



Audit Committee

NOTICE OF MEETING

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

**Kingston Room, Civic Centre
24 Jetty Road, Brighton**

Wednesday 21 April 2021 at 6.00pm

**Roberto Bria
CHIEF EXECUTIVE OFFICER**



Audit Committee Agenda

1. OPENING

The Presiding Member, Councillor Smedley will declare the meeting open at 6.00 pm.

2. APOLOGIES

2.1 Apologies received - Nil

2.2 Absent - Nil

3. DECLARATION OF INTEREST

If a 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. Members are reminded to declare their interest before each item.

4. CONFIRMATION OF MINUTES

Motion

That the minutes of the Audit Committee held on 10 February 2021 be taken as read and confirmed.

Moved _____, Seconded _____

Carried

5. ACTION ITEMS

5.1 Action Item List – 21 April 2021

6. PRESENTATIONS - Nil

7. REPORTS BY OFFICERS

7.1 Standing Items - April 2021 (Report No: 115/21)

7.2 Draft 2021-22 Annual Business Plan and Budget (Report No: 114/21)

7.3 Draft Entertainment and Hospitality and Corporate Credit Card Policy and Procedures (Report No: 116/21)

7.4 Risk Management Framework – Review (Report No: 121/21)

7.5 Procurement Policy (Report No: 122/21)

7.6 Risk Management – Strategic and Operational Risk Report (Report No: 123/21)

8. CONFIDENTIAL ITEMS

8.1 Alwyndor Draft Budget 2021/22 (Report No: 125/21)

9. URGENT BUSINESS – Subject to the Leave of the Meeting

10. DATE AND TIME OF NEXT MEETING

The next meeting of the Audit Committee will be held on Wednesday 2 June at 6.00pm in the Kingston Room, Civic Centre, 24 Jetty Road, Brighton.

12. CLOSURE



**ROBERTO BRIA
CHIEF EXECUTIVE OFFICER**



**AUDIT COMMITTEE
ACTION ITEMS
As at 21 April 2021**

Meeting	Agenda Item	Action Required	Responsibility	Estimated Completion Date	Current Status
17 October 2018	6.4 Brighton Oval Redevelopment Review	Review Council report template to include a section on risk implications.	GM Strategy & Business Services	April 2021	New Council report template drafted, consultation undertaken and templates being finalised. Templates tabled at April 2021 meeting.
19 June 2019	6.1 Standing Items	Review of Financial Policies and Procedures (Action from the Control Track Assessment)	Manager, Finance	June 2021	Draft Assets and Rating Policy to be tabled at the meeting of June 2021.
19 June 2019	6.1 Standing Items	Disaster Recovery Plan, including IT Function, to be reviewed and brought back to the Committee (Action from the Control Track Assessment)	GM Strategy & Business Services	June 2021	Disaster Recovery Plan is currently being reviewed for both Council and Alwyndor and will be tabled at June 2021 meeting.
7 October 2020	7.2 Asset Management Plan (AMP) Review	Record risk within organisational risk process and report.	GM Strategy & Business Services	April 2021	Update tabled at April 2021 meeting.
16 December 2020	9.1 CONFIDENTIAL – Internal Audit – Cyber Security Report	Progress from recommendations to be monitored at each meeting via the Standing Items Report.	GM Strategy and Business Services	April 2021	Update tabled at April 2021 meeting.
16 December 2020	7.1 Standing Items	Develop framework for Governance relationship between Alwyndor, Audit Committee and Council.	CEO	April 2021	Update tabled at April 2021 meeting.
10 February 2021	7.2 Long Term Financial Plan	Update 10 year rolling forecast for Alwyndor and tabled at future meeting.	GM Alwyndor	April 2021	Draft Long Term Financial Plan included in Item 8.1 Alwyndor Draft Budget 2021/22 tabled at April 2021 meeting

Item No: **7.1**

Subject: **STANDING ITEMS – APRIL 2021**

Date: 21 April 2021

Written By: Manager Financial Services

General Manager: Strategy and Business Services, Ms P Jackson

SUMMARY

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

RECOMMENDATION

1. **That the Audit Committee advises Council it has received and considered a Standing Items Report addressing:**
 - **Monthly financial statements**
 - **Risk Management and Internal control**
 - **Audit – External/Internal**
 - **Public Interest Disclosures – previously Whistle-Blowing**
 - **Economy and efficiency audits**
 - **Governance Framework – Alwyndor**
 - **Review of Council Report Templates**
 - **Audit Committee Meeting Schedule and Membership**

RETAIN IN CONFIDENCE - Section 91(7) Order

2. **That having considered Agenda Item 7.1 Standing Items – April 2021 in confidence under Section 90(2) and (3)(e) of the *Local Government Act 1999*, the Audit Committee, pursuant to section 91(7) of that Act orders that Attachment 3 be retained in confidence for a period of 24 months and that this order be reviewed every 12 months.**
-

COMMUNITY PLAN

Culture: Enabling high performance
Culture: Being financially accountable
Culture: Supporting excellent, efficient operations

COUNCIL POLICY

Not applicable

STATUTORY PROVISIONS

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

BACKGROUND

The Audit 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
- Risk management and Internal Controls
- Audit – External/Internal
- Public Interest Disclosures – previously Whistle-Blowing
- 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 Reports***

Members of the Committee receive copies of the monthly financial reports as soon as practical after they are provided to Council.

Financial reports for Municipal and Alwyndor operations for the month ended 31 January 2021 were considered by Council at its meeting on 23 February 2021. Members of the Committee have received copies of the reports.

Risk Management

Administration is not aware of any material changes to Council’s risk profile not otherwise disclosed since the previous Standing Items Report on 10 February 2021.

Internal Controls

Administration is not aware of any material changes to Council’s internal controls not otherwise disclosed since the previous Standing Items report on 10 February 2021.

External Audit

Council's new external auditor Dean Newbery & Partners has prepared their 2020/21 audit plan for Council's Alwyndor operations and it is attached for the Audit Committee's consideration.

Refer Attachment 1

Internal Audit

As part of the internal audit program the following audits are scheduled to be conducted by Galpins in 2020/21:

- Workforce Planning (Quarter 2)
- Stakeholder Management (Quarter 2)
- Asset Management – Short-term (To be confirmed)
- Financial Controls (Quarter 4)

The Workforce Planning review has been completed in draft form and is attached.

Refer Attachment 2

The Stakeholder Management and Internal Audit - Recommendations Follow Up is underway, and findings are expected to be tabled with the Committee during Quarter 3.

Cyber Security Audit

In accordance with the Audit Committee's recommendation a progress report on the required actions from the cyber security internal audit is attached for the Committee's information and consideration.

A 'traffic light' rating has been added to each item with the following definitions:

- Green – on target
- Amber – needs ongoing monitoring
- Red – close monitoring required

Refer Attachment 3

Public Interest Disclosures

On 1 July 2019 the *Public Interest Disclosure Act 2018* came into effect replacing the *Whistleblowers Protection Act 1993*. The new laws strengthen transparency and accountability across government by establishing a scheme that encourages and facilitates the appropriate disclosure of public interest information to certain persons or authorities. Council has endorsed the Public Interest Disclosure Policy aligned to the model policy provided by the Local Government Association.

There have been no public interest disclosures made to Council since the previous standing items report on 10 February 2021.

Sec 130A Economy and Efficiency Audits

Council has not initiated any review pursuant to Section 130A of the *Local Government Act* since the previous Standing Items Report on 10 February 2021.

Council Recommendations

At its meeting on 23 February 2021 Council received the minutes and endorsed the recommendations of the meeting of the Audit Committee held on 10 February 2021.

Governance Framework – Alwyndor

At the meeting on 16 December 2020, the Audit Committee requested a framework be developed for the Governance relationship between Alwyndor, Audit Committee and Council. The Governance Structure and Terms of Reference are attached for information of the Members.

Refer Attachments 4 & 5

Review of Council Report Template

At the meeting on 17 October 2018, the Audit Committee requested the Council Report template be reviewed to include a section on risk implications. In reviewing the template, Administration identified that a single template was not adequate for the breadth of recommendations made to Council. As a result, three (3) templates have been drafted for consideration, with the inclusion of a section on risk implications for relevant types of reports.

Refer Attachment 6

2021 Meeting Schedule and Membership

The Audit Committee's terms of reference require it to meet at least 4 times each year and at least once each quarter. During 2020 meetings were set to align with the two important financial programs in which the Audit Committee plays important roles:

- Development of the annual business plan and budget
- 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 the remainder of 2021:

- Wednesday 2 June 2021
- Wednesday 6 October 2021.

BUDGET

This report does not have any budget implications.

LIFE CYCLE COSTS

This report does not have any full life cycle costs implications.

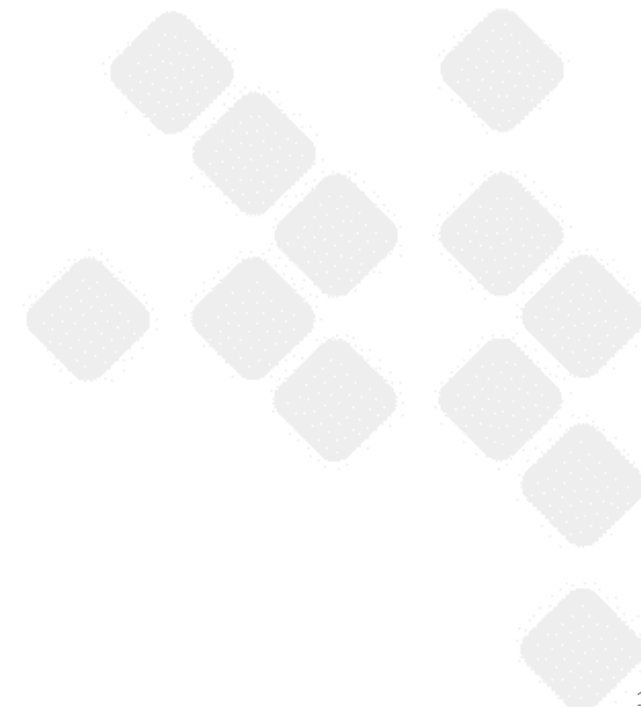
Attachment 1



External Audit Plan

Alwyndor Aged Care

30 June 2021



Contents

Foreword	3
Key Contacts & Information	4
Introduction	5
Audit Strategy	6
Audit Planning & Objectives	8
Communication Strategy	10
Proposed Timetable	11
Audit Focus Areas	12



Disclaimer

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Foreword

13 April 2021

Ms Beth Davidson-Park
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Alwyndor Aged Care
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HOVE SA 5048

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North Adelaide SA 5006

PO Box 755
North Adelaide SA 5006

T: (08) 8267 4777
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ABN: 30 164 612 890

Dear Ms Davidson-Park

We thank you for the opportunity to present our Audit Plan for Alwyndor Aged Care (the Home) for the financial year ending 30 June 2021.

Our audit plan is subject to continual review and update as new information and matters arise during the course of the audit and accordingly, the plan will continue to evolve throughout the financial year. Our processes and approach to the audit will continuously be considered and update where required to address any changes to the operating environment, identified risks and findings identified from work completed.

Our Audit Plan is tailored specifically to the Home's operations and places a high emphasis on continual engagement with the Management Committee and Management throughout the course of the financial year to ensure all audit matters and findings are communicated on a timely basis.

I look forward to meeting and working with Home's Management Committee and should you require any further information, please feel free to contact me on the details provided within.

Yours sincerely

DEAN NEWBERY & PARTNERS



Samantha Creten
Partner

Key Contacts & Information

Samantha Creten is the Lead Audit Partner assigned to lead the audit team assembled for the engagement. Samantha is highly experienced Audit Partner and has over 25 years' experience public practice audit, taxation and commercial advisory experience.

Assisting Samantha, John Jovicevic has been nominated as the Field Audit Partner and another key contact on the engagement team. John has over 15 years' audit experience and together with Samantha, both Partners will be actively involved in the audit of the Home and a key point of reference for any queries or matters as/when they arise.

Samantha and John are committed to ensuring that a high quality audit service is provided to the Home throughout the term of the engagement.

Key Engagement Team Contact Details

Lead Audit Partner

Samantha Creten Phone: 8267 4777
Email: sam@deannewbery.com.au

Field Audit Partner

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Senior Auditor

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Introduction

Purpose of this Document

This documents provides an overview of the planned scope and timing of the audit of the financial statements for the Home for the financial year ending 30 June 2021.

Audit Objectives

The objective of the audit process is to undertake the necessary work that will enable us to form an opinion as to whether the financial report is prepared, in all material respects, in accordance with the Australian Auditing Standards, the *Australian Charities and Not-for-Profits Commission Act 2012* (the Act) and the *Local Government Act 1999*.

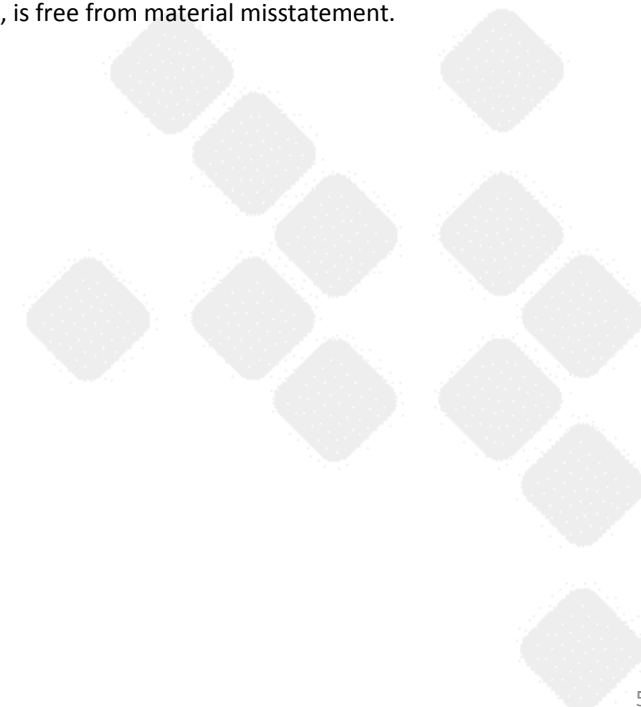
The financial statements of the Home are to be prepared applying the same accounting policies as those of the City of Holdfast Bay (Parent entity). The Home is to prepare its financial statements using the Model Financial Statements applied specifically for the South Australian Local Government sector.

Scope of the Audit

The scope of the engagement includes the audit of the Home's general purpose financial statements for the financial year which is to be in accordance with the requirements under the Act. An audit opinion will be issued at the conclusion of the audit in accordance with the requirements of the Australian Auditing Standards and the Act.

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.

The audit scope includes the audit and completion of the Annual Prudential Compliance Statement.



Audit Approach

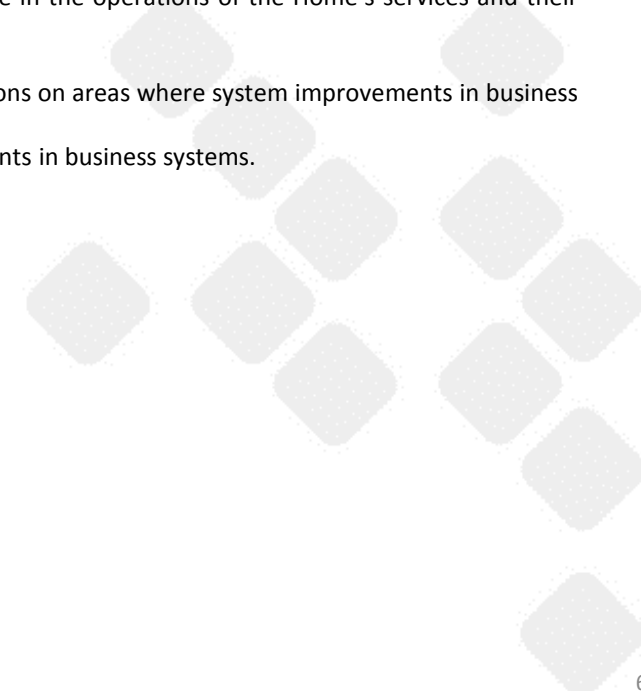
We follow a risk-based approach to audit planning that reflects our overall assessment of the relevant risks that apply to the Home. This ensures that our audit focuses on the areas of highest risk.

Our unique approach to audit planning is based on undertaking the following:

- Discussions with Management and members of the Management Committee
- Our understanding of the sector and its key priorities and risks. This also includes, specific sector issues relating to South Australian Local Government and Aged Care
- Review of the corporate strategies and policies
- Review of the corporate risk register, documented internal control framework and policies/procedures
- Consideration of work completed of other consultants and/or inspection bodies relevant to the operations of the Home (i.e. asset valuations)

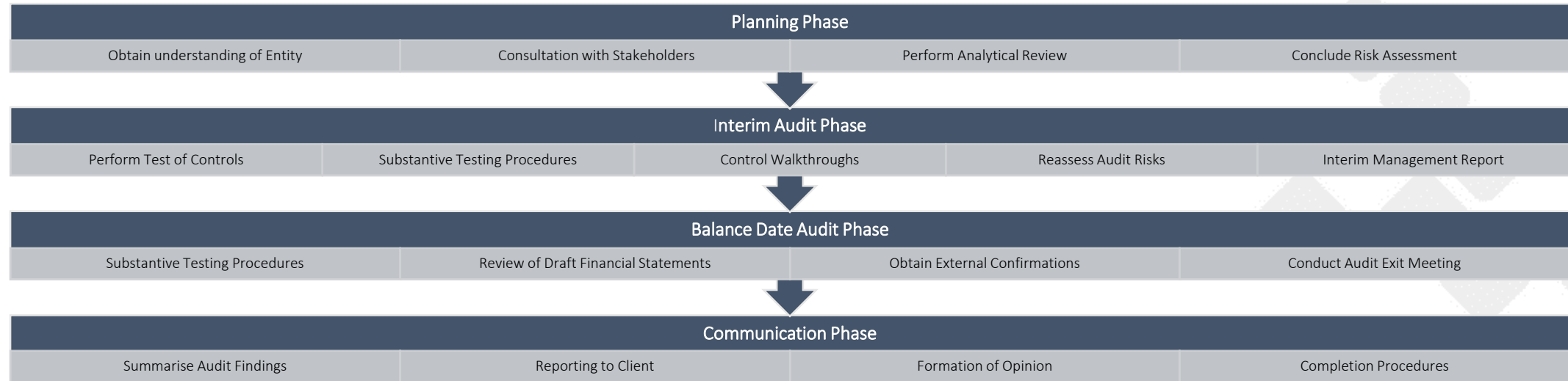
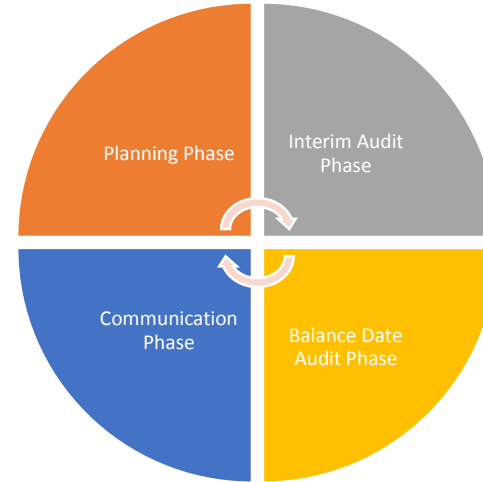
In undertaking the above tasks, we aim to achieve the following outcomes:

- Gain an understanding of the business operations that are being audited to gain an understanding of the key risks, the operating environment and economic challenges
- Assess the risk of material misstatement
- Assess the internal controls operating aimed to mitigate the risks of material misstatement occurring
- Determine what reliance the Home may have on external consultants to assist with providing information, technical services or assistance in the operations of the Home's services and their impact/reliance on information to be included in the financial statements
- Develop an audit plan that has appropriately designed procedures to obtain the necessary evidence to form an audit opinion
- Provide Management Reports to the Audit Committee and Management Committee that include constructive feedback and recommendations on areas where system improvements in business systems should be considered
- Implement a communication strategy that ensures effective and timely communication of audit matters as well as any identified improvements in business systems.



Audit Strategy

Outline of Our Audit Approach



Audit Planning & Objectives

Audit planning involves a series of assessments that are conducted in phases designed to gain a thorough understanding and knowledge of the entity's operations, identification of inherent risks and further development of the planned audit approach.

Gaining an Understanding of the Entity and Inherent Risks

As part of the audit planning undertaken, we undertake research and document the nature of business operations, industry factors, regulatory environment, financial reporting framework, the ICT environment, proposed capital works program, major projects, legislative obligations, critical accounting policies and procedures, Management's level of resources and their assessed level of expertise.

Engagement with Management and those charged with governance (including the Council's Audit Committee) will be undertaken to ensure a detailed level of research can be undertaken as needed to formulate the audit plan.

Analytical Review – Planning

Procedures undertaken during this phase will enable us to gain an understanding of the nature of account balances, classes of transactions, business cycles and the financial reporting framework. Our analytical procedures include an analysis of adopted budget and considering assessments of budget variations, actual performance against budget and the factoring of any specific events or projects being undertaken within the relevant year.

During this phase, work undertaken will enable us to identify the existence of unusual transactions or events that need to be investigated due to the increased risk of material misstatement.

Audit Approach

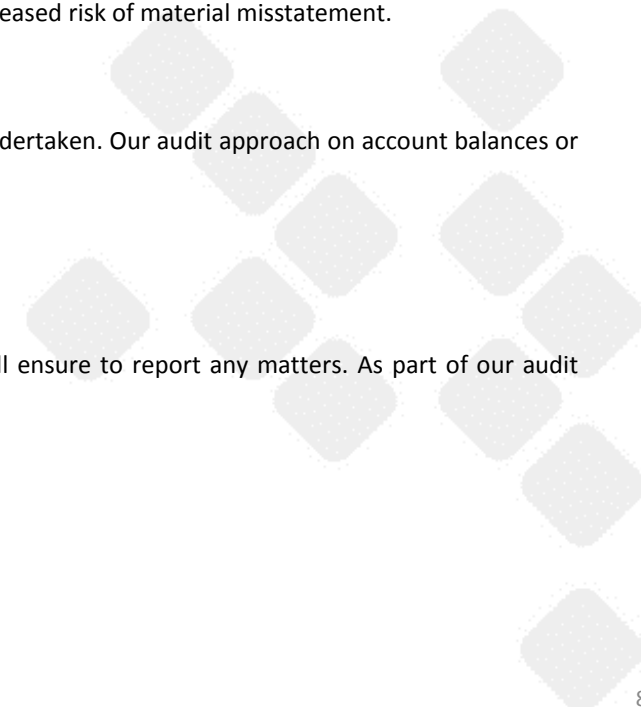
The completion of the above procedures will enable us to obtain a sufficient understanding of the entity that will formulate the audit approach to be undertaken. Our audit approach on account balances or classes of transactions will be a controls/risk based approach, substantive approach or a combination of both.

The next phase of the audit process will commence once we have identified all the inherent risks based on our understanding of the entity.

Consideration of 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 management 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.



Audit Planning & Objectives

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 decisions of intended users of the financial report if 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 process up until the time of issuing the audit opinion.

As is part of our communication strategy, we will communicate to you any material and, potentially non-material matters that may have other business improvement or governance related benefits, during the course of the audit engagement when matters arise through our audit management reports issued.

Internal Controls

A key component to the audit work we undertake is gaining an understanding of the internal controls in operation within the business 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

The objective of the test of controls is to achieve the following key objectives:

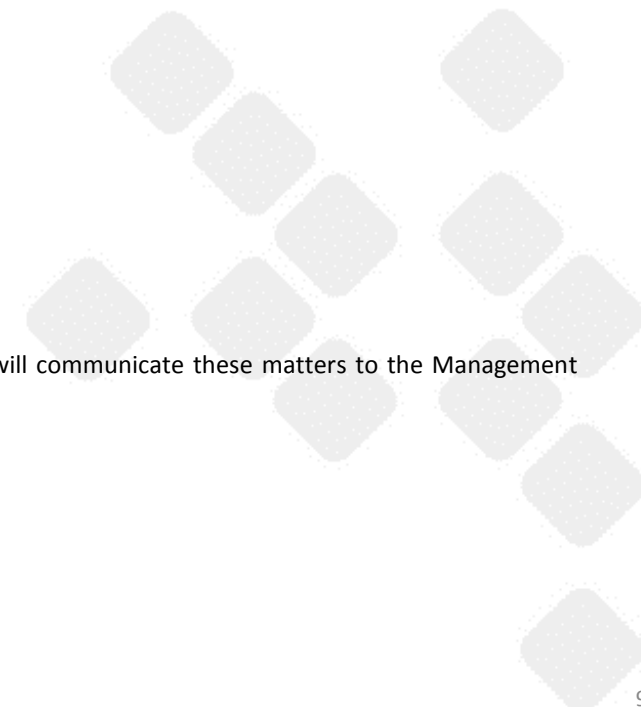
- To obtain evidence as to whether controls operated as intended
- To determine whether internal controls operated effectively throughout the period

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 Management Committee, Council's Audit Committee and Management.

External Confirmations

To assist with the gathering of audit evidence necessary to complete the audit, we will be sending the following confirmation requests:

- External bank confirmations for all bank accounts, loans and products (including credit cards)
- Solicitor's representation letter
- External Asset Valuation (where applicable)

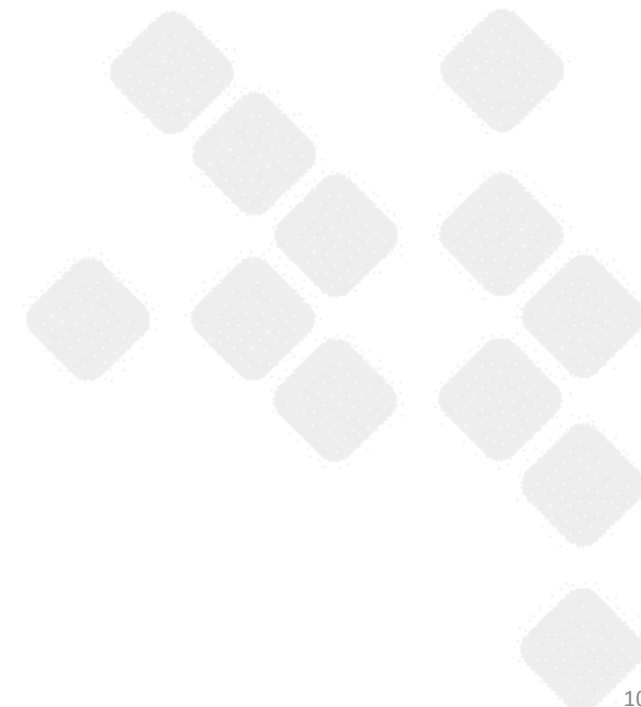


Communication Strategy

Our Management Letters/Reports are issued at the conclusion of each audit attendance and we will ensure to provide comments and findings as a result of testing completed on key matters reviewed. Our approach is for our Management Letters/Reports to provide only constructive feedback to any audit findings as required by Australian Auditing Standards.

All Management Letters/Reports will be provided as draft reports to the Administration for their review and comment prior to issuing a final version.

All audit correspondence will be issued using DNP standard templates.

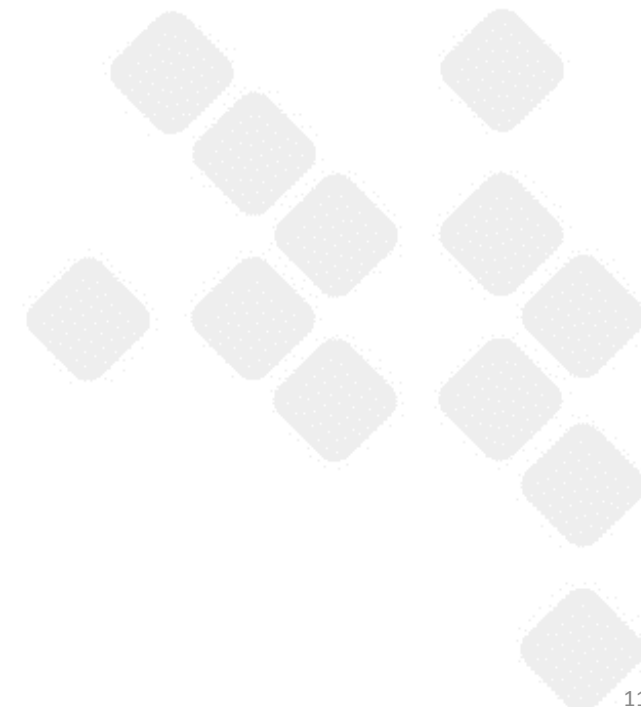


Proposed Timetable

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

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 Management and the Audit Committee.

Audit Stage	Expected Timing of Works
Audit Planning: <ul style="list-style-type: none"> • Initial Meeting with Management • Formulate Audit Plan • Present Audit Plan to Audit Committee • Planning Meeting with Management 	February 2021
Interim Audit: <ul style="list-style-type: none"> • Finalise planning for year • Test of controls • Sample substantive testing • Issue Risk Response Questionnaires 	March - May 2021
Interim Management Report: <ul style="list-style-type: none"> • Issue Interim Management Report to Audit Committee 	May 2021
Balance Date Audit Confirmation: <ul style="list-style-type: none"> • Issue Balance Date confirmation letter • Issue confirmation letters and templates 	June 2021
Balance Date Audit: <ul style="list-style-type: none"> • Perform Balance Date Audit for financial year • Audit of grants and acquittals • Issue Balance Date Completion Report to Alwyndor Management Committee • Meet with Alwyndor Management Committee 	September 2021
Audit Completion: <ul style="list-style-type: none"> • Issue Balance Date Completion Report to Audit Committee • Meet with Audit Committee • Issue Audit Reports and acquittals 	October 2021



Audit Focus Areas

DNP applies a risk based approach to the audit of the Home and the Audit Plan continually evolves to account for any new information or changes to the business operations of the environment we are auditing.

