



AUDIT COMMITTEE

NOTICE OF MEETING

To: **Presiding Member** Cr Malcolm Herrmann

Members

David Moffatt
Peter Brass
Cr Leith Mudge
Paula Davies

Notice is hereby given pursuant to the provisions under Section 87 of the *Local Government Act 1999* that the next meeting of the Audit Committee will be held on:

**Monday 25 May 2020
6.00pm
63 Mt Barker Road, Stirling**

A copy of the Agenda for this meeting is supplied under Section 87 of the Act.

Committee meetings are open to the public and members of the community are welcome to attend. Public notice of the Agenda for this meeting is supplied under Section 88 of the Act.

**Andrew Aitken
Chief Executive Officer**



AUDIT COMMITTEE

AGENDA FOR MEETING
Monday 25 May 2020
6.00pm
63 Mt Barker Road, Stirling

ORDER OF BUSINESS

1. COMMENCEMENT

2. APOLOGIES/LEAVE OF ABSENCE

- 2.1. Apology
Paula Davies
- 2.2. Leave of Absence
Nil
- 2.3. Absent
Nil

3. MINUTES OF PREVIOUS MEETINGS

- 3.1. Audit Committee Minutes – 20 April 2020

Recommendation

That the minutes of the Audit Committee meeting held on 20 April 2020, as supplied, be confirmed as an accurate record of the proceedings of that meeting.

4. DELEGATION OF AUTHORITY

The Audit Committee operates in accordance with the relevant sections of the Local Government Act 1999, and its Terms of Reference.

5. DECLARATION OF INTEREST BY MEMBERS OF THE COMMITTEE

6. OFFICER REPORTS

- 6.1. Action Report and Work Plan Update
- 6.2. Quarterly Council Performance Report – Q3
- 6.3. Budget Review 3
- 6.4. End of Financial Year Reporting Timetable
- 6.5. Internal Financial Controls Update
- 6.6. Financial Controls Review Interim Management Letter
- 6.7. LGRS Risk Evaluation – Action Plan Review
- 6.8. Risk Management Plan – Quarterly Update
- 6.9. Internal Audit Quarterly Update
- 6.10. Annual Business Plan and Budget 2020-21 (attachment to be distributed as a late paper)

7. NEXT MEETING

The next Audit Committee meeting will be held at 6.00pm on 17 August 2020 at 63 Mount Barker Road, Stirling.

8. CLOSE MEETING

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 20 APRIL 2020
36 NAIRNE ROAD WOODSIDE**

In Attendance

Members:

Cr Malcolm Herrmann (via audio-visual link)	Presiding Member
Peter Brass (via audio-visual link)	Independent Member
David Moffatt (via audio-visual link)	Independent Member
Paula Davies (via audio-visual link)	Independent Member
Councillor Leith Mudge (via audio-visual link)	Council Member

In Attendance:

Andrew Aitken	Chief Executive Officer
Terry Crackett	Director Corporate Services
Lachlan Miller	Executive Manager Governance & Performance
Mike Carey	Manager Financial Services
Steven Watson	Governance and Risk Coordinator Minute Taker

1. COMMENCEMENT

The meeting commenced at 6.00pm.

2. APOLOGIES/LEAVE OF ABSENCE

2.1. Apology

Nil

2.2. Leave of Absence

Nil

2.3. Absent

Nil

3. MINUTES OF PREVIOUS MEETINGS

Presiding Member _____ 25 May 2020

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 20 APRIL 2020
36 NAIRNE ROAD WOODSIDE**

6.01pm Cr Mudge left the meeting

3.1. Audit Committee Meeting – 17 February 2020

**Moved Peter Brass
S/- Paula Davies**

18/AC20

That the minutes of the Ordinary Council meeting held on 17 February 2020 as supplied, be confirmed as an accurate record of the proceedings of that meeting.

Carried Unanimously

6.02pm Cr Mudge re-joined the meeting

4. Delegation of Authority

In accordance with the Audit Committee Terms of Reference, the Committee has no delegated decision-making powers. The Recommendations in Item(s) 6.2 and 6.3 are to be submitted to Council for consideration.

5. DECLARATION OF CONFLICT OF INTEREST BY MEMBERS OF AUDIT COMMITTEE

Nil

6. OFFICER REPORTS – DECISION ITEMS

6.1. Action Report & Work Plan Update

**Moved Paula Davies
S/- Peter Brass**

19/AC20

The Audit Committee resolves that the report be received and noted.

Carried Unanimously

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 20 APRIL 2020
36 NAIRNE ROAD WOODSIDE**

6.2. 2020-21 Long Term Financial Plan – Revised Draft

Moved David Moffatt
S/- Cr Leith Mudge

20/AC20

The Audit Committee resolves:

1. That the report be received and the Committee notes that the financial impacts of two significant events for Council, namely the Cudlee Creek Bushfire Recovery and the COVID-19 pandemic will not be fully understood for a reasonable period of time, however it is likely to be substantial. This impact from both an expenditure and funding perspective will therefore be a matter for future LTFP consideration.
2. To advise Council that the Committee has reviewed the draft *2020-21 Long Term Financial Plan* (LTFP), as contained in Appendix 1, in terms of the assumptions underpinning the LTFP, its consistency with the Strategic Plan and Asset Management Plans and the adequacy of the plans in the context of maintaining financial sustainability
3. That, on the basis of the Committee's review, to recommend the LTFP's adoption to Council.

Carried Unanimously

6.3. 2020-2024 Strategic Plan – Revised Draft

Moved Paula Davies
S/- Peter Brass

21/AC20

The Audit Committee resolves:

1. That the report be received and noted
2. To advise Council that the Committee has reviewed the draft *2020-24 Strategic Plan* (the Plan), as contained in Appendix 1, in terms of the assumptions underpinning the Plan, its consistency with the Long Term Financial Plan and Asset Management Plans and the adequacy of the plans in the context of maintaining financial sustainability.
3. That, on the basis of the Committee's review, to recommend the Plan's adoption to Council.

Carried Unanimously

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 20 APRIL 2020
36 NAIRNE ROAD WOODSIDE**

6.4 Annual Business Plan Update

**Moved Cr Mudge
S/- Paula Davies**

22/AC20

The Audit Committee resolves that the report be received and noted.

Carried

7. NEXT MEETING

The next ordinary meeting of the Audit Committee will be held on Monday 25 May 2020 from 6.00pm at 63 Mt Barker Road, Stirling.

8. CLOSE MEETING

The meeting closed at 7.09pm.

Presiding Member _____ 25 May 2020

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 25 May 2020
AGENDA BUSINESS ITEM**

Item: 6.1

Responsible Officer: Steven Watson
Governance & Risk Coordinator
Office of the Chief Executive

Subject: Action Report & Work Plan Update

For: Information

SUMMARY

A formal Audit Committee Action Report is maintained to record the items requiring 'actioning' that result from each of the Audit Committee meetings.

The Audit Committee Work Plan assists the Committee members and staff in scheduling both discussion and reports to ensure appropriate coverage of the Committee functions over the 12 month period.

RECOMMENDATION

The Audit Committee resolves that the report be received and noted.

1. GOVERNANCE

➤ **Strategic Management Plan/Council Policy**

Strategic Plan 2020-24 – A brighter future

Goal 5 A Progressive Organisation

Objective 05 We are accountable, informed, and make decisions in the best interests of the whole community

Priority 05.1 Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations

➤ **Legal Implications**

Section 126 of the *Local Government Act 1999* sets out the functions of an audit committee. Management of Committee's action items and work plan facilitates the achievement of these functions.

➤ **Risk Management Implications**

The management of action items and the work plan will assist in mitigating the risk of:

Poor governance practices occur which lead to a loss of stakeholder (i.e. customer and regulator) confidence and/or legislative breaches.

Inherent Risk	Residual Risk	Target Risk
Extreme (5C)	Medium (3D)	Medium (3D)

Note that there are many other controls that assist in mitigating this risk.

➤ **Financial and Resource Implications**

Council's current budget contains provision for the costs associated with the notification and conduct of Audit Committee meetings

➤ **Customer Service and Community/Cultural Implications**

The timing and location of Audit Committee meetings should be considerate of the desire for community members to attend.

With the current COVID-19 social distancing requirements, Audit Committee meetings are continuing to be held in the advertised venue however most (if not all) Committee Members are choosing to participate remotely and the meeting proceedings are being projected on the whiteboard for the attending gallery.

➤ **Sustainability Implications**

There are no direct sustainability implications arising from this report.

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

Council Committees: Not Applicable

Advisory Groups: Not Applicable

Administration: Executive Manager Governance & Performance
Executive Assistant Corporate Services

Community: Not Applicable

2. BACKGROUND

Action Report

The Action List tracks the implementation of resolutions of the Audit Committee.

Work Plan

The functions of the Audit Committee are set out in part 7 (Role) of the Committee Terms of Reference.

Workplan Amendment

A Work Plan has been developed to assist the Committee members and staff in scheduling discussion and reports to ensure appropriate coverage of the functions over the 12 month period. The Audit Committee adopted an Updated Work Plan for 2020 at its 17 February 2020 meeting.

3. ANALYSIS

Action Report

There are three (3) completed items and three (3) outstanding items on the Audit Committee Action Report (**Appendix 1**) arising from the November 2019, February 2020 and April 2020 Committee meetings. Commentary against each of the items is provided for the Committee's information.

Work Plan and Reporting Schedule

As per the *2020 Audit Committee Work Plan and Reporting Schedule* (**Appendix 2**), the following items are detailed below are included in the February 2020 (this) meeting:

Item	Commentary	Month Scheduled
Financial Reporting		
Long Term Financial Plan (LTFP)		February
Annual Business Plan		April
Budget Review 1		November
Budget Review 2		February
Budget Review 3	Included in this meeting	May
End of Year Financial Report		November
End of financial year reporting timetable	Included in this meeting	May
End of financial year update		August
Final Annual Financial Statements (incl management representation letter)		October

Internal Control and Risk Management		
Placement of Council's insurance portfolio (for noting)	Verbal update this meeting	August
Internal Financial Controls update	Included in this meeting	May
Risk Management Plan update	Included in this meeting	February/May/ August/November
Results of LGRS Risk Management Review		February
LGRS Risk Evaluation - Action Plan Review	Included in this meeting	May/August
Internal Audit		
Internal Audit quarterly update	Included in this meeting	February/May/ August/November
Internal audit reports		As Required
Implementation of internal audit actions progress report		February/August
Internal Audit Plan review	Included in this meeting	May
External Audit		
External audit interim letter	Interim letter with management actions included in this meeting	April
Implementation of external audit actions progress report		February/August
External Audit Plan review		February
Meeting attendance by external auditors		February/October
Review of auditor independence and legislative compliance		October
Audit Committee Completion Report		October/November
Public Interest Disclosure		
Public Interest Disclosure Policy review (replaces Whistleblowers)		April 2021
Other Business		
Audit Committee self-assessment review		November
Presiding Member's Report		November
Work Plan and Reporting Schedule		November
Audit Committee Meeting Dates		November
Debtors Report		February/August
Annual Report		November
Audit Committee Terms of Reference		February
Directors Presentation	Postponed until face to face meetings resume	February/April/ May/August
Other Reports		As Required

4. OPTIONS

The Committee has the following options:

- I. To note the status of the Action Report and 2020 Workplan V1.1 as presented (recommended).
- II. To alter or substitute elements of the Action Report and/or Work Plan/s. (not recommended)

5. APPENDICES

- (1) Audit Committee Action Report
- (2) 2020 Audit Committee Work Plan (v1.1)

Appendix 1

Audit Committee Action Report

Action Report Work Plan Update - Attachment 1
Audit Committee Meeting
25 May 2020

Meeting Date	Meeting	Res No.	Item Name	Previously Declared COI	Action Required (Council Resolution)	Responsible Director	Responsible Officer	Status	Date of Update	Due Date	Status (for Council reporting)
18/02/2019	Audit Committee	6/AC19	Risk Management Plan Update	None Declared	Requests an update to the Committee Workplan to include the Risk Management Framework Review for the August 2019 Audit Committee Meeting.	Andrew Aitken	Steven Watson	In Progress	16/04/2020	29/02/2020	<p>Risk Management Policy was recommended by the Audit Committee to Council for the May 2019 Ordinary Council Meeting. Council adopted the Policy.</p> <p>With the impending LGRS Evaluation occurring in the current financial year, it was felt undertaking a Risk Management Framework review would be an inefficient use of council resources and potentially undertake work that in real terms should be undertaken once the LGRS Evaluation is complete. Subsequently the Risk Management Framework Review has been delayed to follow the 2019 LGRS Evaluation and any outcomes therein.</p> <p>09 Jan 2020 - The LGRS Evaluation has now occurred and the results are being prepared for the Audit Committee to consider.</p> <p>10 Feb 2020 - The LGRS Evaluation Results Report going to 17 Feb 2020 Audit</p>
12/08/2019	Audit Committee	30/AC19	Placement of Council's Insurance Portfolio	None Declared	A further report be provided to the Committee on the items not covered in its insurance portfolio	Andrew Aitken	Lachlan Miller	In Progress	10/12/2019	18/05/2020	A full report on the insurance classes available with be provided to the August 2020 Audit Committee meeting as part of the 2020-21 placement program.
17/02/2020	Audit Committee	3/AC20	Climate Change Adaptation Governance & Risk Assessment	None declared	The Audit Committee recommends this report is presented to Council for information.	Peter Bice	Sharon Leith	Not Started	7/04/2020	29/05/2020	The information will now be circulated to Council Members via email noting change to priority only items to Council meetings and deferring of workshops.
17/02/2020	Audit Committee	10/AC20	Draft Fraud, Corruption, Misconduct and Maladministration Policy	None declared	The Audit Committee recommends to Council to adopt the draft Fraud, Corruption, Misconduct and Maladministration Policy	Andrew Aitken	Lachlan Miller	Completed	8/05/2020	28/04/2020	Policy was adopted by Council at it 28 April 2020 Ordinary Council Meeting.
20/04/2020	Audit Committee	20/AC20	2020-21 Long Term Financial Plan - Revised Draft	None declared	That the report be received and the Committee notes that the financial impacts of two significant events for Council, namely the Cudlee Creek Bushfire Recovery and the COVID-19 pandemic will not be fully understood for a reasonable period of time, however it is likely to be substantial. This impact from both an expenditure and funding perspective will therefore be a matter for future LTFP consideration.To advise Council that the Committee has reviewed the draft <i>2020-21 Long Term Financial Plan</i> (LTFP), as contained in Appendix 1, in terms of the assumptions underpinning the LTFP, its consistency with the Strategic Plan and Asset Management Plans and the adequacy of the plans in the context of maintaining financial sustainabilityThat, on the basis of the Committee's review, to recommend the LTFP's adoption to Council.	Terry Crackett	Terry Crackett	Completed	23/04/2020	23/04/2020	Report prepared to Council for 28 April 2020 in accordance with the recommendation of the Audit Committee.
20/04/2020	Audit Committee	21/AC20	2020-2024 Strategic Plan - Revised Draft	None declared	<ol style="list-style-type: none"> 1. That the report be received and noted. 2. To advise Council that the Committee has reviewed the draft 2020-24 Strategic Plan (the Plan), as contained in Appendix 1, in terms of the assumptions underpinning the Plan, its consistency with the Long Term Financial Plan and Asset Management Plans and the adequacy of the plans in the context of maintaining financial sustabinability. 3. That, on the basis of the Committee's review, to recommend the Plan's adoption to Council. 	Andrew Aitken	Lachlan Miller	Completed	4/05/2020	23/04/2020	Strategic Plan considered and adopted by Council at its 28 April 2020 meeting.

Appendix 2

2020 Audit Committee Work Plan (v1.1)

ADELAIDE HILLS COUNCIL AUDIT COMMITTEE

2020 Work Plan and Reporting Schedule

Terms of Reference		
Financial Reporting & Prudential Requirements	Long Term Financial Plan (LTFP)	Annual
	Annual Business Plan	Annual
	Budget Review 1	Annual
	Budget Review 2	Annual
	Budget Review 3	Annual
	End of Year Financial Report	Annual
	End of financial year reporting timetable	Annual
	End of financial year update	Annual
	Final Annual Financial Statements (incl management representation letter)	Annual
Internal Control and Risk Management	Placement of Council's insurance portfolio (for noting)	Annual
	Internal Financial Controls update	Annual
	Risk Management Plan update	Quarterly
	LGRS Risk Evaluation - Results	Biennial
	LGRS Risk Evaluation - Action Plan Review	Bi-annual
Internal Audit	Internal Audit quarterly update	Quarterly
	Internal audit reports	As required
	Implementation of internal audit actions progress report	Bi-annual
	Internal Audit Plan review	Annual
External Audit	External audit interim letter	Bi-annual
	Implementation of external audit actions progress report	Bi-annual
	External Audit Plan review	Annual
	Meeting attendance by external auditors	Annual
	Review of auditor independence and legislative compliance	Annual
	Audit Completion Report	Annual
Public Interest Disclosure	Public Interest Disclosure Policy review (replaces Whistleblowers)	Triennial
Other Business	Audit Committee self assessment review	Annual
	Presiding Member's Report	Annual
	Work Plan and Reporting Schedule	Annual
	Audit Committee Meeting Dates	Annual
	Debtors Report	Bi-annual
	Council's Annual Report	Annual
	Action Report & Work Plan Update	All Mtgs
	Audit Committee's Terms of Reference	Annual
	Climate Change Adaptation Governance Assessment Report - July 2019	Bi-annual
	Directorate Risk Profile Presentation	Quarterly
	Other Reports	As required
Version Control:	V1.1 - Adopted 17 Feb 2020	

[illegible][illegible]

	verbal	verbal	letter		
				in camera	
				draft	final

next review 2021				
------------------	--	--	--	--

[illegible]

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 25 May
AGENDA BUSINESS ITEM**

Item: 6.2

Responsible Officer: Kira-marie Lavery,
Corporate Planning & Performance Coordinator
Office of the Chief Executive

Subject: Quarterly Council Performance Report – Q3

For: Information

SUMMARY

As a local government entity, Council has a number of legislative obligations regarding the preparation and distribution of corporate planning and reporting information to the elected body and the community. In addition, to these mandated requirements, Council has over time created a number of additional elements to improve the integration, transparency and accountability of its activities.

In June 2018 Council adopted the *Corporate Planning & Performance Framework*, of which a key element was the establishment of a suite of Corporate Business Performance Indicators which are aligned with Adelaide Hills Council's Strategic Plan goals and will enable the tracking of performance over time.

A suite of corporate performance indicators were developed in consultation with Council Members, the Strategic Leadership Team and relevant officers. Targets for each indicator were set as part of the 2019-20 Annual Business Planning process. The Quarterly Council Performance Report for Q3 (**Appendix 1**) covers the period 1 January 2020 to 31 March 2020, and shows the performance against the corporate performance indicators.

The purpose of this report is to inform the Audit Committee of Council's performance against the 2019-20 Annual Business Plan targets in order to assist in their role as advisors to Council on the adequacy and effectiveness of processes involving financial management, reporting, risk and governance.

RECOMMENDATION

The Audit Committee resolves that the report be received and noted

1. GOVERNANCE

- **Strategic Management Plan/Functional Strategy/Council Policy Alignment**

Strategic Plan 2020-24 – A brighter future

Goal	A Progressive Organisation
Objective O5	We are accountable, informed, and make decisions in the best interests of the whole community
Priority O5.3	Demonstrate accountability through robust corporate planning and reporting that enhances performance, is relevant and easily accessible by the community

➤ **Legal Implications**

Chapter 8 - Administrative and financial accountability of the *Local Government Act 1999* sets out the key legislative obligations regarding corporate planning and reporting obligations, as follows:

- S122 – Strategic management plans – development, content requirements, consultation, review and availability of strategic plan, asset management plan and long-term financial plan;
- S123 – Annual business plans and budgets - development, content requirements, consultation, review and availability of annual business plan and budget
- S127 – Financial statements – preparation, content, auditing and availability of the financial statements;
- S131 – Annual reports – preparation, content, distribution and availability of the annual report

Additional requirements are contained in the *Local Government (General) Regulations 2013* and the *Local Government (Financial Management) Regulations 2011*.

➤ **Risk Management Implications**

Quarterly Council Performance Reporting will assist in mitigating the risk of:

Ineffective performance management and reporting processes leading to poor performance and/or loss of stakeholder confidence

Inherent Risk	Residual Risk	Target Risk
Extreme (4B)	Low (2D)	Low (2D)

Note that there are many other controls that assist in mitigating this risk.

➤ **Financial and Resource Implications**

The Corporate Planning & Performance Coordinator role, which coordinates the performance reporting function, is funded in the Governance & Performance Department budget.

➤ **Customer Service and Community/Cultural Implications**

Providing integrated, consultative corporate planning and effective and transparent performance reporting to the Council and community has the potential to increase the level of trust and confidence in Council.

➤ **Sustainability Implications**

Not applicable.

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

Council Committees: Nil. Quarterly reports to be considered by the Audit Committee where timing permits.

Council Workshops: Not applicable

Advisory Groups: Not applicable

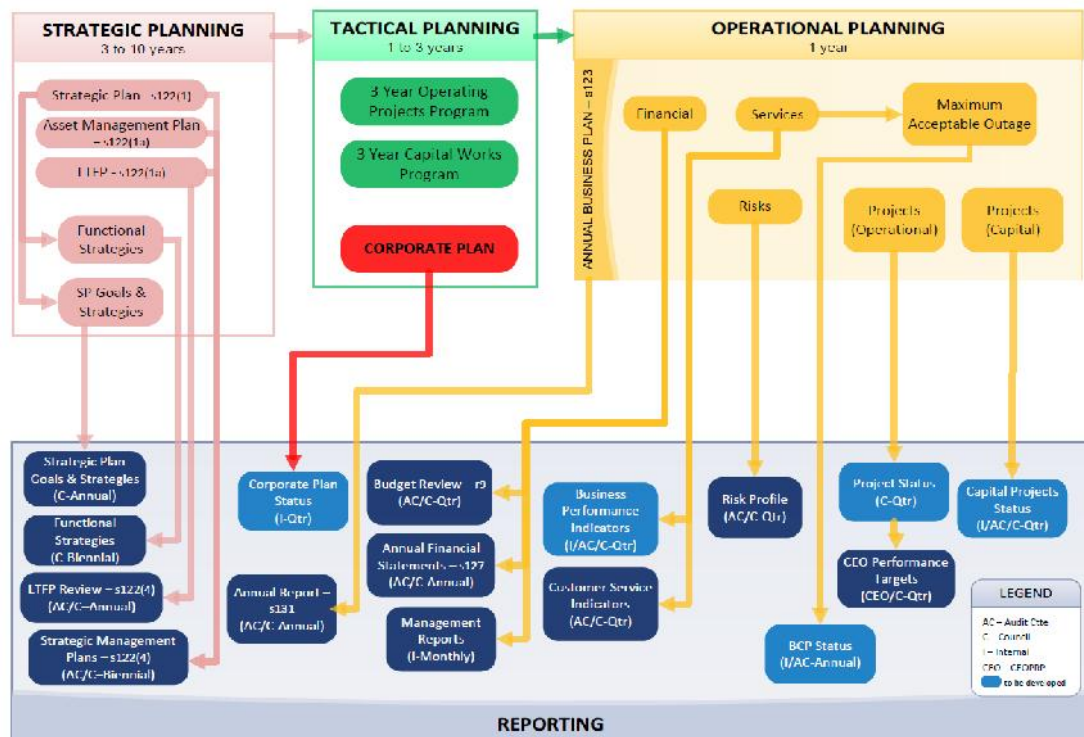
Administration: Consultation on the quarterly performance report has occurred with both Executive Leadership Team and the Senior Leadership Team.

External Agencies: Not applicable

Community: Not applicable

2. BACKGROUND

At its 19 June 2018 meeting, Council adopted the *Corporate Planning & Performance Framework*, of which a key element was the establishment of a suite of Corporate Business Performance Indicators which are aligned with Adelaide Hills Council's Strategic Plan goals and will enable the tracking of performance over time.



5.2. Corporate Planning & Reporting Framework

Moved Cr Linda Green
S/- Cr Nathan Daniell

128/18

Council resolves:

1. That the report be received and noted
2. With an effective date of 1 July 2018, to adopt the draft Corporate Planning & Performance Framework contained in Appendix 1.

	Carried Unanimously
--	---------------------

A suite of corporate performance indicators were developed in consultation with Council Members, the Strategic Leadership Team and relevant officers. Targets for each indicator were set as part of the 2019-20 Annual Business Planning process.

An internal pilot report based on Q4 2018-19 data identified that some targets were not able to be measured due to unavailable data and/or data collection methods along with data inconsistencies. These Corporate Performance Indicators have been modified or replaced with similar indicators.

The first (production) version of the Quarterly Performance Report was based on Q1 2019-20 data and provided to Council at its 26 November 2019 meeting. Unfortunately the timing of the report production did not allow for it to be included in the November 2019 Audit Committee agenda.

Following a formatting review of the Q1 report, a second version of the report was drafted for Q2 and presented to Audit Committee at the 27 February meeting.

7.4. Quarterly Council Performance Report – Q2

Moved Cr Leith Mudge
S/- Peter Brass

6/AC20

The Audit Committee resolves that the report be received and noted.

	Carried
--	---------

3. ANALYSIS

Performance in Q3 has been impacted by prioritisation of activities related to the Cudlee Creek Bushfire recovery. Though official restrictions for COVID-19 came in late March, impacts had already begun to be seen against the initiatives, affected the ability to gather some data and influenced qualitative report content.

See the attached Quarterly Council Performance Report – Quarter 3 (Appendix 1) for details.

4. OPTIONS

As this is an information report, the Audit Committee is limited to receiving and noting the report but may choose to provide commentary to the Administration for consideration to enhance the reports into the future.

5. APPENDICES

- (1) Quarterly Council Performance Report – Quarter 3

Appendix 1

Quarterly Council Performance Report – Quarter 3

Quarterly Council Performance Report

Quarter 3 – 1 January to 31 March 2020

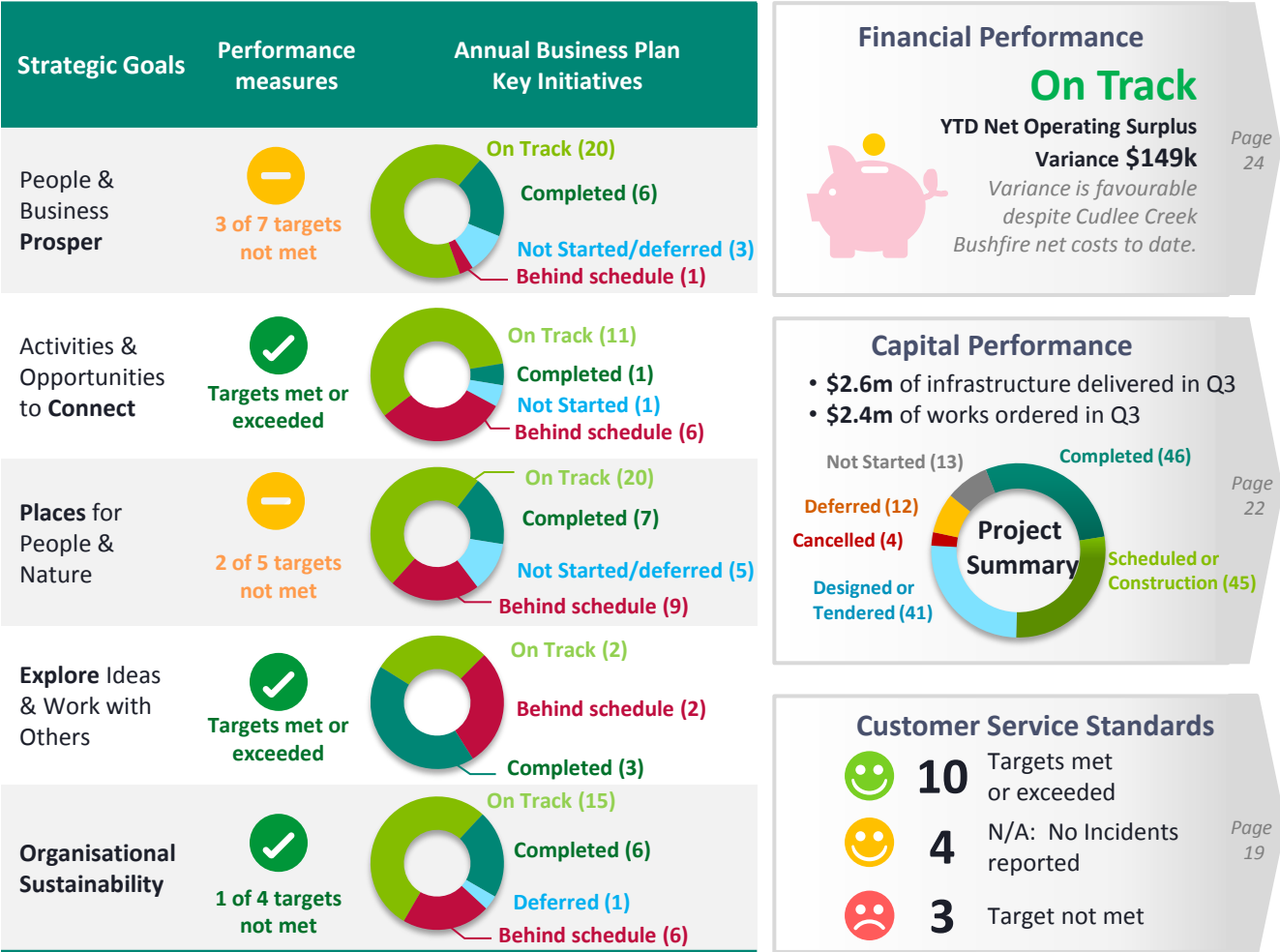


Table of Contents

1. Executive Summary	2
2. Performance by Service Area	3
3. Customer Service Standards	19
4. Capital Works Performance	22
5. Quarterly Financial Performance	24

1. Executive Summary

Our performance as at 31 March 2020 is as follows:



Highlights

- Successfully implemented the work from home strategy during March allowing 140 staff to continue working, while still allowing a safe environment for those who needed to remain in our sites such as the field teams.
- Supported the establishment of a Bushfire Recovery Centre at Fabrik in Lobethal and continued to identify and progress key bushfire recovery initiatives.
- To assist Bushfire affected residents rebuild homes and damaged structures, we gave priority to the processing of their development applications. We received 26 of these application in March and 72 by the end of the reporting period.

Risks & Challenges

- The need to divert resources in response to the Cudlee Creek bushfire resulted in some impacts to service delivery and the achievement of objectives / initiatives as outlined in a report to the Council's April meeting.
- The restrictions associated with the COVID-19 pandemic and the related priority shifts have impacted many of our planned activities and targets over Quarter 3.
- Budget Review 3 is expected to produce a reduction to the Operating Surplus as a result of the net financial impacts of the Cudlee Creek Bushfire.

2. Performance by Service Area

2.1 Community Capacity

Highlights

The directorate has provided considerable community support, engagement and information during the Cudlee Creek Bushfire including:

- recruitment of a State funded bushfire recovery Community Development Officer
- staff made over 300 check calls to vulnerable clients over 65 living in the bushfire scar immediately following the fire.
- resourcing allocations to ensure Council presence at the Lobethal Recovery Centre
- resourcing allocations to support the Council Incident Management Team
- advocacy for further support for small businesses, including those not directly ‘flame impacted’

In response to the COVID-19 pandemic, the directorate has again provided considerable community support, engagement and information including:

- staff made calls to significant numbers of community members enrolled in the Council’s Home Care and Positive Ageing programs
- staff have moved many services on-line or provided them in other formats
- providing ‘click and call’ modified library service for print and audio visual materials
- invested in and promoted online eResources
- moved children’s programs online

Council continues to work closely with our business community so that the needs of the region are well understood and communicated through the correct channels. With continual requests for information from all levels of Government, the strength of these relationships has proven to be particularly important during this time.

- Grant applications for both Stream 1 and Stream 2 of the Bushfire Tourism Recovery developed and lodged
- May Business Month cancelled but other business development opportunities through online platforms explored and promoted through e-blasts
- Changes to social distancing measures and other business related initiatives communicated through social media and e-blasts

What’s next

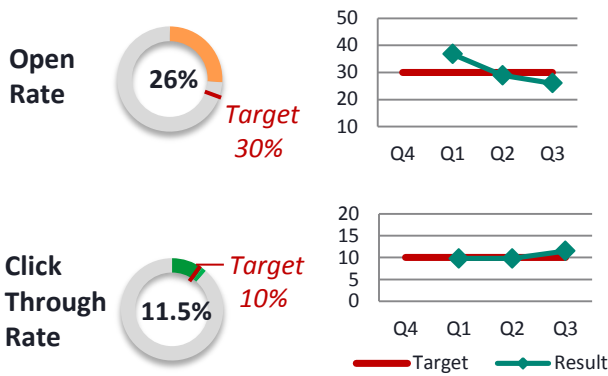
- Implement plans to manage re-introduction of community development and library services and programs once facilities are able to be re-opened
- Development of business recovery plan to assist business and industry in their recovery from both the bushfire and COVID-19 disruptions.

Issues	Action Taken	Service area
Funding for Fabrik’s redevelopment	<ul style="list-style-type: none">• Grant funding to assist with the implementation of the development of Fabrik has not been successful at this time however business plan development is ongoing to assist with future grant applications	Fabrik
Library strategic plan	<ul style="list-style-type: none">• Research underway to formulate structure for the library strategic plan• Statistics and general information for introduction researched	Library Services
Social inclusion plan	<ul style="list-style-type: none">• First draft collection policy completed• Researched Collection HQ and Public Library Service statistics to identify methodology to use on an ongoing basis	Library Services
Local history online	<ul style="list-style-type: none">• Mt Lofty District Historical Society have developed their own online system with Digital Learning Officer’s assistance – needs discussion with Public Library Service to determine how best to get records on catalogue via Portfolio• Have had initial discussions following interest expressed on possibility of putting East Torrens local history online• Gumeracha at this stage requires more discussion	Library Services

2.1.1 Economic Development

Performance measures - Prosper

Open and click rates Hills Voice: Your Business e-newsletter subscriptions



Our Initiatives - Prosper

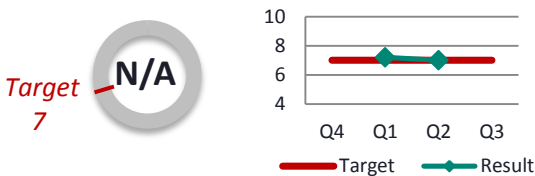
- ✓ **Regional Development Australia**
 - AHC continues to support RDA requests for information on key priorities (largely infrastructure) in the region. Most recently, RDA has developed a COVID-19 package of recovery projects and initiatives to advocate to State and Federal Governments for support funding.
- ✓ **Adelaide Hills Tourism**
 - The tourism sector has been heavily hit by recent bushfire and COVID-19 events. Working closely with Adelaide Hills Tourism and SA Tourism Commission to develop and support response and recovery initiatives.
- ✓ **UNESCO World Heritage Bid**
- **Business Month in May**
 - Cancelled due to Covid-19 social distancing measures but other business development opportunities through online platforms explored and promoted through e-blasts

2.1.2 Positive Ageing

Performance measures - Prosper

Positive ageing wellbeing score

Average level of self-determined wellbeing of program participants reviewed in the quarter.



Measure has been temporarily changed due to COVID-19 requirements and so cannot be reported for this quarter.

Related services measures - Prosper

- 1,630** Hours of **in home support** delivered
- 3,086** Hours of **social support** delivered
- 356** **Transport trips** provided

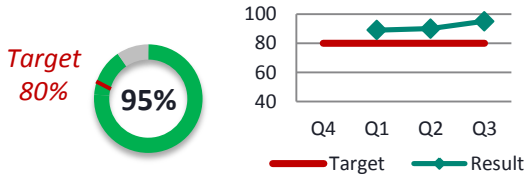
Our Initiatives - Prosper

- ✓ **Dementia Friendly Communities Project**
- 😊 **Wellbeing and re-ablement training**
- ✓ **The Brain Hub**
- ✓ **High Tea Dance**
- ✓ **Cross agency collaboration (Hills Connected Communities Project)**
- 😊 **Increasing online presence and access**
- ✓ **Building wellbeing and wellness**
 - Immediately following the Cudlee Creek Bushfire, Community Development staff made over 300 check-in calls to vulnerable clients living in the bushfire scar. Residents reported being extremely grateful for the contact and staff were able to refer them to relevant services. These calls have commenced again on a broader scale during the COVID-19 pandemic to ensure vulnerable and isolated residents have access to appropriate supports.

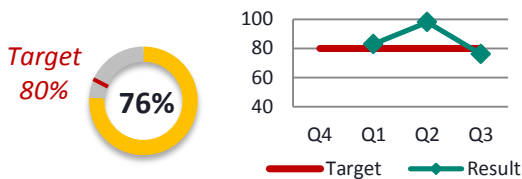
2.1.3 Community Development

Performance measures - Prosper

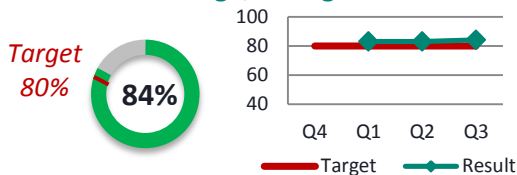
Percent of community centre participants with increased social connections



Participants who agree the programs/events have increased their feeling of connection

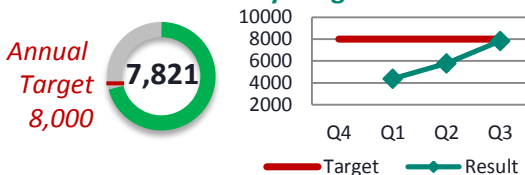


Community centre participants who would use the knowledge/skills gained in future



Performance measures - Connect

No of attendees at Adelaide Hills Community Programs



Related services measures - Prosper

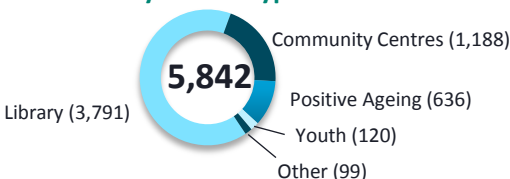
192 YTD Registered **AHC Volunteers**

Nil **Community leader workshop's.** Workshops cancelled due to low levels of interest.

No of volunteer hours by service type



No of attendees at community programs by service type



Our Initiatives - Prosper

✓ Regional health planning

✓ Disability access and inclusion

- The development and implementation of a disability action and inclusion plan has become a legislative requirement. The state government and the LGA have released documentation to support the development of the plan but consultation has been delayed by COVID-19 restrictions.

✓ The Hut partnership

😊 Increase availability of home maintenance services

✓ Community development

- Community Development staff have been working with an even more flexible and adaptable approach to find new ways to support the community during a very challenging year.

✓ Outreach programs

- While many programs have been temporarily put on hold there are some such as the Cudlee Creek Bushfire Reference Group that continue to meet online.

— Volunteer movie day

- The Volunteer Movie Day occurs in March each year but was deferred due to COVID-19 restrictions

✓ Culture of volunteering

✓ Volunteer Connect

Our Initiatives - Organisation

✓ Volunteer management capacity and capability

- A review of volunteer recruitment procedures and a data cleanse have been recent elements of continuous improvement in managing volunteers

Our Initiatives - Connect

✓ The Uraidla Shed

✓ The Gumeracha Greed Shed and Op Shop

😊 Community External volunteering support

✓ Volunteer engagement

- Volunteers are being supported via a special edition series of newsletters, online communication and telephone contact during COVID-19

2.2.4 Youth Development

Related services measures - Connect

120

Attendees in youth development workshop/activities.

