

Audit and Risk Committee

NOTICE OF MEETING

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

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

Wednesday 15 March 2023 at 6.00pm

A handwritten signature in blue ink, appearing to read "Roberto Bria".

**Roberto Bria
CHIEF EXECUTIVE OFFICER**

Audit and Risk Committee Agenda

1. OPENING

The General Manager Strategy and Corporate will declare the meeting open at 6.00 pm.

2. APPOINTMENT OF PRESIDING MEMBER

The Audit and Risk Committee's Terms of Reference provides that it may nominate any member of the Committee to be its presiding member (other than the Mayor).

Motion

1. That the Audit and Risk Committee appoints _____ as Presiding Member for this meeting.
2. That the Audit and Risk Committee recommends to Council the appointment of _____ as the Presiding Member for the term of Council.

3. APOLOGIES

- 3.1 Apologies received
- 3.2 Absent

4. 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.

5. CONFIRMATION OF MINUTES

Motion

That the minutes of the Audit Committee held on 19 October 2022 be taken as read and confirmed.

6. ACTION ITEMS

7. PRESENTATIONS

- 7.1 Draft Annual Business Plan, Budget and Long-Term Financial Plan update

8. REPORTS BY OFFICERS

- 8.1 Standing Items (Report No: 75/23)
- 8.2 Quarterly Risk Report (Report No: 76/23)
- 8.3 Internal Audit Program Report (Report No: 77/23)
- 8.4 Business Continuity Report (Report No: 90/23)
- 8.5 Long-Term Financial Plan Review (Report No: 91/23)

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

10. CONFIDENTIAL ITEMS

11. DATE AND TIME OF NEXT MEETING

The next meeting of the Audit and Risk Committee will be held on Wednesday 19 April 2023 in the Kingston Room, Civic Centre, 24 Jetty Road, Brighton.

12. CLOSURE



ROBERTO BRIA
CHIEF EXECUTIVE OFFICER



AUDIT COMMITTEE - ACTION ITEMS
as at 15 March 2023

Meeting	Agenda Item	Action Required	Responsibility	Estimated Completion Date	Current Status
7 October 2020	7.2 Asset Management Plan (AMP) Review	Record risk within organisational risk process and report.	GM Strategy & Corporate	October 2022	Included in current risk reporting. Action to be closed.
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 & Corporate	June 2023	Included in current audit reporting. Action to be closed.
16 December 2020	7.1 Standing Items	Develop framework for Governance relationship between Alywndor, Audit Committee and Council.	GMs Alywndor and Strategy & Corporate	June 2023	Delayed due to other priorities. Revised completion date June 2023.
17 August 2022	7.2 Internal Audit Program Report	Progress on outstanding actions to be reported at each meeting.	Manager Strategy & Governance		Completed 19 October 2022.

Item No: 8.1

Subject: **STANDING ITEMS – MARCH 2023**

Date: 15 March 2023

Written By: Manager Finance

General Manager: Strategy and Corporate, 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**
 - **External Audit**
 - **Public Interest Disclosures**
 - **Economy and Efficiency Audits**
 - **Council Recommendations**
 - **Audit Committee Meeting Schedule 2023**
-

STRATEGIC PLAN

Statutory Requirement

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
- Audit – External
- Public Interest Disclosures
- Economy and efficiency audits

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

REPORT

Monthly Financial Statements

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

The budget update results for the periods ended 30 September 2022 and 31 December 2022 were considered by Council at its meetings on 25 October 2022 and 14 February 2023. The reports included a number of budgetary changes for Council's municipal operations, with a surplus of \$263,000 now forecast for 30 June 2023. Alwyndor operations remain unchanged with a forecast deficit of \$281,000.

A financial report for municipal and Alwyndor operations for the month ended 31 January 2023 was considered by Council at its meetings on 28 February 2023. Members of the Committee have received a copy of this report.

External Audit

Council's external auditor, Dean Newbery attended the Audit Committee on 19 October 2022 to discuss the final audit of the 2021/22 financial statements. The 2021/22 consolidated financial statements were adopted by Council on 25 October 2022 and are included in Council's annual report. Dean Newbery subsequently issued an unqualified audit opinion on the Council and Alwyndor 2021/22 Financial Statements and Internal Controls.

Refer Attachment 1

Council's external auditor has prepared their 2022/23 audit plan for Council's operations and it is attached for the Audit Committee's consideration.

Refer Attachment 2

Public Interest Disclosures

There have been no public interest disclosures made to Council since the previous standing items report on 19 October 2022.

Section 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 19 October 2022.

Council Recommendations

At its meeting on 25 October 2022 Council received the minutes and endorsed the recommendations of the meeting of the Audit Committee held on 19 October 2022.

Audit Committee Meeting Schedule 2023

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

- Development of the annual business plan and budget; and
- Completion of the annual financial statements, external audit and annual report.

In order to accommodate the above reporting requirements the following ordinary meeting schedule is proposed for 2023:

- Wednesday 19 April 2023
- Wednesday 31 May 2023
- Wednesday 16 August 2023
- Wednesday 18 October 2023

As the above reporting requirements have been addressed no further meetings at this time are proposed for the remainder of 2023.

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



28 October 2022

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

Dear Mayor Wilson

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Dean Newbery
ABN: 30 164 612 890

RE: Balance Date Audit Management Letter: Financial Year Ended 30 June 2022

We have recently completed our external audit of your Council for the financial year ended 30 June 2022.

We issued our 2022 Audit Completion Report to the Council on the 13 October 2022. This report contained key accounting and audit matters raised during the audit, a summary of misstatements and matters to be addressed in future financial years. I met with your Council's Audit Committee on 19 October 2022 where the matters raised in our Audit Completion Report were discussed.

Since our meeting with Council's Audit Committee we have issued an unqualified Auditor's Report on the annual Financial Statements and Council's Internal Controls per Section 129 of the *Local Government Act 1999* (the Act) for the financial year ended 30 June 2022.

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

Yours sincerely
DEAN NEWBERY



Samantha Creten
Partner

C. Chief Executive Officer
C. Chair Audit Committee

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Certification of Auditor's Independence

I confirm that, for the audit of the financial statements of the City of Holdfast Bay for the year ended 30 June 2022, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Part 4A, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

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



SAMANTHA CRETEN

Partner

DEAN NEWBERY

Dated this 28th day of October 2022

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Independent Auditor's Report

To the members of the City of Holdfast Bay

Opinion

We have audited the accompanying financial report of the City of Holdfast Bay (the Council), which comprises the statement of financial position as at 30 June 2022, statement of comprehensive income, statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the Certification of the Financial Statements.

In our opinion, the financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2022, and its financial performance and its cash flows for the year then ended in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulation 2011* and the Australian Accounting Standards.

Basis for Opinion

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

Council's Responsibility for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

DEAN NEWBERY



SAMANTHA CRETEN
PARTNER

Signed on the 28th day of October 2022,
at 214 Melbourne Street, North Adelaide, South Australia, 5006

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

Opinion

In our opinion, the Council has complied, in all material respects, with Section 125 of the *Local Government Act 1999* in relation to the Internal Controls established by the Council relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2021 to 30 June 2022.

Basis for opinion

We have audited the Internal Controls of the City of Holdfast Bay (the Council) under the requirements of *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2021 to 30 June 2022 have been conducted properly and in accordance with law.

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

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

The Council's Responsibility for the Internal Controls

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

Our Independence and Quality Control

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

Assurance Practitioner's Responsibilities

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

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

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

Limitation on Use

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

Limitations of Controls

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

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

DEAN NEWBERY



SAMANTHA CRETEN
PARTNER

Signed on the 28th day of October 2022
at 214 Melbourne Street, North Adelaide, South Australia, 5006

Attachment 2



City of Holdfast Bay

External Audit Plan

30 June 2023

DeanNewbery

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Foreword

Cr John Smedley
Presiding Member - Audit and Risk Committee
City of Holdfast Bay
PO Box 19
BRIGHTON SA 5048

2 March 2023

Dear Cr Smedley

We are pleased to present to you our Audit Plan which set out our proposed audit procedures and responsibilities for the 2022/23 financial year audit of the City of Holdfast Bay (the Council). Our audit plan is subject to continual review and update as new information and matters arise during the course of the audit. Our proposed audit approach and scope is in accordance with the requirements of the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011*, auditing standards and other applicable professional standards.

Our processes and approach to audit matters will continuously be considered and updated 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 operations of the Council and places a high emphasis on communicating all audit matters and findings to you and the Elected Members on a timely basis. This document is intended for the Council's Audit and Risk Committee and the Council's Administration only.

I look forward to working with yourself and the other members of the Audit and Risk Committee.

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

Yours sincerely
DEAN NEWBERY



Samantha Creten
Partner

Key Contacts & Information

Samantha Creten is the Lead Audit Partner appointed to lead the audit team assembled for the engagement. Samantha is highly experienced Local Government Audit Partner who has over 25 years experience auditing the Local Government sector.

The Engagement Manager assisting Samantha, Whitney Sandow is another key contact for the Council and will be managing the field work component of the engagement. Samantha and Whitney are committed to ensuring that a high quality audit service is provided to the Council throughout the term of the engagement.

The engagement team will also be assisted by John Jovicevic to support the audit team on a range of specific audit issues and complex matters as/when they arise.



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Lead Audit Partner

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Whitney Sandow
Engagement Manager

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John Jovicevic
Audit Partner

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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 and internal controls for the Council for the financial year ending 30 June 2023.

Audit Objectives

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

- the financial report is prepared, in all material respects, in accordance with the Australian Auditing Standards and the *Local Government Act 1999* (the Act) and applicable Regulations; and,
- controls exercised by the Council in relation to the receipts, expenditure and investment of moneys, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide assurance that the financial transactions of the council have been conducted properly and in accordance with law. The opinion is to be based on the criteria established in the *Better Practice Model – Financial Internal Control* issued by the Local Government Association of South Australia.

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

Scope of the Audit

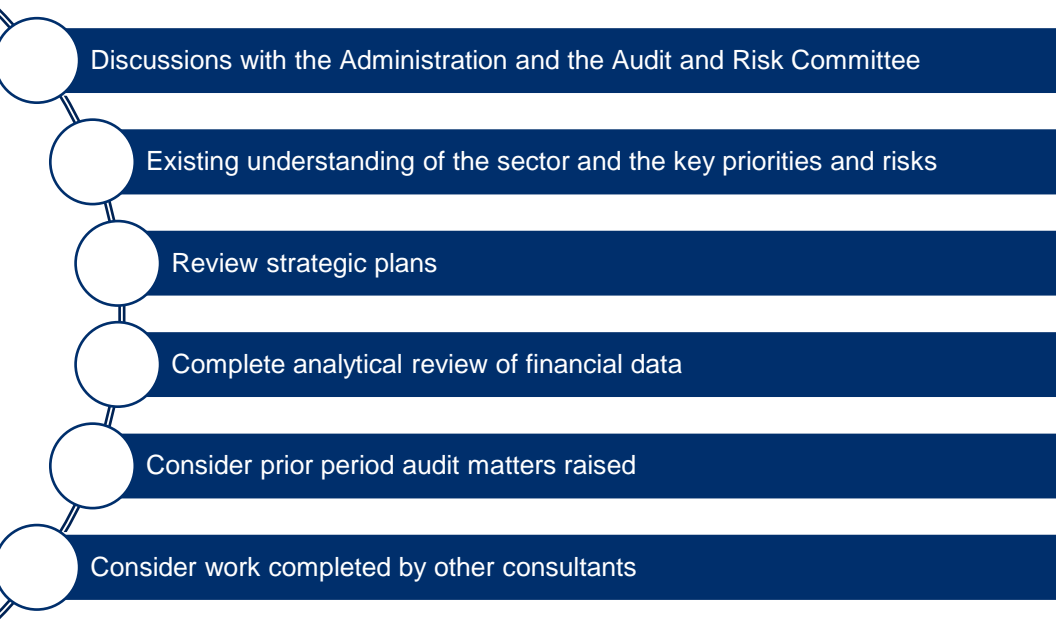
The scope of the engagement per the Act includes the audit of the following:

- Section 129(a): Council's financial statements for the financial year which is to be prepared in accordance with the requirements under the Act.
- Section 129(b): Audit of the controls exercised by Council in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.
- The audit of acquittal statements as required, e.g. the Local Government Workers Compensation Scheme Actual Wages Declaration for the year ending 30 June 2023.

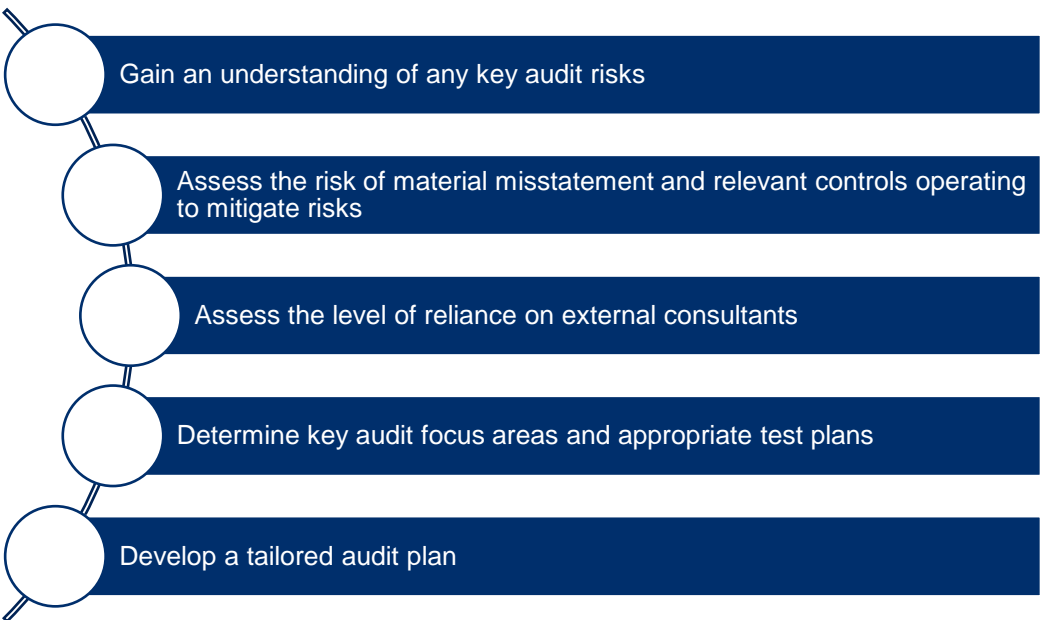
Audit Strategy

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

Our initial planning of the our audit is based on undertaking the following:



In undertaking the initial audit planning tasks, we aim to achieve the following outcomes:



Materiality

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

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

Internal Controls

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

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

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

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

Fraud

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

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

Key Areas of Audit Focus

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

Focus Area	Audit Approach	Planned Response
Treatment of Grants	Substantive test	Review key assumptions applied to the recognition and treatment of grant income to ensure appropriate recognition and classification (operating versus non-operating) of income in accordance with AASB 1058 <i>Income of Not-for-Profit Entities</i> and the Model Financial Statements.
Management override of Controls	Substantive/Controls test	This is a risk that is a required presumption under the Australian Auditing Standards. Our procedures will involve a review of internal controls and test for any unusual transactions within our samples to determine if any transactions do not appear to be within normal business operations/parameters.
Operating Expenditure	Substantive test	Given the material nature and large volume of transactions processed by the Council, a review of controls operating will be reviewed and assessed. Substantive audit procedures will be used to test the substance of transactions recorded to examine the accuracy, completeness and timing of transactions recorded. Our testing includes consideration over the assumptions and data used to process payroll transactions and provisions recorded.
Depreciation	Substantive test	Our procedures will review the assumptions and estimates applied in calculating depreciation expense to ensure that it is in line with adopted policies of the Council and meets the requirements of the accounting standards.
Open Space & Costal Assets Condition Assessments and Valuations	Substantive test	Our procedures will incorporate engagement with the Administration (and external valuers where applicable) to review data collected through asset condition audits completed and ensure they are correctly applied to asset valuation and depreciation calculations. We will obtain valuation reports provided by external valuers and perform a combination of substantive and analytical procedures to assess the appropriate recognition and disclosure of asset valuation data.
Accounting for Work in Progress (WIP)	Substantive test	Our procedures will review the appropriateness of transactions that are capital in nature to ensure they are correctly recorded. Our testing will include examining the ageing of WIP transactions to ensure that the costs being carried as WIP relate to current/ongoing projects that will result in an eventual asset being recorded.

Audit Timetable

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

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

Key Audit Milestones	Timeframe
Submission of Audit Plan to the Audit and Risk Committee	March 2023
Commencement of Interim Audit (Off-Site Testing)	April 2023
Interim Audit (On-Site Attendance)	April 2023
Interim Management Report issued to the Audit and Risk Committee	May 2023
Balance Date Audit requirements checklist to be provided to the Council	June 2023
Balance Date Audit requirements to be provided to auditors	July 2023
Draft financial statements to be provided to auditors	August/September 2023
Balance Date audit attendance to commence	September 2023
Exit Meeting with the Administration	October 2023
Meet with Audit and Risk Committee	October 2023
Audit Report and Independence Declarations to be issued by auditors	October 2023

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.

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
- Local Government Finance Authority (LGFA) balance confirmations
- External Asset Valuation(s) (where applicable)

Independence

Our audit is required to be conducted to comply with the following independence requirements:

- *Local Government Act 1999*
- *Local Government (Financial Management) Regulations 2011*
- APES 110 – Code of Ethics for Professional Accountants

As part of our audit procedures, we obtain independence declarations from all engagement staff to confirm that all engagement team members meet the above standards prior to the commencement of working on the engagement. We will annually provide the Council with confirmation that we have met with our independence requirements as required by the above legislation and standards.

Should any situation arise where we become aware that an issue over our independence, we will communicate this immediately to the Chief Executive Officer and Audit and Risk Committee.

We confirm that Dean Newbery has not provided any other services to the Council as at the time of preparing this Report.

Disclaimer:

This document is for the exclusive use of the person/organisation named on the front of this document. This document must not be relied upon by any person/organisation who is not the Recipient. Dean Newbery does not take responsibility for any loss, damage or injury caused by use, misuse or misinterpretation of the information in this document by any person who is not the Recipient.

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Dean Newbery

ABN 30 164 612 890

Liability limited by a scheme approved under Professional Standards Legislation

DeanNewbery

Item No: 8.2

Subject: **QUARTERLY RISK REPORT**

Date: 15 March 2023

Written By: Risk and Improvement Officer

General Manager: Strategy and Corporate, Ms P Jackson

SUMMARY

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

The environmental scan, used to identify new and emerging areas relating to both risk and opportunity, has been updated and two additional reports generated detailing 'New/Emerging Risks' and 'Future/Potential Opportunities'. Both are included in this Risk Report.

RECOMMENDATION

That the Audit Committee notes this report.

STRATEGIC PLAN

Statutory compliance

COUNCIL POLICY

Risk Management Policy

STATUTORY PROVISIONS

Not Applicable

BACKGROUND

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

REPORT

Under the current Risk Management Policy all strategic risks, and all extreme and high operational risks are required to be reported to the Audit Committee.

A review of risk data for the January to March 2023 quarter, resulted in slight movement on the previous quarter.

The Risk Profile Overview (Table 1) and Risk Profile Movement (Table 2) are listed below.

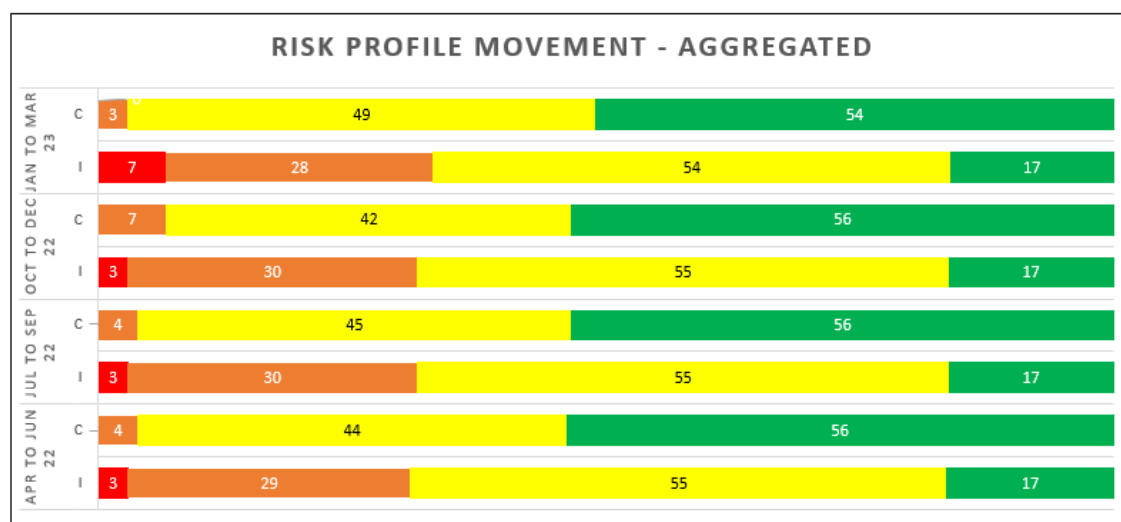
The full register detail for 'Strategic and High-Level Operational Risk' is presented for noting and is attached to this report.

Refer Attachment 1

Table 1: Risk Profile Overview - 12 Months to March 2023.

Period	Apr to Jun 22		Jul to Sep 22		Oct to Dec 22		Jan to Mar 23		Current Risk Movement
Risk	I	C	I	C	I	C	I	C	for qtr.
Extreme	3	0	3	0	3	0	7	0	-
High	29	4	30	4	30	7	28	3	↓
Medium	55	44	55	45	55	42	54	49	↑
Low	17	56	17	56	17	56	17	54	↓
Total	104	104	105	105	105	105	106	106	

Table 2: Risk Profile Movement - 12 Months to March 2023.



Strategic and 'Extreme/High' Rated Operational Risk Reviews

During February/March 2023, the Senior Leadership Team reviewed the Strategic and 'High' rated operational risk data for Quarter 3.

Updates included the following:

- Within the Strategy and Corporate portfolio, the 'disruptive events' risk, SC01, has been split to also reflect the risk of failing to adequately 'consider emergency management prevention, preparedness, response and recovery', both within Council and its wider community.

Existing	SC01	HIGH	<i>Inability to respond and recover effectively from disruptive events</i>
New	AD03	MEDIUM	<i>Failure to adequately consider Emergency Management prevention, preparedness, response and recovery</i>

- Within the Community and Business portfolio, the events management risk, CB04, previously listed as a strategic risk, has been reclassified as an operational risk, identifying the 'Inability to deliver a sustainable events calendar' as more of a service delivery issue.

Therefore, the strategic and high-level operational risks, are currently summarised as below.

Table 3 – Risks with Current Rating of HIGH – January to March 2023

	I	C	R
Strategic Risk SC01 Inability to respond and recover effectively from disruptive events → <i>Increased national cyber incidents and Councils being perceived as 'soft targets'</i>	E	H	M
Strategic Risk SC07 Inability to effectively implement strategic projects → <i>Continued impact from scarcity factor/escalating prices/contractors/raw materials</i>	E	H	M
Strategic Risk SC09 Ineffective management of legislative and regulatory obligations and ongoing changes → <i>raised uncertainties of new Elected Member body</i>	E	H	M
Strategic Risk AD01 Poor or ineffective management of the impacts of climate change → <i>addressed actively at local and metropolitan level - a long-term high risk issue</i>	E	H	M
Operational Risk: 81 Asset Management Plans with high-risk actions to be completed within 1 year → <i>addressed by Asset Management audit May 2022 – actions within 1 year</i>	H	H	M
Operational Risk: 82 Asset Management Plans with high-risk actions to be completed within 2 years → <i>addressed by Asset Management audit May 2022 – actions within 2 years</i>	H	H	M
Operational Risk: 83 Asset Management Plans with high-risk actions to be completed within 3 years → <i>addressed by Asset Management audit May 2022 – actions within 3 years</i>	H	H	M

New/Emerging Risks

During February 2023, the Senior Leadership Team (SLT) again reviewed the new and/or emerging issues previously raised, in addition to extending the discussion to provide further updates for the current quarter.

As per the ISO31000 (2018) guidelines, consideration is also to be given to new/emerging opportunities, noting that many entrepreneurial and innovative initiatives have resulted from challenging times and overcoming adversity.

All SLT members were keen to identify such areas within their service portfolios, resulting in a focussed and dynamic discussion.

The discussion points captured for 2022/23 Quarter 3 are listed below and will be revisited again during Quarter 4.

Table 4 – New/Emerging Risks and Future/Potential Opportunities – 2022/23 Quarter 3

RISKS:	
Financial/Business Sustainability	<ul style="list-style-type: none"> - Given the continued, heightened financial forecasts. - Increased interest rates and cost of living. - Noted as ongoing pressure for community and staff.
Service Delivery Levels	<ul style="list-style-type: none"> - As the consequence of a return to a full events season. - Noted that international travellers have yet to return in full.
Project Management	<ul style="list-style-type: none"> - Lag factor on variety of project management risks; ie: financial / supply / contractor availability. - Although immediate impacts from COVID have lifted, delayed impacts still evident and will continue to challenge project delivery.
OPPORTUNITIES:	
Community Benefit	<ul style="list-style-type: none"> - Modelling being undertaken to track opportunities for Community Benefit
Community Wellbeing	<ul style="list-style-type: none"> - Opportunity to deliver wellbeing & education as community recovers and needs new skills, interests, and pastimes.
Tourism	<ul style="list-style-type: none"> - Post COVID demand for tourism/ family destinations - Need to be ready to accommodate range of traveller budgets. - Inter-relation to the financial constraints listed above.