Based on our existing knowledge of the Home’s operations, we have identified the areas of concern we think present risks 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.

Throughout the engagement, we will continue to monitor and assess our risk assessment to ensure that we factor in any additional testing necessary to consider additional risk areas deemed required to be included in our audit testing.

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.

Description of Identified Risk	Planned Audit Procedures
Management override of internal controls. This is a risk that is a required presumption under the Australian Auditing Standards.	Obtain representations pertaining to adopted accounting policies and key judgements applied to estimates and valuations.
Risk of fraud associated with revenue recognition. Risks include the following: <ul style="list-style-type: none"> - Revenue recorded in incorrect period - Fictitious revenue recorded This is a risk that is a required presumption under the Australian Auditing Standards.	Hold discussions with key Management personnel and/or Council’s Audit Committee Members involved in the management and oversight of risks. Detailed sample transaction testing.
Ensuring that the Home meets its compliance for the treatment and use of Refundable Residential Accommodation Bonds in accordance with relevant legislation and reporting requirements.	Review and observation of controls in operation to assess whether controls are operating effectively as intended throughout the period.
Correct recording and disclosure of capital works and site repairs and maintenance works – classification between capital and operating expenses correctly identified and recorded.	Correct recording and disclosure of capital works – classification between capital works and repairs and maintenance.
Recognition and measurement of assets applying the valuation of Land and Buildings per AASB 13 and 116.	Perform test on opening balances to confirm the accuracy and completeness of figures recorded and disclosures made to comparative information.
Material nature and high volume of transactions recorded surrounding expenditure on employee costs, materials, contracts and other expenses. This includes the method of procurement and that it is in line with the adopted policies and procedures.	Review application of accounting policies to ensure consistency with Council’s adopted policies.

Attachment 2



The logo for Galpins features the word "Galpins" in a dark grey, serif font. The three dots of the "pins" are replaced by three solid blue circles. Above the text is a decorative header consisting of overlapping blue and light blue wavy shapes with a thin grey line.

Accountants, Auditors & Business Consultants

City of Holdfast Bay

Internal Audit Report – Workforce Planning Review

February 2021

Table of contents

1.	Executive Summary.....	2
1.1	Background	2
1.2	Objectives.....	2
1.3	Relevant Strategic Risks	3
1.4	Good Practices Observed.....	3
1.5	Key Findings and Recommendations	4
2.	Detailed Findings and Recommendations	7
2.1	Opportunities for collaboration between CHB and Alwyndor for workforce planning.....	7
2.2	Opportunity to develop a strategic workforce plan that aligns with business objectives	10
2.3	Opportunity to implement proactive workforce planning	17
2.4	Opportunity to ensure critical knowledge is formally documented.....	20
2.5	Opportunity to embed workforce planning into strategic annual business planning.....	24
2.6	Council’s proactive management of the COVID-19 pandemic has had a positive impact on the workforce and culture.....	25
Appendix 1.	Overall Control Environment Conclusion Rating Definitions.....	27
Appendix 2.	Risk Framework.....	28
Appendix 3.	Summary of AS5620:2015 Workforce Planning Self-Assessment Checklist	30
Appendix 4.	Workforce Planning Resources	31
Appendix 5.	Audit scope and methodology	32
Appendix 6.	Documents reviewed	33
Appendix 7.	Staff members interviewed	34

Document Control

Date	Revision Number	Revision Details	Author	Reviewer
29.01.21	V0.5	Reviewed draft report	Dharshini Devasagayam	Janna Burnham
31.01.21	V1.0	Finalised draft report	Dharshini Devasagayam	Janna Burnham/ Tim Muhlhausler
05.02.21	V2.0	Revised draft report	Dharshini Devasagayam	Janna Burnham
19.02.21	V1.0	Final report, inc Alwyndor feedback	Dharshini Devasagayam	Janna Burnham

1. Executive Summary

1.1 Background

The 2020-21 Internal Audit Plan provides for a review of the Council's workforce planning activities, covering both the City of Holdfast Bay (CHB) and Alwyndor Aged Care (Alwyndor) to ensure a 'whole of organisation' approach. Workforce planning is '*the systematic identification, analysis and planning of organisational needs in terms of people*'¹. It is an active and continuous process used to generate business intelligence to inform organisations about the current and future impact of the external and internal environment on their business, and in the process, to become resilient to structural and cultural changes and better positioned for the future.

Workforce planning enables the identification of current, transitional, and future workforce demand and supply and, in doing so, makes explicit the human resource requirements at an organisational level.

Two key tasks, requiring different knowledge and skill sets, define workforce planning:

- Strategic workforce planning: which covers a defined period, aligned to organisational strategy (for example, 3 – 5 years)
- Operational workforce planning: which covers a defined period, aligned with the organisation's planning cycle (for example 12 months).²

Workforce planning is future-focused and aims to identify and explore alternative future scenarios. It helps to ensure that business critical functions can continue. It considers:

- the workforce required to deliver services (demand)
- how the workforce needed now and into the future compares with the current workforce (supply)
- how well these are aligned with the organisation's strategic directions.

1.2 Objectives

The audit assessed the effectiveness of current workforce planning activities to assist in the delivery of Council's business objectives. It included assessment against key elements of *Australian Standard 5620:2015 Workforce planning* (the Standard). A summary of the Standard is included in **Appendix 3**.

The audit considered the relationship between CHB and Alwyndor³ for workforce planning. This included a shared understanding of current approaches and identification of opportunities and common principles for the development of a consistent approach to workforce planning.

¹ International Standardization of Organizations (ISO) *Human Resource Management Standard: Workforce Planning ISO 30409:2016*; and Australian Standard: *Workforce Planning AS5620:2015*.

² Office of the Commissioner for Public Sector Employment, 2017, *Working It Out: A Workforce Planning Guide*. Online. URL: <https://publicsector.sa.gov.au/wp-content/uploads/28062017-Working-it-Out-Workforce-Planning-Guide-Final.pdf>

³ The term 'Council' is used within this report to describe the whole organisation – including the traditional Council operations and Alwyndor. To differentiate Alwyndor from the traditional administration, this report refers to Council's administration as 'CHB'.

The audit was conducted in the context of COVID-19, including acknowledging the difficulties linked to recently changing work delivery requirements and risk factors. It recognised positive steps that have been implemented and identified areas where further action may be taken.

1.3 Relevant Strategic Risks

This audit aligns with Council's strategic risk:

- *Poor or ineffective workforce planning, including recruitment and retention.*

During the audit, the below strategic risk was also considered as relevant to this audit:

- *Current staff profile capability not able to transform the organisation.*

In relation to the above risk, Audit noted one causal factor in relation to the Award and Industrial Frameworks. This was reported by 5 of 16 Managers interviewed to limit Council's ability to re-engineer and redesign the workforce to meet emerging service needs. There was reported difficulty in upskilling/reskilling existing long-term staff to fulfil new, different and demanding roles. In addition, the cost associated with making long-term staff with low-value skill-sets redundant was reported as high. In the current environment, Council requires highly skilled staff to help meet its requirements.

1.4 Good Practices Observed

The following positive practices were observed as a part of this audit:

- All interviewees demonstrated knowledge and awareness of their team's operational workforce requirements and strategic workforce challenges. Through ongoing reviews of Council, Audit have observed that Council is providing expected services - indicating adequate workforce planning (WFP).
- Alwyndor's Strategic Plan, through the enabler: People and Culture, includes an action to develop a workforce plan for 2021.
- When vacancies arise, the Senior Leadership Team (SLT) review any new recruitment and whether positions are still required/ is relevant for Council's current and future needs, or if resource can be allocated elsewhere within CHB.
- Positive culture at Alwyndor; all interviewees described a positive workplace and a positive intent towards workforce planning and understanding of the importance of/need for workforce planning.
- At CHB interviewees also reported that Council has a relatively stable workforce with an overall positive culture, however we have observed some frustration in relation to the FTE cap and an associated increased in turnover since audit fieldwork occurred.⁴ This is discussed in detail in Section 1.5.
- All interviewees at CHB and Alwyndor described a positive culture with respect to Council's proactive approach towards managing the impact of the COVID-19 pandemic on operations and the workforce.

⁴ It was reported that five senior staff have exited CHB since audit fieldwork in October 2020.

1.5 Key Findings and Recommendations

This internal audit project aimed to assess the controls established to address Council's strategic risk in relation to poor or ineffective workforce planning, including recruitment and retention. Based on the work undertaken, and when considering the design and/or effectiveness of controls collectively, we conclude that the control environment is **Majority Effective**.⁵

All Managers demonstrated knowledge and awareness of their team's operational workforce requirements and strategic workforce challenges. Workforce planning across Council is primarily the responsibility of each Team Manager, with General Managers and People and Culture providing input.

Within CHB there is an operational Full Time Equivalent (FTE) resourcing cap. Internal Audit found that workforce planning is primarily discussed in an operational context, in response to vacancies as existing staff leave/retire or to known workload/recruitment issues within a specific team. Internal Audit consider that Council can benefit from more strategic consideration of workforce needs, and that workforce planning can be scheduled and discussed as part of proactively.

Eight of 11 Managers at CHB identified concerns about the FTE resourcing cap and a perceived negative impact on workforce culture, and on staff workloads. Five Managers noted that reactionary work demands can be linked to Elected Member expectations that reduce capacity to implement planned work.⁶ This makes workforce planning more challenging.

Whilst Alwyndor is part of Council, its business is clearly defined and it operates as a financially self-sustaining operation. CHB's operations are governed by the *Local Government Act 1999* (LG Act), Alwyndor's operations are also governed by the LG Act however its business operations are required to comply with the *Aged Care Act 1997* (AC Act), the *Aged Care Quality and Safety Standards* and other relevant Commonwealth and SA Health regulations and standards. This is reflected in the distinct Strategic Plan and Values for the two areas and in how workforce planning is conducted.⁷

At Alwyndor there is no formal FTE resourcing cap. Resources are employed and allocated commensurate with service delivery needs, growth and demand in Community Connections. Residential responds to service and care needs – aiming for a balance informed by the acuity of residents and associated requirements. Corporate resourcing is recharged to the service delivery areas and is monitored in response to service demand and financial constraints. The AC Act is currently limited in terms of prescribing the nature and number of employees however the recommendations of the Royal Commission into Aged Care, Quality and Safety will mandate staffing type levels in Residential Care which all aged care providers will be required to plan for and comply with. The exact nature of these recommendations is not yet known.

All five interviewees at Alwyndor noted that Alwyndor is recognised as an employer of choice; this is reflected in the latest People and Culture survey. In 2019, 70% of respondents answered, 'on balance, Alwyndor is a truly great place to work', compared with 59% in 2018. At CHB, interviewees also reported that Council has a relatively stable workforce with an overall positive culture. Audit identified some frustration in relation to the FTE cap and pockets of risk where there is opportunity to proactively plan in relation to both identified critical positions, and the ageing/retirement-age cohort of staff.

⁵ Appendix 1 includes an overview/definition of control environment ratings.

⁶ In addition, Audit are aware that, since October 2020, five Managers have resigned or elected not to renew their contract.

⁷ The CHB Strategic Plan (Our Place 2030) references Alwyndor once. A new strategic plan for is being developed.

Audit findings and recommendations are summarised below.

Finding	Recommendation	Audit Risk Rating ⁸ - CHB	CHB Risk Rating	Audit Risk Rating - Alwyndor	Alwyndor Risk Rating	Estimated Completion Date
2.1 Opportunities for collaboration between CHB and Alwyndor for workforce planning	<p>Recommendation 1: Continue to explore opportunities for collaboration between CHB and Alwyndor with respect to workforce planning. For example:</p> <ul style="list-style-type: none"> ▪ Review whether the ‘City of Holdfast Bay – People Strategy’ could cover both parts of the organisation and lay the foundations for developing workforce plans, noting the principles of workforce planning remain constant whilst the business models and deliverables of CHB and Alwyndor vary significantly. ▪ Consider further opportunities to share resources across Council in areas such as Finance, Payroll, Human Resources and WHS, noting this already occurs in some areas. ▪ Where there is an identified common training need, explore opportunities to collaboratively develop and offer the training to both CHB and Alwyndor staff as a way to meet training needs and reduce administrative duplication. 	Low		Low		
2.2 Opportunity to develop a strategic workforce plan that aligns with business objectives	<p>Recommendation 2: Develop an overarching strategy or framework to guide workforce planning initiatives, specifically including <i>strategic</i> workforce planning, at both CHB and Alwyndor. Options to achieve this include:</p> <ul style="list-style-type: none"> ▪ 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. <p>A suite of supporting documents may then be developed to further outline specific actions in place.</p>	Low		Low		

⁸ All risks are inherent and based on Council’s Risk Matrix, please see Appendix 2 for details.

Finding	Recommendation	Audit Risk Rating ⁸ - CHB	CHB Risk Rating	Audit Risk Rating - Alwyndor	Alwyndor Risk Rating	Estimated Completion Date
	<p><i>Note – 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.</i></p> <p><i>In addition, Alwyndor’s Strategic Plan, through the enabler: People and Culture, includes an action to develop a workforce plan for 2021.</i></p> <p>Recommendation 3: Complete the planned CHB 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:</p> <ul style="list-style-type: none"> ▪ service design capability ▪ data analytics. 					
<p>2.3 Opportunity to implement proactive workforce planning</p>	<p>Recommendation 4: Establish a mechanism to trigger senior leadership to formally consider workforce planning requirements regularly, for example in association with annual business planning activities or as a specific SLT People and Culture meeting agenda item. This may include linkage of people/skills to the new strategy, consideration of future resource/skill needs, ideas for collaboration with other Councils/Institutions.</p> <p>Recommendation 5: Consider building workforce planning into the People and Culture business partnering arrangements, for example scheduling this as an agenda item in monthly catch-ups with Managers.</p>	Low		Low		
<p>2.4 Opportunity to ensure critical knowledge is formally documented</p>	<p>Recommendation 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.</p>	Low		Low		

2. Detailed Findings and Recommendations

2.1 Opportunities for collaboration between CHB and Alwyndor for workforce planning	Audit Risk Rating – CHB	Audit Risk Rating – Alwyndor	Client Risk Rating
	Low	Low	

Key Findings

- Alwyndor's core business is quite distinct to that of the CHB arm of Council. From a workforce planning perspective, CHB and Alwyndor operate as two separate businesses, reflecting the differences in core business and regulatory frameworks.
- CHB and Alwyndor demonstrated collaboration and resource sharing where it is pragmatic, for example noting this is in place for ICT and Marketing and Communications.

Discussion

The audit scope called for consideration of the relationship between CHB and Alwyndor for workforce planning, including:

- a shared understanding of current approaches, and
- identifying opportunities and common principles for the development of a consistent approach to workforce planning.

To achieve this, audit interviewed 16 staff across Council, including the CEO and all General Managers and noted the following:

- Alwyndor's core business is distinct to that of the CHB arm of Council. Council's operations are governed by the LG Act, Alwyndor's operations are governed by LG Act however its business operations are required to comply with the AC Act, the *Aged Care Quality and Safety Standards* and other relevant Commonwealth and SA Health regulations and standards.
- CHB and Alwyndor's strategic plans are also two distinct documents. The CHB strategic plan is currently under review, whilst the Alwyndor strategic plan was approved by the Alwyndor Management Committee and Council in September 2020. The strategic themes and enablers in Alwyndor's Strategic Plan are different to the Strategic Pillars in the Council's draft Strategic Plan.
- Both CHB and Alwyndor's recruitment/selection processes are focused to ensure that appointed candidates fit the organisational requirements with organisational values considered important. There are differences in the key values for CHB and Alwyndor:

CHB ARISE values	Alwyndor's values
<ul style="list-style-type: none"> Achievement Respect Innovation Simplicity Engagement 	<ul style="list-style-type: none"> Wellbeing Respect Courage Accountability Excellence

As a result of the above, from a workforce planning perspective CHB and Alwyndor operate as distinct organisations with collaboration / resource sharing. Audit identified areas where WFP between CHB and Alwyndor are necessarily separate. Examples include:

- The CHB's annual performance development framework does not suit Alwyndor's specific health-industry needs. At the time of our review, Alwyndor were in the process of developing and rolling out a custom bi-annual performance development framework. The executive reviews have been common in 2020-21.
- CHB and Alwyndor conduct separate employee satisfaction surveys. Alwyndor engaged external consultants (BPA) to undertake the survey and gain insights from national benchmarking with health and Aged Care providers. The CHB survey is internally designed and does not include Alwyndor.

There are also opportunities for collaboration / resource sharing between CHB and Alwyndor. For example, the transfer of staff for the Commonwealth Home Support Program (CHSP) funded services from CHB to Alwyndor in 2020 has been managed for a united workforce.

Opportunities for collaboration

The People and Culture teams are open to collaboration and resource sharing where pragmatic. The SLT have recently (late 2020) included Alwyndor's General Manager and Manager People and Culture in the SLT People and Culture meetings. This provides opportunities for the SLT to discuss workforce matters and responses across Council as a whole.

Audit identified other areas that may be considered for collaboration:

- whether the 'City of Holdfast Bay – People Strategy' can lay the foundations for developing workforce plans for both CHB and Alwyndor
- resource sharing in additional Corporate roles, noting some are in place for IT and Marketing and Communications.
- Where there are common training needs, developing and offering the training to both CHB and Alwyndor staff collaboratively under the Council's training program. (see **Recommendation 1**). This is an example of collaboration to assist the workforce and reduce administrative duplication.

Alwyndor's Strategic Plan 2020-23 includes a 'partnering' principle that references utilisation of staff across both Alwyndor and CHB as appropriate, as well as the identification of common ground and areas to share resources.

Risk Exposure

- Lack of synergy between CHB and Alwyndor from WFP perspective may result in duplication of resources and/or failure to effectively utilise resources across Council.
- Lack of strategic consideration of workforce planning may result in lost opportunities to implement strong workforce initiatives and better allow efficient and effective implementation of Council's overall strategic objectives.
- Failure to reflect the different frameworks that apply to CHB and Alwyndor when undertaking strategic workforce planning may result in either specific legislation being overlooked or in strategies developed have no practical relevance to the business units.

<p>Recommendation 1</p>	<p>Continue to explore opportunities for collaboration between CHB and Alwyndor with respect to workforce planning. For example:</p> <ul style="list-style-type: none"> ▪ Review whether the 'City of Holdfast Bay – People Strategy' could cover both parts of the organisation and lay the foundations for developing workforce plans, noting the principles of workforce planning remain constant whilst the business models and deliverables of CHB and Alwyndor vary significantly. ▪ Consider further opportunities to share resources across Council in areas such as Finance, Payroll, Human Resources and WHS, noting this already occurs in some areas. ▪ Where there is an identified common training need, explore opportunities to collaboratively develop and offer the training to both CHB and Alwyndor staff as a way to meet training needs and reduce administrative duplication.
<p>Agreed Actions</p>	<p>CHB:</p> <ol style="list-style-type: none"> 1. The CoHB's People Strategy is not the same as Alwyndor's given the organisations have Strategic Plans specific to their business (noting the CoHB Strategic Plan makes reference to Alwyndor), priorities, culture and organisational values. Some aspects of the employment lifecycle contained within the Strategy may be applicable with modification due to the differing industrial frameworks and workforce requirements of each organisation. 2. Determine generic principles of Workforce Planning that can be shared across Alwyndor and CoHB, including vacancy management, capability determination, learning and development. 3. Continue to share resources (eg WHS), and assist each other as relevant and appropriate with information sharing (eg industrial relations, workforce development strategies etc). 4. Liaise when developing annual training calendars to identify any topics which may be applicable or relevant to all employees. <p>Alwyndor:</p> <ol style="list-style-type: none"> 1. Alwyndor's People Strategy is not the same as CoHB given the organisations have Strategic Plans specific to their business, priorities, culture and organisational values. Shared resources will require modification due to the differing industrial frameworks and workforce requirements of each organisation 2. Determine generic principles of Workforce Planning that can be shared across Alwyndor and CoHB, including vacancy management, capability determination, learning and development. 3. Continue to share resources and assist each other as relevant and appropriate with information and training.
<p>Action Officer</p>	<p>CHB: Manager People & Culture Alwyndor: Manager People & Culture</p>
<p>Completion Date</p>	<p>CHB: Final principles to be determined by 30 June 2021. WHS resources are shared on an ongoing basis (e.g. WHS Advisor). Information sharing undertaken as required. Development of internal training calendar</p>

	<p>commences September each year (collaboration to commence September 2021)</p> <p>Alwyndor:</p> <ol style="list-style-type: none"> 1. 30 June 2021 2. 30 June 2021 3. Alwyndor to commence review with CoHB in September 2021
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2.2 Opportunity to develop a strategic workforce plan that aligns with business objectives	Audit Risk Rating – CHB	Audit Risk Rating – Alwyndor	Client Risk Rating
	Low	Low	

Key Findings

- 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

Discussion

The audit scope called for an assessment of the effectiveness of current workforce planning activities to assist in the delivery of its business objectives. The first stage of the Standard’s self-assessment tool is in relation to the ‘getting started’ for WFP. This assumes a zero base and includes steps to commence a formal WFP process.

A summary of Council’s status against Stage 1 of the Standard is below.

Stage 1: Getting Started

⁹ Due to the positive workplace culture noted, the risk rating for Alwyndor is rated as ‘low’, however it is important to note that failure to incorporate the recommendations into Alwyndor’s strategic WFP could result in non-compliance with Quality and Safety standards.

Summary of Step	Status – CHB	Status - Alwyndor	Discussion points
Establish an interdisciplinary workforce planning team	Not established	Preliminary planning commenced.	<p>Council does not have an interdisciplinary WFP team. As outlined in Section 2.1, CHB and Alwyndor operate as distinct organisations with some established collaboration / resource sharing.</p> <p>At CHB, WFP is largely focussed on recruitment/training activities as required.</p> <p>Seven of the eight CHB staff interviewed provided positive feedback on People and Culture’s business partnering support for operational workforce challenges. Three of the SLT however expressed reservations around the focus on ‘workforce management’ as opposed to more strategic workforce planning across Council.</p> <p>At Alwyndor, the long-term workforce needs are identified industry-wide. The Executive monitor staffing levels and need, flexibility is built into the Residential rostering system to enable agility and there is a metric in place to monitor staffing thresholds in Community Connections (in response to demand).</p>
Build business case, secure resources to proceed	N/A	Preliminary planning commenced	<p>This has not occurred as part of a formal WFP project. Instead, WFP is included as separate operational elements, and these are captured at CHB under the Culture Pillar.</p> <p>Audit observed differing views on the importance of a strategic WFP within CHB: ‘workforce planning as an ongoing cycle, not finalised in one document’ versus the desire for a formal WFP.</p> <p>Alwyndor has identified a need for a strategic WFP in its Strategic Plan and the People and Culture team have demonstrated preliminary planning for this activity. Internal Audit are of the view that whilst a formal business case may not be pragmatic, it is important that all Managers are consulted in developing the WFP.</p>
Link Strategy, business, and workforce plans - current and future	Not achieved	Preliminary planning commenced	<p>11 of 15 managers interviewed across Council reported a lack of linkage between workforce activities and strategy/business plans. Whilst there is an awareness of strategic challenges, historically operational pressures have been the driver for workforce decisions. Managers</p>

Summary of Step	Status – CHB	Status - Alwyndor	Discussion points
workforce requirements			expressed a desire to further link WFP to strategy. See Recommendation 2 .
Identify external and internal influences on plan	Not formally completed	Not formally completed	<p>All Alwyndor staff interviewed are aware of:</p> <ul style="list-style-type: none"> ▪ Royal Commission into Aged Care Quality and Safety, Council Assisting’s Final Submissions Proposed Recommendations Part 3.6 Aged Care Workforce and the need to comply with these recommendations. ▪ Risks associated with agency staffing to maintaining service standards. The current COVID-19 pandemic and SA Health restrictions on the movement of aged care staff across facilities has stressed the importance of minimising agency staffing at Alwyndor. <p>Five of the 11 CHB interviewees identified balancing Elected Member expectations with Council’s ongoing work as a WFP challenge. Eight of 11 CHB Managers interviewed expressed concerns about the FTE resourcing cap and its impact on workforce morale, as the cap has an impact on staff workloads.</p>
Implement communication strategy to engage workforce in workforce planning	Culture / foundations in place	Culture / foundations in place	<p>There is no formal WFP project. Internal Audit note that CHB has a business partnership model between HR and groups. In addition, CHB staff receive communications in relation to learning and development.</p> <p>At Alwyndor, all Managers provided positive feedback on the HR support received.</p> <p>All interviewees reported positive communication in relation to COVID-19 and their work.</p>
Segment critical workforce	Commenced	Documented across various management plans example COVID-19 Response Plan	<p>CHB have identified critical workers as part of Business Continuity Planning. Further work to identify critical skills has been flagged for completion.</p> <p>All Managers demonstrated an awareness of Alwyndor’s critical workforce segments. The critical workforce segments are pragmatically documented across various management plans that Alwyndor is required to maintain by the Commonwealth and SA Health.</p>

Summary of Step	Status – CHB	Status - Alwyndor	Discussion points
Identify information gaps- review quality and reliability of existing workforce data	Operational focus	Operational focus	<p>At CHB and Alwyndor the People and Culture teams collect data in relation to staff turnover and learning and development.</p> <p>Two interviewees identified the need for service design capability and data analytics capability within Council. See Recommendation 3.</p>
Conduct environmental scan if required - e.g. labour market trends	Informal at Team level	Informal at Team level	<p>Environmental awareness demonstrated by all interviewees is not formally documented. The size of CHB creates challenges for recruiting and retaining specialised staff for example in Traffic Management and IT. Innovative solutions adopted by individual teams include:</p> <ul style="list-style-type: none"> ▪ Collaborating with Akto and Flinders University to recruit and mentor IT graduates ▪ City Asset and Service’s ‘Grow Your Own’ program, to recruit into the Civil Works Team the best candidates in the market and support them gain a Certificate III qualification. <p>At Alwyndor, there is need to model the workforce impact of:</p> <ul style="list-style-type: none"> ▪ The Royal Commission’s aged care workforce recommendations ▪ Changes in resident acuity and growth in the consumer driven care provided by Community Connections. ▪ Strategy to reduce use of agency staff to maintain quality and safety in service provision. <p>Alwyndor’s Executive team have demonstrated an awareness of emerging issues, monitoring changes in service demand and proactively develop responses. Work has commenced on responding to the Royal Commission’s proposed workforce recommendations.</p>
Identify future-focused demand scenarios	Not in place	Informal at Team level	<p>The ‘Skills/capability audit and gap analysis’ (identified as a high priority in the CHB People and Culture Business Plan 2020-21) and the ‘Key talent program’ (medium priority) are on hold until a business capability model and a high-performance</p>

Summary of Step	Status – CHB	Status - Alwyndor	Discussion points
			<p>framework are developed in line with Culture Pillar action items. See Recommendation 3.</p> <p>Alwyndor’s Executive have demonstrated an awareness of emerging issues and monitor changes to service demand.</p>

Risk Exposure

- Lack of strategic/Council-wide and proactive consideration of workforce planning may result in lost opportunities to implement strong workforce initiatives and more efficient and effective implementation of Council’s overall strategic objectives.

Recommendation 2	<p>Develop an overarching strategy or framework to guide workforce planning initiatives, specifically including <i>strategic</i> workforce planning, at both CHB and Alwyndor. Options to achieve this include:</p> <ul style="list-style-type: none"> ▪ 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. <p>A suite of supporting documents may then be developed to further outline specific actions in place.</p> <p><i>Note – 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.</i></p> <p><i>Alwyndor’s Strategic Plan, through the enabler: People and Culture, includes an action to develop a workforce plan for 2021.</i></p>
Agreed Actions	<p>CHB:</p> <ol style="list-style-type: none"> 1. Develop shared draft principles in collaboration with Alwyndor for review by Senior Leadership Team. 2. CoHB Strategic Plan under review. WFP strategies to be linked to Corporate Plan following completion of the Strategic Plan 2050. Culture Pillar may not form part of revised Strategic Plan Framework. <p>Alwyndor:</p> <ol style="list-style-type: none"> 1. Develop shared draft principles with CoHB by 30 June 2021. Draft plan 30 June 2021 to the Alwyndor Management Committee (AMC).

	<ol style="list-style-type: none"> WFP initiatives to be managed annually consistent with the Alwyndor Strategic Plan (in particular the People and Culture Enabler).
Action Officer	<p>CHB: Senior Leadership Team and Manager People & Culture.</p> <p>Alwyndor: Manager People & Culture, Senior Leadership Team, AMC</p>
Completion Date	<p>CHB:</p> <ol style="list-style-type: none"> Draft by 30 June 2021. Review by SLT during July 2021 at People & Culture meeting. Strategic Plan review due to be completed by 30 June 2021 <p>Alwyndor:</p> <ol style="list-style-type: none"> Draft to AMC by 30 June 2021. People & Culture annual business planning to include relevant strategies from the Alwyndor Strategic Plan (in particular the People and Culture Enabler) by 30 June each year

Recommendation 3	<p>Complete the planned CHB 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:</p> <ul style="list-style-type: none"> service design capability data analytics.
Agreed Actions	<p>CHB: Positional skills/capability analysis to be undertaken in collaboration with the Senior Leadership Team to determine future skills/capability requirements.</p> <p>Alwyndor:</p> <p>This recommendation does not apply to Alwyndor.</p>
Action Officer	<p>CHB: Senior Leadership Team and Manager, People & Culture</p> <p>Alwyndor:</p> <p>Will continue to monitor and report quarterly to the Alwyndor Management Committee on skills and mandatory training requirements of the direct care workforce to ensure compliance with Aged Care standards</p>
Completion Date	<p>CHB: 30 June 2022</p> <p>Alwyndor:</p> <p>Not applicable</p>

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2.3 Opportunity to implement proactive workforce planning	Audit Risk Rating – CHB	Audit Risk Rating – Alwyndor	Client Risk Rating
	Low	Low	

Key Findings

- All Managers interviewed identified limited time and support to undertake strategic WFP. Responding to operational pressures and workforce management are their primary focus.