Our Initiatives - Connect



Youth leadership program

- The inaugural Youth Leadership Program participants have graduated with a number staying on to mentor the next group of participants. The start for the 2020 program has been delayed due to COVID-19 restrictions.



Implement Youth Action Plan

- The Youth Action Plan is in draft form following extensive consultation with young people. The State Youth Plan has now been released and staff will look at opportunities for further alignment with the state plan. The implementation of the plan will occur once it has been finalised.

2.2.5 Creativity and Arts & Heritage Hub

Related services measures - Connect

30

Artists and creative businesses supported

Two events held: Gathered Masterclass and Changing Places artists-in-communities forum

Our Initiatives - Connect



Establish an Arts & Heritage Hub

- Progression of the development has been hindered by the unsuccessful grant applications to provide funding for the development and the impact of the Lobethal Recovery Centre being located in Building 20.

2.1.6 Cultural Development

Related services measures - Connect

Nil

Cultural awareness staff training sessions held this quarter.

Arts activities and events cancelled due to bushfires and COVID-19

Our Initiatives - Connect



Multicultural Action Plan

- Hills Harmony Day Picnic cancelled



Reconciliation Action Plan

- The Adelaide Hills councils Innovate RAP continues to be developed.
- Staff are looking at alternative options to provide a celebration of Reconciliation week during COVID-19 including online messages, a radio presentation and home based art activities.



Arts Action Plan

- The Birdwood Weighbridge Public Art Project was installed in March 2020. The art installation is aesthetically pleasing and also provides improved safety for pedestrians.

2.1.7 Library Services

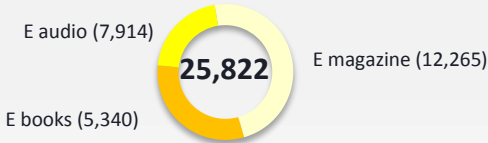
Related services measures - Connect

62,286 Physical visitors to all Library branches

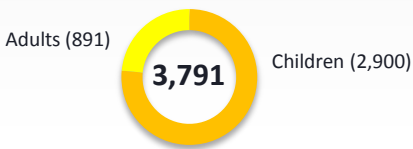
118,504 Website visitors

103,902 Total print and audio-visual loans

No of electronic loans by type



No of library program participants



Our Initiatives - Connect

- ✓ **Digital learning**
- ✓ **Mobile library project**
 - Specifications for a replacement Mobile Library were developed
- ✗ **Library strategic plan**
 - Delayed in light of need to implement changes to ensure safe delivery to modified loan services and enabling Contact Centre and other library staff to work from home.
- ✗ **Social inclusion project**
 - Delayed in light of need to implement changes to ensure safe delivery to modified loan services and enabling Contact Centre and other library staff to work from home.
- ✗ **Local history online**
 - Mt Lofty District Historical Society have developed with support from Digital Learning Officer. There is a possibility in future of building into Library Catalogue. Moving local history collections on line is not always welcomed and groups do not necessarily have the necessary skills to undertake the work.

2.1.8 Customer Service

Related services measures - Organisation

77% Service standards achieved – 10 of 13 service standards met their targets. 4 measures had no reportable incidents.

Our Initiatives - Organisation

- 😊 **Front line customer service delivery**

2.1.9 Organisational Innovation

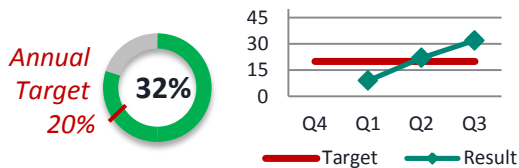
Our Initiatives - Organisation

- 😊 **Customer satisfaction measurement**
 - Development of customer satisfaction measurement now complete. Surveys regularly distributed focussing both on the experience of customers who contact us via phone and those who have a request that cannot be resolved at first point of contact. Survey feedback and data is analysed to identify opportunities for improvement.
- ✓ **CRM integration**
 - Further integration between CRM and the Confirm Asset Management System planned and dependent on completing particular milestones of the Confirm
- 😊 **Knowledge management**
 - Development on internal Knowledge Bank complete with over 90 articles now published. Strategies and workflows in place to further develop and update articles.

2.1.10 Community Engagement, Communications and Events

Performance measures - Explore

Growth of Adelaide Hills Council's social media community (followers)



Growth in social channels attributed to jump in followers during bushfire crisis.

Related services measures - Explore

Community Engagement Opportunities

- 1** **Community forum** was cancelled due to COVID-19. Instead an online Q&A tool was used and a written update provided for the Mylor community

Nil **Face to face engagement** was undertaken for Council projects due to the bushfires and COVID-19.

- 10** **Online engagement opportunities** available. There were 3,200 visitors to our engagement platform and on average 176 visits per day, 11 new registrations.

There were 91 engaged participants via the online engagement platform. This is the number of people that completed a survey, completed quick polls, asked questions, placed pins, contributed ideas or contributed to forums.

Our Initiatives - Explore

- ✓ **Digital and social media**
 - Become more critical than ever and has boosted our community numbers as they tune in for information and updates.
- ✗ **Marketing & Communication Plan**
 - Has been delayed as the team is stretched with communications delivery in light of bushfire and COVID-19. We have had a couple of strategy building sessions so the plan had commenced prior to COVID-19.
- ✗ **Review Community Consultation Policy and Community Engagement Framework**
 - Has been delayed due to limited team resources. Looking at engaging some external assistance with progressing this.
- 😊 **Video**
 - Completed production of the three video as per project description but video is more important than ever as a delivery mechanism for news, consultation, services and events.

Our Initiatives - Connect

- ✓ **Events**
 - All events cancelled due to bushfire and COVID have been working with community and our teams where possible to organise and promote alternative delivery.

Our Initiatives - Organisation

- ✗ **Crisis communication plan**
 - Some minor updates to the basic plan have been made following the bushfire but no further progress as the team focuses on COVID-19 delivery.

2.2 Corporate Services

Highlights

- Strategic Plan Phase 3 (Decide) community consultation completed.
- Long Term Financial Plan community consultation completed.

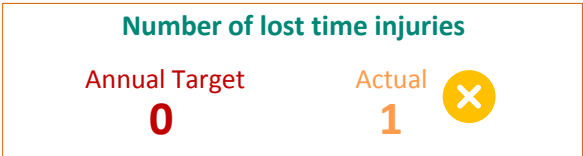
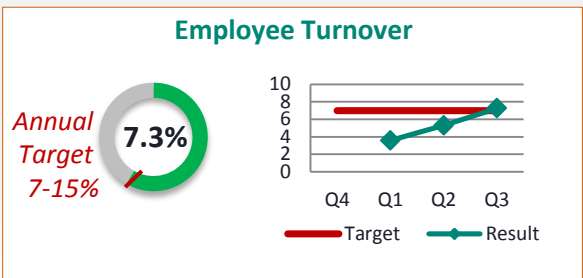
What's next

- Strategic Plan and Long Term Financial Plan to be considered for adoption by Council in Q4.

Issues	Action Taken	Service Area
COVID19 delays in boundary reform provision finalisation	Meetings with neighbouring council Mayors and CEOs will be scheduled once social distancing restrictions permit	Governance

2.2.1 Organisational Development and Workplace Health & Safety

Performance measures - Organisation



Our Initiatives - Organisation

- ✓ **Work Health and Safety (WHS) People Leader Development**
 - Further definition of the elements to be included in the People Leader WHS training via Skytrust is being discussed and prepared
- ✗ **Develop training for employees in Public Officer responsibilities**
 - With the OD Team involved in organisational support and activities related to COVID-19, no further work has been undertaken.
- ✓ **Review 4x8 Performance Process**
 - A review has been undertaken including feedback externally providing insight into process and documentation considerations. Further discussion and decisions are needed through the Executive Leadership Team before this process can be finalised.

2.2.2 Financial Services

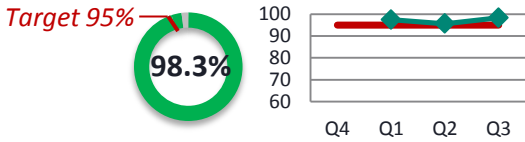
Our Initiatives - Organisation

- ✓ **Budget development including rating strategy and fees and charges consideration**
 - Initial workshop proposed for 27 & 28 March 2020 was cancelled. Virtual workshops scheduled for April and May.
- ✓ **Sale of land**
 - 29 properties relating to either deceased estates or where rate notices had been unable to be delivered for many years have been identified for action by Property Services. Project to progress post Covid-19 and bushfire priorities.
- ✓ **Development of 2020-21 Long Term Financial Plan**
 - Long Term Financial Plan for consultation presented to the Audit Committee on 17 February 2020 and Council on 25 February 2020. Consultation was open 2 March 2020 to 27 March 2020 with no comments received.
- 😊 **Annual financial statements**
- ✓ **Procurement framework**

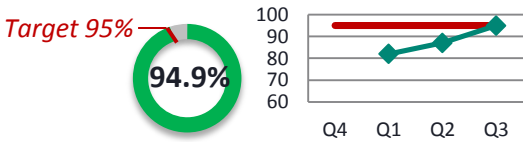
2.2.3 Governance

Performance measures - Organisation

Decisions (Council resolutions) considered in open session



Council member attendance at ordinary meetings for the period



- 4 approved Leave of Absence and 3 apologies

Related services measures - Organisation

Governance requests

Section 7 search requests	254
Percent of Section 7 completed within legislative timeframe	100%
Freedom of information (FOI) requests	3
Percent of FOI requests completed within legislative timeframe	100%
Percent of Ombudsman investigations upholding Council's decisions	Still pending

Our Initiatives - Organisation

- ✗ **Delegations management system**
 - Software has been purchased and setup of database is occurring. Approximately 80% of current delegations have been entered with the project envisaged to be completed by 30 June 2020.
- ✓ **Strategic Plan review**
 - Phase 3 consultation occurred during March, Final draft to be presented to Council for adoption in April 2020.
- **Service Review Framework**
 - Program deferred to 2020-21

Our Initiatives - Explore

- ✓ **Boundary reform provision**
 - There is an intention for the Mayor and CEO to consult with neighbouring council Mayors and CEOs regarding the draft Boundary Reform Report prior to the final report being considered at a Council meeting. The COVID-19 public health emergency is impacting the timing of the neighbouring council consultation.

2.2.4 ICT & Information Systems Services

Related services measures - Explore

99.9% **System availability** (Server uptime)

90.8% **Serviceability rating** – 39 Service Level Agreements not met vs 423 closed tickets

ICT Helpdesk

Number of requests logged	490
Number of requests resolved	423
Number of requests closed within 1 day	332
	67.8%

Our Initiatives - Organisation

- ✗ **Multifunction Device Renewal**
 - With the ICT Team involved in organisational support and activities related to COVID-19, this project is under assessment to be deferred 12 months.
- 😊 **Tablets/Laptops and Computers**
- ✓ **Server storage and switching**
 - Installation and configuration of equipment has commenced and will be completed in May 2020.
- ✓ **Internet of things**
 - Project team working on Gateway locations located in the AHC District.
- ✓ **Implementation of organisational information management system**
- ✗ **Destruction of hard copy records**
 - Project paused due to Work from home activities
- ✗ **Hard copy records digitisation**
 - Project paused due to Work from home activities
- ✗ **Information management system integration**
 - Undertaking a review of alternative software tools to assist with migration of data from TRIM

Legend: ✓ = On track/ahead of schedule

😊 = Complete

— = Not started/deferred

✗ = Behind schedule




2.2.5 Cemeteries

Related services measures - Place


Number of issued interment rights and burials/interments

Total	67
Transfers	23
Interment rights	21
Burials	14
Interment of ashes	9

Our Initiatives - Place

-  **Cemetery review**
 - Will be progressed after implementation of the new management system
-  **Stirling Masterplan**
 - Will be progressed after implementation of the new management system
-  **Survey and aerial mapping of cemeteries**
 - Survey and mapping have been undertaken for Stirling Catholic and Mt Lofty cemeteries with the others to be undertaken as part of the implementation of the new management system

Our Initiatives - Organisation

-  **Cemetery management system**
 - Tender awarded to OpusXi and data migration and system integration work is being undertaken

2.2.6 Property Services


Related services measures - Place

- 61** **Community facility leases/licenses**
- 32** Leases/licenses that are **expired** and in holding over

Our Initiatives - Place

-  **Crown land review**
 - Additional community consultation to be undertaken to meet requirements of Crown Lands Department, on hold until COVID-19 restrictions are eased
-  **Unmade road review**
 - Being progressively undertaken as resourcing allows
-  **Public toilet review**
 - Being progressively undertaken as resourcing allows
-  **Accommodation review**

Our Initiatives - Connect

-  **Community & Recreation facility framework**
 - Disruptions to resourcing from bushfire and COVI-19 response has delayed progression of some aspects, being progressed to undertake community consultation

Our Initiatives - Organisation

-  **Community land register and management plans**

2.3 Infrastructure & Operations

Highlights

- **3817 Ayers Hill Road footpath renewal** - Starting at Laurel Road, this 135m footpath meanders through some very picturesque vistas created by established trees all the way to St Catherine’s Catholic School.
- **Bushfire recovery Lobethal Bushland Park** - The Australian Army and Team Rubicon have lent Council an enormous hand in helping to recover our beautiful Lobethal Bushland Park following the devastating Cudlee Creek Bushfire. The Army attended to many of the unsafe trees identified along the trails, whilst Team Rubicon accompanied Council staff in clearing debris and other hazardous materials off the trails so Council can begin a staged reopening of the park. A huge thank you to both organisations on behalf of Council and community for their tireless efforts in extremely hot and humid conditions.
- **Balhannah Footpath** - The upgrade of the footpath along the southern side of Onkaparinga Valley Road at Balhannah is complete. The project has seen the existing asphalt footpath upgraded to locally made clay pavers. Four new trees have also been planted as part of the project to replace trees which were removed some years ago.

What’s next

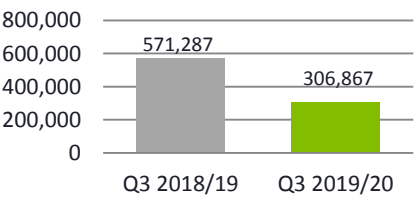
- **Heathfield Netball Courts** - Renewal works are currently underway at Heathfield netball courts with the new asphalt surface laid this week as well as the final concrete pours for the surrounding plinths, path and stairs. Asphalt will cure for four weeks before a new acrylic surface is applied. Tasks next week include fencing, painting and repointing of stonework.

Issues	Action Taken	Service area
Solar PV panel installation will not go ahead on three sites this financial year.	<ul style="list-style-type: none">• Stirling complex – cannot install due to shading, sprinklers and configuration of existing panels. Stirling-further solar PV feasibility options are being developed• Nairne Road Office - part of the roof structure not able to support solar PV panels and needs replacement. Nairne Road office - further investigation into all parts of the roof to determine best option• Birdwood CWMS lack of infrastructure clarification and therefore location of on-ground PV system. Survey specifically of underground services has been organised	Sustainability

2.3.1 Sustainability

Performance measures - Place

Decrease Council’s Kilowatt hour use and increase solar PV generation



When comparing our usage to Q3 2018-19, this shows a usage reduction of **46.2%**. Whilst part of the reduction likely relate to LED street lighting installation, it should be acknowledged that there are a number of electricity invoices which are yet to be received and therefore uploaded.

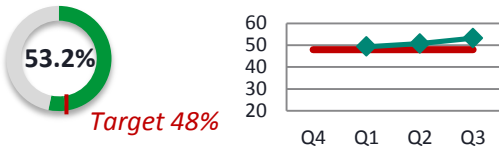
Our Initiatives - Place

- ☺ **Community energy program**
- ✖ **Investigate water reuse for Woodside Recreation Ground irrigation**
 - A meeting with SA Water has been scheduled determine if there is capacity at the Bird in Hand Waste Water Treatment Facility for using reuse at WRG
- ⊖ **Design and implement Water Sensitive Urban Design (WSUD) initiatives at the Woodside Recreation Ground**
- ⊖ **Investigation into circular economy products for inclusion in Council’s capital and operational works**

2.3.2 Waste & Resource Recovery

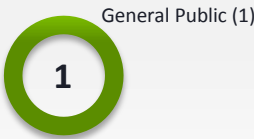
Performance measures - Place

Diversion rate of recyclable material away from landfill



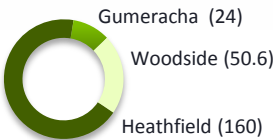
Related services measures - Place

No of waste community education sessions



12 Attendees at community education sessions

Tonnes of green organics collected



Our Initiatives - Place

- ✓ Kerbside bin audits
- ✓ Domestic kerbside collection
- ✓ Household chemical and paint drop off
- ✓ Solar/smart bins pilot
- ✓ Waste management and recycling

Our Initiatives - Prosper

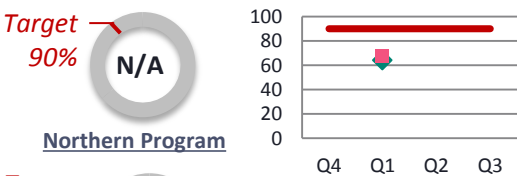
- ✓ Green organic drop off days

2.3.3 Open Space Operations

Performance measures - Place

Delivery of Arboriculture (Tree) Zone Maintenance Program

Southern Program



Northern Program



Data unavailable in Q3 due to bushfire

Our Initiatives - Place

- 😊 Elm leaf beetle treatment
- 😊 Veteran tree management
- 😊 Asset protection zones

Our Initiatives - Explore

- 😊 Fleet & plant management

Related services measures - Place

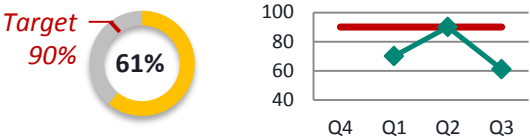
Number of customer requests

Parks, Gardens and ovals	68
Gardens	3
Ovals	11
Parks & reserves	36
Parks, gardens & ovals	18
Playgrounds	8
Maintenance	4
Upgrades & general enquiries	4

2.3.4 Civil Services

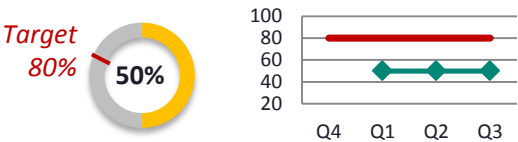
Performance measures - Place

Delivery of capital works program



A number of large projects have been delayed to Q4 start, correlating with major external impacts to Council over Q3.

Operational tasks completed within the Civil Zone Maintenance Program



Increasing rollout of in-field devices for scheduling works will improve results overtime.

Related services measures - Place

Number of civil maintenance requests

Roads & Footpaths	
Driveway crossover	14
Footpaths	36
Roads	195
Safety concerns	38
Signs	73
Street lighting	5
Stormwater & Sewerage	
Flooding & blocked drains	87
Septic & community waste waster	13
Stormwater & drainage	90
Trees & Environment	
Creek/water catchment	2
Mulch request	22
Road verges	19
Trees	522
Vegetation	0
Weeds	42
Environment	6
Overgrown grass	60

Our Initiatives - Place



Project management manual

- A cross functional team has formed to oversee the development of an organisation wide project management framework and manual. A project plan has been adopted which will see the manual completed and implemented by the end of 2020. Part 1 draft has been delivered for review.

Our Initiatives - Explore



Online maintenance program

- An online civil maintenance program is available for viewing via Council's website. It is regularly updated, refined and improved.

Our Initiatives - Organisation



Capital project delivery

- The delivery of capital projects in the civil asset classes are progressing well, with all major projects on track to be completed by the end of the financial year.

2.3.5 Biodiversity and Habitat Conservation

Related services measures - Place

No of Native Vegetation Marker System (NVMS) sites assessed



Target not reached due to greater overall length of sites in the northern sections of the council area.

30 BushRAT assessments completed at NVMS sites

3 Sites had **weed management** undertaken in Q3. 5 sites remaining to be undertaken in 2019/20.

No of Woody Weed Control Program sites completed



1 prescribed burns completed in Q3.

Our Initiatives - Place

- ✓ **Biodiversity monitoring and management**
 - No AHC reserves to be monitored in Summer quarter 2020 (monitoring is seasonal)
- ✓ **Community capacity building**
- ✓ **Native vegetation marker system (NVMS) program**
 - 30 Bushrat assessments over 14 NVMS sites (Baseline Bushrat surveys completed at 355 sites, of 466 total sites)
- ✓ **Management and monitoring of prescribed burn sites**
 - 7 of the 8 AHC prescribed burn sites were completed prior to June 30 2019, with the 1 remaining completed in autumn 2020. (Morgan Road, Ironbank)
- ✓ **Implement the 2019-2024 Biodiversity Strategy**
 - 33 High priority actions – 31 ongoing, 3 complete. 34 Medium priority actions – 15 ongoing, 3 complete, 20 Low priority actions - 4 ongoing, 4 complete.

2.3.6 Emergency Management

Our Initiatives

- ✓ Emergency management planning

2.3.7 Community Wastewater Management System (CWMS)

Our Initiatives

- ✓ Asset management
- ✓ Legislative and regulatory compliance
- ✓ Septic tank de-sludge program
- ✓ Community Wastewater Management System (CWMS) review
- ✓ Supply of recycled water

2.3.8 Sport & Recreation Management

Our Initiatives - Place

- 😊 **Community & recreation facility grants**
 - 2019/2020 round was completed in December 2019.
- ✓ **Sport & recreation master planning projects**

Our Initiatives - Prosper

- **Club development workshops**
 - Not commenced due to bushfire & now Covid-19 implications.
- 😊 **Play space upgrades**

2.3.9 Asset Management

Our Initiatives - Place

- ✓ **Confirm asset management**
- 😊 **GIS integration**

Our Initiatives - Organisation

- ✗ **Asset management plan review**
 - External review being considered and where appropriate incorporated into draft Transport Asset Management Plan

2.4 Development & Regulatory Services

Highlights

- **Waste water system applications** received are now been digitised in order to enable them to be processed electronically. The assessing officer can now access these, through mobile devices onsite, thereby improving processing efficiencies.
- Implementation of the **State's Planning Reform Agenda** continues and staff prepared comments on the People & Neighbourhoods Discussion Paper and Phase 3 of the Planning & Design Code. These were considered and adopted by the Council's Strategic Planning & Development Policy Committee at a special meeting held on 18 February 2020. The comments were subsequently submitted to the State Planning Commission on 28 February 2020 (the deadline for comments) for consideration.
- The **Internal Review** of development application assessment processes and electronic procedures have now been completed.

What's next

- **Progression of the World Heritage Bid Project** will continue as soon as the outcomes of the City of Adelaide's Expert Review have been completed in late May 2020. The intent is to then meet with the City of Adelaide and the Minister for Environment and Water to identify ongoing collaboration opportunities with the State Government to progress the joint bid.
- **Implementation of the State's Planning Reform Agenda** will continue in the next quarter and staff will work collaboratively with the State Planning Commission to ensure Council's desired outcomes with regard to the new Planning & Design Code and ePlanning System are achieved before the system goes live in September 2020.

Issues	Action Taken	Service area
Delays with software development with external contractor for the electronic development register	Meetings with the executive management of the software company have occurred in order to resolve the outstanding issues and progress is now being made in this regard.	Development Services
Conversion of waste water system and food inspection files to electronic files	As Council's Environmental Health Officers have been required to assist with the enforcement of COVID-19 restrictions, this project has been placed on hold.	Environmental Health
Survey and Investigate impact of wastewater systems on the water catchment	This Project currently is currently on hold due to COVID-19 restrictions and will recommence as soon as the restrictions are lifted.	Environmental Health

2.4.1 Public Health Services

Related services measures - Prosper

Wastewater Applications

- 50** Applications **lodged**
- 38** Applications **Assessed and Approved** within 2-4 weeks of receiving all information
- 9** Applications **awaiting further information** to be finalised.

Compliance rate of Food Premises at time of inspection



61 of the 63 Food Premises Inspections conducted were compliant.

2 premises had follow up inspections and were found compliant.

Our Initiatives - Prosper



Process waste water system applications electronically

- In early 2020 all wastewater applications received by Council either electronically or as a hardcopy were digitised enabling them to be processed electronically.

Our Initiatives - Place



Investigate impact of wastewater system on catchment

- This project on hold due to COVID-19 restrictions. Note that the Mt Lofty Ranges Project is funded by SA Water and their aim is to capture areas not previously included in the project review undertaken in 2011.

Our Initiatives - Connect



Food safety training

- Staff are promoting on-line Food Safety Training to Food Businesses and Community Organisations to provide an understanding of appropriate food safety and handling practices

Our Initiatives - Organisation



Conversion of files to electronic files

- Project on hold as Environmental Health Officers have assisted with enforcement of COVID-19 restrictions.
- All food inspection files have been digitised. Wastewater files in process of being digitised.

2.4.2 Regulatory Services

Related services measures - Place

- 108** **Private properties inspected** as part of fire prevention activities

Number of customer requests

Dog management activities	93
Dog pick up	27
Dog return to owner (non-impounded)	22
Wandering	15
Dog attack & harassment	9
Barking dogs	20
Other	0
Non-dog animal management	6

Nuisance & litter queries

Total reported	27
Noise	10
Air pollution	1
Littering	5
Nuisance	8
Vandalism/damage	3
Percent resolved	95.96%

Our Initiatives - Place



Dog and Cat Animal Management Plan (DCAMP) implementation

- Community education and awareness program to commence in 2021 in the lead up to the commencement of the cat confinement requirements on 1 January 2022. A consultant has been engaged to design and cost the establishment of cat holding cages at Council's Heathfield Dog Pound



Cats By-law review

- This project will only commence when the cat confinement requirements come into effect on 1 January 2022



Community education on local nuisance and litter control matters

- This project will commence as soon as the EPA concludes its minor review of the Local Nuisance & Litter Control Act. Council submitted its comments to the EPA on 4 October 2019 and is awaiting the outcome of that Review

Our Initiatives - Prosper



Review of Council fire prevention & mitigation activities

- Staff have received the draft consultant's report into the review of Council's activities in this regard and are reviewing the report and its associated recommendations.

2.4.3 Planning & Development Services

Performance measures (Prosper)

Applicant satisfaction with the development application process



Only two surveys received but these were both negative. Note one was for retrospective development

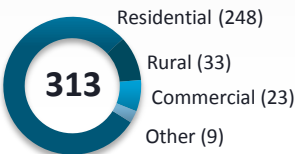
Related services measures

There has been a reduction in development applications, values and daily average for Q2.

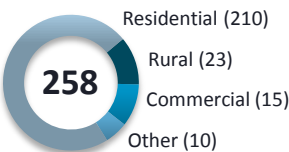
\$32.7m Aggregated estimated value of applications lodged

75 Day average for approval of applications.

No of development applications lodged



No of development applications approved



Our Initiatives - Prosper

- Electronic development application assessment**
 - The Development Application register is still a work in progress with Council's software developer. Further the on-line payment portal was not up and running as planned within the Quarter – expected completion in Q4.
- United Nations Educational, Scientific and Cultural Organisation (UNESCO) World Heritage Bid**
 - City of Adelaide engaged World Heritage Experts to undertake a review of their proposed bid with expected completion in May 2020. They will consider the rural planned settlements around Adelaide, and determine whether it represents an exemplar of systematic colonisation, especially when compared with New Zealand examples.
 - Dependent on the outcome, the intent is to then seek a meeting in June with the City of Adelaide to discuss possible collaboration between the two bids.
- State's planning reform agenda**
 - Staff prepared comments on the People & Neighbourhoods Discussion Paper which were considered and adopted by Council's Strategic Planning & Development Policy Committee (SPDPC) at a special meeting held on 18 February. These were subsequently submitted to the State Planning Commission (SPC) on 28 February. No further discussion papers have been released by DPTI for comment at this point in time.
- Conversion of Council's Development Plan**
 - Staff completed the community engagement process in January 2020. Comments on the draft zones and policies affecting our Council were reported to SPDPC on 18 February 2020 and submitted to the SPC. We are now awaiting a response from the SPC.
- Review of development application assessment process**

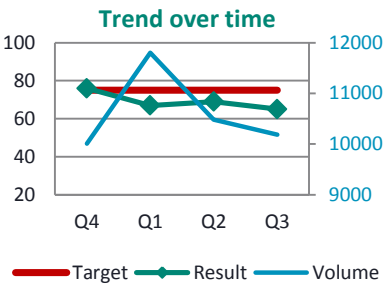
3. Customer Service Standards

5.1 General Customer Standards

Answering Incoming Phone Calls

Volume of calls = 10,183

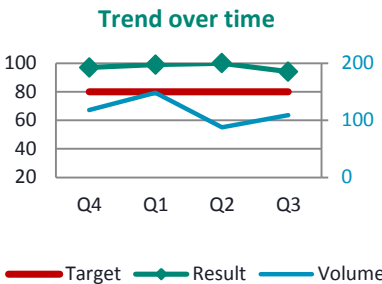
Contact centre calls answered within 30 sec



Updating Customer Details

Volume of updates = 109

Details updated within 5 days



5.2 Service Specific Standards – Time Based Indicators

New Event Applications

Volume of applications = 16

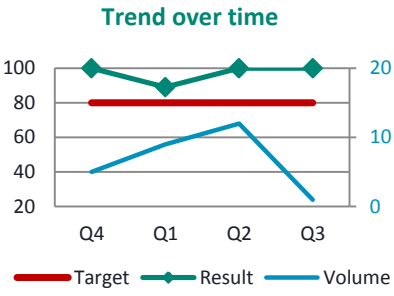
Acknowledgement of receipt within 5 days



Illegal Burning Complaints

Volume of complaints = 1

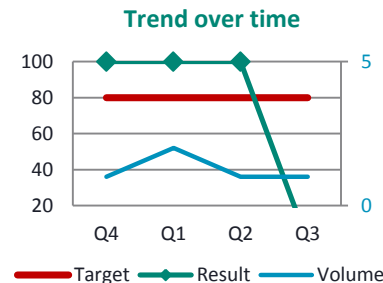
Investigated within 24 hours



Health Complaints

Volume of complaints = 1

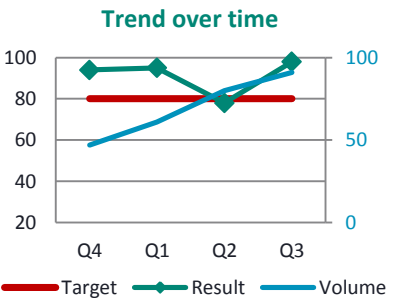
Contact centre calls answered within 30 sec



Illegally Dumped Rubbish

Volume of reports = 91

Rubbish removed within 3 days

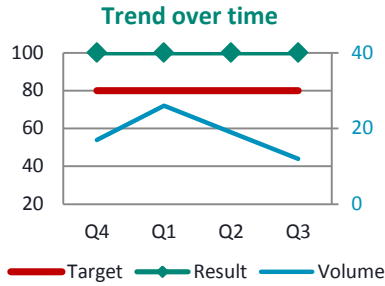


Comment: Only one case which missed the 24 hour standard. Request came in late Friday afternoon and was resolved the following Monday.

Library Services

Volume of requests = 12

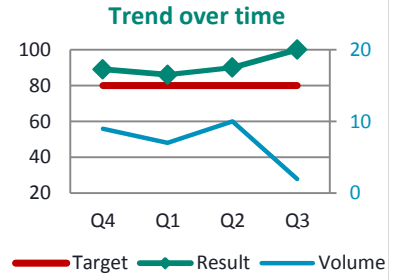
Response to requests to purchase materials within 10 days



Dog Attacks

Volume of attack reports = 2

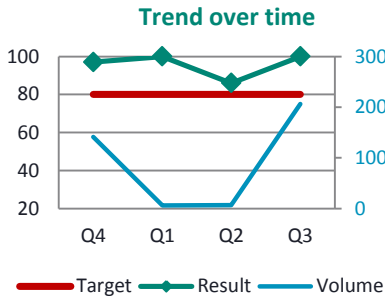
Response within 24 hours



Wasps

Volume of reports = 206

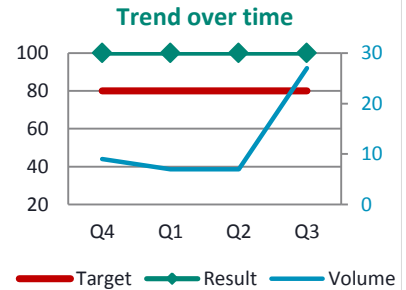
Investigate and action within 7 days



Development Applications

Volume of applications = 27

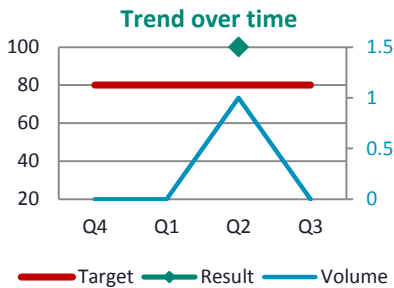
Approval of fast track development applications within 28 days



Missed Bins

Volume of requests = 0

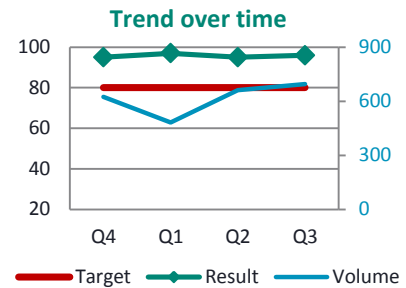
Missed bins collected within 2 days



Request for Bin Repair or Replacement

Volume of requests = 695

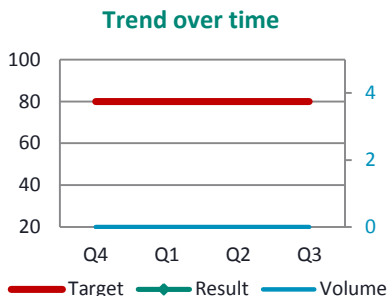
Requests actioned within 7 days



Footpath Repairs - Hazardous

Volume of repairs = 0

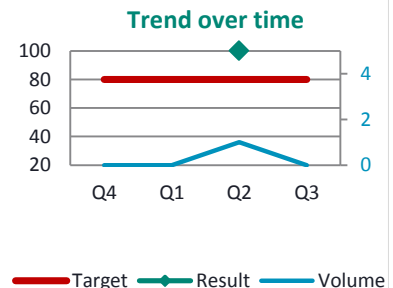
Responded and made safe within 24 hours



Road Repairs - Hazardous

Volume of repairs = 0

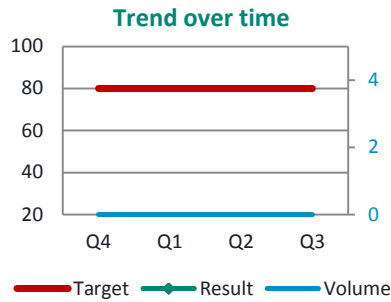
Responded and made safe within 24 hours



Stormwater Repairs - Hazardous

Volume of reports = 0

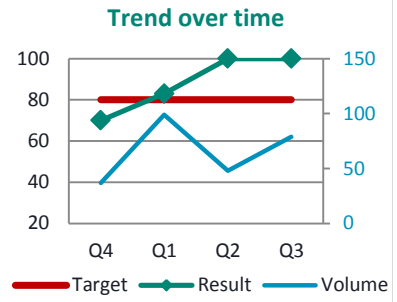
Responded and made safe within 24 hours



Trees - Hazardous

Volume of reports = 79

Responded and made safe within 24 hours

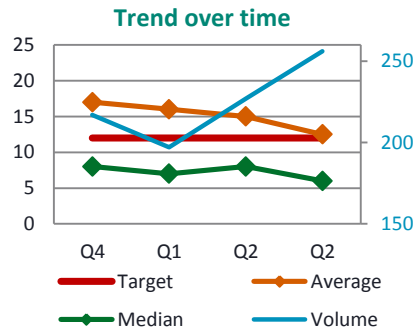
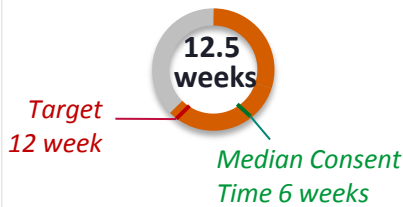


5.3 Service Specific Standards – Other Indicators

Development Applications

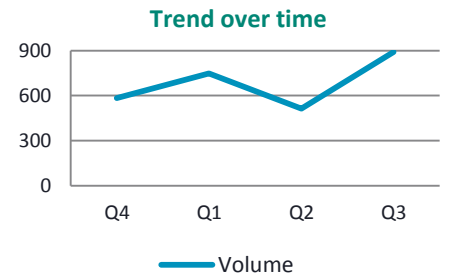
Volume of applications = 256

Average consent time from date of receipt



Low Risk Infrastructure Requests – Number of New Requests

Volume of new requests = 892



Low Risk Infrastructure Requests – Average Time to Resolve

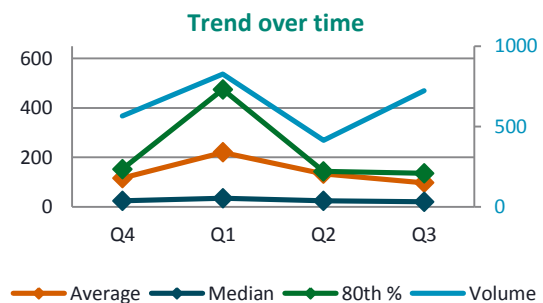
Volume of Requests = 722

Resolution time of requests

Average = 97 days

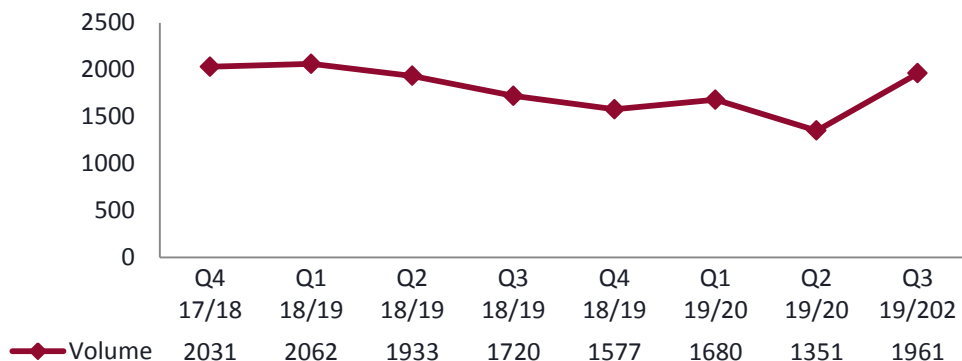
Median = 20 days

80th Percentile = 135 days



Overall Volume of Requests

Trend in volume of requests/customer cases for which there is an adopted service standard, excluding the volume of phone calls



4. Capital Works Program Performance

4.1 Capital Performance

Quarter 3 of 2019-20 represents the continuation of the 2019/20 Capital Works Program, with \$2.6M of infrastructure delivered during this period and another \$2.4M of works ordered. The primary focus of this quarter has been on tendering and construction, as well as completing earlier works.

Highlights

- Renewed and upgraded the Heathfield Netball Courts, including new asphalt, acrylic playing surface, drainage, fencing, rails and stairs.
- A long awaited bus shelter was installed on Redden Dr, Cudlee Creek,
- Renewed post and rail fencing along Druids Ave with a high recycled content product (wood/ plastic composite),
- Went out for tender on a new asphalt supply contract which emphasises the use of recycled materials such as rubber, plastic and glass.