BUDGET

There are no budget implications associated with this report.

LIFE CYCLE COSTS

There are no life cycle costs associated with this report.

Attachment 1



Attachment 1			City of Holdfast & Alwyndor Risk Register - Strategic & High Risk Level														March 2023		
Review Date	Risk ID	Strategic/Operational	Risk Type	Risk Category	Risk Description	Consequences	Risk Manager	Causes	Inherent Risk			Controls	Current Risk			Residual Risk			Additional controls
									Consequence	Likelihood	Risk Rating		Description	Consequence	Likelihood	Risk Rating	Consequence	Likelihood	
March 2023	CE01	Governance, Legal & Compliance	Strategic	Effective Governance	Inability to implement appropriate controls to manage changes to Local Government reform	Legal/ Regulatory/ Policy, People, Financial/ Infrastructure, Reputation	Chief Executive Officer	1. Significant LG changes are ongoing 2. General rate/revenue pressures from State Govt. 3. Dissatisfaction with Boundary Reform process	Major	Possible	High	1.Membership of Local Government Association 2.Qualified/ Specialised support staff for CEO office 3.LGRS suite of LG insurances/ IPSSI 4.Localised partnerships across various levels with neighbouring councils 5.Relevant suite of policies and procedures	Major	Unlikely	Medium	Major	Unlikely	Medium	1.Implement caretaker process during pre-election period 2. Schedule mandatory training for Elected Members post election 3. Review skills/provide training for newly appointed Elected Members.
March 2023	CB01	Poor or ineffective Community Service delivery	Strategic	Community Service	Poor or ineffective Community Service delivery	Service Delivery Financial/ Infrastructure/Environmental/Cultural	General Manager Community and Business	1. Significant range of services and increasing demand 2. Decreasing State and Federal services/funding 3. COVID pandemic impacts	Major	Possible	High	1.Policy, procedure & processes 2.Qualified/specialist staff 3.Community Engagement strategies 4.Play Space action plan 5.Website events/activities calendar	Major	Unlikely	Medium	Major	Unlikely	Medium	1.Measure engagement participants per year 2.Monitor no. of new/existing mixed use developments 3.Scope current/potential CHB building usage stats
March 2023	CB02	External Communications	Strategic	Growth and Prosperity	Failure to appropriately engage the broader community and stakeholders	Service Delivery Environmental/Cultural Reputation	General Manager Community and Business	1.Lack of appropriate engagement /informing community 2.Disproportionate vocal minority 3.Inconsistent approach to stakeholder management	Moderate	Possible	Medium	1.Communications Strategy 2030 2.Qualified/specialised staff 3.Policy & procedures for Communications & Engagement 4.Website training programs 5.Regular 1:1 support for project managers	Moderate	Unlikely	Low	Moderate	Rare	Low	1.Implement actions from Stakeholder Management audit 2.Review project management communications/external engagement 3.Review engagement documentation - with Strategy & Governance
March 2023	CB03	Service Delivery	Strategic	Customer Service	Poor or ineffective customer service delivery	Service Delivery, Reputation, Environmental/Cultural	General Manager Community and Business	1.Lack of customer-centric design 2.Lack of customer focus, especially post COVID 3.Inadequate IT support systems/processes for efficient/effective customer service	Moderate	Likely	High	1.Experienced /qualified customer service staff 2.Cross Council service standards for customer experience 3.Benchmarking and service information from LG network groups 4.Customer experience strategy 5.Service level performance key measures	Moderate	Unlikely	Medium	Minor	Unlikely	Low	1.Develop a Customer Service Charter/Service Statement. 2.Undertake Customer Experience surveys to reconnect post COVID 3.Review and implement findings as illustrated by survey results
March 2023	CB05	Economic Development	Strategic	Service Delivery	Poor or inadequate Economic Development and Tourism Management	Financial/ Infrastructure, Service Delivery, Environmental/Cultural, Reputation	General Manager Community and Business	1.Outdated Tourism Policy/Plan 2.Lack of Social Inclusion/Access and Inclusion Plan 3.Lack of effective traffic mgt. strategies /transport issues	Major	Possible	High	1.Membership of Regional Tourism Boards 2.Networking with tourism organisations 3.Qualified/experienced staff 4.Tourism Destination Action Plan 5.Regional Destination Action Plan	Major	Unlikely	Medium	Major	Unlikely	Medium	1.Ensure LTFFP is updated with economic dev.funding detail 2.Factfind from tourism group activity levels for coming Summer 3.Draft tourism events calendar with COVID 'Plan B' capabilities
March 2023	AL01	Aged Care	Strategic	Community Health and Wellbeing	Inability to sustainably provide aged care services to the community consistent with the requirements of the ACQS.	Legal/ Regulatory/ Policy Service Delivery Financial/ Infrastructure Reputation	General Manager Alwyndor	1.Significant operation with \$20m turnover/250 staff 2.Operates with multiple other Allied Health services 3.Lack of defined/inadequate policies and procedures	Major	Possible	High	1.Onsite management and support from Alwyndor Mgt Board 2.Specialised/trained staff 3.Additional staffing available via contracted services 4.Policies, procedures and processes 5.Aged Care Service standards	Major	Unlikely	Medium	Major	Unlikely	Medium	1.Support services staff review 2.Staff skills audit 3.Benchmark services against lead aged care industry providers
March 2023	SC01	Community Safety	Strategic	Disruptive events	Inability to respond and recover effectively from disruptive events	Reputation Legal/ Regulatory/ Policy Service Delivery	General Manager Strategy and Governance	1.Cyber Security/hacking 2.Disruptive events 3.Climate change/Environmental factors	Major	Almost Certain	Extreme	1.Crisis and Incident Management Plan 2.Business Continuity Plan 3.Incident Management training 4.Southern Region IM Partnership (CoMa/CoMi/CoO)	Major	Possible	High	Major	Unlikely	Medium	1.Consider feedback/input as part of consultation of new DPTI system 2.Identify member to attend Resilient South Emergency Mgt meetings 3.Review website to ensure Community infopages are updated
March 2023	SC02	Place Making	Strategic	Growth and Prosperity	Poor or ineffective planning systems and processes	Legal/ Regulatory/ Policy Service Delivery Reputation	General Manager Strategy and Governance	1. Planning reform impacts reducing Council's influence 2. Priorities/targets to increase tree coverage impacting on Council planning 3. Loss of knowledge	Major	Likely	Extreme	1.Planning legislation and guidelines 2.Qualified/Specialist staff 3.Effective Planning and Development application process 4.Regulated policies and procedures 5.Assessments sampled/reviewed by supervisor	Moderate	Possible	Medium	Moderate	Unlikely	Medium	1. Implementation of 2021/22 audit recommendations 2. Internal Audit to review Planning reform implementation 3. Review training requirements of team members
March 2023	SC03	Workplace Culture	Strategic	People & Culture (incl. WHS)	Staff, contractor or volunteer death or serious injury OR subject to physical, sexual, emotional or psychological abuse	People Reputation Legal/ Regulatory/ Policy	General Manager Strategy and Governance	1.Physical, sexual, emotional or psychological abuse 2. Unqualified staff 3.Lack of appropriate training	Catastrophic	Possible	High	1.WHS Strategic Plan and Programs 2.Qualified/Specialised staff 3.Regular appraisal systems 4.Skills audits/Training Needs Analysis (TNA) 5.Published training program	Catastrophic	Rare	Medium	Catastrophic	Rare	Medium	1.Support finalisation of 2021/22 EA renewal process 2.Update policy documentation as required 3.Rollout new Fair Treatment procedures at Depot
March 2023	SC04	Governance, Legal & Compliance	Strategic	Innovation and Business Support	Inadequate utilisation of information technology to support service delivery	Service Delivery, Environmental/Cultural, Project, Legal/ Regulatory/ Policy , People	General Manager Strategy and Governance	1.Inadequate approach to data governance/security 2.Failure of significant/SMART city concepts/opportunities 3.Council's needs fail to align with vendor functionality	Major	Likely	Extreme	1.Information Management Governance Committee 2.Secure working practices in line with ISO 27001 Info Security Mgt Systems 3.Networking partnerships with neighbouring/metro Council areas 4. Qualified / Specialised staff 5.Vendor agreements/ preferred contractors for third party services	Moderate	Possible	Medium	Moderate	Possible	Medium	1. Implement 2021/22 Cyber Security audit actions 2. Implement identified user security inc MFA at Council & Alwyndor 3. Review feasibility of resources/deliverables & advise IT Mgt Grp.
March 2023	SC05	Governance, Legal & Compliance	Strategic	Effective Governance	Lack of strategic alignment	Service Delivery, Financial/ Infrastructure, Reputation, Environmental/Cultural	General Manager Strategy and Governance	1.Increased service demands/delivery; need to be agile 2.Low risk appetite for alternative service options 3.Hard to measure performance outcomes vs outputs	Major	Possible	High	1.Experienced/qualified staff overseeing strategy/governance process 2.Membership on LG related Strategic and Governance networks 3.Related policies, procedures and processes 4.Strategic Plan review working group 5.Benchmarking groups - access to key governance data	Moderate	Unlikely	Medium	Moderate	Unlikely	Medium	1. Present strategic overview ('Our Holdfast 2050+etc...') to new EMs 2. Draft and finalise CHB Corporate Plan 3. Review Business Plans to ensure alignment to Corporate Plan
March 2023	SC06	People & Culture (incl. WHS)	Strategic	Workforce Planning	Poor or ineffective workforce planning, including recruitment and retention.	People Legal/ Regulatory/ Policy Reputation Financial/ Infrastructure	General Manager Strategy and Governance	1.Inadequate workforce planning inc post COVID pressures 2.Lack of effective position management 3.Poor and ineffective recruitment decisions	Catastrophic	Possible	High	1.Organisational Development Policy 2.Recruitment and Selection Procedures 3.Background Screening & Reporting Procedures, 4.People & Culture Service Standards, 5.Quality Working Culture Policy,	Major	Rare	Medium	Major	Rare	Medium	1.Support finalisation of 2021/22 EA renewal process 2.Update policy documentation as required 3. Undertake gap analysis across current skills audit data
March 2023	SC07	Service Delivery	Strategic	Project delivery	Inability to effectively implement strategic projects	Financial/ Infrastructure, Service Delivery, Reputation, Environmental/Cultural	General Manager Strategy and Governance	1.Increased volume and complexity of projects 2. Igudged stakeholder interest in major project outcomes 3.Decentralised approach to project management	Major	Likely	High	1.Project Management Board meetings and oversight 2.Project Management Framework and templates 3. Qualified/ specialised staff managing project progress 4. Annual budget management process 5. Grant funding reporting and verification process	Major	Possible	High	Moderate	Unlikely	Medium	1.Enhance project management reporting templates 2. Scopedesign group training or online training module 3.Devise training module and/or online module to deliver required detail
March 2023	SC08	Financial	Strategic	Effective Governance	Poor or ineffective budget development and management	Financial/ Infrastructure, Service Delivery Legal/Regulatory/Policy, Reputation	General Manager Strategy and Governance	1.Lack of zero based budgeting aligned with strategy 2.Insufficient budget for development of new assets 3. Difficult to understand full cost of individual services	Major	Possible	High	1. Qualified/experienced/ specialised staff 2. Financial regulations/ Accounting standards 3. Internal policies, procedures, processes 4. Regular external and internal system audits 5. Budget Setting, Management & Reporting	Major	Unlikely	Medium	Major	Unlikely	Medium	1. Scope & mplement zero based budgetting as required 2. Ensure capital accounting adequately allocated for new assets 3.Ensure inclusion of strategic option/variations in LTFFP process
March 2023	SC09	Governance, Legal & Compliance	Strategic	Effective Governance	Poor or ineffective management of legislative and regulatory obligations and ongoing changes	Legal/ Regulatory/ Policy, Service Delivery, Financial/Infrastructure, Reputation	General Manager Strategy and Governance	1.Poor comms. re. legislative/regulatory change 2.Poor comms. re. Aged Care legislative/regulatory change 3.Lack of compliance framework/understanding for risks	Major	Almost Certain	Extreme	1.Reference to LGA 1999 Act & regulations 2.LGA Governance networking group 3. Qualified / experienced staff 4. Compliance Register - Council 5.Governance policy, procedure and processes	Major	Possible	High	Major	Rare	Medium	1. Review and update Compliance Register 2. Draft a Compliance Policy & Framework 3. Provide Compliance training for staff as relevant
March 2023	SC10	Workforce Planning	Strategic	People & Culture (incl. WHS)	Inability of current staff profile to transform the organisation	People, Service Delivery, Legal/ Regulatory/ Policy, Reputation	General Manager Strategy and Governance	1.Lack of innovative/dynamic organisational direction 2.Poor capability/capacity for organisational transformation 3.Lack of skills/training to support staff to build change/agile skills	Major	Possible	High	1.HR policy and procedures 2.Training Needs Analysis (TNA) & corporate training program 3.Organisational structures and skills audits 4.Vacancy Management 5.Succession Planning	Major	Unlikely	Medium	Major	Unlikely	Medium	1.Align strategic plans to organisation structure to ensure capacity 2.Benchmark similar Councils re their strategic planning process 3. Ensure 'key worker' risk/succession planning is updated & mapped.
March 2023	SC11	Workforce Planning	Strategic	People & Culture (incl. WHS)	Prevention of risk or harm to children, young and vulnerable people	People, Service Delivery, Reputation, Environmental/Cultural	General Manager Strategy and Governance	1.Poor recruitment 2.Failure to adequately undertake staff checks/ screening. 3. Inadequate level of training	Catastrophic	Likely	Extreme	1.Background Screening & Reporting Procedures 2.Training Needs Analysis (TNA) details training per position. 3.Required training undertaken for existing related postions. 4.Appropriate screening checks undertaken as part of recruitment process.	Major	Rare	Medium	Major	Rare	Medium	1.Undertake TNA reconciliation to skills source docs. 2.Identified staff to acknowledge 'Children & Vulnerable People' req'ts. 3.Ensure required screening checks are undertaken as relevant
March 2023	AD01	Environmental & Coast	Strategic	Environment	Poor or ineffective management of the impacts of climate change	Environmental/Cultural Reputation Financial/ Infrastructure	General Manager Assets and Delivery	1. Lack of focus for environmental/climate change 2. Lack of budget capacity for environmental issues 3. Poor Community engagement on environmental issues	Catastrophic	Likely	Extreme	1.Resilient South Regional Climate Partnership 2.Environment Strategy & Implementation Plan 3.Waste Management Policy inc diversion to recycling & organics 4.Tree Management Policy and Street tree audit 5.Specialist trained staff/externally funded Urban Greening Officer	Catastrophic	Possible	High	Major	Unlikely	Medium	1.Implement Resilient South Local Action Plan 2.Develop Regional Climate Action Plan 3.Develop a carbon neutral plan/strategy to achieve 2030 target
March 2023	AD02	Place Making	Strategic	Growth and Prosperity	Insufficient or ineffective Asset Management Planning	Service Delivery Environmental/Cultural Financial/ Infrastructure Reputation	General Manager Assets and Delivery	1.Insufficient resources/skills/accurate data & cost information, 2.Inadequate level of correct data analysis 3.Lack of commitment by SLT and EMs to drive asset management	Major	Likely	High	1.Place making Strategies guiding future asset investment/design 2. Asset management policy, AMPs and related procedures 3. Capital accounting & Project management programs 4. Specialist/trained staff 5. Regular training to align with legislation	Major	Unlikely	Medium	Major	Unlikely	Medium	1.Asset Management Audit actions 2.Recruit staff to team vacancies 3.Update asset related policies and procedures for 2022/23
March 2023	AD03	Community Safety	NEW Strategic	Emergency Management	Failure to adequately consider Emergency Management planning, preparation, response and recovery	Reputation Legal/ Regulatory/ Policy Service Delivery	General Manager Strategy and Governance	1.Disruptive events 2.Flooding/Heat related emergencies 3.Climate change/Environmental factors	Major	Almost Certain	Extreme	1.Crisis and Incident Management Plan 2.Business Continuity Plan 3.Incident Management training 4.Southern Region Zone Partnership (CoMa/CoMi/CoO)	Major	Unlikely	Medium	Major	Unlikely	Medium	1. Emergency sand bags/flood signage/disaster mgt kits @ depot 2.Member attends Resilient South Emergency Mgt meetings 3.Review website to ensure Community infopages are updated
March 2023	81	Business Impact	Operational	Asset Management	Asset Management Plans with high and very high risk actions with actions to be completed within 1 year	Service Delivery, Financial/Infrastructure, Reputation, Environmental/Cultural	General Manager Assets and Delivery	1.Inadequate priority planning currently in place 2.Insufficient resources/skills/accurate data & cost information, 3.Inadequate level of correct data analysis	Major	Likely	High	1.Trained teams/specialist staff 2.Adequate vehicles, tools & skills in place 3.Training Needs Analysis (TNA) data base 4.Established maintenance schedule data 5. SOPs/SSAPs/User Reference Documentation	Major	Possible	High	Major	Unlikely	Medium	1. Develop an Internal AMS to inform AMPs. 2. Review survey to inform community LOS as required to inform next AMP. 3. Introduce review timetable via annual updates to the AMP development.
March 2023	82	Business Impact	Operational	Asset Management	Asset Management Plans with high and very high risk actions with actions to be completed within 2 years	Service Delivery, Financial/Infrastructure, Reputation, Environmental/Cultural	General Manager Assets and Delivery	1.Inadequate priority planning currently in place 2.Insufficient resources/skills/accurate data & cost information, 3.Inadequate level of correct data analysis	Major	Likely	High	1.Trained teams/specialist staff 2.Adequate vehicles, tools & skills in place 3.Training Needs Analysis (TNA) data base 4.Established maintenance schedule data 5. SOPs/SSAPs/User Reference Documentation	Major	Possible	High	Major	Unlikely	Medium	4. Update asset category rates via revaluation sysle, next AMP update/reconcile replacement costs. 5. Revise the valuation dateine to 01/07 - to commence 2022/23 with Open Space. 6. Develop costed improvement plan with AMS.
March 2023	83	Business Impact	Operational	Asset Management	Asset Management Plans with high and very high risk actions with actions to be completed within 4 years	Service Delivery, Financial/Infrastructure, Reputation, Environmental/Cultural	General Manager Assets and Delivery	1.Inadequate priority planning currently in place 2.Insufficient resources/skills/accurate data & cost information, 3.Inadequate level of correct data analysis	Major	Likely	High	1.Trained teams/specialist staff 2.Adequate vehicles, tools & skills in place 3.Training Needs Analysis (TNA) data base 4.Established maintenance schedule data 5. SOPs/SSAPs/User Reference Documentation	Major	Possible	High	Major	Unlikely	Medium	7. Undertake assessment with AMS and schedule every 4 years. 8. Investigate the use of thematic GIS mapping to support decision making. 9. Long term goal, asset data maturity to be in place to inform the strategic modelling. Aim to undertake some predictive /scenario modelling to inform the next Transport AMP.
March 2023	110	Events Management	NEW Operational	Service Delivery	Inability to deliver a sustainable events calendar	Service Delivery, Environmental/Cultural, Financial/ Infrastructure, Reputation,	General Manager Community and Business	1. High volume of events - raised community expectation 2.Demand/Pressures of open space management 3.Increased no of events impacts community safety	Major	Possible	High	1. Qualified/specialised staff 2.Established events program 3.Event management policy, strategy, procedure & process 4.Partnership with local groups - Jetty Road Mainstreet etc 5.Stakeholder communication process	Moderate	Possible	Medium	Moderate	Possible	Medium	1.Undertake event organiser survey to gauge post COVID needs 2.Benchmark event organisers to identify key review areas post COVID 3.Review target markets - domestic/overseas/package/independents 4. Internal process improvement - event traffic management 5. DAIP 6. Endorse RT DAP Councils/Tourism Recovery Plan

Item No: 8.3

Subject: **INTERNAL AUDIT PROGRAM REPORT**

Date: 15 March 2023

Written By: Risk and Improvement Officer

General Manager: Strategy and Corporate, Ms P Jackson

SUMMARY

Of the four risk-based audits scheduled for the Internal Audit Program 2022/23, the first, Flood Mitigation has been completed and the second, Complaints Handling, is currently underway.

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

RECOMMENDATION

1. That the Audit Committee notes this report.

RETAIN IN CONFIDENCE - Section 91(7) Order

2. That having considered Attachment 4 to Agenda Item 8.3 77/23 Internal Audit Program in confidence under section 90(2) and (3)(e) of the *Local Government Act 1999*, the Audit and Risk Committee, pursuant to section 91(7) of that Act orders that the attachment be retained in confidence for a period of 24 months and/or the Chief Executive Officer is authorised to release the documents and that this order be reviewed every 12 months.
-

STRATEGIC PLAN

Statutory compliance

COUNCIL POLICY

Risk Management Policy

STATUTORY PROVISIONS

Local Government Act 1999

BACKGROUND

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

The Internal Audit Plan for the 2022/23 financial year was drafted with Galpins and endorsed by the Audit Committee (Report No 343/22) in August 2022. A copy is provided as Attachment 1 for reference.

Refer Attachment 1

REPORT

Progress on the internal audits from the 2022/23 Internal Audit Plan is outlined below:

Flood Mitigation	Audit completed, copy attached.*
Complaints Handling	Staff interviews completed, audit testing largely finished, peer Council process reviews underway, report in draft phase.
Fraud Detection	Opening meeting undertaken, scope document drafted and approved.
Development Follow Up	Scope document drafted.

**Refer Attachment 2*

Flood Mitigation Audit

The Flood Mitigation audit is now complete, providing an in-depth report on Council's ongoing risk of flooding, with additional reviews of coastal and stormwater asset management.

In addition to key staff interviews, documentation reviews and benchmarking with similarly placed Councils, references were also made to the following flood and stormwater related plans and reports:

- Stormwater Asset Management Plan 2020
- Stormwater Implementation Plan 2020/21 - 2023/24
- Stormwater Drainage Policy – Building and Construction
- Stormwater Management Plan Coastal Catchments between Glenelg and Marino 2014
- Resilient South Climate Change Adaptation Plan
- Resilient South Asset Management Project, Research and Recommendations Report
- Stormwater 10 year program 2022
- Strategic Plan 2050
- Marion and Holdfast Bay Water Sensitive Design Master Plan
- Customer requests relating to stormwater and flooding between 2019 and 2022.

The audit also incorporated references to the effectiveness of climate mitigation and adaption control initiatives in reducing Council's exposure to flood damage.

Complaints Handling Audit

Complaint record samples have been reviewed, along with staff interviews and walk through testing of current complaint handling processes. Comparisons to Customer Service/Complaints Handling best practice will be undertaken and recommendations drafted from the findings.

This audit is due for completion by the end of March.

Fraud Detection

The scope for this audit has been drafted and approved. It is due to commence as soon as the Complaints Handling audit is finalised and will concentrate on Council's systems and processes, with a similar audit planned for Alwyndor during 2023/24.

Development Follow Up

The initial scope for this follow-up audit has been drafted and will be scheduled as the last audit to be undertaken in the first year of this new internal audit contract with Galpins.

Audit Recommendations – Outstanding Actions Update

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

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

- all actions that have been completed *Refer Attachment 3a*
- all actions that are in progress and partially implemented *Refer Attachment 3b*
- all actions that are not yet implemented *Refer Attachment 3c*

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

The recommendations from the 2020 Cyber Security Audit are currently at 77% implementation with 21 out of the 27 actions completed and all actions commenced. Updates on the actions in progress are provided in the confidential attachment.

Refer Attachment 4

BUDGET

There are no budget implications associated with this report.

LIFE CYCLE COSTS

There are no life cycle costs associated with this report.

Attachment 1



Internal Audit Program Year 1: 2022 - 23

Attachment 1

#	Year Ref:	Timing	Audit Topic	Audit Project Detail	Audit Type	Status Update	Audit Type			Risk Coverage	Project Sponsor	Estimated cost (ex GST)
							System/ Process Audit	P.I.R*	Financial Controls Review			
1	Year 1	August/ September	<i>Floodwater/ Stormwater</i>	Coastal area/environmental impact/asset protection <i>Risk 1 – Poor or ineffective management of the impacts of climate change</i>	Strategic	- Scope drafted and agreed. - Timeframe: Sep/Nov. 2022 - Initial meeting undertaken. - Audit engagement commenced.	✓			1	GM Assets & Delivery	\$15,164
2	Year 1	January/ February	<i>Complaints Handling</i>	Link to Customer Experience Strategy once rolled out <i>Risk 14 - Poor or ineffective customer service delivery</i>	Blended	- Initial discussions underway. - Timeframe: Feb/Mar.2023 - Scope to be finalised.		✓		14	GM Community & Business	\$10,635
3	Year 1	March / April	<i>Fraud Detection</i>	Undertake fraud detection across CHB & Alwyndor <i>Risk 16 – Poor or ineffective budget development and management</i>	Standard	- Audit not yet commenced. - Successive audits can be reduced fee - Timeframe approx. Apr/May 2023.			✓	16	GM Strategy & Corporate	\$7,574
4	Year 1	October/ November	<i>Development Assessment</i>	Post implementation review. <i>Risk 7 - Poor or ineffective planning systems and processes</i>	Follow Up	- Audit not yet commenced. - Follow up on 2021/22 audit - Timeframe approx. June 2023.		✓		7	GM Strategy & Corporate	\$5,000

Attachment 2





Accountants, Auditors & Business Consultants

City of Holdfast Bay

Internal Audit Report – Flood Mitigation Controls (for flooding from
Stormwater and Coastal Inundation)

February 2023



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Document Control

Date	Revision Number	Revision Details	Author	Reviewer
28.10.22	V1.0	Draft Audit Report	Alexandra Beaton	Janna Burnham
02.02.23	V1.0	Final Audit Report	n/a	Janna Burnham

Entry meeting	9/9/2022
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1. Executive Summary

1.1 Background

The City of Holdfast Bay (CHB) is situated in a generally flat area and is flood prone in pockets behind former sand dunes along the coast. The risk of flooding is well understood and contained within the organisation's asset management plans and Stormwater Management Plan.

