q3	AD01	Strategic	Environmental & Coast	Environment	Poor or ineffective management of the impacts of climate and environmental change	Environmental/Cultural Reputation Financial/ Infrastructure	General Manager Assets and Delivery	Manager Engineering	1. Lack of focus for environmental/climate change 2. Lack of budget capacity for environmental issues 3. Poor Community engagment on environmental issues	Likely	Catastrophic	Extreme	1.Resilient South Regional Climate Partnership 2. Regional Climate Action Plan 3.Environment Strategy & Implementation Plan 4.Waste Management Policy inc diversion to recycling & organics 5.Tree Management Policy 6.Specialist trained staff/externally funded Urban Greening Officer	Possible	Catastrophic	High	Unlikely	Major	Medium	1.Implement actions from Resilient South Local Action Plan - RECAP (5yrs) 2.Implement actions within Urban Forest Strategy (2024) 3.Implement actions from Carbon Neutral Plan/Strategy
February 2024	Q3	AD02	Strategic	Place Making	Growth and Prosperity	Insufficient or ineffective asset management and planning	Service Delivery Environmental/Cultural Financial/ Infrastructure	General Manager Assets and Delivery	Manager Engineering	1.Insufficient resources/skills/accurate data & cost information, 2.Inadequate level of correct data analysis 3.Lack of commitment by SLT and EMs to drive asset management	Likely	Major	High	1. Asset Mgt Steering Committee 2. Asset Management Policy, AMPs and related procedures 3. Capital accounting & Project management programs 4. Specialist/trained staff 5. Regular training to remain legislatively compliant	Unlikely	Major	Medium	Unlikely	Major	Medium	1.Asset Management Audit actions 2.Recruit staff to team vacancies 3.Update Asset Mgt Strategy and related A.Mgt Plans
February 2024	Q3	AD03	Strategic	Community Safety	Emergency Management	Failure to adequately consider Emergency Management planning, preparation, response and recovery	Reputation Legal/ Regulatory/ Policy Service Delivery	General Manager Strategy and Governance	Manager Field Services	1.Disruptive events 2.Flooding/Heat related emergencies 3.Climate change/Environmental factors	Almost Certain	Major	Extreme	1.Crisis and Incident Management Plan 2.Business Continuity Plan 3.Incident Management training 4.Southern Region Zone Partnership (CoMa/CoMi/CoO)	Unlikely	Major	Medium	Unlikely	Major	Medium	1. Identify/resource key refuge centres across Council area 2.Identify/regular members to attend SAZEMC meetings 3.Review website to ensure Community infopages are updated
March 2024	Q3	AM02	Operational	Business Impact	Asset Management	Asset Management Plans with high and very high risk actions with actions to be completed in within 1 year	Service Delivery, Financial/Infrastructure, Reputation, Environmental/Cultural	General Manager Assets and Delivery	Manager Engineering	1.Inadequate priority planning currently in place 2.Insufficient resources/skills/accurate data & cost information, 3.Inadequate level of correct data analysis	Likely	Major	High	1.Asset Management Policy and Plans 2.Trained teams/specialist staff 3.Cyclical data collation 4.Established maintenance schedule data 5. SOPs/SSAPs/User Reference Documentation	Possible	Major	High	Unlikely	Major	Medium	1.Review AMPs, risk assesments and over-arching Asset Management Strategy 2. Review survey to inform community LOS as required 3. Introduce review timetable via annual updates to the AMP development
February 2024	Q3	MA03	Operational	Service Delivery	Service Delivery	Failure of field service teams work scheduling processes	Service Delivery, Environmental/Cultural, Financial /Infrastructure, Reputation	General Manager Assets and Delivery	Manager Field Services	1. High volume of work - job tickets/events 2. Key worker risk re job scheduling system 3. Raised community expectation	Almost Certain	Moderate	High	1.Qualified/specialised staff member(s) 2.Established scheduling tools & communications 3.Established, skill orientated work teams	Likely	Moderate	High	Unlikely	Moderate	Medium	1.Review skills within Field Services admin team 2.Identify gaps and address them through the TNA and training budget(s) 3.Draft system documentation, noting procedure/process(es) 6. Endorse RT DAP Councils/Tourism Recovery Plan

Item No:	8.4
Subject:	**FINANCIAL GOVERNANCE - BUDGET MANAGEMENT**

Summary

Administration of Council has a statutory requirement to prepare a number of prescribed budget reports for Council to consider each year. It is also important they have processes which provide sound budgeting and financial management that enable the efficient management of operations and the provision of essential services to the public.