What's next

- Continued delivery of the 2019-20 Capital Works Program across all asset classes,
- Complete the Woodside Gravity Main Renewal and Upgrade project,
- Complete the road shoulder renewal program,
- Complete the Milan Tce pedestrian Crossing,
- Establish a new minor works panel contract.

Issues (if any)	Action Taken	Owner
Service clashes, Junction Rd Balhannah.	Modify design to reduce extent of excavation required, including use of surcharge pits.	Peter Bice
COVID-19	Project Officers have been supported to manage their projects remotely.	Peter Bice

Performance by Asset Class		
Bridges	33%	Concrete patching and major substructure repairs were completed at the Forreston Rd bridge.
Buildings	22%	General building upgrades were conducted region wide.
CWMS	10%	A control cabinet was replaced in the pump station at Birdwood CWMS site.
Footpaths	54%	Footpaths were renewed and/ or upgraded region wide, including Strathalbyn Rd, Aldgate, and Mt Barker Rd, Bridgewater.
Kerb	63%	Kerb renewal works were completed along Moffett St in Woodside.
Other ¹	45%	Bus shelters were renewed in Aldgate, Balhannah and Crafers.
Road Pavement	46%	Works were completed on the Lower Hermitage Rd widening project.
Road Seal	32%	Works commenced on the Winton Rd sealing project.
Shoulders	0%	No shoulder renewals have commenced as of this report.
Sport & Recreation ²	36%	Netball court resurfacing and upgrade works were completed at Heathfield.
Stormwater	41%	Detailed design was finalised for Junction Rd stormwater renewal and upgrade project.
Unsealed roads	52%	Works were completed on a number of unsealed roads, including the resheeting of Pedare Park Rd Sth and Willow View Rd, both in Woodside.
Plant & Fleet	55%	Council's fleet renewal program continued, including the delivery of two hybrid vehicles in Council's light fleet.
ICT	18%	Continued implementation of the Record Hub system.
Minor Plant & Equipment ³	61%	Various minor plant and equipment delivered, including variable height desks.

1 'Guardrails, Retaining Walls, Cemeteries, Street Furniture, Traffic Control

2 including Playgrounds

3 including library fittings

4.2 Capital Financial Performance *(as at 31/3/20)*

Capital Program Summary		Capital Expenditure against Budget		\$'000s
Projects not started	13	Budget		18,428
Projects cancelled	4	Actual Expenditure		6,903
Projects deferred	12	(including Capitalised Salary Costs)		-
Projects being designed or tendered	41	Project Savings/(overspend) across projects		319
Projects scheduled or under construction	45	Projected Carry Forward		3242
Projects completed	46			
TOTAL Projects	161	PROJECTED CAPITAL EXPENDITURE		14,867








Projects Summary	
Programs Completed	Road re-sheeting program (unsealed roads renewal).
Major Projects Completed	<ul style="list-style-type: none"> Strathalbyn Rd footpath renewal, Heathfield Netball Court resurfacing.
Major Carry Forwards	<ul style="list-style-type: none"> Crafers to Stirling Bikeway is likely to be carried forward, Sports and Recreation projects tied to ORSR grants, Gumeracha Main Street and Junction Rd stormwater projects will be work in progress.
Major Savings	<ul style="list-style-type: none"> Unsealed road region wide, Irrigation systems region wide.
Major Overruns	Church St Pumps Birdwood, due to unplanned required electrical upgrades.
Significant Unfunded Projects	NIL
Projects of Interest: Both West St Mylor and Milan Tce Pedestrian Crossing projects are out for tender.	












4.3 Capital Financial Performance by Asset Category

Asset Category	YTD Actuals \$'000	YTD Budget \$'000	YTD Var Fav / (unfav) \$'000	Annual Budget \$'000
Bridges	77	185	108	253
Buildings	422	849	427	2,032
CWMS	59	386	327	625
Footpaths	709	833	124	1,404
Kerbing	177	222	45	301
Other – Ret Walls, Str Furniture & Bus Stops	926	1,320	394	2,160
Roads – Pavements	882	1,148	266	2,075
Roads – Seals	387	950	563	1,320
Roads – Shoulders	-	375	375	430
Roads – Unsealed	811	930	119	1,723
Sport & Recreation	634	750	117	1,892
Stormwater	472	860	388	1,228
Fleet	1,217	1,289	72	2,389
ICT	85	306	221	519
Library	31	28	(3)	47
Plant & Equipment	12	14	2	30
	6,903	10,446	3,544	18,428

5. Quarterly Financial Performance

5.1 Operating Performance

	YTD Actual	YTD Budget	YTD Variance	Revised Budget
	\$'000	\$'000	\$'000	\$'000
Total Operating Income	44,684	44,308	 376	46,231
Total Operating Expenditure	28,511	28,283	 (228)	45,820
Funding surplus before Capital	16,174	16,025	 148	411
Capital Expenditure	6,903	10,446	 3,544	18,428
Capital Income	2,755	2,494	 261	4,973
Net expenditure - Capital projects	4,148	7,952	 3,805	13,455
Net Lending / (Borrowing) for Year	12,026	8,073	 3,953	(4,099)

Adelaide Hills Council Operating Summary By Directorate as at March 2020				
	YTD Actuals \$'000s	YTD Budget \$'000s	YTD Var fav / (unfav) \$'000s	Revised Budget \$'000s
Income				
Community Capacity	1,488	1,397	 91	1,762
Corporate Services	39,345	39,065	 280	39,905
Development & Regulatory Services	1,013	997	 15	1,229
Infrastructure & Operations	2,838	2,848	 (10)	3,334
Income Total	44,684	44,308	 376	46,231
Expenditure				
Community Capacity	4,975	5,119	 144	7,036
Corporate Services	9,111	7,959	 (1,151)	8,978
Development & Regulatory Services	2,522	2,600	 78	3,645
Infrastructure & Operations	11,903	12,605	 702	17,360
Expenditure Total	28,511	28,283	 (228)	37,019
Operating Surplus (Deficit)	16,174	16,025	 149	9,212

Adelaide Hills Council Quarterly Financial Performance										
as at March 2020	Income by Function				Expenditure by Function				Net Position	
	YTD Actuals \$'000s	YTD Budget \$'000s	YTD Var fav / (unfav) \$'000s	Annual Revised Budget \$'000s	YTD Actuals \$'000s	YTD Budget \$'000s	YTD Var fav / (unfav) \$'000s	Annual Revised Budget \$'000s	Variance \$'000s	
CC Director's Office	-	-	●	-	193	211	●	18	294	●
Communications, Engagement & Events	3	3	●	(1)	531	533	●	2	659	●
Economic Development	95	95	●	(1)	327	330	●	3	429	●
FABRIK Arts and Heritage Hub	32	27	●	5	244	205	●	(38)	326	●
Community Development (Management)	-	-	●	-	185	223	●	38	317	●
Community Recovery	60	-	●	60	7	-	●	(7)	-	●
Cultural Development	-	-	●	-	95	101	●	6	146	●
Grants & Partnerships	-	-	●	-	166	188	●	21	232	●
Hills Connected Communities Projects	83	77	●	6	65	59	●	(6)	96	●
Positive Ageing (Home and Social Support)	794	782	●	11	731	779	●	48	1,083	●
Positive Ageing Project (Collaborative)	79	71	●	8	65	58	●	(7)	94	●
Service Strategy & Innovation	-	-	●	-	94	134	●	40	185	●
The Summit Community Centre	15	11	●	3	119	119	●	-	170	●
Torrens Valley Community Centre	23	26	●	(3)	129	116	●	(12)	164	●
Volunteering	-	-	●	-	60	59	●	(1)	81	●
Youth Development	2	1	●	1	97	104	●	7	154	●
Library Services	304	303	●	1	1,260	1,338	●	78	1,825	●
Customer Service	-	-	●	-	609	563	●	(46)	782	●
Community Capacity	1,488	1,397	●	91	4,975	5,119	●	144	7,036	●
AHBTC	270	272	●	(2)	207	191	●	(16)	260	●
Cemeteries	208	157	●	50	146	192	●	46	248	●
CS Director's Office	1	2	●	(1)	219	224	●	4	311	●
Financial Services	37,552	37,575	●	(23)	923	978	●	55	524	●
Governance & CEO Office	-	-	●	-	1,438	1,475	●	37	1,968	●
Cudlee Creek Bushfire	1,235	1,000	●	235	2,400	1,000	●	(1,400)	1,000	●
ICT	-	-	●	-	964	901	●	(63)	1,158	●
Information Management	-	-	●	-	951	1,021	●	70	1,124	●
OD & WHS	-	-	●	-	349	408	●	60	576	●
Property Management	52	30	●	22	1,488	1,547	●	59	1,784	●
Retirement Villages	28	29	●	(2)	25	23	●	(2)	25	●
Corporate Services	39,345	39,065	●	280	9,111	7,959	●	(1,151)	8,978	●
Animal Management	418	393	●	26	303	294	●	(9)	399	●
DRS Director's Office	-	-	●	-	223	231	●	9	321	●
Fire Prevention	9	6	●	3	60	64	●	4	97	●
Mt. Lofty Waste Control Project	51	50	●	1	38	36	●	(3)	50	●
Parking and By-Laws	27	46	●	(19)	132	129	●	(3)	179	●
Planning & Development	410	394	●	15	1,353	1,400	●	47	1,925	●
Policy Planning	-	-	●	-	105	107	●	3	175	●
Public Health	98	108	●	(10)	309	339	●	30	499	●
Development & Regulatory Services	1,013	997	●	15	2,522	2,600	●	78	3,645	●
Civil Services	957	950	●	7	3,471	3,801	●	330	5,200	●
Community Wastewater Management System	1,818	1,805	●	13	394	526	●	132	883	●
Emergency Management	-	-	●	-	41	66	●	25	91	●
IO Director's Office	-	-	●	-	228	231	●	3	319	●
Open Space Biodiversity	1	-	●	1	330	392	●	62	554	●
Open Space Operations	-	21	●	(21)	3,277	3,325	●	48	4,341	●
Open Space - Sport & Rec Planning	5	3	●	2	433	463	●	29	537	●
Sustainability	-	-	●	-	127	146	●	19	212	●
Sustainable Assets	-	-	●	-	353	377	●	24	534	●
Waste	58	70	●	(12)	3,249	3,279	●	30	4,688	●
Infrastructure & Operations	2,838	2,848	●	(10)	11,903	12,605	●	702	17,360	●
Total	44,684	44,308	●	376	28,511	28,283	●	(228)	37,019	●

5.2 Additional Operating Initiatives

Adelaide Hills Council Quarterly Financial Performance

2019/2020 Operating Initiatives - March 2020

#	Description	Department	YTD Actuals \$'000s	YTD Budget \$'000s	YTD Var fav / (unfav) \$'000s	2019/20 Revised Budget \$'000s
735	Performance Benchmarking	Governance	8	6	(1)	9
753	Boundary Reform Provision	Governance	9	10	1	20
754	Strategic Plan Review	Governance	8	9	1	15
726	Sky Trust Implementation	OD & WHS	19	24	5	33
705	Women's TDU	Comms, Engagement & Events	13	15	2	15
706	Small Events Additional Resources	Comms, Engagement & Events	1	4	2	5
727	Customer Experience Survey	CC Director's Office	13	13	(0)	13
760	Community Perception Survey	CC Director's Office	0	5	5	5
120	FABRIK	FABRIK	212	178	(34)	276
702	Disability Planning Materials	Community Development	-	8	8	10
709	Gumeracha 20Yr Event	Community Development	-	-	-	3
710	Youth Leadership Workshop	Community Development	6	8	2	11
723	Community Arts Projects	Community Development	1	4	3	5
744	Public Art Acquisition	Community Development	7	1	(6)	7
747	Reconciliation Funding	Community Development	1	3	2	5
748	Multicult Action Plan	Community Development	1	7	6	10
751	Regional Health Planning	Community Development	2	22	20	38
704	Digital Literacy Services	Libraries and Customer Services	27	28	1	39
719	Stirling District Masterplan	DRS Director's Office	8	8	0	8
720	Crafrers Masterplan	DRS Director's Office	8	-	(8)	20
759	Local Heritage Fund: Contract	DRS Director's Office	-	10	10	20
725	Compliance	Health and Regulatory Services	20	25	5	35
740	Heritage Agreements	Open Space	3	5	2	5
746	Roadside Marker System	Open Space	-	5	5	45
763	Bush Regenerator Officer	Open Space	19	56	37	83
713	Smart living workshops	Sustainable Assets	1	2	1	3
741	Landscape conservation	Sustainable Assets	-	5	5	10
742	Bore water use areas-Management Plans	Sustainable Assets	11	20	9	20
752	Promotion Plan & Website Update	Sustainable Assets	-	-	-	-
755	WSUD Training	Sustainable Assets	-	-	-	2
718	Kerbside Waste Audits	Waste & Emergency Management	-	10	10	10
737	Preparedness Consultancy	Waste & Emergency Management	4	5	1	10
757	Green Waste Scoping Study	Waste & Emergency Management	-	15	15	15
758	Solar Bins	Waste & Emergency Management	6	7	1	7
	Total		410	517	108	811



Adelaide Hills
COUNCIL

MORE INFORMATION



**63 Mt Barker Road
Stirling SA 5152**



08 8408 0400



mail@ahc.sa.gov.au

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 25 May 2020
AGENDA BUSINESS ITEM**

Item: 6.3

Responsible Officer: Mike Carey
Manager Financial Services
Corporate Services

Subject: 2019-20 Budget – Budget Review 3

For: Information

SUMMARY

The *Local Government (Financial Management) Regulations 2011* (the Regulations) requires Council to formally consider its budget three times per year. This statutory requirement recognises the likelihood that events will occur that require or offer opportunities for changes to the budget during the year.

This report presents the third Budget Review (BR3) of the 2019-20 financial year to the Audit Committee for review. BR3 will be subsequently submitted to Council for consideration on 26 May 2020. Given the timing of the Council meeting being the next day, any feedback from the Audit Committee will be provided by the Presiding Member of the Audit Committee prior to the adoption of resolutions emanating from this report to Council.

Largely as a result of net expenditure relating to the Cudlee Creek bushfire of \$566k, the proposed budget changes reduce the Operating Surplus from \$411k to an Operating Deficit of \$13k. As the impact of the bushfire is an abnormal one off expenditure, albeit spanning across two years, it is considered that the small deficit will not impact on the long term financial sustainability of Council.

Further, as part of the BR3 changes proposed to capital expenditure, savings of \$448k have been identified and as such from a cash perspective, these have offset the increase in operating expenditure relating to the Cudlee Creek Bushfire.

BR3 also proposes carry forwards in capital income of \$1.774m and capital expenditure of \$1.454m.

As a result of proposed operating and capital adjustments, Council's Net Borrowing Result for the year is increased by \$295k from \$4.100m to \$4.395m.

RECOMMENDATION

The Audit Committee:

1. Resolves that the report be received and noted.
2. Recommends to Council the proposed budget adjustments presented in Budget Review 3 which result in:
 - a. a reduction in the Operating Surplus from \$411k to an Operating Deficit of \$13k for the 2019-20 financial year.
 - b. changes to capital resulting in a proposed capital expenditure budget of \$16.526m for the 2019-20 financial year from:
 - i. a reduction in Capital Expenditure of \$448k
 - ii. the proposed carry forward of capital project income of \$1.774m and expenditure of \$1.454m to the 2020-21 financial year.
 - c. an increase in Council's current Net Borrowing Result from \$4.100m to \$4.395m for the 2019-20 financial year as a result of the proposed operating and capital adjustments.

1. GOVERNANCE

➤ Strategic Management Plan/Functional Strategy/Council Policy Alignment

Strategic Plan 2020-24 – A brighter future

Goal 5 A Progressive Organisation

Objective O5 We are accountable, informed, and make decisions in the best interests of the whole community

Priority O5.3 Demonstrate accountability through robust corporate planning and reporting that enhances performance, is relevant and easily accessible to the community

A key aspect of Council's formal budget reviews is to review and monitor Council's Annual Budget with reference to its overall financial position and its *Long Term Financial Plan* (LTFP) to ensure Council continues to be financially sustainable.

➤ Legal Implications

The undertaking of formal budget reviews is a requirement of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

➤ Risk Management Implications

Conducting the budget review process as required by Regulations will assist in mitigating the risk of:

Failure to conduct budget review process as required by Regulations results in inaccurate budgets and unforecasted deficits leading to inadequate resourcing for current and future activities.

Inherent Risk	Residual Risk	Target Risk
Medium (4D)	Low (2E)	Low (2E)

It ensures that financial resources are deployed in areas that align with Council's Strategic Management Plans, are affordable and support Council's LTFP.

➤ **Financial and Resource Implications**

Largely as a result of net expenditure relating to the Cudlee Creek bushfire of \$566k, the proposed budget changes reduce the Operating Surplus from \$411k to an Operating Deficit of \$13k. As the impact of the bushfire is considered as abnormal expenditure it is considered that the small deficit does not impact on the long term financial sustainability of Council.

Further, as part of the BR3 changes proposed to capital expenditure, savings of \$448k have been identified and as such from a cash perspective, these have offset the increase in operating expenditure from the Cudlee Creek Bushfire.

BR3 also proposes carry forwards in capital income of \$1.774m and capital expenditure of \$1.454m.

As a result of proposed operating and capital adjustments, Council's Net Borrowing Result for the year is increased by \$295k from \$4.100m to \$4.395m.

It should be noted that the figures in this report and supporting appendices have been rounded and consequently individual sub-totals, whilst being correct, may differ slightly from the sum of the rounded amounts.

Impact of the Cudlee Creek Bushfire

As highlighted in the Council Report on the Cudlee Creek Fire to the Council Meeting on 28 January 2020, and the subsequent report to Council on 24 March 2020, Council has incurred substantial direct costs in the current financial year as a result of the Cudlee Creek Fire. While a significant amount has already been received from Federal Government via the State Government, Council is also seeking funding through government disaster funding arrangements, other relief funding and insurance.

In relation to the South Australian Government Disaster Assistance Arrangements, Council has access to funding to help manage costs associated with "eligible expenses" following a natural disaster. In simple terms, financial assistance becomes available at a rate of 50% for Council expenditure (over and above normal operating costs) exceeding a threshold of 2% of rate income. Assistance increases to 75% for expenditure exceeding 3.5% of rate income.

In turn, the State Government has access to similar Commonwealth Government arrangements.

Ultimately, any expenditure not recovered will be borne by the Adelaide Hills Council.

In BR2 presented to Council in February 2020, the review addressed the \$1 million grant received to assist with disaster recovery costs and an equivalent expenditure amount to cover bushfire emergency maintenance and recovery works to date.

In terms of this Budget Review, further budgeted amounts have been included for the following:

- Additional income of \$1.845m relating to further grant funding received of \$295k and estimated State Government disaster funding to be invoiced in the order of \$1.550m
- A reduction of \$37k in rates income as a result of revaluation adjustments undertaken by the Valuer-General
- \$2.373m to cover estimated bushfire emergency maintenance and recovery works

More specific details of these proposed budget adjustments have been provided under the Analysis section of this report. In summary, these budget adjustments propose a net impact on Council's operational budget of \$566k for the 2019-20 financial year.

Further net costs for the 2020-21 financial year relating to the fires have been estimated at \$430k and this amount will be included in Council's draft 2020-21 Budget.

➤ **Customer Service and Community/Cultural Implications**

Not Applicable

➤ **Sustainability Implications**

Not applicable.

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

Council Committees: Not Applicable

Council Workshops: Not Applicable

Advisory Groups: Not Applicable

Administration: The budget review has been prepared in consultation with Directors and Managers to obtain detailed operating and capital information for each budget area.

External Agencies: Not Applicable

Community: Not Applicable

2. BACKGROUND

Regulation 9(1)(b) of the *Local Government (Financial Management) Regulations 2011* requires Council to formally consider its budget three times per year. This statutory requirement recognises the likelihood that events will occur that require or offer opportunities for changes to the budget during the year.

At the Council meeting held on the 25 June 2019, Council adopted the original *2019-20 Annual Business Plan and Budget*, reflecting a Budgeted Operating Surplus before Capital Revenue of \$449k and an estimated Net Borrowing for the financial year of \$3.693m as per the Uniform Presentation of Finances Statement.

At the Council meeting held on the 17 February 2020, Council adopted the 2019-20 Budget Review 2 (BR2) with a Budget Operating Surplus before Capital Revenue of \$411k and an estimated Net Borrowings Result of \$3.938m. At that same meeting, a separate Council Report addressing the Construction of Unmade Road - West Street, Mylor also approved an additional increase of \$162k in the 2019-20 capital expenditure budget which had the effect of increasing Council's Net Borrowing Result to \$4.100m at that time.

Council's customary practice is to include Budget Reviews as an agenda item at Audit Committee meetings prior to consideration of Council. Due to the timing of the Audit Committee meeting on 25 May 2020 it will not be possible to include the Audit Committee resolution in the agenda of the Council. As such it is proposed that the Presiding Member of the Audit Committee provide details of the resolution and Audit Committee comments, if any, to the Council meeting prior to the consideration of the Budget Review 3 resolutions.

Budget Review Presentation

As a result of changes to the Regulations, the Budget Review Presentation has been simplified for the First and Third Budget Review for the year whereby it is now required to produce under Section 9(1)(a):

..a report showing a revised forecast of its operating and capital investment activities for the relevant financial year compared with the estimates for those activities set out in the budget presented in a manner consistent with the note in the Model Financial Statements entitled Uniform Presentation of Finances.

In accordance with the Regulations the *Uniform Presentation of Finances* showing the movements in the current and proposed budgets is shown as **Appendix 1** to this report.

3. ANALYSIS

BR3 has been prepared in consultation with Directors and Managers who have provided information for each budget area.

Budget Review 3 Proposed Adjustments

\$000s	2019-20 Current Budget	BR2a West St Mylor	Proposed BR3 Adjustments	Proposed BR3 Carry Forwards	Revised Budget after BR3
Operating Income	46,239	-	1,761	-	48,000
Operating Expenditure	(45,828)	-	(2,185)	-	(48,013)
Operating Surplus	411	-	(424)	-	(13)
Depreciation	8,945	-	-	-	8,945
Capital income	4,973	-	-	(1,774)	3,199
Capital Expenditure	(18,266)	(162)	448	1,454	(16,526)
Net (Borrowing)/Lending Position	(3,938)	(162)	24	(319)	(4,395)

Proposed Budget Adjustments

Operating:

Key operating variations included in this review are as follows:

Operating Income \$1.761m increase

- Additional income of \$1.845m in relation to Cudlee Creek Bushfire, made up of \$1.550m budgeted in relation to South Australian Government Disaster Assistance Arrangements, a further \$225k payment received from the Federal Government via the State Government, \$60k as State Government Funding for a Community Recovery Officer and \$10k donation received from the City of Salisbury
- \$37k decrease in rates to cover rate adjustments as a direct result of changes in revaluations for the 2019-20 financial year undertaken by the Office of the Valuer-General in relation to bushfire impacted properties
- \$29k reduction in rates to reflect the waiving of fines and interest for ratepayers until 30 June 2020 in response to the impact of Covid-19
- \$3k increase to Statutory fees, reflecting an increase in development fees of \$9k, offset by a reduction of \$6k for Section 7 fees, partly impacted by the economic downturn
- Investment income has exceeded budgeted income and as such an increase of \$16k in budget has been proposed.
- A reduction in budgeted Other Income accounts of \$95k reflecting:
 - A reduction in budgeted insurance distributions of \$65k
 - A decrease of \$21k in the budgeted contributions for a youth trainee program
 - a decrease in Mt Lofty Control Project Grant funding of \$9k, as a result of funds returned to SA Water given that the resource could no longer carry out required duties given COVID-19 restrictions
- The above has been offset by some favourable increases in income budgets for the following:
 - East Waste income distribution of \$31k as a result of the final 2018-19 financial results
 - Insurance recovery of \$28k being reimbursement of expenditure for the microwave tower incurred in the previous financial year

Operating Expenditure \$2.185m increase

Proposed operating expenditure budget variations have been split into two components, namely:

- general operating expenditure - \$2.194m increase; and
- operating initiatives expenditure - \$9k decrease

Details of the operating expenditure proposed budget requests, totalling \$2.194m are as follows:

- \$2.373m to cover estimated bushfire emergency maintenance and recovery works including significant arboriculture costs for the 2019-20 financial year over and above \$1m budgeted as part of BR2. This amount includes \$60k for community recovery officer costs
- a \$9k budget allocated from the Urban Tree Fund Reserve to be spent on tree plantings
- Additional COVID-19 related costs of \$60k in relation to equipment hire, cleaning, compliance costs and the provision of IT software
- Expenditure reductions of \$108k from a large number of staff working from home covering training, other organisational development costs, cancelled programs, internal audit and other governance costs
- Reduction of \$10k in Adelaide Hill's World Heritage Bid contribution as a result of a project redirection
- Vacancy savings of \$138k within Infrastructure & Operation's Civil Services team

Operating Initiatives Expenditure reduction of \$9k

For Operating Initiatives, an appropriate dollar amount has been determined to achieve specified outcomes. As, these Operating Initiatives have been developed in consultation with Council, it is considered appropriate that Council approval will be required where a change in timing or individual project expenditure is required.

The proposed changes in operating initiatives projects reduce net expenditure by \$9k as summarised below:

- \$3k budget increase required for Crafers Masterplan Project due to COVID-19 restrictions on community engagement leading to more time being spent of developing a digital engagement platform
- A reduction of \$12k in wastewater inspection compliance resourcing as a result of COVID-19 restrictions in inspecting premises.

In terms of reporting, operating initiatives expenditure forms part of operating expenditure for statutory reporting purposes, and as such have been included under that category in the financial tables within this report and the Uniform Presentation of Finances.

Capital

Adjustments to Capital Expenditure

As at Budget Review 3 there are a number of variations in the capital budget spread across asset categories. The majority of these resulted in savings to capital expenditure and an amount of \$448k in savings have been identified for this Budget Review. Specific details by project have been provided in **Appendix 2**.

Carry Forwards

In addition, Budget Review 3 identified proposed carry forwards in capital expenditure of \$1.454m and capital income of \$1.774m.

Details of the capital expenditure carry forwards have been provided in **Appendix 3** together with the capital income carry forward for Stonehenge of \$352k, which is tied to a corresponding expenditure carry forward of the same amount.

The capital expenditure carry forward projects include a number of projects relating to the Heathfield Oval and High School Masterplan and the Mobile Library Truck replacement.

As well as the capital income carry forward for Stonehenge of \$352k, the capital carry forwards include a capital sale proceeds deferral for the Bridgewater Retirement Village.

As highlighted in Council's Budget Review 2 Council Report, the divestment of the Bridgewater Retirement Village has been impacted by the amount of time required to obtain relevant approvals for the progression of the Trust Variation Scheme relating to this sale.

As such, this sale will now occur in the 2020-21 financial year and therefore will require a carry forward of sales proceeds of \$1.422m together with the related debenture payment offset of \$780k.

All other capital projects will continue to be monitored in the lead up to the end of the financial year. Any additional carry forwards required at that time will be considered by Council in August 2020.

Other points of note:

Financial Assistance Grant - timing

In June 2019 the Federal Government announced that it would bring forward the payment of two quarters of the 2019-20 Financial Assistance Grants. Council received \$836k of advance payment in June 2019. The timing of this payment required it to be recorded as income in the 2018-19 financial year and not the relevant 2019-20 financial year.

Currently, the current 2019-20 Budget includes four quarters of Financial Assistance Grant funding in recognition of a normalised year of grant funding. At this time, no advice has not been received on whether the 2020-21 Financial Assistance Grant will be brought forward to be paid in June 2020 in a similar manner to the previous year.

Given that no specific advice has been received, no budget adjustment has been included for this item at this stage.

Movements in Budgeted Borrowings

As a result of proposed Budget Review 3 changes there will be a minor decrease in the order of \$300k to borrowings resulting in a forecast of \$13m at 30 June 2020 with the borrowing movements for the year shown below.

Borrowings \$000s	Opening July 2019	New Borrowings	Repayments	Forecast June 2020
CAD (Short Term Drawdown)	Nil	-	-	-
Current Other Borrowings	62		(62)	-
Fixed Term Borrowings	10,000	3,000	-	13,000
Total Borrowings	\$10,062	\$3,000	(\$62)	\$13,000

This is reflected in the Financing transaction detail as shown at the bottom of Council's *Uniform Presentation of Finance Appendix 1*. This highlights that although there is an increase of \$295k in Council's net borrowing for the year, given that there is no longer the requirement to pay down debenture payments of \$780k, this has the effect of reducing borrowings by approximately \$300k as indicated above.

The financing result for the financial year also includes budgeted payments relating to the landfill remediation provision.

For reference, where capital projects are carried forward to next year, this will also move the funding requirement for those projects to the 2020-21 year and hence reduce the amount of borrowings forecast as at 30 June 2020.

a. Summary

As a result of proposed operating and capital adjustments, Council's Net Borrowing Result for the year is increased by \$295k from \$4.100m to \$4.395m as shown below.

\$000s	\$
BR2 Adopted Budget Net Borrowings	(3 938)
Impact of BR2a Mylor West Separate Council Report 24 February 2020	(162)
Impact of Operating Budget Adjustments for BR3	(424)
Impact of Capital Budget Savings Adjustments for BR3	448
Impact of Capital income and Expenditure Carry Forwards to 2020-21	(319)
BR2 Revised Net Borrowing Position	(\$4,395)

4. OPTIONS

The Committee has the following options:

- I. to receive and note this report and recommend to Council the proposed budget adjustments presented in Budget Review 3 as prepared (Recommended).
- II. To make additional comments or suggestions to Administration to consider prior to finalising Budget Review 3.

5. APPENDICES

- (1) 2019-20 Budgeted Uniform Presentation of Finances
- (2) 2019-20 Capital Works Budget Review 3 Proposed Changes
- (3) 2019-20 Capital Carry Forwards to 2020-21

Appendix 1

2019-20 Budgeted Uniform Presentation of Finances

Adelaide Hills Council

**BUDGETED UNIFORM PRESENTATION OF FINANCES
2019-20 Revised Budget BR3**

2018-19 Actuals	2019-20 Original Budget	Carry Forwards (BR0)	Additional Budget Requests (BRO)	Budget Changes August & Sept (BRO)	BR1	BR2	BR2a	BR3	Carry Forward to 2020- 21	2019-20 Revised Budget
\$'000	\$'000									\$'000
INCOME										
36,915 Rates	38,686	-	-	-	-	55		(66)	-	38,675
1,172 Statutory charges	1,118	-	-	-	-	23		3	-	1,143
1,007 User charges	607	-	-	-	2	12		-	-	621
5,123 Grants, subsidies and contributions	3,622	-	-	-	98	1,170		1,805	-	6,695
41 Investment income	26	-	-	-	-	-		16	-	42
516 Reimbursements	192	-	-	-	-	20		-	-	212
648 Other income	447	-	-	-	(15)	77		4	-	512
138 Net gain - equity accounted Council businesses	100	-	-	-	-	-		-	-	100
45,560 Total Income	44,797	0	0	0	85	1,357		1,761	0	48,000
EXPENSES										
15,923 Employee costs	17,290	-	-	-	46	(74)		80	-	17,342
19,231 Materials, contracts & other expenses	17,509	28	-	10	39	1,431		2,105	-	21,122
8,826 Depreciation, amortisation & impairment	8,945	-	-	-	-	-		-	-	8,945
623 Finance costs	604	-	-	-	-	-		-	-	604
6 Net loss - equity accounted Council businesses	-	-	-	-	-	-		-	-	0
44,609 Total Expenses	44,348	28	0	10	85	1,357		2,185	0	48,013
951 NET BUDGETED SURPLUS / (DEFICIT) BEFORE CAPITAL AMOUNTS	449	(28)	0	(10)	0	0		(424)	0	(13)
Net Outlays on Existing Assets										
(10,090) Capital Expenditure on Renewal and Replacement of Existing Assets	(9,274)	(2,782)	(177)	-	588	30		420	795	(10,401)
497 Proceeds from Sale of Replaced Assets	512	136	-	-	-	-		-	-	648
8,826 Depreciation	8,945	-	-	-	-	-		-	-	8,945
(767) NET OUTLAYS ON EXISTING ASSETS	183	(2,646)	(177)	0	588	30		420	795	(808)
Net Outlays on New and Upgraded Assets										
(3,877) Capital Expenditure on New and Upgraded Assets & Remediation costs	(4,811)	(2,136)	(220)	(419)	469	466	(162)	28	660	(6,125)
425 Capital Grants and Monetary Contributions for New and Upgraded Assets	250	422	120	-	519	-		-	(352)	959
9,146 Proceeds from Sale of Surplus Assets	2,484	1,530	-	-	-	(1,000)		-	(1,422)	1,592
5,694 NET OUTLAYS ON NEW AND UPGRADED ASSETS	(2,077)	(184)	(100)	(419)	988	(534)	(162)	28	(1,114)	(3,574)
5,878 Net Lending/ (Borrowing) for Financial Year	(1,445)	(2,858)	(277)	(429)	1,575	(504)	(162)	24	(319)	(4,395)
(24,298) Net Financial Liabilities at Beginning of Year	(18,442)	-	3,054	-	-	-	-	-	-	(15,388)
3,132 Decrease / (increase) in Other	-	-	-	-	-	-		-	-	-
(100) Non Cash Equity Movement	(100)	-	-	-	-	-		-	-	(100)
(15,388) Net Financial Liabilities at End of Year	(19,987)	(2,858)	2,777	(429)	1,575	(504)	(162)	24	(319)	(19,883)
In a year, the financing transactions identified below are associated with either applying surplus funds stemming from a net lending result or accommodating the funding requirement stemming from a net borrowing result.										
Financing Transactions										
- New Borrowings	2,499	788	277	429	(1,497)	504	-	-	-	3,000
72 Community Loans repaid to us	16	-	-	-	(16)	-	-	-	-	-
(4,409) Increase/(Decrease) in Short Term Draw Down	-	155	-	-	-	-	162	(24)	(293)	-
(2,025) (Increase)/Decrease in Cash & Investments	10	1,915	-	-	-	-	-	-	(168)	1,757
(18) Principal Repayments on Borrowings	-	-	-	-	(62)	-	-	-	-	(62)
- Reinstatement/Restoration Provision Payment	(200)	-	-	-	-	-	-	-	-	(200)
(1) Debenture Payment	(780)	-	-	-	-	-	-	-	780	-
(100) Non Cash Equity Movement	(100)	-	-	-	-	-	-	-	-	(100)
(6,481)	1,445	2,858	277	429	(1,575)	504	162	(24)	319	4,395

It should be noted that the figures in these appendices have been rounded and consequently individual sub-totals, whilst being correct, may differ slightly from the sum of the rounded amounts.

Appendix 2

2019-20 Capital Works Budget Review 3 Proposed Changes

DRAFT 2019-20 CAPITAL BUDGET REVIEW 3

Proj #	Project Name	Project Description	Suburb	Type	Current Budget	Change FAV/ (UNFAV)	Revised Budget	Comment
Bridges								
3800	Forreston Bridge Guardrail	Replace guardrail and Bridge rails	GUMERACHA	Renewal	\$55,000	15,000	\$40,000	Savings were achieved by being able to use existing anchor points for the guard rail post.
3802	Whitehead Rd Bridge Renewal - cost share Mt Barker	Scour protection of Abutments (cost share construction cost with Mt Barker)	MYLOR	Renewal	\$150,000	15,000	\$135,000	Savings were achieved through competitive tendering process.
			Total		\$205,000	\$30,000	\$175,000	
Footpaths								
3825	Mount Barker Rd Bridgewater Footpath	No 294 Mount Barker Road to Eton Road	BRIDGEWATER	Renewal	\$68,000	40,730	\$27,270	Savings were achieved by reusing insitu base material that was found to be sound.
3826	New Footpaths Programm-Regionwide	Specific allocations for new footpaths in for the next 3 years are to be considered following review of the asset category	REGIONWIDE	New	\$205,000	20,000	\$185,000	Minor savings were achieved across all sites in the program.
3829	Strathalbyn Rd Aldgate Footpath	Strathalbyn Road - Fairview Rd - Primary School (Aldgate) to Aldgate Valley Road (Partial Renewal) - Aldgate	ALDGATE	Renewal	\$110,000	34,000	\$76,000	Savings were achieved by reusing insitu base material that was found to be sound.
			Total		\$383,000	\$94,730	\$288,270	
Road Pavement								
3576	Mt Torrens - car park at end of Amy Gillett	Formalisation of a car park off Oval Rd to service the Amy Gillet Bikeway.	MT TORRENS	New	\$22,000	22,000	\$0	This project envisaged construction of formal car parking on Oval Rd, Mt Torrens, to service the Amy Gillet bikeway. Unfortunately there was insufficient width in the road reserve to accommodate formal parking. Alternatives were examined near the oval and off Lobethal Rd, however there is already adequate informal parking at these locations. therefore it is recommended that this project be cancelled.
3703	Lower Hermitage Rd Millar to Milbrook-Pavement	Widening and reconstruction from Millar to Milbrook	LOWER HERMITAGE	New	\$697,965	(28,150)	\$726,115	Additional costs associated with various latent conditions, such as addressing embankment stability issues.
3854	WRG Exit Upgrade	Increase the pavement width of the exist road from WRG onto Nairne Road to allow simultaneous left and right hand turns out of WRG	WOODSIDE	New	\$14,000	14,000	\$0	These works were able to be accommodated as part of Council's maintenance activities.
			Total		\$733,965	\$7,850	\$726,115	
Roads - Unsealed								
3403	Unsealed Renewals-Regionwide	Renewal of unsealed roads by resheeting.	REGIONWIDE	Renewal	\$1,441,000	250,000	\$1,191,000	This 2019/20 unsealed roads renewal program was delivered for a much lower unit rate than typical. This is due to the program featuring a greater proportion of low volume roads than typical, as well as a new methodology that was trialled with excellent results.
Stormwater								
3728	Heather Ave Woodforde-Stormwater	#19 Heather Ave Stormwater renewal	WOODFORDE	Renewal	\$30,000	30,000	\$0	These works were able to be accommodated as part of Council's maintenance activities.
ICT								
3738	Microwave Radio Network	Renewal of various components of the microwave radio network.	REGIONWIDE	Renewal	\$50,000	50,000	\$0	Upon inspection, more extensive work is required to renew the microwave radio network. The project has been deferred to 2022/23, to align with a broader renewal program for this asset, and the LTFP has been updated accordingly.
3870	Virtual Server Infra	SQL – Renewal of the Virtual SQL Server for corporate line of business applications	REGIONWIDE	Renewal	\$20,000	(15,000)	\$35,000	After a competitive tender process it was found that the initial cost estimate for this project was insufficient.
			Total		\$70,000	\$35,000	\$35,000	
			Total Change		\$2,862,965	\$447,580	\$2,415,385	

Split as follows:

Renewal	419,730
New	27,850
	447,580

Appendix 3

2019-20 Capital Carry Forwards to 2020-21

DRAFT 2019-20 BUDGET REVIEW 3 - CAPITAL CARRY FORWARDS

Proj #	Project Name	Project Description	Suburb	Type	19-20 Budget	Carry Forward Amount	Revised 19-20 Budget	Comment
CAPITAL EXPENDITURE								
Footpaths								
3625	Crafers to Stirling Bikeway-Footpath	Bikeway between Crafers and Stirling	Crafers	New	\$125,000	125,000	\$0	This project aims to improve cycling linkages between Crafers and Stirling. It was envisaged to utilise road corridor along the SE Freeway, however DPTI's final design for the managed Motorway project will not support this. A carry forward of these funds is requested to allow staff to investigate and design other options, utilising existing trail and local road network.
Other - Retaining Walls, Street Furniture, Guardrail and Bus Stops								
3627	Street Litter Bin Replacement-Regionwide	Ongoing cage replacement	REGIONWIDE	Renewal	\$10,000	10,000	\$0	Bin surrounds have been ordered from the supplier, however they come from interstate where delivery is being held up by COVID-19 border closures. They are not expected to be delivered until the very end of this financial year, and the invoice is not expected until July 2020, hence these funds need to be carried forward to next financial year.
3628	Installation of Coolaman Sculpture - Gumeracha	Installation only.	Gumeracha	New	\$7,150	6,425	\$725	This project is the installation of a Coolamon sculpture in Federation Park. The sculpture is being prepared by a local indigenous artist at the request of the Federation Park Celebration Committee. Completion of the sculpture has been delayed, with an expected completion date in financial year 20-21, hence a carry forward is requested to allow Council to undertake the installation at that time.
3844	LED Street Lighting	Investigation and installation of LED lights for street lights throughout the Council district.	REGIONWIDE	New	\$405,000	135,000	\$270,000	Stage 1 of the LED lighting rollout has been completed, with some savings compared to budget estimates. Stage 2 involves the change of V-category lighting, and will occur in 20-21 subject to the required funds being carried forward.
			Total		\$422,150	\$151,425	\$270,725	
Sport & Recreation								
3178	Master Plan Heathfield Recreation Grounds	Master plan only.	Heathfield	New	\$24,000	19,100	\$4,900	The delivery phase of the Heathfield Oval Master Plan project has been delayed until financial year 20-21 to align with timing of various grants and the availability of matched funds from the Office for Recreation, Sport and Racing.
3651	Stonehenge Courts	Round 1 - sporting surfacing program to redevelop existing and build new courts	Stirling	New	\$422,390	352,390	\$70,000	The remainder of this project can't be completed until grant agreements have been varied with the ORSR. This can't happen until MOU with Heathfield High School is complete. Further works at Stonehenge also need to wait on this process.
3718	Court Resurfacing-Regionwide	To be determined by new Framework position	Heathfield	Renewal	\$459,000	239,000	\$220,000	The remainder of this project can't be completed until grant agreements have been varied with the ORSR. This can't happen until MOU with Heathfield High School is complete. Required budget for 20-21 is \$305,000 with the balance included in the 2020-21 Capital Budget.
3724	Recreation Precinct-Regionwide - REPORT ONLY	To be determined by new Framework position	Regionwide	Renewal	\$65,500	65,500	\$0	The remainder of this project can't be completed until grant agreements have been varied with the ORSR. This can't happen until MOU with Heathfield HS is complete. Required budget for 20-21 is \$93,000 with the balance included in the 2020-21 Capital Budget .
			Total		\$970,890	\$675,990	\$294,900	
Plant & Fleet								
3160	General Fleet Program	Renewal on 3 year program	Regionwide	Renewal	\$1,592,976	480,000	\$1,112,976	Mobile Library truck.
ICT								
3755	CRM Integration	Integrate the Customer Relationship Management System with other enterprise systems including Confirm (asset management) and Lync (call management).	Stirling	New	\$30,000	22,000	\$8,000	The CRM integration project is tied to the Confirm implementation project and is reliant on the latter reaching a particular milestone before the former can progress any further, which will not happen now until financial year 20-21.