Increasing density of urban development and storm rainfall intensity means that floods are considered increasingly likely. In addition, CHB's proximity to the coast impacts upon stormwater assets and forecast acquisition costs reflect a need to invest in major stormwater upgrades.

CHB has developed a joint Stormwater Management Plan with the City of Marion and also participates in the Resilient South Regional Plan.

CHB's stormwater infrastructure covers 70 kilometres of underground pipes and over 2,000 pits and junction boxes, with an estimated replacement cost of over \$58.5m.

The CHB aims to advance and promote community safety by mitigating the likelihood or consequences of flooding.

The approved Audit Program 2022-23 provided for an assurance audit to be undertaken reviewing the measures in place to ensure that CHB is appropriately prepared for and/or has adequate controls in place to minimise the impacts of flooding.

1.2 Objectives

This audit assessed the effectiveness of flood mitigation strategies within CHB.

The scope of the audit was to address whether:

- The flood mitigation controls adopted by the CHB through plans, strategies and policies reduce exposure to flood damage.
- The flood mitigation controls strategies minimise consequences of flood damage within the CHB.
- The flood mitigation controls adopted by the CHB consider the useful life and service capabilities of its assets.
- The climate mitigation and adaption control initiatives specifically related to flooding undertaken by the CHB and the Resilient South partnership are effective at reducing the CHB's exposure to flooding risk.

This audit excluded a review of and commentary on the CHB's emergency management documents and plans. The full audit scope is included in **Appendix 1**.

Risks of coastal flood inundation, beach management, water quality improvements and water sensitive urban design have been included within the audit as they are identified within relevant reviewed documents and are relevant to a general definition of 'flooding'. It is noted that they do not contribute to surface flooding caused by stormwater.

1.3 Relevant Strategic Risks

This audit aligned with CHB's strategic risks:

-
- poor or ineffective management of the impacts of climate change .
 - insufficient or ineffective Asset Management Planning.
 - inability to respond and recover effectively from disruptive events.

1.4 Acronymns and key terms

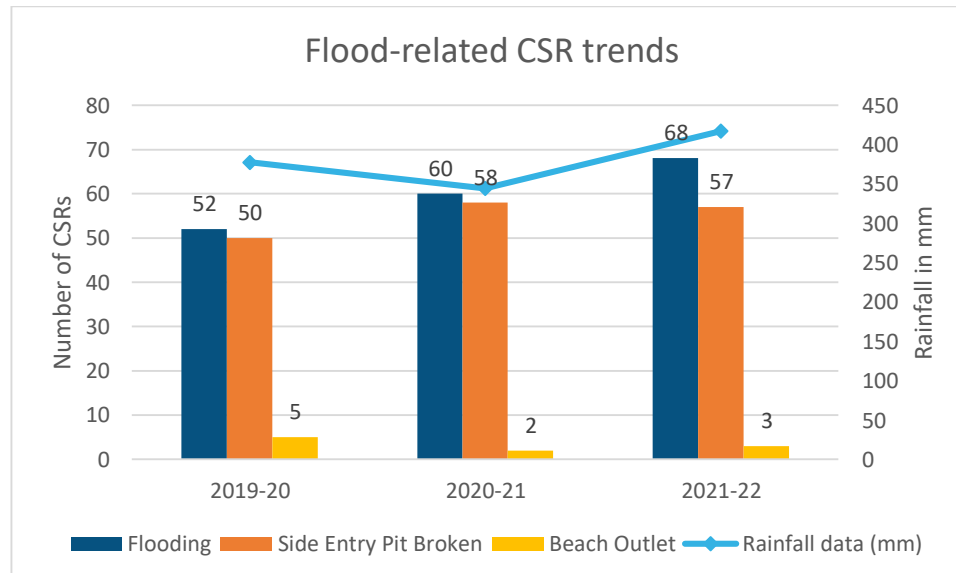
Term	Definition
AEP	Annual Exceedance Probability. This is a term used to express the percentage of likelihood of a flood of a given size or larger, occurring in a given year. If a flood has an AEP of 1%, it has a one in 100 likelihood of occurring in any given year.
AMP	Asset Management Plan
DEW	Department for Environment and Water
GPT	Gross Pollutant Trap. These are installed to catch stormwater pollution before it enters waterways. GPTs act like a filter, retaining litter but allowing water flow.
SAMP	Stormwater Asset Management Plan
SMP	Stormwater Management Plan
WSUD	Water Sensitive Urban Design

1.5 Data Analysis: trend in flood-related requests

Audit analysed internal data about flood and storm-related customer service requests (CSRs) to provide context and understanding of the effectiveness of CHB's relevant control strategies.

The data includes all CSRs received for the last three financial years relating to stormwater 'Flooding', 'Side Entry Pit Broken' and 'Beach Outlet'. A summary is below.

Summary: Flood-related Customer Service Request (CSR) trends 2019-20 to 2021-22



It can be seen that there has been an increase in flooding CSRs to 2021-22. The causes have may have included intense storm events, higher density development leading to increased flows, improved record keeping, changing expectations on acceptance of water on the road, or general maintenance of stormwater pits and pipes unrelated to storm events. The total number of requests per year, however, remains low.

1.6 Teams involved with Stormwater/Flood Management

A number of teams are involved with managing stormwater/flooding at CHB. A summary is below:



1.7 Good Practices Observed

- ✓ CHB has awareness of the importance of flood management – for flooding that is induced both via stormwater and coastal inundation. It has a framework in place to manage this risk.
- ✓ The *Stormwater Management Plan: Coastal Catchments between Glenelg and Marino* (SMP, 2014) exists between CHB and the City of Marion, this includes a risk assessment and outlines steps to be taken to minimise flooding (as well as steps to progress to becoming water sensitive cities).
- ✓ Staff developed a Stormwater Implementation Plan 2020-21 to 2023/24 in 2020 and had this approved. This helped to operationalise/fund required stormwater initiatives as identified in the SMP, with an aim to reduce major flood risk and minor flooding.
- ✓ The CHB *Stormwater Asset Management Plan 2020* considers the useful life of relevant assets, and as well as service capabilities vs future demand. *Nb – this was a specific scope element for checking, no further discussion is included on this matter.*
- ✓ Interviewees from the Engineering and Field Services team reported improved frequency and coordination of communication between the teams to resolve issues identified with stormwater infrastructure.
- ✓ Field Services leadership team members reported awareness of flood issue areas and active monitoring of weather forecasts. It was reported that for flood risk days, the team's daily tasks are cancelled in order to enable capacity to respond to service calls/issues.
- ✓ Customer service script developed by Field Services team in conjunction with Customer Experience team to assist with and facilitate triaging and escalation of customer service requests.
- ✓ Emergency alert process in place for high priority/emergency incidents in place, which includes sending a text alert to the responsible person/s for action. In particular, alerts from BOM and DEW for the Patawalonga Lake System are provided together with pump station outages.
- ✓ Street cleaning reportedly occurs on a monthly basis, as a proactive approach to mitigate flood risk that can arise from blocked drains and also to reduce pollutants entering the stormwater system.
- ✓ CHB is involved in the Resilient Asset Management Project, as part of Resilient South partnership, this is the first of its kind in Australia and aims to investigate how to integrate climate aspects in asset management.

1.8 Key Findings and Recommendations

This internal audit project aimed to assess the controls established to address strategic risks: *poor or ineffective management of the impacts of climate change, insufficient or ineffective Asset Management Planning, and inability to respond and recover effectively from disruptive events*. Based on the work undertaken around flooding, and when considering the design and/or effectiveness of controls collectively, we conclude that the control environment is: **majority effective**.¹

Flooding is not confined to council boundaries. The term 'flooding' is considered in professional circles to be related to stormwater management. This audit also considered controls around flooding caused by the ocean. This is technically termed 'inundation', however is included as Internal Audit considered this a type of flooding and relevant to the audit.

Audit note that there has been no major local flooding within recent years, with minor localised issues only. In addition, there have been no successful flood-related insurance claims against CHB since 2013.

For context about the risk of flooding, risk assessment and flood mapping data identify **coastal risk of inundation** as a significant long term risk (latter half of the century) to CHB's community.² CHB's Stormwater Management Plan (SMP) outlines that increased flood risk from increased rainfall intensity due to climate change is 'slight', and 'its impact will be dwarfed by the impact of the increasing imperviousness of the catchment arising from current development trends.' (p.42)

Audit found that only 2 of 19 stormwater projects as identified in the 2014 SMP have been completed, with a further 7 in progress. One of four 'major' projects is currently underway and funded, with the other three 'in progress'. Of these three, the concept plans have been completed (no works commenced). The Engineering team have a 10 year plan to deliver stormwater projects, and have delivered some works each year. There is, however, limited ongoing funding (\$1.2m per annum) for stormwater projects.³ 'Major' project costs are estimated at \$3.3 to \$6.8m each and will require additional/grant funding or to be built over several years. Stormwater infrastructure is technically challenging to install in urban areas – for example around pre-existing underground infrastructure.

The roles/responsibilities in place within CHB to manage flood risk are largely clear and well defined. CHB also has a framework in place in relation to flood management, with a suite of documents in place to identify priority works. The current SMP includes detail such as flood mapping, risk assessment and identification of priority projects. Dated 2014, the SMP is due for review. This can reflect current (increasingly urbanised) conditions and the impact of projects that have been achieved. As this is a joint City of Marion and City of Holdfast Bay document, both Councils recognise that this can be updated.

Seawalls are one key asset that protects the inland area against wave action/potential sea water inundation. There is a need to clarify ownership of sea wall infrastructure and, if the infrastructure belongs/partly belongs to CHB to ensure that this is adequately captured in asset management plans and its condition and design monitored to minimise risk of sea water inundation.

¹ Please refer to **Appendix 2**, Overall Control Effectiveness Ratings for further information.

² For example, see *Resilient South Climate Change Risks, Opportunities and Vulnerabilities in the Southern Region (2014)* and *Climate Change Adaptation Plan 2014*.

³ As per 2020 Stormwater Implementation Plan – this positive initiative saw CHB specifically commit some ongoing funding to stormwater capital works.

Rainwater tanks and detention tanks or basins are a requirement under the planning approvals of many private developments over a large number of years and contribute in major storm events to reducing peak flows and risk of flooding. These tanks are usually contained within private property and their condition and effectiveness in reducing flood risk is not currently monitored by Council.

Findings are summarised over page.

Finding	Recommendation	Audit Risk Rating	CHB Risk Rating	Expected Completion Date
2.1 A framework to manage flooding is in place, there's opportunity to review Stormwater Management Plan	<p>Recommendation 1 After updated flood modelling/risk data is received from the State Government, review the Stormwater Management Plan.</p> <p>This can include updated action items/projects for achievement, based on the latest modelling data.</p> <p>Note – this recommendation will be dependent on agreement with the City of Marion and the <i>Stormwater Management Authority</i>.</p>	Medium	Low	June 2026
2.2 A need to stocktake progress in implementing SMP actions	<p>Recommendation 2 Conduct a stocktake of progress in implementing projects identified in the <i>Stormwater Management Plan Coastal Catchments between Glenelg and Marino 2014</i> (SMP) and identify whether:</p> <ul style="list-style-type: none"> sufficient action has been taken against these compared to associated risk. whether there are sufficient financial resources associated to achieve CHB's expected progress in delivering the projects. an action plan to ensure more timely progress is required, or each project (considering updated flood risk modelling) is still required/considered a risk area. <p>Report results to the Senior Leadership Team.</p>	Medium	Medium	December 2023
2.3 Further encouraging rainwater tank installation/stormwater compliance measures	<p>Recommendation 3 Develop a strategy to ensure existing and new rainwater and stormwater detention facilities are installed and maintained correctly. This in line with the Planning, Development and Infrastructure (2016) Act's requirements (as applicable), and CHB's <i>Stormwater Drainage Building and Construction Policy</i> (2020). This <u>may include</u> but is not limited to:</p> <ul style="list-style-type: none"> researching/understanding the extent of non-compliance with detention tank installation and risks of non-compliance on stormwater flooding. 	Medium	Low	June 2024 (as part of SMP review)

Finding	Recommendation	Audit Risk Rating	CHB Risk Rating	Expected Completion Date
	<ul style="list-style-type: none"> confirming that tanks that meet criteria set out in the Code are installed. requiring builders to advise owners of their responsibility to install tanks (where applicable). offering further incentives associated with tank installation on existing properties. use of education on the importance of installing tanks. regular inspection of tank installation and detention installation. use of an enforcement/penalty-based approach when tanks/detention are not installed as per approved plans. 			
2.4 Coastal 'inundation' management is long term, some need to clarify asset ownership	<p>Recommendation 4 Pending confirmation of whether ownership of seawalls rests with CHB or the SA Government, review whether:</p> <ul style="list-style-type: none"> seawall assets should be included in the Asset Management Plan ongoing monitoring and maintenance of seawall infrastructure is captured adequately in CHB's asset management system. 	Low	Low	June 2024 (AMP upgrade)
2.5 Opportunity for proactive condition assessments and oversight of third parties	<p>Recommendation 5 Identify the stormwater drains/assets identified as being at higher risk of failure and use this to prioritise proactive condition assessment of these assets. Captured information can then be used to inform proactive maintenance of stormwater infrastructure going forward.</p> <p>Recommendation 6 Develop an approach, for example via two-way liaison, to obtain assurance that Minda's current management of stormwater is effective.</p> <p><i>Note: the intent of this recommendation is for CHB to have assurance that it will not be unexpectedly impacted by a failure in stormwater asset controls at Minda. Minda may also benefit from two-way discussion with CHB on this matter. If CHB attempt to open liaison and Minda is not forthcoming in engaging, then this recommendation will be considered closed.</i></p>	Medium	Medium	June 2024 (Stage 1 works underway)

Finding	Recommendation	Audit Risk Rating	CHB Risk Rating	Expected Completion Date
2.6 Operational maintenance infrastructure some improvements identified of occurs, minor	<p>Recommendation 7 Define the maintenance requirements for CHB's Water Sensitive Urban Design (WSUD) assets and plan an approach to ensure these are maintained in line with industry standards.</p> <p>Recommendation 8 Review the Yarrum Grove maintenance schedule and ensure that Field Services have oversight of these requirements.</p> <p>Recommendation 9 Work to increase clarity around cost management of Gross Pollutant Traps, in particular:</p> <ul style="list-style-type: none"> ensure that ongoing maintenance costs are included as part of forward planning for new GPTs, and work to clarify cost recovery arrangements for GPT cleaning with the City of Marion. 	Low	Low	June 2024

2. Detailed Findings and Recommendations

2.1 A framework to manage flooding is in place, there's opportunity to review Stormwater Management Plan

Audit Risk Rating	CHB Risk Rating
Medium	Low

Key Findings

- CHB has a framework in place that clearly outlines its flood-related risks and associated management activities.
- The level of flood protection achieved for specific projects is decided on a project-by-project level, with consideration of cost, risk and feasibility.

Discussion

The audit scope called for a review of whether the flood mitigation controls adopted by CHB through plans, strategies and policies reduce exposure to flood damage. This section summarises the overall framework and clarity of roles/responsibilities related to stormwater management.⁴

CHB has a framework in place to manage the risk of flooding and the primary control is stormwater infrastructure. Key plans and strategies in place include:

- Stormwater Management Plan: Coastal Catchments between Glenelg and Marino* (2014). A joint initiative between the cities of Holdfast Bay and Marion.⁵
 - this visually maps flood risk across CHB and provides risks strategies and recommendations for further works
- Stormwater Implementation Plan 2020* – approved by Council in 2020 – funds four years of projects as identified in the SMP and identifies major projects to be implemented over the longer term.
- Stormwater Asset Management Plan* (2020) (SAMP)
- City of Marion and CHB – *Water Sensitive Urban Design Master Plan 2015*
- Environment Strategy 2020-2025*
 - this includes Priority Actions relating to the sea wall and sand groynes to mitigate coastal inundation risk.

Audit reviewed these plans and strategies and found that they clearly outline CHB's risks and identified flood management (for stormwater) activities. This section outlines opportunities for improvement as identified via the audit. Coastal-related flooding is included in section 2.4.

⁴ Galpins have performed a controls assessment using the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control - Integrated Framework (COSO Controls Model). Report findings arise from this assessment.

⁵ This is flagged for review, page 6 of the Stormwater Implementation Plan 2020.

Risk / flood modelling information requires update

Audit reviewed the risk information in place, used to guide effort to reduce the risk of flood. Risk assessments are a useful way to guide activities (controls/treatments) in a meaningful way. They are intended to help to identify what could stop an organisation from achieving its objectives, and to then enable organisations to identify how to treat this risk.

For risk assessments to work effectively, there need to be clear objectives around the activity. Currently, the CHB Annual Report includes the following indicator:

INDICATOR	TARGET (TIMEFRAME)	BASELINE (IF APPLICABLE)	ACTUAL
Reduce flash flooding within our city during rain events less than 20mm Registered events of flash floods	0 flash floods in less than 20mm rain (life of plan)	Nil flooding	Nil flooding. Achieved for 2020–21

Source: 2020-21 CHB Annual report, p.48.

A senior stakeholder reported that under this general aim, the more precise target/objective for specific projects that reduce the risk of flooding 'is what we can afford, what's reasonable, what's possible to do.' It's a balance of risk and cost, and the stakeholder noted that achieving protection for a 1% annual exceedance probability (AEP)⁶ flood is 'not feasible' for a recent project, and protection against a 2% AEP flood was instead achieved.

The introduction to the Stormwater Implementation Plan 2020 references that Council's underground stormwater drainage network "has a standard typically less than a 5 year Annual Recurrence Interval (ARI)."⁷ This infers that there is a 20% chance some flooding may occur in the major catchments in a given year, on roads or in private property.

Flood mapping/risk assessment target

CHB has risk information about flooding. CHB's *Stormwater Asset Management Plan 2020* includes high-level risk assessment of stormwater assets, and the *Stormwater Management Plan Coastal Catchments Between Glenelg and Marino 2014 (SMP 2014)* includes a more detailed flood risk assessment.

Audit note that the flood risk assessment data included in the SMP 2014 is now ageing. DEW / Plan SA have updated flood maps based on more recent climate change data, more recent Lidar survey, changes in density or impervious areas of development and works completed in the catchment. This information has not currently been released to Council. Anecdotal advice is that there are limited changes in the City of Holdfast Bay area.

⁶ An annual exceedance probability (AEP) is the probability of an event occurring in any given year. More specifically, a 1% AEP means there is a 1% chance in any given year of [a large flood event] occurring. Therefore, a 2% AEP is equivalent to protection for a large flood event that there is a 2% chance of occurring in any year.

⁷ Stormwater Implementation Plan 2020, p.2

This updated mapping can be used to update the SMP and CHB's associated work plan. See **Recommendation 1**.

Risk Exposure

- CHB's resources may not be directed towards areas of highest risk due to outdated risk/flood modelling data.

Recommendation 1	<p>After updated flood modelling/risk data is received from the State Government, review the Stormwater Management Plan.</p> <p>This can include updated action items/projects for achievement, based on the latest modelling data.</p> <p><i>Note – this recommendation will be dependent on agreement with the City of Marion and the Stormwater Management Authority.</i></p>
Agreed Actions	Work with CoM on updating the SMP. Estimated 2 year development and approval phase commencing July 2024.
Action Officer	James Mitchell
Completion Date	June 2026

2.2 A need to stocktake progress in implementing SMP actions

Audit Risk Rating	CHB Risk Rating
Medium	Medium

Key Findings

- The Stormwater Management Plan (SMP) is dated 2014 and includes a range of action items. In 2020, Council approved the Stormwater Implementation Plan 2020-21 to 2023-24. This succeeded in ensuring some ongoing capital funding (\$1.2m/year) to achieve some stormwater projects.
- Audit analysis has identified that 2 of 19 projects from the SMP have been completed.

Discussion

Internal Audit reviewed the effectiveness of monitoring of flood-related activities. To do this, we assessed:

- implementation of CHB's risk-based projects as identified in the *Stormwater Management Plan Coastal Catchments between Glenelg and Marino 2014* (SMP), and
- annual reporting against stormwater and flooding targets in the Annual Report.

Implementation of SMP projects

The SMP includes a range of projects that can be implemented by CHB. The Stormwater Management Authority tracks actions from the SMP, and CHB periodically reports progress against this. The below table provides a summary of SMP project status (as relevant to CHB) as at 10 October 2022.

	Completed		In progress	Stalled	Not started
Major Drainage Outfalls	4	0	4*	0	0
Minor Drainage upgrades	15	1	4	0	10
Total	19	1	8	0	10

* Note- initial concept plans have been completed for 3 drainage outfalls (Edwards St, Jetty Rd, Minda/Harrow Rd). These projects are not yet scheduled for completion, and detailed design/delivery will not occur for a number of years however they are marked as 'in progress'. Tarlton Street catchment works is funded and is currently in design.

The action status report shows that:

- Three of four *major* drainage outfalls identified in the 2014 SMP have not yet had physical works commence. Initial concept plans have been completed for these.

- Ten of 15 minor drainage upgrades in the City of Holdfast Bay in the 2014 SMP have not yet commenced.
 - Four are in progress (of these, two are medium priority actions, and two are low priority actions).
 - One has been completed at College Road Somerton Park.

The above findings need to be considered within the context that there has not been an ongoing recent large problem with flooding within CHB. There is evidence that monitoring of stormwater management is in place at CHB, and that some funding is being allocated towards relevant projects. Specifically, having the Implementation Plan 2020 approved by Council represented a step forward in ensuring some ongoing funding of SMP projects.

Audit also understand that projects in the Stormwater 10 year program are prioritised based on the Implementation Plan 2020. This Plan prioritises projects based on flood risk, water quality variables and a cost-benefit ratio. There is opportunity for review of whether current progress in delivering the SMP projects meets expectations. See **Recommendation 2**.

Unfunded projects from SMP

The current 10 year capital Stormwater Program includes the following unscheduled projects.

Unscheduled projects in 2022 Stormwater 10 Year Program (internal operational program)

Project	Value	Included in SMP?
Cecilia and Alice, North Brighton	\$1,300,000	Yes
Jetty Road, Brighton	\$8,500,000	Yes
Byre Avenue	\$1,300,000	Yes
McCoy Street	\$550,000	Yes
Caroona Street	\$750,000	Yes
Ophir Crescent	\$750,000	Yes
Alfreda Street	\$650,000	Yes
Wheatland Street	\$650,000	Yes

It is positive that these projects have not been 'lost', however they have been flagged since the SMP's development in 2014. For context, Audit understand that the planned \$6m Edwards St project is significant and will cost several years' project funding (depending on grant funding).

Overall, however, it appears that progress towards achieving SMP stormwater projects is gradual.⁸ There is scope to review whether the current progress against the SMP is sufficient, and also to confirm whether associated reporting and oversight is effective. There is opportunity to reconcile whether adequate progress has been made against projects outlined in the 2014 SMP, and also to track whether the highest priority projects as identified by the risk-based 2014 SMP have been actioned. See **Recommendation 2**.

⁸ We note that some other complex initiatives, such as three gully master plans and associated technical specifications, have been achieved.

Risk Exposure

- Time lags in implementing recommended flood risk-reducing projects may mean that the risk of flood damage is not being minimised in line with expectations.

Recommendation 2	<p>Conduct a stocktake of progress in implementing projects identified in the <i>Stormwater Management Plan Coastal Catchments between Glenelg and Marino 2014</i> (SMP) and identify whether:</p> <ul style="list-style-type: none"> sufficient action has been taken against these compared to associated risk. whether there are sufficient financial resources associated to achieve CHB's expected progress in delivering the projects. an action plan to ensure more timely progress is required, or each project (considering updated flood risk modelling) is still required/considered a risk area. <p>Report results to the Senior Leadership Team.</p>
Agreed Actions	Update implementation plan with a 5 year program and a 20 year horizon to capture all relevant projects with a priority and risk based on the SMP.
Action Officer	James Mitchell
Completion Date	Within 6 months of the updated flood data or December 2023 whichever is earlier.

2.3 Further encouraging rainwater tank / detention installation/stormwater compliance measures

Audit Risk Rating	CHB Risk Rating
Medium	Low

Key Findings

- Urban densification creates increased impermeable surfaces that cannot absorb stormwater and create additional runoff. Rainwater tanks, detention and mandatory minimum permeable surfaces are tools intended to reduce this issue. There are concerns that CHB does not have assurance that rainwater tanks, detention and permeable surfaces are being installed/retained or maintained as required.
- There is opportunity for CHB to consider a strategy to encourage further installation of rainwater tanks.

Discussion

Installation of rainwater tanks

Officers reported specific concern that rainwater tanks or detention may not always be installed as per planning applications and Council's *Stormwater Drainage Building and Construction Policy (2020)*, and that installing after build completion can be difficult.⁹ Water detention/retention via tanks reduces peak flows and the risk of damage.

Schedule 8, part 2 of the *Planning, Development and Infrastructure (General) Regulations 2017* requires that:

(1) An application for planning consent that proposes building work...must be accompanied by—

(xi) the location and capacity of any proposed¹⁰ water tank, the connection type, the total roof area to be connected to the tank and the proportion of the tank to be used for retention or detention.