A summary of the processes used to meet these obligations while ensuring robust, but efficient, management of budgets throughout the year is presented to the Audit and Risk Committee.

Recommendation

That the Audit and Risk Committee notes this report.

Background

The *Local Government (Financial Management) Regulations 2011* require three specific budget performance reports to be prepared and considered by councils including:

- Budget update at least twice per year.
- Mid-year budget review once per year.
- Report on financial results after the completion and audit of annual financial statements for the previous financial year.

The three reports collectively are intended to provide a comprehensive reporting process that allows Council to track performance against the financial targets it established in its annual budget.

Local governments also rely on sound budgeting and financial management to efficiently manage operations and provide essential services to the public.

Report

A review was recently undertaken of the current budget management process at City of Holdfast Bay including when and how budget updates are reported to Council. This review involved individual discussions with General Managers, consultation with members of the Leadership Team, and a review of how other councils in the Adelaide metropolitan area report to their elected bodies.

It was identified that:

- All General Mangers valued monthly meetings to discuss budget performance with their managers and members of the Finance team.

- Some budget managers, especially those with larger portfolios, valued completing budget management software monthly to explain major variances. Others did not see a benefit when their variances are usually minor and are a matter of timing.

- A variety of formats are used by other finance teams in councils across Adelaide to present budget updates to their elected members. No 'gold-standard' report was identified, though the quality and frequency of reporting did vary. It was noted that City of Holdfast Bay had the shortest turnaround time between their period end date and presenting a report to Council.

Administration has a statutory requirement to prepare at least three reports for Council each year with a revised budget in a prescribed format. To meet these obligations, while also ensuring robust but efficient management of budgets, the following process was approved by the Senior Leadership Team in December 2023.

Monthly

- A budget management tool within Technology One that identifies major variances at the end of each month will continue to be made available. However, budget managers will have a choice on whether to complete or not. With the assistance of the Management Accountant the emphasis is now on providing each manager with an easily accessible system enquiry that can provide a budget report in real-time, not just once a month. The intention is to educate managers to access and consider their budgets regularly not just at prescribed times.

- Budget meetings every month are arranged with General Managers, their managers, and members of the Finance team. The Management Accountant prepares a budget variance report for each department to consider along with identified concerns and questions for discussion.

- A monthly budget report is prepared for Council to consider at the second meeting following the reporting end date, usually three weeks. This provides Council with a high-level snapshot of their current financial position in a timely manner. More detailed information is provided as an attachment including explanations for major variances, over $50,000, for each business unit within council. The Audit and Risk Committee will continue to receive a copy of this report.

- Where possible information in the monthly report to Council will be presented through graphical or tabular means rather than narration. An important element to this will be highlighting the difference between Council's financial position when viewed from an accounting perspective (Profit and Loss Statement) and a cash position (if Council need to borrow to fund their program of works).

- Unless a requirement arises in the interim to inform Council of changes to, or concerns with, their budget, Alwyndor will only be required to report to Council on a

quarterly basis. The intention is for the Finance team at Alwyndor to produce a higher quality budget update every quarter with the additional time provided.

Quarterly

- All mangers are required to complete the budget management tool within Technology One identifying major variances at the end of each quarterly reporting period. As well as providing commentary on year-to-date variances managers can propose adjustments to existing budget amounts. The proposed adjustments and commentary are then reviewed and, if agreed with, authorised by the relevant General Manager.

- A report in line with statutory requirements will be prepared for Council to approve a revised budget at the third meeting following the reporting end date (previously second meeting) and will include a revised budget prepared by Alwyndor. The Audit and Risk Committee will continue to receive a copy of this report as well.

- Additional and more detailed information will be provided to Council each quarter including:

    - A funding statement with explanatory notes on any proposed changes to existing budgets for both council and Alwyndor.

    - Individual statements detailing the results of Council's commercial operations such as the Brighton Caravan Park.

    - A report on how projects identified in the Annual Business Plan are progressing and whether these are on track, or not.

    - An update on grants received, or expected to be received, during the year.

The purpose of the review, and the minor changes made, was to create a process that fits the needs of City of Holdfast Bay. It forms part of a broader aim to educate managers in good budget management practices, improve the quality of information provided to senior management, and to provide informative reports to Elected Members that will help in their decision making.

Budget

Not applicable

Life Cycle Costs

Not applicable

Strategic Plan

Statutory compliance

Council Policy

Not applicable

Statutory Provisions

Local Government (Financial Management) Regulations 2011, section 9.

Written By: Manager Finance

General Manager: Strategy and Corporate, Ms S Wachtel