Discussion

Eight Managers interviewed reported a lack of time/difficulty in making time to proactively consider WFP. Whilst Managers are aware of potential WFP issues (e.g. succession planning, need to be agile and respond to changing business needs), this can be difficult to achieve on a day to day basis. All CHB General Managers described a fragmented approach to strategic WFP within each team.

Creating time, and/or scheduling time to proactively consider strategic WFP issues can assist with forward planning and ensuring that Council can deliver its services in a planned, measured way and avoid situations where reactionary decisions are made.

It is important for all Managers to consider Council's strategies and links between their portfolio and other teams when undertaking WFP.

Internal Audit noted a positive example of workforce planning within the Council Library. The Library draws on the South Australian Public Library Network's strategic WFP initiatives.

Audit consider that there may be benefit in providing Managers with additional support to achieve proactive WFP linked to Council's strategy and annual business plans. Potential mechanisms include but are not limited to:

- strategic planning agenda items (see **Recommendation 4**)
- scheduling SLT meetings dedicated to planning, including WFP (see **Recommendation 4**)
- building WFP into the People and Culture business partnering, for example scheduling WFP as an agenda item in monthly catch-ups with Managers (see **Recommendation 5**).

Risk Exposure

- A common lack of ability/perceived ability to find time to 'work on the business' may mean that Managers miss opportunities to proactively consider and plan for future business needs, for example in relation to the workforce.

Recommendation 4	Establish a mechanism to trigger senior leadership to formally consider WFP requirements regularly, for example in association with annual business planning activities or as a specific SLT People and Culture meeting agenda item. This may include linkage of people/skills to the new strategy, consideration of future resource/skill needs, ideas for collaboration with other Councils/Institutions.
Agreed Actions	<p>CHB: WFP to be added to the agenda of the fortnightly People & Culture meeting held with the Senior Leadership Team which will also include the vacancy management process. Links to Recommendation 3 whereby positional skills/capability analysis to be undertaken in collaboration with the Senior Leadership Team to determine future skills/capability requirements.</p> <p>Alwyndor:</p> <p>Alwyndor Executive continuously monitor staffing levels and service delivery needs. Flexibility is built into the Residential rostering system to enable agility in responding to need and there is a metric in place to monitor staffing thresholds in Community Connections (this is in response to demand), there is however the requirement and intent to review and formalise the approach into a WFP.</p> <p>This recommendation does not require any action from Alwyndor's Executive. Monitor and review?</p>
Action Officer	Manager People & Culture
Completion Date	Ongoing

Recommendation 5	Consider building WFP into the People and Culture business partnering arrangements, for example scheduling WFP as an agenda item in monthly catch-ups with Managers.
Agreed Actions	<p>CHB: WFP to be added to the agenda of the fortnightly People & Culture meeting held with the Senior Leadership Team. Vacancy management process undertaken with Managers as part of the Recruitment & Selection Procedures as required, which includes final approval by the Senior Leadership Team.</p> <p>Alwyndor:</p> <p>Workforce Plan will be added to the fortnightly People and Culture meeting with CoHB.</p> <p>Workforce Plan will be added to the fortnightly Alwyndor Executive meeting agenda as a standing item ie development planning followed by implementation post adoption.</p>

Action Officer	CHB: Manager People & Culture Alwyndor: Manager People & Culture
Completion Date	CHB: 30 March 2021 Alwyndor: Ongoing

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2.4 Opportunity to ensure critical knowledge is formally documented	Audit Risk Rating – CHB	Audit Risk Rating – Alwyndor	Client Risk Rating
	Low	Low	

Key Findings

- 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.

Discussion

Stage 2 of the self-assessment tool from *AS5620:2015 Workforce Planning* is in relation to analysing staffing numbers and determining risk in relation to this staffing. These steps can be completed when commencing workforce planning activities but are also valuable to continue with these activities on a periodic basis, to inform ongoing activities.

A summary of Council's status against this stage is below.

Stage 2: Analyse the numbers and determine risk

Summary of Step	Status – CBH	Status - Alwyndor	Discussion points
Undertake demand and supply gap calculation on segmented workforce	Not formally completed	Not formally completed	All General Managers and Managers interviewed demonstrated an awareness of the demand and supply gaps relevant to their portfolio.
Describe demand (for key required skills)	Not formally completed	Not formally completed	<p>All General Managers and Managers displayed a strong awareness of their workforce and areas where obtaining key skills may be difficult. Analysis of demand can be achieved by consideration of funded FTE, vacancies, gaps, net mobility (entry/exits).</p> <p>There is an opportunity for People & Culture to review workforce statistics they prepare against better practice in consultation with Managers.</p> <p>Audit understand that Council's workforce reporting is limited by both its data analytics capability and information systems, however staff have capability to produce more informative workforce statistics.</p>

Summary of Step	Status – CBH	Status - Alwyndor	Discussion points
Describe supply (for key required skills)	Need for skills gap assessment identified	Not formally completed	<p>Interviewees identified areas where Council has been challenged to attract candidates with required skills and within budget considerations. This includes Traffic Management, IT and Civil Works.</p> <p>Interviewees have also identified skill gaps in current skills available including data analytics, service design/business re-engineering and strategic risk management.</p> <p>Workforce skills are aligned with operational priorities, with limited strategic planning/service design capability. There is an opportunity to consider supply in conjunction with skills gap assessment. See Recommendation 3 in Section 2.2.</p>
Undertake workforce risk assessment	Not formally completed	Not formally completed	<p>All General Managers and Managers interviewed reported an understanding of workforce risk based on general awareness and familiarity within their team and acknowledged that these were not documented. Risk management and mitigation is discussed further in Stage 3 of the self-assessment below.</p> <p>At CHB the Award and Industrial Frameworks are considered to be a workforce risk, as they are considered to limit the ability to re-engineer and redesign the workforce to meet emerging service needs. There was reported difficulty in upskilling/reskilling existing long-term staff to fulfil new, different and demanding roles. There is no recommendation made in relation to this finding.</p>

Stage 3 of the self-assessment tool included in the *Australian Standard 5620:2015 Workforce planning*, is in relation to risk management and mitigation. A summary of findings against this is included below.

Stage 3 of Assessment Tool as per Standard: Risk management and mitigation

Summary of Step	Status – CBH	Status – Alwyndor	Status
Identify risk management and risk mitigation strategies	Not formally documented	Not formally documented	<p>‘Poor or ineffective WFP, including recruitment and retention’ is identified as a risk in Council’s strategic risk register.</p> <p>Council has a range of risk mitigation strategies in place including vacancy management processes. When vacancies arise, the SLT in consultation with People and Culture reviews positions and determines whether the position will be filled, or resources reallocated when a vacancy arises.</p> <p>Managers are aware of workforce profiles and succession planning risks within their portfolio, but this is not documented.</p> <p>There is an opportunity to conduct a risk assessment in relation to WFP, however Internal Audit consider that strategic planning in relation to the workforce (see Recommendation 2 in Section 2.2) may be a pragmatic and</p>

Summary of Step	Status – CBH	Status – Alwyndor	Status
			sufficient approach to consider workforce risk and action at a strategic level.
Identify action strategies	Not formally documented	Not formally documented	In addition to undertaking a skills gap assessment (see Recommendation 3 in Section 2.2), there is an opportunity to identify instances where staff hold critical knowledge that is not documented, and to ensure that this is documented (see Recommendation 6).

Risk Exposure

- A lack of documentation of knowledge held by staff in critical positions may mean that Council's operations are affected/become inefficient if any of these staff take extended leave or no longer work with Council.

Recommendation 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.
Agreed Actions	<p>CHB: Business Continuity Planning has been undertaken for COHB and critical positions identified. Work to continue in BCP to ensure retention of corporate knowledge and utilisation of relevant information management systems as defined within the Information Management Strategy.</p> <p>Alwyndor: Management will review the work instructions and procedures for all critical roles, in particular Corporate roles where there is higher risk due to lean team structures.</p>
Action Officer	<p>CHB: Senior Leadership Team; Manager Strategy & Governance; Manager Information & Technology; Manager People & Culture.</p> <p>Alwyndor:</p> <ol style="list-style-type: none"> 1. Work instructions - establish common approach and templates as a part of the current Policy Review project: Emma Burke 2. Community Connections: Molly Salt 3. Residential: Graham Harding 4. Finance: Leisa Humphrey 5. People and Culture / Maintenance (residential) and CHSP (field work) – Dan McCartney 6. Critical roles to be identified and information accurately documented to ensure business continuity where required.

Completion Date

CHB: 30 June 2022.

Alwyndor: Work Instruction analysis and proposed changes / improvements established by December 2021 – led by Sandy Pedler (clinical) & Emma Burke (non-clinical). WI's to be completed and collated into department manuals by July 2022.

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2.5 Opportunity to embed workforce planning into strategic annual business planning	Audit Risk Rating – CHB	Audit Risk Rating – Alwyndor	Client Risk Rating
	Low	Low	

Key Findings

- All CHB interviewees identified that workforce planning is conducted at a team level in response to an identified workforce challenge, for example recruiting staff with skills and culture fit
- Workforce planning is not linked or embedded in CHB's strategic annual business planning
- Developing a workforce plan for 2021 is an identified action in Alwyndor's Strategic Plan.

Discussion

Stage 4 of the self-assessment tool from *Australian Standard 5620:2015 Workforce planning* is in relation to implementation of workforce planning initiatives. A summary of findings is below.

Stage 4 of Standard: Implementation

Summary of Step	Status – CBH	Status - Alwyndor	Status
Embed workforce planning into business planning cycle	Low risk	Low risk	Not formally achieved. Workforce planning is not embedded into Council's strategic and annual business planning processes. See Recommendation 2 in Section 2.2, in relation to developing a strategic WFP framework and embedding this into the annual planning cycle.
Map, measure and monitor progress	Low risk	Low risk	Reviewing progress/performance against the strategic WFP activities can be embedded in Council's strategic annual business planning activities. In the interest of ensuring that recommendations are pragmatic and achievable, formal monitoring of the plan is not recommended. Instead, the framework will be revisited as part of the strategic planning process.

There are no additional recommendations arising from this section.

2.6 Council's proactive management of the COVID-19 pandemic has had a positive impact on the workforce and culture	Audit Risk Rating – CHB	Audit Risk Rating – Alwyndor	Client Risk Rating
	N/A	N/A	

Key Findings

- All interviewees at CHB and Alwyndor described a positive culture with respect to Council's proactive approach towards managing the impact of the COVID-19 pandemic on operations and workforce.

Discussion

The audit scope called for a review of the Council's response to the COVID-19 pandemic, to recognise the positive steps that have been implemented, and identify areas where further action may be taken. To achieve this objective, all interviewees were asked for perspective of how Council has managed its workforce over the COVID-19 pandemic and if there were any ongoing challenges/issues.

All Managers interviewed reported a positive and proactive management of the workforce in response to COVID-19.

- During the first shutdown, at CHB no staff were stood down, all staff "gainfully" employed during lockdown. Staff were equipped to work-from-home based on risk or work structure. Audit interviews identified consistent positive feedback from staff in relation to this decision, and a positive impact on culture.
- Over the course of the pandemic, Alwyndor's executive team have responded to SA Health's Emergency Directives in an agile manner. We observed a positive culture with strong leadership.
- At Alwyndor, the COVID-19 pandemic responses have accelerated strategies to reduce reliance on agency staff, which was an identified strategy to maintain service quality.
- Alwyndor has a COVID-19 Preparedness and Outbreak Management Plan (with sections for specific areas i.e. Residential and Community Connections), which identifies how it will manage the workforce in event of a known infection that is linked to Alwyndor (resident, client or staff).

There are no additional recommendations arising from this section.

Galpins

Accountants, Auditors & Business Consultants

Appendices

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Appendix 1. Overall Control Environment Conclusion Rating Definitions

This internal audit project aimed to assess the controls established to address a key strategic risk or risks as documented in the Executive Summary. Based on the work undertaken, and when considering the design and/or effectiveness of controls collectively, we conclude that the control environment is one of the following ratings:

Rating	Effective	Majority Effective	Partially Effective	Requires Significant Improvement	Ineffective
Definition	Controls assessed were effective in mitigating the key strategic risk or risks	Controls assessed were largely effective in mitigating the key strategic risk or risks	Controls assessed were partially effective in mitigating the key strategic risk or risks	Controls assessed require significant improvement to mitigate the key strategic risk or risks	Controls assessed were ineffective in mitigating the key strategic risk or risks

Appendix 2. Risk Framework

Once the likelihood and consequence have been assessed for a particular risk, the overall risk can be calculated using the following risk priority matrix:

Consequence \ Likelihood		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Almost Certain	E	Moderate	High	High	Extreme	Extreme
Likely	D	Low	Moderate	High	Extreme	Extreme
Possible	C	Low	Low	Moderate	High	Extreme
Unlikely	B	Low	Low	Low	Moderate	High
Rare	A	Low	Low	Low	Moderate	High

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Consequence Scale and Descriptions

Impact Scale	Reputation	Business impact	People Safety	Environment	Service Delivery
1. Insignificant	No adverse effect on public image	Low financial loss – impact of less than \$5k	No injuries	“Nuisance” category under the SA Environment Protection Act (1993) met	Insignificant impact on Council’s ability to achieve strategic outcomes
	No media interest	Operational issues manageable within normal activities	Minor repairs required of an insignificant nature to property / infrastructure.	Short term, immediately reversible effects on ecosystem	
2. Minor	Insignificant level of community concern. A slight but manageable increase in the number of adverse resident complaints				
	Negligible adverse impact upon social health and wellbeing of the community which has little or no impact upon established community relationships and links				
3. Moderate	Minor adverse effect on public image	Medium financial loss – impact of between \$5k and \$20k	Only First Aid treatment required	“Nuisance” category under SA Environment Protection Act (1993)	Some delays in delivery of strategic initiatives, but only minor aspects impacted
	Minor media coverage in paper distributed within the local area (small scale single article).	Minor impact in undertaking routine activities	Minor loss or infrastructure damage.	Some minor adverse effects to few species/ ecosystem parts that are short term and immediately reversible.	Overall strategic intent still achievable
4. Major	Minor level of community concern, an increase in the number of resident complaints requiring direct effort to resolve/attend to		Normal seasonal illness leading to minor disruption to activities	Contamination – on-site release immediately contained	
	Minor adverse impact upon social health and wellbeing of the community that may have a minor impact upon established community relationships and links				
5. Catastrophic	Moderate adverse effect on public image	Moderate financial loss – impact of between \$20k and \$50k	Medical treatment required which may include short admission to hospital	“Material” category under the SA Environment Protection Act (1993)	Some key components of the Strategic Plan cannot be achieved within expected timeframes.
	Adverse media campaign in Messenger over two or more issues, supported by uptake of issue in Advertiser and or local electronic media	Impaired ability to maintain normal operations	Moderate loss/or infrastructure damage	Contamination – on-site release contained with outside assistance	Additional funding/resources or some strategies re-prioritisation is required
4. Major	Moderate level of community concern, large number of complaints and letters to editor in Messenger paper	Reprogramming required	Local epidemic leading to noticeable disruption of activities	Ecosystems- temporary, reversible damage, loss of habitat and migration of animal populations, some reduction in numbers and die back of plants. Pollution requires physical removal, air quality constitutes potential long term health problems.	
	Minor common law action or Ombudsman investigation threatened/ initiated	Minor legal issues, non-compliances and breaches of regulation		Manageable restrictions in resource usage	
4. Major	Significant adverse effect on public image	Major financial loss - impact of between \$50k and \$1million	Serious & extensive injuries	“Serious” category under the SA Environment Protection Act (1993)	Key Strategic Objectives unable to be achieved; review of Strategic Plan is required
	Widespread adverse media campaign including electronic local and national media.	Significant effects loss of ability to complete programs, major restrictions to services and project delivery	Serious structural damage to infrastructure or serious loss of assets.	Contamination – off-site release with no detrimental effects	
5. Catastrophic	Social media going viral requiring management intervention. Pressure on State Government and agencies to intervene		Widespread epidemic that causes significant disruption to activities	Ecosystems – recoverable damage, death of animals in large numbers, widespread habitation destruction, significant air quality issues. Pollution issues requiring long term management, serious introduction of invasive species	
	Significant level of community concern	Serious breach of regulation with investigation or report to authority with prosecution and/or moderate fine possible		Restrictions on resource usage threatening viability of accepted lifestyle	
5. Catastrophic	Social health and wellbeing of the community seriously affected by major community unrest and/or significant breakdown of established community relationships and links				
	Significant common law action threatened, major Ombudsman investigation initiated				
5. Catastrophic	Major effect on public image	Critical financial loss/exposure – impact greater than \$1 million	Fatalities	“Serious Material harm” category under the SA Environment Protection Act (1993) and EPA actions initiated	Goals of Strategic Plan not achievable; total and immediate re-work of Plan is required
	Widespread adverse media campaign including electronic local, national and international media.	Projects & programs failure, inability to meet minimum acceptable standards	Critical loss, irreversible damage property / infrastructure with a replacement cost that overwhelms the capital budget (>25%)	Off-site contamination requiring immediate and significant remediation actions	
5. Catastrophic	Widespread community outrage			Ecosystems – irreversible damage, widespread loss of animals, and stone species extinctions, destruction of flora species, widespread domination of invasive species. Pollution unable to be effectively	
	Social media going viral, unable to be contained. State Government and agencies to intervene	Major breaches of regulation, sanctions imposed	Community movements restricted under State Emergency Plan	Restriction on resource usage resulting in permanent disruption of accepted life-style	
5. Catastrophic	Social health and wellbeing of the community severely affected resulting in fracturing of established community relationships and links.				
	Class Actions, Judicial Inquiries initiated				

Appendix 3. Summary of AS5620:2015 Workforce Planning Self-Assessment Checklist

SELF-ASSESSMENT CHECKLIST AGAINST AUSTRALIAN STANDARD

STAGE	SUMMARY OF STEP	AGENCY STATUS –E.G. PLANNED, ACTIONED, IN DEVELOPMENT, ESTABLISHED, IMPLEMENTED, EVALUATED.
Stage 1: Getting started	Establishing interdisciplinary workforce planning team	
	Build business case, secure resources to proceed	
	Link strategy, business and workforce plans – current and future workforce requirements	
	Identify external and internal influences on plan	
	Implement communications strategy to engage workforce in workforce planning	
	Segment critical workforce	
	Identify information gaps - Review quality and reliability of existing workforce data	
	Conduct environmental scan if required e.g. labour market trends	
	Identify future focused demand scenarios	
Stage 2: Analyse the numbers and determine risk	Undertake demand and supply gap calculation on segmented workforce	
	Describe demand	
	Describe supply	
	Undertake workforce risk assessment	
Stage 3: Risk management and mitigation strategies	Identify risk management and risk mitigation strategies	
	Action strategies	
Stage 4: Implementation	Embed workforce planning into business planning cycle	
	Map, measure and monitor progress	

Appendix 4. Workforce Planning Resources

The list below includes some Workforce Planning resources and guidelines that may assist Council in developing its Strategic WFP.

- Office for the Public Sector, 2017, *Working it Out: A workforce Planning Guide*. Online. URL: https://www.publicsector.sa.gov.au/_data/assets/pdf_file/0018/214146/28062017-Working-it-Out-Workforce-Planning-Guide-Final.pdf
- Local Government NSW, *Local Government Capability Framework Workforce Planning Guide*. Online. URL: https://www.lgnsw.org.au/common/Uploaded%20files/PDF/Capability_Framework_Workforce_Planning_Guide_2017.pdf
- Department of Local Government Western Australia, *Workforce Planning The Essentials A toolkit for Western Australian local governments*. Online. URL: https://www.dlgsc.wa.gov.au/docs/default-source/local-government/integrated-planning-and-reporting/integrated-planning-and-reporting-workforce-planning.pdf?sfvrsn=30330366_4
- UTS Centre for Local Government, 2016, *Workforce Planning Guidelines for Local Government in Tasmania*. Online. URL: https://www.skills.tas.gov.au/_data/assets/pdf_file/0004/174937/Workforce_Planning_Guidelines_for_Local_Government.pdf

Additional workforce planning and strategy resources that maybe of relevance to Alwyndor include the following:

- Department of Health, 2018, *A Matter of Care, Australia's Aged Care Workforce Strategy*. Online. URL: <https://www.health.gov.au/sites/default/files/a-matter-of-care-australia-s-aged-care-workforce-strategy.pdf>
- Department of Health, 2018, *Australia's Aged Care Workforce Strategy At a Glance – the fourteen Strategic Actions*. Online. URL: https://www.health.gov.au/sites/default/files/a-matter-of-care-australia-s-aged-care-workforce-strategy-at-a-glance-the-14-strategic-actions-of-australia-s-aged-care-workforce-strategy_0.pdf

Note:

The Royal Commission into Aged Care Quality and Safety workforce recommendations will set new benchmarks for the industry.

The Australian HR Institute has workforce planning resources that members may access.

Appendix 5. Audit scope and methodology

Scope

The audit focused on activities conducted from July 2019 - June 2020, including in response to COVID-19. Industrial relations matters were not included. The scope included assessment of adequacy of processes to be prepared for potential future change, including:

- work to ensure adequate skills are in place to align to strategy (vs current capability)
- planning occurs to ensure the workforce can meet changing future needs
- culture change programs
- decision making frameworks in relation to recruitment/retention and structure
- training and capacity building processes (Training Needs Analysis)
- approach to skills transfer and succession planning.

Methodology

In conducting the engagement, the team:

- reviewed relevant internal documentation, for example internal workforce planning policy/procedures or general documentation (for example, workforce capability audit and gap analysis)
- conducted interviews with key stakeholders from across the organisation
- compared current approaches against the Australian Standard 5620:2015
- identified potential opportunities for improvement
- drafted a report summarising findings and recommendations
- met with key stakeholders, agree issues and update report
- provided a final report for presentation to the Audit Committee.

Appendix 6. Documents reviewed

The documents obtained and reviewed as part of the audit included the following:

City of Holdfast Bay

- City of Holdfast Bay – People Strategy
- Draft Culture Strategic Pillar Plan
- People & Culture Business Plan 2020-2021
- Recruitment & Selection Procedures
- Briefing Paper Update on Workforce Planning, Reform & Development
- Civil Works “Grow Our Own” Workforce Planning Initiative
- Our Place 2030 Strategic Plan (*currently under review*)
- Risk Register and Assessment – Brighton Civic Centre COVID-19
- Working from Home Action Plan August 2020
- Our People, Your Say Staff Survey 2020 Summary for Leadership Team
- Professional Development Annual Statistics for Individual Employees 2019/20
- 2020 Internal Training Calendar

Alwyndor

- Alwyndor Strategic Plan 2020-2023
- Business Continuity Plans 2016
- Alwyndor COVID-19 Preparedness and Outbreak Management Plan
- Bi-annual Performance Development Review questions
- 2019 People and Culture Survey Snapshot
- Employee training needs survey results

South Australian Public Libraries Network

- One Workforce Transforming the South Australian public library network from the inside out
- Tomorrow’s Libraries Future directions of the South Australian public library network

Royal Commission into Aged Care Quality and Safety

- Council Assisting’s Final Submissions Proposed Recommendations Part 3.6 Aged Care Workforce

Appendix 7. Staff members interviewed

We extend our appreciation to the following individuals who provided information and participated in this review:

Name	Position
Roberto Bria	CEO
Alice Mariano	Acting Manager Library Services
Ania Karzek	Manager, Strategy & Governance
Beth Davidson-Park	Alwyndor General Manager
Dan McCartney	Alwyndor Manager People & Culture
Graham Harding	Alwyndor, Manager Residential Services
Howard Lacy	General Manager, City Assets & Services
Jo Miller-Robinson	Manager, Customer Experience
Lisa Hall	Alwyndor, People & Culture Business Partner
Marnie Lock	General Manager, Community Services
Matthew Rechner	Manager, Active Communities
Molly Salt	Alwyndor Manager Community Connections
Pamela Jackson	General Manager, Strategy & Business Services
Ross Whitfield	Manager, Field Services
Sally Heading	Manager, City Activation
Sharon Sommerville	Manager, People & Culture

Disclaimers

Inherent limitations

This report has been prepared for the information and internal use of the City of Holdfast Bay in accordance with the scope and objectives outlined in the Executive Summary of this report. The services provided in connection with this engagement comprise an advisory engagement which is not subject to the Australian Auditing Standards or the Australian Standards on Review and Assurance Engagements. Consequently, no express opinions or conclusions have been drawn or intended to convey assurance. Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected.

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

We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, the City of Holdfast Bay's management and personnel. We have not sought to independently verify those sources. We are under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form unless specifically agreed with the City of Holdfast Bay. The internal audit findings expressed in this report have been formed on the above basis.

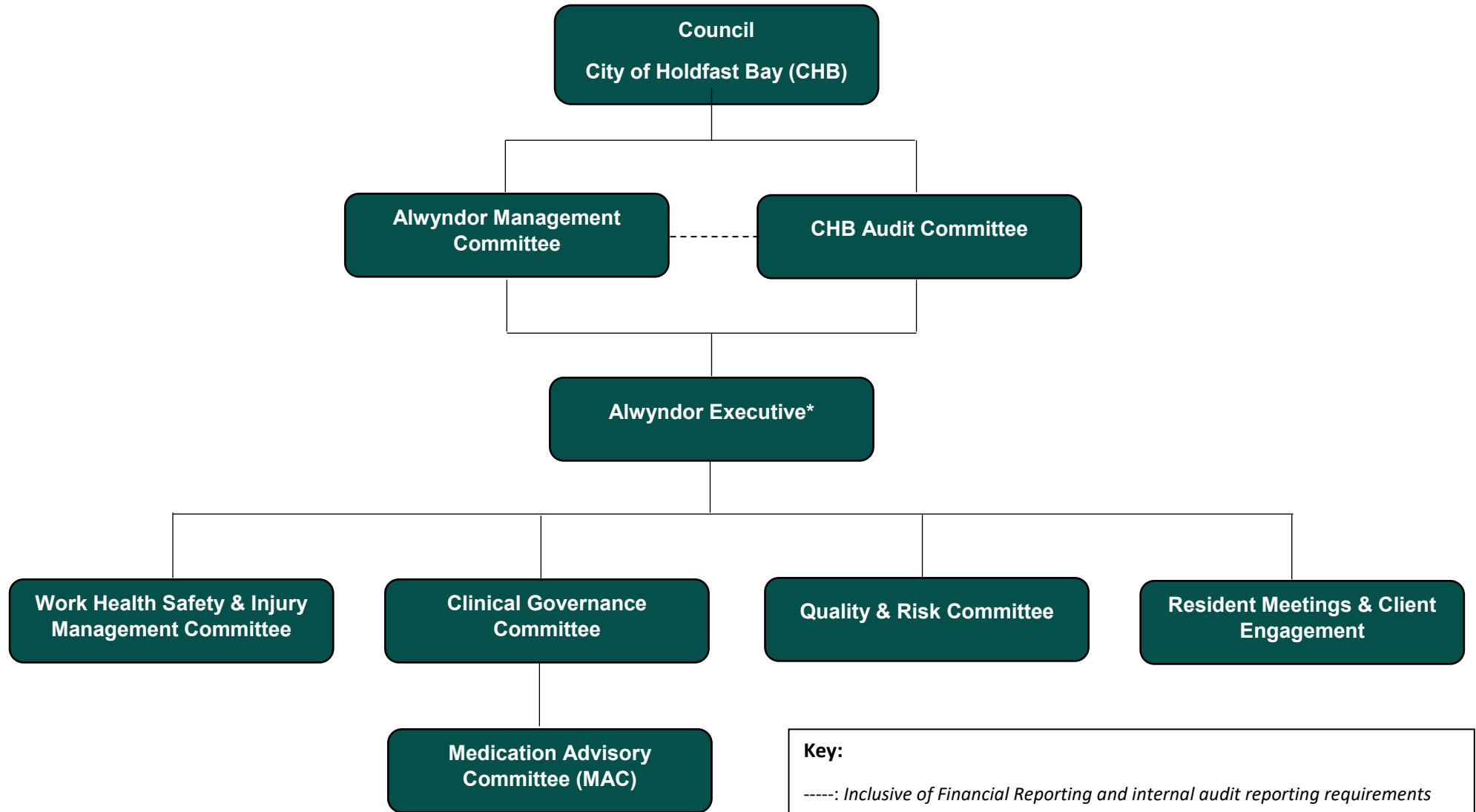
Third party reliance

This report is solely for the purpose set out in the Executive Summary of this report and for the City of Holdfast Bay's information, and is not to be used for any other purpose or distributed to any other party without Galpins' prior written consent. This internal audit report has been prepared at the request of the City of Holdfast Bay or its delegate in connection with our engagement to perform internal audit services. Other than our responsibility to City of Holdfast Bay, neither Galpins nor any member or employee of Galpins undertakes responsibility arising in any way from reliance placed by a third party, including but not limited to the City of Holdfast Bay's external auditor, on this internal audit report. Any reliance placed is that party's sole responsibility.

Attachment 4



Governance Structure



Key:

-----: Inclusive of Financial Reporting and internal audit reporting requirements

*General Manager, Residential Services Manager, Manager Community Connections, Manager Finance, Manager People & Culture

Attachment 5





ALWYNDOR MANAGEMENT COMMITTEE (AMC)

TERMS OF REFERENCE

1. BACKGROUND

Alwyndor is a provider of quality care and services to older people within the City of Holdfast Bay and surrounding metropolitan areas. It offers a continuum of care including residential care, allied health and wellness programs and in-home care and support.

Alwyndor is owned and operated by the City of Holdfast Bay, ('the Council') as the trustee of the Dorothy Cheater Trust, established in 1973. The key requirement of the Trust is that the Council establish and maintain a home for the aged on the property at 52 Dunrobin Road and keep in good order and condition the gardens and the grounds.