The Planning Code includes Stormwater Management Overlay performance outcome PO1.1 around the capture and re-use of stormwater.¹¹ The associated 'deemed to satisfy' criteria/ 'designated performance feature' information details requirements for proposed tanks.¹²

The Code requires residential rainwater retention/detention storage to be included for new developments, and that building applications are assessed against the Code. Audit understand that, if applications do not include proposed tanks, then this is considered a 'minor' departure from the standard, and that the application may still be approved under 'deemed to satisfy' processes.¹³

⁹ The size of land for new homes is generally smaller compared to established homes, and the capacity to retrofit a tank can be difficult – due for example to lack of access and a need for tanks to be underground. In addition, builders may allocate tank installation as the owner's responsibility after build completion.

¹⁰ This word may indicate that rainwater tanks are not required, but that details must be included if a tank is 'proposed'.

¹¹ For example, criteria around tank connection to the dwelling/roof area and tank size.

¹² See: <https://code.plan.sa.gov.au/> p.4488.

¹³ PlanSA's guidance is for entire applications to be either assessed via the Performance Assessment Pathway or the 'deemed to satisfy' pathway. The majority of CHB's applications are assessed by the performance assessment pathway, and that any 'deemed to satisfy' assessment can be conducted by an Accredited (independent) Professional, as well as CHB team members.

If tanks are included in a Plan, then s.215 of the *Planning, Development and Infrastructure Act (2016)* specifies the general offences relating to development contrary to a development authorisation. For example, 'a person must not undertake development contrary to a development authorisation under this Act'. Audit understand that enforcement is not always politically palatable and can be operationally difficult to achieve.¹⁴ Council has a vested interest, however, in ensuring that tanks are installed as a part of overall stormwater management practices. There is opportunity to clarify CHB's approach to requiring tanks to be installed.

There may be opportunity, for example, for a program to further encourage landowners (via reward or penalty) to install their approved water tanks.¹⁵ See **Recommendation 3**.

Risk Exposure

- There is a risk that builders/owners of new homes do not install rainwater tanks or detention per plans accompanying planning consent applications, creating increased water run-off from hard surfaces and increased likelihood of localised flooding/damage.

Recommendation 3	<p>Develop a strategy to ensure existing and new rainwater and stormwater detention facilities are installed and maintained correctly. This in line with the Planning, Development and Infrastructure (2016) Act's requirements (as applicable), and CHB's <i>Stormwater Drainage Building and Construction Policy</i> (2020). This <u>may include</u> but is not limited to:</p> <ul style="list-style-type: none"> researching/understanding the extent of non-compliance with detention tank installation and risks of non-compliance on stormwater flooding. confirming that tanks that meet criteria set out in the Code are installed. requiring builders to advise owners of their responsibility to install tanks (where applicable). offering further incentives associated with tank installation on existing properties. use of education on the importance of installing tanks. regular inspection of tank installation and detention installation. use of an enforcement/penalty-based approach when tanks/detention are not installed as per approved plans.
Agreed Actions	Prepare a plan with costs to determine best approach to improve implementation of detention/pervious areas within new developments and compliance around maintenance of existing detention/pervious areas in private property
Action Officer	Anthony Marroncelli/James Mitchell
Completion Date	June 2026 for 2026/27 FY budget

¹⁴ Reasons include - cases when builders require owners to install tanks and the new owner has not been made aware of this condition; the requirement to install tanks within 12 months of occupancy (not straight away); and due to challenges in obtaining physical access to the property.

¹⁵ The CHB 'green living' rebates program currently offers some rebates for rainwater tank purchase and plumbing – up to a cumulative total of \$200/household.

2.4 Coastal 'inundation' management is long term, some need to clarify asset ownership

Audit Risk Rating	CHB Risk Rating
Low	Low

Key Findings

- Coastal flooding ('inundation') is one longer-term risk facing CHB. It is currently largely managed by sand replenishment (via the sand pumping scheme). Erosion and undermining of seawalls has been identified as a more pressing risk than inundation (overtopping of the sea walls).
- Local works are on hold pending a 'Coastal and Estuarine Risk Mitigation Program' grant application.
- There is a need for CHB to clarify ownership/responsibility for seawall infrastructure.

Discussion

One type of flooding applicable to CHB relates to coastal flood risk. This is technically referred to as 'inundation', however is included in the audit as it meets a general understanding of 'flooding'. This section summarises the framework/controls in place in relation to coastal flood management.

Flood mapping data in the *Resilient South Climate Change Adaptation Plan 2014* identified the following projected impacts to CHB:

- low lying, built up areas may be particularly vulnerable to the impacts of sea level rise.
- sea level rise will exacerbate storm and coastal inundation.

The *Holdfast Bay Coastal Adaptation Plan: Stage 1 Stocktake and Engagement Strategy Summary* provides further context, identifying that the risk of inundation is mainly localised to the Glenelg area around the Patawalonga but is '*unlikely to occur until the latter part of the century*'.¹⁶

Coastal flood risk is reportedly primarily managed via coastal adaptation planning.¹⁷ CHB's *Environment Strategy 2020-2025* also summarises 'Priority Actions' and controls required to manage the coastal flood risk (see below).

STRATEGY	PRIORITY ACTIONS
Manage risks and impacts of future sea level rise	Manage beach erosion through sand pumping and sand groynes ¹⁸
Manage risks and impacts of future sea level rise	Improve coastal infrastructure to better deal with future sea level rise

¹⁶ Wavelength Consulting, *Holdfast Bay Coastal Adaptation Plan: Stage 1 Stocktake and Engagement Strategy Summary*, August 2021, p.ii.

¹⁷ Inundation is a longer term risk for the coast and managed through the multi-year coastal adaptation planning process to identify and prioritise coastal actions.

¹⁸ Sand groynes reportedly are not a major factor to minimising flood risk.

The SA Coast Protection Board is a partner/stakeholder for these Priority Actions. The Department for Environment and Water (DEW) manages sand pumping activities.

As outlined in the previous page's summary, coastal infrastructure assists in managing the risks of coastal inundation. Seawalls are one of these elements - see discussion below.

Seawall infrastructure

Seawalls are one key asset that protect the inland area against wave action. The 2021 internal audit on CHB's Environment Strategy identified that a coastal infrastructure condition assessment had been completed in the previous two years, which included the sea wall infrastructure. At this time, grant funding had been obtained for a consultancy to investigate repair of the sections of wall that required urgent attention.

The Resilient South's RAMP *Research and Recommendations Report* identified the potential climate impact on Council's assets, which includes:

- Sea walls and other coast protection measures fail as a result of increasing sea level and storm surge events (p.22).

CHB are currently investigating ownership of seawalls with the Coastal Protection Board (SA Government), and Audit understand that these are not currently included in the Asset Management Plan. Pending the results of this investigation, there is a need to review whether ongoing monitoring and maintenance of seawall infrastructure is captured adequately in CHB's asset management system and internal project planning. See **Recommendation 4**.

Risk Exposure

- If sea walls are not adequately maintained, they may not provide adequate protection against inundation from storm/surge events.

Recommendation 4	<p>Pending confirmation of whether ownership of seawalls rests with CHB or the SA Government, review whether:</p> <ul style="list-style-type: none"> ▪ seawall assets should be included in the Asset Management Plan ▪ ongoing monitoring and maintenance of seawall infrastructure is captured adequately in CHB's asset management system.
Agreed Actions	Confirm ownership of the seawalls. If Council, add to the asset register with an appropriate condition, life and value to allow depreciation.
Action Officer	James Mitchell
Completion Date	June 2024 as part of AMP update

2.5 Opportunity for proactive condition assessments and oversight of third parties

Audit Risk Rating	CHB Risk Rating
Medium	Medium

Key Findings

- In line with the Institute of Public Works Engineering Australasia guidelines, there is opportunity to target condition assessments of stormwater infrastructure according to risk criteria such as location, trees, age of components.
- Third parties such as Minda are responsible for stormwater management within the CHB boundary. There is opportunity to obtain assurance/comfort that this management is effective.

Discussion

Condition Assessments

Better practice stormwater asset management, in line with the Institute of Public Works Engineering Australia (IPWEA), is to have a condition assessment of stormwater assets, which can then inform a risk-based approach to maintenance activities.

The Engineering team's 'Stormwater 10 year program 2022' includes a three-year forecast budget for a condition assessment project commencing in 2022. This is positive, as the team reported having some condition assessments in place, however the information is as yet incomplete. The scope of this project is *'lifting and inspecting all nodes in the City of Holdfast Bay including side entry pits, grated inlet pits, junction boxes and headwalls and provide a condition rating over three consecutive years.'* The project is currently funded for the first year.

Audit note that the above project does not include assessment of the condition of stormwater drains or 'pipes' underground. A senior interviewee reported that condition assessment checks of these pipes are currently conducted in conjunction with capital works, for example at the same time as upgrading road surface. Some CCTV checking of pipes also reportedly occurs if there is any budget capacity at the end of each financial year.

There is potential for further risk-based condition assessment of stormwater drain/pipe infrastructure. In particular, to develop an approach for future increased proactive condition assessment of stormwater pipes/drains perceived to be at higher-risk of failure. Examples of factors contributing to higher risks include:

- location (eg drains under key roads)
- age of components
- material types
- trees
- environmental considerations – eg marine impact.

See **Recommendation 5**.

Flood management roles and responsibilities held by third parties

Audit identified that areas of flood risk that could potentially impact CHB's catchment and residential areas are managed by other organisations:

- Patawalonga Lakes System, Department for Environment and Water (DEW)
- section of coastline, including detention basin, Minda
- the Lower Sturt River Stormwater Management Plan (in draft) is being developed by neighbouring councils (see discussion below).

Overview: third party organisations with stormwater management responsibilities within CHB

Organisation	Responsibility	Comment/Issues noted
Minda	On-site stormwater infrastructure	Three senior stakeholders were unclear around roles and responsibilities in relation to flood risk and stormwater management at the Minda site, including their respective contact at the organisation. Audit note that infrastructure within the Minda site is not CHB's responsibility, however any failure of this infrastructure may result in impact to the surrounding homes. There is opportunity to clarify roles/responsibilities with Minda and obtain assurance that the risk of flood is being managed. See Recommendation 6 .
DEW	Managing the Patawalonga Lakes System (via a contractor)	DEW provides monthly reports on status of the system.

Risk Exposure

- Reactive condition assessment of stormwater and flood-related assets may create instances where assets at higher-risk of failure are not identified, with subsequent impacts on asset longevity and maintenance.
- If the roles and responsibilities of stormwater management by external parties that impacts CHB are not clarified, Council may not have appropriate assurance/oversight of the management of flood risk.

Recommendation 5	Identify the stormwater drains/assets identified as being at higher risk of failure and use this to prioritise proactive condition assessment of these assets. Captured information can then be used to inform proactive maintenance of stormwater infrastructure going forward.
Agreed Actions	Continue condition audit of Council's stormwater network.
Action Officer	James Mitchell
Completion Date	June 2024 (subject to budget)

Recommendation 6	<p>Develop an approach, for example via two-way liaison, to obtain assurance that Minda's current management of stormwater is effective.</p> <p><i>Note: the intent of this recommendation is for CHB to have assurance that it will not be unexpectedly impacted by a failure in stormwater asset controls at Minda. Minda may also benefit from two-way discussion with CHB on this matter. If CHB attempt to open liaison and Minda is not forthcoming in engaging, then this recommendation will be considered closed.</i></p>
Agreed Actions	Collate documentation related to Minda major stormwater management and undertake review of compliance. Review responsibility for maintenance and ownership.
Action Officer	Anthony Marroncelli /James Mitchell
Completion Date	June 2024

2.6 Operational maintenance of infrastructure occurs, some minor improvements identified

Audit Risk Rating	CHB Risk Rating
Low	Low

Key Findings

- CHB have a range of operational activities to guard against exposure to flooding. For example, proactive street sweeping, use of Intramaps to track assets, and annual plans of works.
- There is opportunity to define and plan for maintenance of Water Sensitive Urban Design (WSUD) assets.

Discussion

This section summarises the operational activities in place at CHB to achieve the flood risk reduction objectives. These are the activities designed to treat/reduce the risks of flood to acceptable levels, as well as the procedures to establish expectations and processes.

There are a number of activities in place to reduce the risk of flooding, including:

- Stormwater Implementation Plan 2020/21 – 2023/24 (operational document used to plan works)
- 10 year Stormwater Program – 2022 (internal project tracking spreadsheet)
- a reported monthly approach to street sweeping as a way to limit drain blockage.
- Intramaps system used to track stormwater infrastructure, including condition assessment and maintenance information.
- Facilities team manage some larger stormwater assets such as the Patawalonga boat lock.
- Beach outlets identified as critical assets, with reported ongoing maintenance and inspection to ensure stormwater can discharge in a rain event. Due to the shifting nature of sand, this is not scheduled and two senior interviewees reported inspecting regularly (daily during rain events) to ensure discharge can occur.
- quarterly Gross Pollutant Trap (GPT) cleaning contract/schedule in place to ensure GPTs are operating at optimal capacity to meet water quality requirements for stormwater discharge.¹⁹

Audit also identified areas for strengthening, as shown over page.

¹⁹ CHB's Stormwater Implementation Plan 2020 indicates that GPTs require substantial cleaning and maintenance on a quarterly basis.

Areas requiring further strengthening

- A need for a defined/planned approach to WSUD maintenance for upcoming years (note, maintenance has not yet been required). See discussion below.
- Yarrum Grove pump (and future stormwater pump systems):
 - Possibility to monitor through Building Management System (BMS).
 - A need to clarify responsibility for maintenance schedule. See discussion below.
- Reported need for clarity in responsibilities between CHB and City of Marion for contract management of GPT maintenance, and for planning for forward maintenance costs of planned new GPTs.

Water Sensitive Urban Design (WSUD) Asset Maintenance Schedule

Audit were advised by a senior stakeholder that as CHB's WSUDs have only been installed in the past few years, there has not yet been a maintenance schedule developed as maintenance has not yet been required.

Stormwater Victoria have developed WSUD Audit Guidelines which provide detailed operations and maintenance guidance.²⁰ The Guideline outlines that *WSUD assets need to be managed, including audits, planned maintenance and rectification, for the following reasons:*

- *Regulatory compliance*
- *Environmental protection*
- *Amenity*
- *Cost benefit efficiency*
- *Safety and risk management*

CHB's Stormwater Implementation Plan 2020 indicates that the WSUDs useful life is approximately 20 years.

There is opportunity for CHB to define the approach to WSUD maintenance for upcoming years, to ensure these assets operate to maximum efficiency and effectiveness and extend useful life. See **Recommendation 7**.

Yarrum Grove Pump

Due to the changeover in staff in the Engineering team, Audit identified that there was a need to clarify oversight of the Yarrum Grove pump. Through interviews, it was identified by two stakeholders that there is a possibility to monitor the pump through the Building Management System (BMS). This is used by the Buildings and Facilities team to monitor and control CHB's mechanical and electrical equipment. The Project Manager Civil reported that they are working to determine whether this would be possible and suitable. As such, Audit have not made a recommendation on this matter.

²⁰ Browne, D., Godfrey, M., Markwell, K., Boer, S., 2017, *WSUD Audit Guidelines*, Stormwater Victoria, p.14.

A separate senior stakeholder, however, reported a need to clarify the responsibility for the Yarrum Pump maintenance schedule as the Field Services team do not currently have oversight of this. See **Recommendation 8**.

Gross Pollutant Traps (GPTs)

CHB cleans GPTs to a regular schedule, at an expense of up to approximately \$20-\$50,000 per GPT per quarter. One interviewee reported that the management of GPTs has improved over recent years, with an aim to clear GPTs for optimal performance rather than to budget.

Without adequate maintenance, there is a risk of local flooding caused by blockages from heavy collection debris inside the GPT pipes and pits.²¹

Audit understand that new GPTs are currently being planned. Due to the expense associated with GPTs and the flood risk associated with blockages, there is a need to also ensure that associated maintenance costs are planned.

In addition, one senior interviewee explained that there is shared responsibility for cleaning some GPTs with the City of Marion, however the process to recover costs lacks some clarity. See **Recommendation 9**.

Risk Exposure

- Water Sensitive Urban Design assets may not operate at their desired levels if there is not a planned approach to maintenance.
- If there is not appropriate oversight of the Yarrum Grove pump maintenance schedule by the responsible team, the pump may not operate at desired levels.

Recommendation 7	Define the maintenance requirements for CHB's Water Sensitive Urban Design (WSUD) assets and plan an approach to ensure these are maintained in line with industry standards.
Agreed Actions	Develop and implement an inspection and maintenance plan with necessary budget and resourcing.
Action Officer	Bill Blyth
Completion Date	June 2024 for implementation in 2024/25 FY subject to budget

Recommendation 8	Review the Yarrum Grove maintenance schedule and ensure that Field Services have oversight of these requirements.
Agreed Actions	Connect to the BMS and provide alarms/training for field staff.
Action Officer	Mathew Walsh

²¹ CHB Stormwater Asset Management Plan, p.35.

Completion Date	December 2023
Recommendation 9	<p>To ensure optimum ongoing maintenance of Gross Pollutant Traps, work to increase clarity around cost management of Gross Pollutant Traps, in particular:</p> <ul style="list-style-type: none"> ensure that ongoing maintenance costs are included as part of forward planning for new GPTs, and work to clarify cost recovery arrangements for GPT cleaning with the City of Marion.
Agreed Actions	Provide budget estimates for City of Marion in January each year for the following FY.
Action Officer	Bill Blyth
Completion Date	Ongoing, January 2023

2.7 Minimising the consequences of flood damage

Audit Risk Rating	CHB Risk Rating
n/a	n/a

Key Findings

- The SES are the controller and manage large flooding events.
- CHB respond to localised flooding issues.
- There is opportunity for more community engagement around flooding risks, to strengthen resilience in the face of potential flooding.

Discussion

The audit scope called for a review of whether the flood mitigation controls and strategies minimise **consequences** of flood damage within the CHB.

To achieve this, audit aimed to review the relevant controls in place within CHB, as well as those in place to minimise consequences of flood damage for the community. Strategies in place to minimise/mitigate the consequences of flood damage include:

- in-house activities that mitigate the consequences of flooding for CHB as an organisation.
- activities that assist the community to be prepared/informed about the risk of flooding.

It is important to note that:

- the State Emergency Service (SES) take control of large flooding events, with CHB supporting as required.
- CHB is part of the Southern Adelaide Zone Emergency Management Committee (ZEMC). The ZEMC has a risk assurance role and provides regional leadership in emergency management in the Zone.
- ongoing activities such as street sweeping help to encourage water flow and minimise the impact/occurrence of potential flooding.

Any work that CHB does to minimise the consequences of flood damage will be within this framework.

Mitigating consequences of flood for the community

There are some controls in place that may minimise the consequences of flood damage. These include:

- CHB provides an emergency response in the event of localised flooding, with an emergency alert procedure in place to assist with fast response to stormwater/flooding requests. An SMS text alert is sent to the responsible person/s, who then organise a response team.
- CHB supports the SES in responding to floods.
- minimum floor level requirements for new builds.
- information is available to assist with community preparedness:

- the CHB Emergency Management webpage provides links to SES information and includes emergency contact information.²²
- the Stormwater Management Plan Maps webpage links to information relevant to flood mapping,²³ and
- the CHB Environment webpage includes some general information/responsibilities for residents around tree maintenance/creeks on properties, climate action.²⁴
- SES and CHB emergency staff have up to date knowledge of Council's stormwater network.

Audit identified the following potential improvements:

- There is potential to ensure that culturally and linguistically diverse communities within the CHB boundary have access to sufficient information about flood management.

Resilient South

The audit scope also called for assessment of whether the climate mitigation and adaption control initiatives specifically related to flooding undertaken by CHB and the Resilient South partnership are effective at reducing the CHB's exposure to flooding risk.

The Team Leader Environment and Coasts reported that the Resilient South group meets regularly in relation to climate strategy and actions affecting the southern Adelaide zone, however flooding is not currently a specific focus. The main project being undertaken as at audit fieldwork is the Resilient Asset Management Project, which is reportedly the first of its kind in Australia and aims to investigate how to integrate climate aspects in asset management. This is a positive example of an adaptation control initiative.

Work in climate mitigation is unlikely to directly reduce the risk associated with flooding at CHB, however, Audit did not make any recommendations in relation to this section.

²² <https://www.holdfast.sa.gov.au/development-and-infrastructure/emergency-management>, accessed 21/9/2022.

²³ CHB link redirects to <https://www.marion.sa.gov.au/services-we-offer/environment/water-management/stormwater-management>, accessed 21/9/2022

²⁴ <https://www.holdfast.sa.gov.au/development-and-infrastructure/environment>, accessed 21/9/2022



Accountants, Auditors & Business Consultants

Appendices

Appendix 1. Scope of the audit engagement

Internal Audit Scope Flood Mitigation Controls



Background	<p>The City of Holdfast Bay (CHB) is situated in a low-lying and flood prone area of the Adelaide Plains and the risk of flooding is well understood and contained within the organisation's asset management plans.</p> <p>Increasing density of urban development and storm rainfall intensity means that floods are considered increasingly likely. In addition, CHB's proximity to the coast impacts upon stormwater assets and forecast acquisition costs reflect a need to invest in major stormwater upgrades.</p> <p>Council has developed a joint Stormwater Management Plan with the City of Marion and also participates in the Resilient South Regional Plan.</p> <p>CHB's stormwater infrastructure covers 70 kilometres of underground pipes and over 2,000 pits and junction boxes, with an estimated replacement cost of over \$58.5m.</p> <p>The CHB aims to advance and promote community safety by mitigating the likelihood or consequences of flooding.</p> <p>The approved Audit Program 2022-23 provided for an assurance audit to be undertaken reviewing the measures in place to ensure that CHB is appropriately prepared for and/or has adequate controls in place to minimise the impacts of flooding.</p>
Audit Objective	<p>This audit will assess the effectiveness of flooding mitigation strategies within CHB, including the effectiveness of preventative and corrective controls in place.</p>
Scope	<p>In particular the audit will address whether:</p> <ul style="list-style-type: none"> ▪ The flood mitigation controls adopted by the CHB through plans, strategies and policies reduce exposure to flood damage. ▪ The flood mitigation controls strategies minimise consequences of flood damage within the CHB. ▪ The flood mitigation controls adopted by the CHB consider the useful life and service capabilities of its assets. ▪ The climate mitigation and adaption control initiatives specifically related to flooding undertaken by the CHB and the Resilient South partnership are effective at reducing the CHB's exposure to flooding risk. <p>This audit will exclude a review of and commentary on the CHB's emergency management documents and plans.</p>

Methodology	<p>In conducting the engagement, the team will:</p> <ul style="list-style-type: none"> conduct interviews with key stakeholders and team members analyse internal data about flood- and storm-related service requests review key documentation and relevant policies and procedures be informed by relevant best industry documentation, better practice models and guidelines in relation to flood mitigation identify potential opportunities for improvement draft a report summarising findings and recommendations allow management responses to be considered as part of the draft report and the subsequent review process, and provide a final report for presentation to the Audit Committee.
Relevant Risks	<p>This audit aligns with CHB's strategic risks:</p> <ul style="list-style-type: none"> poor or ineffective management of the impacts of climate change insufficient or ineffective Asset Management Planning inability to respond and recover effectively from disruptive events.
General Administration	<p>Galpins will conduct the audit and will maintain regular communication with stakeholders around progress of the audit. The audit will be conducted from September – November 2022.</p>

Appendix 2. 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 3. Risk Management Framework

The method of risk assessment used in this review is based on Council's Risk Management Framework.

It measures the likelihood of each risk occurring and the consequence of the risk event. From this analysis it is then possible to determine the level of inherent risk (risk without any controls in place) and residual risk (risks when controls are in place). This method of analysis is not an exact science and quite subjective, but it is of value as an indicator and therefore assists in assessing review risks.

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

Risk Consequence:

Level	Impact Scale
1	Insignificant
2	Minor
3	Moderate
4	Major
5	Catastrophic

Additional detail on consequences in terms of Reputation, Business Impact, People Safety, Environment and Service Delivery is contained in the table over page.