CAPITAL EXPENDITURE CARRY FORWARDS	\$3,141,016	\$1,454,415	\$1,686,601
---	--------------------	--------------------	--------------------

Split as	Renewal	794,500
	New	659,915
		1,454,415

CAPITAL INCOME

Sport & Recreation								
3651	Stonehenge Courts	Round 1 - sporting surfacing program to redevelop existing and build new courts	Stirling	New	\$422,390	352,390	\$70,000	In line with the capital expenditure, this project can't be completed until grant agreements have been varied with the ORSR and as such further works at Stonehenge also need to wait on this process.
CAPITAL INCOME CARRY FORWARDS					\$422,390	\$352,390	\$70,000	

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 25 May 2020
AGENDA BUSINESS ITEM**

Item: 6.4

Responsible Officer: Mike Carey
Manager Financial Services
Corporate Services

Subject: End of Year Financial Reporting Timetable

For: Information

SUMMARY

The Audit Committee has previously received an Audit Plan on 17 February 2020 from the external auditors Galpins which sets out their scope and responsibilities for the 2019-20 audit.

In support of this Plan a draft timetable has been prepared to guide the end of year reporting process and included as **Appendix 1**.

The date of the final external audit visit has been proposed for 24 September to 29 September 2020 in consultation with our external auditors Galpins, to enable the administration to table the Annual General Purpose Financial Statements and associated documentation at the Audit Committee meeting on 19 October 2020.

RECOMMENDATION

That the Audit Committee receives and notes the report.

1. GOVERNANCE

➤ **Strategic Management Plan/Functional Strategy/Council Policy Alignment**

Strategic Plan 2020-24 – A brighter future

Goal 5 A Progressive Organisation

Objective O5 We are accountable, informed, and make decisions in the best interests of the whole community

Priority O5.1 Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations

Priority O5.3 Demonstrate accountability through robust corporate planning and reporting that enhances performance, is relevant and easily accessible by the community

➤ **Legal Implications**

Council is required to prepare audited annual Financial Statements in accordance with the *Local Government Act 1999*, (the Act) and the *Local Government (Financial Management) Regulations 2011* (the Regulations).

Section 127 (1) of the Act requires the preparation of the financial statements and notes as well as other statements or documentation in accordance with standards and principles prescribed by the regulations and include information required by the Regulations.

Section 127 (2) of the Act requires that the material required under subsection (1) must be prepared as soon as is reasonably practicable after the end of the relevant financial year and in any event before the prescribed day.

Regulation 15 of the Regulations states that the prescribed day for Section 127 (2) is the second Friday in September in the financial year immediately following the end of the relevant financial year.

Section 127 (4) of the Act requires that copy of the audited statements must be submitted by the council to the persons or bodies prescribed by the regulations on or before the day prescribed by the regulations.

Regulation 16 of the Regulations requires that in accordance with section 127(4) of the Act, council must, on or before 30 November in each year, submit a copy of the audited financial statements of the council for the immediately preceding financial year to the presiding member of the South Australian Local Government Grants Commission.

➤ **Risk Management Implications**

Completing the year end reporting and audit processes within the legislative timeframes will assist in mitigating the risk of:

Poor governance practices occur which lead to a loss of stakeholder (i.e. customer and regulator) confidence and/or legislative breaches.

Inherent Risk	Residual Risk	Target Risk
Extreme (5C)	Medium (3D)	Medium (3C)

Failure to complete the year end reporting process within the timetable can result in increased financial, compliance and reputational risk.

➤ **Financial and Resource Implications**

The end of year financial reporting process ensures the timely production of Council's General Purpose Financial Statements. These are required for the Annual Report and could impact on Council's ability to secure future grant and loan funding.

➤ **Customer Service and Community/Cultural Implications**

Not applicable.

➤ **Sustainability Implications**

Not applicable.

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

Council Committees: Not Applicable

Council Workshops: Not Applicable

Advisory Groups: Not Applicable

Administration: Executive Manager Governance & Performance
Manager Strategic Assets

External Agencies: Not Applicable

Community: Not Applicable

2. BACKGROUND

Council's preparation of the Annual General Purpose Financial Statements on a timely basis is affected by, but not limited to:

- external audit timelines
- resourcing, internal and external
- Infrastructure assets validation

Galpins' Audit Plan which was presented to the Audit Committee on 17 February 2020, communicates the approach to be taken by the auditors and their understanding of the scope of work required to express an opinion on Council's Financial Statements and Internal Controls environment.

3. ANALYSIS

The draft timetable has been prepared on the basis of available information and previous experience with preparation of the Financial Accounts.

The timetable is cognisant of the requirement under Section 127 (2) of the Act for the financial statements and notes as well as other statements and documentation to be available by the second Friday in September in the financial year immediately following the end of the relevant financial year. For the 2019-20 financial year this date is Friday, 11 September 2020.

The timetable allows some flexibility in terms of the timing of key activities during September and October, and is intended to produce the Annual General Purpose Financial Reports for consideration at the Audit Committee on 19 October 2020 and adoption by Council at its meeting on 27 October 2020. The statutory limit for adoption of the Annual

General Purpose Financial Reports is 30 November 2020, but it is considered preferable to leave some time prior to this date to allow for any potential delays and to facilitate the production of the Annual Report.

An End of Year Update Report is scheduled to be presented to the Audit Committee Meeting in August 2020 to provide an update on end of year progress and ensure Council is on track with terms of completion of the annual financial statements.

4. OPTIONS

The Committee has the following options:

- I. To note the draft timetable as prepared (Recommended).
- II. To make additional comments or suggestions for Financial Services staff to consider prior to finalising the timetable and the external audit visit (Not Recommended).

5. APPENDICES

- (1) 2019-20 End of Year Financial Reporting Timetable

Appendix 1

2019-20 End of Year Financial Reporting Timetable

ADELAIDE HILLS COUNCIL
2019-20 END OF YEAR FINANCIAL REPORTING TIMETABLE

Week Commencing/ Specific Date	Description
Mon 17-Feb	Audit Committee Meeting (17 Feb) Presentation of the External Audit Annual Audit Plan a
Wed 15-Apr	External Interim Audit (15 - 17 April)
Mon 25-May	Audit Committee Meeting (25 May) 2019-20 End of Year Financial Reporting Timetable
Mon 24-Jun	Last payrun for 2019-20 FY P/E 19/6/20 paid 25/6/20, (EOY Payment Summaries N/A as STP is instant), FBT figures to Payroll for inclusion on Payment Summaries 17/6, YE cut-off, Special Council Mtg 30/6 - Adopt ABP, Budget, Declaration of Rates
Tue 30-Jun	Statement of Financial Position Date for 30 June
Mon 13-Jul	Close June Creditors; Accrue Final Pay(s); Bank Reconciliation; High risk control account reconciliations Stock Take and Petty Cash counts
Mon 20-Jul	Accruals; Commence Capitalisation
Mon 3-Aug	Year end prepayments and grants reconciled Update provisions for remediation & employees Progress Fixed Asset Revaluation, Depreciation and Reconciliation Finalise remaining Statement of Financial Position Reconciliations
Thu 6-Aug	Audit Committee Report preparation for Audit Committee - End of Financial Year Update
Thu 13-Aug	ELT Report (13 Aug) Discuss EOY Position - Preliminary and Carry Forwards
Thu 13-Aug	Report Preparation for Council - 2019-20 Preliminary End of Year Results and Carry Forwards
Mon 17-Aug	Audit Committee Meeting (17 Aug) End of Financial Year Update and Presentation of the External Audit interim letter
Mon 24-Aug	Review and finalise notes to Statutory Accounts; Update for subsidiary results
Tue 25-Aug	Council Meeting (25 August) Council Report 2019-20 Preliminary End of Year Results and Carry Forwards
Mon 31-Aug	Review subsidiaries (equity accounting) & reserves accounting (Revaluations and CWMS)
Mon 7-Sep	Analytical review and full year budget comparison of operating accounts
Fri 11-Sep	Prescribed Day for Finalisation of Annual Financial Statements to Auditors
Mon 21-Sep	External audit final visit currently proposed for 24 September through to 29 September 2020
Wed 30-Sep	Report preparation for Audit Committee - Annual Financial Statements & Audit Completion Report
Thu 15-Oct	Report preparation for Council - Annual Financial Statements & End of Year Financial Results
Mon 19-Oct	Audit Committee Meeting (19 Oct) Draft 2019-20 Annual Financial Statements
Tue 27-Oct	Council Meeting (27 Oct) 2019-20 Annual Financial Statements for adoption for Annual Report inclusion End of Year Financial Results
Wed 4-Nov	Report Preparation for Audit Committee - End of Year Financial Report, Final Audit Completion Report and Annual Report
Thu 12-Nov	Annual Report final design amendments
Thu 12-Nov	Council Reports due for Council Meeting 24 November - Annual Report for Adoption & BR1
Mon 16-Nov	Audit Committee Meeting (16 Nov) End of Year Financial Report Audit Completion Report Draft 2019-20 Annual Report for Council adoption by 24 Nov
Tue 24-Nov	Council Meeting (24 Nov) 2019-20 Annual Report for adoption & BR1
Fri 27-Nov	Submit Financial Statements to Presiding Member of the SA Local Government Grants Commission (by 30 Nov)

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 25 May 2020
AGENDA BUSINESS ITEM**

Item: 6.5

Responsible Officer: Mike Carey
Manager Financial Services
Corporate Services

Subject: Internal Financial Controls Update

For: Information

SUMMARY

Council's external auditors are required to provide an opinion on internal controls in accordance with S125 of the *Local Government Act 1999*.

This report presents an update to the Committee on the *Internal Control Framework* for the year ended 30 June 2020.

RECOMMENDATION

The Audit Committee resolves:

1. That the report be received and noted
 2. To note the further developments that have been undertaken in the improvement of internal financial controls.
-

1. GOVERNANCE

➤ **Strategic Management Plan/Council Policy**

Strategic Plan 2020-24 – A brighter future

Goal 5 A Progressive Organisation

Objective O.5 We are accountable, informed and make decisions in the best interests of the whole community

Priority O5.1 Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations

Updating the internal controls framework assists in meeting legislative and good governance responsibilities and obligations

➤ **Legal Implications**

Work on the *Internal Controls Framework* is being undertaken in conjunction with Part 3 – Accounts, Financial Statements and Audit, *Local Government Act 1999* and Part 6 – Audit, *Local Government (Financial Management) Regulations 2011*.

➤ **Risk Management Implications**

The undertaking of an annual review of Internal Controls using the Internal Financial Control Model will assist in mitigating the risk of:

Internal control failures occur which leads to greater uncertainty in the achievement of objectives and/or negative outcomes.

Inherent Risk	Residual Risk	Target Risk
High (4C)	Medium (3C)	Low (2E)

Note that there are many other controls that assist in mitigating this risk.

➤ **Financial and Resource Implications**

Satisfactory internal financial controls provide the foundation for all of Council's financial management and reporting.

➤ **Customer Service and Community/Cultural Implications**

Not applicable.

➤ **Sustainability Implications**

Not applicable.

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

Council Committees: Not Applicable

Council Workshops: Not Applicable

Advisory Groups: Not Applicable

Administration: A number of officers across the organisation have been involved in the completion of internal control ratings using ControlTrack.

External Agencies: Not Applicable

Community: Not Applicable

2. BACKGROUND

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* (LGA) by ensuring that appropriate policies, practices and procedures of internal control are implemented and maintained.

In addition, Council audit committees are required to monitor the adequacy of all council's "accounting, internal control, reporting and other financial management systems and practices".

Further, as well as providing an audit opinion to Council with respect to the General Purpose Financial Statements, Council's external auditor is also required to provide an opinion on the compliance of the Adelaide Hills Council with the requirements of Section 125 of the LGA in relation to the Internal Controls established by the Council.

The Auditor's responsibility is to express a conclusion on the Council's compliance with the LGA in relation to the Internal Controls established by the Council for the relevant financial year to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law in all material respects.

When forming an internal controls opinion auditors must refer as a benchmark to the Better Practice Model - Internal Financial Controls as updated from time to time and published by the Local Government Association on advice from the SA Local Government Financial Management Group.

Like the audit opinion of annual financial statements, the internal controls opinion is provided to a Council and becomes a public document, to be published with Council's financial statements along with the financial statements audit opinion.

3. ANALYSIS

The Audit Committee was previously advised that an updated Better Practice Model for Internal Controls had been approved by the Minister for Local Government to apply from July 2017.

That update provided a roadmap to a more risk based approach to ensuring a robust financial internal controls environment by allowing councils to document and assess the internal financial controls that relate to a particular financial risk and to the extent that they mitigate that risk to an acceptable level. As such it refocused Council's internal financial control activities and monitoring systems largely on the extreme and high financial risks as identified by the Council's risk tolerance framework. As a result, this risk based approach reduced the number of controls that councils review and assess on an ongoing basis.

It is noted that the controls implemented are still dependent on the inherent risk assessment, the residual risk given controls already in place and the risk tolerance of the organisation.

To assist in Council's review of Internal Controls, Adelaide Hills Council uses a product called ControlTrack which is used by a significant number of councils across the State.

ControlTrack requires Council to identify and document the control activities in place and evaluate the appropriateness, design and effectiveness of these controls on a scale from 1 to 5. Council has used the following control effectiveness rating scale below to evaluate its controls.

Definitions of Control Effectiveness Ratings	
1. Ineffective	During the period, the control has not been implemented as described. Urgent management action is required to implement the described control processes.
2. Requires significant improvement	During the period, the control has been implemented as described, but with significant deficiencies in the consistency or effectiveness of implementation. Significant management action required to implement processes to improve the effectiveness of the control.
3. Partially effective	During the period, the control has been implemented as described, but with some deficiencies in the consistency and/or effectiveness in which it has been applied.
4. Majority effective	During the period, the control has been implemented as described and in the majority of cases has been consistently and/or effectively applied. There is potential to enhance the effectiveness of the control, but only with minor adjustments.
5. Effective	During the period, the control as described has been fully implemented and has in all cases has been consistently and/or effectively applied.

A control effectiveness rating is provided by both the assessing officer (typically the person performing the function) and the reviewing officer (typically the person reviewing completion of that task or function such as the line manager), along with commentary as to the basis for the assessment on that rating.

A summary report of the outcomes from this recent review has been provided in *Table 1* below along with a summary of the 2 previous reviews.

Table 1

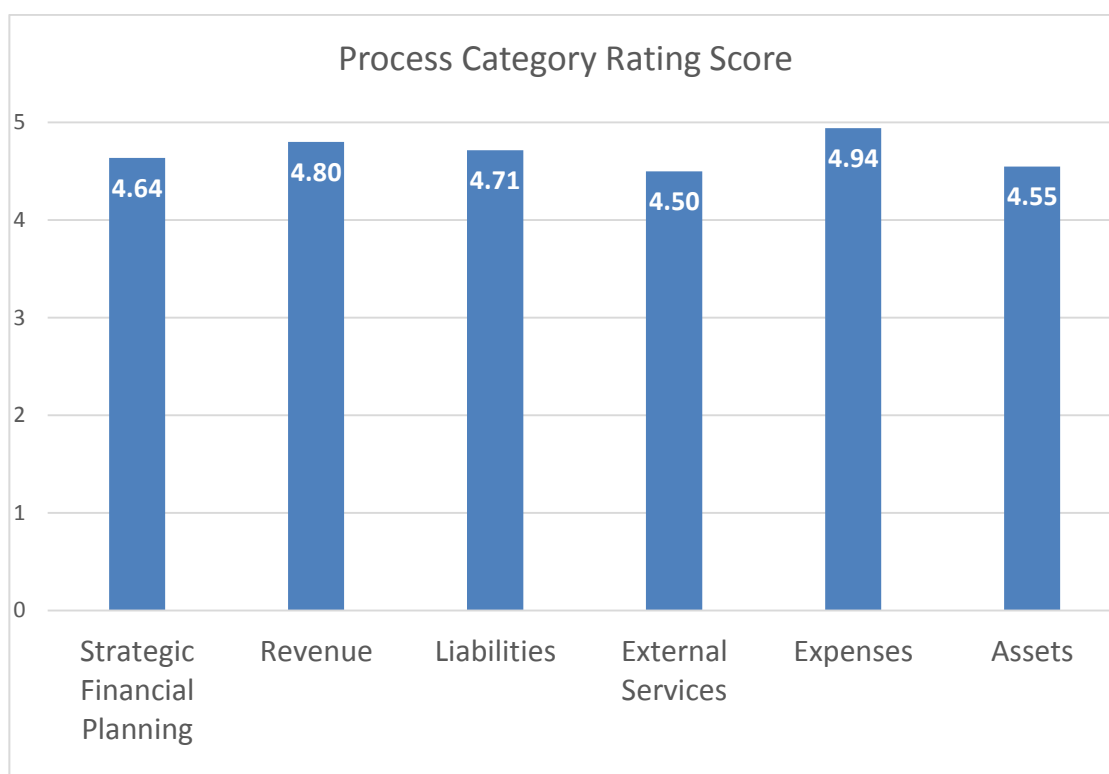
Control Category	May 2020	May 2019	May 2018
Strategic Financial Planning	4.64	4.55	4.82
Revenue	4.80	4.80	4.93
Liabilities	4.71	4.71	4.77
External Services	4.50	4.00	4.00
Expenses	4.94	4.76	4.84
Assets	4.55	4.42	4.48

It is noted that although there has been some minor variations within categories across the three years, in all categories, the overall result is well above 4. External Services which includes procurement and contracting, improved substantially from the previous year's ratings as a result of the revised Procurement Policy and the rollout of the procurement framework.

Within the Assets category, Asset Management planning has been identified as an area for improvement and with some of these plans still outstanding this has lowered some of the scores in this category. However, there has also been improvement in ratings from 2019 in this category.

The trend of improvement in internal controls across years also reflects the information provided by our External Auditors as part of the 2019-20 Interim Management Letter Committee Report which also forms part of this meeting's agenda.

The Control Track information for the current year is also shown diagrammatically below.



The full list of controls and the specific rating of each is provided at **Appendix 1**.

As agreed, reporting to the Audit Committee will continue to include an annual update from the ControlTrack system covering controls and actions.

4. OPTIONS

Audit Committee is limited to receiving and noting this report.

5. APPENDICES

- (1) 2019-20 Internal Controls Review

Appendix 1

2019-20 Internal Controls Review

2019-2020 Controls Assessment

Code ↑	Description	Assessor	★	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
<div> <div>Strategic Financial Planning</div> <div>General Ledger</div> </div>							
STR-GEN-0001	Access to General Ledger maintenance is restricted to appropriately authorised personnel.	Sonia Cooper	4	There are 6 administrators with access to General Ledger maintenance	Mike Carey	4	
STR-GEN-0002	All balance sheet reconciliations are reviewed by a person other than the preparer at least annually. Strategic Financial Planning - General Ledger	Sonia Cooper	5	All balance sheet reconciliations are reviewed by a person other than the preparer at least annually	Mike Carey	5	
STR-GEN-0004	All major updates and changes to General Ledger finance system are authorised, tested and documented.	Sonia Cooper	5	All updates and changes are documented in formal release notes for each module provided by the vendor. The release notes are made available prior to the upgrade of change being developed into a "test" environment. The vendor provides a comprehensive list of functions for customer testing. The update process is fully coordinated to ensure all changes are checked and authorised prior to roll over/upgrade	Mike Carey	5	
STR-GEN-0005	Amendments to the structure of the General Ledger framework and accounts are reviewed and approved by appropriately authorised personnel.	Sonia Cooper	4	Only administrators of Finesse (GL module) can access the General Ledger maintenance General Ledger Account codes can only be created and closed by administrators in Open Office Finesse. All amendments to the structure of the GL are undertaken by the Management Accountant after discussion with Budget Holders	Mike Carey	4	
STR-GEN-0006	Finance system does not allow posting of unbalanced journals or if it does regular reviews are conducted on the suspense account and discrepancies investigated and actioned.	Sonia Cooper	5	Open Office Finesse does not allow journals that don't balance to \$zero to be posted	Mike Carey	5	
STR-GEN-0007	Financial data is backed up and stored offsite.	James Sinden	5	The Councils ICT Business Continuity Plan has a fully functioning duplicate of physical technology, business software systems and backup copies of data located at another site located out of the Adelaide Hills Council District.	Mike Carey	5	
STR-GEN-0008	Formal disaster recovery plan is in place and communicated to relevant staff.	Lachlan Miller	2	The current Business Continuity Plan (excluding the ICT Disaster Recovery Plan) is dated and would not be a source of effective guidance in a business disruption event. There is a low level of knowledge of the BCP across the organisation.	Mike Carey	4	The risk in relation to this control is that Data contained within the General Ledger is permanently lost. Whilst the Organisation BCP is outdated, it is considered that the ICT Disaster Recovery Plan is appropriate to ensure that GL data loss would be minimal.
STR-GEN-0009	General Ledger policies and procedures are appropriately created, updated and communicated to relevant staff.	Sonia Cooper	4	There is a scheduled review of Council policies at the Council level	Mike Carey	4	
STR-GEN-0010	Journal entry access is restricted to appropriately authorised personnel.	Sonia Cooper	5	All General Journals are reviewed by a person different to the journal creator. Only Financial Services team members have the ability to perform a General Journal entry. Journals are retained in Financial Services for inspection	Mike Carey	5	

2019-2020 Controls Assessment

Code ↑	Description	Assessor	★	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
STR-GEN-0011	Reconciliation of all balance sheet accounts is completed in accordance with a schedule of review and/or procedure. Strategic Financial Planning - General Ledger	Sonia Cooper	5	All General Ledger Reconciliations are performed within the requirement of the Accounts Reconciliation Procedure, under Finance Policies. It was most recently adopted in 2015 and currently is under review. All Balance Sheet reconciliations are reviewed by a finance officer independently of the finance officer that performed the reconciliation at least annually. Reconciliations are now retained on the P: Drive	Mike Carey	5	
STR-GEN-0012	There is a process in place to review actual vs budget and significant variances investigated. Strategic Financial Planning - General Ledger	Sonia Cooper	5	Actuals vs Budget reports are produced for each Department - system generated and exported to Excel mapped reports and uploaded onto Sharepoint for Budget Owners review & analysis. Separate reporting is done at a Directorate level and a Monthly Financial Performance Report is produced for ELT and discussed at the ELT Perform meeting each month.	Mike Carey	5	
Revenue							
Rates/Rate Rebates							
REV-RAT-0001	Access to the Property master file is restricted to appropriately designated personnel, with a process in place to ensure changes are in line with policies and procedures.	Ann-Marie Putland	5	Access to the Property master file is restricted to appropriately designated personnel, managed by IT. Rates officers can see and update the property master file, and other staff only have read access.	Mike Carey	5	
REV-RAT-0002	All rate rebates and adjustments including write offs are appropriately authorised, with reference to Delegations of Authority and source documents.	Ann-Marie Putland	5	Rate rebates have been in place for a number of years with no change. A review of all rebates and non rateable was conducted in 18/19 to ensure rebate is appropriate and correctly categorised. Council will now review all Discretionary rebates at the start of the new Council term. A rates fines and interest remittance procedure has been developed to ensure consistent treatment in relation the application of fines & interest with reference to Delegation of Authority. Due to rate debtor security, current policy is not to write-off rate debtors.	Mike Carey	5	Remission has a final effect, and is only considered in circumstances where the ratepayer has demonstrated serious and long term hardship and where there is no chance of improvement in the ratepayers financial circumstances. Consideration must also be given to the tax burden redistribution effect on other rate payers of any remission. For these reasons, and given the importance of ensuring fairness to other ratepayers, remission will only be considered as a last resort.
REV-RAT-0003	All software changes to rate modelling functionality fully tested and reviewed by relevant staff.	Ann-Marie Putland	5	Rates software are initially loaded into a test arena where the rates officers are able to perform testing. All upgrade of the rates system is systematically tested prior to upgrade in preparation for rates generation. This includes rate modelling. Rates generated are compared to an Excel based rate modelling spreadsheet for comparison.	Mike Carey	5	
REV-RAT-0004	Annual valuation update is balanced prior to the generation of rates; all mismatches resolved prior to finalising rate generation.	Ann-Marie Putland	5	Annual valuation update is balanced by the Senior Rates Officer prior to the generation of rates; with all discrepancies resolved prior to finalising rate. The file does not load without the errors being addressed.	Mike Carey	5	

2019-2020 Controls Assessment

Code ↑	Description	Assessor	★	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
REV-RAT-0005	Employees responsible for processing rate payments and rebates cannot process their own payments or rebates unless the transaction is approved by someone independent of the process	Ann-Marie Putland	5	Rates officers do not process any rates payments. Council's cashiers process rates receipts. Any new rate rebates are assessed with the Rates Team and the Manager Financial Services and are signed off by Manager Financial Services. Rebates are not granted to individuals under the proposed updated rates policy. New Discretionary Rebate applications are forwarded to Council for approval.	Mike Carey	5	
REV-RAT-0006	There is a Process in place to ensure that rates are collected in a timely manner and overdue rates are followed up.	Ann-Marie Putland	5	Council has a Debt Recovery Policy which includes the application of Sect 184 recovery of rates when applicable. Rate arrears are forwarded for Debt Collection if an account is 2 Quarters in arrears and there is no payment plan in place.	Mike Carey	5	
REV-RAT-0007	Rates are automatically generated by the rate system, including the calculation of rate rebates and other parameters as applicable.	Ann-Marie Putland	5	Rates are generated based on Valuer General's data. This is balanced with property.gov prior to generation. Rates and Rebates are automatically calculated within property.gov.	Mike Carey	5	
REV-RAT-0008	Rates are generated and tested for accuracy of calculation methodology prior to the rates billing run.	Ann-Marie Putland	5	Rates officers sample test the rates that have been generated before the final calculation is run. The Rates Team reviews the validity of the sample. This review includes a comparison to an Excel based rates modelling spread sheet that mirrors the rates generation. This increases confidence that the rates generated is valid.	Mike Carey	5	
REV-RAT-0009	Recorded changes to property master file data and any rate adjustments are compared to authorised source documents to ensure that they were input accurately. An audit trail is maintained for all changes.	Ann-Marie Putland	4	Written communication (email or letter) is used as a basis for changes to the rates master file. Such correspondence is recorded through our document management system. Master file is also updated using weekly reports from the Lands Title Office. Accuracy is double checked against the source documents before the final stage of the update is completed.	Mike Carey	4	
REV-RAT-0010	There is a rating policy in place that is reviewed annually that provides clear guidance on rating methodology and relevant rebates and remissions in line with legislation.	Ann-Marie Putland	5	Council has a rating policy in place that is reviewed annually that provides clear guidance on rating methodology and relevant rebates in line with legislation. Additional guidance has been added in relation to both mandatory & discretionary rebates. Concessions for Pensioners are no longer managed by Local Government.	Mike Carey	5	
⚙️ Receipting							
REV-REC-0003	Customers are provided with a system generated or pre-numbered (manual) sequential tax compliant receipt detailing payment made.	Rhys Elsegood	4	System generated sequential receipts are produced internally in the system and provided to customers upon request.	Mike Carey	4	

2019-2020 Controls Assessment

Code ↑	Description	Assessor	★	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
REV-REC-0005	Prior to and during the banking process, cash is stored securely at all times.	Rhys Elsegood	5	Cash is stored securely at all times including the duration of the cash management process. Cash is locked away when unattended. Cash is banked twice weekly (Tuesday & Friday) at the most frequently used cashier locations and is recorded and signed for when collected by SecureCash. Cash awaiting collection is held in a dropdown safe.	Mike Carey	5	
REV-REC-0007	Receipt transactions are reconciled to the daily takings and out-of-balance banking is corrected promptly.	Rhys Elsegood	5	Receipts are issued for all transactions processed. Cash/cheques/eftpos receipts for each Cashlink Session are reconciled to the Council Bank Account by a finance officer. Any discrepancies are investigated and corrected promptly.	Mike Carey	5	
REV-REC-0008	Receipts are deposited regularly at the bank by a person independent from the initial recording of the cash receipts.	Rhys Elsegood	5	Cash is banked twice weekly (Tues/Friday) at the most frequently visited locations (Stirling & Woodside) and weekly at other locations and is recorded and signed for when collected by SecureCash.	Mike Carey	5	
REV-REC-0010	There is a review process for the authorisation of the reversal of transactions.	Rhys Elsegood	4	Considered increased risk relating to circumstances where cash overpayment occurs. Discussion with personnel involved in receipting indicates that there is no review process for the reversal of transactions which occurs occasionally if cashier for example realises they have incorrectly recorded the transaction ie as cash instead of EFT etc and therefore reverses the transaction and corrects. The system does not require separate authorisation and we are not aware of any exception reports that records when this function is used. A cashiers have a Receipt Reversal procedure that ensures that all reversed receipts are clearly warranted and details are available for verification and can be reviewed by an independent person. In addition, the Finance Officer - Accounts Receivable & Treasury can process a "Receipt Adjustment" to reallocate a payment from say a rate debtor account to a sundry debtor account as a result of the debtor using the incorrect payment platform and/or debtor reference vs rate assessment. These receipt adjustments are reviewed by the appropriate area and authorised by the Manager Financial Services. While supporting documentation is retained the system does not require separate authorisation and we are not aware of any exception reports that records when this function is used. It is proposed that officers will follow up with the Vendor (Open Office) to confirm whether there is an audit trail/exception report available to record when this functionality is used by either Cashiers/Accounts Receivable.	Mike Carey	4	
<div> <div>Liabilities</div> </div>							

2019-2020 Controls Assessment

Code ↑	Description	Assessor	★	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
<div> ▾ Accounts Payable </div>							
LIA-ACC-0001	Access to the supplier masterfile is restricted to authorised staff	Sonia Cooper	5	Access to the supplier master file is restricted to authorised officers and support for masterfile changes is retained in Financial Services.	Mike Carey	5	
LIA-ACC-0002	All invoices and payment requests are approved in accordance with relevant policies and/or Delegations of Authority.	Sonia Cooper	5	All invoices and payment requests are approved in accordance with relevant Delegations of Authority. Delegations are in the system and a warning will show if they are exceeded.	Mike Carey	5	
LIA-ACC-0004	Employee expenses claims must be approved by authorised staff and independently verified and include relevant substantiation.	Sonia Cooper	5	Employee expense claims must be approved by an authorised officer and independently verified and include relevant substantiation. Expense claims are paid by Accounts Payable.	Mike Carey	5	
LIA-ACC-0006	Payments are endorsed by relevant staff separate to the preparer, who ensures that they are paid to the correct payee.	Sonia Cooper	5	"Payments (Cheques and EFT's) are endorsed by authorised officers separate to the preparer who ensures that they are paid to the specified payee. A Payment Input List for items input is printed for each batch of data entry and reviewed by the Management Accountant to confirm correct GST status and account allocation. A Pre Cheque Report is printed as part of the Payment Run preparation listing each Supplier invoice to be paid which is checked against invoices for correct supplier and amount. This is provided to the Manager Financial Services or delegate to review supporting documentation and authorise the payment run and Summary of Scheduled Payments printout. The NAB online banking system requires a Part A and a Part B before transmission of funds is completed. The officer who creates the batch for payment may not be either Part A or Part B of the authorisation for transmission. Records of these transmissions are retained in Finance for inspection and subsequently signed by the authoriser of the payment run who has reviewed the number of transactions and amount to be paid by EFT as well as confirming totals from the Payment Register."	Mike Carey	5	
LIA-ACC-0007	Payments are verified to appropriate supporting documentation and are in line with Delegations of Authority.	Sonia Cooper	4	Payments are verified to appropriate supporting documentation and are authorised by a relevant and appropriately authorised council officer in line with Delegations of Authority. Whilst council officers with appropriate delegation sign off and verify an invoice for payment and normally provide purchase order details where relevant to match the invoice against, there is no predetermined limits set to reject an invoice if the invoice exceeds the purchase order amount.	Mike Carey	4	

2019-2020 Controls Assessment

Code ↑	Description	Assessor	★	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
LIA-ACC-0008	Predetermined variances between Purchase Orders and Invoices are assessed and payment released only after verification by the officer with delegation to do so.	Sonia Cooper	4	Whilst council officers with appropriate delegation sign off and verify an invoice for payment and normally provide purchase order details where relevant to match the invoice against, there is no predetermined limits set to reject an invoice if the invoice exceeds the purchase order amount and it will be processed at the amount the delegated officer signed off.	Mike Carey	4	
LIA-ACC-0009	Recorded changes to the supplier master file are compared to authorised source documents to ensure that they were input accurately.	Sonia Cooper	4	Outstanding purchase orders are reviewed by Accounts Payable as part of the month end process a report of outstanding orders by authorising officer is produced. The issuing office is asked to confirm if any long outstanding orders or partly complete orders listed can be closed.	Mike Carey	4	
LIA-ACC-0010	Records must be maintained of all payments with supporting documentation.	Sonia Cooper	5	All payment runs are filed with Payment Run Report and invoices (and other source documentation) appropriately authorised by relevant council officer	Mike Carey	5	
LIA-ACC-0011	Relevant staff to review aged payables listing on a predetermined basis and investigate where appropriate.	Sonia Cooper	5	Management Accountant reviews an aged creditors listing as part of the Financial Year end process.	Mike Carey	5	
LIA-ACC-0012	Requested changes or additions to supplier masterfile are verified independently of source documentation.	Sonia Cooper	4	For bank account changes, Accounts Payable contacts the company from an alternative source than the supporting documentation received (by phone) to confirm validity of the request. For all other changes, address etc. information is obtained from source documentation only.	Mike Carey	4	
LIA-ACC-0013	Separation of Accounts Payable and Procurement duties.	Sonia Cooper	5	There is total separation of accounts payable and procurement duties.	Mike Carey	5	
LIA-ACC-0014	Statements received from suppliers are reconciled to the supplier accounts in the accounts payable subledger regularly and differences are investigated.	Sonia Cooper	5	Statements received from suppliers are reconciled to the supplier accounts in the accounts payable sub-ledger monthly and differences are investigated and resolved where applicable. Supplier statements are retained in the Finance area for 12 months for inspection.	Mike Carey	5	
LIA-ACC-0015	There is a process in place to ensure the supplier master file is periodically reviewed for ongoing pertinence.	Sonia Cooper	5	An annual review of the supplier master file is undertaken and any supplier that has not been used for 2 years has the status of the account made historical. It will not appear on simple searches but is still apparent on the Supplier List (greyed out to indicate it is historical).	Mike Carey	5	
LIA-ACC-0016	There is a system generated report detailing supplier invoices due for payment at any one time.	Sonia Cooper	5	There is a Creditors Outstanding Report Detail which is produced on the last day of the month (after processing close) and reconciled to the GL. In addition, there is Pre Cheque Report in Release Date Order that is produced prior to each payment run (weekly) as well as at the end of month, forming part of the reconciliation process	Mike Carey	5	
External Services							
Contracting							

2019-2020 Controls Assessment

Code ↑	Description	Assessor	★	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
EXT-CON-0001	Council maintains a current contract register.	James Greenfield	4	Contract Register is located in Sharepoint, slightly automated to advise expire dates of Contracts and insurances.	Mike Carey	4	
EXT-CON-0003	The selection panel is made up of appropriate personnel who have declared any relevant conflict of interest to ensure that informed and objective decision is made when selecting contractors.	James Greenfield	4	Specific documentation for Conflict of Interest has been developed. Conflict of interest is discussed at the start of all evaluation process. All person involved in the evaluation are required to complete a Conflict of Interest form.	Mike Carey	5	
EXT-CON-0004	There are robust and transparent evaluation and selection processes in place to engage contractors where relevant in accordance with the Code of Conduct, Conflict of Interest and Procurement Policy.	James Greenfield	4	As part of the Acquisition plan process consideration is given to the evaluation process, weightings and criteria are developed before Tender is published.	Mike Carey	5	
EXT-CON-0005	There is a contract management process in place throughout the term of the contract to ensure that supplier/contractor meet their obligations.	James Greenfield	3	Whilst a Project Manager has been allocated to the majority of Council Capital and Operating Projects, there are no formal contract management procedures that cover off on Council's management of deliverable's, key contract clauses, responsibilities, milestones and dispute resolution procedures. OD does have a procedure covering WHS responsibilities of Project Managers. The responsibility for the management of contacts lies with the relevant department.	Mike Carey	5	
EXT-CON-0006	There is a process in place to ensure that commitments are made with approval by Council or delegated staff.	James Greenfield	4	Commitments are raised by system generated purchase orders using an automated workflow set up in accordance with Council's Staff Procurement Delegations. The system prevents a purchase order being released if the authoriser does not have the appropriate financial delegation. The delegation allows a person to authorise purchase orders and authorise invoices within there delegated authority. The delegation to sign off on contracts is managed via the acquisition plan process, signing of contract is as per Staff Financial Delegations as authorised by the CEO.	Mike Carey	5	

2019-2020 Controls Assessment

Code ↑	Description	Assessor	★	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
EXT-CON-0007	There is an ongoing management in place that identifies and manages deliverables, key contact clauses, responsibilities, milestones and includes dispute resolution procedures.	James Greenfield	3	Whilst a Project Manager has been allocated to the majority of Council Capital and Operating Projects, there are no formal contract management procedures that cover off on Council's management of deliverable's, key contact clauses, responsibilities, milestones and dispute resolution procedures. OD does have a procedure covering WHS responsibilities of Project Managers, Dispute resolution processes are built into a Standard Procurement Contracts. The responsibility for the management of contacts lies with the relevant department.	Mike Carey	3	A Project Manager has been allocated to the majority of Council Capital and Operating Projects. Depending on the area, there are some informal contract management procedures (more rigorous within the infrastructure area) that cover off on Council's management of deliverables, key contract clauses, responsibilities, milestones and dispute resolution procedures. OD does have a procedure covering WHS responsibilities of Project Managers and Dispute resolution processes are built into a Standard Procurement Contracts. The responsibility for the management of contracts lies with the relevant department, There is also monthly reporting of projects to ELT (both Capital and Operating) largely focusing on financials and budgets. In addition, projects are also reported to Council on a quarterly basis as part of Corporate Performance Reporting
Expenses							
Credit Cards							
EXP-CRE-0003	Cardholders must check their statement to ensure all transactions are correct and identify any transactions of a personal nature which must be reimbursed to Council.	Sonia Cooper	5	Cardholders log in to Flexipurchase (NAB) to check their account regularly. Cardholders are required to check their statement at month end to process incomplete transactions , and ensure all transactions are authorised and allocated to the correct account number. The cardholders line manager is required to review the monthly statement and authorise each transaction acknowledging that the card holder has complied with policy. Per Purchase Card Policy, the cardholder is not to use the purchase card for anything other than official purposes. Personal purchases made in error are coded to a clearing account. Reimbursement is also made to this Clearing account 149027058	Mike Carey	5	
EXP-CRE-0004	Credit card holders sign a declaration confirming compliance with Council policy and procedures prior to the Credit Card being released.	Sonia Cooper	5	All new credit card holders sign a declaration confirming compliance with Council policy and procedures prior to the credit card being ordered/released and this is kept in the relevant folder in the finance area.	Mike Carey	5	
EXP-CRE-0005	There is a process in place to approve all credit card transactions to ensure compliance with the policies and procedures covering credit card usage.	Sonia Cooper	5	The card holder is required to reconcile their monthly statement to invoices and attach the supporting invoices to their transaction so that their line manager can review and approval those transactions/purchases and ensure compliance with procedures and policy and authorised /necessarily incurred on behalf of Council. Transactions will show as incomplete and reminder emails sent to the manager to view transactions from the Flexi purchase system until they are viewed and authorised.	Mike Carey	5	

2019-2020 Controls Assessment

Code ↑	Description	Assessor	★	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
EXP-CRE-0006	There is a process in place to ensure credit card limits and usage is reviewed for operational efficiency.	Sonia Cooper	4	The relevant authorised officer approves the issue and limit of purchase cards and this approval is kept in the 'purchase cards' folder in the finance area. Once a card has been authorised (and subject to detailed consideration), there is limited subsequent review to ensure card issue and limit remain appropriate. Review is usually initiated by the Cardholder.	Mike Carey	5	Updated Purchase Card Procedures address any change in limit
Expenses							
Credit Cards							
EXP-CRE-0007	There is a process in place to ensure there are appropriate approvals prior to the issuing of Credit Cards and limits.	Sonia Cooper	5	A credit card will not be issued without written approval of card and limit by Manager or Director, this approval form is kept in the 'purchase cards' folder in the Finance area.	Mike Carey	5	
Payroll							
EXP-PAY-0001	Access to the payroll deduction listing is restricted to authorised staff.	Natasha Holmes	5	The Payroll deduction listing can only be accessed through the payroll module in Open Office. Only the Payroll Officer and the back up have access to this.	Megan Sutherland	5	With review of processes and coverage of roles as a result of COVID-19, another backup person is being trained, so a total of 3 people.
EXP-PAY-0002	All calculations for generating payroll payments are verified for accuracy.	Natasha Holmes	5	At the end of each pay period Audit reports are printed which report on any changes made to the following employee attributes: deductions, pay distribution, position accounts, position allowances, position leave, position rates, position, superannuation, etc and are reviewed by 2 people (Reviewers), generally the Executive Manager Organisational Development and the Manager Financial Services (or their delegate). Payroll system - Open Office - when installed pay calculations were checked. Tax tables are updated by Open Office each financial year. EDA calculations are updated using the payroll wizard through Open Office. In addition, the Payrun summary checklist requires manual checking for a sample employee by the Reviewers checking the payroll information each fortnight. All reports are retained in Payroll with the fortnightly pay folder.	Megan Sutherland	5	
EXP-PAY-0003	All payroll deductions must be approved by the relevant employee.	Natasha Holmes	5	Either an email or Employee Advice - Payroll Personnel Changes form is provided to payroll before any changes to a deduction can be made. Any changes to bank account details are double checked by the Payroll Officer by a phone call to the employee. Each pay period a print out of these emails/forms is included in these variations which is checked by the 2 Reviewers.	Megan Sutherland	5	This process was further improved last year with the requirement for AHC employees to use the Employee Advice - Payroll Personnel Changes form that only AHC staff have access to (and not just an email) and a check by phone with the employee directly as a measure to combat an fraudulent advice.