Alwyndor is a registered charity with the Australian Charities and Not-for-profits Commission.

Alwyndor is accredited by the Aged Care Quality and Safety Commission. The approved provider is the City of Holdfast Bay.

2. ESTABLISHMENT

The Alwyndor Management Committee (AMC) is an advisory committee of the City of Holdfast Bay formed under Section 41 of the *Local Government Act 1999*.

3. OBJECTIVES

3.1 The AMC is established to assist the Council by providing effective governance over the strategy, operations and performance of Alwyndor, and to advise Council on:

3.1.1 The provision of a range of quality care and accommodation options at Alwyndor primarily for aged persons including:

- 3.1.1.1 ageing in place accommodation and care
- 3.1.1.2 short stay restorative and respite services
- 3.1.1.3 wellbeing and therapy services.

3.2 The provision of services to the community including:

- 3.1.1.4 home care
- 3.1.1.5 health and wellness
- 3.1.1.6 rehabilitation
- 3.1.1.7 exercise and therapy programs to improve and maintain health and mobility.

4. PURPOSE

The AMC is responsible for assisting the Council as follows:

- 4.1 Ensure compliance with the terms of the Trust in the management and operations of Alwyndor.
- 4.2 Ensure Alwyndor has adequate processes in place to comply with the requirements of the *Aged Care Act 1997* (and the related Principles) and the rules and standards applied by the Aged Care Quality and Safety Commission.
- 4.3 Ensure Alwyndor has adequate processes in place to comply with all relevant legislative obligations, relevant Council policies and financial reporting obligations.
- 4.4 Ensure that Alwyndor has a Strategic Plan and supporting Financial Plan that sets out the objectives, strategies and performance targets and measures for Alwyndor. The AMC will review the Strategic Plan and supporting Financial Plan before it is presented to the Council for consideration and adoption.
- 4.5 Review and recommend an annual budget, including key financial targets, to Council for consideration and adoption.
- 4.6 Ensure that Alwyndor has appropriate operational plans and sufficient resources to achieve its Strategic Plan.
- 4.7 Ensure the monitoring of organisational culture including the application and modelling of appropriate Alwyndor values by the employees and the AMC.
- 4.8 Monitor the performance of Alwyndor against its Strategic Plan, supporting business plans and budgets and ensure that the Council is provided with relevant and timely information on the performance (both operational and financial) of Alwyndor. Review and monitor all significant strategic or business initiatives.
- 4.9 Review any external reporting for completeness and accuracy. This includes, but is not limited to, the Financial Statements of Alwyndor, reporting to the Australian Charities and Not-for-profits Commission, reporting to the Aged Care Quality and Safety Commission or any reporting to State or Federal Governments.
- 4.10 Ensure Alwyndor has established an effective risk management framework and processes. This includes ensuring that the key risks that Alwyndor is exposed to are clearly identified and that appropriate processes are in place to mitigate those risks. This includes the management of clinical risk in aged care services.
- 4.11 Ensure appropriate policies, internal controls and quality assurance and compliance processes are in place to manage the operational, financial and compliance risks of Alwyndor.
- 4.12 Ensure Alwyndor and the AMC acts in accordance with the delegations approved by the Council.
- 4.13 Consider the social, ethical and environmental impact of Alwyndor's activities.

5. DUTIES AND CONDUCT OF AMC MEMBERS

- 5.1 All members of the AMC are required to operate in accordance with the General Duties and Code of Conduct set out in s62 and s63 of the *Local Government Act 1999* as well as the mandatory Code of Conduct for Council Members.
- 5.2 All members of the AMC will support the approved resolutions of the AMC.
- 5.3 AMC members will comply with all relevant Council policies (and the Council will identify and communicate to AMC members those Policies that are deemed to apply to them).
- 5.4 All members of the AMC are required to operate in accordance with the Conflicts of Interests requirement set out in s73 to s75B of the *Local Government Act 1999*.
- 5.5 Each AMC member must attend relevant education and training programs as required from time to time.

6. MEETINGS

- 6.1 Meetings will be held a minimum of 8 times per year.
- 6.2 A notice of meetings will be prepared annually showing dates, times and locations and published on the Council and Alwyndor website(s) and be displayed in a place or places as determined by the CEO.
- 6.3 The Chairperson will be responsible for the conduct of all AMC meetings. The Chairperson and the General Manager will ensure that the agendas are comprehensive, that all agenda items are appropriate and that the recommendations are consistent with the responsibilities of the AMC.
- 6.4 Meeting procedures:
 - 6.4.1 Meetings of the AMC will be conducted in accordance with the Local Government Act 1999, Part 3 of the Local Government (Procedures at Meetings) Regulations 2000, these Terms of Reference and the City of Holdfast Bay Code of Practice.
 - 6.4.2 If a member of the AMC is unable to attend a meeting, they may participate in the meeting by telephone or video conference, in accordance with any procedures prescribed by the regulation or determined by the Council under section 89 *Local Government Act 1999* and provided that any members of the public attending the meeting can hear the discussion between all committee members.
 - 6.4.3 The decision of the Chairperson at the meeting of the AMC in relation to the interpretation and application of meeting procedures is final and binding on the AMC.
 - 6.4.4 All decisions of the AMC shall be made on the basis of a majority decision of the AMC members present.
 - 6.4.5 A quorum will be half of the AMC Members plus one, ignoring any fractions. No business can be transacted at a meeting of the AMC unless a quorum is present.
 - 6.4.6 The Chairperson has the right to refuse a motion without notice if they believe that the matter should be considered by way of a written notice of

motion, or if they believe the motion is vexatious, frivolous or outside of the scope of the AMC.

- 6.4.7 The Chairperson has the right to end debate if they believe that the matter has been canvassed sufficiently, considering the *Guiding Principles of the Local Government (Procedures at Meetings Regulations) 1999*.
- 6.4.8 The CEO has the ability to attend all meetings of the AMC.

7. MEETING MINUTES

- 7.1 Minutes of the AMC meetings will be submitted for confirmation at the next available AMC meeting.
- 7.2 Minutes will be presented to Council in draft at the next available meeting and placed on the Council's website following adoption by AMC.
- 7.3 Where a verbal update or report is required, the minutes of AMC will include commentary relevant to such a report and any associated resolutions of the meeting but will not be a verbatim record of the meeting.

8. MEMBERSHIP

- 8.1 The AMC consists of up to 9 persons constituted as follows:
 - 8.1.1 Two (2) Elected Members as determined and appointed by the CEO.
 - 8.1.2 Up to seven (7) and no less than three (3) other independent persons as determined and appointed by the Council for a term not exceeding three (3) years.
 - 8.1.3 On expiry of their term, members of the AMC may seek reappointment. The CEO, the Chairperson and one of the appointed Elected Members will consult and make a recommendation to Council who will decide on the reappointment.
 - 8.1.4 An AMC member may only serve a maximum of three (3) consecutive terms.
- 8.2 An AMC Member appointment will become vacant if:
 - 8.2.1 In the case of the Elected Members - ceasing to hold office
 - 8.2.2 In the case of the other AMC Members:
 - 8.2.2.1 upon the Council removing that person from office
 - OR
 - 8.2.2.2 the member resigning their position from the AMC.
 - 8.2.3 If Council proposes to remove a member from the AMC, it must give written notice to the member of its intention to do so.
 - 8.2.4 If any AMC member is absent for three consecutive meetings of the AMC without leave of the AMC, the AMC may recommend to the Council that it remove that member from the AMC.

9. METHOD OF APPOINTMENT OF NEW AMC MEMBERS

- 9.1 The method of appointment of new AMC Members will be as follows:
 - 9.1.1 As required, the Council will advertise the vacancies and seek nominations for the position of member of the AMC.
 - 9.1.2 Nominations will be called for from appropriately skilled, experienced or qualified people.
 - 9.1.3 The selection panel will comprise one of the elected members appointed to AMC, the AMC Chairperson and the CEO.
 - 9.1.4 The selection panel will make a recommendation to Council as to the appointment of the AMC members for consideration and appointment by the Council.
 - 9.1.5 The selection panel will take into consideration the current and required skills for the AMC to fulfil its responsibilities, the current term of existing members and the gender diversity of the AMC.
 - 9.1.6 If required, to fulfil the minimum number requirements of AMC, Council may second a person to act as a member until such time as the above appointment process can be undertaken.

10. OFFICE BEARERS

- 10.1 The AMC shall nominate a Chairperson from amongst the AMC Members (not including Elected Members of the City of Holdfast Bay) for consideration and approval of appointment by Council.
- 10.2 The AMC shall nominate a Deputy Chairperson from amongst the AMC Members (not including Elected Members of the City of Holdfast Bay) for consideration and approval of appointment by Council.
- 10.3 Each of the Chairperson and Deputy Chairperson shall serve a three (3) year term in those positions unless removed from the position by the Council. On expiry of their term, the Chairperson and Deputy Chairperson can re-nominate for a further term (and for up to 3 terms).
- 10.4 The Deputy Chairperson will act in the absence of the Chairperson and, if both the Chairperson and Deputy Chairperson are absent from a meeting of the AMC, the AMC will choose a Member from those present, who are not Elected Members of the City of Holdfast Bay, to preside at the meeting as the Acting Chairperson.
- 10.5 The Chairperson of the AMC shall be an ex-officio member of all sub-committees of the AMC.

11. VOTING RIGHTS

- 11.1 All members have equal voting rights.
- 11.2 All resolutions of the AMC shall be made on the basis of a majority decision of the AMC members present.
- 11.3 Unless required by legislation not to vote (including for reasons of Conflict of Interest), each of the Elected Members who are members of AMC must vote on every matter which is before the AMC for decision.

- 11.4 The Chairperson has a deliberative vote but does not, in the event of an equality of votes, have a casting vote.

12. ROLES AND RESPONSIBILITIES

12.1 Chairperson:

- 12.1.1 To provide leadership to the AMC.
- 12.1.2 To act as the presiding member at all meetings of the AMC, ensuring that the meeting is conducted in a proper and orderly manner, complying with the requirements of the *Local Government Act 1999*.
- 12.1.4 To act as the AMC's primary contact with the General Manager.
- 12.1.5 To regularly liaise with the General Manager Alwyndor in relation to the work of the AMC.
- 12.1.6 To provide input to the CEO on the appointment and performance of the General Manager.

12.2 Deputy Chairperson:

- 12.2.1 In the absence of the Chairperson, to fulfil the role of the Chairperson.

12.3 AMC Members:

- 12.3.1 To make effective and appropriate contribution as an individual member so that AMC can carry out its role effectively.
- 12.3.2 To attend all meetings of the Committee as practical.
- 12.3.3 To prepare thoroughly for each AMC meeting.
- 12.3.4 To review all Agenda's and Meeting papers for AMC meetings unless granted a leave of absence.
- 12.3.5 To listen to alternate views and act respectfully to other AMC Members.
- 12.3.6 AMC members have no authority to direct the General Manager or employees of Alwyndor in any matter. Any issues or concerns with either the General Manager should be raised with the Chairperson and the CEO, any issues or concerns with employees of Alwyndor should be raised with the General Manager.

13. SITTING FEES

- 13.1 AMC Members, except for City of Holdfast Bay Elected Members, are entitled to a sitting fee for their attendance at AMC meetings.
- 13.2 The applicable rates will be determined by the Council.
- 13.3 Claims for payment of the sitting fees, will be based on attendance at meetings as recorded in the minutes.

14. ADMINISTRATION

- 14.1 The Council shall employ and appoint a General Manager Alwyndor who shall have full responsibilities for the effective management of Alwyndor and reports directly to and is accountable to the CEO. The CEO consult with the Chairperson on any key

decision regarding the appointment or performance of the General Manager. The General Manager will provide full support to the AMC to enable them to fulfil their responsibilities.

14.2 The General Manager shall be responsible for:

14.2.1 ensuring the appropriate leadership, management and administration of Alwyndor's operations in accordance with the requirements and directions of the Council, the CEO, the AMC, the Trust and applicable legislation.

14.2.2 Keeping the AMC informed in a timely manner of all matters relevant to their responsibilities or that may materially impact on Alwyndor's operations or reputation.

15. FINANCIAL MANAGEMENT

15.1 Financial records of Alwyndor will be maintained by the General Manager and will comply with the relevant financial policies and procedures adopted by Council and Alwyndor. The annual financial statements of Alwyndor will be reviewed by the AMC to enable them to make the declaration required under subdivision 60-B of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

15.2 In accordance with the preparation of the annual Council budget cycle, the General Manager will present to the Council for its consideration and adoption, a proposed annual budget for Alwyndor's activities including those matters relating to the management, operations and capital expenditure of Alwyndor for the ensuing financial year before adoption by Council of its annual budget. This will be reviewed and considered by the AMC prior to being presented.

16. REPORTING REQUIREMENTS

16.1 The AMC shall, at least once every two years, review its own performance, terms of reference and membership and provide a report to the Council including any recommended changes. The CEO of Council can approve an extension of this timeframe if circumstances require.

16.2 The Chairperson and the General Manager will report to the Council annually summarising the activities of the AMC during the previous year.

17. SUB-COMMITTEES

17.1 The AMC may appoint such sub-committees as it sees fit to assist it with carrying out its responsibilities. Any subcommittee must regularly report to the AMC on its activities and will have no decision-making powers.

Attachment 6




Significant matters arguing for allocation of funds to support new initiative.

Section		Purpose	Content Notes
1	Purpose	To inform Council members, succinctly on: <ol style="list-style-type: none"> what you want Council to do, and why where exactly in the report they will find key information (e.g. expected benefits, likely impact on residents, strategic relevance) previous Council discussions on the matter consultation to-date (including Council member workshops) documentation to support proposal. 	See Sample 1. Numbered paragraphs for each item. Be specific about what you want council to do but be brief on all other points. If, for example, there have been extensive prior discussions at council or with extensive consultation with stakeholders, summarises information in an appendix, and refer members to the appendix
2	Recommendation/s	State precisely the decision you are seeking from Council.	The recommendations should be clear and concise. The Recommendations may form all or part of the final Council motion.
3	Rationale	To provide clear and succinct detail on: <ol style="list-style-type: none"> background to the proposal the likely benefits arising from the proposal the last the impact on council ratepayers or other stakeholders alignment with current strategic priorities alignment with current policy, legislation or statutes (if relevant) other options you have considered. 	Refer where relevant to both the financial and non-financial benefits of the proposal. Be realistic. The success of the project will be measured against your claims. Where other options have been considered, list them in this section but provide detail in an appendix, where you should describe the man indicate in brief why you decided against them. A table can be useful.
4	Resourcing	To provide clearance distinct detail on: <ol style="list-style-type: none"> the total resource required to support the proposal (money, people, time, etc) the timeframe for expenditure any likely future resource impact of the proposal. 	Ensure enough information is provided in the main report in or appendices for counsel to make a business decision. Graphics can be more useful than text and spreadsheets.
5	Risk Assessment	To provide clearance distinct detail on: <ol style="list-style-type: none"> any potential risks associated with the proposal any assessment of the potential impact of each risk (low, medium, high) mitigation strategies for each risk 	Consider all categories of risk: financial, technical, regulatory, reputational, employee relations, external stakeholder relations, other. Assess the impact of each potential risk, by considering the likely consequences. A table can be useful. Show risk to be managed; Potential severity; Likelihood; Proposed mitigation strategies.
6	Oversight and reporting	To inform Council of: <ol style="list-style-type: none"> The process by which the proposal will be managed The key officers, committees, groups tasked with implementing the proposal The process by which council will be updated on progress 	Answer these questions, if relevant <ul style="list-style-type: none"> Who's in charge? (Project Manager, Project Team, Senior Staff) Who's watching? (Project Sponsor, Steering Committee, Reference Group) How will progress be reported? Who will report progress? To whom? What will be reported? When? For how long? What performance matrix will apply?

- Provide evidence to support all claims and recommendations.
- Clearly identify and separate facts, options, anecdotes.
- Recognise that members will have varying levels of expertise and knowledge on any given matters. Provide sufficient explanation to enable all members to contribute to discussion.
- Use plain English; eliminate clutter; aim for an average sentence length of 15-20 words; proofread carefully; ask for feedback from a colleague.

Item No: **15.4**

Subject: **WEEKLY FOOD ORGANICS AND GREEN ORGANICS PILOT**

Date: 28 January 2020

Written By: Environment Officer

General Manager: City Assets and Services, Mr H Lacy

PROPOSAL

1. This report proposes the Council reinforces its commitment to sustainable waste management by supporting two initiatives related to Food Organics and Green Organics (FOGO) kerbside waste collection. They are:
 - 1.1 That Council supports an application to Green Industries SA for a *Council Modernisation Grant* for \$97,000 (42% of project cost) to support a pilot project to implement a trial of weekly (instead of fortnightly) FOGO (green lid) bin collection for around 1000 household on an “opt-out” basis.
 - 1.2 That, if the application for funding is successful, Council commits to \$132,900 the project (being \$55,000 for in-kind salaries and \$77,000 cash) as a new initiative in the 2020/21 budget.
2. Paragraph 10 details the expected benefits of the proposal.
3. Paragraph 11 details the likely impact on residents affected by the proposed pilot project.
4. Paragraph 12 details the strategic relevance of the proposal.
5. Council has not previously discussed the matter.
6. Ratepayers have not yet been consulted on the proposal.
7. The report has three appendices:
 - Appendix 1: Weekly FOGO Pilot Project Plan prepared for the City of Holdfast Bay by Rawtec Pty Ltd.
 - Appendix 2: Examples of emails from city residents recommending a change to frequency of bin collection.
 - Appendix 3: SWOT analysis of proposed pilot project.

RECOMMENDATION

1. That Council supports an application to Green Industries SA for a Council Modernisation Grant for \$97,000 (42% of project cost) to support a pilot project to implement a trial (as detailed in Appendix 1) of weekly FOGO (green lid) bin collection for around 1000 households in the City.
 2. That, if the application is successful, Council commit to \$132,900 Council funding for the project (being \$55,000 for in-kind salaries and \$77,000 cash) as a new initiative in the 2020/21 budget.
-

RATIONALE

8. In mid-2019 Mayor Wilson asked Administration to investigate the feasibility of weekly FOGO collections in the City. This followed email representations over several years from residents (see Appendix 2). Since then:
 - 8.1 A consultant (Rawtec Pty Ltd) was engaged to assist with the feasibility assessment and to develop a project plan for a pilot weekly FOGO collection targeted to 1000 households. Rawtec's report is enclosed as Appendix 1. The report contains detailed information on:
 - the suggested design and operation of the pilot project in the City
 - resources required to support the project
 - a proposed community consultation plan, and
 - the impact of similar initiatives elsewhere.The report was informed by the Strengths, Weaknesses, Opportunities, Threats (SWOT) analysis, the outcomes of which are summarised in **Appendix 3**.
 - 8.2 Green Industries SA has invited applications for Council Modernisation Grants which are available to councils to partially fund initiatives such as the pilot proposed.
9. Administration considers the Rawtec report to be a useful basis on which to progress this matter and notes that a Green Industries SA grant is likely to cover 42% of the estimated project cost.
10. The likely benefits to the City of Holdfast Bay (CoHB), should Council endorse this proposal, are detailed in the Rawtec report and include (Appendix 1 page 4):

- 10.1 Delivering a service that is both more cost-effective and environmentally sustainable than the current offering.
- 10.2 Providing a more convenient option for recycling food waste, which provides weekly collection that will minimise odour.
- 10.3 Giving residents more choice in both bin sizes and collection frequency.
- 10.4 Offering a kerbside service that provides residents with more bin capacity/volume on a 4-week cycle (1720 litres vs 1520 litres).
- 10.5 Lower landfill volumes.
- 10.6 Reduced payments of the SA solid waste levy, and reduced exposure to future increases in the levy. The metro level has increased from \$42/tonne in 2012 up to \$110/tonne on 1 July 2019. This is set to increase up to \$140/tonne on 1 January 2020.
- 10.7 Reduced greenhouse gas emissions associated with lower landfill volumes.
- 10.8 Employment growth. The estimated direct FTE employment per 10,000 tonnes of waste is 9.2 for recycling and 2.8 for landfill.
11. The impact on residents involved in the pilot project is detailed in the Rawtec report (Appendix 1 p7). It is considered unlikely the participants will react negatively to the pilot, but they will be given the option of not participating.
12. The proposal aligns with two Environment objectives of the CoHB Strategic Plan.
13. No other options for addressing this matter are currently being considered.

RESOURCING

14. Rawtec estimates the total cost of a pilot project to be \$230,800 in the 2020/21 budget year (see Appendix 1, p 11-12 for a detailed breakdown of costs). Subject to Council approval, and assuming CoHB secures a Green Industries SA grant, Administration proposes that this cost be met as follows:
 - \$55,00 in-kind project officer time
 - \$97,900 Green Industries SA grant
 - \$77,000 new Council allocation
15. The project will be completed in budget year 2020/21. Any impact on future budgets will be considered and reported to Council when the project is assessed.

RISK ASSESSMENT

16. Risks associated with this proposal is minimal:

- 16.1 Should CoHB be unsuccessful in its Green Industries SA grant application, the matter will be reconsidered by Administration. Revised recommendations on the matter will be presented to a future meeting of Council.
- 16.2 Residents unwilling to participate in the pilot project will be allowed to 'opt out'.

OVERSIGHT AND REPORTING

17. The General Manager, City Assets and Services will oversee the pilot project and will provide quarterly updates to Council. A final assessment of the project will be presented to Council in September 2021.



Governance and significant matters not requiring new funding but requiring a decision and likely to generate discussion.

(Review or approval of Council strategy, policy or standards. Financial reports; project updates; renewal of leases; reports from other Council Committees, etc.)

Section	Purpose	Content Notes	
1	Purpose	<p>To inform Council members, succinctly on:</p> <ol style="list-style-type: none"> why are you writing what you want Council to do (normally note or approval something) if relevant, where exactly in the report they will find key information (e.g. likely impact on residents etc) if relevant, previous Council discussions on the matter if relevant, consultation to-date (including Council member workshops) if relevant, documentation to support proposal 	<p>Numbered paragraphs for each item.</p> <p>Be specific about why you are writing and what you want Council to do but be brief on all other points. If, for example, there have been extensive period discussion at Council (or extensive consultation with stakeholders), summarise this information in appendix, and refer members to the appendix.</p>
2	Recommendation/s	<p>State precisely the decision you are seeking from Council.</p>	<p>The recommendations should be clear and concise. The Recommendations may form all or part of the final Council motion.</p>
3	Discussion	<p>To provide clearance to sink detail on matters relevant to the purpose of your paper:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Background to the matter? <input type="checkbox"/> Why the matter is coming to Council at this time? <input type="checkbox"/> Key developments since last update? <input type="checkbox"/> Key points supporting your recommendation/s? <input type="checkbox"/> Next steps in the process should your recommendation/s be accepted? <input type="checkbox"/> Relevance to ratepayers of other stakeholders? <input type="checkbox"/> Resource implications (money, people, time, etc) your recommendation/s? <input type="checkbox"/> Alignment of your recommendation/s with current strategic priorities (list the strategic priorities to which the proposal relates and provide additional detail if needed)? <input type="checkbox"/> Alignment of your recommendation/s with current policy, legislation or statutes (if relevant)? <input type="checkbox"/> Other options available to Council? <input type="checkbox"/> Risk assessment: Risks associated with accepting or not accepting your recommendation/s, and mitigation strategies? <input type="checkbox"/> Staff, committees, groups tasked with managing any actions/activities/processes arising from Council's decision <input type="checkbox"/> The process by which council will be updated on progress? 	<p>Most reports will need to address only a small number of the topics listed. Check with your manager to clarify requirements.</p> <p>Keep the main body of your report brief and focused by putting detailed or dense information in appendices. Direct readers to those appendices.</p> <p>Ideally, address each topic in single separate paragraphs, adding bullet points is needed to elaborate. Consider adding subheadings EG risk assessment, resource implications if needed for clarity. If you can cover this section in 1- 1.5 pages, subheadings shouldn't be necessary.</p> <p>If relevant, refers to both the financial (revenue generation, profit growth, costs avoided, cash flow improvements, working capital reduction etc) and non-financial (safety, quality, customer service, compliance etc) benefits of council accepting your recommendations.</p> <p>Ensure enough information is provided (in the main report or in appendices) for Council to make a business decision.</p> <p>Consider all categories of risk: financial, technical regulatory, reputational, employee relations, external stakeholder relations, other. Assess the impact of each potential risk, by considering the likely consequences. A table can be useful. Show risk to be managed; potential severity; proposed mitigation strategies.</p>

- Provide evidence to support all claims and recommendations.
- Clearly identify and separate facts, options, anecdotes.
- Recognise that members will have varying levels of expertise and knowledge on any given matters. Provide sufficient explanation to enable all members to contribute to discussion.
- Use plain English; eliminate clutter; aim for an average sentence length of 15-20 words; proofread carefully; ask for feedback from a colleague.


Routine and likely non-controversial matters of ongoing business requiring noting and unlikely to require extensive discussion

Section	Purpose	Content Notes
1	Purpose	To inform Council members, succinctly on: <ol style="list-style-type: none"> why are you writing what you want Council to do (normally note or approval something) if relevant, where exactly in the report they will find key information (e.g. likely impact on residents etc) if relevant, previous Council discussions on the matter if relevant, consultation to-date (including Council member workshops) if relevant, documentation to support proposal
3	Recommendation/s	State precisely the decision you are seeking from Council.
2	Discussion	To provide clearance to sink detail on matters relevant to the purpose of your paper: <ul style="list-style-type: none"> <input type="checkbox"/> Background to the matter? <input type="checkbox"/> Why the matter is coming to Council at this time? <input type="checkbox"/> Key developments since last update? <input type="checkbox"/> Key points supporting your recommendation/s? <input type="checkbox"/> Next steps in the process should your recommendation/s be accepted? <input type="checkbox"/> Relevance to ratepayers of other stakeholders? <input type="checkbox"/> Resource implications (money, people, time, etc) your recommendation/s? <input type="checkbox"/> Alignment of your recommendation/s with current strategic priorities (list the strategic priorities to which the proposal relates and provide additional detail if needed)? <input type="checkbox"/> Alignment of your recommendation/s with current policy, legislation or statutes (if relevant)? <input type="checkbox"/> Other options available to Council? <input type="checkbox"/> Risk assessment: Risks associated with accepting or not accepting your recommendation/s, and mitigation strategies? <input type="checkbox"/> Staff, committees, groups tasked with managing any actions/activities/processes arising from Council's decision <input type="checkbox"/> The process by which council will be updated on progress?

- Provide evidence to support all claims and recommendations.
- Clearly identify and separate facts, options, anecdotes.
- Recognise that members will have varying levels of expertise and knowledge on any given matters. Provide sufficient explanation to enable all members to contribute to discussion.
- Use plain English; eliminate clutter; aim for an average sentence length of 15-20 words; proofread carefully; ask for feedback from a colleague.

Item No: **7.2**

Subject: **DRAFT 2021-22 ANNUAL BUSINESS PLAN AND BUDGET**

Date: 21 April 2021

Written By: Manager Financial Services

A/General Manager: Business Services – Ms P Jackson

SUMMARY

The draft 2021-22 budget was presented to Council at workshops on 16 March, 23 March and 6 April 2021. It was developed on the assumptions and parameters discussed at a Council workshop held on 2 March 2021. The draft budget satisfies Council's financial sustainability and performance measures.

Pursuant to its term of reference, the Audit Committee has an opportunity to review the assumptions, parameters and outcomes providing comments to Council in relation to the draft budget and associated Annual Business Plan.

RECOMMENDATION

That the Audit Committee support the draft 2021-22 Annual Business Plan, as presented, for presentation to Council for the purpose of public consultation.

COMMUNITY PLAN

Culture: Being financially accountable

COUNCIL POLICY

Not Applicable.

STATUTORY PROVISIONS

Section 123 of the *Local Government Act, 1999* (the Act).

BACKGROUND

The first draft of the 2021-22 Budget (excluding Alwyndor operations) was presented to Council at a workshop on 16 March 2021. It was developed in response to a previous workshop held on 2 March 2021. Subsequent workshops were held on 23 March and 6 April 2021 and included a

presentation which included changes from the initial draft as well as the draft budget for Jetty Road Mainstreet operations.

The Audit Committee received a report (55/21) on 10 February 2021 dealing with the 2021-22 budget timetable and development and the Committee resolved to support the timetable and key parameters as outlined in the report.

The Audit Committee has a further opportunity to provide comments to Council on the Draft Budget and Annual Business Plan (DB & ABP). A further opportunity will arise for the Audit Committee to receive information on community consultation outcomes and provide further advice on the Draft Budget and Annual Business Plan at its next meeting on 2 June 2021.

REPORT

Development of the Draft 2021–22 Annual Business Plan and Budget

The current Draft 2021-22 Budget (excluding Alwyndor) is based on a number of parameters and considerations as listed:

Key Parameters

- Target of an operating surplus.
- 2.4% general rate revenue increase (excluding separate rates and Regional Landscape Levy).
- 0.5% rate revenue increase for new development growth.
- (LGPI) applied where applicable to revenue and expenditure.
- 2.0% average employment cost increase.
- Alwyndor and Jetty Road Mainstreet budgets to be self-funding.

Other considerations/inclusions

- The Regional Landscape Levy has been forecast to increase by 1%. The Levy is collected by Council on behalf of Regional Landscape Board and the amount will be finalised in April/May 2021.
- Jetty Road Mainstreet budget increased by 2.4% (\$14,030) and is cost neutral.
- Marina separate rate increased by 2.4%.