Impact Scale	Reputation	Business Impact	People Safety	Environment	Service Delivery
1. Insignificant	No adverse effect on public image No media interest 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.	Low financial loss – impact of less than \$10k Operational issues manageable within normal activities Project – up to 5% of original project budget.	No injuries Minor repairs required of an insignificant nature to property / infrastructure.	"Nuisance" category under the SA Environment Protection Act (1993) Short term, immediately reversible effects on ecosystem	Insignificant impact on Council's ability to achieve strategic outcomes Project – Nil impact on achievement of key project objectives or project duration up to 10% of original timeframe without consequential impacts
2. Minor	Minor adverse effect on public image Minor media coverage in paper distributed within the local area (small scale single article). Minor level of community concern, an increase in the number of resident complaints requiring direct effort to resolve/attend to Minor adverse impact upon social health and wellbeing of the community that may have a minor impact upon established community relationships and links.	Medium financial loss – impact of between \$10k and \$100k Minor impact in undertaking routine activities Project – between 5-10% of original project	Only First Aid treatment required Minor loss or infrastructure damage. Normal seasonal illness leading to minor disruption to activities	"Nuisance" category under SA Environment Protection Act (1993) Some minor adverse effects to few species/ ecosystem parts that are short term and immediately reversible. Contamination – on-site release immediately contained	Some delays in delivery of strategic initiatives, but only minor aspects impacted Overall strategic intent still achievable Project duration extended up to 35% of original project timeframe without consequential impacts
3. Moderate	Moderate adverse effect on public image Adverse media campaign in relevant press over two or more issues, supported by uptake of issue in electronic media Moderate level of community concern, large number of complaints and letters to editor in relevant press Minor common law action or Ombudsman investigation threatened/ initiated	Moderate financial loss – impact of between \$100k and \$1 million Impacts up to 2.5% on rate revenue generation Impaired ability to maintain normal operations, reprogramming required Minor legal issues, non-compliances and breaches of regulation Project – between 10-20% of original project budget.	Medical treatment required which may include short term admission to hospital Moderate loss/or infrastructure damage Local epidemic leading to noticeable disruption of activities	"Material" category under the SA Environment Protection Act (1993) Contamination – on-site release contained with outside assistance 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. Manageable restrictions in resource usage Disturbance to sites or artefacts of cultural significance	Some key components of the Strategic Plan cannot be achieved within expected timeframes. Additional funding/resources or some strategies re-prioritisation is required Project duration extended up to 35% of original project timeframe with consequential impacts on other dependencies
4. Major	Significant adverse effect on public image 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 Significant level of community concern 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	Major financial loss - impact of between \$1 million and \$3 million Impacts between 2.5% and 10% on rate revenue generation 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 Project – between 20-35% of original project budget.	Serious & extensive injuries Serious structural damage to infrastructure or serious loss of assets. Widespread epidemic that causes significant disruption to activities	"Serious" category under the SA Environment Protection Act (1993) Contamination – off-site release with no detrimental effects 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 Restrictions on resource usage threatening viability of accepted lifestyle Damage to sites or artefacts of cultural significance	Key Strategic Objectives unable to be achieved; review of Strategic Plan is required Project duration extended by 50- 80% of original project timeframe with or without consequential impacts on other dependencies
5. Catastrophic	Major effect on public image Widespread adverse media campaign including electronic local, national and international media. Widespread community outrage Social media going viral, unable to be contained. State Government and agencies to intervene Social health and wellbeing of the community severely affected resulting in fracturing of established community relationships and links. Class Actions, judicial inquiries initiated	Critical financial loss/exposure – impact greater than \$3 million Impacts of more than 10% on rate revenue generation Projects & programs failure, inability to meet minimum acceptable standards Major breaches of regulation, sanctions imposed Project - >35% of original project budget.	Fatalities Critical loss, irreversible damage property / infrastructure with a replacement cost that overwhelms the capital budget (>25%) Community movements restricted under State Emergency Plan	"Serious Material harm" category under the SA Environment Protection Act (1993) and EPA actions initiated Off-site contamination requiring immediate and significant remediation actions 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. Restriction on resource usage resulting in permanent disruption of accepted life-style	Goals of Strategic Plan not achievable; total and immediate re-work of Plan is required Project duration extended by >80% of original project timeframe with consequential impacts on other dependencies

Flood Mitigation Controls

Liability limited by a scheme approved under Professional Standards Legislation

Appendix 4. Documents reviewed

Galpins reviewed a range of documentation as part of this review, including but not limited to the following:

City of Holdfast Bay and City of Holdfast Bay partner documents:

- Stormwater Asset Management Plan 2020
- Stormwater Implementation Plan 2020/21-2023/24
- Stormwater Drainage Policy – Building and Construction
- Stormwater Management Plan Coastal Catchments between Glenelg and Marino 2014
- Resilient South Climate Change Adaptation Plan
- Resilient South Resilient Asset Management Project, Research and Recommendations Report
- Stormwater 10 year program 2022
- Strategic Plan 2050
- Marion and Holdfast Bay Water Sensitive Design Master Plan
- Customer requests from Technology1 relating to stormwater and flooding between 2019-2022

Legislation:

- Local Government Act 1999
- Planning, Development and Infrastructure Act 2016
- Planning, Development and Infrastructure Regulations (General) 2017

Better Practice/Industry documents:

- Stormwater Management Authority: Stormwater Management Planning Priorities 2022
- Department for Environment and Water – Reducing Patawalonga Flood Risk, 2020
- Water Sensitive Urban Design Audit Guidelines Draft – Stormwater Victoria
- Managing the Floodplain: A Guide to Best Practice in Flood Risk Management in Australia

Appendix 5. Staff members interviewed

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

Position
Chief Executive Officer
General Manager Assets & Delivery
Manager Engineering
Manager Field Services
Operations Support Lead
Project Manager Civil
Manager Buildings & Facilities
Manager Development Services
Team Leader, Environment and Coast
Risk & Improvement Officer

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 its effectiveness of the greater internal control structure. The procedures performed were not designed to detect all weaknesses in control procedures as they are not performed continuously throughout the period and the tests performed on the control procedures 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 3



Attachment 3a - Internal Audit Completed Recommendations

Audit	Date Report Finalised	Ref	Findings	Recommendation	Risk Rating	Status	Action Owner	Target Completion Date	Action Owner Comments
Strategic Planning Alignment Audit	Aug 2019	SP2	<p>SP 2: Strategic management plans review process not formalised</p> <p>- Council does not have a formalised SMPs review process to cover all legislative SMPs and ensure completion of review to be compliant with the requirements of the Local Government Act 1999 ("the Act") Section 122. This also increases risks of Council's strategic objectives not handling emerging challenges. It was noted that Council previously pasted the two-year review period for a couple of months after the last election in 2014 and the main reason was the responsible Manager was not appointed.</p> <p>- Council does not have a full scope SMPs review plan to outline the process for undertaking a comprehensive review of SMPs by November 2020, i.e. "within 2 years after each general election of the council" (the Act Section 122 (4b)). At the time of the audit in March 2019, Council established a Strategic Management Group ("SMG") to govern strategic planning and developed a draft Strategic Plan Review Process 2019 ("SPRP"); however, SPRP only outlines the review process of the Council's Strategic Plan but does not refer to other SMPs.</p> <p>- Further, although the draft SPRP includes a timetable and targets an endorsement of a new Strategic Plan by the end of 2019, at the time of the audit in March 2019 the actions were not implemented according to the timetable due to other priorities.</p>	<p>We recommend management:</p> <p>(- whilst we acknowledge the plan is not required to be complete until 2020)</p> <p>1. Formalise SMPs review process including</p> <p>2. Review and update SPRP to cover all Council's SMPs;</p> <p>3. Update a timetable of actions to ensure compliance with legislative requirements of the Local Government Act 1999 Section 122 including meeting the legislative due date, i.e. by November 2020; and</p> <p>4. Monitor progress of actions according to the timetable and make appropriate adjustments where necessary during process of implementation.</p>	Medium	Complete	Manager Strategy and Governance	31/12/2021 31/12/2022	<p><u>Comments March 2021</u></p> <p>The Strategic Management Plans were updated for CHB, and have not yet been integrated to include Alwyndor. A draft SMP review process was prepared in early 2020, however due to COVID-19 Council could not follow the schedule/ process. Council currently working on revising the Strategic Plan. Once Council's Strategic Plan is finalised, a Strategic Plan Review Process will be formalised. Resourcing concerns were flagged as impacting upon implementation of this recommendation.</p> <p><u>Comments May 2021</u></p> <p>It is important to recognise that the review process is subject to legislative direction. The revised Strategic Plan for Council is expected to be completed within the first quarter of 21/22. The Strategic Framework is currently under review and is expected to be settled within the same timeframe, although completion of the Corporate Plan may take until 31 December 2021.</p> <p><u>Comments June 2022</u></p> <p>Strategic Plan adopted by Council Nov 21 - effective 1 Jan 2022. Corporate Plan currently in development with new resource appointed and commencing 11 July 2022.</p> <p><u>Comments September 2022</u></p> <p>- Work underway to complete by revised Due Date 31/12/2022</p> <p>Comments March 2023</p> <p>Completed - Strategic Planning Service model reviewed by SLT.</p>
Stakeholder Mgt	Dec-20	SM01	<p>2.1 Compliance with legislation to consult with the community.</p> <p>- Audit testing and interviews identified overall awareness of and compliance with legislated community consultation requirements for the four larger scale projects tested.</p> <p>- There is a need to ensure that all Groups are aware of legislative consultations requirements, particularly for smaller scale initiatives.</p>	<p>We recommend that:</p> <p>Rec: 1 - Implement a mechanism to ensure that Asset Services are fully aware of legislative obligations to consult for some activities - for example street tree planting and road closures (s223 & s232 of the Act) This may include;</p> <p>- internally reviewing the Act and determining when consultation is required</p> <p>- consider establishing stronger communication/liaison between Asset Services and the Digital Engagement Partner to assist in ensuring awareness of requirements.</p>	Low	Complete	Manager Communications & Engagement	30/06/2021 31/12/2022	<p><u>Comments June 2022;</u></p> <p>Due for completion by 30 June 2021 - and annually thereafter. Manager C&E and Digital Engagement Partner to meet annually with;</p> <p>- Public Realm & Urban Design Team and all project managers who have a planned community engagement.</p> <p>SUGGESTED LINKED/NEW ACTION:</p> <p>Separately, GM Assets to ensure the Manager Development Services and Manager Engineering understand and implement the legislative requirement for statutory planning and traffic consultations that are managed by their teams and not under the remit of Communications & Engagement team.</p> <p><u>Comments September 2022</u></p> <p>Project management templates review underway, will align with comments above and rollout to all project managers</p> <p>Comments March 2023</p> <p>Review of Community Engagement Policy - LGA Communications & Engagement Review, Community Engagement Charter & model policy.</p>
2020/21 EOFY Financial Controls CHB Council	May 2021	FC01	<p>Background: Each financial year, Council performs a financial internal controls self-assessment (CSA) process to provide assurance that Council is meeting its obligations under s125 of the Local Government Act 1999:</p> <p>“A council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the council's assets, and to secure (as far as possible) the accuracy and reliability of council records.”</p> <p>The CSA is restricted to the application of s125 as it relates to financial internal controls, specifically the controls exercised by the council during the relevant financial year in relation to the receipt, expenditure and nvestment of money, the acquisition and disposal of property and the incurring of liabilities. The CSA process conducted by Council constitutes Council's internal financial control monitoring program, as required by the Better Practice Model – Internal Financial Controls for South Australian Councils.</p>	<p>Results of our review: In the interest of continuous improvement, internal audit has suggested three better practice treatment plans in relation to some controls. These are detailed in the 'Recommended Treatment Plans' section of this report.</p> <p>1. Recommended Treatment Plan: Implement a formal, recurrent process to review user access to finance functions including, but not limited to;</p> <p>- the debtors master file,</p> <p>- creditors Master file,</p> <p>- EFT banking system,</p> <p>- property and rates Master file,</p> <p>- General ledger maintenance (e.g. ability to edit chart of accounts) and</p> <p>- users who are able to process and authorise manual journal entries.</p> <p>Such a review should occur at least annually, and following significant changes to the systems environment.</p>	Better Practice	Complete	Manager Innovation and Technology	31/12/2022	<p><u>Comments June 2022</u></p> <p>Re. Rec.1 - Manager Innovation and Technology has agreed to a treatment plan to develop and implement a process to review user access to finance functions, covering restriction of access to authorised staff only for;</p> <p>(i) - payroll master files</p> <p>(ii) - General Ledger maintenance</p> <p>(iii) - Journal entry</p> <p>(iv) - supplier master file</p> <p>(v) - EFT Banking system</p> <p>(vi) - Property master file - with process to ensure changes align to policies and procedures</p> <p>(vii) - supplier master file and ability to make changes</p> <p>(viii) - debtor's master file is restricted to appropriately designated personnel and is reviewed by relevant staff for accuracy and on-going pertinence</p> <p>(ix) - ensure employees are not added to the payroll master file, nor details amended or amounts paid without receipt of the appropriately authorised forms.</p> <p><u>Comments September 2022</u></p> <p>Work commenced, finalised by December 2022 and then reviewed regularly in line with LGITSA Framework.</p> <p>Comments March 2023</p> <p>- LGITSA framework, in addition (i) engagement with Cyber CX (formerly CQR) to implement cyber actions (ii) Mgr Finance oversees access profiles</p>
	Apr-22	FC02		<p>2. Recommended Treatment Plan: Implement a formal process (e.g. annually) for reconciling fixed assets recorded in the GIS system to the fixed asset register.</p>	Better Practice	Complete	Management Accountant	30/09/2022	<p><u>Comments June 2022;</u></p> <p>Re. Rec.2 - Management Accountant to discuss with Assets and Delivery - and to implement this process.</p> <p>Will be scheduled for review after EOFY2021-22 workload</p> <p>Comments September 2022</p> <p>Reconciliation of the Asset Register and GIS system will be undertaken annually. First meeting scheduled for April 2023 - prior to commencement of EOFY closedown processes.</p>
		FC03		<p>3. Recommended Treatment Plan: The payment of payroll is authorised by appropriate staff not involved in the preparation of the payroll and that there is a process to ensure all overtime is verified and approved by relevant appropriate staff.</p>	Better Practice	Complete	Management Accountant	30/09/2021	<p><u>Comments June 2022;</u></p> <p>Re. Rec.3 - Management Accountant will liaise with Depot and Payroll to ensure names are printed as well as signed on manual timesheets - will be scheduled for review after EOFY2021-22 workload</p> <p>Comments September 2022</p> <p>Process implemented.</p>
		PR03	<p>2.2 Accreditation of Team Members</p> <p>- Council is meeting the minimum PDI Act accreditation requirements, however Audit identified that training concentrated on one team member due to cost and time requirements. There is a need to consider whether further staff training is required to achieve business continuity and consistency among staff decisions.</p>	<p>We recommend that;</p> <p>Rec 3: Review whether training provided to the Development Services Team is sufficient, particularly whether there are enough accredited professionals within the team. This should consider:</p> <p>- available budget</p> <p>- the risks/business continuity impact of not having an accredited professional available</p> <p>- whether alternative / contracting staff are available to fill short-term skills need</p> <p>- whether in-house quality review can be conducted on a regular basis to support training/consistency in decision making.</p> <p>Note: Audit understand that budget considerations apply to this recommendation and consider that this recommendation can promote review of a pragmatic/achievable training approach for CHB.</p>	Low	Complete	Manager Development Services	1/06/2022	<p><u>Comments September 2022</u></p> <p>Accredited Professional status maintained for four (4) professionals</p> <p>- Professional Development Plan for 2022/23 has been developed with costings attached.</p> <p>- Learnings from training attended by the Development Services Lead is being conveyed to Development Officer Planning positions.</p> <p>- Quarterly quality review exercises of internal decision making, and sharing findings/team improvement to ensure all key aspects are covered/embedded into work practices Scheduled for last Quarter of 2022/23</p> <p>- Manager Development Services is qualified for immediate appointment as an Accredited Professional and therefore Assessment Manager.</p> <p>Comments March 2023</p> <p>- Training has been provided.</p> <p>- Building Fire Safety Committee consultant assigned - R.Read. CHB planning supervisor & two planning officers support with Mgr Dev Svcs as back up.</p>
		PR04	<p>2.3 A need to clarify delegations around Planning and strengthen segregation of duties</p> <p>- Council meets minimum legislative requirements in relation to delegations under the PDI Act. In particular, external legal counsel advised that the Assessment Manager can sub-delegate to (unaccredited) planning staff when absent from work.</p> <p>- There is opportunity to ensure segregation of duties between assessment and decision-making steps for planning consents.</p> <p>- Clarity needed for regularity of updating Instruments of Delegation.</p>	<p>We recommend that;</p> <p>Rec 4: Communicate the outcomes of the current external delegations review with all staff and provide them with access to the current delegations. Ensure processes are in place to inform staff of any future updates in a timely manner.</p>	Low	Complete	Manager Development Services	1/06/2022	<p><u>Comments September 2022</u></p> <p>Outcomes of the current external delegations review have been communicated with all staff, providing them with access to the current delegations, with further updates to come as the delegations are refined during November 2022.</p> <p>Manager Development Services provides delegations update at weekly team meetings.</p> <p>Comments March 2023</p> <p>- Delegations for CAP and planning team all updated.</p>

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Environmental Strategy	Dec-21	PR08	2.4 Key stakeholder relationship management and communications - There is an opportunity to strengthen communications with internal stakeholders and agree principles to ensure they are consulted during pre-application discussions with potential developers as best as possible. - There is scope to document key internal stakeholders and agreed workflows for internal consultation when assessing an application. - There is potential to develop new information guidelines for the public to use/ consider when planning a new development. This would replace current outdated information available and assist future developers to design developments in line with CHB's character and community preferences.	We recommend that; Rec 8: Document/confirm policies and procedures around planning, to provide further clarity and consistency to all staff on: - key internal stakeholders/subject matter experts - decision points where it would be prudent for the officer assessing an application to consult with subject matter experts (including cross-team collaboration regarding site visits etc), and - the agreed internal consultation process including roles and responsibilities of all stakeholders and internal service standards.	Medium	Complete	Manager Development Services	30/06/2022 31/12/2022	Comments September 2022. Changes to staffing in Asset Services has required a pause to finalising the lines of referral. Comments March 2023 Complete - weekly meeting between Development Assessment & Project Mgr Civil in place and weekly stakeholder meetings with engineers and various stakeholders.
		ES01	2.2 Opportunities to strengthen Environment Strategy governance. - There is an opportunity for CHB to strengthen the governance framework to support the tracking, monitoring and evaluation of initiatives as well as the successful implementation of the Strategy's priority actions.	We recommend that; Rec 1: Consider strengthening the governance over implementation of the Environment Strategy by developing: (i) - an implementation plan that summarises the approach, roles and responsibilities, estimated whole of project costs and how success can be measured and tracked for priorities ranked 4 and 5; and (ii) - a reporting framework to inform management, the Senior Leadership Team (SLT) and potentially Council of progress towards implementation. Note: – Internal Audit do not consider that all items should be reported to SLT/Council, however they should be trackable by operational management, with pragmatic and select agreed indicators reported to higher levels. The intent is that progress for each action item is reported at summary level.	Better Practice	Complete	GM Assets & Delivery	31/12/2022	Comments June 2022 Progress in line with Target Completion Dates Comments September 2022 Progress is in line with Target Completion Dates Comments March 2023 Completed
		ES02		We recommend that; Rec 2: To complete CHB's climate governance risk assessment and adopt relevant recommendations to strengthen CHBs climate risk governance.	Better Practice	Complete	GM Assets & Delivery	31/12/2022	Comments June 2022 Progress in line with Target Completion Dates Comments September 2022 Progress is in line with Target Completion Dates Comments March 2023 Completed
		ES04	2.4 Detailed assessment of select 'high benefit' priority actions. - Detailed review of select 'high benefit' priority actions identified that funding uncertainty may hinder the successful implementation of the Strategy. - Audit observed a risk in achieving the action relating to increasing net tree numbers and improving tree health. This is due to a reported lack of capacity to conduct tree pruning, proactive tree works and timely watering of newly planted trees. Peer council survey feedback showed more proactive tree management activity when compared to CHB.	We recommend that; Rec 4: Review the adequacy of operational capacity to meet the Strategy's action item of 'Continue to increase net tree numbers and improve tree health'. In particular, review whether there is sufficient capacity to: - water and maintain new tree plantings - proactively conduct works to improve tree health across the council area. If a lack of capacity is identified: - consider whether additional resourcing (as opposed to reallocation of budget lines) is required, and/or - consider whether the current planned tree targets should be revised.	High	Complete	GM Assets & Delivery	30/06/2023	Comments June 2022 Progress in line with Target Completion Dates Comments September 2022 Will be progressed in line with Target Completion Dates Comments March 2023 Completed
		ES05		We recommend that; Rec 5: Consider providing costings for all stages of multi-year/multi-stage action plans/projects with a 4 or 5 priority ranking, and high-level scoping for priorities 2 and 3, where possible, to assist CHB to develop robust medium- and long-term financial plans. This should include costing of the operational impact of new initiatives. NOTE: – This recommendation is intended to provide, where possible, costings to inform the funding approvals for multi-year/multi-stage plans/projects as discussed in 2.3, and support the implementation of Recommendation 3.	High	Complete	GM Assets & Delivery	30/06/2022 31/03/2023	Comments June 2022 Progress in line with Target Completion Dates Comments September 2022 Due to the 'multi year/multi stage' nature of the data an extended due date is required. Comments March 2023 Completed
		ES06	2.5 Industry trends - There are opportunities for CHB to draw on better practice and lessons learnt via its Resilient South partners, for example around strengthened governance and funding certainty for multi-year projects.	We recommend that; Rec 6: Formalise a governance structure to oversee delivery of the Environment Strategy.	Better Practice	Complete	GM Assets & Delivery	31/12/2022	Comments June 2022 Progress in line with Target Completion Dates Comments September 2022 Comments March 2023 Completed