2019-2020 Controls Assessment

Code ↑	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
EXP-PAY-0005	Employee records to include employment details and/or contract terms and conditions, authorisations for payroll deductions and leave entitlements.	Natasha Holmes	5	Personnel files and some employees on Records Hub have hard copies of the following: Employee Personal Details, tax file number declaration form, employment contract, position description. Everything apart from employee personal details and tax file number declaration form are also put in TRIM. Leave entitlements are accrued and recorded through Open Office. Leave forms are held until the end of the financial year and then sent to Records. A Leave entitlement report is completed every fortnight and emailed to relevant Directors/Managers/PL's so we have up to date leave entitlements. Leave entitlements are also listed on an employees payslip.	Megan Sutherland	5	Correct. Have now changed our electronic personnel files over from TRIM to Records Hub.
EXP-PAY-0006	Managers periodically review listings of current employees within their departments and variances are investigated.	Natasha Holmes	5	Employee Listings are reviewed by the Reviewers authorising the payroll every fortnight. With approximately 215 employees Council is of a size that employees are known. Appropriately authorised timesheets are required for all employees except those on Total Employment Cost (TEC) contracts. New Employees are added to the system by the Payroll Officer (contract, position description and personnel information provided by the OD Officer) as the integration between our HR module and Payroll is currently not working (previously part of the input was completed by the OD Officer and the other parts by the Payroll Officer). Every pay period a report entitled "Commencements with the beginning and end pay period dates" is included in the pay run summary checklist for sign off. In addition, employee costs actual to budget variances form part of the monthly variance analysis for all departments.	Megan Sutherland	5	With Managers receiving the fortnightly leave report updates, this provides another opportunity for any discrepancy with employees in their department to be identified.
EXP-PAY-0007	Payroll is periodically reconciled to the General Ledger accounts.	Natasha Holmes	5	All Payroll suspense account reconciliations are completed by the Finance Officer and reviewed by the Management Accountant. These reconciliations are retained in Financial Services. In addition, fortnightly ledger reports from payroll are provided to the Management Accountant for reconciliation.	Megan Sutherland	5	These updates are happening on a regular basis.
EXP-PAY-0008	Payroll system generates audit reports detailing all payroll changes and there is a process in place to ensure all changes are reviewed and verified against source documents.	Natasha Holmes	5	At the end of each pay period Audit reports are printed which report on any changes made to the following employee attributes: deductions, pay distribution, position accounts, position allowances, position leave, position rates, position, superannuation, etc and form part of the Payroll authorisation process, reviewed by 2 people (Reviewers). Documents seeking changes to bank account detail and deductions are provided as part of the fortnightly payroll review process.	Megan Sutherland	5	With current changes due to the COVID-19 virus, electronic copies of the documents are provided and reviewed.

2019-2020 Controls Assessment

Code ↑	Description	Assessor	★	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
EXP-PAY-0009	Relevant staff are required to complete timesheets and/or leave forms, authorise them and have approved by the relevant supervisor.	Natasha Holmes	5	Timesheets are required for all staff except those on Total Employment Cost Contracts. These are signed by the employee and relevant People Leader. Leave forms are required for pre-approval of annual and long service leave and flexitime greater than 2 days.	Megan Sutherland	5	All employees must account for their time, so leave forms are required for those on TEC's when not at work, otherwise their hours are standardised and packaged, therefore not requiring a timesheet.
EXP-PAY-0010	The ability to access, modify or transfer information contained in the payroll master files is restricted to authorised staff.	Natasha Holmes	5	The ability to access, modify or transfer information contained in the payroll master files is restricted to authorised payroll staff (2 employees).	Megan Sutherland	5	With the review of process and an additional backup for payroll now in place, there are now 3 staff with access.
EXP-PAY-0012	The payment for the payroll must be reconciled to a system generated report detailing amount and employee prior to payment.	Natasha Holmes	4	The payment for the payroll is checked to the system generated Employee Payrun Summary report detailing the total amount prior to payment. This forms a key component of the Payroll Authorisation process and is checked against another spreadsheet titled Payrun Summary and Payrun Summary Report.	Megan Sutherland	5	This is correct.
EXP-PAY-0013	The payment of the payroll is authorised by appropriate staff not involved in the preparation of the payroll.	Natasha Holmes	5	The Payroll Officer uploads the bank file and two separate authorised officers authorise the bank file. Authorisation takes places after the Payrun Summary Checklist has been sighted, showing the payroll has been reviewed (by the 2 Reviewers), that the Payrun Summary from Open Office matches against the Employee Payrun Summary and that the Bank Net amount matches both of the amounts provided on the reports. This is signed off by those authorising the bank file. An authorisation details form is printed from NAB connect and signed by the authorised officers once the bank file has been processed.	Megan Sutherland	5	This is correct.
EXP-PAY-0015	There is a process in place to ensure employees are not added to the payroll masterfile, nor details amended or amounts paid without receipt of the appropriate forms which have been authorised by relevant staff.	Natasha Holmes	5	A New Employee is entered by the Payroll Officer (it was previously entered by the OD Officer into the winHR system, being a person not involved in Payroll but the current integration between HR and Payroll is not working). The Payroll Officer is provided with the Contract, Employee Number, Position Description and Personnel Information from the OD Officer prior to entering a new employee. Employee deduction audit report is printed for each pay period which shows any changes to employees that have been made during that pay period. Supporting documentation for changes including bank account is presented with the audit reports along with the pay run summary checklist for sign off. In addition, every pay period a report entitled "Commencements with the beginning and end pay period dates" is included in the pay run summary checklist for sign off.	Megan Sutherland	5	New employee details added since the last pay period are checked by the Reviewers ensuring appropriate authorisation has taken place.

2019-2020 Controls Assessment

Code ↑	Description	Assessor	★	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
EXP-PAY-0016	There is a process in place to ensure termination payments comply with relevant policies, procedures and legislation.	Natasha Holmes	5	All terminations are executed in line with the Enterprise Development Agreement (EDA) and the relevant award or other industrial provisions. A termination checklist is used to manage consistency of the termination process. The termination calculations are done via spreadsheet and are included for signoff when the pay run is checked. A termination report for the pay period is also printed out and included with the pay run summary checklist.	Megan Sutherland	5	The termination calculations are checked by the Reviewers when authorising the payroll.
EXP-PAY-0017	There is a process to ensure all overtime is verified and approved by relevant appropriate staff.	Natasha Holmes	5	Overtime hours are recorded on employees timesheets which is then signed by their People Leader. An overtime report is generated each fortnight and forms part of the documentation reviewed during the Payroll Authorisation process. In addition an employee overtime report is provided to ELT fortnightly.	Megan Sutherland	5	
EXP-PAY-0018	There is a process to ensure an independent review of proposed payroll payments by authorised staff.	Natasha Holmes	5	There is an independent review of proposed payroll payments by 2 people (Reviewers) who authorise the payroll and sign off the Payroll Summary Checklist.	Megan Sutherland	5	
EXP-PAY-0019	There is a process to ensure employees are made inactive in payroll records upon termination.	Natasha Holmes	5	Upon processing an employees termination, the employee is made inactive in Open Office. There are two sections where this is required.	Megan Sutherland	5	Each payrun requires a commencement and termination report to be provided. This details an employees added or made inactive in the system since the last pay and can be checked at that time.
EXP-PAY-0020	There is a process to ensure the total of payment summaries for the year is reconciled to the general ledger and payroll and is appropriately reviewed.	Natasha Holmes	4	The Payroll Officer ensures that the payroll summaries balance. The Management Accountant is responsible for reconciling payroll with the general ledger as part of year end processes.	Megan Sutherland	5	
EXP-PAY-0021	There is a segregation of duties from those preparing the payroll to those responsible for preparation of source documents (e.g. timesheets, leave requests etc).	Natasha Holmes	5	Source documents (including timesheets and leave forms) are generated by the employee and signed off by their People Leader. This documentation is used by the Payroll Officer to prepare the fortnightly payroll.	Megan Sutherland	5	
EXP-PAY-0023	Time recording and attendance exceptions such as TOIL or flexitime are based on relevant policies/agreement are identified, monitored and corrected.	Natasha Holmes	5	TIL and flexitime are executed in line with the Enterprise Development Agreement (EDA) and other industrial provisions and recorded on employee timesheets prepared by the employee and authorised by the People Leader. Leave reports including TIL and Flexi are provided fortnightly to relevant People Leaders for monitoring and action.	Megan Sutherland	5	The two payroll Reviewers also review the overtime/flexi/TIL as part of the review of payroll and can check against timesheets for accuracy.
EXP-PAY-0024	Where possible standard programmed formulae perform payroll calculations.	Natasha Holmes	5	Payroll system - Open Office - standard programmed formulae perform payroll calculations. Tax tables are updated by Open Office each financial year. EDA calculations are updated using the payroll wizard through Open Office. Calculations are shown on individuals timesheets for TIL, Flexi and Overtime.	Megan Sutherland	5	Where available this is used.

2019-2020 Controls Assessment

Code ↑	Description	Assessor	★	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
EXP-PUR-0001	Access to the supplier master file and ability to make changes is restricted to appropriately authorised staff.	Sonia Cooper	5	Access to the supplier master file is restricted to authorised officers and support for masterfile changes is retained in Financial Services	Mike Carey	5	
EXP-PUR-0003	Council has a Procurement Policy that provides direction on acceptable methods and the process for procurement activities to ensure transparency and value for money within a consistent framework, with consideration of any potential conflicts of interest.	James Greenfield	5	Council has an endorsed Procurement policy adopted October 2020 which is publicly displayed on Council's	Mike Carey	5	Council's Procurement Policy was adopted in October 2019
EXP-PUR-0004	Employees must ensure all purchase orders are issued in accordance with Council's Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies	James Greenfield	4	Procure has a system control such that the purchase order cannot be authorised above an officers' delegation. In addition, the system requires both a requisitioner and the approver to complete an authorised purchase order. It is noted that currently the Procurement Policy makes no reference to Purchase Orders. A Procurement Framework has been developed which provides greater guidance on the requirements of purchase orders and when they are required.	Mike Carey	4	Per comment above, it is deliberate that the Procurement Policy does not make reference to purchase orders as it is an administration decision and therefore covered in the Procurement Framework, as highlighted above. Currently monitoring of purchase orders greater than \$2,000 is undertaken as part of the payment run review but it is proposed to be monitored as part of quarterly reporting to ELT
EXP-PUR-0006	Purchase order numbers are either system generated and/or sequentially numbered.	James Greenfield	5	Purchase Orders are system generated	Mike Carey	5	
EXP-PUR-0007	The organisation has a process in place to ensure use of preferred suppliers where relevant to maximise the best value for money to Council	James Greenfield	4	The recently introduced Framework (October 2019) allows for the use of Preferred Suppliers. Currently the Contract register is used to identify preferred suppliers. Suppliers on the Contract register have been thru a competitive tender or quoting process to ensure they give value for money to council	Mike Carey	4	
EXP-PUR-0008	There is a process in place to ensure all invoices for payment are matched to relevant source documents such as purchase orders where applicable and are in line with Procurement Policy guidelines.	James Greenfield	4	OpenOffice ensures that purchase orders are in line with the staff financial delegations and the procurement policy. Invoices are matched to purchase orders. A training program is under way to improve understanding of the Procurement process.	Mike Carey	5	
EXP-PUR-0009	There is a process in place to follow up and action incomplete purchase orders.	Sonia Cooper	5	Outstanding purchase orders are reviewed by Accounts Payable as part of the month end process a report of outstanding orders by authorising officer is produced. The issuing office is asked to confirm if any long outstanding orders or partly complete orders listed can be closed.	Mike Carey	5	Outstanding purchase orders reviewed as part of the month end process. Now agreed to close incorrectly allocated purchase orders on a quarterly basis minimum given other regular accounts payable actions
EXP-PUR-0010	There is a process in place to review purchasing patterns and ensure maximum use of preferred suppliers.	James Greenfield	4	The Procurement Coordinator uses summarised payment information by supplier to review purchasing patterns on a yearly basis.	Mike Carey	5	

2019-2020 Controls Assessment

Code ↑	Description	Assessor	★	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
EXP-PUR-0011	There is a process in place to review the supplier master file for ongoing pertinence and ensure all changes are checked against source documents to ensure they were input accurately.	Sonia Cooper	5	Monthly a Creditor Audit Report by Creditor showing all the master file changes is printed and this Report is checked by a Finance Officer who is independent of the Officer who input the changes. An annual purge of unused accounts is processed and all old accounts are change to inactive status.	Mike Carey	5	
<div>Assets</div>							
<div>Banking</div>							
ASS-BAN-0001	Access to EFT Banking system is restricted to appropriately designated personnel.	Rhys Elsegood	5	Access to Council's online banking system is restricted to Finance officers. There should be always 3 staff members involved in one transaction. The up-loader can not be part of the transmission. The transmission requires a "part A and part B" authorisation for the transmission to proceed.	Mike Carey	5	
ASS-BAN-0002	Bank reconciliations are performed on a predetermined basis and are reviewed by an appropriate person. Any identified discrepancies are investigated. Assets - Banking	Rhys Elsegood	5	Bank reconciliations are deemed to be "high risk" by the Assets Reconciliation Policy on Council's external website. A high risk account must be reconciled every month. The bank rec is high risk and a reconciliation is performed every month. All reconciliations are reviewed and authorised for completeness and accuracy.	Mike Carey	5	
ASS-BAN-0003	Cash transfers between bank accounts and investment bodies are undertaken by appropriate staff. Assets - Banking	Rhys Elsegood	5	Council has one trading bank account and multiple accounts with the Local Government Financing Authority (LGFA). LGFA has advised that without formal correspondence with Council, they will only transact entries between LGFA accounts and to and from the NAB. All cash transfers and journal entries between bank and investment accounts are prepared by the finance officer with Treasury responsibility. All transfers are subject to separate email confirmation from the LGFA to the Treasury Inbox (accessed by Manager Financial Services, Management Accountant and Finance Officer Accounts Receivable & Treasury) advising that the transfer has occurred.	Mike Carey	5	
ASS-BAN-0004	There is a process in place to ensure all cash collected is adequately recorded and banked regularly.	Rhys Elsegood	5	At end of day, after close-off & reconciliation by the cashier, bank deposit slips are completed and cash/cheques recorded on a Secure Cash form which is signed by the collection officer at pick-up. Prior to the pick-up on Tuesdays & Fridays, and after balancing, completed bank deposit bags are held in a safe (to which a limited number of people have access - required due to part-time cashiers & rostered locations). Banking is checked daily to bank statement and cashier' s Cashlink Session end of day report which details breakdown of cash/cheques and credit card payments. Receipted total also checked to General ledger.	Mike Carey	5	

2019-2020 Controls Assessment

Code ↑	Description	Assessor	★	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
ASS-BAN-0005	There is a process in place to ensure all cash, blank cheques and/or cheque signing machine are adequately safeguarded.	Rhys Elsegood	5	Prior to the collection of cash by Secure Cash, completed bank deposit bags (containing cash/cheques) are held in a safe (to which a limited number of people have access - required due to part-time cashiers & rostered locations). Blank Council cheques are kept in a locked cupboard. The cupboard key is located at the contact centre. There is no signing machine.	Mike Carey	5	
<div> <div>Debtors</div> </div>							
ASS-DEB-0001	Access to the debtor's master file is restricted to appropriately designated personnel and is reviewed by relevant staff for accuracy and on-going pertinence.	Rhys Elsegood	5	Access to the debtors master files is restricted to appropriately designated personnel within the Financial Services function. The debtors masterfiles are not subject to independent review by a second management officer. However, Aged Monthly Debtors Reports are provided to each operational area for their information and follow up.	Mike Carey	5	
ASS-DEB-0003	Bad debt write-offs and movements in the provision for doubtful debts for Sundry Debtors are processed in accordance with delegations of authority and Local Government Act.	Rhys Elsegood	5	Bad debt write-offs and movements in the provision for doubtful debts for Sundry Debtors are initiated by the Finance Officer - Accounts Receivable & Treasury & authorised in accordance with delegations of authority and Local Government Act.	Mike Carey	5	Any bad debt write-off is also reported to the Audit Committee as part of Debtor Reporting. This was done quarterly but has moved to Bi-annual
ASS-DEB-0005	Debtor's reconciliation is performed on a regular basis to the General Ledger and reviewed by appropriate staff, with consideration of segregation of duties.	Rhys Elsegood	5	Debtors Reconciliation to General Ledger are performed on a monthly basis by the Finance Officer Accounts Receivable & Treasury.	Mike Carey	5	
ASS-DEB-0007	Debtors system provides audit trail to record changes made to master file.	Rhys Elsegood	4	No audit trail is produced to record master file changes for Sundry Debtors. The relevant officers will follow up with the Vendor (Open Office) to confirm what functionality is available to record these changes.	Mike Carey	4	Consider that the lack of documented audit trail does not significantly impact on the control environment for sundry debtors
ASS-DEB-0011	Relevant staff reviews sundry debtors ageing profile on a regular basis and investigates any outstanding items, and considers provision for doubtful debts at year end.	Rhys Elsegood	5	Debtors are reconciled on a monthly basis. Aged debtors are investigated and followed up by operational areas coordinated by the Finance Officer Accounts Receivable & Treasury. Appropriate action is taken in line with the Debt Recovery Policy, based on the delinquency and amount outstanding, after an escalating series of letters and statements have been sent. Additionally, the Audit Committee reviews a Debtors Report quarterly (biannually from 2020).	Mike Carey	5	Noted Audit Committee Reporting
ASS-DEB-0013	The organisation maintains a Debt Collection Policy and/or procedure.	Rhys Elsegood	5	Council has a Debt Recovery policy available on external website. It was originally adopted in December 2015 and subsequently reviewed with minor amendments in November 2017. A summary of the overdue amounts owed to Council per category are reported to Audit Committee quarterly (biannually from 2020) for review.	Mike Carey	5	

2019-2020 Controls Assessment

Code ↑	Description	Assessor	★	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
ASS-DEB-0014	There is a process in place to ensure changes to the debtors master file are compared to source documents to ensure they are inputted accurately	Rhys Elsegood	4	Debtors master files are separated between sundry debtors and rates debtors. For sundry Debtors a written communication (usually email) is received by the finance officer who is capable of editing the debtors master file. Typically the changes requested are for change of addresses. Any modification to the debtors master file records the Date, time and officer's name within the Open Office system. The communication is retained in Finance by the Finance Officer - Accounts Receivable & Treasury. Changes to Rates Debtor masterfiles are initiated by a written communication from the ratepayer (eg drivers license or marriage certificate for change of name), Lands Titles office report or Broker reports for change of ownership. Each of these communications are retained in the Rates area and copies are loaded into TRIM.	Mike Carey	4	
ASS-DEB-0015	There is a process in place to review and approve all credit notes for sundry debtors in accordance with delegations of authority.	Rhys Elsegood	5	Credit notes are sequential, and processed as a negative invoice. They are coordinated by the Finance Officer - Accounts Receivable & Treasury and require involvement from the operational area in either raising a credit note or confirmation of the appropriateness of such. The Process also requires operational line managers to approve credit notes.	Mike Carey	5	
Fixed Assets							
ASS-FIX-0001	All fixed asset acquisitions and disposals are approved in accordance with Delegation of Authority and relevant Procurement and Fixed Asset Policies.	Sonia Cooper	5	Fixed Asset acquisitions and disposals are performed by Council Officers who possess the appropriate delegated authority. Fixed assets sold largely relate to Plant and Equipment, and occasionally land and buildings. A building sale would require Council's endorsement	Mike Carey	5	
ASS-FIX-0002	Asset maintenance is planned and monitored with relevant staff in accordance with the Asset Management Plans	David Collins	3	Updated draft Asset Maintenance Plans have been developed for some asset categories but current maintenance schedules do not always correspond with these Asset Management Plans. High risk assets such as playgrounds have more formal inspections and maintenance regimes where as a low risk asset (eg a stormwater pipe in a rural area) currently does not have a maintenance or inspection plan specified.	Mike Carey	3	An update of all asset management plans is required to ensure timely and appropriate maintenance is undertaken.

2019-2020 Controls Assessment

Code ↑	Description	Assessor	★	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
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.	David Collins	4	Asset Management Plans have been updated for a number of asset categories including Transportation, Buildings, CWMS and Sport & Rec asset categories with additional work required for the remaining asset categories. Even for those asset categories where asset management plans have been significantly progressed further data refinement is required from more in depth asset category analysis and confirmation of service level requirements to assist in forecasting appropriate renewal requirements. Nonetheless, even though there is still ongoing asset management planning work to be undertaken, management consider that the renewal allocations for asset categories in the short term are reasonable, with the additional work seeking to improve the medium to long term forecasts of asset renewal and maintenance requirements. Discussion with operational staff and ongoing field inspection validate and adjust renewal expenditure as part of the ABP.	Mike Carey	4	Asset Management Plans for all significant asset categories need to be completed together with a Strategic Asset Management Plan document covering asset strategy and service levels
ASS-FIX-0004	Asset Management Plans for all major asset classes are adopted and reviewed by Council as required by the Local Government Act 1999.	David Collins	3	Draft Plans for the transportation assets have been prepared and undergoing refinement following external peer review. Asset Management Plans have been updated for a number of asset categories including Transportation, Buildings, CWMS and Sport & Rec asset categories with additional work required for the remaining asset categories. Even for those asset categories where asset management plans have been significantly progressed further data refinement is required from more in depth asset category analysis and confirmation of service level requirements to assist in forecasting appropriate renewal requirements and confirm the annual consumption of infrastructure assets via depreciation. Nonetheless, even though there is still quite a bit of asset management planning work to be undertaken, management consider that the renewal allocations for asset categories in the short term are reasonable, with the additional work seeking to improve the medium to long term forecasts of asset renewal and maintenance requirements	Mike Carey	3	An update of all asset management plans is required to be provided to Council for endorsement
ASS-FIX-0005	Asset register calculations are reviewed for accuracy.	David Collins	4	The introduction of Confirm Enterprise Asset Management and the transition of data from other system into this system has required ongoing validation and modification to assets calculations to ensure accuracy.	Mike Carey	4	Validation is also covered as part of completing Asset Management Plans for each asset category
ASS-FIX-0006	Council has an asset accounting policy which details thresholds for recognition of fixed assets which is monitored to ensure adherence.	Sonia Cooper	4	Council has a Capitalised Assets Procedure in place	Mike Carey	4	Capitalised Asset Procedure has been updated but still some further work required to cover all asset classes

2019-2020 Controls Assessment

Code ↑	Description	Assessor	★	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
ASS-FIX-0007	Depreciation charges are calculated in accordance with the asset accounting policy and compliant with relevant accounting standards, including the useful life, depreciation method and residual values.	David Collins	4	Standard Useful lives of categories of assets are reviewed by engineering and finance officers and where appropriate an independent engineering consultant prior to revaluation of asset categories. Individual assets' remaining lives are reviewed as part of the external revaluation process. Depreciation method used is "straight line" and management consider that this method is appropriate. The testing of useful lives is an ongoing process to ensure that the useful lives reflect reasonable assumptions as to the life cycle of these assets including appropriate breakdown of components.	Mike Carey	5	
<div>Assets</div>							
<div>Fixed Assets</div>							
ASS-FIX-0008	Fixed assets are recorded on acquisition, creation or when provided free of charge to facilitate accurate identification of assets and recording of details with regards to the Asset Accounting Policy.	David Collins	4	As at year end a capitalisation of assets process is undertaken by Finance & Asset Management using the Capital Project information held in the general ledger and advice from Capital Works Project Managers as to whether the project is complete. That information is used by the GIS & Assets Officer to determine the new asset information and if it is a renewal asset, whether an asset needs to be disposed of. The addition, renewal and disposal of assets as that occurs during the year is logged within the Confirm Enterprise Asset Management System. Finance is provided with the relevant capital additions and disposals information from Asset Management to update the Asset Register. As Finance becomes aware of free contributed assets, details and supporting information is obtained from the relevant Council department (normally Property or Asset Management) confirm whether Council has control of the asset.	Mike Carey	4	
ASS-FIX-0009	Maintenance of the fixed asset register is limited to appropriate staff with consideration to segregation of duties.	David Collins	5	Council's new Asset Management System, Confirm has user access controls so that only appropriate council asset officers are able to use various modules within the system.	Mike Carey	5	
ASS-FIX-0010	Profit or loss on disposal calculations can be substantiated and verified with supporting documentation.	Sonia Cooper	5	Profit or loss on disposal calculations are undertaken by the Management Accountant largely through the review of the Proceeds and Capital Sale of Asset accounts in the General Ledger and verified with supporting documentation. The GIS and Assets Officer also identifies the disposal of replaced assets through the Capitalisation of Fixed Assets process and this information is provided to Finance to update Asset Registers and prepare journals to reflect that disposal.	Mike Carey	5	

2019-2020 Controls Assessment

Code ↑	Description	Assessor	★	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
ASS-FIX-0011	Reconciliation of fixed assets to the General Ledger is performed in accordance with schedule of review or procedure.	Sonia Cooper	5	Fixed Assets are reconciled annually as part of Council's process of capitalising WIP to infrastructure, Property, Plant & Equipment	Mike Carey	5	
ASS-FIX-0012	Recorded changes to the FAR and/or masterfile are approved by appropriate staff compared to authorised source documents and General Ledger to ensure accurate input.	David Collins	4	All infrastructure assets are managed in the Confirm Enterprise assets system. Only staff with appropriate access provided by the system administrator can modify valuation data and subsequent reporting to inform the General Ledger.	Mike Carey	4	Reconciliation of Fixed Asset accounts occurs annually after additions, disposals and depreciation updates have been completed
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.	David Collins	4	A number of asset classes, namely Sealed Roads, Pavements Unsealed Roads, Footpaths and Retaining Walls have had Asset Revaluation during 2018/19 and revaluation of safety barrier, bridges and kerb and gutter proposed in 2019/20.	Mike Carey	4	In addition to the assessors comments it is noted that given the large changes in asset base and valuation, Council has recently undertaken a high level external peer review of the asset management planning process, strategies and assumptions to ensure that these projections and impacts are in line with current industry asset management practice. This included reviews of depreciation and valuation inputs associated with different asset strategies.
ASS-FIX-0014	There is a process in place for the verification of fixed assets which is reconciled to the FAR.	David Collins	4	Consultants and Council's officers are utilised to perform a physical verification of assets, and their condition on a rolling program. However in the last 4 years, although condition assessments have been undertaken for roads (ARRB), footpaths (internal) and revaluations have been undertaken for CWMS & Buildings (APV) that information hasn't been updated into the fixed asset register spread sheets given the assumption that the new asset management system would be going live earlier than currently proposed. The roll out of ConfirmConnect allows asset staff to validate assets and their condition in the field in real time.	Mike Carey	4	
ASS-FIX-0016	Where appropriate, fixed assets are secured and access is restricted to appropriate staff and authorised users.	David Collins	4	Not applicable for most infrastructure assets but major and minor plant would be locked and generally stored within depots.	Mike Carey	4	Plant and Equipment assets are located in secure areas when unattended. Furniture and fittings that are office or depot based are locked. Motor vehicles are either parked in Council depot sites capable of being secured or taken home by employees. Heavy plant is secured at depot sites. There are some circumstances that heavy equipment is left on a job site due to cost and time to return it to a depot, in these cases the plant is locked and/or contained in a secured temporary site compound.
ASS-FIX-0016	Where appropriate, fixed assets are secured and access is restricted to appropriate staff and authorised users.	James Sinden	5	For IT Assets, Council uses IT Help (Service Desk Plus) to manage assets. This system records all assets allocated to a specific employee including monitors, desktops, laptops, phones and docking stations including serial no's and asset description.	Mike Carey	5	

2019-2020 Controls Assessment

Code ↑	Description	Assessor	★	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
ASS-FIX-0017	Where appropriate, identification details are recorded for portable and attractive assets such as IT and fleet assets, on acquisition to facilitate accurate identification.	James Sinden	5	IT assets are assigned to authorised users and secured to the AHC Corporate Network where they are centrally managed.	Mike Carey	5	
ASS-FIX-0017	Where appropriate, identification details are recorded for portable and attractive assets such as IT and fleet assets, on acquisition to facilitate accurate identification.	Sonia Cooper	5	Financial Services maintains a AHC Plant Register held on Sharepoint which records fleet and other plant assets and separately holds a vehicle register recording registration information Reviewer Refer above comments re the plant register. Council uses a common date for registration of 30 October and any new registrations are also aligned to this date to ensure Council manages registrations efficiently to ensure all vehicles and plant are registered and accounted for	Mike Carey	5	

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 25 May 2020
AGENDA BUSINESS ITEM**

Item: 6.6
Responsible Officer: Lachlan Miller
Executive Manager Governance & Performance
Office of the Chief Executive

Subject: Financial Controls Review Interim Management Letter

For: Decision

SUMMARY

Council's external auditors (Galpins) have completed the interim field work as part of their Financial Controls Review and have issued an interim management letter

This report provides an update to the Audit Committee in relation to the 2019-20 Financial Controls Review detailing the outcomes from Galpins' field work in relation to internal controls as detailed in the Interim Management Letter.

Management have provided a response to the findings contained within the interim management letter and this response is provided within this report to the Audit Committee.

RECOMMENDATION

The Audit Committee resolves:

- 1. That the report be received and noted**
 - 2. Notes the communication received from Galpins from their Interim visit relating to the 2019-20 Financial Controls Review and the Management Responses to their findings from the Interim Audit.**
-

1. GOVERNANCE

➤ **Strategic Management Plan/Functional Strategy/Council Policy Alignment**

Strategic Plan 2020-24 – A brighter future

Goal 5 A Progressive Organisation

Objective O5 We are accountable, informed, and make decisions in the best interests of the whole community

Priority O5.1 Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations

Monitoring internal control assists in meeting legislative and good governance responsibilities and obligations.

The External Auditor's annual inspection and certification of Council's financial position and performance provides the community with an assurance of Council's internal financial control environment.

➤ **Legal Implications**

Part 3 – Accounts, Financial Statements and Audit, *Local Government Act 1999* and Part 6 – Audit, *Local Government (Financial Management) Regulations 2011*.

➤ **Risk Management Implications**

The implementation of the Internal Financial Control Model and testing of Council's transactions and internal controls by an external auditor will assist in mitigating the risk of:

Internal control failures occur which leads to greater uncertainty in the achievement of objectives and/or negative outcomes.

Inherent Risk	Residual Risk	Target Risk
High (4C)	Medium (3C)	Low (2E)

The controls tested are part of the internal control framework contributing to the current Residual Risk rating. The recommendations arising from the review and the management actions to be undertaken are mitigations which will contribute to reducing the risk rating to the Target Risk level.

➤ **Financial and Resource Implications**

Satisfactory internal financial controls provide the foundation for Council's financial management and reporting framework.

The costs associated with the provision of external audit services are contained within the Governance & Performance Department's budget.

➤ **Customer Service and Community/Cultural Implications**

There is a high expectation that Council has appropriate corporate governance processes in place including an effective internal control environment.

➤ **Sustainability Implications**

Not applicable.

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

Council Committees: The Audit Committee received a briefing at its 20 April 2020 meeting on the draft outcomes of the interim audit.

<i>Council Workshops:</i>	Not Applicable
<i>Advisory Groups:</i>	Not Applicable
<i>Administration:</i>	Director Corporate Services Manager Financial Services Manager Strategic Assets
<i>External Agencies:</i>	Galpins
<i>Community:</i>	Not Applicable

2. BACKGROUND

Internal Financial Control Audits

Section 129 of the *Local Government Act 1999* (the Act) requires council auditors to provide an opinion regarding internal controls of councils. This opinion focuses on councils' obligations under s125 of the Act:

"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."

The audit opinion is restricted per s129 of the Act 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 investment of money, the acquisition and disposal of property and the incurring of liabilities.

In order to assist the Council in addressing the requirements of s129, Galpins have reviewed a prioritised list of controls from the better practice model based on an initial audit risk assessment.

Like the audit opinion with respect to annual financial statements, the internal controls opinion is provided to Council. It becomes a public document, to be published with Council's financial statements and the financial statements audit opinion.

2019-20 AHC Financial Control Review

Galpins Annual Audit Plan for the year ended 30 June 2020 was presented to the Audit Committee on 17 February 2020. The Plan highlighted the timing of the Galpins interim visit and the preparation of a management letter in relation to that visit to be communicated to the Audit Committee.

Notwithstanding the social distancing restrictions associated with COVID-19, Galpins were able to undertake testing of Council's internal controls assessments and reviews as part of the interim audit.

The objectives of the interim audit were to:

- understand Council's business, business cycles and processes relevant to the financial statements
- understand the internal controls in place for the areas considered critical for the audit of the financial statements
- design internal controls tests for the internal controls identified
- perform the internal controls tests to determine the final risks of material misstatements in the financial statements to be addressed in the final audit
- review a prioritised list of internal financial controls considered critical for the purpose of issuing a controls opinion.

The scope of this audit included a review of key internal controls (consisting of a prioritised list of controls from the better practice model), that are considered key controls, to be in place for the purpose of addressing the requirements of s129.

The Interim Management Letter on the 2019-20 Financial Controls Review (**Appendix 1**) includes an overall review of Council's internal controls, and states:

'Overall the Council demonstrated a high level of compliance with the implementation of an internal control framework consistent with the principles within the Better Practice Model.'

'During our interim visit we found that the majority of key internal controls reviewed were in place and were operating effectively (93 out of 100 core controls reviewed). Good progress has been made in addressing audit findings from the 2018-19 financial year.'

'The principles underpinning the model were used by the Council in the identification of its business cycles, the establishment of its internal controls and the implementation of its financial risk management processes.'