- Roads to Recovery Grant (\$298,000) included being the third estimated allocation for the 1/7/19 - 30/6/24 program.
- Depreciation is based on existing asset valuations and has increased by 3.24% (\$306,000). The major asset classes that have increased are office equipment (IT assets) buildings and infrastructure.
- Fees and charges have been reviewed and assessed in accordance with a user pays principle, taking LGPI into account.
- Six proposed operational new initiatives based on business cases totaling \$430,380. Four projects are supported by Councils Environment Strategy totaling \$346,760 include an Environment Officer, Tree Audit, Carbon Neutral Plan and extending the FOGO project. The remaining initiatives include continuing the Community Safety Officer program to protect native wildlife and a 40kph coastal precinct consideration and data collection exercise.
- Capital renewal program based on current Asset Management Plans totaling \$8.5m.
- Proposed capital new initiatives based on business cases included totaling \$6.5m of including:
 - Brighton Caravan Park Stage 2 redevelopment \$1.2m.
 - Storm-water Management \$1m.
 - Major projects approved part grant funded - Glenelg Oval Stage 3 -\$866,000
 - Major projects subject to grant funds – Seacliff Plaza Upgrade \$1.07m; Old Buffalo Site \$200,000.
 - Kingston Park Kiosk - year 2 funding \$500,000.
 - Enterprise Technology Roadmap \$500,000.
 - Jetty Road Glenelg Stage 2 design \$400,000.
 - Masterplan implementation for Gilbertson, Pine and Barton Gullies \$300,000
 - Multi-year minor projects \$170,000 – DDA Improvements, Beach Signage, Traffic improvements.
 - Jetty Road Brighton Lighting Masterplan \$160,000.
 - Concept Plans – Jimmy Melrose Park \$30,000 and Parkinson Reserve \$30,000.
 - Reserve improvements – East of Brighton Road \$64,500.
 - One-off minor projects – PLEC \$20,000.
- Capital grants total \$833,000 including \$433,000 Glenelg Oval Stage 3 (over 3 years); \$300,000 Seacliff Plaza Upgrade; \$100,000 Old Buffalo Site.

Commercial Activities – Increase net earnings compared to 2020-21 budget

- Brighton Caravan Park - the 2020-21 original budget forecast for net earnings of \$760,460 factored in a downturn due to impact of COVID-19. The amount has been revised during 2020-21 to reflect increased patronage to \$936,000 and the 2021-22 forecast is expected to be \$1.13m.

Alwyndor draft 2021-22 budget

- The draft Alwyndor budget was presented to the Alwyndor Management Committee in March 2021. The draft budget is subject to amendment due to complexities around future government funding arrangements which are yet to be announced.

Rate Revenue and Valuations

The major variable determining the ability to meet the draft budget program of services, works and financial targets is rate revenue. This is budgeted to increase by 2.4% excluding separate rates, development growth (estimated at 0.5%) and the Regional Landscape Levy.

The Differential Rate premium applied to industrial, commercial properties and vacant land will be determined once land valuations are received by the Valuer-General. The premium applied to industrial, commercial properties and vacant land in the 2020-21 financial year was 55%.

The SA Valuer-Generals Office has done a comprehensive review of property valuations as part of an industry wide revaluation initiative. The program has included in-depth data collection and analysis with increased filtering and testing of property data. The outcome is improved and varied property valuations for 2021-22. The impact is that some properties will be subject to larger valuation movements than is normally the case. To address the impact Council is proposing to maintain rate capping at 6% on residential properties and introduce a rebate based on 6% for commercial/industrial/vacant properties. The budget provision for the residential rate cap and discretionary rebate have been factored into the overall rating budget.

The Patawalonga Marina Separate Rate of \$74,750 has been increased by 2.4%. It provides for basic annual maintenance cost and includes a 50% discount to account for the general public's use of the lock.

Draft Budget Financial Performance and Position

The draft budget (excluding Alwyndor) features:

- Operating surplus of \$137,000 for Council's municipal activities;
- Capital expenditure of \$15.9m comprising \$8.5 on renewal and replacement of existing assets and \$6.5m for new and upgraded assets and \$928,000 for employee costs capitalised;
- Council's Net Financial Liabilities Ratio ceiling is 75%. The ratio is expected to be 75%. The projected Interest Cover Ratio of 1.7%, which measures the affordability of its indebtedness, shows that Council can manage debt without adversely affecting the sustainability of its long term financial position.

Long Term Financial Plan

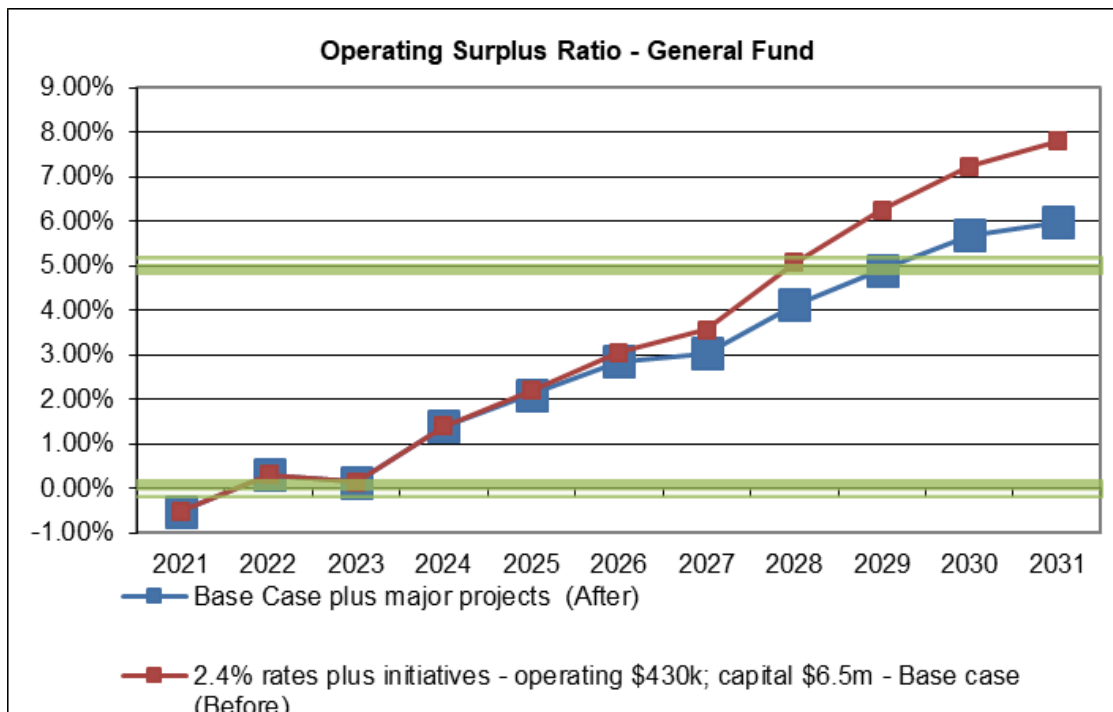
The Long Term Financial Plan (LTFP) was reviewed and presented to the audit committee on 10 February 2021 and included base case and strategic projects forecasts. The LTFP has been updated to include the draft 2021-22 budget.

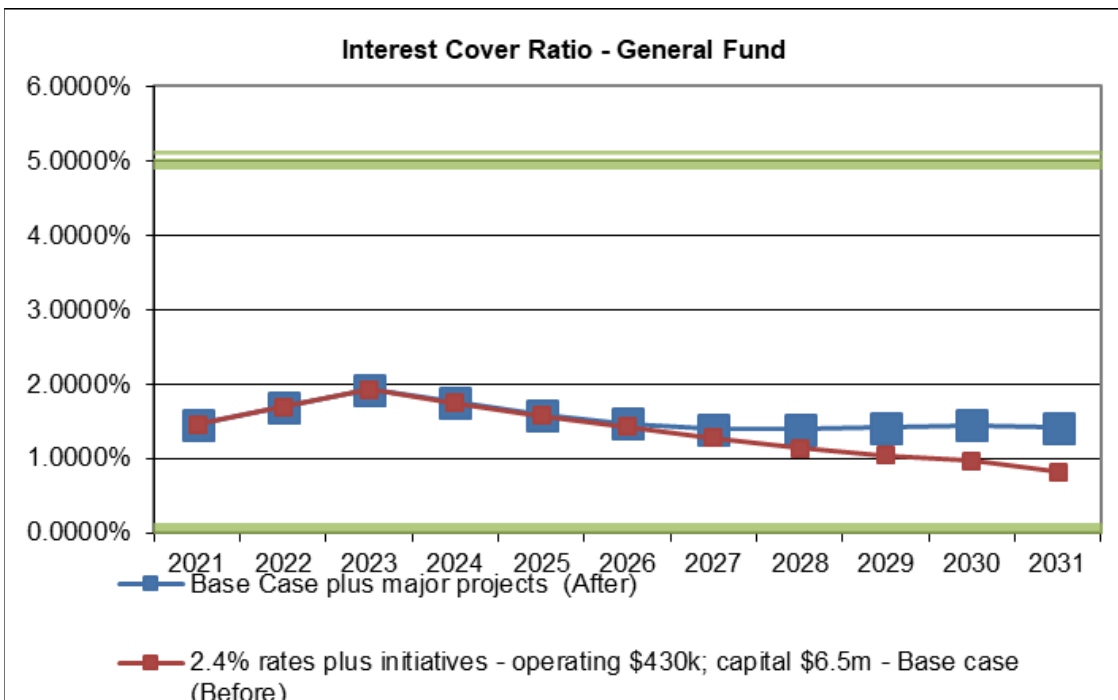
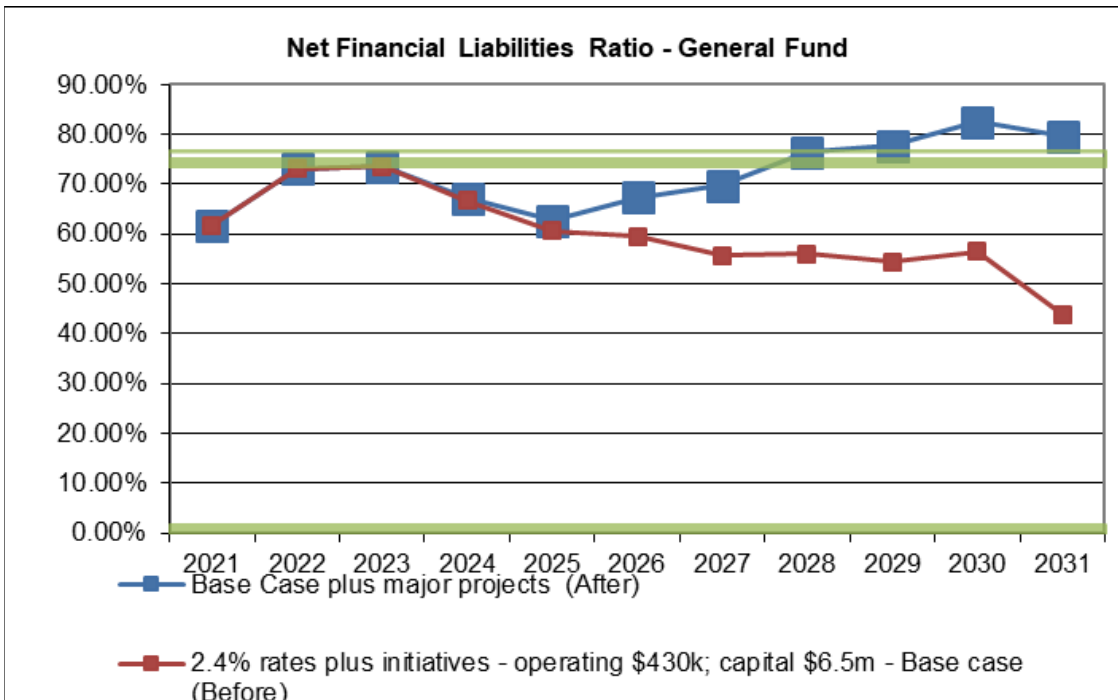
The charts indicate that Council is financially sustainable and has the financial capacity to fund new strategic projects when they arise. The LTFP shows that the main financial indicators substantially remain within the targets and thresholds in the mid-term and are affected by the level of new capital projects.

Base case includes storm-water and asset renewal/upgrades based on adopted Asset Management Plan.

The long-term strategic projects included in the comparative LTFP ratios are:

- Glenelg Oval Masterplan - \$11.1m net
- Jetty Road Glenelg Master Plan - \$8.6m net





Draft Annual Business Plan

The Draft 2021–22 Annual Business Plan document has been prepared taking into consideration the objectives and directions of the Our Place Strategic Plan, Long Term Financial Plan and Asset Management Plans.

The document contains a more detailed analysis of the projected financial performance for the coming year including new strategic initiatives and includes Alwyndor operations. The document will be presented to Council on 27 April 2021 for Council endorsement for community consultation. The draft annual business plan including the draft budget financial statements are provided as Attachment 1.

*Refer Attachment 1
(The Draft Annual Business Plan will be provided under separate cover)*

Budget and Annual Business Plan Timeline

A Council workshop was held on 6 April 2021 to receive an update on the development of the draft budget. On 27 April 2021 Council will receive a report to endorse the updated 2021-22 Draft Budget and Annual Business Plan for community consultation.

A number of further meetings and workshops are scheduled to meet the requirements of the budget timetable as follows:

- 27 April: Council receives report and endorses Draft Budget and Annual Business Plan for community consultation.
- 29 April – 19 May: Community consultation period.
- 1 June: Council workshop to review consultation results.
- 2 June: Audit Committee review Draft ABP&B and note consultation results.
- 8 June: Council receives Audit Committee recommendations and final rating parameters.
- 22 June: Adopt ABP&B and rate declaration.

The Audit Committee has an opportunity on 2 June to:

- propose and provide information relevant to a review of Council's Annual Business Plan; and
- review and provide recommendations to Council on the sustainability of Council financial performance and proposals.

BUDGET

The cost of production of the 2021–22 Annual Business Plan and associated community engagement will be met within the current budget.

LIFE CYCLE COSTS

This report does not have any direct full lifecycle cost implications.

Item No: **7.3**

Subject: **DRAFT ENTERTAINMENT AND HOSPITALITY AND CORPORATE CREDIT CARD POLICY AND PROCEDURES**

Date: 21 April 2021

Written By: Manager Financial Services

General Manager: Strategy and Business Services, Ms P Jackson

SUMMARY

During 2020, examinations were conducted into a number of Councils by both the Auditor-General and the South Australian Ombudsman in the areas of entertainment, credit card use and management. The examinations identified expenditure in the sensitive areas of entertainment, hospitality, staff support and travel. The reports concluded that current policies and procedures in the areas of credit card use and entertainment expenditure are essential for the responsible use of public money. Accordingly draft policies covering these areas have been prepared and updated for the Committee's consideration.

RECOMMENDATION

That the Audit Committee advises Council:

- 1. it has received and reviewed the draft Entertainment and Hospitality and Corporate Credit Card Policies included in Attachment 1 and 3 to this report;**
 - 2. it supports the draft Entertainment and Hospitality and Corporate Credit Card Policies for subsequent policy adoption by Council; and**
 - 3. notes the Draft Entertainment and Hospitality and Corporate Credit Card procedure documents included in Attachment 2 and 4 to this report.**
-

COMMUNITY PLAN

A Place to do Business
A Place that Provides Value for Money

COUNCIL POLICY

Credit Card Policy.

STATUTORY PROVISIONS

Not Applicable.

BACKGROUND

Councils audit committee has previously received internal audit reports in relation credit card policy and process. An internal audit was conducted in 2019 and the recommendations were received by the Audit Committee on 9 October 2019 (Report 371/19). As a result of the audit the committee received an updated credit card policy. Procedures were also reviewed at that time to address the outcomes of the internal audit.

In 2020 the Auditor- General conducted audits of credit card use in two metropolitan and one regional Council. In 2020 the Ombudsman SA also investigated another metropolitan Councils use of credit cards and related entertainment expenditure. The common generic outcomes and recommendations from these audits have been used to update the City of Holdfast Bay credit card policy and procedures and inform the drafting of a new entertainment and hospitality policy and procedure.

REPORT

In March 2020 the Auditor-General presented his findings on the credit card use and management of the Cities of Charles Sturt and Playford and the Coorong District Council. The conclusion reached in each case was that the Councils did not always use and manage their credit cards efficiently and economically during the audit period (July 2016 – April 2018).

Council specific recommendations were contained in their reports however there were number of common recommendations for the two metropolitan Councils as follows:

- extending the analysis of credit card and accounts payable expenditure to:
 - identify areas for further improvement in the use of credit cards
 - inform its procurement strategy;
- updating and improving credit card policy and procedures;
- reinforcing to staff the importance of an independent review;
- updating credit card policies to require the CEO's credit card transactions to be independently reviewed;
- reviewing expenditure policies to ensure they include:
 - the expenditure principles staff need to apply
 - nature and extent of business purpose information;
- reviewing credit card policy and procedure recordkeeping requirements to ensure the reconciliation records adequately explain the expenditure, including the business purpose;
- updating travel and hospitality, gifts and employee expenses policies;
- reviewing the employee recognition policy or program; and
- regularly scrutinising sensitive expenditure that results in benefits to the elected members to determine whether it is a proper use of public money.

In the case of the Ombudsman SA report a number of the recommendations can be applied to all Councils who use credit cards and incur entertainment expenditure including:

- Ensuring credit card and entertainment and hospitality policies and procedures consistently reference each other.
- Ensuring cardholder and authorising officers declare correctly the necessity for conducting Council business and the appropriateness of the expenditure.
- Ensuring cardholders review and agree to comply with the entertainment and hospitality policy.
- Defining business activities within the entertainment and hospitality policy.

The above matters have been addressed within the relevant policy and procedure documents. A number of common principles have been used in drafting the policies as follows:

- All expenditure is subject to public scrutiny and spent for community benefit
- All expenditure must be within the adopted budget, approved in accordance with delegations and Council's *Procurement Policy*, and available for internal and external scrutiny
- Where credit cards are used expenditure must be in accordance with the *Corporate Credit Card Policy and Procedure* and independently authorised.

Entertainment and Hospitality Policy Document

The purpose of the policy is to set standards for when it is appropriate and justifiable to use Council funds for entertainment and hospitality. It has been drafted to ensure that reasonable community expectations and other policy requirements are met. The policy lists the general principles by which entertainment and hospitality expenditure is deemed appropriate.

The policy outlines the scope, definitions, principles and expenditure limits. The policy also addresses regular monitoring and reporting requirements to ensure accountability and compliance. Many other council policies are referenced and inform this policy.

Refer Attachment 1

Entertainment and Hospitality Procedure Document

The purpose of the procedure document is to provide specific guidelines to council employees for ensuring adherence to the related policy.

The document details what is and what is not considered appropriate entertainment and hospitality expenditure. The document addresses social and recreational activities and functions, meal entertainment, alcohol expenditure and authorisation. Gifts, transport and accommodation considerations are also addressed. The procedure includes regular monitoring and reporting and also references existing policies, programs and rulings.

Refer Attachment 2

Corporate Credit Card Policy Document

The purpose of this policy is to ensure the appropriate use and authorisation of corporate credit cards. It specifies the conditions of use including requirements to substantiate expenditure. It references compliance with the Entertainment and Hospitality Policy. The issuing, approving and recording of credit cards is also detailed. The document specifies authorises of expenditure including that that the Mayor must authorise the CEO credit card. Authorises must consider the appropriateness of the expenditure ensuring compliance with the Entertainment and Hospitality Policy where appropriate. Appropriate monitoring and review measures are detailed in the policy.

Refer Attachment 3

The main changes made to this policy since the last review by the audit committee are as follows:

- Policy renamed to Corporate Credit Card Policy.
- Scope now includes Alwyndor.
- Additional definitions as required.
- Realignment of conditions of use and delegations from principles to separate section.
- Clauses referring to Entertainment and Hospitality Policy.
- Clause inserted to allow credit card removal at the discretion of the CEO or Mayor.
- Removal of administrative processes to the procedure document.

Corporate Credit Card Procedure Document

The purpose of this procedure is to clarify roles and responsibilities of officers with regard to the use and administration of corporate credit cards. It specifies the role of senior finance staff in arranging and issuing credit cards in accordance with the agreement of use conditions. The document stipulates that the cardholder must only use the credit card for Council business purposes and that any expenditure of an entertainment or hospitality nature must comply with the related policy and procedure. Specific procedural details include appropriate and timely documentation and authorisation requirements.

Refer Attachment 4

It is intended to conduct refresher and on-going training of relevant employees in the policy and procedural requirements of the above policies once adopted by Council.

BUDGET

This report does not have any direct budget implications.

Attachment 1



ECM DSID	
First Issued / Approved:	Date of first issue/approval
Last Reviewed:	Date of last review
	Resolution Number
Next Review:	Review Date
Responsible Officer:	TBA
Date Placed on Intranet:	

1. PREAMBLE

1.1 Purpose

As a publicly funded body, Council is committed to ensuring that funds are spent for the benefit of the community and for the purposes of Council operations, whilst ensuring a high standard of accountability and legislative compliance.

This Policy sets the standards for when it is appropriate, reasonable and justifiable to use Council funds for entertainment and hospitality (including requirements for specific purchases), in a way that meets reasonable community expectations and other policy requirements.

1.2 Scope

This Policy applies to all Elected and Independent Members, Council employees, volunteers, and authorised Council representatives (including Alwyndor).

Although Elected and Independent Members and volunteers are not employees for the purposes of Fringe Benefits Tax considerations, they are nonetheless bound by principles of good governance and public accountability.

For gifts and benefits (including hospitality) from third parties to Council employees, refer to the Code of Conduct for Employees and the LGA Guidelines.

For gifts and benefits (including hospitality) from third parties to Council Elected Members, refer to the Council’s Elected Member Entitlements Policy.

1.4 Definitions

Act means refers to the *Local Government Act 1999*

Benefits means anything that is for the good of a person or thing

ENTERTAINMENT AND HOSPITALITY POLICY

Code of Conduct for Employees means as defined in Schedule 2A of the Regulations

Civic Event means event involving the Mayor and/or Elected Members which is provided for civic purposes including Proclamation Day, Australia Day, citizenship ceremonies and Mayoral events.

Community Engagement Event means a public or community event which is authorised as part of an approved initiative or program.

Corporate Event means an event organised for employees which is authorised corporately.

Council business means work required to be performed as part of normal, official or directed duties.

Credit Cards means any type of corporate or organisational purchasing card, including credit, debit EFTPOS and similar bank cards used for purchasing on behalf of Council.

Employee means all Council employees, trainees, volunteers, work experience and contract staff.

Gift means a transaction in which a benefit of pecuniary value is conferred without consideration or for less than adequate consideration, but does not include an ordinary commercial transaction or a transaction in the ordinary course of business items and benefits beyond approved employment conditions (defined Schedule 3 in the Act and Schedule 2A clause 1(7) of the Regulations).

Entertainment or Hospitality means benefits which are anything that is for the good of a person or thing e.g. providing food, beverage or recreational benefits or accommodation or travel in connection with entertainment.

Independent Member means a person appointed under the Act, or as appointed under any other legislation administered by Council, to perform specific Council duties.

Light refreshment means light meals and non-alcoholic beverages served in-house as detailed in Council's Healthy Catering Policy.

Recreation means amusement, sport or similar leisure time activities.

Regulations means the *Local Government (General) Regulations 2013*

ENTERTAINMENT AND HOSPITALITY POLICY

Third party means an organisation, person or entity not employed by Council, including clients, suppliers, contractors, community members, businesses, officials from other governments, etc.

Travel Expenses means expenses incurred in the course of authorised work-related travel including accommodation, meals, travel and incidental expenses.

1.5 Strategic Reference

Culture: Being financially accountable
Culture: Supporting excellent, efficient operations

2. PRINCIPLES

2.1 Purchasing Principles

All Council expenditure including: hospitality, gifts, transport, accommodation and associated expenditure is subject to public scrutiny and Council is committed to ensuring that funds are spent to further community benefit and carry out Council operations, unless expenditure for staff is approved by the Chief Executive officer (CEO). For detailed guidance refer to the Entertainment and Hospitality Procedure.

All expenditure needs to be within the adopted Council budget, be approved within Council's endorsed delegations and authorisation framework and in accordance with Council's policies and procedures, including the *Procurement Policy*. Advice can be provided by the Finance team as to the ATO's guidance for entertainment and hospitality expenses as some expenditure attracts Fringe Benefits Tax increasing the cost to Council.

Where credit cards are used as the preferred payment method, expenditure must also be in accordance with Council's *Credit Card Policy and Procedure*.

2.2 General Principles

2.2.1 Any expenditure by employees on official entertainment and/or hospitality must be:

- a) for official Council business and/or incurred in the public interest;
- b) reasonable and appropriate to Council's business and publicly defensible e.g. light lunch for Work, Health and Safety of staff where working through;

ENTERTAINMENT AND HOSPITALITY POLICY

- c) able to demonstrate direct benefits, resulting in, or contributing to, achieving the Council's objectives as articulated in the Council's Strategic and Business Plans;
- d) approved by a General Manager with appropriate financial delegations (and in accordance with Council's policies and procedures, including the Procurement Policy); and
- e) properly documented and available for internal and external scrutiny including provision of detailed tax invoices and receipts;
- f) for functions which demonstrate education and/or morale benefits for employees including (but not limited to) training, CEO (Chief Executive Officer) approved in Council's Reward and Recognition Program and must be part of an official event approved by the CEO.

Specific guidance on what is appropriate and not appropriate expenditure is detailed in Council's Entertainment and Hospitality Procedure.

2.3 Expenditure Limits

All entertainment/hospitality expenditure must be approved by the relevant General Manager, and where necessary the CEO, prior to an event or expenditure being made. Refer to Council's Entertainment and Hospitality Procedure.

2.4 Exemptions from this Policy and Related Procedure

The CEO maintains ultimate discretion to determine where and when it is appropriate to provide an exemption from this Policy and any related procedure.

Any exemption by the CEO must be in writing and include the reason for departing from this Policy, such exemption to be saved into Council's document management system.

2.6 Monitoring and reporting

Financial services employees will conduct periodic random sample audits to ensure this Policy is adhered to and to identify any abnormal trends.

Any non-compliance with this Policy must be promptly reported to the CEO or delegate or, in the case of the CEO, the Mayor.

ENTERTAINMENT AND HOSPITALITY POLICY

Council will maintain a summary of the expenditure incurred in providing entertainment, hospitality, gifts, transport, accommodation and associated expenditure and present this summary to Council's Senior Leadership Team annually.

The results of internal audits and registers will be presented to Council's Senior Leadership Team at least an annual basis.

3. REFERENCES

3.1 Legislation

Local Government Act 1999

Local Government (General) Regulations 2013

3.2 Other References

Alcohol & Drugs in the Workplace Procedure
Council's Code of Conduct
Corporate Credit Card Policy and Procedure
Elected Members Entitlements Policy
Employee Code of Conduct Guidelines (LGA, May 2019)
Entertainment and Hospitality Procedure
Gifts and Benefits Reporting Form
Managing Misconduct and Disciplinary Procedures
Organisational Development Policy
Procurement Policy
Professional Development Procedures
Reward and Recognition Program
Workplace Relations Policy

Attachment 2



ECM DSID	
First Issued / Approved:	Date of first issue/approval
Last Reviewed:	Date of last review
	Resolution Number
Next Review:	Review Date
Responsible Officer:	TBA
Date Placed on Intranet:	

1. PREAMBLE

1.1 Background

An *Entertainment and Hospitality Policy* exists to support Council's commitment that expenditure on entertainment and hospitality is for Council business purposes.

1.2 Purpose

This procedure provides guidelines for ensuring adherence to the *Entertainment and Hospitality Policy*.

1.3 Scope

This procedure applies to all Council employees (including Alwyndor) and volunteers responsible for the provision and payment of entertainment and hospitality services and activities.

1.4 Definitions

Refer to the Definitions in the *Entertainment and Hospitality Policy*.

2. Appropriate and not Appropriate Expenditure

2.1 Entertainment

Entertainment can take a number of forms and occur in a variety of circumstances. Common examples are as follows:

- Meetings – including breakfast, business lunches, coffee meetings, planning meetings.
- End of year/season functions – including staff, volunteers, elected members, independent members.
- Employee reward and recognition, and farewell functions.

ENTERTAINMENT AND HOSPITALITY PROCEDURE

Entertainment expenditure which is not considered appropriate includes (but is not limited to):

- a) non-Council official business;
- b) food and beverages for social purposes, unless deemed to be an official event approved by the CEO (or delegate) for a specified purpose (this excludes tea and coffee making provisions for Council staff);
- c) employee meetings including off-site meetings and functions for employees over and above organisation-wide approved functions;
- d) gratuities (tips/surcharges) over and above the charge levied by the provider;
- e) entertainment and/or hospitality provided to any organisation involved with the Council in formal tender or expression of interest processes;
- f) expenditure that provides a personal benefit to employees, Elected/Independent members including their family or friends (unless related to an official function, community engagement or corporate event specifically approved by the CEO or delegate prior to the event).

2.2.1 Meal Entertainment expenditure checklist

To further assist in applying this Procedure a list has been prepared detailing meal entertainment not appropriate to be Council funded and appropriate Council funded meal entertainment expenditure.