Attachment 3b - Internal Audit In Progress Recommendations

Audit	Date Report Finalised	Ref	Findings	Recommendation	Risk Rating	Status	Action Owner	Target Completion Date	Action Owner Comments
Asset Management Audit	2019	AM2	AM2: Maintenance plans not developed for all asset classes Our audit found that there is no evidence of a formal maintenance plan developed and implemented for all assets. For example, the stormwater maintenance officers out on the ground know exactly what to do and where to go, but nothing is documented through a maintenance plan. As maintenance is not recorded, it is hard to know the current up keep of the drains, pipes, etc. Currently only ad hoc and unplanned maintenance is performed. We also noted that maintenance is not being considered, planned and communicated at construction stage of new assets. It is up to project manager to define what maintenance may require, however, those plans and costs are not being considered and recorded.	We recommend management; 1. Develop and implement appropriate maintenance plan for all asset classes. These plans could include: <ul style="list-style-type: none">• Street maintenance plan• Buildings & facilities maintenance plan• Park maintenance plan• Beach maintenance plan• Ecological asset maintenance plan• Coastal asset maintenance plan• Transport asset maintenance plan• Fleet maintenance plan• Waste asset maintenance plan• Infrastructure maintenance plan	High	In Progress	Team Leader Asset Mgt	<div>30/09/2021</div> <div>31/03/2023</div> <div>31/12/2023</div>	<u>Comments March 2021</u> Asset Maintenance Plans for all agreed asset categories are in place except for a Buildings & Facilities Maintenance plan. The Asset Management Team are working on creating lease agreements with detailed Asset Management Plans for the main/ high risk civic and community buildings. An example of a lease agreement for a particular site was provided to audit with included a comprehensive asset management plan. <u>Comments June 2022</u> Incorporated into May 2022 Asset Management Audit - Galpins <u>Comments September 2022</u> - Check link to actions outlined in Transport Asset Management audit May 2022. <u>Comments March 2023</u> - These maintenance plan inclusions are being incorporated on a rolling review. - Incorporated into the May 2022 Transport Asset Management plan review.
Strategic Planning Alignment Audit	Aug 2019	SP4	SP4: KPIs in SMPs are not monitored effectively - Various Key Performance Indicators ("KPIs") are included in different SMPs but not linked together for cohesive management. As a result, not all KPIs are monitored and reported to management or Council to ensure achievement. - Different operational and strategic levels of KPIs are included in Council's Strategic Plan, LTFP, I&s, ABP and other SMPs. Strategic and financial KPIs in Council's Strategic Plan and LTFP are assessed annually and reported in the Annual Report, e.g. 2017-18 Annual Report. At the beginning of each financial year, the strategic and financial KPIs are communicated to public via ABP, e.g. 2018-19 ABP. However, other KPIs, such as KPIs in I&s, are not monitored or reported to management or Council to measure performance. - During the audit, it was advised that I&s will be reviewed and updated to fit into the SMPs review process. Once I&s are updated, KPIs will be monitored and reported regularly to ensure achievement of objectives. - Also, since annual reporting on strategic KPIs was introduced last financial year, i.e. 2017-18 after the current Council's Strategic Plan was updated, the methods utilised to measure KPIs are not formalised to ensure consistency. Council is currently investigating and formalising the methods and frequency of future KPIs assessment and reporting.	We recommend management: 1. Investigate possibility and feasibility to link together various KPIs in different SMPs and make decision on how to cohesively manage KPIs; 2. Monitor and report KPIs in I&s regularly to management or Council to measure performance once I&s are reviewed and updated; and 3. Formalise the methods and frequency of future KPIs assessment and reporting.	Medium	In Progress	Manager Strategy and Governance	<div>30/06/2022</div> <div>30/06/2023</div> <div>31/12/2023</div>	<u>Comments March 2021</u> The Long Term Financial Plan includes KPIs, and are reported on in the Annual Report. The Strategic Management Plans finalised in 2020 include performance indicators. The KPIs are included as a standard item in the template agendas for team meetings. At time of audit however the KPIs were not monitored or reported. The timeframe for reporting on KPIs is <Ania/Catlin - please confirm date> <u>Comments May 2021</u> Previously the annual business plan has functioned as our reporting and communication, with a more comprehensive review during revision of the Asset Plans (i.e. every 2-4 years). However in the latest plans we have committed to a review against KPIs to be reported to audit committee each year. We will likely look to undertake this the same time as annual budget presentation (Feb-June 2022), as the two tie together. <u>Comments June 2022</u> The Corporate Reporting function was subject to a restructure in May/June 2022. A new resource has been appointed, commencing 11 July 2022, who will holistically reconsider/review Council's Corporate Reporting. <u>Comments September 2022</u> - Work underway to complete by revised Due Date 30/06/2023 <u>Comments March 2023</u> - Strategic Planning Service Model now approved - next phase is the Strategic Planning Framework. work is underway via the corporate planning process Biz reg's for a system to capture - revised due date to 31/12/2023
Workforce Planning	Feb-21	WFP02	2.2 Opportunity to develop a strategic workforce plan that aligns with business objectives: - Workforce planning activities are primarily conducted at a team level with the Manager assuming key responsibility. The General Manager and People and Culture provide input and support. - All Managers interviewed demonstrated an understanding of their team's operational workforce requirements and strategic challenges and identified further the need for strategic and holistic workforce planning across Council. - Specific workforce planning approaches are informal, operational, and teams based. There is opportunity to document critical workforce knowledge. - Alwyndor's Managers have demonstrated awareness of WFP recommendations arising from the Royal Commission into Aged Care Quality and Safety (the Royal Commission) and a desire to ensure compliance. Alwyndor have commenced preliminary planning for a strategic WFP.9	We recommend that: Rec: 2 - Develop an overarching strategy or framework to guide workforce planning initiatives, specifically including strategic workforce planning at both CHB and Alwyndor. Options to achieve this include: - develop a high level standalone workforce plan, framework or strategy that documents the overall workforce planning requirements for CHB and Alwyndor. - link more strategic WFP activities to requirements under Council's existng 'culture' pillar. A suite of supporting documents may then be developed to further outline specific actions in place. 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. In addition, Alwyndor's Strategic Plan, through the enabler: People and Culture, includes an action to develop a workforce plan for 2021.	Low	In Progress	Manager People & Culture	<div>30/06/2022</div> <div>30/06/2023</div>	<u>Comments June 2022:</u> - Generic principles of Workforce Planning were determined for both Alwyndor and COHB and approved by the SLT. - Strategic Plan 2050 launched in January 2022. Awaiting development of Corporate Plan to determine workforce planning strategies to support future service delivery/strategic outcomes. - 'Culture Pillar' has now been removed for Council so is no longer applicable. Alwyndor has a separate Strategic Plan, therefore Council's 'Culture' Pillar is not applicable. - WFP strategies to be determined annually from strategic plan and workforce trends within a highly regulated industry. - Timeline for Corporate Plan to be established - approx Dec 2022 (as per SB 22/7/22) <u>Comments September 2022</u> Corporate Plan underway - due for completion Dec 2022 - Workforce planning strategy to follow once Corporate Plan established. <u>Comments March 2023</u> Will be completed to target due date
Workforce Planning	Feb-21	WFP03	2.2 Opportunity to develop a strategic workforce plan that aligns with business objectives: - Workforce planning activities are primarily conducted at a team level with the Manager assuming key responsibility. The General Manager and People and Culture provide input and support. - All Managers interviewed demonstrated an understanding of their team's operational workforce requirements and strategic challenges and identified further the need for strategic and holistic workforce planning across Council. - Specific workforce planning approaches are informal, operational, and teams based. There is opportunity to document critical workforce knowledge. - Alwyndor's Managers have demonstrated awareness of WFP recommendations arising from the Royal Commission into Aged Care Quality and Safety (the Royal Commission) and a desire to ensure compliance. Alwyndor have commenced preliminary planning for a strategic WFP.9	We recommend that: Rec: 3 - Complete the planned CHB (not Alwyndor) skills/capability and gap analysis and use this to inform plans to obtain and develop critical skills necessary for delivery of its strategic plan. Example required skills gaps identified may include: - service design capability - data analytics	Low	In Progress	Manager People & Culture	<div>30/06/2022</div> <div>30/06/2023</div>	<u>Comment June 2022; *** This recommendation does not apply to Alwyndor.</u> - Skills/Capability Audit was undertaken for the Leadership Team, however, not completed for the rest of the organisation - Strategic Plan 2050 launched in January 2022. Awaiting development of Corporate Plan to determine workforce planning strategies to support future service delivery and strategic outcomes. - Timeline for Corporate Plan to be established - approx Dec 2022 (as per SB 22/7/22) <u>Comments September 2022</u> Corporate Plan underway - due for completion Dec 2022 - Skills capability and gap analysis to follow once Corporate Plan established. <u>Comments March 2023</u> Will be completed to target due date
Workforce Planning	Feb-21	WFP06	2.4 Opportunity to ensure critical knowledge is formally documented: - Knowledge of key workforce demand/supply gaps is informally held by Managers who are familiar with their operational requirements and market conditions. - Manager turnover may lead to inconsistent approaches to managing these risks and/or missed opportunities to more effectively plan for succession and knowledge documentation/transfer. - There is an opportunity to proactively review demand and supply requirements and associated workforce risks. This will strengthen Council's business continuity and knowledge transfer in the event of a General Manager or Manager leaving Council.	We recommend that: Rec: 6 - Review whether staff in all positions identified as critical across Council have documented their knowledge/role requirements. Where required and to assist in case of staff turnover/ unexpected leave, ensure that this knowledge is formally documented. NOTE: Management will review the work instructions and procedures for all critical roles, in particular Corporate roles where there is real risk due to lean team structures.	Low	In Progress	Manager People & Culture	<div>30/06/2022</div> <div>31/12/2022</div> <div>30/06/2023</div>	<u>Comments June 2022:</u> Alwyndor Management will review the work instructions and procedures for all critical roles, in particular Corporate roles where there is a real risk due to lean team structures. Business Continuity Planning undertaken for Council, with a high focus during the pandemic. Critical roles have been identified as well as succession planning opportunities. Managers responsible for determine their business processes, as well as ensuring adequate records management processes (ECM introduced in 2020 with appropriate training for all staff) to ensure documentation available for Council. NOTE: Could incorporate reference to critical operational procedures via BCP matrices completed by Managers Feb/Mar 2022. <u>Comments September 2022</u> Alwyndor/ Strategy & Governance to progress - no action required from Manager P&C perspective. <u>Comments March 2023</u> Will be progressed/finally reviewed in line with current corporate Manager Finance recruitment.

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Stakeholder Mgt	Dec-20	SM03	2.2 Opportunity to improve planning for, conduct and reporting on engagements with the community; - A review of consultation for four major projects against legislative compliance obligations identified strong compliance with the Act. - Better practice opportunities were identified to improve the planning, conduct and reporting of engagements. - Attempts to test compliance with lower-level compliance obligations around tree plantings and road closures/access changes identified some lack of awareness of these requirements. In addition, AUdit were unable to obtain a sample to test compliance with these requirements.	We recommend that: Rec: 3 - Review project management templates and workflows to incorporate the following opportunities for improvement: - A requirement that community engagement plans are completed for all engagements. - Community engagement template to: (i) require documentation of all risks (including over-representation by vocal minority) and how they will be managed; (ii) strengthen project documentation to assist in knowledge transfer/status updates in event of staff turnover; and (iii) support multi-stage projects/engagements, including documentation of plans to consult in stages. - Provide reminders/triggers for timely updates to stakeholders where projects are disrupted as a result of events (e.g. global pandemic) that are outside of Council's control. - Consider providing for multi-year projects in the Community Engagement Calendar and aiming to link these with the Annual Business Plan.	Low	In Progress	Manager Communications & Engagement	30/06/2021 31/12/2022 30/06/2023	Comments June 2022: Action 1: Manager Communications & Engagement - Once an organisational-wide project management plan template has been developed, Project Management templates can be reviewed to ensure community engagement elements are in place - TBC - once CHB have developed an organisational-wide PM template. Still awaiting project management template Action 2: Digital Engagement Partner to review the engagement template - 30 June 2021 - completed <u>Comments September 2022</u> Project management templates review underway & will rollout to all project managers Comments March 2023 Project management templates review underway & will rollout to all project managers. Outstanding work linked to pending approval of project prioritisation framework.
Stakeholder Mgt	Dec-20	SM04	2.3 Opportunities to strengthen stakeholder management approach: - Whilst the Council has policies and processes to engage with the community on specific matters and comply with legislation, there is opportunity to develop a strategic stakeholder management framework. - The Council's Community Engagement Framework and Community Consultation and Engagement Policy do not identify how Council will engage with stakeholders from diverse cultures and those with diverse abilities.	We recommend that: Rec: 4 - Develop a stakeholder engagement map, documenting allocated 'ownership' and back up 'ownership' of relationship with stakeholders for all stakeholders across Council, as well as targeted frequency of interaction, and opportunities for two-way communication. This will help to ensure ongoing consistency of messaging, assist with coordinating stakeholder communications, and position Council to respond strategically to emerging opportunities and stakeholder concerns.	Better Practice	In Progress	Manager Communications & Engagement	30/09/2021- 30/06/2023 & 30/06/2022 31/12/2022 30/06/2023	<u>Comments June 2022:</u> 'Action 1 - Manager Communications and Engagement to work with the Leadership Team to develop a stakeholder engagement map for key organisational - wide stakeholders. Not completed due to lack of resourcing. To be completed 22/23. Action 2 - Each Project Manager will be responsible for developing and managing a stakeholder management plan as part of their project management plan. Organisation-wide project management plan templates still to be developed by Strategy and Governance team. However, a stakeholder section has been added to the Communications Plan for project managers to develop as part of their communications and stakeholder management planning for each project. <u>Comments September 2022</u> Project management templates review underway & will rollout to all project managers Comments March 2023 Outstanding work linked to pending approval of project prioritisation framework
Budget Management	Mar-22	BM01	2.2 Budget Maturity Assessment. - The maturity of Council's budget management practices is majority 'advanced', however there are continuous improvement opportunities. - Opportunities for Council to strengthen its budget management include providing additional funding certainty for multi-year projects, use of indexation to improve the accuracy of depreciation in non-valuation years, and encouraging greater use of system functionality to file calculations, non-financial information and other documents supporting budget lines.	We recommend that: Rec. 1 - Review the Maturity Model for Budget Management and consider implementation of improvement plans to further strengthen Council's budget management.	Better Practice	In Progress	Manager Finance	30/06/2023	Comment June 2022: To be reviewed once EFOY 2021/22 is completed. <u>Comments September 2022</u> - Budget Maturity model will be reviewed - once 2021/22 is completed Comments March 2023 - Review on track for due date
		BM01.1		We recommend that: Rec. 1.1 - Provide Managers with additional guidance / example calculations re use of non-financial data.	Better Practice	In Progress	Manager Strategy and Governance	30/11/2022 30/06/2023	Comments June 2022 '- Exemplars/templates for how to identify and quantify social, environmental and other non-financial costs to be provided as part of the New Initiative Process. <u>Comments September 2022</u> - Work underway to complete by Due Date 30/11/2022 Comments March 2023 - work still underway, to be completed as part of the Project Prioritisation Framework
		BM01.2		We recommend that: Rec. 1.2 - Provide 3-4 year plan data to managers as an input into budget preparation (<i>once developed – see below</i>).	Better Practice	In Progress	Manager Strategy and Governance with Manager Finance	31/01/2023 31/12/2023	<u>Comments June 2022</u> '- Provide 4-year forward budget estimates to managers. <u>Comments September 2022</u> - Work underway to complete by Due Date 31/01/2023 Comments March 2023 - work still underway, linked to the Corporate Plan
		BM01.5		We recommend that: Rec. 1.5- Develop medium term (e.g. 3-4 year) plans linked to the strategic plan, identifying proposed future capital projects / new initiatives and multi-year projects requiring funding.	Better Practice	In Progress	Manager Strategy and Governance	31/12/2022 31/12/2023	<u>Comments June 2022</u> '- Develop a rolling 4-year Corporate Plan and associated planning process for implementation, commencing with the new Council. Process should consider the State budget forecasting model, scaled to CHB. <u>Comments September 2022</u> - Work underway to complete by Due Date 31/12/2022 Comments March 2023 - work still underway, linked to Corporate Planning
		BM01.6		We recommend that; Rec 1.6 - Continue to develop the new initiatives prioritisation framework to: • provide greater assurance of funding for multi-year projects • provide guidance for decision criteria specific to in-flight initiatives • provide guidance for consideration of 'opportunistic' projects linked to State / Federal funding • clarify the timing of the prioritisation decision (e.g. for new initiatives at commencement of the idea vs concept stage). Seek endorsement of the framework from Elected Members.	Better Practice	In Progress	Manager Strategy and Governance	31/12/2022 30/06/2023	<u>Comments June 2022</u> '- Develop a prioritisation framework that:- provides principles by which projects are objectively assessed for value and priority, including but not limited to considerations such as: (i) alignment to the strategic plan and relevant strategies (ii) value to the community - quantitative and qualitative (iii) return on investment - quantitative and qualitative (iv) relative benefits to other scheduled investments (v) impacts on other scheduled investments (vi) organisational capacity to deliver (vii) opportunity costs; - appropriately addresses planning for multi-year commitments - provides criteria against which opportunistic/ unplanned projects may be considered and assessed - considers the scheduling of investments across medium and long term time horizons - includes a process by which Audit Committee oversees or periodically reviews the application of the Framework. <u>Comments September 2022</u> - Work underway to complete by revised Due Date 31/12/2022 Comments March 2023 - linked to Project Prioritisation work.
		BM01.7		We recommend that; Rec 1.7 - Investigate options for software to replace the existing Corporate Performance Management (CPM) system.	Better Practice	In Progress	Manager Strategy and Governance with Manager Innovation & Technology	30/06/2022 31/12/2023	<u>Comments June 2022</u> '- Investigate software options to replace the existing CPM module, in order to support the development of the Corporate Planning program and improve corporate and management reporting. <u>Comments September 2022</u> - 07/07/2022 - IT-GSC approved prioritisation/scheduling Corp.Planning & Reporting - to start in Sept.2022 - 15/09/2022 - IT-GSC approved contractor for Corp.Planning & Reporting (Lack of resources delayed.) - Current start 30/11/2022 and completion 31/12/2022. Comments March 2023 - linked to the Biz Regs.
Planning Review	Apr-22	PR09	2.5 Customer feedback and complaints monitoring. - Lack of clarity around monitoring and tracking of customer feedback and complaints - Development in progress and building sites were the key subjects of customer complaints in sample - Customer feedback – complaints demonstrated lack of awareness of planning reforms, in particular notification requirements	We recommend that: Rec 9: Review and document CHB's complaint handling processes so that all staff are aware of and comply with the new planning system's complaint handling procedures. For example, document how complaints against the Assessment Manager which are lodged with the Chief Executive Officer will be investigated.	Medium	In Progress	Manager Development Services	30/06/2022 31/12/2022 30/06/2023	<u>Comments September 2022</u> Awaiting implementation of Request Management System (RMS). Manager Development Services and Team Leader Development Administration are active on the reference group that will inform the RMS, with its implementation imminent. Comments March 2023 RMS has progressed, however awaiting final review phase as currently only with Elected Members - extend due date to June 2023.
		PR10		We recommend that; Rec 10: CHB to determine whether monitoring of trends of community feedback/complaints around planning would assist management and, if so, develop robust feedback and complaint capture and reporting frameworks. This may include: - capture of the details of phone call complaints - clarity around the expected location of customer complaints and feedback data and naming conventions around this information.	Medium	In Progress	Manager Development Services	30/06/2022 31/12/2022	<u>Comments September 2022</u> Awaiting implementation of Request Management System. Interim approach sees complaints captured through ECM and distributed and resolved accordingly. Comments March 2023 RMS has progressed, however awaiting final review phase as currently only with Elected Members - extend due date to June 2023.

Audit	Date Report Finalised	Ref	Findings	Recommendation	Risk Rating	Status	Action Owner	Target Completion Date	Action Owner Comments
Transport Asset Management	May-22	PR13	2.7 Follow-up on the status of audit recommendations. - CHB have identified the importance of a follow-up review to ensure that management actions have been effectively implemented.	We recommend that: Rec 13: Establish a process for a follow-up review in 12 to 18 months, to monitor and ensure that management actions have been effectively implemented to address audit recommendations or that CHB have accepted the risks of not taking action.	Low	In Progress	Manager Development Services	29/07/2022 31/03/2023	<u>Comments September 2022</u> Follow-up scheduled to occur by 31 March 2023 Comments March 2023 Review process now in place: Team reviews weekly & individual reviews ad hoc/as required.
		AM05	2.2 Methodology and mechanisms in place for managing key asset details. - There are appropriate methodologies and mechanisms in place for determining useful life estimates, valuations, condition inspections, depreciation rates and management of significant assets. - There is an opportunity to consider the merits of a 1 July valuation date for financial reporting purposes to reduce workload pressures during the end of year process.	We recommend that: Rec 5: Consider revising the 'as at' date of future revaluations from 30 June to 1 July.	Better Practice	In Progress	GM Assets & Delivery	30/06/2023	<u>Comments June 2022</u> Progress in line with audit report <u>Comments September 2022</u> Will be progressed in line with Target Completion Dates Comments March 2023 Will be progressed in line with Target Completion Dates
2021/22 EOFY Financial Controls CHB Council	May-22	FC01	Detailed Findings: 1. LIA-ACC-0007: Payments are verified to appropriate supporting documentation and are in line with Delegations of Authority.	Rec.Treatment Plan 1: Investigate the ability to isolate Finance staff journal approval permissions from AP financial delegations in Tech1.	Better Practice	In Progress	Financial Accountant	31/12/2022 31/03/2023	<u>Comments September 2022</u> Financial Accountant will investigate the capabilities within Technology One of isolating journal approval and the impact on workflow. Comments March 2023 Being reviewed as part of corporate review of delegations - TechOne support are trialling
2021/22 EOFY Financial Controls Alwyndor	May-22	FC01	Detailed Findings: 1 ASS-DEB-0013 The organisation maintains a Debt Collection Policy and/or procedure.	Rec.Treatment Plan 1: Debt Collection Policy to be created.	Better Practice	In Progress	Manager Finance Alwyndor	1/11/2022 31/12/23	<u>Comments September 2022</u> - Alwyndor does not have a policy or formal documented procedure for Debt Collection. - Outstanding debtors are checked regularly and any aged debtors are followed up. - Risk level considered low, the majority of billing is collected via direct debit. - rarely a need for debt collection procedures. - If debt collection is needed the procedure is determined on a case-by-case basis. Comments March 2023 - Due to low level of risk related to this actions and current workloads of Finance Team, it has been agreed to reschedule this until Dec 2023.
		FC02	Detailed Findings: 2 ASS-FIX-0003 Asset Management Plans are prepared and renewal expenditure and programmed maintenance required is reviewed periodically to reflect changing priorities, additional asset data and other relevant factors.	Rec.Treatment Plan 2: Complete Asset Management Plan	Better Practice	In Progress	Manager Finance Alwyndor	31/03/2023 30/06/2023	<u>Comments September 2022</u> - The development of the Asset Management Plan delayed due to resources - planned for 2022/23. - Scheduled maintenance systems in place to maintain/monitor assets against priorities. - Any damage is logged. - Management of assets is undertaken by a register. Comments March 2023 - Asset Management review commenced, review completion date to 30/06/23
		FC03	Detailed Findings: 3 ASS-FIX-0013 Relevant staff review useful lives, residuals, valuations, depreciation methodology and test for impairment as required by Accounting Standards and legislation to ensure that methods used are still appropriate and significant changes are incorporated into Asset Management Plans.	Rec.Treatment Plan 3: Fixed Assets, asset accounting policy to be reviewed	Better Practice	In Progress	Manager Finance Alwyndor	31/03/2023 30/06/2023	<u>Comments September 2022</u> Ref: 3 - Assets regularly maintained/serviced to a maintenance schedule. - The Financial Accountant provides assessment for new assets, reviewed by Finance Manager. - Finance Manager prepares high level review of useful lives/depreciation methodology every two years. - Independent valuations performed every 5 years. - Asset Management Plan to include review of communication between Finance & Maintenance, - To ensure assets effectively monitored and disposals are appropriately documented. Comments March 2023 - To be included in the Asset Management review which has now commenced, review completion date to 30/06/23
		FC04	Detailed Findings: 4 ASS-FIX-0014 There is a process in place for the verification of fixed assets which is reconciled to the FAR.	Rec.Treatment Plan 4: Fixed Assets, asset accounting policy to be reviewed	Better Practice	In Progress	Manager Finance Alwyndor	31/03/2023 30/06/2023	<u>Comments September 2022</u> Ref: 4 - Several methods of verification are in place. - Independent valuations every 5 years. - All capital acquisitions signed off to ensure asset received, and being treated as capital, - Entered into asset schedule with end of month checks ensure asset additions are accurate. - Most assets require regular (at least annual) maintenance recorded in maintenance schedule. - Acts as form of stocktake, assets in maintenance schedule have been reconciled against asset register. - Looking to consolidate the asset ID used in Finance with the asset ID used by Maintenance team. - This will ease monitoring however majority of the control is considered effective Comments March 2023 - To be included in the Asset Management review which has now commenced, review completion date to 30/06/23

Attachment 3c - 'Not Yet Implemented' Recommendations

Audit	Date Report Finalised	Ref	Findings	Recommendation	Risk Rating	Status	Action Owner	Target Completion Date	Action Owner Comments
Transport Asset Management	May-22	AM01	2.1 Forward-planning processes and use of asset management information in strategic decision making - There is a clear link between long term financial forecasts included in the AMPs and the budget, annual business plan and long term financial plan (LTFF). - A key gap in the asset management framework for CHB is the absence of an Asset Management Strategy. - CHB has recently had a comprehensive condition assessment undertaken of road assets, which identified average conditions as lower than assumed in the current AMP, indicating a need to increase spending on renewals and maintenance. - There is a focus on increasing the level of proactive maintenance of assets. - Service levels are generally defined quite well, though there are improvement opportunities in the ongoing measurement and tracking of service levels.	We recommend that; Rec 01: - Develop, and have endorsed by Elected Members, an overarching Asset Management Strategy to provide guidance for asset management principles and prioritisation of asset management improvement strategies across all asset classes in line with the strategy.	High	Not Yet Implemented	GM Assets & Delivery	30/06/2023	Comments June 2022 Progress in line with audit report Comments September 2022 Will be progressed in line with Target Completion Dates Comments March 2023 Will be progressed in line with Target Completion Dates
		AM02		We recommend that: Rec 02: - Review and reconfirm / refine the KPIs in the AMPs to ensure they are measurable and provide useful insights to support decision making. Measure and monitor all selected KPIs, implementing any necessary data collection mechanisms (such as additional questions in the 'Quality of Life Community Survey').	High	Not Yet Implemented	GM Assets & Delivery	30/11/2024	Comments June 2022 Progress in line with audit report Comments September 2022 Will be progressed in line with Target Completion Dates Comments March 2023 Will be progressed in line with Target Completion Dates
		AM03		We recommend that; Rec: 03 - A review timetable is introduced for all AMPs, scheduling: - annual updates to the 10-year replacement schedule, associated costings and financial summary based on current asset management data - annual updates to the tables within the Risk and Improvement Plan Appendices (including status of treatment plans) - 4-yearly comprehensive AMP updates within 2 years of each general election. Note: it may not be necessary to annually update all AMPs – the transport AMP is highly material and therefore the most beneficial to update. Updates for other asset classes should be considered on the basis of materiality / effort vs benefit.	High	Not Yet Implemented	GM Assets & Delivery	30/11/2024	Comments June 2022 Progress in line with audit report Comments September 2022 Will be progressed in line with Target Completion Dates Comments March 2023 Will be progressed in line with Target Completion Dates
		AM04		We recommend that; Rec 4: Asset replacement cost estimates within the AMPs are costed on the basis of the most likely actual replacement design (which may constitute an upgrade), rather than an assumption of like-for-like. Note: costings within the AMP for future planning purposes do not impact on asset revaluations or depreciation calculations for financial reporting purposes. These calculations continue to be based on modern equivalent, like-for-like replacement to ensure that depreciation expense captures the current value of consumption of existing services, not future upgrades).	High	Not Yet Implemented	GM Assets & Delivery	31/07/2023	Comments June 2022 Progress in line with audit report Comments September 2022 Will be progressed in line with Target Completion Dates Comments March 2023 Will be progressed in line with Target Completion Dates
		AM06		2.3 Governance and risk management frameworks. - The majority of effectiveness criteria per the IIMM standards have been met. - There is a need to develop an Asset Management Strategy to provide greater cohesiveness of asset management across asset classes, and improve transparency over the prioritisation of strategies for continuous improvement of asset management maturity at an organisational level. - Asset management risks captured within the AMPs would benefit from annual updates to implementation status of treatment plans.	High	Not Yet Implemented	GM Assets & Delivery	30/06/2024	Comments June 2022 Progress in line with Target Completion Dates Comments September 2022 Will be progressed in line with Target Completion Dates Comments March 2023 Will be progressed in line with Target Completion Dates
		AM07		We recommend that: Rec 7: Implement a 4-yearly Asset Management Maturity Self-Assessment process.	Better Practice	Not Yet Implemented	GM Assets & Delivery	30/06/2024	Comments June 2022 Progress in line with Target Completion Dates Comments September 2022 Will be progressed in line with Target Completion Dates Comments March 2023 Will be progressed in line with Target Completion Dates
		AM08	2.4 Asset Management Systems. - Asset management systems used are fit for purpose. - Opportunities exist to work towards use of advanced system functionality, including thematic GIS mapping and scenario / predictive modelling to guide future decision making.	We recommend that; Rec 8: Investigate the use of thematic GIS mapping to support decision making Note: This is considered a longer-term improvement opportunity, with priority to be considered in the context of other asset management improvement initiatives determined via recommendations 1 and 7.	Better Practice	Not Yet Implemented	GM Assets & Delivery	30/06/2024	Comments June 2022 Progress in line with Target Completion Dates Comments September 2022 Will be progressed in line with Target Completion Dates Comments March 2023 Will be progressed in line with Target Completion Dates
		AM09		We recommend that; Rec 9: Pursue the use of Predictive / Scenario modelling to support long term strategic asset management decisions. Note: This is considered a longer--term improvement opportunity, with priority to be considered in the context of other asset management improvement initiatives determined via recommendations 1 and 7.	Better Practice	Not Yet Implemented	GM Assets & Delivery	30/11/2024	Comments June 2022 Progress in line with Target Completion Dates Comments September 2022 Will be progressed in line with Target Completion Dates Comments March 2023 Will be progressed in line with Target Completion Dates
2021/22 EOFY Financial Controls CHB Council	May-22	FC03	Detailed Findings: 3. REV-USE-0002: Fees and Charges register is maintained and made available to the public.	Rec.Treatment Plan 3: Undertake a stocktake of all fees and charges published online to identify any duplications, and establish protocols on how fees and charges information online will be maintained.	Better Practice	Not Yet Implemented	Manager Communications & Engagement	30/06/2023	Comments September 2022 Leadership team personnel will review in conjunction with Communications & Engagement team to ensure all documents are current. Comments March 2023 Will be completed within target dates

Item No: 8.4

Subject: **BUSINESS CONTINUITY REPORT**

Date: 15 March 2023

Written By: Risk and Improvement Officer

General Manager: Strategy and Corporate, Ms P Jackson

SUMMARY

This report provides an update on the Business Continuity program.