In addition, in relation to ongoing monitor and self-assessment, it was noted:

'..Council has established mechanisms to ensure ongoing monitoring of effectiveness of the internal controls such as an internal controls self-assessment and test of effectiveness of internal controls. We were impressed with the accuracy of these self-assessments which were largely consistent with the audit findings, and wish to highlight that many of the findings provided in this report had also been identified by Council during its own self-assessment. Additionally, many higher risk findings had action plans developed and in some cases being implemented.'

The management letter expressed a positive end of year forecast concluding that:

' there is a high likelihood of issuing an unmodified controls opinion at the end of the financial year. This will depend on the Council demonstrating continued progress towards addressing identified control weaknesses, ensuring that the existing core controls in place continue to operate effectively and that the annual internal control activities are performed at year end.'

Management have provided a response to each the findings contained within the interim report and those have been included in Galpins Financial Control Review Interim Management Letter (**Appendix 1**).

3. ANALYSIS

The COVID-19 restrictions necessitated conducting the majority of the review remotely. While this was somewhat more resource intensive for the Administration in terms of collating and scanning the requested data, Galpins were appreciative of the efforts as it made it work via auditing remotely easier for their documentation requirements.

The interim management letter conclusion is positive and management will continue to manage the operation of internal controls with diligence while working towards addressing the weaknesses identified in the recommendations.

4. OPTIONS

The Committee has the following options:

- I. Note the communication received from Galpins from their Interim visit relating to the 2019-20 Financial Controls Review and the Management Responses to their findings from the Interim Audit. (Recommended)
- II. Consider alternative courses of action (i.e. requesting additional information and/or actions) (Not Recommended)

5. APPENDICES

- (1) *Galpins Financial Controls Review Adelaide Hills Council 2019-20 Interim Management Letter*

Appendix 1

*Galpins Financial Controls Review Adelaide Hills Council
2019-20 Interim Management Letter*



Accountants, Auditors & Business Consultants

Financial Controls Review

Adelaide Hills Council

2019/20 Interim Management Letter



Mount Gambier

233 Commercial Street West
PO Box 246, Mount Gambier SA 5290
DX 29044
P: (08) 8725 3068
F: (08) 8724 9553
E: admin@galpins.com.au

Stirling

Unit 4, 3-5 Mount Barker Road
PO Box 727, Stirling SA 5152
P: (08) 8339 1255
F: (08) 8339 1266
E: stirling@galpins.com.au

Norwood

3 Kensington Road, Norwood SA 5067
PO Box 4067, Norwood South SA 5067
P: (08) 8332 3433
F: (08) 8332 3466
E: norwood@galpins.com.au

www.galpins.com.au

Table of Contents

1. EXECUTIVE SUMMARY	3
1.1 Background	3
1.2 Objectives and scope	3
1.3 Category of findings.....	5
1.4 Overall review of the council's internal controls.....	6
1.5. Summary of findings	7
2. DETAILED AUDIT FINDINGS	8
2.1 PURCHASING AND PROCUREMENT	8
2.1. Instances of purchases for which evidence of procurement procedures undertaken was not on file	8
2.1.2 Purchase Orders issued after the date of the invoice	10
2.2 FIXED ASSETS.....	11
2.2.1 Asset management plans overdue for review	11
2.2.2 Asset maintenance plans not aligned with asset management plans	12
2.2.3 The Capitalised Asset Procedure document is overdue for review	13
2.3 GENERAL LEDGER.....	14
2.3.1 Our review of users' access rights identified potential excessive access rights provided to some users	14
2.3.2 The Business Continuity Plan is overdue for review	15
APPENDIX 1 – CRITICAL INTERNAL FINANCIAL CONTROLS	16

1. EXECUTIVE SUMMARY

1.1 Background

During our interim audit we perform procedures to gain an understanding of the internal controls in place relevant to the financial statements and perform tests of design and effectiveness for these controls. Based on the results of the control testing, we then assess the audit risks to define the extent and nature of our substantive procedures (e.g. inspection of documents, recalculation, reconciliation, etc) for our final visit.

In addition to an opinion on the financial statements, section 129 of the Local Government Act 1999 requires auditors to provide an opinion regarding internal controls of councils. This opinion focuses on council's obligations under s125 of the Local Government Act 1999:

"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."

The audit opinion is restricted per s129 of the Act 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 investment of money, the acquisition and disposal of property and the incurring of liabilities.

In order to assist the Council in addressing the requirements of s129, we have reviewed a prioritised list of controls from the better practice model based on our initial audit risk assessment. Further details about our scope can be found in item 1.2 of this report.

1.2 Objectives and scope

The objectives of our interim audit were to:

- understand Council's business, business cycles and processes relevant to the financial statements
- understand the internal controls in place for the areas we consider critical for the audit of the financial statements
- design internal controls tests for the internal controls identified
- perform the internal controls tests to determine the final risks of material misstatements in the financial statements to be addressed in our final audit
- review a prioritised list of internal financial controls we consider critical for the purpose of issuing a controls opinion.

The scope of our audit included a review of internal controls we consider key controls to be in place for the purpose of addressing the requirements of s129.

These key internal controls consist of a prioritised list of controls from the better practice model. This list was defined based on our risk assessment to determine the key business cycles, and key risks within these business cycles, that we understand should be the focus of the Council's control self-assessment.

The identification of key core controls and key business risks included the following risk assessment procedures:

Risk review – A review of Council's inherent risk assessment for internal financial controls.

Financial statement review – A high level financial statement review performed to identify key accounts and transaction streams.

Internal / external audit results review – The findings and recommendations of internal / external financial audits are reviewed to identify known areas of weakness, and areas known to be attracting audit attention.

The key core controls for the following key business cycles have been identified as critical for the purpose of issuing a controls opinion this financial year:

- Purchasing and Procurement/Contracting
- Fixed Assets
- General Ledger
- Accounts Payable
- Rates / Rates Rebates
- Payroll
- Receipting
- Credit Cards
- Banking
- Debtors

We have included a list of key controls identified by the audit for these business cycles as an appendix to this report (see Appendix 1). This list does not represent a complete population of internal controls that the Council should have in place. There is an expectation that controls not in this list will still exist and be operating effectively within Council.

The list of controls is only intended to be a guide for Council to prioritise its resourcing in readiness for the audit opinion, and for the ongoing monitoring of internal controls i.e. it is a risk based listing of controls which may be desirable for Council to include in its ongoing monitoring program for internal financial controls.

The list should not be considered a minimum standard – rather, it is a starting reference point for Council to consider. It is expected that Council will have performed a risk assessment of financial risks, and given consideration to the need to monitor controls that address High / Extreme risks that may not be included in this listing.

1.3 Category of findings

In order to assist the Council in establishing the overall level of control effectiveness and prioritising areas for attention, we have provided an overall assessment of the business cycles for which we have identified performance improvements opportunities (this report is prepared on an exception basis).

We assessed each business cycle using our risk assessment which was focused on the risk of finding material weaknesses which could lead to a modified controls opinion in the 2019/20 financial year. An overall assessment of the risk of a potential modified audit opinion per business cycle is provided in item 1.5 of this report.

Detailed findings including the controls tested as per the Better Practice Model, findings and recommendations are provided in section 2 of this report. The individual findings are also rated to assist the Council in prioritising corrective actions.

The overall assessment of the risk of non-compliance with s125 of the Local Government Act 1999 and the related findings and recommendations were rated as follows:

Category	Description
High Risk Weaknesses	The issue described could lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
Moderate Weaknesses	The issue described does not represent a material weakness due to the existence of compensating controls. However, the failure of the compensating controls or the existence of any other moderate weakness within the same business cycle may lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
Low Risk Weaknesses	The issue described is a low risk weakness due to the existence of compensating controls and/or the failure or absence of the internal controls does not impact significantly on the council's financial risk. However, multiple low-level risk weakness within the same business cycle may lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
Better Practice Weaknesses	The issue described has been included in this report as an opportunity for better practice.

The Council should also perform its own assessment of priority based not only on audit risks, but also other risks management considers relevant such as non-compliance with pertinent legislations and regulations, and reputational risks.

1.4 Overall review of the council's internal controls

Overall the Council demonstrated a high level of compliance with the implementation of an internal control framework consistent with the principles within the Better Practice Model.

During our interim visit we found that the majority of key internal controls reviewed were in place and were operating effectively (93 out of 100 core controls reviewed). Good progress has been made in addressing audit findings from the 2018/19 financial year.

The principles underpinning the model were used by the Council in the identification of its business cycles, the establishment of its internal controls and the implementation of its financial risk management processes.

A summary of the results of our review is provided in the table below:

Business cycles	Controls Reviewed	Operating Effectively			2020 Findings			
		2020	2019	2018	H	M	L	BP
Purchasing & Procurement/Contracting	10	8	7	4	-	2	-	-
Fixed Assets	16	13	13	11	-	2	1	-
General Ledger	11	9	8	8	-	1	1	-
Accounts Payable	13	13	11	10	-	-	-	-
Rates / Rates Rebates	10	10	10	7	-	-	-	-
Payroll	19	19	18	16	-	-	-	-
Receipting	5	5	4	3	-	-	-	-
Credit Cards	5	5	5	5	-	-	-	-
Banking	5	5	5	5	-	-	-	-
Debtors	6	6	6	6	-	-	-	-
Total	100	93	87	75	-	5	2	-

We recommend that Council prioritises the moderate risk findings, as failure in compensating controls addressing the same risk or existence of multiple moderate weakness within the same business cycle may lead to a material weakness and non-compliance with s125 of the Local Government Act.

We noted that Council has established mechanisms to ensure ongoing monitoring of effectiveness of the internal controls such as an internal controls self-assessment and test of effectiveness of internal controls. We were impressed with the accuracy of these self-assessments which were largely consistent with the audit findings, and wish to highlight that many of the findings provided in this report had also been identified by Council during its own self-assessment. Additionally, many higher risk findings had action plans developed and in some cases being implemented.

Audit have concluded that there is a high likelihood of issuing an unmodified controls opinion at the end of the financial year. This will depend on the Council demonstrating continued progress towards addressing identified control weaknesses, ensuring that the existing core controls in place continue to operate effectively and that the annual internal control activities are performed at year end.

1.5. Summary of findings

Business Cycle	Findings	Risk
Purchase, Procurement and Contracting	2.1.1 One instance of noncompliance with the procurement policy	M
	2.1.2 Purchase orders issued after the date of the invoice	M
Fixed Assets	2.2.1 Asset management plans overdue for review	M
	2.2.2 Asset maintenance plans not aligned with asset management plans	M
	2.2.3 The Capitalised Asset Procedure document is overdue for review	L
General Ledger	2.3.1 Our review of users' access rights identified potential excessive access rights provided to some users	M
	2.3.2 The Business Continuity Plan is overdue for review	L
Accounts Payable	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A
Payroll	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A
Receipting	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A
Rates	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A
Credit Cards	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A
Banking	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A
Debtors	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A

2. DETAILED AUDIT FINDINGS

2.1 PURCHASING AND PROCUREMENT

2.1. One instance of noncompliance with the procurement policy

Moderate

Control	Robust and transparent selection processes to ensure effective and qualified suppliers / contractors are selected by Council, including compliance with Code of Conduct, Conflict of Interest and procurement Policies.
Risk	Council is not able to demonstrate that all probity issues have been addressed in the Contracting process / Council does not obtain value for money in relation to its contracting.

Finding	Recommendations	Management Response
<p>The Procurement Framework requires tender processes to be called for purchases greater than \$100,000 or purchases from \$10,000 to \$100,000 considered to be high risk.</p> <p>Three quotes are required for purchases from \$10,000 to \$100,000 that are not considered to be high risks.</p> <p>Audit noted that Council opted to request three quotations during the procurement process for the supplier Hunter Bros Earthmovers (in 2019/20 the total spend with this supplier was \$136,661). Council could not locate any formal document to support the deviation from the procurement method required in the Procurement Framework (Request for Tender).</p>	<p>All documentation related to procurement procedures undertaken (e.g. decision made in relation to best approach to market, request for tenders, tender responses, written quotes, evaluation forms detailing the decision made, etc) are retained on file in Council's records management system.</p>	<p>Agree with finding and this is now well documented in the new Procurement Framework</p> <p>In relation to the specific situation identified, upon investigation it appears that originally the project engineer estimated this job to be worth under \$100k. During the procurement process due to contractor availability, site conditions, and the need to add additional works this pushed the cost above \$100k.</p> <p>It was determined at the time that the time delay and cost to re-approach the market was not beneficial nor in Council's best interest.</p> <p>At the time there was no specific guidance on how to address this type of issue and document the decision making process.</p> <p>Since this project inception which was prior to</p>

		<p>the endorsement of the new Procurement Framework, we now require the following documentation to be retained on file in Council's records management system for expenditure of this amount:</p> <ul style="list-style-type: none">• an Acquisition Plan• an evaluation plan• a recommendation report <p>Further guidance is provided in the new Framework in recommending that Council take a more conservative approach and initiate a Tender process when a project is just under \$100k.</p> <p>Responsibility: Procurement Coordinator Timing: Completed</p>
--	--	--

2.1.2 Purchase Orders issued after the date of the invoice**Moderate**

Control	Employees must ensure all purchase orders are approved in accordance with the Delegation of Authority and relevant policies.
Risk	Purchase orders are either recorded inaccurately or not recorded at all.

Finding	Recommendations	Management Response
Audit noted during our 2019/20 interim audit that 2 out of 17 samples selected had a purchase order issued after the date of the invoice, in contrast to the requirements of Council policy.	Ensure that purchase orders are issued before the service is rendered and/or goods are received.	<p>Agree with finding. Already undertaken specific communication on this issue as part of procurement training highlighted below. Procurement training sessions were held in late December 2019 and February 2020. The training was based upon AHC's new Procurement Policy and Framework approved in late August 2019 and introduced effective October 2019. Previously the requirement of use of Purchase Orders was not well documented.</p> <p>It was also noted prior to training being rolled out that there was a misconception in some areas that Purchase Orders (POs) were not required if a contract was in place. As part of our improved procedure all personnel are advised that a PO is required before the work commences. A number of personnel, in good faith, did raise POs after the fact when advised of the circumstances when a Purchase Order was required. All personnel are now instructed to use Purchase Orders as a means to give approval to start the works or service.</p> <p>Responsibility: Procurement Coordinator Timing: Completed</p>

2.2 FIXED ASSETS

2.2.1 Asset management plans overdue for review

Moderate
Control

Asset Management Plans for all major asset classes are adopted and reviewed by Council as required by the Local Government Act 1999.

Risk

Fixed Asset maintenance and/or renewals are inadequately planned.

Finding	Recommendations	Management Response
<p>The current asset management plans were last adopted in 2012. At a minimum, the Local Government Act 1999 requires that council undertakes a comprehensive review of its asset management plans within 2 years after each general election of the council, meaning the plans are overdue for review.</p> <p>Audit noted significant progress in the process of updating the asset management plans for transportation, buildings, CWMS and sport & recreation assets.</p>	<p>Management aims for asset management plans to be adopted by Council by October 2020.</p>	<p>Agree with the need adopt updated asset management plans and propose to ensure transportation asset management plans are completed by October 2020. These are our most significant group of assets by value and at the same time progress all other asset classes.</p> <p>Responsibility: Manager Strategic Assets Timing: October 2020</p>

2.2.2 Asset maintenance plans not aligned with asset management plans**Moderate**

Control	Asset maintenance is planned and monitored with relevant staff in accordance with the Asset Management Plans.
Risk	Fixed assets acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed asset register does not remain pertinent.

Finding	Recommendations	Management Response
<p>Audit noted that updated draft asset maintenance plans have been developed for some asset categories, but current maintenance schedules do not always correspond with the Asset Management Plans.</p> <p>Audit acknowledges that there are some formal inspection and maintenance regimes in place for high risk assets such as playgrounds.</p> <p>Other assets which are not considered to be high risk assets do not have a maintenance or inspection regime in place and maintenance is performed mostly on a reactive basis.</p>	<p>Ensure that maintenance schedules are in accordance with Asset Management Plans, and steps are taken to progress towards more proactive maintenance plans.</p>	<p>It is agreed that the asset management plans will set targets to inform and drive maintenance schedules. It is agreed that ongoing development of processes towards proactive maintenance works through greater use of Confirm field devices; defect identification and job allocation will be continued and expanded.</p> <p>Responsibility: Manager Strategic Assets Timing: December 2020</p>

2.2.3 The Capitalised Asset Procedure document is overdue for review**Low**

Control	Council has an asset accounting policy which details thresholds for recognition of fixed assets which is monitored to ensure adherence.
Risk	Fixed assets acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed asset register does not remain pertinent.

Finding	Recommendations	Management Response
<p>The Capitalised Asset (Accounting Policy) document was adopted on 25 June 2013. The policy has been due for review since June 2015. The policy mentions accounting treatments that are no longer permitted by Australian Accounting Standards such as residual value of roads.</p> <p>Audit acknowledges that the document is no longer a Council policy and is now an operational procedure. The procedure is currently under review to align with the processes to be undertaken that incorporate the Confirm Enterprise Asset Management System.</p>	<p>The Capitalised Asset procedure document is reviewed and updated to reflect current and desired practice.</p>	<p>The procedure of the current process needs to be updated to reflect the use of Confirm Enterprise Asset Management and the new handover process of capital works between project/contract managers and strategic assets team.</p> <p>Responsibility: Manager Strategic Assets Timing: October 2020</p>

2.3 GENERAL LEDGER

2.3.1 Our review of users' access rights identified potential excessive access rights provided to some users

Moderate

Control

Access to General Ledger maintenance is restricted to appropriately authorised personnel.

Risk

General Ledger does not contain accurate financial information / Data contained within the General Ledger is permanently lost.

Finding	Recommendations	Management Response
<p>Last financial year, audit noted that there were no mechanisms to ensure a complete list of users with access to finance functions in Open Office was formally reviewed on a regular basis by finance management.</p> <p>This financial year, the ICT department implemented a six-monthly report containing a list of users with access to different modules in the finance system. This report was sent to managers in October 2019.</p> <p>Our review of users' access identified the following potentially excessive access rights that Management may consider in the next round of review of IT users' access rights to finance modules:</p> <ul style="list-style-type: none"> ▪ Payroll function – 5 users with administrator access (including the Management Accountant and two IT officers) and 2 other users with 'generic' IDs ('openoffice' and 'favourHR') ▪ Rates assessment – 5 users with administrator access ▪ Cashlink – 8 users with administrator access <p>We acknowledge that Management may consider some of the above access rights to be appropriate. The purpose of providing our observations is to provide input for Management to consider the extent of the access rights described above in their next round of review of the reports provided by the ICT department.</p>	<p>Management proceeds with the six-month review of the lists of IT users' access rights, and considers the potential excessive access rights identified by the audit when next conducting this review.</p>	<p>We note that these identified system access matters do not relate specifically to the general ledger per se but to other financial related systems.</p> <p>Agree with recommendation and have included the Audit findings in the consideration of IT user rights currently being reviewed in May 2020.</p> <p>Responsibility: Manager Financial Services Timing: May 2020</p>

2.3.2 The Business Continuity Plan is overdue for review**Low**

Control	Formal disaster recovery plan is in place and communicated to relevant staff.
Risk	Data contained within the General Ledger is permanently lost.

Finding	Recommendations	Management Response
<p>The current Business Continuity Plan was last reviewed and adopted in April 2011.</p> <p>Audit acknowledges that an ICT Disaster Recovery Plan was developed in 2018 which sets out the key forms of ICT disruption and the current recovery and resumption arrangements in place. The contents of the ICT DRP are well-known to ICT staff.</p> <p>The financial risk mitigated by this control is that data contained within the general ledger is permanently lost. Whilst the BCP is overdue for review, the document still contains relevant procedures to address the risk of GL data loss. For this reason, we have classified the risk as low. In making this assessment, we have not considered the impact on non-financial risks that may be addressed by the BCP.</p>	The Business Continuity Plan is updated.	<p>Agree, Council is currently working with Local Government Risk Services to access their business continuity planning service.</p> <p>Responsibility: Executive Manager Governance & Performance</p> <p>Timing: December 2020</p>

APPENDIX 1 – CRITICAL INTERNAL FINANCIAL CONTROLS

Purchasing and Procurement

Risks

R1	Council does not obtain value for money in its purchasing and procurement.
R2	Purchases of goods and services are made from non-preferred suppliers.
R3	Purchase orders are either recorded inaccurately or not recorded at all.
R4	Purchase orders are made for unapproved goods and services.

RISKS	Control	Control Type
R1	Council has a Procurement Policy that provides direction on acceptable methods and the process for procurement activities to ensure transparency and value for money within a consistent framework, with consideration of any potential conflicts of interest.	Core
R1,R2	Employees must ensure all purchases are in accordance with Council's Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies.	Core
R1	The organisation has a process in place to ensure use of preferred suppliers where relevant to maximise the best value for money to Council	Core
R2,R3	There is a process in place to review purchasing patterns and ensure maximum use of preferred suppliers	Additional
R3	Purchase order numbers are either system generated and/or sequentially numbered.	Core
R3	There is a process in place to ensure all invoices for payment are matched to relevant source documents such as purchase orders where applicable and are in line with Procurement Policy guidelines.	Core
R3	There is a process in place to follow up and action incomplete purchase orders.	Additional

CONTRACTING

Risks

R1	Council is not able to demonstrate that all probity issues have been addressed in the Contracting process.
R2	Council does not obtain value for money in relation to its Contracting.

RISKS	Control	Control Type
R1,R2	There are robust and transparent evaluation and selection processes in place to engage contractors where relevant in accordance with the Code of Conduct, Conflict of Interest and Procurement Policy.	Core
R1	The selection panel is made up of appropriate personnel who have declared any relevant conflict of interest to ensure that informed and objective decision is made when selecting contractors.	Core
R1	Council maintains a current contract register.	Core

FIXED ASSETS

Risks

R1	Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed Asset Register (FAR) does not remain pertinent.
R2	If fixed assets are not securely stored, they may be subject to damage or theft.
R3	If fixed assets are not valued correctly, the management reports and financial statements will be misstated. For example, incorrect carrying values may result from the use of inappropriate depreciation rates.
R4	Depreciation charges are either invalid, not recorded at all or are inaccurately recorded which includes inappropriate useful lives and residuals.
R5	Fixed Asset maintenance and/or renewals are inadequately planned.

RISKS	Control	Control Type
R1	There is a process in place for the verification of fixed assets which is reconciled to the FAR.	Core
R1	Recorded changes to the FAR and/or masterfile are approved by appropriate staff compared to authorised source documents and General Ledger to ensure accurate input.	Core
R1	All fixed asset acquisitions and disposals are approved in accordance with Delegation of Authority and relevant Procurement and Fixed Asset Policies.	Core
R1	Maintenance of the fixed asset register is limited to appropriate staff with consideration to segregation of duties.	Core
R1	Council has an asset accounting policy which details thresholds for recognition of fixed assets which is monitored to ensure adherence.	Core
R1	Reconciliation of fixed assets to the General Ledger is performed in accordance with schedule of review or procedure.	Core
R1	Asset register calculations are reviewed for accuracy.	Core
R1	Fixed assets are recorded on acquisition, creation or when provided free of charge to facilitate accurate identification of assets and recording of details with regards to the Asset Accounting Policy.	Core
R1	Asset maintenance is planned and monitored with relevant staff in accordance with the Asset Management Plans	Additional
R2	Where appropriate, fixed assets are secured and access is restricted to appropriate staff and authorised users.	Core

RISKS	Control	Control Type
R2	Where appropriate, identification details are recorded for portable and attractive assets such as IT and fleet assets, on acquisition to facilitate accurate identification.	Additional
R3	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.	Core
R3	Profit or loss on disposal calculations can be substantiated and verified with supporting documentation.	Core
R4	Depreciation charges are calculated in accordance with the asset accounting policy and compliant with relevant accounting standards, including the useful life, depreciation method and residual values.	Core
R5	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.	Core
R5	Asset Management Plans for all major asset classes are adopted and reviewed by Council as required by the Local Government Act 1999.	Core

GENERAL LEDGER

Risks

R1	General Ledger does not contain accurate financial information
R2	Data contained within the General Ledger is permanently lost.

RISKS	Control	Control Type
R1,R2	All major updates and changes to General Ledger finance system are authorised, tested and documented.	Core
R1,R2	Access to General Ledger maintenance is restricted to appropriately authorised personnel.	Core
R1	Reconciliation of all balance sheet accounts are completed in accordance with a schedule of review and/or procedure.	Core
R1	All balance sheet reconciliations are reviewed by a person other than the preparer at least annually.	Core
R1	Journal entry access is restricted to appropriately authorised personnel.	Core
R1,R2	Financial data is backed up and stored offsite.	Core
R1	Finance system does not allow posting of unbalanced journals or if it does regular reviews are conducted on the suspense account and discrepancies investigated and actioned.	Core
R1	Amendments to the structure of the General Ledger framework and accounts are reviewed and approved by appropriately authorised personnel.	Core
R1,R2	General Ledger policies and procedures are appropriately created, updated and communicated to relevant staff.	Core
R2	Formal disaster recovery plan is in place and communicated to relevant staff.	Core
R1	There is a process in place to review actual vs budget and significant variances investigated.	Core

ACCOUNTS PAYABLE

Risks

R1	Accounts payable amounts and disbursements are either inaccurately recorded or not recorded at all.
R2	Credit notes and other adjustments to accounts payable are either inaccurately recorded or not recorded at all.
R3	Disbursements are not authorised properly.
R4	Accounts are not paid on a timely basis.
R5	Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file.

RISKS	Control	Control Type
R1,R2,R4	Statements received from suppliers are reconciled to the supplier accounts in the accounts payable subledger regularly and differences are investigated.	Additional
R3	Records must be maintained of all payments with supporting documentation.	Core
R1	Payments are endorsed by relevant staff separate to the preparer, who ensures that they are paid to the correct payee.	Core
R5	Access to the supplier masterfile is restricted to authorised staff	Core
R2,R5	Separation of Accounts Payable and Procurement duties.	Core
R3	All invoices and payment requests are approved in accordance with relevant policies and/or Delegations of Authority.	Core
R1	Predetermined variances between Purchase Orders and Invoices are assessed and payment released only after verification by the officer with delegation to do so.	Additional
R1	Payments are verified to appropriate supporting documentation and are in line with Delegations of Authority.	Core
R4	Relevant staff to review aged payables listing on a predetermined basis and investigate where appropriate.	Core
R5	Recorded changes to the supplier master file are compared to authorised source documents to ensure that they were input accurately.	Core

RISKS	Control	Control Type
R5	Requested changes or additions to supplier masterfile are verified independently of source documentation.	Additional
R4	There is a system generated report detailing supplier invoices due for payment at any one time.	Core
R5	There is a process in place to ensure the supplier master file is periodically reviewed for ongoing pertinence.	Additional

RATES / RATES REBATES

Risks

R1	Council does not raise the correct level of rate income.
R2	Rates and rate rebates are either inaccurately recorded or not recorded at all.
R3	The Property master file data does not remain pertinent.
R4	Rates are not collected on a timely basis.

RISKS	Control	Control Type
R1,R2	Rates are automatically generated by the rate system, including the calculation of rate rebates and other parameters as applicable.	Core
R2	Rates are generated and tested for accuracy of calculation methodology prior to the rates billing run	Core
R1	All software changes to rate modelling functionality fully tested and reviewed by relevant staff.	Core
R1	There is a rating policy in place that is reviewed annually that provides clear guidance on rating methodology and relevant rebates and remissions in line with legislation.	Core
R2	Annual valuation update is balanced prior to the generation of rates; all mismatches resolved prior to finalising rate generation.	Core
R2	All rate rebates and adjustments including write offs are appropriately authorised, with reference to Delegations of Authority and source documents.	Core
R4	There is a process in place to ensure that rates are collected in a timely manner and overdue rates are followed up.	Core
R3	Recorded changes to property master file data and any rate adjustments are compared to authorised source documents to ensure that they were input accurately. An audit trail is maintained for all changes.	Core
R3	Access to the Property master file is restricted to appropriately designated personnel, with a process in place to ensure changes are in line with policies and procedures.	Core
R2	Employees responsible for processing rate payments and rebates cannot process their own payments or rebates unless the transaction is approved by someone independent of the process	Core

PAYROLL

Risks

- | | |
|----|--|
| R1 | Payroll expense is inaccurately calculated. |
| R2 | Payroll disbursements are made to incorrect or fictitious employees. |
| R3 | Time and/or attendance data is either invalid, inaccurately recorded or not recorded at all. |
| R4 | Payroll master file does not remain pertinent and/or unauthorised changes are made to the payroll master file. |
| R5 | Voluntary and statutory payroll deductions are inaccurately processed or without authorisation. |
| R6 | Employees termination payments are not in accordance with statutory and enterprise agreements. |

RISKS	Control	Control Type
R1	Where possible standard programmed formulae perform payroll calculations.	Core
R1, R3	There is a process to ensure all overtime is verified and approved by relevant appropriate staff.	Core
R1	All calculations for generating payroll payments are verified for accuracy.	Core
R4,R5	Managers periodically review listings of current employees within their departments and variances are investigated.	Additional
R1	Payroll is periodically reconciled to the General Ledger accounts.	Additional
R2	The payment for the payroll must be reconciled to a system generated report detailing amount and employee prior to payment.	Core
R2	There is a process to ensure an independent review of proposed payroll payments by authorised staff.	Additional
R2	The payment of the payroll is authorised by appropriate staff not involved in the preparation of the payroll.	Core
R2	Employee records to include employment details and/or contract terms and conditions, authorisations for payroll deductions and leave entitlements.	Core
R2	There is a process to ensure employees are made inactive in payroll records upon termination	Core

RISKS	Control	Control Type
R5	All payroll deductions must be approved by the relevant employee.	Core
R3	Relevant staff are required to complete timesheets and/or leave forms, authorise them and have approved by the relevant supervisor.	Core
R2	There is a segregation of duties from those preparing the payroll to those responsible for preparation of source documents (e.g. timesheets, leave requests etc).	Core
R2	Payroll system generates audit reports detailing all payroll changes and there is a process in place to ensure all changes are reviewed and verified against source documents.	Core
R2	There is a process in place to ensure employees are not added to the payroll masterfile, nor details amended or amounts paid without receipt of the appropriate forms which have been authorised by relevant staff.	Core
R5	Access to the payroll deduction listing is restricted to authorised staff.	Core
R6	There is a process in place to ensure termination payments comply with relevant policies, procedures and legislation.	Core
R3	Time recording and attendance exceptions such as TOIL or flexitime are based on relevant policies/agreement are identified, monitored and corrected.	Core
R4	The ability to access, modify or transfer information contained in the payroll master files is restricted to authorised staff.	Core

CREDIT CARDS

Risks

- | | |
|----|---|
| R1 | Credit Cards are issued to unauthorised employees. |
| R2 | Credit Cards are used for purchases of a personal nature. |
| R3 | Credit Card limits are set at inappropriate levels. |

RISKS	Control	Control Type
R1,R3	There is a process in place to ensure there are appropriate approvals prior to the issuing of Credit Cards and limits.	
R1,R2	Credit card holders sign a declaration confirming compliance with Council policy and procedures prior to the Credit Card being released.	
R2	There is a process in place to approve all credit card transactions to ensure compliance with the policies and procedures covering credit card usage.	
R2	Cardholders must check their statement to ensure all transactions are correct and identify any transactions of a personal nature which must be reimbursed to Council.	
R3	There is a process in place to ensure credit card limits and usage is reviewed for operational efficiency.	

BANKING

Risks

- | | |
|----|---|
| R1 | Banking transactions are either inaccurately recorded or not recorded at all. |
| R2 | Fraud (i.e. misappropriation of funds) |

RISKS	Control	Control Type
R1,R2	There is a process in place to ensure all cash, blank cheques and/or cheque signing machine are adequately safeguarded.	Core
R1	Access to EFT Banking system is restricted to appropriately designated personnel.	Core
R1,R2	Bank reconciliations are performed on a predetermined basis and are reviewed by an appropriate person. Any identified discrepancies are investigated.	Core
R2	Cash transfers between bank accounts and investment bodies are undertaken by appropriate staff.	Core
R2	There is a process in place to ensure all cash collected is adequately recorded and banked regularly.	Core

DEBTORS

Risks

R1	Debtors are either inaccurately recorded or not recorded at all.
R2	Rebates and credit notes to debtors are either inaccurately recorded or not recorded at all
R3	An appropriate provision for doubtful debts is not recorded
R4	Debtors are either not collected on a timely basis or not collected at all
R5	The Debtors master file data does not remain pertinent.

RISKS	Control	Control Type	CSA Importance	Weighting
R1, R4	Debtor's reconciliation performed on a regular basis to the General Ledger and reviewed by an independent person.	Core		4
R1	Council maintains a Debt Collection Policy.	Core		5
R2, R3, R4	Management and/or Council review and approve all rebates, credit notes, bad debt write-offs and movements in the provision for doubtful debts, in accordance with delegations of authority and Local Government Act.	Core		5
R3, R4	Management reviews debtors ageing profile on a regular basis and investigates any outstanding items.	Core		4
R5	Access to the debtor's master file is restricted to appropriately designated personnel and is reviewed by management for accuracy and on-going pertinence.	Core		5
R5	Recorded changes to debtor's master file data are compared to authorised source documents or confirmed with customers/ratepayers to ensure that they were input accurately.	Core		4

RECEIPTING

Risks

R1	Receipts are either inaccurately recorded or not recorded at all.
R2	Receipts are not deposited at the bank on a timely basis.

RISKS	Control	Control Type
R2	Prior to and during the banking process, cash is stored securely at all times.	Core
R1	Customers are provided with a system generated or pre-numbered (manual) sequential tax compliant receipt detailing payment made.	Core
R1	There is a review process for the authorisation of the reversal of transactions.	Additional
R1	Receipt transactions are reconciled to the daily takings and out-of-balance banking is corrected promptly.	Core
R2	Receipts are deposited regularly at the bank by a person independent from the initial recording of the cash receipts.	Additional

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 25 May 2020
AGENDA BUSINESS ITEM**

Item: 6.7

Responsible Officer: Steven Watson
Governance & Risk Coordinator
Office of the Chief Executive

Subject: LGRS Risk Evaluation - Action Plan Review

For: Information

SUMMARY

Biennially Local Government Risk Services (LGRS) undertakes an evaluation of each council's risk management status by way of reviewing operational areas measured against a local government sector baseline. An evaluation was undertaken in late October 2019 with receipt of the final *LGRS Risk Evaluation Summary Report* occurring 17 December 2019.

The *LGRS Evaluation Summary Report* was presented to the Audit Committee at its 17 February 2020 Meeting. The *LGRS Risk Evaluation Action Plan* as per **Appendix 2** has been developed to address the findings from the LGRS Evaluation and is presented to the Audit Committee for information.

RECOMMENDATION

The Audit Committee resolves that the report be received and noted

1. GOVERNANCE

➤ **Strategic Management Plan/Council Policy**

Strategic Plan 2020-24 – A brighter future

Goal 5 A Progressive Organisation

Objective 05 We are accountable, informed, and make decisions in the best interests of the whole community

Priority 05.1 Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations

➤ **Legal Implications**

Section 126 of the *Local Government Act 1999* sets out the functions of an audit committee. Management of Committee's action items and work plan facilitates the achievement of these functions.

➤ **Risk Management Implications**

The LGRS Evaluation provides an external assessment of aspects of Council's current risk management framework and status. Actively responding to this external assessment with actions addressing identified areas for improvement will assist in mitigating the risk of:

A lack of effective risk management occurs which leads to greater uncertainty in the achievement of objectives and/or negative outcomes.

Inherent Risk	Residual Risk	Target Risk
Extreme (5C)	Medium (3D)	Medium (3D)

Note that there are many other controls that assist in mitigating this risk.

➤ **Financial and Resource Implications**

There are no direct financial implications in undertaking the review itself.

The Local Government Association Mutual Liability Scheme (LGAMLS), which comes under the LGRS banner, provides Local Government Members with a fully integrated Risk, Claims and Legal services for the management of civil liabilities. All South Australian Councils are Members of LGAMLS.

LGAMLS Members participate in the self-managed concept enabling greater control over their financial viability relating to civil liability risks. The application of a risk management framework allows a Member to measure and monitor business improvement while reducing civil liability risk associated with its business profile risks.

The results of the LGRS Evaluation are considered by the LGAMLS, together with Council's claim record, in setting our contribution and in calculating the potential amount that may be available as a special distribution. A special distribution is not available every year. The amount is based on funds remaining after all claims across the State have been paid.

Some actions included in the *LGRS Risk Evaluation Action Plan* as per **Appendix 2** may have costs related to them; however, these will be referred to Council, or scheduled in the Annual Business Plan and Budget process for consideration.

➤ **Customer Service and Community/Cultural Implications**

There is a high expectation that Council has appropriate corporate governance processes in place including an effective corporate risk management system that is applied to minimise the impact of potential risk events and manage financials efficiently.

➤ **Sustainability Implications**

There are no direct sustainability implications arising from this report.

➤ **Engagement/Consultation conducted with Council Committee, Regional Subsidiary, Advisory Group, the Administration and Community**

Engagement with relevant participants commenced well prior to the LGRS Evaluation occurring. Engagement included the gathering of evidence based materials and statements in preparedness for the Evaluation.

Post LGRS Evaluation further engagement has occurred in order to prepare the relevant Action Plans.

Council Committees: Not Applicable

Advisory Groups: Not Applicable

Administration: Chief Executive Officer
Director Corporate Services
Director Community Capacity
Director Development & Regulatory Services
Director Infrastructure & Operations
Manager Financial Services
Executive Manager Governance & Risk
Manager Civil Services
Manager Open Space
Manager Sustainable Assets
Coordinator Civil Operations
Procurement Coordinator
Horticultural Officer
Events Officer

Community: Not Applicable

2. BACKGROUND

Biennially Local Government Risk Services (LGRS) undertakes an evaluation of each council's risk management status by way of reviewing operational areas measured against a local government sector baseline, including the application of a Risk Management Framework and related processes, organisational systems that influence council's risk profile and specific high risk activities and assets.

The previous Risk Evaluation occurred in 2017, with a report being presented to the Audit Committee. An *Action Plan* was prepared to respond to the findings of the Evaluation and update reports were presented to the Audit Committee indicating progress on implementation of the agreed actions.

The latest *LGRS Risk Evaluation Summary Report* was presented to the Audit Committee at its 17 February 2020 meeting. The LGRS Evaluation Action Plan has been developed to respond to the *LGRS Risk Evaluation Summary Report* findings.

The LGRS Evaluation process also included evaluating the Work Health and Safety and Incident Management functions of council but as these are not within the Terms of Reference of the Audit Committee, so these sections of the Summary Report have not been included.

3. ANALYSIS

The 2019 LGRS Risk Evaluation covered a range of areas, with three compulsory areas and two elective areas.

The compulsory areas were:

- Risk Management Systems
- Procurement and Contracts
- Roads and Footpaths.

The elective areas were:

- Event Management
- Tree Management
- Playgrounds
- Volunteers
- Customer Request and Complaints
- Emergency Management

The Executive Leadership Team was consulted on the elective areas and determined that Tree Management and Event Management warranted a review.

The Governance and Risk Coordinator has been working with the relevant staff following the results in order to produce the Action Plan.

Any of the proposed actions that cannot be accommodated within existing budgets will be provided to Council in Budget Review 3 2019-20, or will form part of the 2020-21 Annual Business Plan and Budget process.

Participating in this external evaluation of Council's Risk Management systems, processes and potential liabilities provides Council with a sound basis on which to continually improve the strength of the organisations risk management.