Meal Entertainment type
<i>Not Appropriate Council funded Expenditure</i>
Off-premises restaurant or equivalent meal for either Council employee, Elected Member, Independent Member, Committee Member (with or without alcohol)
Off-premises minor food and drink in a social situation, not related to Council work, with employees/clients/Elected Members/Independent Members/Committee Members (including coffee and light refreshments)
Team only Christmas Party/ Lunch/ Dinner or event either on or off-premises
Team Reward & Recognition Event – (alcohol included at discretion of General Manager)
Other employee social events providing meal and refreshments (with or without alcohol)
Morning/afternoon tea farewell function on-premises with light refreshments (no alcohol) – employee with less than 10 years' service – in accordance with Rewards and Recognition Program – otherwise employee funded

ENTERTAINMENT AND HOSPITALITY PROCEDURE

Off-premises elaborate meal with or without alcohol to farewell paid employee, volunteer, Independent Member, Committee Member
Staff farewell function for transfers between business units within Council
Team building training courses which are recreational in nature
<i>Appropriate Council funded Expenditure</i>
Council/Committee meetings/workshops – on-premises meal and refreshments (no alcohol) prior to meeting
Council/Committee meetings – On-premises supper (with alcohol) after meeting - considered to be providing refreshments to complete the overall meeting
On or off-premises light refreshments in a business situation with external clients for the purpose advocacy or building strategic relationships in accordance with Council strategic plan. Note- Refer to Meal expenditure limits
Annual Christmas Party for paid Council employees, volunteers, Elected/Independent/Committee Members on or off premises
On premises - light refreshments (excluding alcohol) for Depot Reward and Recognition meetings (scheduled outside normal hours) Note- Refer to Meal expenditure limits
Morning/afternoon tea on-premises with light refreshments (excluding alcohol) to acknowledge and celebrate significant resignation/retirement after 10 years – in accordance with Rewards and Recognition Program. Note- Up to \$100
Morning/afternoon tea on-premises with light refreshments (no alcohol) to acknowledge and celebrate significant length of service after 10 years for paid Council employees – in accordance with Rewards and Recognition Program.
Working lunch on-premises light refreshments (no alcohol)
Light lunch provided on-premises as part of employee training
Council approved function/event with refreshments – including Citizenship, Proclamation Day, Australia Day or other significant Civic, tourism or economic event.

2.2.2 Meal Expenditure Limits

Meal expenditure limits (excluding light refreshments) are based on the following maximum limits (taking into consideration ATO Ruling TD20169/11).

Expenditure Limits	Reasonable amounts - Food and Drink
Breakfast or lunch	Up to \$30 per head
Dinner	Up to \$50 per head
Light Refreshments	Up to \$5 per head

ENTERTAINMENT AND HOSPITALITY PROCEDURE

2.3 Alcohol Expenditure

All alcohol purchases must be approved by the CEO with the exception of purchase of alcohol for Elected Members post Council meeting (such purchases are administered by Council governance staff with approval by the CEO). Where alcohol expenditure is included within an invoice the CEO must authorise the total invoice. General Managers or Managers cannot authorise alcohol expenditure.

Alcohol will only be available in limited circumstances to employees at Civic, Depot, Community, Corporate and organisation-wide events and in accordance with Council's Alcohol & Drugs in the Workplace Procedure.

Where alcohol is served at any event, it should be undertaken in accordance with the relevant Liquor Licence conditions and in accordance with responsible service of alcohol requirements.

2.4 Venue Hire by Council Employees

Meetings and events should be held on Council premises whenever possible. The use of external hired venues requires CEO or delegate written approval and must include a clear rationale for the request.

2.5 Gifts from the Council or Council Employees (including flowers)

All gifts provided by the Council or Council Employees, at a cost to Council, should be appropriate for the occasion and require CEO or delegate written approval (and where applicable, in accordance with the Reward and Recognition Program and the Entertainment and Hospitality Procedure).

Gifts to Employees and management of these are detailed in the Code of Conduct for Employees (a legislated Code), which prescribes when acceptance of gifts or benefits (including hospitality) from a third party is acceptable. Further guidance is in the LGAs Code of Conduct Guidelines.

Gifts to Elected Members are managed in Council's Elected Members Entitlements Policy.

To further assist in applying this Procedure a list has been prepared detailing not appropriate to be Council funded and appropriate Council funded gift expenditure.

ENTERTAINMENT AND HOSPITALITY PROCEDURE

Gift Expenditure Type
<i>Not Appropriate Council funded Expenditure</i>
Admission/membership tickets to amusement or recreational activity or centre
Airline tickets and accommodation for recreational purposes
Farewell/Retirement gifts (excluding those provided under Reward and Recognition program)
Flowers or similar gifts – employee to employee
<i>Appropriate Council funded Expenditure</i>
Length of service gift for paid Council employees in accordance with Reward and Recognition program
Gift Vouchers in accordance with Reward and Recognition program
Flowers/Gift – Organisation to community member – at discretion of Mayor
Ceremonial Gifts – Organisation to external parties as part of an official Council arrangement – at discretion of Mayor and CEO – up to \$100 per gift.
Club Presentation Awards – Organisation to external party – at discretion of Mayor and CEO – up to \$100 per award
Bereavement gift in form of flowers/donation to nominated charity – applicable to the loss of a paid employee, Elected Member, Independent Member or Committee Member – up to \$50.

2.6 Transport and Accommodation

Travel expenses not permitted for reimbursement includes (but are not limited to):

- a) unauthorised or personal travel including flights and accommodation.
- b) traffic or parking infringements.
- c) private expenditure including: alcohol, minibar and in-room entertainment. Minibar food expenses may be approved on a case by case basis where there is justifiable reason to do so.
- d) expenses for any other person who is not a Council Employee or Elected Member unless authorised by the CEO in advance.
- e) membership subscriptions for airline clubs or loyalty programs.

Travel must only be paid for by Council for direct Council business and must be approved by the CEO or delegate or Council (as relevant) prior to being incurred, except for travel expenses where approval has been given by the relevant manager for attendance at a Adelaide Metropolitan designated meeting, conference, award night or training

ENTERTAINMENT AND HOSPITALITY PROCEDURE

activity). Travel expenses must be reasonable and an efficient use of public funds.

Travel preference should be given to public transport or the use of Council's fleet vehicles but it is acknowledged that these may not be practical. A taxi or equivalent will be provided where there is a duty of care for safety reasons. Cab charges are not approved generally for travel to and from the city unless approved by the CEO.

Elected Member reimbursements for travel and accommodations will be in accordance with Council's Elected Members Entitlements Policy.

All interstate/overseas travel and accommodation must be approved by the CEO in accordance with Council's *Professional Development Procedures*. Circumstances that will be considered include official business, conferences (attending or speaking), National Local Government meetings or industry functions.

When considering accommodation, cost effective transport options should be considered.

2.7 Monitoring and Reporting

A summary of the expenditure incurred in providing entertainment, hospitality, gifts, transport, accommodation and associated expenditure is to be presented to Council's Senior Leadership Team annually following the lodgment of the annual fringe benefits tax form.

The following summary outline is recommended:

Type of expenditure	Total Cost Year	Comments
<i>Meetings</i>		
External Venue (listed)	Including hire, meals	
On-premises meetings		
Business Meetings		
Civic/Official Functions		
Council/Committee Meetings		
Staff Training		
Total Meeting Expenditure		
<i>Gifts</i>		
Community members		
Employees		

ENTERTAINMENT AND HOSPITALITY PROCEDURE

Others		
Total Gift Expenditure		
<i>Travel and Accommodation</i>		
Intrastate (listed)		
Interstate (listed)		
International (listed)		
Total Travel and Accommodation		

Where necessary an additional statements will be provided as follows:

“The following variations to the Policy were approved by the CEO:
(listed individually, including details, the variation from the policy, the reason for the variation).”

“The following non-compliance to the Policy were identified from the random audit conducted by the Financial Services Team.
(Listed individually, including details of variation from the policy and any reason for non-approval).

A register will be maintained of all interstate and overseas travel (with the exception of interstate travel by land that does not require an overnight stay) undertaken in an official capacity by Council employees and Elected Members. This will be presented to Council’s Senior Leadership Team annually.

Council Employees Interstate/Overseas Travel				
Employee	Dates	Destination	Purpose	Cost
Elected Member Interstate/Overseas Travel				
Elected Member	Dates	Destination	Purpose/Resolution No.	Cost

3. REFERENCES

ATO Ruling TD20169/11
 Elected Members Entitlements Policy
 Elected Member Training and Development Policy
 Entertainment and Hospitality Policy
 Corporate Credit Card Policy and Procedure

ENTERTAINMENT AND HOSPITALITY PROCEDURE

Gifts and Benefits Reporting Form
Organisational Development Policy
Procurement Policy
Professional Development Procedures
Reward & Recognition Program

Date Endorsed by Senior Leadership Team	click here to enter date
General Manager Signature	Signature placed here
Date of General Manager Signature	click here to enter date

DRAFT

Attachment 3



ECM DSID:	TRIM Container Number
First Issued / Approved:	Date of first issue/approval
Last Reviewed:	Date of last review
	Resolution Number
Next Review:	Review Date
Responsible Officer:	Manager Financial Services
Date placed on Webpage/ Intranet:	

1. PREAMBLE

1.1 Purpose

This policy covers the use of Corporate Credit Cards (credit cards) by City of Holdfast Bay (the Council’s) employees.

1.2 Scope

This policy applies to City of Holdfast Bay employees (including Alwyndor), who have been designated to use credit cards, are responsible for authorising the issue of, or changing limits on credit cards, or who are responsible for the administration.

1.3 Definitions

Cardholder means a council employee (including Alwyndor) who has been issued a Corporate Credit Card.

Card provider means the bank or financial institution that supplies Corporate Credit Cards.

Corporate credit card means credit cards issued by the City of Holdfast Bay by a card provider for corporate use only to provide for payment of goods and services subject to conditions.

Monthly expenditure limit means the maximum aggregated value of expenditure that a Cardholder may purchase with their Corporate Credit Card in a calendar month.

Single transaction limit means the maximum value that the cardholder may spend in a single use of a Corporate Purchase Card.

Authoriser means the employees responsible for reviewing and approving expenditure of the cardholder and ensuring it meets the principles of this policy and the related procedure.

Senior Finance Staff means Manager of Finance or one of the Accountants in Council or Alwyndor.

CORPORATE CREDIT CARD POLICY

1.4 Strategic Reference

Culture: Being financially accountable

2. PRINCIPLES

Council and Alwyndor Aged Care Facility (Council's aged care facility) will each operate a credit card system, which permits an appropriate level of credit cards use by cardholders, with authorisers to reconcile and approve monthly expenditure statements.

2.1 Conditions of Use and Delegations

The cardholder must comply with the Corporate Credit Card Conditions of Use Agreement which is acknowledged and signed against prior to application. This document details limits on usage (including single transaction limits) and conditions relating to substantiating requirements to support credit card transactions.

Expenditure is to be within each Council employee's delegated financial limits (approved by the CEO- register maintained by Governance). All entertainment and hospitality expenditure must comply with the Entertainment and Hospitality Expenditure Policy.

Any expenditure identified as not compliant will be repaid by the cardholder.

2.2 Corporate Credit Card Approval

A credit card can only be issued to an employee with approval of the relevant General Manager (GM) or Chief Executive Officer (CEO). In the case of a credit card for use by the CEO's, with the approval of the Mayor.

Cards may be withdrawn at the discretion of the CEO (or for the CEO by the Mayor).

2.3 Finance Department Monitoring, Review and Register

The Financial Accountant and Finance Manager Alwyndor (or role titles with similar responsibility) have overall responsibility for the maintenance, approval and support of documents relating to credit card use by employees.

Further, it is the responsibility of the Council's Financial Accountant and Finance Manager Alwyndor (or role titles with similar responsibility) to minimise the potential of operational risk by maintaining best practices in particular, adequate:

- segregation of duties;
- documentation of procedures;
- systems and controls; and
- efficiency of operation.

CORPORATE CREDIT CARD POLICY

Council's Financial Services unit and Alwyndor's Finance unit shall keep a register of cardholders showing card approval officer name, approval date, card limits, changes in detail information including change approval officer and approval date, termination date if applicable, and card cancellation date.

2.4 Authorisers

Authorisers are as follows:

Cardholder position	Authoriser
CEO	Mayor
GM	CEO
All Other Staff	General Manager

Authorisers are responsible for reviewing and approving all transactions on card cards including reconciliations and allocations. When reviewing credit card reconciliations, authorisers must consider the appropriateness of expenses and ensure that any entertainment and hospitality expenses are compliant with the Entertainment and Hospitality Policy.

3. REFERENCES

Corporate Credit Card Conditions of Use Agreement
Corporate Credit Card Procedure
Entertainment and Hospitality Policy

Attachment 4



DSID Container	Click here to enter text.
First Issued / Approved:	Click here to enter text.
Next Review:	Click here to enter text.
Parent Policy	Entertainment and Hospitality
Responsible Officer:	To be confirmed
Date placed on Intranet	Click here to enter text.

1. PREAMBLE

The purpose of this procedure is to clarify roles and responsibilities of officers with regard to the use of City of Holdfast Bay (the Council’s) Corporate Credit Cards. These procedures should be read in conjunction with the Corporate Credit Card Policy.

1.1 Purpose

This procedure covers the use of Corporate Credit Cards by Council employees (including Alwyndor).

1.2 Scope

To provide guidance for the use and administration of Council’s Corporate Credit Cards.

1.3 Definitions

Cardholder means a council employee who has been issued a Corporate Credit card.

Card Provider means the bank or financial institution that supplies Corporate Credit Cards.

Monthly Expenditure Limit means the maximum aggregated value of expenditure that a cardholder may purchase with their corporate credit card in a calendar month.

Authoriser is the supervisor responsible for reviewing and approving expenditure of the cardholder and ensuring it meets the principles of the Credit Card policy.

Senior Finance Staff means Manager of Finance or one of the Accountants in Council or Alwyndor.

2. **PROCESS**

2.1 **Corporate Credit Card Approval**

Corporate Credit Cards will be approved for use in accordance with Council's Corporate Credit Card Policy and issued to relevant Council employees.

2.2 **Monthly Expenditure Limits**

The monthly expenditure limit for Corporate Credit Card use is up to a maximum of \$3,000 (GST inclusive), as approved by the relevant General Manager (GM) or the Chief Executive Officer (CEO).

Only the CEO may authorise expenditure limits greater than the maximum monthly expenditure limit to address specific operational requirements.

Only the Mayor can approve the issue or increase in limit of a Corporate Credit Card for the CEO.

Only senior Finance staff members are able to arrange for issue of corporate credit cards and change limits with the bank, only on receipt of approval from the Cardholder's GM, or if the required limit is over \$3,000, the CEO.

If limits are not specified in approval, the default limits are \$3,000 monthly expenditure limit and \$1,000 transaction limit.

Senior Finance staff member prepares new card documentation for the bank and forwards to new cardholder to complete personal details and identification with bank or bank verified officer.

New cardholder signs acknowledgement of card holder responsibilities and forwards to senior Finance staff member with completed bank forms.

On receipt of both documents, Finance staff arranges for bank form to be signed and forwards to bank.

Cardholder, on receipt of card, notifies Finance staff member.

Finance staff trains cardholder to reconcile monthly statements.

2.3 Use of Corporate Credit Card

Cards must only be used to pay for Council business expenditure. Any expenditure of an entertainment or hospitality nature must comply with the Entertainment and Hospitality Expenditure Policy and Procedures.

When using the card, supporting documentation including a tax invoice should be requested and retained by the cardholder to be used when reconciling monthly statements.

2.4 Monthly Reconciliation of Statements

Each month Finance receives a summarised statement from the bank and individual statements for each cardholder.

Finance staff records the amount to be paid for each cardholder via a journal which reflects the automatic direct debit amount paid from the bank account to settle the outstanding accounts.

Finance staff forwards the individual statements to each card holder.

Each cardholder records the amount, GST value, account code and expenditure description of each transaction in the credit card reconciliation software used by City of Holdfast Bay.

Copies of supporting documentation should be provided with these transactions. This would include a Tax Invoice for each transaction (or other proof of purchase if the transaction has been for a non-taxable supply, including overseas purchases) and be of sufficient detail to substantiate the transaction. If an invoice or receipt or is not available, the Cardholder shall provide a statutory declaration for this transaction.

If food is purchased, a FBT Meal entertainment form should be completed and also attached to the transaction reconciliation. An exception for this would be food purchased for resale or for HACC and CHSP operational programs.

The cardholder forwards the reconciled card details to their designated authoriser (GM, CEO or Mayor/Deputy Mayor) for approval within 14 days of receiving their Corporate Credit Card statement.

An extension to this may be granted by Finance staff when the Cardholder is on leave during this period.

The authoriser forwards approved transactions to Finance. Any disputed transactions should be forwarded to the cardholder for further explanation or repayment. Finance will advise how transactions are to be repaid.

Finance staff check and process all approved transactions.

2.5 Disputed Transactions

If a Cardholder detects fraudulent transactions on their statement, they must immediately call the bank on the phone number provided on their card to cancel the card, have a new card reissued and obtain a transaction dispute form to complete and forward to the bank for processing. The cardholder must also notify Finance staff member immediately of the fraudulent transactions and of the last 4 digits of the card number when it is reissued.

Corporate cards should not be used for personal expenditure but if this accidentally occurs, the cardholder must immediately inform a senior Finance staff member and arrange to repay Council.

A Finance staff member will advise how to process these transactions on the reconciliation.

Authorising Officers must advise the cardholder and a senior Finance staff member of the details of any disputed transactions. Finance staff member will then advise the cardholder of how to repay for the purchase within 30 days of that advice.

2.6 Return of Corporate Credit Card

A Cardholder must return their card to People and Culture or a senior Finance staff member as soon as the Cardholder:

- Resigns
- Retires
- Is transferred or promoted to another position which does not require the use of their card
- Is instructed to do so

People and Culture notify a senior Finance Team Member when one of the above events occurs.

Senior Finance staff member must advise the bank to cancel any card once notified and the card should be cut into pieces and disposed of.

2.7 Replacement of Corporate Credit Card

Cards should be replaced under the following circumstances

- External fraudulent transactions occur
- Loss or theft
- Suspicion of details obtained by an unauthorised party
- Expiry

If any of the first three occur, the cardholder should immediately notify the bank and request a cancellation of the card and reissue of a new card.

Finance should be notified when this occurs and when the new card is received.

3. REFERENCES

- Corporate Credit Card Conditions of Use Agreement
- Corporate Credit Card Policy
- Entertainment and Hospitality Expenditure Policy
- Entertainment and Hospitality Expenditure Procedure

Date Endorsed by Senior Leadership Team	click here to enter date
General Manager Signature	Signature placed here
Date of General Manager Signature	click here to enter date

Item No: **7.4**

Subject: **RISK MANAGEMENT FRAMEWORK - REVIEW**

Date: 21 April 2021

Written By: Manager, Strategy and Governance

General Manager: Strategy and Business Services, Ms P Jackson

SUMMARY

The Risk Management Framework, Policy and Procedure were endorsed by the Audit Committee on 31 January 2018 and by Council on 13 March 2018. The Risk Consequence Table in the Risk Management Framework was subsequently adjusted by the Audit Committee on 5 June 2019.

Since this time, it has been identified that the current *Consequence Scale and Descriptions Table* (consequence table) of the Risk Management Framework has several very low thresholds, resulting in the over-assessment of risks.

After comparing with a sample of metropolitan Councils, it is recommended that both the consequence table and Risk Matrix be updated, to enable more balanced risk assessment and reporting.

The proposed amendments are provided for endorsement by the Audit Committee.

RECOMMENDATION

That the Audit Committee advises Council:

- 1. it has received and reviewed the amended Consequence Scale and Descriptions table, appended as Attachment 2 to be updated in the Risk Management Framework;**
 - 2. it supports the amended Consequence and Scale and Descriptions table for subsequent adoption by Council;**
 - 3. it has received and reviewed the amended Risk Matrix so that *Likely and Major* risks are classified as High rather than Extreme; and**
 - 4. it supports the amended Risk Matrix for subsequent adoption by Council.**
-

COMMUNITY PLAN

Culture: Enabling high performance
Culture: Being financially accountable
Culture: Supporting excellent, efficient operations

COUNCIL POLICY

Risk Management Policy

STATUTORY PROVISIONS

Not applicable

BACKGROUND

A Risk Management Framework was developed by Council's Internal Auditors, Bentleys, in consultation with administration. The Framework is the overarching document that details Council's guidelines for the identification, monitoring and reporting of risks at both a strategic and operational level. The Framework provides a comprehensive description of the activities, processes and responsibilities that contribute to risk management for the Council.

Included in the Risk Management Framework is a Consequence Scale and Descriptions (consequence table). The purpose of the consequence table is to assist in calculating the consequences of risks, which then forms part of the overall risk rating.

REPORT

The Risk Management Framework, as well as the Risk Policy and Procedure, were endorsed by the Audit Committee on 31 January 2018 and by Council on 13 March 2018. The consequence table in the Risk Management Framework was subsequently adjusted by the Audit Committee on 5 June 2019.

Since this time, it has been identified that the current consequence table has several very low thresholds, resulting in the over-assessment of risks.

After comparing with a sample of metropolitan Councils, it is recommended that the consequence table be updated, to enable more balanced risk assessment and reporting. The comparison is attached for reference.

Refer Attachment 1

The key points of divergence and consequential proposed amendment are:

- Financial thresholds – the City of Holdfast Bay financial thresholds were very low compared to the three Councils analysed, which had the same thresholds for the

insignificant to major categories. The largest council (the City of Onkaparinga) has a lower threshold for the catastrophic category. The proposed new thresholds are equal to the three councils for the insignificant to major categories and align with the more conservative council for the catastrophic category.

- Service delivery – the City of Holdfast Bay consequence table did not include any thresholds relating to project budgets or scope. These have been added in line with the other councils compared in this analysis.
- Disturbance to sites or artefacts of cultural significance was added as a threshold to the moderate category and damage to sites or artefacts of cultural significance was added as a threshold in the major consequence of the Environment category.

The proposed amended consequence table is attached with tracked changes for endorsement by the Audit Committee.

Refer Attachment 2

Consequence		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Almost Certain	E	Moderate	High	High	Extreme	Extreme
Likely	D	Low	Moderate	High	Extreme	Extreme
Possible	C	Low	Low	Moderate	High	Extreme
Unlikely	B	Low	Low	Low	Moderate	High
Rare	A	Low	Low	Low	Moderate	High

The Risk Management Framework also contains a Risk Matrix. In reviewing the City of Holdfast Bay's Risk Framework Galpins identified that the current Risk Matrix contains a greater number of Extreme Risks than is usual in comparable organisations.

The current Risk Matrix is:

It is proposed that in line with the advice from Galpins and in keeping with the increased thresholds in the consequence table, the Risk Matrix also be amended so that *Likley and Major* risks are classified as High, rather than Extreme.

The new Risk Matrix is proposed as follows:

Consequence		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Almost Certain	E	Moderate	High	High	Extreme	Extreme
Likley	D	Low	Moderate	High	High	Extreme

Possible	C	Low	Low	Moderate	High	Extreme
Unlikely	B	Low	Low	Low	Moderate	High
Rare	A	Low	Low	Low	Moderate	High

If endorsed, Council's risk registers will be reviewed within the next six months against the new consequence table and new Risk Matrix.

BUDGET

There are no budget implications with the review of these documents.

LIFE CYCLE COSTS

There are no life cycle costs associated with this report.

Attachment 1



Impact	Reputation	City of Marion	City of Unley	City of Onkaparinga
1. Insignificant	No adverse effect on public image	A slight but manageable increase in the number of adverse resident/ stakeholder complaints. Sporadic, low levels of negative commentary on an isolated media and/or social media platform for 1- 3 days	Isolated local community or residents' issue based concerns	Occasional local publicity or complaints No media attention No political implications. No political factors. No impacts to broader LGA Breaches of a technical nature that do not expose Council to legal action and can be managed through routine activities
	No media interest		Minimal local complaints or negative commentary on Council's website (less than 3 people)	
	Insignificant level of community concern. A slight but manageable increase in the number of adverse resident complaints		No media or political attention	
	Negligible adverse impact upon social health and wellbeing of the community which has little or no impact upon established community relationships and links		Legal issues managed by routine procedures, minor non-compliance and breaches Minor encroachment on internal policy	
2. Minor	Minor adverse effect on public image	An increase in the number of resident/stakeholder complaints requiring direct effort to resolve / attend to. Regular, low levels of negative coverage on multiple media and/or social media platforms for 1-7 days Elected Member dissatisfied, complaint.	Local level of community impacts and concern	Periodic local community publicity on social pages and/or complaints Community concern involving Elected Members Isolated media coverage Community concern involving Elected Members. Minor adverse impact by Local Government Authorities x Minor legal, compliance, policy failure - resolved without penalty. Minor liability exposure
	Minor media coverage in paper distributed within the local area (small scale single article).		Some local media or political attention	
	Minor level of community concern, an increase in the number of resident complaints requiring direct effort to resolve/attend to		Occasional once-off negative media attention	
	Minor adverse impact upon social health and wellbeing of the community that may have a minor impact upon established community relationships and links		Complex legal issues need addressing, non-compliance and breaches Minor internal policy failure	
3. Moderate	Moderate adverse effect on public image	A high volume of resident/stakeholder complaints. Heightened regularity of medium level negative media on multiple media and/or social media platforms for up to two weeks Majority of Elected Members dissatisfied, Council motion affecting CEO/Administration Ombudsman or Office of Public Integrity. Complaint from partner organisation resolved within portfolio.	Sectional community impacts and concerns publicly addressed (days)	Heightened community concern requiring direct effort to resolve Adverse commentary on Councils social media pages (<3 days) State wide adverse media Detrimental inter-governmental relationships A legal regulatory or internal policy failure Breach of regulation with penalty or fine
	Adverse media campaign in Messenger over two or more issues, supported by uptake of issue in Advertiser and or local electronic media		Negative media attention and public interest (days)	
	Moderate level of community concern, large number of complaints and letters to editor in Messenger paper		Loss of confidence by the community in Council processes/staff/Councillors	
	Minor common law action or Ombudsman investigation threatened/initiated		Moderate breach of legislation/regulation, major litigation, non-compliance with legislation/regulation Moderate internal policy failure	
4. Major	Significant adverse effect on public image	Publicised adverse resident comments and/or complaints. An ongoing significant and regular campaign of negative media on multiple media and/or social media platforms. Forced resignation of General Manager/s. Ombudsman or Office of Public Integrity involvement. Relationship with partner organization harmed, requiring CEO involvement.	Council Members conduct - major breach of code of conduct	Ombudsman, Government/Coroner inquiry or legal proceedings Organised community campaigning Sustained state-wide or national adverse media attention (>1 week) Breach of legislation with formal investigation or report to authority with prosecution and/ore fines and penalties investigation by external agencies with negative findings and/or court proceedings
	Widespread adverse media campaign including electronic local and national media.		Long term effect on public image	
	Social media going viral requiring management intervention. Pressure on State Government and agencies to intervene		Considerable and prolonged impact and dissatisfaction publicly expressed	
	Significant level of community concern		Regional or state-wide media attention (weeks)	
5. Catastrophic	Social health and wellbeing of the community seriously affected by major community unrest and/or significant breakdown of established community relationships and links.	Widely publicised adverse resident / stakeholder comments and / or complaints. An ongoing high level and sustained campaign of negative media on multiple media and/or social media platforms Forced resignation of CEO / Mayor. Council stood down. Minister intervention required. Relationship with partner organisation harmed affecting the achievement of a strategic project/objective.	Major breach of legislation/regulation, major litigation, non-compliance with legislation/regulation	Major internal policy failure Council Members conduct - severe breach of code of conduct Huge effect on public image Community outrage by groups - pages established on social media and high instance of posts on Council's social media pages Organised community campaigning involving multi-day/sustained negative media attention (months) Irreconcilable community loss of confidence in Council's intentions and capabilities Significant prosecution and fines, major litigation involving class action, major non-compliance with legislation/regulation Critical internal policy failure
	Significant common law action threatened, major Ombudsman investigation initiated		Major internal policy failure	
	Major effect on public image		Council Members conduct - severe breach of code of conduct	
	Widespread adverse media campaign including electronic local, national and international media.		Huge effect on public image	
5. Catastrophic	Widespread community outrage	Widely publicised adverse resident / stakeholder comments and / or complaints. An ongoing high level and sustained campaign of negative media on multiple media and/or social media platforms Forced resignation of CEO / Mayor. Council stood down. Minister intervention required. Relationship with partner organisation harmed affecting the achievement of a strategic project/objective.	Community outrage by groups - pages established on social media and high instance of posts on Council's social media pages	Loss of community support, intense public or political scrutiny Prolonged adverse media attention Mayor, CEO and/or Councillor(s) forced to resign Irreversible damage to government relations Mismanagement, criminal negligence, wilful or reckless breach of legislation, including major penalties or fines. Investigation by regulatory bodies. Litigation/Court proceedings.
	Social media going viral, unable to be contained. State Government and agencies to intervene		Organised community campaigning involving multi-day/sustained negative media attention (months)	
	Social health and wellbeing of the community severely affected resulting in fracturing of established community relationships and links.		Irreconcilable community loss of confidence in Council's intentions and capabilities	
	Class Actions, Judicial Inquiries initiated		Significant prosecution and fines, major litigation involving class action, major non-compliance with legislation/regulation Critical internal policy failure	