RECOMMENDATION

That the Audit Committee notes this report.

STRATEGIC PLAN

Statutory compliance

COUNCIL POLICY

Business Continuity Policy
Risk Management Policy

STATUTORY PROVISIONS

Not applicable

BACKGROUND

Business Continuity Management, as per ISO 22301, ensures critical operations remain available irrespective of the type of the incident or disruption caused.

Whether it's a recurrent COVID episode, a cyber-attack, data breach or natural disaster, if no provision is in place, the interruption may easily result in a lack of business continuity, with disrupted service delivery, dissatisfied communities and reputational damage.

As illustrated by recent years, organisations need to implement, maintain and continually refine their business continuity policy, plans, communication processes and management systems.

REPORT

The COVID pandemic has required Council to activate business continuity measures to a greater or lesser extent over the last few years. As a result, the Crisis Management Team has matured in its role, ensuring safety, communication and wellbeing for both its staff and its community.

This report provides a review of the annual business continuity program.

Business Continuity Policy

The Council has a current Business Continuity Policy which builds organisational resilience and capability to effectively respond to disruptive events, and to safeguard the interests of its stakeholders, reputation, brand and value creating activities.

Refer Attachment 1

Business Continuity Plans

The Business Continuity Policy is underpinned by a series of nine Business Continuity Plans. These plans outline a range of business disruptions and given circumstances such as loss of worksite, loss of IT systems/equipment, loss of key staff or loss of key third party contractors.

In accordance with the Policy, the Business Continuity and Crisis Management Plans have recently been reviewed and updated.

Table 1 – Overview of Council's Business Continuity Plans

Business Continuity Plan	Critical Functions Undertaken
<i>Crisis Management Team</i>	- Core Management Team, Extended Management Team
<i>IT</i>	- IT Disaster Recovery – Critical Services Recovery Priorities
<i>Community Wellbeing</i>	- Community Wellbeing, Volunteer Management - Community Bus Service
<i>Finance, P&C, and WHS</i>	- Core Financial Services – payroll & urgent payments - WHS Staff Wellbeing, People & Culture
<i>Customer Experience/ Libraries</i>	- Community Interface, Community Venues - Communication Hubs
<i>Engineering, Commercial, Leasing and Building Facilities</i>	- Building & Facilities, Emergency Recovery Centres, - Alternative Workplaces/spaces
<i>Field Services and Community Safety</i>	- Emergency Preparedness/Response/Recovery - Community Safety
<i>Development Services</i>	- Emergency Planning/Preparedness- Residential/ Commercial
<i>City Activation/ Community Development</i>	- Community Activation/Communication/Contact - Emergency Recovery Centres/ Community Contact

Business Continuity Knowledge Base and Resources

During declared emergencies and/or times of business interruption, the Council's Crisis Management Team oversees the immediate response, ensuring communication and safety at an individual and community level, whilst also prioritising services in their return to 'business as usual' within as short a timeframe as possible.

The review found that the existing Business Continuity Plans served the organisation well during COVID. However, minor amendments were required to reflect organisational changes made after they were written. Furthermore, a couple of additional opportunities for improvement were identified, namely:

- ensuring copies of the plans were available off-line; and
- creating resource boxes at each site, containing critical business continuity resources.

In order to support the Crisis Management Team members and managers in their crisis management roles, all individuals involved will shortly have a copy of their relevant Business Continuity Plans issued on a usb/lanyard for ease of reference, as well as hard copy folders for storage off site.

In addition, by the end of March, Business Continuity 'resource boxes' will be located at each of the three main Council locations:

- Brighton Civic Centre
- Glenelg Town Hall
- Somerton Park Council Depot.

These boxes will be lightweight, fireproof and waterproof, and will contain the key documentation required to manage and maintain the immediate response and aftermath period. This provision will allow emergency offices to be set up off site or within an Emergency Operations Centre, even during times of no IT support.

Business Continuity Exercises

Later this year, scenario-testing exercises will be run to test organisational resilience and business continuity capability.

These exercises will be tailored to provide an expansion of learnings from the pandemic business disruption experiences of the last few years, and will, as an example, include one or more of the following:

- desktop scenarios,
- past event reviews,
- expert demonstrations,
- logistical role planning.

BUDGET

Business Continuity costs are minimal and are met from existing 2022/23 budgets.

LIFE CYCLE COSTS

There are no life cycle costs associated with this report.

Attachment 1



ECM DSID Number:	4246620
First Issued / Approved:	14 December 2021
Last Reviewed:	14 December 2021
	C141221/2505
Next Review:	14 December 2024
Responsible Officer:	Manager Strategy and Governance
Date Placed on Webpage/ Intranet:	24 December 2021

1. PREAMBLE

Business Continuity Management (BCM) is a holistic management process that identifies potential threats to an organisation and the impacts to business operations if those threats arise. BCM builds organisational resilience and capability to effectively respond to events in order to safeguard the interests of its key stakeholders, reputation, brand and value-creating activities.

Council aims to conduct its operations with the highest regard for the wellbeing of its people, while maintaining the highest quality service to its customers and protecting its business and the environment. If a disruptive event occurs, the objective of BCM is to:

- minimise risks to the health and safety of employees, contractors, customers and the public, and
- minimise the period of the disruption and maximise the speed of recovery to normal business activities for all stakeholders.

1.1 Background

The City of Holdfast Bay (the Council) is committed to adopting a strategic, consistent and structured approach to BCM in line with the principles of ISO22301:2012 Business Continuity Management Systems.

The Council is committed to excellence in BCM and is committed to continuously improving its practices.

The Council acknowledges that BCM is essential for sound strategic, financial and operational planning and the achievement of the Council's objectives.

1.2 Purpose

Council is obliged to ensure that critical business functions continue after a business interruption. The purpose of this Policy is to outline the Council's principles for BCM, the approach to be taken to implement BCM and who has responsibility for activities within the program.

1.3 Scope

This policy applies to all of Council operations, including Alwyndor.

BUSINESS CONTINUITY POLICY

Council has developed plans, taking into consideration reasonably foreseeable risks and their potential impact on achievement of Council objectives. BCM has two key elements: Crisis Management and Business Continuity.

The BCM lifecycle is depicted below, as per ISO 22301:2012:



Council has identified these five steps to build, manage and maintain a robust BCM system.

The Council supports BCM practices and encourages and empowers staff in managing BCM in order to protect employees, contractors, clients and assets against reasonably foreseeable BCM risks within the boundaries of the Council's operations.

Emergency Management is managed by the Emergency Management Operations Manual and site-specific Workplace Emergency and Evacuation Plans.

BCM is supported by Council's Risk Management Policy and Risk Management Framework.

1.4 Strategic Reference

Culture: Supporting excellent, efficient operations

2. PRINCIPLES

2.1 Operation and Planning Control

Clear roles and responsibilities underpin BCM. Strategy and Governance lead the BCM program, including:

- communicating the importance of effective BCM and promoting continuous improvement,
- integrating BCM into the organisation's business processes,
- review the organisation's BCM processes and plans biennially,
- coordinate formal approval of all plans by the Senior Leadership Team.

Roles and responsibilities are articulated via the relevant plans.

2.2 Business Impact Assessments

In order to understand the business continuity risks that affect Council and the impact of these on the business, a biennial business impact analysis (BIA) will be undertaken.

BIA informs priorities and requirements for business continuity management and enables Council to prioritise the resumption of activities that support services, determining the following for each business function:

- Maximum Acceptable Outage (MAO) - The Maximum Acceptable Outage (MAO) is defined to be the time it would take for adverse impacts, which might arise as a result of not providing a product/service or performing an activity to become unacceptable (ISO 22301:2012).
- Recovery Time Objective (RTO) - The period of time following an incident within which an IT product or service must be resumed or recovered (ISO 22301:2012).
- Recovery Point Objective (RPO) - The point to which information used by an activity must be restored to enable the activity to operate on resumption (ISO 22301:2012).

The BIA must be refreshed after any significant change in Council, or at least every two years. This refresh should consider whether the criticality of any current business function has changed or whether new business functions exist that require a detailed BIA to be performed.

To understand the criticality of a business function, the following criticality matrix will be used. To determine when a function is critical, refer to the Council Risk Management Framework.

Criticality	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5 not critical	Tier 6 not critical
MAO	Immediate (<4 hours)	Today (5-24 hours)	Tomorrow (1-3 days)	This Week (4-7 days)	Next Week (8-14 days)	Eventually (>14 days)

2.3 Business Continuity Plans

The Council will develop, implement and maintain business continuity plans (BCPs) in accordance with this policy, which aim to minimise the disruption to business operations in the event of a disruption and restore operations to normal levels as soon as possible after a disruption.

BCPs are approved by the Senior Leadership Team and must be reviewed and tested every two years. Alwyndor BCPs must be provided to the Alwyndor Management Committee for noting after each review.

Plans will follow an event neutral style (PRISE) – focussing on impact of outages rather than the event itself:

P	R	I	S	E
<ul style="list-style-type: none">• People• Staff and Clients• Visitors	<ul style="list-style-type: none">• Reputation	<ul style="list-style-type: none">• Infrastructure• IT• Non-IT	<ul style="list-style-type: none">• Site	<ul style="list-style-type: none">• External Parties• Suppliers

2.4 Crisis Management

Council will develop a Crisis Management Plan (CMP) to assist with strategic incident management command and control in response to a critical incident. Alwyndor will have a separate CMP.

The CMPs are approved by the Senior Leadership Team and must be reviewed and tested every two years.

The Crisis Management Team established under the CMP will provide advice to the Senior Leadership Team who will retain operational decision-making.

Crisis management decisions must give due regard to State Emergency directives, procedures and any relevant advice from the Local Government Functional Support Group.

2.5 Suppliers and Service Providers

All third-party suppliers providing critical business activities must provide evidence of the existence, updating, testing, outcome of testing, and security of the appropriate BCM plans for the critical business activities including details of the testing and their results. Where requested, these must be made available to the Council.

2.6 Training and Awareness

All staff with allocated BCM responsibilities within business continuity plans must be involved in the biennial reviews to enable them to understand their obligations and responsibilities.

3. REFERENCES

3.1 Legislation

- *Civil Liability Act 1936*
- *Emergency Management Act 2004*
- *Local Government Act 1999*
- *South Australian Public Health Act 2011*
- *Work Health and Safety Act 2012*

3.2 Other References

- AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines
- Audit Committee Terms of Reference
- Better Practice Model – Internal Financial Controls 2012 SALGFMG
- Risk Management Policy and Framework
- Emergency Operations Manual
- WHS Emergency Management Policy
- Workplace Emergency and Evacuation Plans
- ICT Disaster Recovery Plan

Item No: 8.5

Subject: **LONG TERM FINANCIAL PLAN REVIEW**

Date: 15 March 2023

Written By: Manager Finance

General Manager: Strategy and Corporate, Ms P Jackson

SUMMARY

The Long Term Financial Plan (LTFP) has been reviewed and updated to include the 2022/23 Annual Business Plan and 2021/22 audited financial statements and budget updates to 31 December 2022. The projections in the LTFP indicate Council remains in a sound financial position.

The LTFP has also been informed by the latest Asset Management Plans (AMP) and direction from Council with regard to Council's commitment to financial sustainability. A number of assumptions have been reviewed in updating the plan and these are detailed in the report.

The LTFP will be enhanced as part of the 2023/24 budget process to include major projects that have been identified to be undertaken over the next 10 years.

RECOMMENDATION

That the Audit Committee advises Council it has received and noted the revised Long Term Financial Plan.

STRATEGIC PLAN

Statutory requirement

COUNCIL POLICY

Not applicable

STATUTORY PROVISIONS

Local Government Act 1999, Section 122

Local Government (Financial Management) Regulations 2011, Regulation 5

BACKGROUND

The Act requires Council to review its LTFP as soon as practicable after adopting the annual business plan. The LTFP was reviewed and updated to include the 2022/23 budget, 2021/22 Annual Financial Statements and budget updates to 31 December 2022.

The annual update has reviewed the existing LTFP assumptions, and has taken into consideration economic conditions and inflation, and used current available financial information. It is noted that the LTFP is not a static document and its purpose is to provide broad financial projections to assist in making key decisions.

Alwyndor Aged Care has been excluded from the LTFP as it is managed as a financially self-sustaining operation. A separate report will be prepared for this Committee covering the Alwyndor Long Term Financial Plan.

REPORT

Financial Principles and Targets

Council's key financial principles include the following:

- Delivering a balanced budget that fully funds the costs of its services including depreciation.
- Developing sound infrastructure and asset management planning by creating, enhancing and using long-term infrastructure and asset management plans.
- Providing the community with a reasonable degree of predictability for rates over the medium term.

Council's key financial performance measures and targets include the following:

- Operating result as a percentage of rate revenue between 0% - 10% over a rolling 5-year period.
- Net Financial Liabilities as a percentage of operating revenue less than 75%.
- Net interest expense as a percentage of operating revenue less than 5%.

Revised underlying assumptions

The existing LTFP assumptions have been reviewed including consideration of current economic conditions, inflation and other current financial information.

Inflation Forecasts

Current economic conditions make it hard to accurately predict future price rises, however, to assist with the process a forecast for Adelaide CPI was sourced from Deloitte Access Economics in November 2022. Another useful indicator is the Local Government Price Index (LGPI). The LGPI is published by The University of Adelaide and measures price movements faced by Councils in South Australia. When developing the LTFP and draft 2023/24 budget, LGPI was 6.7% and, as in previous years, was used as the basis for setting next year's budget.

Over the last eight years LGPI has on average increased at the same rate as CPI - though some years have been higher, or lower – and as such no adjustment has been made to the estimates provided by Deloitte Access Economics. The following table provides these estimates along with the rate used within the LTFP model for indexing operating expenditure (excluding employment costs) and income and capital expenditure.

<u>Year</u>	<u>CPI</u>	<u>LTFP</u>
2022/23	8.13%	N/A
2023/24	4.23%	6.7%
2024/25	2.53%	2.53%
2025/26	2.47%	2.47%
2026/27	2.51%	2.51%
2027/28	2.52%	2.52%
2028/29	2.43%	2.43%
2029/30	2.28%	2.28%
2030/31	2.28%	2.28%
2031/32	2.38%	2.38%

Existing Forecasts

Base case

- 2023/24 operating budget figures based on draft budget as provided by managers and reviewed by the Chief Executive Officer and the Senior Leadership Team.
- Asset renewal/upgrades updated and are based on three year capital program and adopted Asset Management Plan.
- Provision for new initiatives - \$500,000 for both operating and capital initiatives, indexed for inflation.
- Base Case includes stormwater upgrades as per adopted Asset Management Plan and Brighton Caravan Park Stage 2 upgrade.
- LGPI/CPI General Rate increase, plus 0.5% rate increase for new development.
- LGPI/CPI applied for other expenditure/revenue.
- Superannuation Guarantee rate forecast commencing at 10.5% for 2022/23 increasing to 12% by 2025/26.
- Provision for election costs has been allowed for every four years, commencing at \$226,000 in 2022/23.
- Additional depreciation and maintenance costs provided for new and upgraded assets based on the average useful life of the class of asset.
- Annual increase in valuation of assets impacting future depreciation and holding value of buildings and infrastructure assets.

Base Case plus projects

Throughout the current 2023/24 budget process Council is reassessing the major projects for inclusion in the LTFP. The following projects and funding have been included for initial comparison purposes and are subject to revision.

- Jetty Road Glenelg Masterplan - \$4.0m net
- Buffalo Redevelopment - \$5.25m net
- Sturt Linear Park - \$1.5m net

Further comparative updates will be provided to the Committee once finalised as part of the 2023/24 budget process.

Rate Income

Rate predictability is one of the key financial principles in the LTFP. The model has been updated to ensure at least a break-even operating result in future years.

Rate revenue increase

The rate revenue increase is based on the forecast LGPI reflecting Council's direction to keep rate increases as low as practical. An additional 0.5% pa has been provided for property development growth as a result of increases to a property's value, or new developments such as replacing an existing building. The annual increase in rate revenue excludes changes to the Regional Landscape Levy collected by Council on behalf of the Landscape Boards via the Landscape Administration Fund.

Employment Costs

A provision has been made for future rises in employment costs while current enterprise agreement discussions continue. Beyond this the LTFP model has used a combination of 2.5% and 2% increases for the remaining term of the plan, broadly in line with estimated LGPI.

Grants and subsidies

Council receives a mixture of grant funding from the State Government to support its programs and activities. Some grants, like the Financial Assistance Grants, are recurring and received every year. These are assumed to increase by forecast LGPI.

The Roads to Recovery (RTR) Federal Government program was extended from 1 July 2019 to 30 June 2024 with an overall allocation of \$1.49m, but with no announcement that this program will continue a provision has not been made for funding to continue beyond 2023/24. Equally, there is no indication that annual funding of \$184,000 received for the Supplementary Local Road program in 2021/22 and 2022/23 will be continued beyond 2022/23.

Current Capital Program

A number of approved budgets within the existing capital program have been identified as multi-year projects, including the Brighton Caravan Park, Stormwater Management Plan

implementation and the Seacliff Plaza upgrade. A provision totalling \$8.6m has been made to account for the timing of these, and other, projects which are expected to be completed in 2023/24.

Remaining Assumptions

Apart from the application of LGPI indexation the remaining key assumptions are unchanged from the existing LTFP and include:

- Asset renewal and upgrades are based on the latest forecast for 2023/24 and the existing AMP information.
- No asset sales have been forecast. The property portfolio is reviewed regularly with the aim of improving utilisation of facilities and reducing holding costs.
- Additional depreciation and maintenance costs are included for new assets, based on average useful lives and capital costs of the new assets.
- Cash and cash equivalents are modelled to include all investments with borrowings and cash advance debentures provided for when cash is required.
- New borrowings have been forecast on a 20 year repayment basis at current long term LGFA borrowing rates of 5.8% for new loans and 5.3% for cash advance debentures.
- Alwyndor Aged Care will be preparing a LTFP as part of the 2023/24 budget process and the Audit Committee will be advised of the outcomes.
- The SRWRA net-gain equity is based on Council's 15% share of the SRWRA operating profit as forecast in the current adopted SRWRA LTFP.

PROJECTIONS

A full set of base case financial forecast details are provided for reference as per attachment.
Refer Attachment 1

The results have been charted and show projections for our key financial performance indicators over the 10-year planning horizon. They provides a measure of overall financial capacity to respond to circumstances and undertake major new initiatives without adversely affecting the continued provision of services to our community.

Operating Surplus/ratio

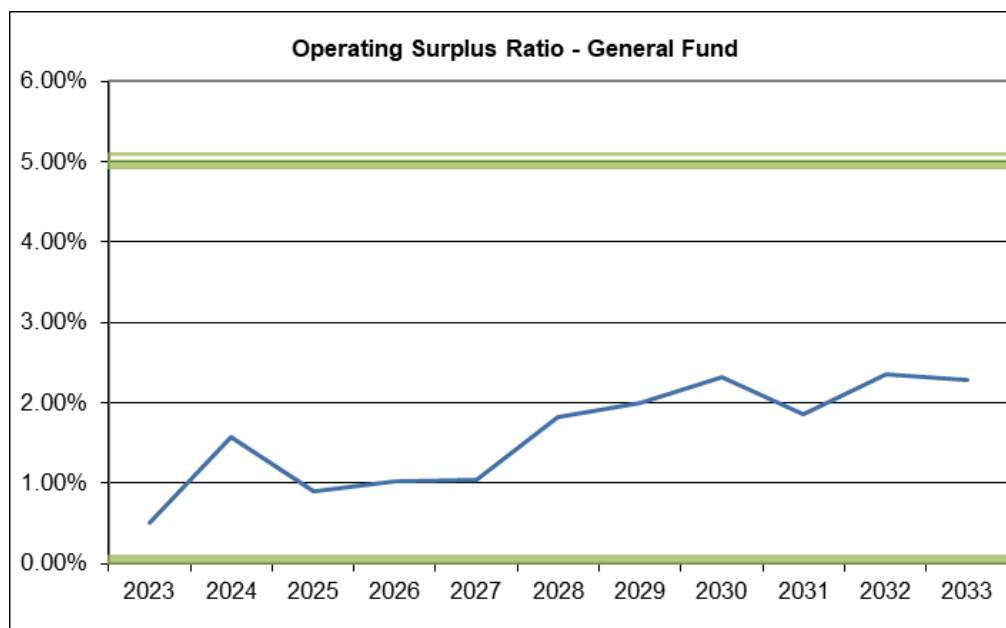
In broad terms, the Operating Surplus is the difference between day-to-day income and expenditure for the period.

Council's income (or revenue) includes rate revenue, user charges, statutory charges, investment income and grants and subsidies of an operating nature from third parties. Operating expenditure is expenditure incurred in the ordinary course of providing Council's services, including a charge for depreciation of infrastructure and assets. Depreciation reflects a portion of the capital cost or value of an asset used or consumed during the year and can be regarded as the cost of "wear and tear".

The Operating Ratio measures the Operating Surplus as a percentage of rate revenue.

A positive ratio indicates the percentage of rates available to help fund current and future capital expenditure. A negative ratio indicates the percentage increase in rate revenue that would have been required to achieve a break-even operating result.

Council has set an Operating Ratio target of between 0 and 10% over a rolling 5-year period. This recognises the impact of one-off events that distort an annual ratio. The historic operating ratio over a rolling 5-year period commencing from 2017/18 is a 3.8% surplus. The current forecast continues to show a sustainable operating surplus into future years.



Net Financial Liabilities

Net Financial Liabilities is a measure of Council's net debt — what Council owes others less what is owed to Council and is calculated as total liabilities less financial assets.

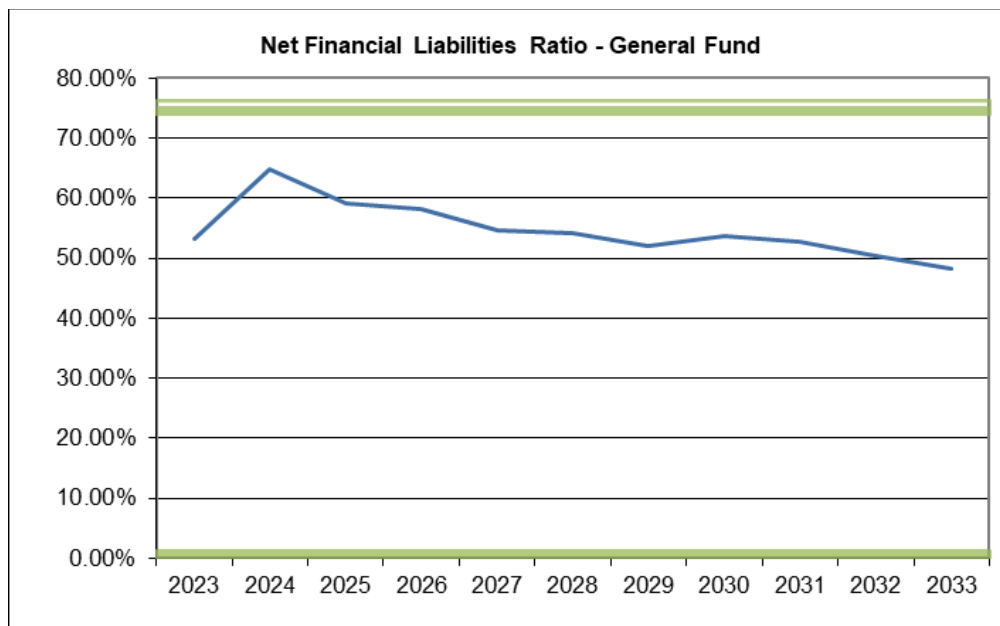
It is a broader and more appropriate measure than just debt and recognises Council's available financial assets (such as cash and investments) and other liabilities (including employee entitlements and creditors).

Net Financial Liabilities Ratio

The Net Financial Liabilities Ratio indicates how significant Council's Net Financial Liabilities are compared to income and indicates the extent to which Net Financial Liabilities could be met by revenue. It is calculated by expressing Net Financial Liabilities as a percentage of revenue.

A declining Net Financial Liabilities Ratio indicates that Council has a corresponding increase in capacity to service its financial obligations.

Council has set a target to maintain a Net Financial Liabilities Ratio of not more than 75%. This is analogous to a household with an annual income of \$100,000 having a mortgage and credit card debt of \$75,000. The base case is showing Council is well below the range thereby providing capacity for future funding of major projects.