4. OPTIONS

The Committee has the following options:

- I. To resolve to receive and note the report including the *LGRS Risk Evaluation Action Plan* as per **Appendix 2** (Recommended.)
- II. To determine an alternate course of action (Not Recommended).

Should the Audit Committee wish to make amendments or resolve an alternative course of action, it is recommended that the matter be referred back to the Administration for further review.

5. APPENDICES

- (1) LGRS Risk Evaluation Summary Report
- (2) LGRS Risk Evaluation Action Plan

Appendix 1

LGRS Risk Evaluation Summary Report



2019 Risk Evaluation Summary Report

Adelaide Hills Council

Date of Evaluation: 29-31 /10/2019

Date Report Issued: 17/12/2019

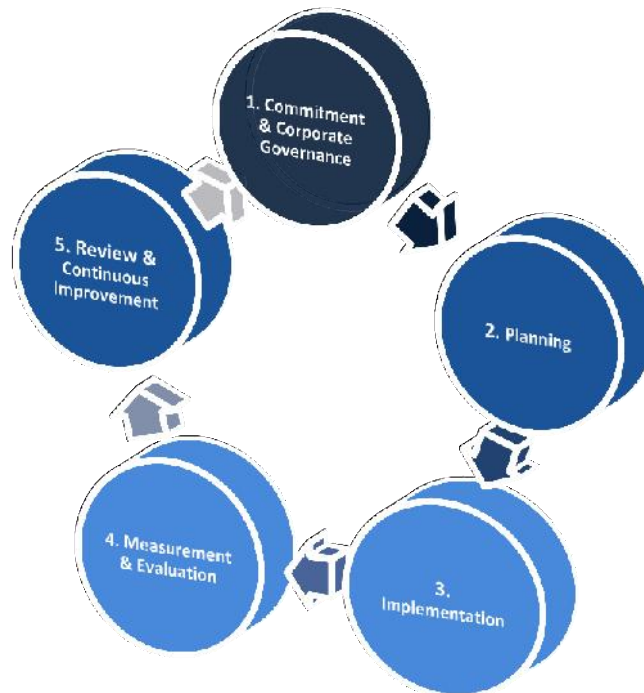
EDITED VERSION – RISK ONLY

Name of Evaluators:

Lead Evaluator: Melissa Cox

Co- Evaluator: Sandy Voumard

1. Risk Evaluation Overview



The LGAWCS and LGAMLS provide a Risk Evaluation service to their Members, every two years. The aim of the Risk Evaluation process is to review each Member's risk management systems (including WHS and IM) against both LG Industry agreed Sector Baselines and other external requirements (e.g. RTWSA Performance Standards for Self Insurer requirements and relevant legislation). The objective of the evaluation is to assist Members to recognise and share LG risk management excellence, identify where opportunities for system improvements exist and to work in partnership with them to implement identified improvements.

The Risk Evaluation in its current format was introduced in 2017. More information is available on the Members Centre regarding the structure and process.

This summary report is structured as follows:

- An Executive Summary, which is completed by the Lead Evaluator, for both Risk and WHS/IM system aspects and briefly outlines the overall results of the evaluation and potential focus areas and recommended actions. This includes a Results Table, which summarises the results for both Risk Management (RM) and Work, Health and Safety (WHS) and Injury Management (IM) components.
- The RM Evaluation Report, which includes the chosen evaluation scope, names of evaluators, summary of findings and specific recommendations for each evaluated question within the identified evaluation scope.
- The WHS and IM Evaluation Report, which includes the evaluation scope, names of evaluators, summary of findings and specific recommendations for each sub-element within the evaluation scope.
- A conclusion, which is completed by the Lead Evaluator. This aims to identify where overall system trends and issues are occurring and what may be of assistance to the Member to progress them forward.

NOTE: This report has been edited to remove the WHS& IM findings for the purposes of reporting the outcomes of the risk components to the Adelaide Hills Audit Committee. For the full FINAL version of this report please see the Governance & Performance team.

2. Executive Summary

Overview and Objective:

Every two years, the Local Government Mutual Liability and Workers Compensation Schemes conduct an evaluation of each Scheme Member's Risk Management, Work Health and Safety and Injury Management systems. The purpose of these evaluations are to test (within the scope of the evaluation):

- a) How well the organisation's Risk Management systems meet Local Government sector established baselines and
- b) The organisation's level of conformance with ReturnToWork SA's Performance Standards for Self-Insurers for Work Health and Safety and Injury Management systems.

Members should use this information in their management planning and review systems to drive further improvement to their Risk, Safety and Injury Management systems.

In addition to this, the evaluations allow for sector-wide results to be collated and analysed to enable the Schemes to further assist the Local Government industry, either via sector wide programs or individual programs of targeted support.

This executive summary provides a brief overview of the results of the risk evaluation of Adelaide Hills Council on 29,30 and 31 October 2019]. The participation of Member representatives in the evaluation is a critical part of the evaluation process, is integral to the quality of the evaluation and is always greatly appreciated.

Executive management are encouraged to review the evaluation summary report in its entirety for further detail and recommendations.

The completed risk evaluation, WHS and IM tools that support these findings are available from your allocated Risk Consultant, RRC or WHSC. The tools and reports are also available in your Member documents on the Members Centre.

2.1 SUMMARY OF FINDINGS:

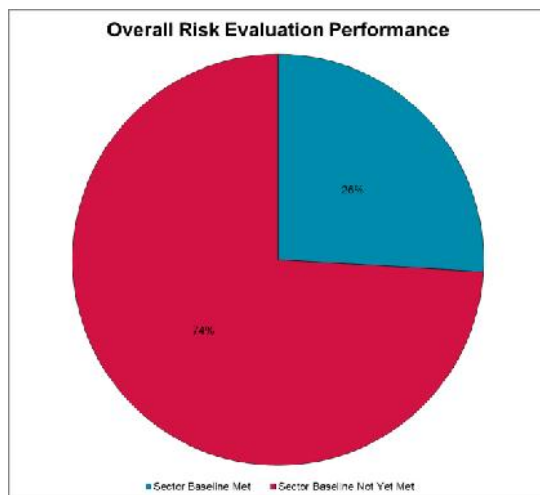
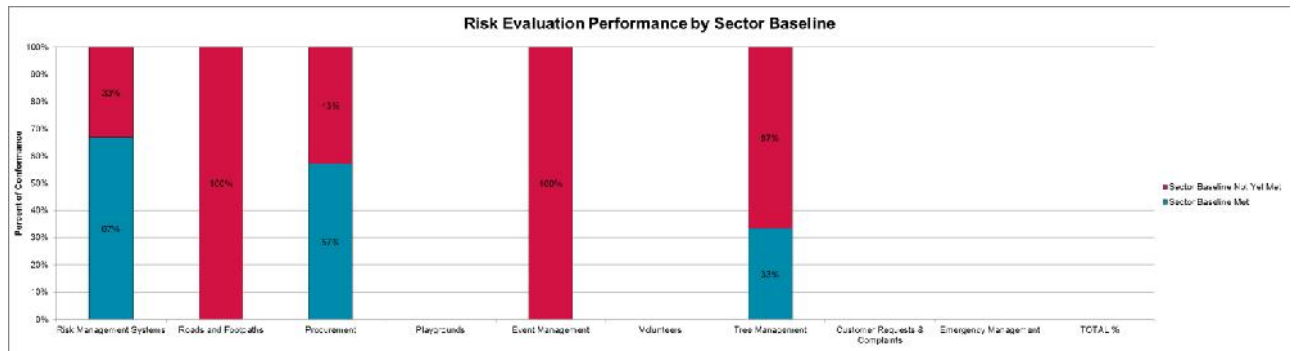
2.1.1 Risk Management

Within the risk management systems, there are three mandatory areas and five electives of which Scheme Members are required to choose two to be evaluated.

In evaluating the organisation's Risk Management systems, reference was made to sector baselines, being a minimum standard expected to be in place. Sector baselines were established by a consultative group that included membership from both metropolitan and regional Scheme Members. It is to be noted that the baselines are not all legislative requirements, but a set of minimum requirements that is expected within the Local Government sector. All the criteria within the defined sector baseline must be met in order for the sector baseline to be deemed as being met.

Adelaide Hills Council results against the mandatory and elective question sets are as follows:

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met
MANDATORY AREAS			
Risk Management Systems	3	2	1
Roads and Footpaths	8	0	8
Procurement	7	4	3
ELECTIVES			
Playgrounds	0	0	0
Event Management	6	0	6
Volunteers	0	0	0
Tree Management	3	1	2
Customer Requests & Complaints	0	0	0
Emergency Management	0	0	0
TOTALS	27	7	20
TOTAL %		26%	74%



2.1.1.1 Risk Management Systems

Overview of Results – Mandatory Areas - Risk Management Systems

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met
MANDATORY AREAS			
Risk Management Systems	3	2	1

Specific Results and Improvement areas – Risk Management Systems

Q #	Risk Management Systems	Summary of Sector Baselines not met and any improvement required	Recommendation
1a	What does Council's Risk Management (RM) approach consist of?	Sector Baseline Met Adelaide Hills Council has an adopted Risk Management Policy, Corporate Risk Management Guide, a Corporate risk register (which captures operational risk) and a Strategic Risk Register. The Council is currently consulting on the development of a Risk Management Framework to complement the risk management activities.	N/A
1b	Does Council have a risk register or a tool/repository where risks are actively monitored and maintained on a periodic basis as per their documented approach?	Sector Baseline Met The AHC Council has a Strategic Risk Register, as viewed last updated 29 August 2019, by ELT and a Corporate Risk Register as viewed, which identifies a large number of operational risks. Both risk registers are evidenced as being internally adopted and maintained by the organisation and easily accessible to all staff via.	N/A
1c	Is Council's above risk management approach implemented and operational?	Sector Baseline Not Yet Met The Council has some great processes around the reporting of its Strategic Risk as identified within the register. The opportunity for improvement is with the monitoring and reporting of the Councils operational risks. The newly drafted framework when implemented should give the foundations to support this reporting. It is also acknowledged that the Council has great WHS training needs identification processes that could be expanded across the organisation to include risk management training needs and alike.	It is recommended that the Council consider the Risk Management Policy, Framework and Guidelines training needs across the organisation and incorporate them into a Corporate Training needs process that expands upon the current WHS needs. It is also recommended that the Council review its current reporting processes for operational risk. As viewed the draft Risk Management Framework documents the processes for monitoring and reporting of operational risk. The opportunity now is to adopt the Framework and implement it across the organisation.

2.1.1.2 Roads and Footpaths

Overview of Results – Mandatory Areas - Roads and Footpaths

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met
MANDATORY AREAS			
Roads and Footpaths	8	0	8

Specific Results and Improvement areas – Roads and Footpaths

Q #	Roads and Footpaths	Summary of Sector Baselines not met and any improvement required	Recommendation
2a	Does Council have systems in place to authorise or permit 3rd party alterations to a public road (non-business purposes) in relation to S221 of the LG Act?	<p>Sector Baseline Not Yet Met</p> <p>The Adelaide Hills Council does not have defined and documented systems in place for the authorisation of 3rd party alterations to a public road.(S221 permits).</p> <p>There is a permit that outlines the criteria in which a person may apply and this is available on the Councils webpage.</p> <p>There are however no documented protocols about how the Council receives these applications, how they are assessed or any dispute resolution processes around the process.</p> <p>The assessment process does not appear to be consistently applied, covering the same agreed criteria each time.</p>	It is recommended that the Council undertake a review of its S221 permitting processes and ensure that all personnel who may have a role in the receipt of and approval of these permits work together to develop a defined documented system for the processing and subsequent approval. It is also recommended that the personnel who have delegated authority to sign permits have the training need for the processes mapped on a Corporate Training Needs Analysis.
2b	Does the authorisation process or permit consider structures and installations for their safety and suitability?	<p>Sector Baseline Not Yet Met</p> <p>The Council were unable to demonstrate that the authorisation process or permit consider structures and installations for their safety and suitability</p>	It is recommended that the Council introduce a documented assessment for all Section 221 permit applications to ensure that there is a documented and consistent approach to the assessment to ensure that the permit consider structures and installations for their safety and suitability.

Q #	Roads and Footpaths	Summary of Sector Baselines not met and any improvement required	Recommendation
2c	Does the authorisation or permit include an indemnity from the applicant to the Council?	<p>Sector Baseline Not Yet Met</p> <p>The permit identifies the appropriate Indemnity clause: "that the applicant will indemnify the Council, its employees and/or agents against all actions, costs, claims and demands for injury, loss or damage arising out of any negligent act or omission of the Applicant in relation to any activities under the Authorisation or arising out of breach of any condition attaching to the Authorisation"</p> <p>However, the permit as viewed does not ask the applicant to take out and keep current Public Liability Insurance to the value of at least \$10 million for the duration of the works.</p>	It is recommend that the Council undertake a review of its Section 221 permitting process and ensure that the permit application and permits issued align. It is also recommended as identified above that the Council develop a documented assessment process to ensure that there is a consistent approach to the receipt, assessment and issuing of these permits.
2d	Does Council have an Infrastructure and Asset Management Plan that covers the management and maintenance of roads and footpaths?	<p>Sector Baseline Not Yet Met</p> <p>It appears that the Council is in a transitional phase with its asset management, in particular for roads and footpath assets.</p> <p>During the evidence collected no data was supplied for the questions that relate to Asset Management, Roads and Footpaths. During the course of the evaluation it came to light that the Council did have an Asset Management Plan dated 2012 and was currently working on a new draft plan.</p> <p>It became quite clear that the 2012 plan was not in use and the draft while close had not been adopted by Council or its processes implemented across operations.</p> <p>It is further recognised that the operational assessment tools for inspection and maintenance activities for both roads and footpaths are still in the development stages.</p>	<p>It is recommended that the Council adopt and implement an Asset management Plan for the management and maintenance of its road and footpath assets.</p> <p>Additionally Council needs to continue with the development of assessment tools for both its road and footpaths assets and ensure that key personnel responsible for conducting these assessments are competent in the assessment criteria.</p> <p>It is further recommended that the Council give consideration to how the asset management plan and assessment tools are communicated and operationally used by key maintenance staff responsible for the on the ground operational maintenance of footpaths and roads.</p>
2e	Does Council have an inspection and maintenance regime (or schedule) to inspect roads and footpaths?	<p>Sector Baseline Not Yet Met</p> <p>Council was unable to demonstrate that they have a current and implemented inspection or maintenance regime in place for its road and footpath assets.</p>	As per 2d

Q #	Roads and Footpaths	Summary of Sector Baselines not met and any improvement required	Recommendation
2f	How does Council prioritise roads during scheduling of maintenance/repair?	Sector Baseline Not Yet Met It appears that the Council currently prioritises roads reactively, based on receipt of customer complaints and requests.	As per 2d
2g	How does Council prioritise footpaths during scheduling of maintenance/repair?	Sector Baseline Not Yet Met It appears that the Council currently prioritises footpaths reactively, based on receipt of customer complaints and requests.	As per 2d
2h	If Council has Railway Interface/s, does Council fulfil its duties as a Road Manager?	Sector Baseline Not Yet Met Council have a Railway Interface agreement in place with the relevant rail infrastructure manager (ARTC). However it was evidenced that the documented risk assessments for each interface has still not occurred in line with National Rail Safety Act 2012 S 109)	It is recommended that the Council contact the Rail Authority and commence discussions around the completion of the rail interface risk assessments in the following manner: a) by itself identifying and assessing those risks;(independently) or (b) by identifying and assessing those risks jointly with the other person; or (c) by adopting the identification and assessment of those risks carried out by the other person.

2.1.1.3 Procurement and Contracts

Overview of Results – Procurement and Contracts

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met
MANDATORY AREAS			
Procurement and Contracts	7	4	3

Specific Results and Improvement areas – Procurement and Contracts

Q #	Procurement and Contracts	Sector Baseline and Summary of any improvement required	Recommendation
3a	Are there policies, and procedures prepared and adopted for the procurement process, including approach to the market, evaluation of responses and selection of providers?	Sector Baseline Not Yet Met The Council has a Procurement Policy revised and effective from 1 October 2019. There is also a Procurement Framework adopted by ELT and has an issue date of October 2019. The documented system provides clear processes for approach to the market,	It is recommended that the Council ensure the implementation of the revised documents, forms and templates to ensure that there are defined processes for the recording of reasons for entering into contracts other than those resulting from a tender.

Q #	Procurement and Contracts	Sector Baseline and Summary of any improvement required	Recommendation
		<p>evaluation of responses and selection of providers.</p> <p>The current Framework as viewed does not identify a process for the recording of reasons for entering into contracts other than those resulting from a tender.</p> <p>It is acknowledged however that the newly revised framework and subsequent guidance materials require that an <i>Recommendation Report</i> must be completed for all acquisitions over \$10,000 or when a contract is being used, this will be the transparent way of recording moving forward the reason why a supplier was utilised.</p>	
3b	Are there systems in place to identify risks as part of the procurement/purchasing process?	<p>Sector Baseline Met</p> <p>There are some robust systems in place to identify risk as part of the procurement and purchasing process.</p> <p>The Procurement Framework identifies 3.2.3 - that outlines a Risk Assessment must be prepared to assess the supply risk, business risk, management risks, prohibit risk.</p> <p>The Council should be commended on the introduction of new tools and processes outlined within its Procurement Framework.</p>	N/A
3c	Is there evidence that the procurement process is transparent and in accordance with applicable organisation's procurement policy/operational guidance/procedures	<p>Sector Baseline Met</p> <p>There was evidence to demonstrate that the Council procurement processes are clear and transparent process and align with the documented systems.</p>	N/A
3d	Have staff who have delegated roles and/or are responsible for procurement and/or contracts been provided with appropriate training?	<p>Sector Baseline Met</p> <p>Those with delegated procurement roles are appropriately trained. It was also evidenced that as a result of the newly developed Procurement Framework, training needs and a training program is in its development stages.</p>	Whilst the sector baseline has been deemed met in this instance there is an opportunity to further improve these systems by ensuring that training needs for personnel in relation to procurement are mapped on a Corporate training needs analysis.
3e	Does Council have a process in place to justify the rationale behind, and approval of, variations from standard indemnity, insurance, legal liability and contractor incident notification clauses?	<p>Sector Baseline Met</p> <p>The Council has documented processes in place should they need to apply variations from standard indemnity, insurance, legal liability and contractor incident notification clauses in contractual</p>	N/A

Q #	Procurement and Contracts	Sector Baseline and Summary of any improvement required	Recommendation
		documentation.	
3f	Is there evidence of the rationale in 3e being applied during the procurement process including when calling for tenders and developing/writing contracts?	Sector Baseline Not Yet Met The Council is using standard contract clauses and can demonstrate application of these as described above for purchases where a purchase order is not being applied. However, the Councils Purchase Orders issued (as viewed) does not document the appropriate terms and conditions.	It is recommended that the Council update its Purchase Order terms and conditions to reflect the following: <ul style="list-style-type: none"> • The requirement for the supplier to comply with all legislative requirements • Indemnity/liability provisions • Insurance (minimum public liability indemnity) • Warranty (goods and services) • Any sub-contractor prohibition (no engagement without prior approval of Council)
3g	Are there processes in place to administer the contract and manage supplier performance during and after the contract? Note: The criteria in this section are checking to see that there is evidence that these things are actually occurring	Sector Baseline Not Yet Met There are documented processes in place to administer the contract and manage supplier performance during and after the contract, however this could not be evidenced as being applied	It is recommended that the Council review the application of its Contractor Management processes to ensure that monitoring of contractor work is documented and that there are documented processes in place and applied to review contractor performance post works.

2.1.1.4 Elective Topics

3 Overview of Results – Elective Areas – E2 Event Management

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met
ELECTIVE AREAS			
Event Management	6	0	6

4 Specific Results and Improvement areas – E2 Event Management

Q #	Event Management	Summary of Sector Baselines not met and any improvement required	Recommendation
E2a	Does Council have systems in place for the management of <i>Council organised</i> events?	Sector Baseline Not Yet Met The Council does not have systems in place for management of Council organised events. There is a Policy and a Toolkit in place that is more focussed on Council permitted	It is recommended that the Council undertake a review of its current processes in place for Council organised events and consider the application of the Events Toolkit and its elements being applied for Council

		events. Whilst it is appreciated that some components may be applied to Council organised events this was evidenced as not being applied in a consistent manner.	organised events. It is further suggested that the Council review its current "events" and determine what constitutes an event, if they are Council permitted or Council organised. By doing this it will assist in the direction of what risk management activities should be in place and by whom.
E2b	Do these systems ensure consistent risk management, and compliance with legislative requirements, of <i>Council organised</i> events across all areas of Council?	Sector Baseline Not Yet Met As identified in E2a the Councils documented systems are focussed on Council permitted events. Appreciating this, it was evidenced that there are not processes being applied that ensure a consistent approach to risk management for Council organised events to ensure and compliance with legislative requirements.	It is recommended that the Council consider the application of the Events Toolkit and elements being applied for Council organised events. It is also further suggested that the Council look to develop a simple checklist to support the key risk management activities for Council organised events to ensure that each event manager has the tools to ensure the consistent application.
E2c	As part of the risk management process, are all arrangements with other parties documented, including suitability of contractors, and responsibilities (indemnities and insurances) for the risks they manage?	Sector Baseline Not Yet Met The Council was unable to demonstrate that a risk management approach is applied consistently across Council organised events to ensure there is a process to ensure suitability of contractors, and responsibilities (indemnities and insurances) for the risks they manage.	As above
E2d	Has Council assessed the number of, and skills required for, Council staff and Volunteers working at the event?	Sector Baseline Not Yet Met The Council was not able to demonstrate that they have assessed the number of, and skills required for, Council staff and Volunteers working at events.	As above
E2e	Has Council considered Emergency Management provisions for events?	Sector Baseline Not Yet Met The Council was unable to demonstrate the consideration and provision of emergency management provision for events consistently.	As above
E2f	Do Council's systems ensure consistent permitting of events by Council?	Sector Baseline Not Yet Met The Council has some great processes in place for the permitting of events and have developed an Events Toolkit. The toolkit in principle provides good guidance, however it was unclear if there is a consistency to how Council is assessing and permitting these events.	It is recommended that the Council develop a checklist or like that can be used to track the key risk management activities (review of risk management plans, emergency management plans, insurances and licences) that should be supplied and reviewed during the permitted process.

Overview of Results – Elective Areas – E4 Tree Management

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met
ELECTIVE AREAS			
Tree Management	3	1	2

Specific Results and Improvement areas – E4 Tree Management

Q #	Tree Management	Summary of Sector Baselines not met and any improvement required	Recommendation
E4a	Does Council have systems in place to manage existing and new trees?	Sector Baseline Not Yet Met The Council has a high level policy in place in regards to trees, the Policy does refer to a number of operation processes that do not appear to be yet in place (inspection, maintenance schedules and registers) It is for this reason that the Sector Baseline has not yet been met.	It is recommend that the Council consider the development of the operational process documents (guidelines or framework) as described within its Policy, maintenance and inspection programs. These guidance documents will provide transparent processes in relation to the management of trees and will assist in ensuring consistent and risk based determinations
E4b	Does the system provide a process for identifying, analysing, assessing, evaluating and treating risks related to trees during development & planning, planting, and maintenance?	Sector Baseline Not Yet Met The Council was unable to demonstrate that its tree management system provides a process for identifying, analysing, assessing, evaluating and treating risks related to trees during development & planning, planting, and maintenance	As identified above the Council could benefit from documenting its process in relation to the preventative management of trees.
E4c	Has Council taken “reasonable action” in response to all tree requests regarding street trees in the last 24 months?	Sector Baseline Met The Council was able to demonstrate that they are taking ‘reasonable action’ in relation to request in relation to street trees through the development of the CRM process, mapping of trees (new), service levels and the documented case management approach.	Whilst it is noted that the Sector Baseline has been met for this question there is opportunity to bring together the process of responding to tree request into a documented process (flowchart or operational procedure) This will ensure that there is a consistent systematic approach to this process.

2.2 EXECUTIVE SUMMARY: CONCLUSION

In relation to the risk elements tested, the Council should be commended on the work conducted to date in with the development and implementation of its Risk Management Framework and Procurement processes. It was evident that there has been significant focus in this space and the outcomes of this evaluation is a representation of that. In regards to procurement the development of a guideline, associated tools and process flow together with a planned training program will see the Council in a good space moving forward.

In regards to roads and footpaths, the Council needs to ensure there is a consistent approach to the receipt, assessment and approval of its Section 221 permits. There is also some work to be done in relation to adoption and subsequent implementation of an asset management plan for Road and Footpath assets; and then the application of assessment, inspection and maintenance programs to ensure ongoing management of these assets.

In relation to trees, the documented approach to tree protocols could be developed to provide some clear and consistent guidance in relation to the management of trees from planting, removal, inspection and managing tree requests, it is recognised that there has been some great work conducted to date in the development of CRM process and a tree register and mapping of assets, its now about further developing these processes to ensure a consistent approach.

In regards to event management there has been some great work in the development of an Events and Festivals Toolkit for Council permitted events, this toolkit and the application of it could be also utilised for Council organised events and if applied in a consistent manner would address the risk management approach for Council organised events.

Whilst it may appear that there are a number of areas to follow up on particularly with Roads and Footpaths, Events and Trees. It is recognised that significant system build and improvement is occurring, and providing that Adelaide Hills Council continue to work on the building of these system and making improvements, the system should mature and progress to a compliant level. A system to be effective, needs to be documented, communicated and applied across all of the organisation in a consistent manner, the opportunity for the Council is to start the documenting some of these systems.

The Adelaide Hills Council has undertaken a considerable body of work in the development of their safety systems. It should be recognised that the measures of conformance/observation are based upon all of the necessary components being in place and applied. So, whilst Council has not yet reached this level in many of the areas evaluated, it is recognised that they have made significant progress in many aspects and topic areas and the staff involved are diligently working towards improving their systems and processes.

We would like to thank all those that were involved in the evaluation for their time and honest responses. It is clear that management and workers within the Adelaide Hills Council are keen to move forward on the development of their Risk and WHSMS and are applying resources to make this happen.

With the current WHS and IM Plan (Improvement Plan) due for review in early 2020, it is recommended that management conduct a system review, to identify priorities and programs with safety objectives, targets, measures and supporting actions that will drive the system forward in a way that enables outcomes to be measured and recognised not just in terms of progress but whether the objectives are being met.

The organisation should also focus on a structured and prioritised implementation program for their risk management system that enables integration with the organisation's other planning processes e.g. procurement, project management, strategic and operational planning.

Your allocated LGAWCS/MLS RRC (Mel Cox) can assist you with the system review and action/-implementation plan development.

Management will need to monitor, review and apply accountability for the completion of the planned actions and outcomes from the measures, to make sure that the WHS and risk systems continue to develop and improve in a way that is of the greatest benefit to the organisation.

Please note that action plans for monitoring by the LGAWCS/MLS need to be submitted for review by the end of January 2020 and it is expected that these will extend for a period of two years (until your next risk evaluation).

WHS and risk action plan close out is determined at the end of September each year. These percentages are included in 50% of the WCS rebate calculations. The other 50% is based on IM claims performance

3. Risk Management Report

The evaluation of the Adelaide Hills Council risk management (RM) system included a review of existing documentation and meeting with employees and other workers. Comments and recommendations, including action items will provide management with some suggested ways to improve their systems, however it may be appropriate to implement an alternative action and this is at the discretion of each individual organisation and their management team.

3.1 Summary of the evaluation scope

The Risk Management Evaluation considered the presence and degree of implementation of systems relating to:

- Risk Management Systems
- Roads and Footpaths
- Procurement, Tenders and Contracts
- Tree Management
- Event Management

3.2 Employees and other workers involved in the evaluation process included:

- Steven Watson, Governance and Risk Coordinator
- James Greenfield, Procurement Project Officer
- Anisa Cadd, Events Officer
- Damian Brennan, Horticultural Officer
- Joel Eckerman, Coordinator Civil Operations
- Kylie Caruso, Roads Officer
- John Davey, Projects Officer
- Craig Marshall, Senior Infrastructure Planning Engineer
- David Collins, Manager Sustainable Assets

3.3 Documentation Review

The review included reviewing policies, procedures and supporting documentation within the Council's RM, and supporting organisational systems, as provided by the Auditee prior to and during the evaluation.

Additional evidence provided after the evaluation will only be accepted as evidence for this evaluation if agreed by the evaluator or the Client (i.e. LGAWCS and LGAMLS management).

3.4 Physical Verification

The Risk Management section of this evaluation was conducted in its entirety at the Adelaide Hills Council Administration Building in Stirling. It involved demonstration and interrogation of the live systems to support the desktop evidence supplied.

3.5 Report Findings and Recommendations

Report findings and recommendations for each evaluation question are provided in the following table (in a summary format) and in the audit reports and tool (in more depth).

Further broader system recommendations are provided in the executive overview and conclusion.

It should be recognised that the findings and recommendations of this report should be used for:

- Planning and continuous improvement by Council of their RM Systems

3.6 Risk Evaluation Tool and Findings

Risk Evaluation Tool can be found at:

<https://www.lgrs.com.au/documentlibrary/documentnew/index?documentId=6257&fileName=2019-20 Risk Evaluation Tool V1.0 Issued 17-12-2019 Evaluator Comments.pdf&library=59>



Contact

Stevie Sanders

WHS & Risk Manager

T: +61 (0)8 8235 6485

M: +61 (0) 429 904 262

Stevie.Sanders@jlta.com.au

LGRS a division of Jardine Lloyd Thompson Pty Ltd ABN 69 009 098 864 AFS Licence 226827.
The JLT Group is a part of the Marsh & McLennan Companies (MMC) group of companies.

This information is not intended to be detailed advice on the operations of the Schemes. Each Scheme is covered by a set of Rules and Guidelines, which are available on the LGRS Member Centre.

If you have any questions on the operation of the Schemes please contact your LGRS client services manager.

www.lgrs.com.au

Appendix 2

LGRS Risk Evaluation Action Plan



Adelaide Hills Council 2019-20 Risk Management Action Plan Progress Report

Version No:

Issued:

Next Review:

Dated	Council		Monitoring Report for the month of:	Name, Date and Version No of Council approved Plan		Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Total	
12/05/2020	Adelaide Hills Council		1 May 2020																													
Please note: The close out date for the completion of 2019- 2020 actions is 30th September 2020. Applications for extensions must be provided to the LGAWCS WHS and Risk Manager, outlining why special consideration should be given.						Proposed Actual	0	0	0	2	1	1	1	0	4	5	3	5	6	6	1	1	1	2	2	2	3	2	1	1	1	51
						Proposed YTD	0	0	0	2	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5	5
						Actual YTD	0	0	0	2	3	4	5	5	9	14	17	22	28	34	35	36	37	39	41	43	46	48	49	50	51	22
							0	0	0	2	3	4	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
										100%	100%	100%	100%	100%	56%	36%	29%	23%	18%	15%	14%	14%	14%	13%	12%	12%	11%	10%	10%	10%	10%	10%
Evaluation Score	Risk Evaluation Q or Source	Due	Evaluation Finding	Action Agreed	Progress	Responsible Person	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	
Report			LGRS Evaluation and Report	N/A	Complete	Regional Risk Coordinator	Evaluation Undertaken	Draft Report	Final Report Received																							
Risk Management																																
Sector Baseline Not Yet Met	1c		It is recommended that the Council consider the Risk Management Policy, Framework and Guidelines Training needs across the organisation and incorporate them into a Corporate Training needs process that expands upon the current WHS needs. It is also recommended that the Council review its current reporting processes for operational risk. As viewed the draft Risk Management Framework documents the processes for monitoring and reporting of operational risk.	Provide details and advice arising from the Risk Evaltion to the Organisational Development team for consideration and incorporation into the Training Needs Analysis register.	In Progress	Governance & Risk Coordinator	Evaluation Undertaken	Draft Report	Final Report Received						P																	
				Undertake review and implimantation of robust risk management reporting utilising SkyTrust software.	In Progress	Governance & Risk Coordinator	Evaluation Undertaken	Draft Report	Final Report Received									P														
				Progress the Draft Risk Management Framework to implimantation and monitoring across the organioin.	In Progress	Governance & Risk Coordinator	Evaluation Undertaken	Draft Report	Final Report Received											P												
Roads & Footpaths																																
Sector Baseline Not Yet Met	2a		It is recommended that the Council undertake a review of its S221 permitting processes and ensure that all personnel who may have a role in the receipt of and approval of these permits work together to develop a defined documented system for the processing and subsequent approval. It is also recommended that the personnel who have delegated authority to sign permits have the training need for the processes mapped on a Corporate Training Needs Analysis.	1. Review information available	Completed 13/2/2020	Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received		C																					
				2. Bring Stakeholders together to map process and document current process		Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received			C																				
				3. Document Desired Process		Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received						P																	
				4. Prepare assessment checklist		Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received								P															
				5. Update application forms		Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received									P														
				6. Update Permit document		Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received									P														
				7. Run a test scenarios (ie. one of each type)		Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received										P													
				8. Rectify any deficiencies		Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received											P	P											
				9. Document workflow for process		Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received												P											
				10. Train all relevant staff		Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received													P										
				11. Implement - web? Sharepoint? Continuous improvement strategy		Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received														P									
Sector Baseline Not Yet Met	2b		It is recommended that the Council introduce a documented assessment for all Section 221 permit applications to ensure that there is a documented and consistent approach to the assessment to ensure that the permit consider structures and installations for their safety and suitability.	As per 2a		Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received						P																	
Sector Baseline Not Yet Met	2c		It is recommend that the Council undertake a review of its Section 221 permitting process and ensure that the permit application and permits issued aligns. It is also recommended as identified above that the Council develop a documented assessment process to ensure that there is a consistent approach to the receipt, assessment and issuing of these permits.	As per 2a		Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received						P																	
Sector Baseline Not Yet Met	2d		It is recommended that the Council adopt and implement an Asset management Plan for the management and maintenance of its road and footpath assets. Additionally Council needs to continue with the development of assessment tools for both its road and footpaths assets and ensure that key personnel responsible for conducting these assessments are competent in the assessment criteria. It is further recommended that the Council give consideration to how the asset management plan and assessment tools are communicated and operationally used by key maintenance staff responsible for the on the ground operational maintenance of footpaths and roads.	1. Finalise draft Transport Asset Management Plan	Draft Plan completed and external review of plan undertaken. External review to be incorporated into updated draft plan.	David Collins	Evaluation Undertaken	Draft Report	Final Report Received										P													
				2. Council adoption of Transport Asset Management Plan		David Collins	Evaluation Undertaken	Draft Report	Final Report Received												P											
				3 Implement Transport Asset Mngement Plan		David Collins	Evaluation Undertaken	Draft Report	Final Report Received													P										
				4. Utilise ConfrmConnect to audit a sample size of footpath network to determine process and resource requirements for inspection of full network.	Condition survey being developed for Connect	David Collins	Evaluation Undertaken	Draft Report	Final Report Received							P																
				5. Utilise High priority Zone mapping to undertake yearly inspection of footpath condition.	Condition survey that is developed will be customised to include route with high priority footpaths.	David Collins	Evaluation Undertaken	Draft Report	Final Report Received																							
Sector Baseline Not Yet Met	2e		As per 2d			David Collins	Evaluation Undertaken	Draft Report	Final Report Received						P																	
Sector Baseline Not Yet Met	2f		As per 2d			David Collins	Evaluation Undertaken	Draft Report	Final Report Received						P																	
Sector Baseline Not Yet Met	2g		As per 2d			David Collins	Evaluation Undertaken	Draft Report	Final Report Received						P																	
Sector Baseline Not Yet Met	2h		It is recommended that the Council contact the Rail Authority and commence discussions around the completion of the rail interface risk assessments in the following manner: a) by itself identifying and assessing those risks;(independently) or (b) by identifying and assessing those risks jointly with the other person; or	1. Undertake an in-house risk assessment of each rail interface,		Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received										P													
				2. Contact rail authority and ask to review their risk assessment of each rail interface within the Council area.		Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received												P											
				3. Amend the Council risk assessment with reference to the rail authority's, adopt, record, and provide a copy to the rail authority.		Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received													P										
Procurement																																
Sector Baseline not achieved	3a		The Council has a Procurement Policy revised and effective from 1 October 2019. There is also a Procurement Framework adopted by ELT and has an issue date of October 2019. The documented system provides clear processes for approach to the market, evaluation of responses and selection of providers. The current framework as viewed does not identify a process for the recording of reasons for entering into contracts other than those resulting from a tender. It is acknowledged however that the newly revised framework and subsequent guidance materials require that an Recommendation Report must be completed for all acquisitions over \$10,000 or when a contract is being used, this will be the transparent way of recording moving forward the reason why a supplier was utilised.	Framework to be reviewed and updated.	Framework reviewed Clause 3.2.5. Acquisition Plan. Current requirement for AQ plan required for all contracts. Recommendation report required for all contracts.	James Greenfield	Evaluation Undertaken	Draft Report	Final Report Received	C																						
Sector Baseline not achieved	3e		It is recommended that the Council update its Purchase Order terms and conditions to reflect the following: • The requirement for the supplier to comply with all legislative requirements • Indemnity/liability provisions • Insurance (minimum public liability indemnity) • Warranty (goods and services) • Any sub-contractor prohibition (no engagement without prior approval of Council)		Purchase Order conditions changed	James Greenfield	Evaluation Undertaken	Draft Report	Final Report Received	C																						
Sector Baseline not achieved	3g		It is recommended that the Council review the application of its Contractor Management processes to ensure that monitoring of contractor work is documented and that there are documented processes in place and applied to review contractor performance post works.	Procurement and WHS will review the current processes and update them in consultation with the relevant stakeholders. It is envisioned that compliance and training will be in conjunction and built into the Procurement processes.		James Greenfield & Lee Merrow	Evaluation Undertaken	Draft Report	Final Report Received																							
				An interim step will be to investigate whether the the Contract Register can be updated to capture some of the required data to record some of the required data.,		James Greefield	Evaluation Undertaken	Draft Report	Final Report Received																							
Event Management																																
Sector Baseline not achieved	ALL		Council to engage LGRS to review current processes via a 'gap analysis' and work with Council to develop a 'Tailored Implementation Plan' (TIP) to meet sector baselines.	COMPLETED		LGRS Consultant	Evaluation Undertaken	Draft Report	Final Report Received				C							Team Not Avabile Major Events	Team Not Avabile Major Events	Team Not Avabile Major Events	Team Not Avabile Major Events	Team Not Avabile Major Events								