Impact Scale	Business impact	City of Marion	City of Unley	City of Onkaparinga
1. Insignificant	Low financial loss – impact of less than \$5k Operational issues manageable within normal activities	CoM – Financial impact, loss and/or penalty up to \$10,000. Project – up to 5% of original project budget.	Negligible financial loss - impact <\$10,000 No impact on current financial year No real disruption to business operations	Financial impact or loss of less than \$10,000 Departmental budget variation with no impact on business bottom line and manageable immediately
2. Minor	Medium financial loss – impact of between \$5k and \$20k Minor impact in undertaking routine activities	CoM – Financial impact, loss and/or penalty between \$10,000 - \$100,000 Project – between 5-10% of original project budget.	Medium financial loss/exposure - impact between \$10,000 - \$100,000 Minor variation to budget for current financial year Minimal disruption to business operations	Financial loss or impact between \$10,000 to \$100,000 Variation with negotiable impact on business bottom line and absorbed in current financial year
3. Moderate	Moderate financial loss – impact of between \$20k and \$50k Impaired ability to maintain normal operations Reprogramming required Minor legal issues, non-compliances and breaches of regulation	CoM – Financial impact, loss and/or penalty between \$100,001 - \$1M. Project – between 10-20% of original project budget.	High financial loss/exposure - impact between \$100,000 - \$1 million or 2.5% of rate revenue May impact beyond current financial year A range of assets including some significant assets are unusable for weeks Moderate impact on business operations	Financial loss or impact between \$100,000 to \$1 million or 1% of rate revenue Variation impacts beyond current financial year but manageable within next financial year
4. Major	Major financial loss - impact of between \$50k and \$1million Significant effects loss of ability to complete programs, major restrictions to services and project delivery Serious breach of regulation with investigation or report to authority with prosecution and/or moderate fine possible	CoM – Financial impact, loss and/or penalty between \$1M and \$4M. Project – between 20-35% of original project budget.	Major financial loss/exposure - impact between \$1 million and \$4 million or 5% of rate revenue Impact goes into next financial year and possibly beyond Major impact on business operations	Financial loss or impact between \$1 million to \$3 million or 2.5% of rate revenue Variation impacts beyond current financial year but manageable within 2-3 financial years
5. Catastrophic	Critical financial loss/exposure – impact greater than \$1 million Projects & programs failure, inability to meet minimum acceptable standards Major breaches of regulation, sanctions imposed	CoM – Financial impact, loss and/or penalty in excess of \$4M or higher impact on sustainability. Project - >35% of original project budget.	Significant adverse impact on the budget - financial loss/exposure >\$4 million or 10% of rate revenue Impact on multiple financial years Loss of significant or critical infrastructure/assets are destroyed Major impact on business operations	Financial loss or impact greater than \$3 million or 5% of rate revenue Impact on budget with recovery over proceeding 3 or more financial years

Impact Scale	People Safety	City of Marion	City of Unley	City of Onkaparinga
1. Insignificant	No injuries Minor repairs required of an insignificant nature to property / infrastructure.	No impact on wellbeing. Minor local workforce disruption. Loss of continuity of staff knowledge. Physical or other injury requiring First Aid.	Incident with or without minor injury: first aid only Dialogue with industrial group may be required, negligible impact No impact on morale or business Assets receive minimal damage or are only temporarily unavailable	No impact on employee wellbeing or morale No injury (near miss) - report only Negligible damage to infrastructure, property immediately remediated
2. Minor	Only First Aid treatment required Minor loss or infrastructure damage. Normal seasonal illness leading to minor disruption to activities	Minor temporary impact on wellbeing Local and temporary poor morale. Temporary loss of some staff of an individual Unit's workforce. Loss of staff continuity requiring recruitment. Physical or other injury resulting in medical treatment.	Injuries requiring first aid treatment (lost time up to 2 days) Urgent dialogue with industrial group required, impact can be absorbed through normal activity Increased team workforce absenteeism Negligible short term impact on morale or business A number of assets are unusable but can be replaced within acceptable timeframes	Minor impact on employee wellbeing or morale First aid treatment injury No hospitalisation Minor damage to infrastructure/property impacting use (<24 hours)
3. Moderate	Medical treatment required which may include short term admission to hospital Moderate loss/or infrastructure damage Local epidemic leading to noticeable disruption of activities	Significant/medium term wellbeing impact or a whole CoM worksite affected. Widespread morale issues. Temporary loss of staff across a number of Units. Loss of key staff with specific knowledge and skills. Impact on recruitment capacity as an Employer of Choice. Physical or other injury resulting in medical treatment / brief hospitalisation (Lost Time Injury of 1 day).	Injuries requiring medical attention/hospitalisation Short term disablement Threats of industrial action, any impact can be absorbed short term Workforce absenteeism Short term effect on morale and business Loss of non-critical infrastructure/assets are destroyed or significantly damaged	Moderate impact on employee(s) wellbeing or morale of a worksite Hospital admission for <2 days Medically treated injury with lost time of <5 days Incident resulting in >1 first aid treatment injury Moderate damage to infrastructure impacting use (24-48 hours)
4. Major	Serious & extensive injuries Serious structural damage to infrastructure or serious loss of assets. Widespread epidemic that causes significant disruption to activities	Long term wellbeing impact or more than one CoM worksite affected. Entrenched severe morale problems. Inability to recruit with necessary skills. High employee turnover Serious injury requiring medical treatment/hospitalisation (Lost Time Injury of 2 days or more) or re-admission / extensive rehabilitation.	Serious long term injury requiring hospitalisation/rehabilitation Temporary disablement Industrial action over many months, significant management intervention required Increased overall workforce absenteeism Significant impact on morale or business Significant or critical assets are unusable for weeks	Major impact on employee wellbeing or morale of multiple worksites Temporary disability or hospitalisation of >2 days Medically treated injury with lost time 1-4 weeks Any injury/incident notifiable to technical regulator Significant damage to infrastructure impacting use >48 hours
5. Catastrophic	Fatalities Critical loss, irreversible damage property / infrastructure with a replacement cost that overwhelms the capital budget (>25%) Community movements restricted under State Emergency Plan	Long term wellbeing impact or more than one CoM worksite affected. Entrenched severe morale problems. Inability to recruit with necessary skills. High employee turnover Death or critical injury	Major injury, disablement or fatality Long term effect on morale and business performance Widespread industrial action Section of the community or workforce harmed Long term impact on morale or business Significant or critical infrastructure assets are unusable for months	Wide ranging impact on workforce wellbeing or morale Fatality or permanent disability Widespread health and safety event, multiple injury Regulator penalties/fines applied Serious damage to infrastructure

Impact Scale	Environment	City of Marion	City of Unley	City of Onkaparinga
1. Insignificant	<p>"Nuisance" category under the SA Environment Protection Act (1993) met</p> <p>Short term, immediately reversible effects on ecosystem</p>	Isolated adverse environmental impact that is short term and/or reversible.	<p>Minor temporary damage that normal practice can rectify</p> <p>No injuries</p> <p>Can be reversed immediately</p> <p>Nuisance as defined under the SA Environment Act 1993 Section 5(1)</p>	<p>Environmental nuisance category under the SA Environment Protection Act</p> <p>Short term effect which interferes with or is likely to interfere with the enjoyment of the area by persons</p> <p>Immediately reversible</p>
2. Minor	<p>"Nuisance" category under SA Environment Protection Act (1993)</p> <p>Some minor adverse effects to few species/ ecosystem parts that are short term and immediately reversible.</p> <p>Contamination – on-site release immediately contained</p>	Isolated instances of environmental damage requiring minor effort to reverse / remediate.	<p>Temporary damage affecting local area</p> <p>First aid required</p> <p>Nuisance as defined under the SA Environment Act 1993 Section 5(1)</p> <p>Some minor adverse effects on few species/ecosystems can be contained and reversed in the short term</p>	<p>Environmental nuisance category under the SA Environment Protection Act</p> <p>Short term (<1 week) effect or impact on a few species/ecosystem parts</p> <p>Cost of remediation <\$5,000</p>
3. Moderate	<p>"Material" category under the SA Environment Protection Act (1993)</p> <p>Contamination – on-site release contained with outside assistance</p> <p>Ecosystems- temporary, reversible damage, loss of habitat and migration of animal populations, some reduction in numbers and die back of plants.</p> <p>Pollution requires physical removal, air quality constitutes potential long term health problems.</p> <p>Manageable restrictions in resource usage</p>	Isolated but significant instances of environmental damage / implications requiring concentrated effort to reverse / remediate.	<p>Severe temporary damage over limited area requiring extensive remediation</p> <p>Medical treatment required</p> <p>'Potential' as defined under the SA Environment Act 1993 Section 5(2)</p> <p>Impact on flor or fauna is recoverable over 6 to 12 month period and pollution requires physical removal</p>	<p>Material category under the SA Environment Protection Act</p> <p>Involves actual or potential harm to health or safety of human beings, species or ecosystems that is not trivial</p> <p>Cost of remediation \$5,000-\$50,000</p>
4. Major	<p>"Serious" category under the SA Environment Protection Act (1993)</p> <p>Contamination – off-site release with no detrimental effects</p> <p>Ecosystems – recoverable damage, death of animals in large numbers, widespread habitation destruction, significant air quality issues. Pollution issues requiring long term management, serious introduction of invasive species</p> <p>Restrictions on resource usage threatening viability of accepted lifestyle</p>	<p>Severe and/or widespread environmental damage and/or loss of environmental aspect. Extensive effort and support required to reverse / remediate.</p> <p>Danger of continuing environmental damage/losses.</p>	<p>Death of individual animals, large scale injury, loss of key species and widespread habitat destruction</p> <p>Extensive serious injuries</p> <p>'Material' as defined under the SA Environment Act 1993 Section 5(3)(a)</p> <p>Damage to flora and fauna requires significant period of recovery</p>	<p>Serious category under the SA Environment Protection Act</p> <p>Involves actual or potential harm to the health or safety of human beings, species or ecosystems that is of a high impact or on a wide scale</p> <p>Cost of remediation >\$50,000</p> <p>EPA Fine or penalty</p>
5. Catastrophic	<p>"Serious Material harm" category under the SA Environment Protection Act (1993) and EPA actions initiated</p> <p>Off-site contamination requiring immediate and significant remediation actions</p> <p>Ecosystems – irreversible damage, widespread loss of animals, and key stone species extinctions, destruction of flora species, widespread domination of invasive species. Pollution unable to be effectively remediated.</p> <p>Restriction on resource usage resulting in permanent disruption of accpeted life-style</p>	Major widespread loss of environmental aspect and progressive irrecoverable environmental damage.	<p>Permanent damage, destruction of sites or artefacts of cultural significance</p> <p>Irrecoverable environmental damage threatening survival of flora or fauna, death of animals, widespread introduction of weeds, soil erosion</p> <p>'Serious' as defined under the SA Environment Act 1993 Section 5(3)(b)</p>	<p>Serious category under the SA Environment Protection Act</p> <p>Severe loss of environmental amenity - irrecoverable environmental damage. Widespread impact on habitat and/or animal populations</p> <p>Long term impact effecting commuinity lifestyle</p> <p>Court proceedings</p>

Impact Scale	Service Delivery	City of Marion	City of Unley	City of Onkaparinga
1. Insignificant	Insignificant impact on Council's ability to achieve strategic outcomes	<p>Insignificant impact on Council's ability to achieve strategic outcomes.</p> <p>Minor impact on local Business Unit plan.</p> <p>Project – Nil impact on achievement of key project objectives or project duration extended up to 10% of original project timeframe</p>	Insignificant interruption to a service - no impact to customers/business	<p>Negligible interruption to a service not requiring any further remedial action and with minimal impact on customers</p> <p>Project budget or time impact <5%</p> <p>No disruption to community facilities availability</p> <p>No loss of records or access to ICT systems</p>
2. Minor	<p>Some delays in delivery of strategic initiatives, but only minor aspects impacted</p> <p>Overall strategic intent still achievable</p>	<p>Minor impact on a small number of Business Unit plans.</p> <p>Some impact on strategic initiatives but only minor aspects impacted. Overall strategic intent still achievable.</p> <p>Project – Some impact on isolated key project objectives. Additional minor effort required to ensure all objectives are met.</p> <p>Project duration extended by 10- 20% of original project timeframe</p>	Minor interruption to a service with minimal impact to customers/business	<p>Minor interruption to a service requiring further remedial action, with moderate impact on customers for up to 24 hours</p> <p>Project budget or time impact 5-10%</p> <p>Minor disruption to community facilities availability of up to 24 hours</p> <p>Restricted access to Council records, ICT systems for 24-48 hours</p>
3. Moderate	<p>Some key components of the Strategic Plan cannot be achieved within expected timeframes.</p> <p>Additional funding/resources or some strategies re-prioritisation is required</p>	<p>Some key components of the strategic plan could not be achieved as a result of risk event. Additional funding / resources required to rectify.</p> <p>Project – Impacts numerous key project objectives. Considerable effort required including some change in project scope to achieve required outcomes.</p> <p>Project duration extended by 21- 35% of original project timeframe</p>	Moderate interruption to service delivery. Customer impact up to 48 hours. Partial BCP action may be needed.	<p>Moderate interruption to core business function or essential service with significant customer impact for 24-72 hours</p> <p>Project budget or time impact 10-15%</p> <p>Moderate disruption to community facilities availability for 48 hours- 1week</p> <p>Restricted access to records, ICT systems for >48 hours</p>
4. Major	Key Strategic Objectives unable to be achieved; review of Strategic Plan is required	<p>Council unable to deliver on numerous key strategic initiatives without additional funding/resources.</p> <p>Major review of strategic plan required.</p> <p>Project – Significant portion of key project objectives impacted. Major changes to project scope and work necessary to achieve required outcomes.</p> <p>Project duration extended by 36- 50% of original project timeframe</p>	Major interruption to service delivery, Customer impact >7 day. Component of BCP action may be needed.	<p>Significant interruption to core business function or essential services for 3-7 days</p> <p>Project budget or time impact 15-25%</p> <p>Significant disruption to community facilities affecting community groups and/or neighbourhood services 1-4 weeks</p>
5. Catastrophic	Goals of Strategic Plan not achievable; total and immediate re-work of Plan is required	<p>Majority of initiatives and / or key initiative within the Council's strategic plan unattainable.</p> <p>Project – Failure of project to meet all required objectives.</p> <p>Project duration extended by >50% of original project timeframe.</p>	Major interruption to delivery of all or most services for more than 14 days. Full BCP action required.	<p>Serious interruption to core business function or essential service for more than 7 days</p> <p>Project or time impact >25%</p> <p>Significant disruption to community groups and/or neighbourhood services >4 weeks</p> <p>Consideration to implement the Crisis Management Arrangements</p>

Attachment 2



Attachment 2 - Consequence Scale and Descriptions

Impact Scale	Reputation	Business impact	People Safety	Environment	Service Delivery
1. Insignificant	<p>No adverse effect on public image No media interest</p> <p>Insignificant level of community concern. A slight but manageable increase in the number of adverse resident complaints</p> <p>Negligible adverse impact upon social health and wellbeing of the community which has little or no impact upon established community relationships and links</p>	<p>Low financial loss – impact of less than \$105k</p> <p>Operational issues manageable within normal activities</p> <p><u>Project – up to 5% of original project budget.</u></p>	<p>No injuries</p> <p>Minor repairs required of an insignificant nature to property / infrastructure.</p>	<p>“Nuisance” category under the SA Environment Protection Act (1993) met</p> <p>Short term, immediately reversible effects on ecosystem</p>	<p>Insignificant impact on Council’s ability to achieve strategic outcomes</p> <p><u>Project – Nil impact on achievement of key project objectives or project duration up to 10% of original timeframe without consequential impacts</u></p>
2. Minor	<p>Minor adverse effect on public image</p> <p>Minor media coverage in paper distributed within the local area (small scale single article).</p> <p>Minor level of community concern, an increase in the number of resident complaints requiring direct effort to resolve/attend to</p> <p>Minor adverse impact upon social health and wellbeing of the community that may have a minor impact upon established community relationships and links</p>	<p>Medium financial loss – impact of between \$5k10k and \$10020k</p> <p>Minor impact in undertaking routine activities</p> <p><u>Project – between 5-10% of original project</u></p>	<p>Only First Aid treatment required</p> <p>Minor loss or infrastructure damage.</p> <p>Normal seasonal illness leading to minor disruption to activities</p>	<p>“Nuisance” category under SA Environment Protection Act (1993)</p> <p>Some minor adverse effects to few species/ ecosystem parts that are short term and immediately reversible.</p> <p>Contamination – on-site release immediately contained</p>	<p>Some delays in delivery of strategic initiatives, but only minor aspects impacted</p> <p>Overall strategic intent still achievable</p> <p><u>Project duration extended up to 35% of original project timeframe without consequential impacts</u></p>
3. Moderate	<p>Moderate adverse effect on public image</p> <p>Adverse media campaign in Messenger over two or more issues, supported by uptake of issue in Advertiser and or local electronic media</p> <p>Moderate level of community concern, large number of complaints and letters to editor in Messenger paper</p> <p>Minor common law action or Ombudsman investigation threatened/ initiated</p>	<p>Moderate financial loss – impact of between \$10020k and \$501 million</p> <p>Impaired ability to maintain normal operations</p> <p>Reprogramming required</p> <p>Minor legal issues, non-compliances and breaches of regulation</p> <p><u>Project – between 10-20% of original project budget.</u></p>	<p>Medical treatment required which may include short term admission to hospital</p> <p>Moderate loss/or infrastructure damage</p> <p>Local epidemic leading to noticeable disruption of activities</p>	<p>“Material” category under the SA Environment Protection Act (1993)</p> <p>Contamination – on-site release contained with outside assistance</p> <p>Ecosystems- temporary, reversible damage, loss of habitat and migration of animal populations, some reduction in numbers and die back of plants.</p> <p>Pollution requires physical removal, air quality constitutes potential long term health problems.</p> <p>Manageable restrictions in resource usage</p> <p><u>Disturbance to sites or artefacts of cultural significance</u></p>	<p>Some key components of the Strategic Plan cannot be achieved within expected timeframes.</p> <p>Additional funding/resources or some strategies re-prioritisation is required</p> <p><u>Project duration extended up to 35% of original project timeframe with consequential impacts on other dependencies</u></p>
4. Major	<p>Significant adverse effect on public image</p> <p>Widespread adverse media campaign including electronic local and national media. Social media going viral requiring management intervention. Pressure on State Government and agencies to intervene</p> <p>Significant level of community concern</p> <p>Social health and wellbeing of the community seriously affected by major community unrest and/or significant breakdown of established community relationships and links.</p> <p>Significant common law action threatened, major Ombudsman investigation initiated</p>	<p>Major financial loss - impact of between \$1 million50k and \$34million</p> <p>Significant effects loss of ability to complete programs, major restrictions to services and project delivery</p> <p>Serious breach of regulation with investigation or report to authority with prosecution and/or moderate fine possible</p> <p><u>Project – between 20-35% of original project budget.</u></p>	<p>-Serious & extensive injuries</p> <p>Serious structural damage to infrastructure or serious loss of assets.</p> <p>Widespread epidemic that causes significant disruption to activities</p>	<p>“Serious” category under the SA Environment Protection Act (1993)</p> <p>Contamination – off-site release with no detrimental effects</p> <p>Ecosystems – recoverable damage, death of animals in large numbers, widespread habitation destruction, significant air quality issues. Pollution issues requiring long term management, serious introduction of invasive species</p> <p>Restrictions on resource usage threatening viability of accepted lifestyle</p> <p><u>Damage to sites or artefacts of cultural significance</u></p>	<p>Key Strategic Objectives unable to be achieved; review of Strategic Plan is required</p> <p><u>Project duration extended by 36- 80% of original project timeframe with or without consequential impacts on other dependencies</u></p>
5. Catastrophic	<p>Major effect on public image</p> <p>Widespread adverse media campaign including electronic local, national and international media. Widespread community outrage</p> <p>Social media going viral, unable to be contained. State Government and agencies to intervene</p> <p>Social health and wellbeing of the community severely affected resulting in fracturing of established community relationships and links.</p> <p>Class Actions, Judicial Inquiries initiated</p>	<p>Critical financial loss/exposure – impact greater than \$34 million</p> <p>Projects & programs failure, inability to meet minimum acceptable standards</p> <p>Major breaches of regulation, sanctions imposed</p> <p><u>Project - >35% of original project budget.</u></p>	<p>Fatalities</p> <p>Critical loss, irreversible damage property / infrastructure with a replacement cost that overwhelms the capital budget (>25%)</p> <p>Community movements restricted under State Emergency Plan</p>	<p>“Serious Material harm” category under the SA Environment Protection Act (1993) and EPA actions initiated</p> <p>Off-site contamination requiring immediate and significant remediation actions</p> <p>Ecosystems – irreversible damage, widespread loss of animals, and key stone species extinctions, destruction of flora species, widespread domination of invasive species. Pollution unable to be effectively remediated.</p> <p>Restriction on resource usage resulting in permanent disruption of accepted life-style</p>	<p>Goals of Strategic Plan not achievable; total and immediate re-work of Plan is required</p> <p><u>Project duration extended by >80% of original project timeframe with consequential impacts on other dependencies</u></p>

Item No: **7.5**

Subject: **PROCUREMENT POLICY**

Date: 21 April 2021

Written By: Manager Strategy and Governance

General Manager: Strategy and Business Services, Ms P Jackson

SUMMARY

Council's Procurement Policy became due for review in late 2020. A review was undertaken and substantial changes were made to the policy in relation to threshold amounts for purchasing processes and criteria for preferencing suppliers in certain cases, as well as a general refresh of the content.

On 29 October 2020, the Local Government Association Annual General Meeting adopted a resolution in relation to a pilot circular economy project, which created the need for additional changes to the Procurement Policy.

Endorsement is sought from the Audit Committee prior to the Policy being submitted to Council for approval.

RECOMMENDATION

That the Audit Committee advises Council:

- 1. it has received and reviewed the revised Procurement Policy (Attachment 1) for subsequent policy adoption by Council; and**
 - 2. it supports the revised Procurement Policy for subsequent policy and adoption by Council.**
-

COMMUNITY PLAN

Culture: Enabling high performance

Culture: Supporting excellent, efficient operations

COUNCIL POLICY

Procurement Policy

STATUTORY PROVISIONS

Local Government Act 1999

BACKGROUND

As part of Council's schedule of policy reviews, the Procurement Policy and associated procedures became due for review in late 2020.

Substantial internal consultation was undertaken. No external consultation is required.

REPORT

Along with input from internal subject matter experts, an extensive review of other Councils' Procurement Policies was undertaken with a view to comparing policy content as well as benchmarking relevant thresholds and controls. A revised Procurement Policy is provided as Attachment 1.

Refer Attachment 1

The review found that the City of Holdfast Bay's current Procurement Policy required changes as it was substantially out of step with other Councils. The existing Procurement Policy also failed to provide sufficient direction to Administration on matters to preference, all other considerations being equal, such as economic, environmental and social outcomes for the City.

The thresholds in the current Procurement Policy are as follows:

Value of purchase	Direct Purchasing	Quotations (3 quotes)	Tender open/select	Panel Contracts	Strategic Procurement
< \$5000	X				
\$5,000 - \$20,000		X phone/email		X	
\$20,000 - \$50,000		X in writing		X	
> \$50,000			X	X	X

A comparison of other councils shows that these thresholds were significantly lower than our peers, resulting in significantly more administrative burden for City of Holdfast Bay staff. An example of thresholds from other Councils is provided for comparison.

Council	3 x Quotes	Select Tender	Open Tender
Burnside	\$30,000 to \$100,000	\$100,000 to \$200,000	\$200,000 plus

Council	3 x Quotes	Select Tender	Open Tender
Tea Tree Gully	\$20,000 to \$100,000		\$100,000 plus
Charles Sturt	\$15,000 to \$50,000	\$50,000 to \$100,000	\$100,000 plus
Campbelltown	\$20,000 to \$100,000	\$100,000 plus	\$100,000 plus
West Torrens	\$50,000 to \$200,000	\$200,000 plus	\$200,000 plus

Based on these comparisons, the updated Procurement Policy proposes the following thresholds:

Value of purchase (excluding GST)	Direct Purchasing	Request for Quotes (2 quotes)	Request for Quotes (3 quotes)	Tender (Open/Select)	Panel Contract	Strategic Alliances
< \$15000	x				x	x
\$15,000 - \$34,999		x Email or writing			x	x
\$35,000 - \$100,000			x Email or writing		x	x
> \$100,000				x	x	x

Amendments have also been made to the current Procurement Policy relating to circumstances under which certain suppliers may be preferenced. The current policy allowed for preferencing local businesses, and these provisions have now been extended to include Aboriginal businesses, businesses that achieve other social outcomes, and businesses that achieve environmental and positive economic outcomes for the City (sections 2.2.3 to 2.2.5 of the new Procurement Policy). These principles are also carried forward into the associated internal procedures.

Furthermore, on 29 October 2020, the Local Government Association Annual General Meeting adopted a resolution in relation to a pilot circular economy project, which created the need for additional changes to the Procurement Policy. The resolution required Councils to:

“2.3 Amend existing Procurement Policies to:

- a. Temporarily (say, for 5 years) prioritise recycled-content through the procurement process and include a method of ensuring accountability;*
- b. Mandate consideration of recycled-content through design and planning processes (including where panel contracts are already in place);*
- c. Specifically permit consideration of the “opportunity cost” associated with a purchase (ie instead of only asking “which product is most sustainable?”, also ask “what will happen to the materials if I don’t purchase the recycled-content option?”);*
- d. Encourage councils to track the purchase of recycled-content by weight and report publicly on purchases;”*

This resolution has been accommodated via section 2.2.4 of the new Procurement Policy and is carried also into the associated internal procedures. Work is continuing across Council regarding how best to measure and track recycled content.

A general refresh of the content of the Procurement Policy was also undertaken, with the aim of simplifying where possible. Provisions relating to conflicts of interest were also added for clarity.

Support is sought from the Audit Committee prior to the Policy being submitted to Council for approval.

BUDGET

There are no budget implications with the review of these documents.

LIFE CYCLE COSTS

There are no life cycle costs associated with this report.

Attachment 1



Trim Container	FOL/20/.....
Trim Document Number:	DOC/20/.....
First Issued / Approved:	1/8/2011
Last Reviewed:	April 2020 C101120/
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Responsible Officer:	Team Leader Governance
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Contents

1. PREAMBLE 2

 1.1 Background 2

 1.2 Purpose 2

 1.3 Scope 2

 1.4 Strategic Reference 2

2. PRINCIPLES 2

 2.1 Procurement Principles 2

3. PARAMETERS 4

 3.1 Financial and Contractual Delegations 4

 3.2 Value of the purchase 5

 3.3 Purchasing Methods 5

 3.4 Conflicts of Interest 5

 3.5 Exemptions from this Policy 6

 3.6 Open and Select Tenders (over \$100,000 excluding GST) 7

 3.7 Expression of Interest (EOI) 8

 3.8 Panel Contract 8

 3.9 Strategic Alliances 8

 3.10 Contract Management 9

 3.11 Risk Management 9

 3.12 Prudential Requirements 9

 3.13 Payment Options 9

4. REFERENCES 10

 4.1 Legislation 10

 4.2 Other References 10

1. PREAMBLE

1.1 Background

- 1.1.1 The City of Holdfast Bay (Council, including Alwyndor) procures a wide range of products and services.
- 1.1.2 Council has the power to enter into contracts under the *Local Government Act 1999* (the Act).
- 1.1.3 Section 49 of the Act, requires Council to prepare and adopt policies on contracts and tenders, including:
- the contracting out of services
 - competitive tendering and other measures to ensure that services are delivered cost-effectively and
 - the use of local goods and services
- 1.1.4 Pursuant to section 49 of the Act, policies must:
- identify circumstances where the Council will call for tenders for the supply of goods, the provision of services or the carrying out of works
 - provide a fair and transparent process for calling tenders and entering into contracts in those circumstances and
 - provide for the recording of reasons for entering into contracts other than those resulting from a tender process.

1.2 Purpose

The Council is committed to providing best value to the community within a framework of fairness, transparency and accountability. Purchases must be made in the best interests of the community, and in accordance with Council's governing documents and legislative requirements.

1.3 Scope

This Policy applies to all purchases, contracts and tenders organised by Council or Alwyndor employees (including staff contractors and any other party involved in decision-making about purchases), on behalf of Council when undertaking procurement activities (the Purchaser/s).

Purchasers will ensure all purchases they initiate comply with this Policy and financial and contractual delegations. Purchasers must, act with integrity and in good faith at all times when dealing with suppliers.

1.4 Strategic Reference

Culture: Being financially accountable

2. PRINCIPLES

2.1 Procurement Principles

Council is committed to six core principles when selecting suppliers:

2.2.1 Value for Money

Best value includes price, whole-of-life costs, opportunity costs, and the value of any environmental, social and economic benefits.

2.2.2 Transparent, Accountable, Fair and Ethical Standards

All purchases must be made in a transparent, accountable, fair and ethical manner. Standards must be maintained in perception and reality in accordance with Council's Code of Conduct. Purchasers must comply with all legal and policy requirements and be impartial, fair and professional in their actions and decisions.

2.2.3 Social Responsibility

Council acknowledges Traditional Owners throughout Australia and strongly encourages Aboriginal businesses to quote and tender.

As part of Council's commitment to Reconciliation and desire to invite increased Aboriginal economic participation to our City, Aboriginal businesses will, to the extent permitted by law, be given preference when other considerations are equal. Where Aboriginal expertise is required to deliver outcomes being tendered for, direct engagement of an Aboriginal business is permissible.

An Aboriginal business is classified as such if registered on the South Australian Aboriginal Business Register, certified by Supply Nation or registered with an Aboriginal Regional Authority or Aboriginal Landholding Authority and is 50% or more Aboriginal owned and based in South Australia. Council encourages Aboriginal businesses to register on the SA Tenders and Contracts website.

Council will model public value and social responsibility by ensuring purchases favour suppliers that provide or support social enterprise and/or contribute substantially to social justice, access and inclusion and equal employment opportunities, to the extent permitted by law.

2.2.4 Environmental Sustainability

Council will model public value and sustainable practices by, to the extent permitted by law, ensuring purchases:

- favour suppliers that are environmentally responsible,
- contribute to conserving natural resources,
- encourage waste minimisation and recycling,
- include recycled-content and
- contribute to minimising Council's carbon emissions.

In support of the Local Government Association's 'Buying it Back' Circular Procurement Pilot Project, Council will endeavour to prioritise the purchase of recycled-content materials through its procurement processes for all categories of procurement, including panel contracts already in place.

Consideration of sustainability outcomes must be balanced against other principles (such as buy local, Aboriginal employment etc) but may include the consideration of opportunity costs. Council will use its best endeavours to track the purchase of recycled-content by weight and where feasible, will report publicly on purchases.

2.2.5 Buy Local

Council acknowledges the value local businesses add to the City and strongly encourages local businesses to quote and tender. To the extent permitted by law, Council will give preference to local suppliers (that is those operating within the City of Holdfast Bay boundaries), who's activities contribute to local economic development, where other considerations are equal.