Interest Cover Ratio

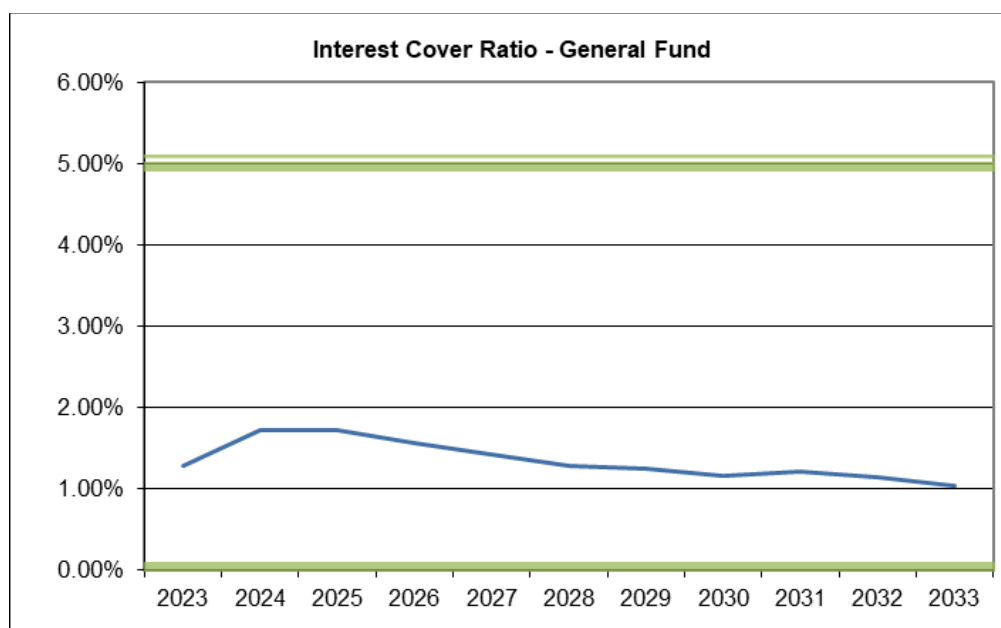
The Interest Cover Ratio measures the portion of annual revenue required to meet Council's net interest expenses.

As with the Net Financial Liabilities Ratio, a declining Interest Cover Ratio indicates that Council has a corresponding increase in capacity to service its financial obligations. This may be the result of declining Net Financial Liabilities and/or falling interest rates.

A high Interest Cover Ratio indicates that Council has reduced flexibility to fund its services.

Council has set a target to maintain an Interest Cover Ratio of not more than 5%. This means that 5 cents out of every \$1 of revenue is used to pay net interest.

The base case chart indicates Council is well below this threshold for the foreseeable future.



Asset Sustainability

Asset Sustainability is expressed capital expenditure on renewal and replacement as a percentage of the optimal expenditure identified in Council's Asset Management Plans.

The AMP has provided the capital renewal expenditure figures and therefore this percentage amount is 100%.

What do the revised projections tell us?

The revised projections indicate that, based on current assumptions, Council remains within the target range for a balanced budget with a more favourable outlook over the mid-term.

The LTFP assumes a 'no change' policy (i.e. a continuation of existing services and programs). As Council responds to changing community expectations, it will make decisions to change services and invest in new and improved infrastructure, such as community facilities, that will be funded from the projected strong financial capacity.

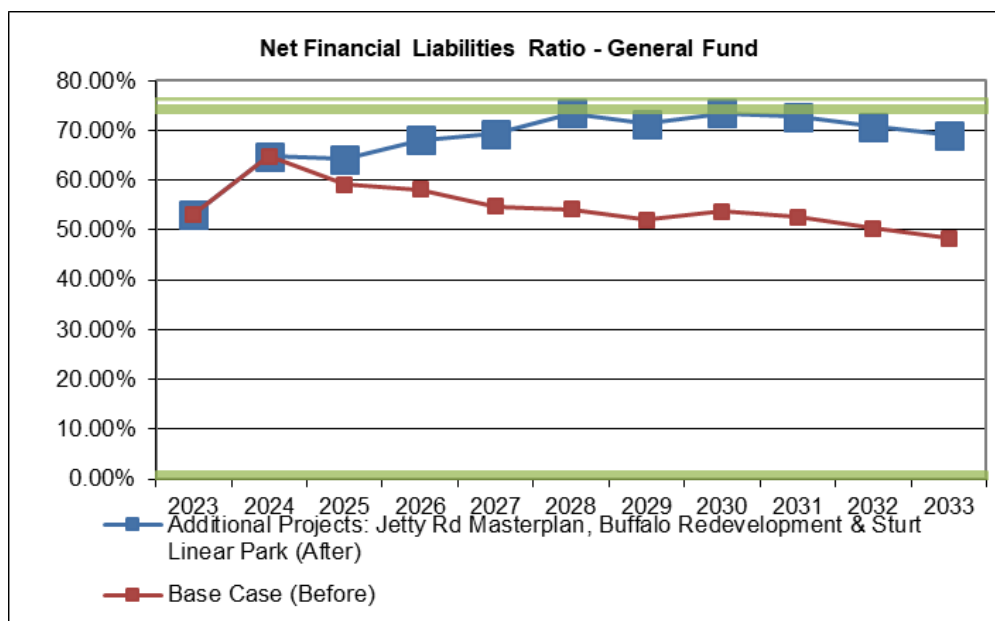
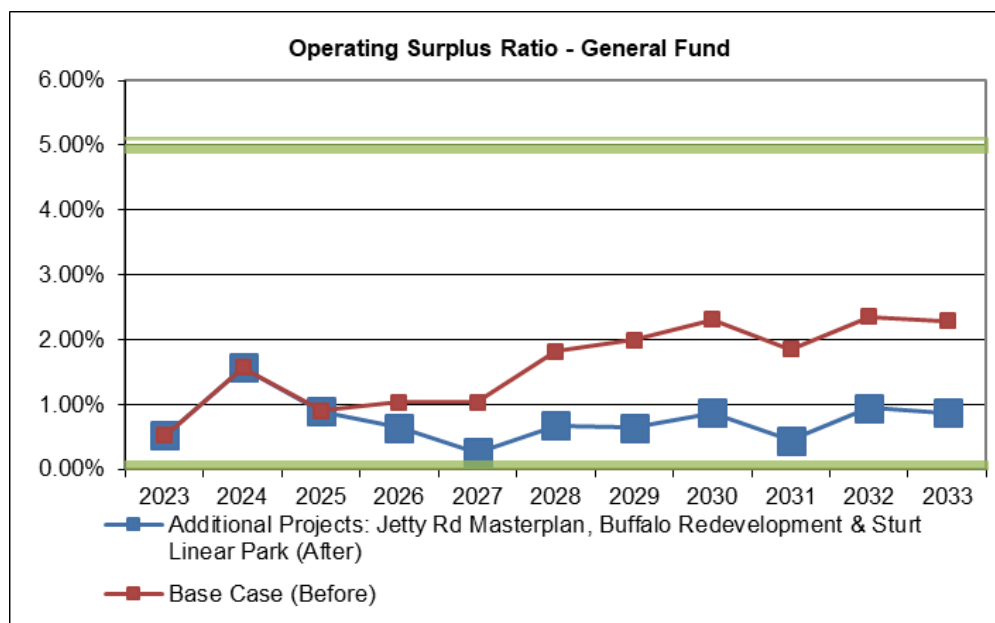
This can be achieved by:

- continually reviewing and enhancing services to our community;
- continuing to invest in renewal and replacement of our assets and infrastructure to ensure they meet the service needs in the most cost-effective manner;
- taking advantage of opportunities and respond to emerging issues; and
- using additional borrowings to fund new or upgraded assets.

The revised financial projections contained in this overview are based on a variety of estimates and assumptions.

Financial modelling has been done to show the impact of funding existing major master plan projects including Jetty Road Glenelg, Buffalo Site Redevelopment, and Sturt Linear Park. They indicate that the operating result and the Net Financial Liabilities (NFL) ratio will remain within Councils acceptable range, however, the NFL ratio will be close to the upper 75% limit from 2028 onwards. In this regard as part of the 2023/24 budget process the funding and inclusion of long term projects is being assessed.

The following charts indicate the impact of existing long-term major projects on the LTFP.



Options under consideration by Council to fund long term major projects and maintain financial sustainability thresholds include reviewing operating expenditure and income and/or revising the current net financial liabilities ceiling.

As with all projections, the view can change as underlying circumstances change. With this in mind, Council will continue to closely monitor its strategic and financial planning outlook.

Financial Strategies

The revision of the LTFP enables Council to reinforce its financial strategies to:

- maintain long-term financial sustainability; and
- build and maintain adequate financial capacity to fund its services including the flexibility to respond to changing needs and circumstances.

The financial strategies to maintain long-term financial sustainability include:

- using the LTFP in key decision making;
- continually improving and enhancing Asset Management Plans;
- continue to improve the model underpinning the LTFP;
- regularly review the LTFP;
- reduce the reliance on rate revenue;
- continually improving financial management practices; and
- measuring and reporting performance against targets.

Chief Executive Officer Comment

It is a requirement under the Act that a review of the LTFP include a report from the Chief Executive Officer on the sustainability of Council's long term financial performance. The following comments from the CEO have been provided in this regard.

The LTFP has been revised and updated to include the 2022/23 Annual Business Plan and 2021/22 Financial Statements. It has also taken into account budget updates to 31 December 2022 and the 2023/24 draft operational budget. As indicated within this report the LTFP is a modelling tool that needs to be reviewed and monitored to assist in financial forecasting and decision making.

A number of assumptions have been revised including forecasting the level of rate increase (excluding new development growth) at 6.7% forecast LGPI. The indexation for other expenditure and revenue is forecast at LGPI for 2023/24 and Adelaide CPI thereafter. The revised LTFP indicates that Council is sustainable with the Operating Ratio target of between 0 and 10% over a rolling 5-year period being met.

The LTFP also indicates that the Net Financial Liabilities Ratio (NFLR) base case scenario will remain below the Council agreed threshold of 75%. The LTFP and NFLR indicate that the current forecast level of borrowings is sustainable over the mid-term and that Council has the capacity to borrow additional funds for new major projects. Strategies to increase revenue and/or reduce operating expenditure will ensure that the NFLR will remain under the threshold in the long-term.

Council continually reviews and enhances its services to the community. Future decisions will also be made to invest in new and improved infrastructure and community facilities and the LTFP will assist in this regard. The revised LTFP indicates that Council is in a strong financial position with a sustainable outlook and has the financial capacity to fund future capital projects as they arise.

BUDGET

The LTFP informs the budget and is used as a tool in financial decisions making.

LIFE CYCLE COSTS

This report does not have any direct full life cycle cost implications.

Attachment 1



City of Holdfast Bay (excluding Alwyndor Aged Care)
10 Year Financial Plan for the Years ending 30 June 2033
STATEMENT OF COMPREHENSIVE INCOME - GENERAL FUND
Scenario: Base Case

	Actuals	Current Year	Projected Years									
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income												
Rates	39,060,000	40,498,000	43,376,000	44,654,000	45,942,000	47,286,000	48,672,000	50,054,000	51,406,000	52,578,000	53,827,000	55,106,000
Statutory Charges	2,801,000	2,682,000	2,641,000	2,708,000	2,775,000	2,845,000	2,917,000	2,988,000	3,056,000	3,126,000	3,200,000	3,276,000
User Charges	3,401,000	3,366,000	3,498,000	3,911,000	4,020,000	4,121,000	4,225,000	4,327,000	4,426,000	4,527,000	4,635,000	4,745,000
Grants, Subsidies and Contributions	3,138,000	2,624,000	2,046,000	1,716,000	1,758,000	1,802,000	1,847,000	1,891,000	1,934,000	1,978,000	2,026,000	2,075,000
Investment Income	21,000	73,000	72,000	74,000	76,000	78,000	80,000	82,000	84,000	86,000	88,000	90,000
Reimbursements	520,000	749,000	711,000	729,000	747,000	766,000	785,000	804,000	822,000	841,000	861,000	881,000
Other Income	1,347,000	636,000	844,000	865,000	886,000	908,000	931,000	954,000	976,000	998,000	1,022,000	1,046,000
Net gain - equity accounted Council businesses	441,000	101,000	220,000	227,000	231,000	235,000	240,000	244,000	248,000	253,000	257,000	257,000
Total Income	50,729,000	50,729,000	53,408,000	54,884,000	56,435,000	58,041,000	59,697,000	61,344,000	62,952,000	64,387,000	65,916,000	67,476,000
Expenses												
Employee Costs	17,892,000	18,210,000	18,965,000	19,619,000	20,295,000	20,803,000	21,323,000	21,857,000	22,294,000	22,740,000	23,195,000	23,659,000
Materials, Contracts & Other Expenses	19,442,000	21,066,000	21,700,000	21,963,762	22,516,674	23,335,669	23,682,185	24,262,741	24,821,513	25,655,387	25,995,647	26,639,747
Depreciation, Amortisation & Impairment	9,861,000	10,468,000	10,911,000	11,787,348	12,086,636	12,397,997	12,763,713	13,156,192	13,571,304	13,934,543	14,326,462	14,839,901
Finance Costs	641,000	722,830	992,674	1,019,426	955,722	903,506	842,005	846,473	811,331	862,087	844,553	793,649
Net loss - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	47,836,000	50,466,830	52,568,675	54,389,535	55,854,032	57,440,171	58,610,902	60,122,405	61,498,148	63,192,017	64,361,662	65,932,297
Operating Surplus / (Deficit)	2,893,000	262,170	839,325	494,465	580,968	600,829	1,086,098	1,221,595	1,453,852	1,194,983	1,554,338	1,543,703
Asset Disposal & Fair Value Adjustments	(1,476,000)	-	-	-	-	-	-	-	-	-	-	-
Amounts Received Specifically for New or Upgraded Assets	1,466,000	4,482,000	483,000	-	-	-	-	-	-	-	-	-
Net Surplus / (Deficit)	2,883,000	4,744,170	1,322,325	494,465	580,968	600,829	1,086,098	1,221,595	1,453,852	1,194,983	1,554,338	1,543,703
Other Comprehensive Income												
Amounts which will not be reclassified subsequently to operating result												
Changes in Revaluation Surplus - I,PP&E	154,485,000	9,932,475	12,707,181	10,370,940	10,925,820	14,258,744	13,240,176	14,328,423	11,921,343	13,186,646	17,079,130	17,801,200
Share of Other Comprehensive Income - Equity Accounted Council Business	173,000	-	-	-	-	-	-	-	-	-	-	-
Total Other Comprehensive Income	154,658,000	9,932,475	12,707,181	10,370,940	10,925,820	14,258,744	13,240,176	14,328,423	11,921,343	13,186,646	17,079,130	17,801,200
Total Comprehensive Income	157,541,000	14,676,645	14,029,506	10,865,404	11,506,788	14,859,572	14,326,273	15,550,018	13,375,195	14,381,629	18,633,468	19,344,903









City of Holdfast Bay (excluding Alwyndor Aged Care)
10 Year Financial Plan for the Years ending 30 June 2033
STATEMENT OF FINANCIAL POSITION - GENERAL FUND
Scenario: Base Case

STATEMENT OF FINANCIAL POSITION - GENERAL FUND			Actuals	Current Year	Projected Years							
Scenario: Base Case	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS												
Current Assets												
Cash & Cash Equivalents	842,000	13,648	-	1,075,812	-	-	-	-	5,118	-	-	-
Trade & Other Receivables	3,216,000	1,935,499	1,634,359	1,653,435	1,690,149	1,739,234	1,782,798	1,829,908	1,876,721	1,924,602	1,961,743	2,000,595
Total Current Assets	4,058,000	1,949,147	1,634,360	2,729,247	1,690,149	1,739,234	1,782,798	1,829,908	1,881,839	1,924,602	1,961,743	2,000,595
Non-Current Assets												
Financial Assets	861,000	643,000	625,000	606,000	595,000	585,000	575,000	565,000	554,000	542,000	534,000	534,000
Equity Accounted Investments in Council Businesses	3,928,000	4,029,000	4,249,000	4,476,000	4,707,000	4,942,000	5,182,000	5,426,000	5,674,000	5,927,000	6,184,000	6,441,000
Infrastructure, Property, Plant & Equipment	854,056,000	873,672,475	895,167,656	903,655,958	915,299,394	928,840,275	943,531,669	958,354,181	973,424,109	987,642,418	1,005,322,856	1,023,814,740
Other Non-Current Assets	2,339,000	2,339,000	2,339,000	2,339,000	2,339,000	2,339,000	2,339,000	2,339,000	2,339,000	2,339,000	2,339,000	2,339,000
Total Non-Current Assets	861,184,000	880,683,475	902,380,656	911,076,958	922,940,394	936,706,275	951,627,669	966,684,181	981,991,109	996,450,418	1,014,379,856	1,033,128,740
TOTAL ASSETS	865,242,000	882,632,622	904,015,016	913,806,205	924,630,543	938,445,509	953,410,467	968,514,089	983,872,948	998,375,020	1,016,341,599	1,035,129,335
LIABILITIES												
Current Liabilities												
Cash Advance Debenture	-	13,648	-	-	-	-	-	-	5,118	-	-	-
Trade & Other Payables	8,795,000	8,354,352	8,710,292	8,795,250	8,963,542	9,096,729	9,245,386	9,415,908	9,575,900	9,719,500	9,897,561	10,598,510
Borrowings	1,073,000	1,209,915	1,445,173	1,508,875	1,587,652	1,325,610	1,431,682	1,508,260	1,671,927	1,786,251	1,881,339	1,248,547
Provisions	3,312,000	3,505,166	3,757,545	4,017,187	4,284,999	4,559,167	4,840,597	5,129,290	5,423,429	5,723,016	6,028,958	6,341,254
Total Current Liabilities	13,180,000	13,083,081	13,913,010	14,321,311	14,836,194	14,981,506	15,517,665	16,053,457	16,676,374	17,228,768	17,807,858	18,188,312
Non-Current Liabilities												
Borrowings	13,365,000	16,102,061	22,599,399	21,090,525	19,866,005	18,648,254	18,722,209	17,710,714	19,041,601	18,579,237	17,302,200	16,332,875
Provisions	282,000	355,834	381,455	407,813	435,001	462,833	491,403	520,710	550,571	580,984	612,042	643,746
Total Non-Current Liabilities	13,647,000	16,457,895	22,980,854	21,498,338	20,301,005	19,111,087	19,213,613	18,231,424	19,592,172	19,160,221	17,914,242	16,976,620
TOTAL LIABILITIES	26,827,000	29,540,977	36,893,865	35,819,649	35,137,199	34,092,593	34,731,278	34,284,882	36,268,546	36,388,989	35,722,099	35,164,932
Net Assets	838,415,000	853,091,645	867,121,152	877,986,556	889,493,344	904,352,916	918,679,190	934,229,208	947,604,402	961,986,031	980,619,499	999,964,403
EQUITY												
Accumulated Surplus	183,004,000	187,748,170	189,070,495	189,564,960	190,145,928	190,746,757	191,832,854	193,054,450	194,508,301	195,703,284	197,257,622	198,801,326
Asset Revaluation Reserves	655,411,000	665,343,475	678,050,656	688,421,596	699,347,416	713,606,160	726,846,335	741,174,758	753,096,101	766,282,747	783,361,877	801,163,077
Total Equity	838,415,000	853,091,645	867,121,152	877,986,556	889,493,344	904,352,916	918,679,190	934,229,208	947,604,402	961,986,031	980,619,499	999,964,403

STATEMENT OF CASH FLOWS - GENERAL FUND		Actuals	Current Year	Projected Years									
Scenario: Base Case		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities													
Receipts:													
Rates Receipts		38,989,000	39,783,508	43,575,341	44,742,519	46,031,212	47,379,091	48,768,000	50,149,723	51,499,645	52,659,177	53,913,511	55,194,588
Statutory Charges		2,821,000	3,061,095	2,642,619	2,705,354	2,772,354	2,842,235	2,914,156	2,985,196	3,053,314	3,123,235	3,197,077	3,272,998
User Charges		3,688,000	3,821,976	3,492,786	3,894,687	4,015,695	4,117,011	4,220,892	4,322,971	4,422,090	4,523,011	4,630,734	4,740,655
Grants, Subsidies and Contributions (operating purpose)		3,261,000	2,886,711	2,226,783	1,748,112	1,756,341	1,800,262	1,845,223	1,889,262	1,932,302	1,976,262	2,024,104	2,073,065
Investment Receipts		21,000	74,248	72,027	73,946	75,946	77,946	79,946	81,946	83,946	85,946	87,946	89,946
Reimbursements		536,000	808,497	712,027	728,514	746,514	765,487	784,487	803,487	821,514	840,487	860,460	880,460
Other		5,823,000	844,129	835,784	864,171	885,171	907,131	930,092	953,092	975,131	997,131	1,021,052	1,045,052
Payments:													
Payments to Employees		(17,517,000)	(17,943,000)	(18,687,000)	(19,333,000)	(20,000,000)	(20,501,000)	(21,013,000)	(21,539,000)	(21,970,000)	(22,410,000)	(22,858,000)	(23,315,000)
Payments for Materials, Contracts & Other Expenses		(22,347,000)	(20,913,310)	(21,611,289)	(21,997,182)	(22,472,327)	(23,335,729)	(23,662,887)	(24,225,004)	(24,791,276)	(25,629,916)	(25,934,611)	(26,063,413)
Finance Payments		(641,000)	(722,830)	(992,674)	(1,019,426)	(955,722)	(903,506)	(842,005)	(846,473)	(811,331)	(862,087)	(844,553)	(793,649)
Net Cash provided (or used in) Operating Activities		14,634,000	11,701,023	12,266,404	12,407,695	12,855,183	13,148,927	14,024,903	14,575,199	15,215,334	15,303,246	16,097,719	17,124,702
Cash Flows from Investing Activities													
Receipts:													
Amounts Received Specifically for New/Upgraded Assets		1,466,000	4,482,000	483,000	-	-	-	-	-	-	-	-	-
Sale of Replaced Assets		43,000	936,000	201,000	25,000	704,000	349,000	493,000	379,000	298,000	374,000	384,000	395,000
Sale of Surplus Assets		29,000	1,000,000	-	-	-	-	-	-	-	-	-	-
Repayments of Loans by Community Groups		239,000	253,000	217,000	18,000	19,000	11,000	10,000	10,000	10,000	11,000	12,000	8,000
Payments:													
Expenditure on Renewal/Replacement of Assets		(9,220,000)	(13,037,000)	(7,576,000)	(7,898,000)	(11,453,000)	(9,950,000)	(13,604,000)	(12,899,000)	(15,861,000)	(14,160,000)	(14,108,000)	(14,698,000)
Expenditure on New/Upgraded Assets		(5,325,000)	(9,051,000)	(12,324,000)	(2,031,710)	(2,055,252)	(2,079,134)	(1,103,931)	(1,130,281)	(1,156,889)	(1,180,206)	(1,203,770)	(1,227,585)
Net Cash provided (or used in) Investing Activities		(12,768,000)	(15,417,000)	(18,999,000)	(9,886,710)	(12,785,252)	(11,669,134)	(14,204,931)	(13,640,281)	(16,709,889)	(14,955,206)	(14,915,770)	(15,522,585)
Cash Flows from Financing Activities													
Receipts:													
Proceeds from Borrowings		-	3,946,854	7,942,511	-	363,132	107,859	1,505,638	496,764	3,002,814	1,323,887	604,302	279,222
Proceeds from Bonds & Deposits		7,000	-	-	-	-	-	-	-	-	-	-	-
Payments:													
Repayments of Borrowings		(1,117,000)	(1,072,877)	(1,209,915)	(1,445,173)	(1,508,875)	(1,587,652)	(1,325,610)	(1,431,682)	(1,508,260)	(1,671,927)	(1,786,251)	(1,881,339)
Net Cash Flow provided (used in) Financing Activities		(1,110,000)	2,873,977	6,732,596	(1,445,173)	(1,145,743)	(1,479,793)	180,028	(934,918)	1,494,554	(348,040)	(1,181,949)	(1,602,117)
Net Increase/(Decrease) in Cash & Cash Equivalents		756,000	(842,000)	-	1,075,812	(1,075,812)	-	-	-	-	-	-	-
plus: Cash & Cash Equivalents - beginning of year		86,000	842,000	-	-	1,075,812	-	-	-	-	-	-	-
Cash & Cash Equivalents - end of the year		842,000	-	-	1,075,812	-	-	-	-	-	-	-	-
Cash & Cash Equivalents - end of the year		842,000	-	-	1,075,812	-	-	-	-	-	-	-	-
Cash, Cash Equivalents & Investments - end of the year		842,000	-	-	1,075,812	-	-	-	-	-	-	-	-

City of Holdfast Bay (excluding Alwyndor Aged Care)
10 Year Financial Plan for the Years ending 30 June 2033
KEY PERFORMANCE INDICATORS - GENERAL FUND
Scenario: Base Case






Current Year 2022/23	2023/24	2024/25	2025/26	2026/27	Projected Years					
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33

	Within green benchmark (green min and/or green max)		Within green benchmark
	Within amber benchmark (amber min and/or amber max)		above green maximum and below amber maximum
			below green minimum and above amber minimum
	Not within benchmark (amber min and/or amber max)		above amber maximum
			below amber minimum







Council's Target Benchmarks

Note 15 Ratios













Operating Surplus Ratio

Snapshot												
Actual Ratio	0.52%	1.57%	0.90%	1.03%	1.04%	1.82%	1.99%	2.31%	1.86%	2.36%	2.29%	













Adjusted Operating Surplus Ratio

Snapshot												
Actual Ratio	0.52%	1.57%	0.90%	1.03%	1.04%	1.82%	1.99%	2.31%	1.86%	2.36%	2.29%	

Net Financial Liabilities Ratio

Snapshot												
Actual Ratio	53.12%	64.85%	59.19%	58.21%	54.73%	54.23%	51.99%	53.74%	52.69%	50.41%	48.36%	

Interest Cover Ratio

Snapshot												
Actual Ratio	1.28%	1.73%	1.72%	1.56%	1.42%	1.28%	1.25%	1.16%	1.21%	1.15%	1.04%	