Council will endeavour to engage a local contractor or supplier to promote local employment opportunities and economic growth where the supplier can demonstrate capability, capacity and competitiveness.

The definition of 'local' may vary, depending on the identified geographic market for the relevant procurement activity.

Council will support economic development for South Australia by using suppliers that employ South Australian residents and invest in the State (acknowledging the South Australia Industry Participation Policy) where possible. Council will prefer the use of Australian products unless there is no alternative equivalent in which case overseas products will be considered.

Council encourages local suppliers to register on the SA Tenders and Contracts website.

2.2.6 Work Health and Safety

Council has an obligation to ensure that all suppliers are compliant with the *Work Health and Safety Act 2012*, as well as being competent in the provision of the goods or services. Relevant certifications are required to be held by suppliers and made available to Council on request.

2.2.7 Fit for Purpose

It is a requirement that all services and materials sourced for Council projects, including steel, meet relevant Australian standards for design, manufacture and fabrication. These requirements should be clearly outlined to suppliers during the purchasing process. Fit for purpose considerations include:

- service or functional requirements of users,
- suitable standard in materials and build quality and
- available on time and within budget.

3. PARAMETERS

3.1 Financial and Contractual Delegations

- 3.1.1 Under the Act (section 101), the Chief Executive Officer has delegated authority with respect to expenditure of Council funds, which has been sub-delegated to Purchasers (financial delegation).
- 3.1.2 Under the Act (section 36), the Chief Executive Officer has delegated authority with respect to entering into any kind of contract or agreement, which has been sub-delegated to Purchasers in accordance with their financial delegations.

PROCUREMENT POLICY

3.2 Value of the purchase

The value of the purchase will be calculated (exclusive of GST) as follows:

- 3.2.1 one-off purchase: the total value of the purchase,
- 3.2.2 multiple purchases: the total value of items/ purchases for a particular project/activity (whole of life costs); or
- 3.2.3 ongoing purchases: the annual value of the purchases from the supplier.

Purchases must not be broken into parts in order to circumvent this Policy. For clarity, circumvention does not occur if a project or activity is genuinely multi-stage (that is, one stage *must* logically be completed *before* the next stage can be planned).

3.3 Purchasing Methods

When purchasing goods and services there are a number of transaction methods which can be used to select and contract with the supplier. The underlying principle is to balance the transaction costs associated with each transaction method, with risk and probity.

Purchases which are low value, low risk or low complexity should be acquired through the more efficient processes of credit cards, direct purchase or panel arrangements.

Those items which are high value, high risk and/or high complexity should be acquired through the more stringent process of a tender. Transaction costs are lowest with methods such as credit cards, and higher for methods such as tenders.

The decision matrix below outlines the different transaction methods based on value:

Value of purchase (excluding GST)	Direct Purchasing	Request for Quotes (2 quotes)	Request for Quotes (3 quotes)	Tender (Open/ Select)	Panel Contract	Strategic Alliances
< \$15000	x				x	x
\$15,000 - \$34,999		x Email or writing			x	x
\$35,000 - \$100,000			x Email or writing		x	x
> \$100,000				x	x	x

3.4 Conflicts of Interest

3.4.1 A Conflict of interest arises where the private interests of a Purchaser actually conflict, have potential to conflict or might be perceived to conflict, with the conduct of a Purchaser.

3.4.2 There are 3 types:

PROCUREMENT POLICY

- **Actual** conflict of interest exists if private and/or personal interests *influence* the performance of or decisions made of a Purchaser.
- **Perceived** conflict of interest exists if private and/or personal interests *appear* to influence the performance of or decisions of a Purchaser.
- **Potential** conflict of interest exists if private and/or personal interests *have potential* to influence the performance of or decisions of a Purchaser.

3.4.3 Purchaser/s (project officers) are required to declare that they do not have any conflicts of interest before proceeding with a purchase. Where a conflict of interest is identified the Purchaser should be removed from the purchase and another officer assigned to make the relevant purchasing decision, as determined by their manager/ general manager.

3.5 Exemptions from this Policy

3.5.1 **Emergencies:** In certain circumstances and emergencies the Chief Executive Officer or Council may exempt/ waive application of this Policy and pursue a method which will bring the best outcome for the Council.

This includes when there are timing constraints and where the supply market is known e.g. monopoly exists, limited specialist goods/services required and can only be provided by a single provider (sole supplier), emergency need etc. (not an exhaustive list).

Where an exemption is due to an emergency situation:

- expenditure should be limited to that required to alleviate the emergency situation; and
- purchasers must ensure that appropriate methods of purchase are resumed as soon as practicable (i.e. purchase order generated, quotations sought for remainder of the goods, works or services other than that required for the emergency response).

3.5.2 **Under \$100,000:** General Manager approval is required if a different purchasing method for purchases under \$100,000 (excluding GST) are used other than those prescribed in this Policy. Approval may be granted for considerations such as availability of the required goods/services from an Aboriginal, local or other relevant business pursuant to sections 2.2.3 to 2.2.5 of this Policy.

3.5.3 **Over \$100,000:** Tenders must be called for contracts for goods and services in excess of \$100,000 (excluding GST) unless:

- a panel contract or strategic alliances are used,
- a different competitive process will deliver greater benefit than other methods,
- the required outcomes to be delivered require Aboriginal expertise and an Aboriginal business can supply the required goods/services (see section 2.2.3), or
- a local business can supply the required goods/services and the

PROCUREMENT POLICY

procurement will demonstrably contribute a significant economic, environmental and/or social good to the City (refer sections 2.2.3 to 2.2.5). For clarity, 'demonstrable' means measurable, not indirect/general economic activity. Examples could include, for example, additional long term jobs in the City, social enterprises directly created by the procurement, new investments made in accessibility or sustainability in the City, etc.

Purchases between \$100,000 to \$200,000 (excluding GST) require approval of the Chief Executive Officer (CEO) if a tender, panel contract or strategic alliances are NOT to be used and an exemption is required. It is at the CEO's discretion to determine whether Council (the elected body) should be notified of the exemption at a following Council meeting (via Items in Brief).

However, purchases in excess of \$200,000 (excluding GST) require Council's (the elected body's) approval if another purchasing method is to be used other than a tender, panel contract or strategic alliance (via Report to Council).

- 3.5.4 Exemptions Register: Council's Administration is to record its reasons in writing for exempting the application of this Policy and retained in Council's document management system for probity purposes.

All exemptions are to be advised to Council's Procurement Officer for including in an Exemptions Register.

- 3.5.5 Unsolicited Proposals: Refer to Council's Unsolicited Proposals Policy.

3.6 Open and Select Tenders (over \$100,000 excluding GST)

- 3.6.1 A tender process must be used where the purchase is greater than \$100,000 (optional for purchases under \$100,000). Refer to Council's Internal Tendering Procedure for details about how to undertake a tender process.

- 3.6.2 Open or select tender: An open tender is preferred unless there is a specific reason for a select tender. A select tender may be used with the approval of the relevant Manager where:

- it is the second stage after an Expression of Interest (EOI) or Request for Tender process (e.g. shortlisted from EOI process). Refer to 'Expression of Interest' section below.
- it is known the supplier pool is limited to a few.

- 3.6.3 Advertising and Receipt of Tenders:

Open Tenders- The Procurement Officer will arrange for the finalised tender documentation to be publicly advertised on SA Tenders and Contracts website for a minimum of 21 days (3 weeks).

Open tender responses must be lodged electronically on SA Tenders and Contracts website, unless there are exceptional circumstances.

Select Tenders- The Procurement Officer will arrange for the finalised tender documentation to be directed to the relevant selected businesses (via SA Tenders and Contracts or email). The notification period to suppliers will allow a reasonable amount of time for responses to be provided e.g. 10 to 14 days

minimum timeframe for responses (taking into account flexibility depending on the business requirements).

Select tender responses must be as specified in the request for tender documentation.

Late tenders are not to be considered (except in exceptional circumstances).

3.7 Expression of Interest (EOI)

An EOI allows the Council to elicit information from the market without any obligation to commit. EOIs are useful where Council is unsure which suppliers are in the market, or the scope/budget for a project might be, or where the Council wishes to obtain some conceptual suggestions.

The EOI follows a similar process to a tender but is less detailed and does not include a contract. An EOI may form part of a two phase tender process, where EOI respondents may be short-listed for a select tender.

3.8 Panel Contract

This is where Council establishes panel arrangements with a select group of suppliers. A tender is undertaken to select a group of suppliers which provide the services and have the capability to meet the Council's needs.

If Council has a Panel Contract in place for the supply of goods or services, purchases may be made directly from any of the suppliers on the panel, without the need to obtain quotes, or seek tenders (as long as the contract contains contract rates for the items being purchased).

Panel arrangements should operate for approximately three years.

Council may also use Panels created by State or Federal agencies.

3.9 Strategic Alliances

Strategic alliances may be appropriate where Council can increase its purchasing power by partnering with another Council, representative body or supplier.

Strategic alliances allow the Council to negotiate lower costs for standard goods and services through collaborative purchasing.

Purchasers may make purchases through strategic alliances or common use contract arrangement already established and administered by other organisations such as (but not limited to):

- Local Government Association Procurement (LGAP)
- Procurement Australia (PA)
- CCI Group Purchasing
- State government contracts
- A purchasing arrangement with other Councils e.g. Western alliance etc.

Tender processes are usually undertaken by the organisations in order to select the suppliers available through collaborative purchasing. This saves Council undertaking its own tender process and creates efficiencies for all parties.

3.10 Contract Management

It is important that all contracts are managed diligently to maximise the outcomes and minimise risk.

Contracts over \$100,000 require that a Council officer be nominated as the Contract Manager in relevant project/activity documentation. The Contract Manager will have primary responsibility for ensuring the outcomes of the contract are delivered to time, budget and quality standards.

A Contract Manager also has the primary responsibility for the delivery standards such as Work, Health and Safety measures.

At a minimum, mid-term and post engagement reviews must be undertaken by the Contract Manager and reported via relevant project/activity governance mechanisms. More frequent reviews may be established as needed.

The Project Manager is responsible where relevant for arranging a Certificate of Completion is issued where satisfied works have been brought to Completion or issuing a Non-completion Notice specifying defects in order for Certificate of Completion to be issued.

All handover documents including manuals must be retained for Council's future reference (within document management system).

3.11 Risk Management

3.10.1 Council must ensure that procurement activities are consistent with and meet the obligations of Council's Risk Management Policy, Framework and Procedure.

3.10.2 Council must ensure the suppliers have sufficient public liability, professional indemnity (if applicable) and personal injury insurance (if applicable).

3.12 Prudential Requirements

It is a requirement that a Prudential Report is prepared for projects exceeding a prescribed value, prior to any purchasing being undertaken. For further details refer to Council's Prudential Management Policy.

3.13 Payment Options

Goods and services will be paid for on the receipt of an invoice from a supplier emailed directly to accountspayable@holdfast.sa.gov.au. Options include:

PROCUREMENT POLICY

- 3.12.1 Petty Cash: Purchasers may receive an advance or reimbursement of expenses to a limit of \$100 for one-off purchases where Council does not have an account with the supplier.
- 3.12.2 Credit Cards: for purchases by approved cardholders of \$2,000 (excluding GST) or less, which are low risk and low complexity. Refer to Council's relevant policy.
- 3.12.3 Payment on invoice (with or without Purchase Orders): Invoices with a value less than \$2,000 (excluding GST) do not need a purchase order but **all purchases over \$2,000 (excluding GST) must be linked to a purchase order prior to receiving the goods or services** (except not required for Regional Landscape Levy, worker's compensation premiums or payment of utility accounts).
- Purchase orders records Council's commitment to purchase goods or services. It contains advice to suppliers of Council's standard terms and conditions for a purchase.
- 3.12.4 Payment Requisition: A payment requisition form should be completed for purchases that do not have an invoice (e.g. staff reimbursements).

Council has established a Supplier Charter which clearly communicates Council's commitments and expectations in all procurement activities (available on Council's webpage).

4. REFERENCES

4.1 Legislation

- *Environmental Protection Act 1993*
- *Local Government Act 1999*
- *Trade Practices Amendment (Australian Consumer Law) Act (No.1) 2010*
- *Work Health and Safety Act 2012*

4.2 Other References

- Code of Conduct
- Disposal of Assets Policy
- Internal Purchasing Procedure
- Internal Tendering Procedure
- Prudential Management Policy
- Risk Management Policy, Framework and Procedure
- South Australian Public Participation Policy, March 2018
- South Australian Public Participation Policy Procedural Guidelines, August 2017
- Supplier Charter
- Unsolicited Proposals Policy
- WHS Contractor Management Policy

Item No: **7.6**

Subject: **RISK MANAGEMENT – STRATEGIC AND OPERATIONAL RISKS REPORT**

Date: 21 April 2021

Written By: Team Leader, Governance

General Manager: Strategy and Business Services, Ms P Jackson

SUMMARY

The City of Holdfast Bay (Council) needs to ensure that it has appropriate risk management. In accordance with Council's Risk Management Framework, Governance manages the Strategic and Operational Risk Registers.

As required under the Risk Management Framework, all strategic risks regardless of rating are reported to the Audit Committee, as are all Extreme and High risks on the Operational Risk Register.

RECOMMENDATION

That the Audit Committee receives and notes the Strategic and Operational Risks as identified in this report.

COMMUNITY PLAN

Culture: Enabling high performance
Culture: Supporting excellent, efficient operations

COUNCIL POLICY

Risk Management Framework
Risk Management Policy

STATUTORY PROVISIONS

Not applicable

BACKGROUND

The Strategic and Operational Risks have been produced via a series of workshops with the respective Risk Owner/s for Strategic Risks and Treatment Owner/s for Operational Risks. Individual meetings were also conducted with each Risk Owner/ Treatment Owner to review the risks affecting the relevant business areas.

Galpins (internal auditor) consulted with SLT for the review of the Strategic Risk Register.

The Operational Risk register underwent a full review with the assistance of Local Government Risk Services (LGRS) in 2019 and has since undergone a full review by Team Leader Governance in consultation with all Treatment Owners. Operational risks have been added as identified and a review of the risk ratings and treatments for risks completed.

REPORT

While the organisation is building its Risk Management capability, further refinements can be expected. For example, a separate paper has been prepared for Audit Committee's consideration regarding recommended amendments to the Risk Management Framework. If these changes are adopted, an additional review of risk registers will be undertaken in the next six months.

In the interim, extracts from both the Strategic and Operational Risk Registers are provided for the Audit Committee's information.

Strategic Risks

Nineteen (19) Strategic Risks have been identified, with residual risk ratings as follows:

Residual Risk Rating	Number of risks
Extreme	1
High	10
Moderate	8
Low	0

The description of all Strategic Risks is attached, together with Treatment Actions and the due date - provided to the Audit Committee for noting. Notes have been provided where due dates have passed.

Attachment 1

Operational Risks

Eighty four (84) Operational Risks have been identified, with residual risk as follows:

Residual Risk Rating	Number of risks	Number of risks with Additional Treatment Actions
Extreme	0	N/a
High	10	8
Moderate	13	5
Low	61	13

The description of all High Operational Risks is attached, together with Treatment Actions and the due date - provided to the Audit Committee for receiving and noting.

Attachment 2

There is a high level of probability that the current risk profile will change following the adoption of changes to Risk Management Framework, as it is likely that the existing risks have been over-assessed.

While many of the treatment actions will remain relevant, the criticality of the risks is expected to reduce.

It should be noted that the risks identified in the Asset Management Plans for completion with in 1, 2 and 4 years (risk number 81, 82 and 83), have been included in the Operational Risk Register but the management and tracking of these risk is in the Asset Management Plan Risk Actions Register, which is kept separately.

BUDGET

There are no budget implications arising directly from this Report.

LIFE CYCLE COSTS

There are no life cycle costs associated directly with this Report.

Attachment 1



Strategic Risk Register - as at March 2021

#	Risk Description	Residual Risk Rating	Treatment Actions	When by?	
1	Poor or ineffective management of the impacts of climate change	EXTREME	Finalise Environment strategy & implement (based on funding commitments by Council)	Completed	
			Continue transition to hybrid vehicles, increase solar power installations, rollout energy audits & implement energy saving initiatives subject to Council funding	30 June 2022	
			Continue rollout of WSUD projects in subject funding by Council	30 June 2022	
			Continue rollout of recycling initiatives in 2020/21 at council facilities subject to Council funding	30 June 2022	
			Accelerate urban tree planting in 2020/21 subject to Council funding	30 June 2022	
			Support construction of SRWRA MRF	30 June 2022	
			Trial weekly FOGO collections	30 June 2022	
			Continue support for RediPlan initiative - subject to Council funding	30 June 2021	
			Build effective relationships with Coastal Protection Board, DEW, EPA & Green Industries SA	31 March 2021	This is an ongoing Treatment
			Undertake a Coastal Adaptation Scoping Study	30 June 2021	
			2	Poor or ineffective Community Service delivery	HIGH
Review adequacy of resourcing to implement Arts and Culture	30 June 2022				
Review Youth Action Plan for effectiveness	30 June 2021				
Explore the Social Needs Analysis - to develop a more granular	30 June 2022				
Finalise Disability Access and Inclusion Plan (DAIP)	30 June 2021				
Link a range of documentation - including Demographic	30 March 2021				
Community Wellbeing Taskforce (in conjunction with (external)	30 June 2020	In progress - Internal Taskforce has been established			
Complete business process mapping for Community Activation team	1 November 2021				
Explore / implement a pilot for user-pays service provision to offset potential funding cancellation	30 June 2021				
Consider impacts of COVID on future state of community services	30 September 2020	This is an ongoing Treatment			
Consider impacts on service levels, particularly in relation to	Complete				
Implement recommendations from Future State Report to create	30 June 2021				
Implement remaining actions from business process mapping	30 June 2021				
Implement the outcomes of the Aged Care Quality Standards Gap	30 June 2021				
Decide on an approach to lobbying/engaging with State and	30 June 2021				
Review Volunteer Services Strategy	30 June 2021				

#	Risk Description	Residual Risk Rating	Treatment Actions	When by?	
3	Insufficient or ineffective Asset Management Planning Concluding risks identified in Asset Management Plans 2021-2031	HIGH	Change Management plan / training on organisational change		
			Capital Project list: Reprioritise/reconsider capital project list and method of construction post-COVID	Complete	
			Develop 'shovel-ready' project list - in accordance with longer term strategies, and financial and asset plans	30 November 2020	Ongoing in the context of the Strategic Plan review and development of the Corporate Plan
			Review AMP's (including post-COVID review of service levels), taking into consideration/informed by 12-15 other new plans fully inform the AMP's (e.g., social needs analysis, strategic property review, traffic management strategy, future demand expectations on new/renewed assets, community-driven service levels)	31 March 2021	AMPs reviewed and adopted late 2020, however their review is an ongoing treatment
			Currently planning/documenting new preventative maintenance approach - moving towards further proactive maintenance	1 October 2021	
			Develop engagement plan with state government - including identification and access to new funding sources as part of post-COVID response	30 September 2020	Operational engagement was undertaken via LGFSG and Council's CMT, funding stimulus was released by Federal and State Governments early in 2021
			Support staff ability to understand/measure full asset life-cycle costs Succession planning Invest in reliable data to inform AMP's.	30 June 2021	
4	Failure to appropriately engage the broader community and stakeholders	HIGH	Develop a Stakeholder Management Plan	30 June 2021	
			Develop Consumer Reference Groups	30 June 2021	
			Inform and educate leadership group about key elements of Communications Strategy	30 June 2021	
			Training and development across CHB aligned with Customer Experience strategy and Customer Charter	30 November 2021	
			Assess external communication to the Community - given ceasing of Messenger and other print publications not online	30 September 2020	This is an ongoing Treatment
			Finalise Disability and Access and Inclusion Plan and Customer Experience Strategy (including customer journey mapping)	DAIP Completed, CX Strategy due 30/11/2021	CX Strategy delayed due to staff changes
5	Inability to sustainably provide aged care services to the community consistent with the requirements of the ACQS.	HIGH	Development of operational manual aligned to Accreditation self-assessment	30 June 2020	
			Respond to issues identified in Accreditation Report	30 June 2020	
			Review Governance Structure, Audit Schedules and KPI's	31 March 2020	
			Strategic Management Review	31 March 2020	Organisational changes implemented to ensure ongoing viability and success of aged care services. Treatments to be reviewed in light of ongoing changes to quality and reporting requirements.

#	Risk Description	Residual Risk Rating	Treatment Actions	When by?	
8	WHS & Staff safety: Staff, contractor or volunteer death or serious injury OR subject to physical, sexual, emotional or psychological abuse	HIGH	LGAWCS Audits undertaken bi-annually	31 December 2021	
			Business Capability Model to be developed and implemented before capability & gap analysis can be completed for whole of organisation. (Audit to be undertaken for Leadership Team against Leadership Capability by 31/1/20) <i>Workforce Capability analysis to be conducted for the whole organisation.</i>	31 December 2021	
			Review currently underway regarding shiftwork and fatigue of Field Services staff to be incorporated in Enterprise Agreement negotiations	31 December 2020	Enterprise Agreement negotiations completed
			Review Working-from-Home policy and procedure	Completed	
9	Inability to implement appropriate controls to manage changes to Local Government reform	HIGH	Engaging with LGA to lobby State Government against legislation which has detrimental impact on the financial sustainability of the council	30 September 2020	Council wrote to LGA regarding LG Amendment Bill in mid 2020
			Providing input into the impacts of the proposed planning changes to CHB	31 March 2021 - State Government has extended implementation of Planning Reform	Council engaged throughout the process, new system went live on 19 March 2021
11	Lack of strategic alignment	HIGH	Develop indicators to measure the effectiveness of the strategy implementation	31 December 2020	New Strategic Plan in progress
			Develop a plan that considers the causes and to ensure deadlines are met to deliver the new Strategy	31 December 2020	New Strategic Plan and framework development in progress
			Review of Alwyndor Strategic Plan to be embedded into Council Strategic Plan	1 June 2020	Alwyndor Strategic Plan adopted
			Project to review the Strategic Plan to also include broader research and data to determine recovery from COVID impacts - particularly as a result of reduced interstate and international tourism on local businesses	31 December 2020	New Strategic Plan in progress, Review Report received by Council February 2021, outlining the broad direction of the new Strategic Plan
15	Inability to deliver a sustainable events calendar	HIGH	Finalise Events Strategy - including modifications considering mass gathering restrictions and impacts on interstate and international travel (and impacts on discretionary spend) - full impacts are not yet materialised (and agility to change events on an ongoing basis)	Draft completed Council endorsement 30 June 2021	
			Annual review of event risk management and emergency responses/staff training and development in relation to events	30 June 2021	
			Annual review of event schedule	30 March 2021	This is an ongoing Treatment
			Event survey data	30 June 2021	

#	Risk Description	Residual Risk Rating	Treatment Actions	When by?	
16	Poor or ineffective budget development and management	HIGH	Annual training and education re the Budget Development process (include additional training re 'commercial acumen')	Complete	
			Refinement of budget review processes (short-term reviews - to include more discussions at quarterly review - to respond to the changes in the economic environment due to unknown impacts of COVID)	Complete	
			Regular training/education and support re the Budget Management process	Complete	
			Annual review of internal controls, including reporting and budget management policy, process and procedure - using "Control track" tool - reporting also to Audit Committee on results.	Complete	
			LTFP being reviewed (including impacts of COVID) and updated to include strategic projects and scenario analysis - using new LG solutions product. Also LTFP being prepared for Alwyndor operations using same product.	Complete	
19	Poor or inadequate Economic Development and Tourism Management	HIGH	Review Retail Strategy for Jetty Road - consider impacts of COVID to further develop the broader economy (more than retail such as accommodation, hospitality, etc)	30 June 2021	
			Glenelg Rejuvenation Project	1 March 2023	
			Finalise Events Strategy	30 June 2021	
			Tourism & Retail Market Research - impacts on retail spend due to interstate and international travel restrictions (and impacts on discretionary spend); short, medium and long-term action plan being implemented for destination marketing in response to COVID	30 June 2021	
			Review Economic Activation Plan 2030 considering the impacts of COVID (consider also the Economic Recovery Taskforce)	31 March 2021	
10	Inadequate consideration of how information technology can support service delivery (Information systems are not: . Effective and fit-for-purpose . Used to an optimum level)	MEDIUM	Develop a set of criteria for measuring success of ICT projects	31 July 2021	
			Consider efficiency and effectiveness for staff WFH (telephony systems; cloud-based IT)	Completed	
7	Poor or ineffective planning systems and processes	MEDIUM	Review processes & improve as a result of the new planning system implementation	30 June 2021	
			Review IT systems, develop integration from PlanSA (Attorney Generals Department) system & train staff to ensure smooth transition to the new system	30 June 2021	
			Review Planning team	30 June 2021	
			Consider feedback/input as part of consultation of new DPT1 system	31 December 2021	
6	Inability to respond and recover effectively from disruptive events	MEDIUM	Finalise recently reviewed BCPs	30 June 2020	A review of Emergency Management operations including BCPs was undertaken in late 2020. SLT to consider a report in April 2021.
			Review IT DR	30 September 2020	In progress
			Finalise Crisis and Incident Management Plan	31 December 2020	A review of Emergency Management operations including BCPs was undertaken in late 2020. SLT to consider a report in April 2021.
12	Poor or ineffective workforce planning, including recruitment and retention	MEDIUM	All vacancies reviewed in consultation with P&C; approved by GM's & final decision to conduct recruitment process and engage preferred candidate by CEO	Complete	
			P&C Participation on panels to ensure culture/skill fit	Complete	
			Business Capability Model to be developed and implemented before capability & gap analysis can be completed for whole of organisation. (Audit to be undertaken for Leadership Team against Leadership Capability by 31/1/20)	30 June 2020	Deferred pending development of Corporate Plan
			Bi-annual leadership scorecard measurement which includes 360 degree review for all Leaders & overall leadership benchmark.	Complete	
			Annual PDR process for all staff that includes a development plan	Complete	
13	Inability to effectively implement strategic projects	MEDIUM	Project Governance needs to defined to improve the Project Management Methodology	30 June 2021	
			Undertake an audit of how the Project Management Methodology is implemented in Council	2021-22	
			Review Major Capital Project Estimating processes	31 March 2021	
			Develop 3 year forward works program - plan design - construct		
			Allocate Project Management resources to suit the project including specialists as required.		
	Ensure budget is sufficient to deliver project including risks, contingencies and budget considerations for whole of life costs.				

#	Risk Description	Residual Risk Rating	Treatment Actions	When by?	
14	Poor or ineffective customer service delivery	MEDIUM	Change management plan (customer experience strategy)	31 December 2020	In progress, delayed due to staff changes
			Development of relevant/achievable measures and quality standards in relation to the customer experience	1 June 2021	
			Implement Request Management, including the customer interface, to support customer experience	30 June 2021	
			Exploring further functionality (Mitel) to enhance customer experience	30 June 2022	
			Ensure that customer-experience training embedded in annual training calendar	30 June 2022	
			Review communications strategy annually	30 June 2021	
			Review style guide annually	30 June 2021	
			Review customer profile in more granular detail for the broader customer base to encompass all Council services (not just tourism)	1 December 2020	In progress, delayed due to staff changes
			Strengthen key stakeholder engagement actions (develop a plan in line with these requirements to facilitate better alignment)	30 June 2021	
			Provide support and training/development for business units across Council Develop consumer reference groups Monitor digital media platforms to formally capture community engagement.	30 June 2021	
17	Poor or ineffective management of legislative and regulatory obligations and ongoing changes	MEDIUM	Compliance Register - Completed for all Acts	30 June 2021	
			Compliance Register to be risk assessed	30 June 2021	
			Undertake internal audit on compliance register (both on the completion/effectiveness of the register as well as individual identified compliance audits)	30 June 2022	
			Undertake an internal audit of the Aged Care Quality standards at Alwyndor	30 June 2021	
18	Current staff profile capability not able to transform the organisation	MEDIUM	Change Management plan / training on organisational change		
			Performance Development Plans should consider future capability requirements (as part of the Workforce Development Plan)	30 July 2022	
			Development of Workforce Development Plan that considers business capability, future workforce requirements, current workforce profile	31 December 2021	
			Develop KPIs for implementation of Leadership Program	Completed	

Attachment 2



Operational Risk Register - Extreme and High Reporting - as at March 2021

#	Risk Description	Residual Risk Rating	Treatment	Treatment Actions	When by?
2	Lack of resources for infrastructure maintenance	High	Additional Controls	Additional financial and staff resources required to maintain service levels or contracting out of maintenance. Controls are majority in place with final aspects being implemented.	1 June 2021
10	Localised flooding from inadequate drainage	High	Additional Controls	Improve drainage infrastructure and increase maintenance	1 June 2030
12	Flooding removing stormwater improvements	High	Retain the Risk	No further action	N/a
15	Major incident at an event	High	Retain the Risk	No further action	N/a
26	Tree maintenance increase	High	Additional Controls	Succession planting programs are being undertaken. Tree awareness campaigns when public contact is made and other awareness campaigns. Tree assessment matrix is being developed (in testing phase).	1 June 2022
58	Inadequate contractor management for commercial arrangements	High	Additional Controls	Create alerts through systems for all contracts and requests for payments applying CPI etc (IT solution?)	1 June 2022
71	Cyber security weaknesses	High	Additional Controls	Business continuity to link into how to manage when it does occur as cannot mitigate all attacks	30 June 2021
81	Asset Management Plans for completion within 1 year	High	Additional Controls	Refer to 2020-21 Asset Management Risk Action Plan- Prioritised actions only not all actions	8 February 2022
82	Asset Management Plans for completion within 2 years	High	Additional Controls	Refer to 2020-21 Asset Management Risk Action Plan - Prioritised actions only not all actions	8 February 2023
83	Asset Management Plans for completion within 4 years	High	Additional Controls	Refer to 2020-21 Asset Management Risk Action Plan - Prioritised actions only not all actions	8 February 2025