Evaluation Score	Risk Evaluation Q or Source	Due	Evaluation Finding	Action Agreed	Progress	Responsible Person	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21		
Sector Baseline not achieved	E2a & E2b INTERNAL EVENT MANAGEMENT & RISK		E2a - The Council does not have systems in place for management of Council organised events ... being applied in a consistent manner. E2b - As identified in E2a the Councils documented systems are focussed on Council permitted events. ... (need) consistent approach to risk management for Council organised events.	Review current "events" and determine what constitutes an event, if they are Council permitted or Council organised. To assist in the direction of what risk management activities should be in place and by whom. (Use Definitions as per Section 3 Festival and Events Policy) Develop a spreadsheet which collates all of above and incorporates an Event Hazard Assessment (Matrix of hazards to determine treatment)	LGRS developing template spreadsheet April. Review with Council and develop Event Hazard Assessment	Events Officer	Evaluation Undertaken	Draft Report	Final Report Received											Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events									
				Develop an internal Event Management Procedure	To be drafted. LGRS to assist. UN on between Festival and Events Policy and admin/functional documents	Events Officer	Evaluation Undertaken	Draft Report	Final Report Received												Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	P							
				Develop an Event Risk Management Plan template	Basic draft exists	Events Officer	Evaluation Undertaken	Draft Report	Final Report Received												Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events								
				Develop an Event Risk Register template	Basic draft exists	Events Officer	Evaluation Undertaken	Draft Report	Final Report Received													Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events							
	E2a & E2b & E2c		E2a E2b E2c - (Need) process to ensure suitability of contractors, and responsibilities (indemnities and insurances) for the risks they manage.	Develop an Internal Events Toolkit incorporating: a) an Internal Event Application Processing checklist to track the key risk management activities (review of risk management plans, emergency management plans, insurances and licenses) b) A process to ensure suitability of contractors, and responsibilities (indemnities and insurances) for the risks they manage	Council drafting internal Events Toolkit based on existing toolkit for external events	Events Officer	Evaluation Undertaken	Draft Report	Final Report Received											Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events									
			E2d - The Council was not able to demonstrate that they have assessed the number of, and skills required for, Council staff and Volunteers working at events.	Develop an Event Staff Resources and Skills Matrix to ensure there are sufficient Council staff and volunteers working at an event and that they possess the skills needed to complete their roles.	Events Officer	Evaluation Undertaken	Draft Report	Final Report Received												Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events					P				
	E2e EMERGENCY MANAGEMENT PLAN		E2e - (Need consistent) emergency management provision for events.	Develop an Event Emergency Management/Response Plan template	Basic draft exists	Events Officer	Evaluation Undertaken	Draft Report	Final Report Received												Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events				P				
	E2f EXTERNAL EVENT MANAGEMENT		E2f - (Need) a consistency to how Council is assessing and permitting ... events.	Develop an External Event Application Processing checklist for Council internal use	To be drafted	Events Officer	Evaluation Undertaken	Draft Report	Final Report Received												Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	P							
				Develop an Event Evaluation and De-Brief Form	To be drafted	Events Officer	Evaluation Undertaken	Draft Report	Final Report Received												Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events					P			
				Develop a Pre - Event / Site Inspections Checklist template	to be drafted	Events Officer	Evaluation Undertaken	Draft Report	Final Report Received												Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events					P			
Tree Management																																	
Sector Baseline Not Yet Met	E4a		It is recommend that the Council consider the development of the operational process documents (guidelines or framework) as described within its Policy, maintenance and inspection programs. These guidance documents will provide transparent processes in relation to the management of trees and will assist in ensuring consistent and risk based determinations	1. Create overarching operational process document	To be started	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received									P	P														
				2. Create detailed operational Arboriculture Standards (what we will and will not do)	Have basic list of standards relating to enquiries, needs more detail and cover off upon all requested actions	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received												P	P											
				3. Create assessment process based upon enquiry type definition (which staff inspect what type of enquiries)	Existing job allocation currently in place. Process and standard of assessment to be written	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received														P	P									
				4. Document job priority definitions (service standards)	Existing framework present including enquiry categories and enquiry response timetrans currently in operation and tabled. Needs to be workhopped as relates to KPI's and resourcing. Need to create definitions around service standards around assessed workflow.	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received																P	P	P	P					
				5. Create an Arboriculture team skills register to establish current staff technical knowledge/ ability base. Including practical skills, Council processes and tree management knowledge. To look for opportunities for knowledge sharing, covering skill shortages	To be started	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received																		P						
				6. Create Arboriculture specific team training/ industry licensing register	Open space existing licencing register present, need Arboriculture specific skills and training not just licences	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received																				P				
Sector Baseline Not Yet Met	E4b		As identified above the Council could benefit from documenting its process in relation to the preventative management of trees.	1. Classify Urban tree population in into SSA categories P1 - P4	SSA Arboriculture log in created with fields set up to map Urban tree population. No data imputed as yet	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received																				P				
				2. Create periodical tree inspection program based upon categories P1 - P4	To be started, can be set up in Confirm, priority and frequency needs to be document	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received																					P			
				3. Document collection process around data collection	Have some existing Confirm process maps, need to document how collection is to be undertaken and interpretation as to field attributes.	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received																						P		
				4. Document tree risk assessment process	TRAQ risk assessment methodology to be documented regarding how AHC records and stores assessment data	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received																							P	
				5. Document AHC assessment of new tree planting locations, genus /species selection and planning process	To be started	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received																						P		
				6. Document Open Spaces DA internal referral assessment processes in line with AS4970-2009	To be started	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received																						P		
				7. Document VTA standards based upon TRAQ levels 1 - 3 and in what circumstances we will implement.	To be started	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received																						P		
Sector Baseline Not Yet Met	E4c		Whilst it is noted that the Sector Baseline has been met for this question there is opportunity to bring together the process of responding to tree request into a documented process (flowchart or operational procedure) This will ensure that there is a consistent systematic approach to this process.	1. Improve workload distribution, individual workload volumes, spread of departmental knowledge, create contingency plan for staff absents. Various 270 reviews have identified extended response times need to be improved to customer requests. Current enquiry response times do not meet existing desirable targets.	To be started	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received																							P	
				2. Document CRM Tree enquiry triaging and officer allocation into Confirm	Have tabled process needs to be documented	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received																							P	
				3. Document processing of Confirm enquiries, note taking, email storage	Have tabled process needs to be documented, written correspondence process needs to be tabled	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received																						P		
				4. Document customer interaction / communication processes, (when we will and will not contact customers / method of contact).	To be started	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received																						P		
				5. Document public notification processes (when we will notify and to whom)	To be started	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received																						P		
				6. Document job creation process, assigning job priority levels, assigning workflow through Confirm	Have tabled process needs to be documented	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received																						P		
				7. Document job progression / job estimation / commitment processes to internal and external contractors	Have tabled process needs to be documented	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received																						P		
	P	Shows when action is planned																															
	C	Shows when a planned action was completed as planned																															
	O	Shows when a planned action was completed but outside of the scheduled completion date (i.e. prior to or after due date)																															

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 25 May 2020
AGENDA BUSINESS ITEM**

Item: 6.8

Responsible Officer: Steven Watson
Governance & Risk Coordinator
Office of the Chief Executive

Subject: Risk Management Plan - Quarterly Update

For: Information

SUMMARY

This report provides the Audit Committee with an update on Risk Management activities including the current status of the Strategic Risk Profile and Management Plan.

In relation to the Strategic Risk assessments, there has been no change to the Inherent, Residual or Target risk ratings for the quarter.

In relation to the implementation of Mitigation Actions to manage the Strategic Risks, the following results have been achieved since the last reporting period:

- Residual Risk: Nil change
- New Mitigation(s): 1 new mitigations identified and 1 mitigation removed
- Completed: 70% (55) is increased with six (6) completed actions
- In Progress: Decrease from 32% to 27%(21)
- Not Commenced: Decrease from 4% to 3%

RECOMMENDATION

The Audit Committee resolves that the report be received and noted.

1. GOVERNANCE

➤ **Strategic Management Plan/Council Policy**

Strategic Plan 2020-24 – A brighter future

Goal 5 A Progressive Organisation

Objective 05 We are accountable, informed, and make decisions in the best interests of the whole community

Priority 05.1 Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations

➤ **Legal Implications**

A number of sections of the *Local Government Act 1999* require councils to identify and manage the risks associated with its functions and activities. Further, s125 requires council to have appropriate internal controls.

Similarly the *Work Health & Safety Act 2012* is structured around the protection of workers and others against harm to their health, safety and welfare through the elimination or minimisation of risk arising from work or specified substances or plant.

➤ **Risk Management Implications**

Improvements in the implementation of the risk management framework will assist in mitigating the risk of:

A lack of effective risk management occurs which leads to greater uncertainty in the achievement of objectives and/or negative outcomes.

Inherent Risk	Residual Risk	Target Risk
Extreme (5C)	Medium (4D)	Medium (4D)

Note that there are many other controls that assist in mitigating this risk.

➤ **Financial and Resource Implications**

While there are no direct financial or resource implications from this report, a number of Strategic Risk Profile and Management Plan treatments are impacted by funding limitations.

➤ **Customer Service and Community/Cultural Implications**

There is a high expectation that Council has appropriate corporate governance processes in place including an effective corporate risk management system.

➤ **Sustainability Implications**

There are no direct sustainability implications arising from this report.

➤ **Engagement/Consultation with Committee, Regional Subsidiary, Advisory Group and Community**

Council Committees: Not Applicable

Council Workshops: Not Applicable

Advisory Groups: Not Applicable

Administration: Director Corporate Services
Director Community Capacity
Director Development & Regulatory Services
Director Infrastructure & Operations
Executive Manager Governance & Performance

Executive Manager Organisational Development
Manager ICT
Manager Waste & Emergency Management
Manager Property Services
Manager Sustainable Assets
Manager Economic Development
Manager Open Space
Senior Strategic & Policy Planner
Procurement Project Officer
Biodiversity Officer

External Agencies: Not Applicable

Community: Not Applicable

2. BACKGROUND

Council's Strategic Risk Profile monitoring and reporting process has been in place since 2014 based on the, then, current Risk Management Policy and the Risk Management Framework.

The allocation of risk owners has been reviewed over time due to changes in the portfolio allocation within the Administration. The current allocations have been in place since May 2017.

Reports on the Strategic Risk Profile have been provided to the Audit Committee and subsequently Council on a quarterly basis since February 2016.

At its 13 May 2019 meeting, the Committee reviewed the Risk Management Policy and noted that only minor nomenclature changes were required, prior to recommending it for Council's consideration.

Council adopted the revised Policy at its 28 May 2019 meeting.

Additionally an extract of the Strategic Risk Register is usually provided to the Committee and Council, at its 13 May 2019 meeting the Committee requested that the full Register be provided for the Committee's review. As was noted at the time, the full Register is quite large and therefore difficult to produce in a comprehensible form, nevertheless it is at **Appendix 1**.

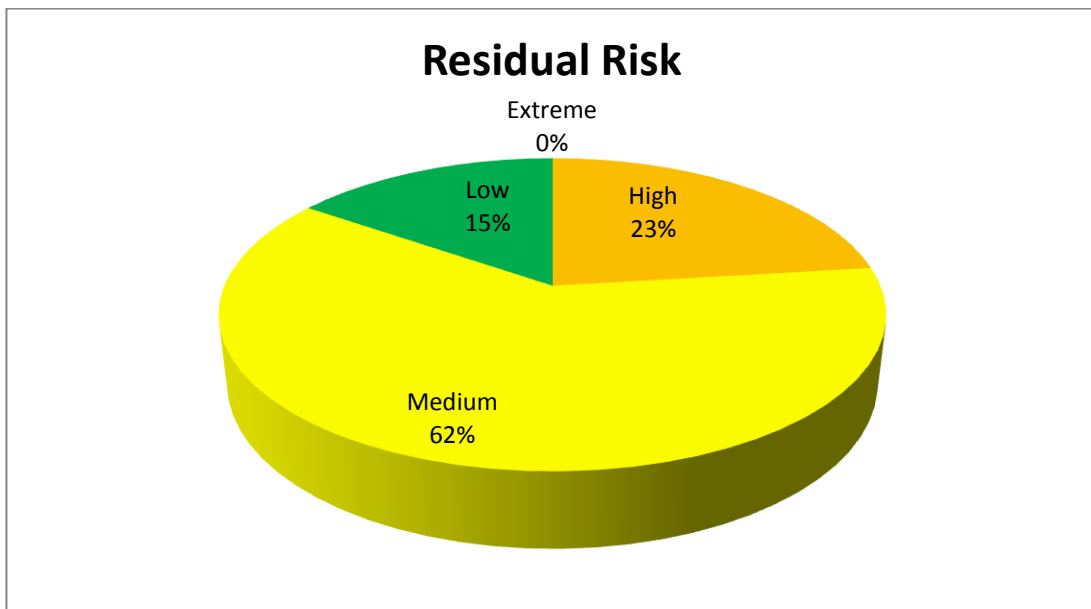
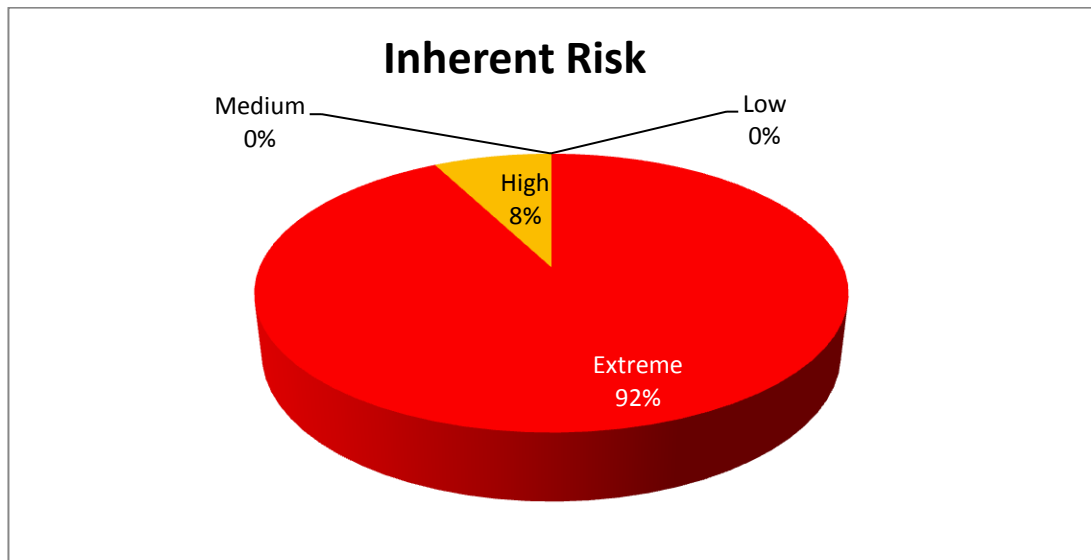
3. ANALYSIS

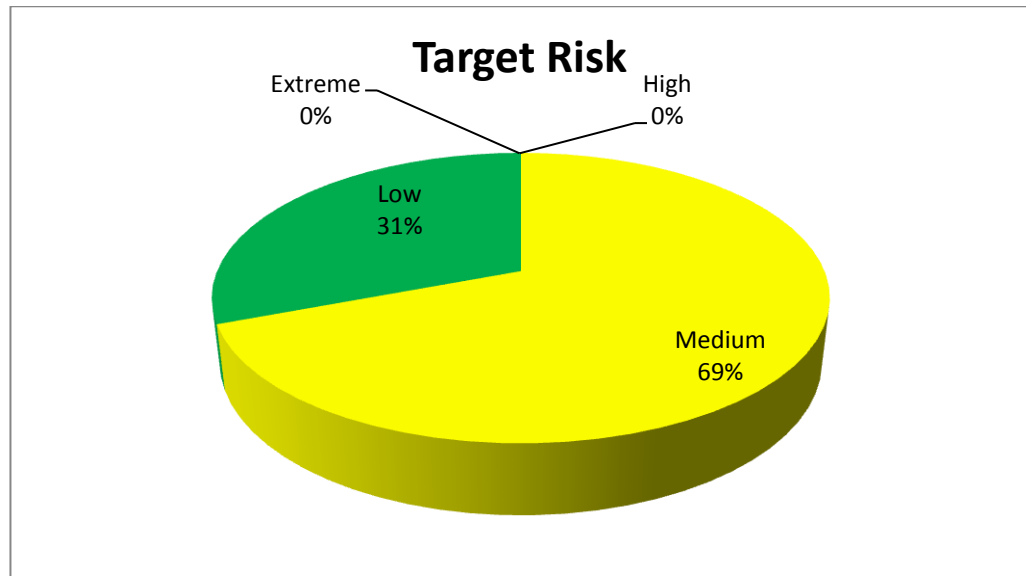
Strategic Risk Profile

The Strategic Risks are regularly reviewed by the risk owners responding to triggers in the risk environment, changes in causation or impact, changes in the control environment and on the completion of mitigation actions (which then form part of the control environment) which collectively can impact the likelihood and/or consequence of the risk.

The Strategic Risks were recently reassessed and the following diagrams depict the Inherent, Residual and Target ratings. There has been no change to the Inherent or Target risk ratings from the February 2020 assessment.

There has been no change in the Residual Risk rating for the reporting period. Whilst this may be problematic if the risk were not being reviewed, officers regularly review their risks and mitigations, although the Residual Risk rating identifies no change for the reporting period.

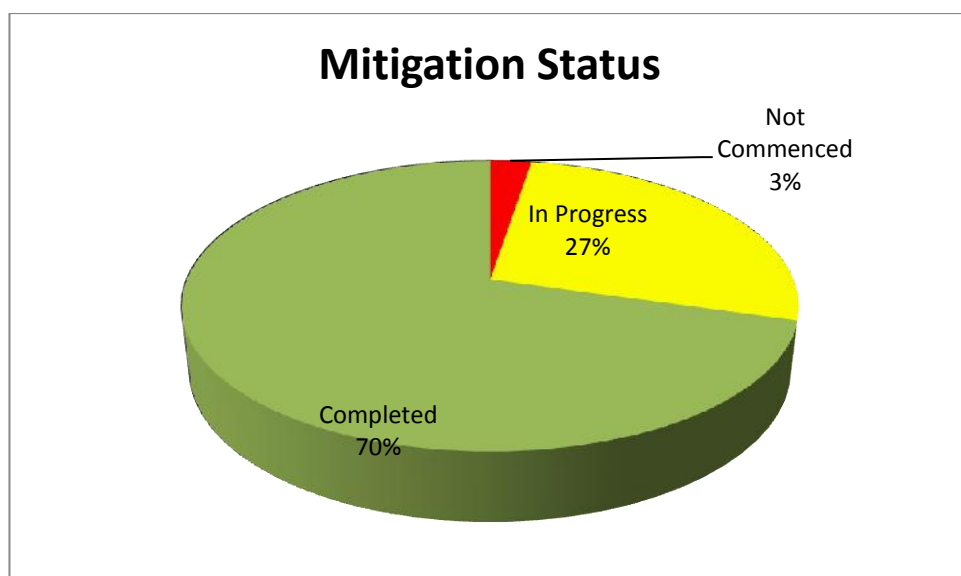




The implementation of Mitigation Actions has been progressing steadily. The current status is:

Status	August 2019	November 2019	February 2020	May 2020
Completed	61% (48 actions)	65% (50 actions)	64% (50 actions)	70% (55 actions)
In Progress	37% (29 actions)	32% (25 actions)	32% (25 actions)	27% (21 actions)
Not Commenced	2% (2 actions)	3% (2 actions)	4% (3 actions)	3% (2 actions)
New Initiatives (in above totals)	Nil actions	Nil actions	Nil actions	1 New Mitigation

This is shown diagrammatically below:



4. OPTIONS

The Audit Committee has the following options:

- I. To note the update on the Strategic Risk Profile as presented (recommended),
- II. To determine not to note either or both updates and/or identify additional actions to be undertaken.

5. APPENDICES

- (1) Strategic Risk Register

Appendix 1

Strategic Risk Register

Work unit/activity being assessed: AHC Strategic Risk Assessment										Assessment conducted by: ELT				Assessment date: 13/5/20												
Context: To conduct a strategic risk assessment for the Adelaide Hills Council focusing on the function of the Council under the Local Government Act 1999.																										
Section 1: Risk Identification								Section 2: Inherent Risk				Section 3: Controls		Section 4: Residual Risk		Section 5: Risk Evaluation			Section 6: Risk Mitigation							
No	Risk Statement (use the situation-consequence technique)	Causes & Impact	Risk Owner	Category	Consequence	Likelihood	Risk Rating	Details	Effectiveness	Consequence	Likelihood	Risk Rating	Date of assessment	Mitigation actions required (According to Risk Management Framework)	Next assessment no later than	Mitigation Number	Mitigation Action	Responsible Officer	Original Due Date	Progress	Status Comment	Move to controls (Y/N)	Revised Due Date	Target Rating		
Example	IT server failure leading to inability to provide service to customers	Cause: Power surge, virus, malfunction Impact: Inability to access corporate information or undertake processing	Manager ICT	Service Continuity	Major	Unlikely	High (18)	Virus scanning, surge protectors	Good	Minor	Possible	Medium (12)	1/03/14	Minimum biannual assessment of residual risk required or when causes or controls change or	28/08/14		Install parallel servers	Manager ICT	30/04/14					Low		
1	Failure to plan at the local and regional level for the future development and future requirements of the area. (F)	Cause: - Poor understanding of development, infrastructure, population, transport, demographics and trends - Ineffective liaison with state and federal planning and development agencies. - Unresponsive Development Plan that inappropriately restricts development opportunities & results in poor development outcomes. - Ineffective strategies to enhance and conserve character areas and iconic sites. - Poor place making strategies. - Deficient planning and building rules consent practices. - Ineffective infrastructure planning processes. - Lack of appropriately trained and experienced staff. - Poor business planning and budgeting processes to allocate sufficient resources to functions. Impact: - Poor planning & development outcomes, ad hoc & reactionary planning, unresponsive approaches to addressing community needs and trends - Uncoordinated approaches to infrastructure provision, lack of partnership & funding arrangements, lack of collaborative & mutually beneficial outcomes for community, Council and State Govt., duplication of services & resources - Disempowered community with poor and inefficient use of public spaces - Dysfunctional organisation with a poor reputation resulting in community dissatisfaction with level and type of service provision resulting in a Council regime change - Non-compliant with legislative responsibilities resulting in considerable liability exposure - Inconsistent and misdirected operations and service provision	Director Development & Regulatory Services	Corporate Objectives	Major	Likely	Extreme (48)	- Development Policy Planning function in place to monitor, analyse and advise - Program of conversion of Development Plan into the Planning & Design Code established - Up to date Development Plan in place - Privately funded DPA and other development-related policies in place - Participation in relevant forums with State & Federal Govt and other stakeholder groups regarding any changes to development policy - Undertake responsibilities outlined in the Collaborative Work Plan between DPTI and Council regarding transitioning to the new Planning, Development & Infrastructure (PDI) Act 2016 - Transition the and amend where required the Council's Development Plan to the Planning & Design Code over the next 3 years in accordance with the PDI Act - Precinct Planning Framework and expertise in place - Skilled and experienced planning, building, infrastructure, sport & recreation planning, community development and economic development teams in place - Community engagement and consultation methodologies in place to accord with the Community Engagement Charter - Relevant development assessment staff and CAP members accredited in accordance with the State's Accreditation Scheme - 4x8 processes identifying training and development needs - Development and PDI Act delegations and sub-delegations - CAP in place and functioning - Adopted District Master Plan in place - Regional Climate Change Adaptation Plan - Resilient Hills and Coast - Completion of outstanding Development Plan Amendment (i.e. the Local Heritage DPA)	Good	Minor	Unlikely	Low (20)	31/10/18	Minimum annual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	31/10/19	1	Rollout of Precinct Planning methodologies as projects are identified	Director i&O	Ongoing	COMPLETE	COMPLETED. Rolled out Uraidia & Gumeracha project. Place Making Group established to identify and roll out future projects	Y	NA			
																2	Progression of outstanding DPA: Local Heritage (Stage 1 DPA) to be lodged with the Minister for approval in May 2018	Senior Strategic & Policy Planner	28/2/16	COMPLETE	COMPLETED. DPA approved by SPDOC on 14 August 2018 and with the Minister for Planning for approval. Response received from Minister on 9 April 2019 and minor suggested amendments requested. These were adopted at a Special SPDOC meeting on 14 May 2019 and the DPA was sent back to the Minister on 16 May 2019.	Y	30/11/18			
																3	Implementation of Planning, Development & Infrastructure Act reforms	Manager Development Services Senior Strategic & Policy Planner	31/07/20	IN PROGRESS	IN PROGRESS: The PDI Act being rolled out in stages and to be fully operational by July 2020. A Collaborative Work Plan between DPTI & Council has been executed. Ongoing transition to the new legislation will continue over the next 18 months	N	1/07/20			
																4	Transition of Development Plan into the new Planning & Design Code	Senior Strategic & Policy Planner	31/07/20	IN PROGRESS	IN PROGRESS: Changes to the Rural Planning Policy to be incorporated into development of Planning & Design Code. Entire Development Plan to be transitioned into the aforementioned Code by July 2020. Phase 3 of the Code is expected to be available from DPTI for review in October 2019 at which time a workshops with Council Members will occur	N	1/07/20			
																5	Asset Management Planning - renewal and future requirements	Director i&O	30/06/16	IN PROGRESS	IN PROGRESS. Asset Management Plan reviews underway, and ongoing	Y	Ongoing			
																6	Regional Climate Change Adaptation Plan - Resilient Hills and Coast	Director i&O	31/12/21	COMPLETE	COMPLETED. Plan endorsed by Council 27/09/16	Y	NA			
2	Failure to deliver projects, programs and services in accordance with plans (time, budget, quality)	Causes: - Ineffective Budget Bid process (ineffective cost estimates preparation; possible lack of understanding of budget and budget process; - Unrealistic timeframes e.g. 12 months for design, consultation and delivery; Change or poorly defined scope; Inadequate specifications and documentation and design; Lack of stakeholder engagement. - Lack of effective consistent project management methodologies - Unforeseen weather and climate conditions, Lack of appropriate plant and equipment, - Poor contractor management, - Lack of resources (Lack of adequate skilled resources; Loss of key staff.) - Change in government legislation or policy, - Reduction in grant funding, - Lack of scheduled maintenance - Unclear Service ranges and levels Impact: - Cost of projects escalates, unbudgeted spending, impacts on delivery of the projects - Damage to Council reputation - Outcomes of the project delivered fails to meet community's expectations - Weaknesses in infrastructure necessitating increased maintenance	Director Infrastructure & Ops	Finance & Assets	Major	Unlikely	Extreme (48)	- Monthly capital reports from finance - Regular team meetings with project updates - Quarterly budget review process - 3 Year Capital Program - Procurement policy - Process and qualified staff/teams - Project reporting process - Panel contractors - Legislation and policy - KPI monitoring and reporting - Financial Reporting	Marginal	Moderate	Possible	Medium (30)	31/10/18	Minimum biannual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	27/07/16	1	Project Management a) Implementation of Project management framework. A trial with Built and Natural Assets is underway since 1/7/15. A review was undertaken in 2016 to assess and refine framework. Further review required now that Manager Civil Services appointed b) Process to audit and check project management. c) Implementation of scheduled program maintenance,	Director i&O	30/06/16	IN PROGRESS	IN PROGRESS. Project Management Documentation now being developed in partnership with external expertise.	Y	30/06/20			
																2	Refine the budget bid process to ensure that sufficient time is allocated to cost budget submissions and also timing recognising that some projects will need to span across multiple years due to lead times associated with planning, consultation and approvals. Action: develop a budget bid database with a two stage process by 30/3/2016	Director i&O	30/01/16	COMPLETE	COMPLETED. Initial 3 year program developed for 2017/18 ABP.	Y	NA			
																3	Start to promote multiple year project planning in line with Asset Management Planning	Director i&O	30/06/16	COMPLETE	COMPLETED. 3 Year Capital Program has been established, which help to achieve this goal.	Y	NA			
																4	Develop process in conjunction with Organisational Development to transfer knowledge once an employee has notified intent to leave the organisation (i.e. to capture staff knowledge with consideration of succession planning and transition to retirement)	Director i&O	30/09/16	IN PROGRESS	IN PROGRESS. Process development underway, however progress has stalled due to other delivery priorities. Looking to reinvest in this process development over the coming months.	N	30/12/20			

Section 1: Risk Identification			Section 2: Inherent Risk				Section 3: Controls				Section 4: Residual Risk				Section 5: Risk Evaluation				Section 6: Risk Mitigation															
No	Risk Statement (use the situation-consequence technique)	Causes & Impact	Risk Owner	Category	Consequence	Unlikelihood	Risk Rating	Details	Effectiveness	Consequence	Unlikelihood	Risk Rating	Date of assessment	Mitigation actions required (According to Risk Management Framework)	Next assessment no later than	Mitigation Number	Mitigation Action	Responsible Officer	Original Due Date	Progress	Status Comment	Move to controls (Y/N)	Revised Due Date	Target Rating										
																5	Amend LTPF and budget processes to capture all Strategic and Functional Strategy funding requirements.	Manager Financial Services	30/06/18	COMPLETE	COMPLETED- 2018/19 & 2019/20 Budgets adopted based on a revised LTPF that captured all Strategic and Functional Strategies.	Y	NA											
3	Failure to provide for the welfare, well-being and interests of the community (F)	<p>Cause:</p> <ul style="list-style-type: none">- Ineffective public health programs (food, immunisation, waste water)- Ineffective community development programs- Failure to identify and respond to key community issues- Poor understanding of cultural and diversity issues in community.- Lack of effective active and passive recreation participation strategies.- Ineffective strategies to work with vulnerable members of the community.- Inappropriate behaviour of community facility users.- Unaffordable rates, fees and charges- Ineffective regulatory services activities (including management of dogs, noise, parking)- Poor facilities <p>Impact:</p> <ul style="list-style-type: none">- Food poisoning, insanitary conditions, etc.- Decreased wellbeing and an over-reliance on social support- Loss of faith in Council's ability to meet community needs- Inability for people from diverse backgrounds to live/participate in the community- Decreased health and wellbeing across the community- Inability/difficulty for people of all socioeconomic backgrounds to live in the district- cultural disrespect	Director Community Capacity	Community, Social & recreational	Major	Likely	Extreme (E8)	<ul style="list-style-type: none">- Well resourced department, with qualified staff making informed and evidence based decisions.- Regulatory responsibilities that incorporate inspection regimes, education and prosecution where necessary within a highly regulated environment.- Existence of Community Strategy - with identified community needs, gaps in service provision and reprioritised our CD efforts. Adopted June 2015.- Mandated 4-yearly development of strategic plan, incorporating community engagement, ensures effort is made periodically to understand issues important to the community.- Community engagement policy and other relevant policies- Regular satisfaction surveys and program evaluations.- Communicate with empathy, regular informal contact with the community.- Local engagement via Community Centres is occurring with cultural groups.- Ad-hoc engagement on an as-needs basis.- Development of the Reconciliation Action Plan (2015).- Disability Action Plan (2011), Age Friendly Community Plan (2017)- Staff cultural awareness training.- Recreation and Open Space Planner position created in early 2016.- New Sport & Recreation Strategy was developed and adopted in Oct 2016.- Services currently being provided for vulnerable individuals including in-home support, centre based programs, events, support activities and advocacy.- Codes of conduct in place in some programs/services.- LTPF with sustainable and reasonable rates growth profile. Annual review process for fees and charges incorporates review by Exec and Council Members to ensure control. Internal efficiency improvement program aims to keep costs down.- Volunteer Management Policy and Strategy. Well established and funded volunteer based programs. Little reliance on external funding.- Safe Environments Policy has been adopted. AHC is now registered on the DCSI system for suitability for work screening and all existing staff in prescribed positions have now been checked.	Marginal	Moderate	Unlikely	Medium (D)	9/02/20	Minimum biannual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	7/08/20	1	Community Cultural Development Officer to develop Cultural Development principles and framework	Manager Community Development	31/12/16	IN PROGRESS	The proposed action is under review as the latest risk review has questioned whether or not this action is necessary to achieve the target risk.	N	31/03/20											
																6	Review facility management arrangements. Develop a more consistent approach to community facility users conduct across the various program areas.	Manager Property	31/12/16	IN PROGRESS	IN PROGRESS. New legislation has recently passed parliament, and we await Ministerial Guidelines under that legislation, which will define the requirements for Council Disability Inclusion Action Plans.	N	30/06/20	Medium										
		<p>Cause:</p> <ul style="list-style-type: none">- Poor fire prevention initiatives- Poor flood protection initiatives- Poor wind protection initiatives- Ineffective emergency management regimes- Ineffective asset maintenance and replacement plans and programs- Lack of participation in regional emergency		inf				<ul style="list-style-type: none">- Participation in regional EM arrangements through the ZIMC, and the AMLRBMC and cooperation with other councils and agencies re EM- Provision of assistance to control agencies and the community to respond to emergency incidents as they arise and work with local units to resolve localised issues relating to EM.- Provision of assistance to the community and to relevant government and non-government agencies assist recovery from emergencies.- Contribute to, support and participate in community education programs including the SES Flood Safe Program, Red Cross REDIPlan program and CS Community Fire Safety Meetings.- Ongoing replacement and maintenance of Council's infrastructure through implementation of Council's AMP and proactive and reactive								1	Development of new Emergency Management Plan.	Mgr Waste & EM	31/12/17	IN PROGRESS	EM Framework endorsed by ELT 14/2/17, EM responsibility now transferred to Infrastructure & Operations. Project timeframes to be reviewed. Update 02/10/19 - Draft Emergency Management Plan completed. Draft Incident Operations Manual (formerly within the Emergency Management Plan) to be considered for endorsement by ELT 3 October 2019. Council to participate in LGA Council Ready Program to complete Emergency Management Plan by September 2020 based on a risk assessment process. Update 07/11/19 - ELT formally resolved to commit to LGA Council Ready Program, scheduling of initial risk assessment workshop set for 9/12/19. Incident Operations Manual adopted by ELT 3 October and is currently being implemented. Update 29/01/20 Lessons learnt from Cadlee Creek fire to be identified in an After Action Review scheduled 4 February 2020 and incorporated into the Incident Operations Manual. Emergency Management Plan development timeframes may need to be reviewed as priority is on updating the Incident Operations Manual.	N	31/08/20											
																2	Commit to a Responda emergency response framework.	Ex Mgr Gov Perf	19/01/16	COMPLETE	Council is now part of this program. Its plan to be transferred to contemporary standard. Anticipated to be complete by 31/12/19.	Done	NA											

Section 1: Risk Identification			Section 2: Inherent Risk				Section 3: Controls		Section 4: Residual Risk				Section 5: Risk Evaluation		Section 6: Risk Mitigation									
No	Risk Statement (use the situation-consequence technique)	Causes & Impact	Risk Owner	Category	Consequence	Use/hood	Risk Rating	Details	Effectiveness	Consequence	Use/hood	Risk Rating	Date of assessment	Mitigation actions required (According to Risk Management Framework)	Next assessment no later than	Mitigation Number	Mitigation Action	Responsible Officer	Original Due Date	Progress	Status Comment	Move to controls (Y/N)	Revised Due Date	Target Rating
4	Failure to take measures to protect the community from natural and other hazards (F)	<ul style="list-style-type: none">- Non-compliance with legislation- Insufficient budget- Ineffective planning and preparations Impact: <ul style="list-style-type: none">- Significant property loss and damage- Loss of life, injury- Reputational damage- Exposure to liability and penalty- Loss of community normality- Council services stretched and some services may not be fully operational- Loss or damage of public and private infrastructure- Environmental and biodiversity impacts	Director Infrastructure & Ops	Community, Social & regulatory	Catastrophic	Likely	Extreme (99)	<p>infrastructure (including Flood Plain Modelling), fire track maintenance and street sweeping program.</p> <ul style="list-style-type: none">- Ongoing fuel reduction programs on high risk Council owned land including woody weed control, slashing and maintenance of asset protection zones.- Ensure ongoing compliance with the F&ES Act 2005 including annual property inspections to ensure community compliance with requirements of the Act, respond to breaches of the Act as they arise, ongoing appointment of Fire Prevention Officers pursuant with requirements of the Act and provide advice to residents on bushfire prevention and mitigation.- Ongoing implementation of tree maintenance programs including the monitoring and maintenance of high risk trees and undertaking reactive tree pruning and removal of high risk trees minimising failure in windy conditions. Commencement of Zone-based Preventative Maintenance Program, Bushfire Mitigation Operational Committee <ul style="list-style-type: none">- Response process and trained staff- Establishment of EM function in Infrastructure & Operations Directorate	Good	Major	Unlikely	Medium (40)	5/11/19	Minimum biannual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	3/05/20	3	Develop Emergency Management Team for ongoing development and review of Council's EM processes relating to emergencies that occur external to the organisation (not WHS emergency management)	Mgr Waste & EM	31/12/16	COMPLETE	To be developed under EM Framework. Update 05/08/19 - Draft Incident Operations Manual 95% complete. This document will be used with the draft Emergency Management Plan to plan, prepare, respond and recover from emergency events. Anticipated to be completed by 30 November 2019. Update 02/10/19 - Draft Incident Operations Manual to be considered by ELT for endorsement on 3 October 2019. Update 07/11/19 - Incident Operations Manual adopted by ELT 3 October 2019 including establishment of an Incident Management Team completing this action.	N	NA	Medium
																4	Research the establishment of a dedicated EM role (temporary/permanent)	Exec Mgr Gov & Risk	31/03/16	COMPLETE		Done	NA	
																5	Establish Zone-based Preventative Maintenance Program	Mgs Open Space & Civil Works	1/02/16	COMPLETE	Zone program established	Done	NA	
																6	Review bushfire prevention and mitigation arrangements	Mgs Open Space and Team Leader Regulatory Service	30/06/17	COMPLETE	Structure in place	Done	NA	
5	Failure to manage, develop, protect, restore, enhance and conserve the environment in an ecologically sustainable manner and to improve amenity. (F)	Cause: <ul style="list-style-type: none">- Lack of understanding of biodiversity.- Inadequate planning controls,- Lack of specific skill and knowledge of natural environment,- Insufficient budget,- Lack of internal coordination in project delivery,- Inadequate emergency response to environmental hazard,- Lack of longitudinal planning and service delivery, difficulty of meeting varying community expectation,- Ineffective natural resource management strategies and processes.- Poor environmental management practices,- Illegal dumping Impact: <ul style="list-style-type: none">- Damage to local environment- Financial - restoration of failure to act (fines plus the works to restore)- Reputational damage- Impact on human health and wellbeing due to the loss of visual amenity and ability to interact with nature- Local amenity not maximised- Health and economic impacts due to climate change- Failure to meet stakeholder expectation	Director Infrastructure & Ops	Environment	Catastrophic	Possible	Extreme (99)	<ul style="list-style-type: none">- Biodiversity Strategy,- Water Management Plan- Biodiversity Advisory Group and Sustainability Advisory Group- Trained & qualified staff- Safe working procedures- Blue Marker sites- Spill kits- SDS- Customer request system for reporting to us- Machinery hygiene- Development Plan	Good	Catastrophic	Unlikely	High (50)	31/10/18	Minimum quarterly assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan required.	29/01/19	1	Water Resources strategy to be developed	Sustainability Officer		COMPLETE	Water Management Plan endorsed by Council 13 December 2016.	Done	NA	
																2	Project Management framework (see action above)	Director I&O		IN PROGRESS		N	30/06/20	
																3	Implementation plan for the Biodiversity Strategy to be developed; interim review of Strategy	Biodiversity Officer		COMPLETE	Biodiversity Strategy endorsed by Council on 24/9/2019. Implementation plan for the Biodiversity Strategy complete.	N	NA	
																4	Ensure adequate budget and human resources are allocated to the priority strategies articulated in the Biodiversity Strategy's implementation Plan	Director I&O		COMPLETE	Implementation plan for the Biodiversity Strategy complete. The plan informs Annual Programming and LTFP.	Done	NA	
																5	Establish a program to review the safe operating procedures to ensure that they incorporate contemporary management techniques to minimise environmental impacts.	Manager Open Space		COMPLETE	Budget Bids to support this years program were included in the 2018-19 Annual Business Plan and Budget Process.	N	N/A	
																6	Expansion of Blue Marker Sites	Manager Open Space	30/10/16	COMPLETE		Done	NA	
6	Failure to provide appropriate infrastructure for the community (F)	Cause: <ul style="list-style-type: none">- Ageing infrastructure in need of renewal to remain fit for purpose and/or comply with legislation- Poor asset management regimes (data, revets)- Ineffective maintenance regimes- Leaseholders conducting works outside of contractual/legislative obligations.- Duplication or gaps in infrastructure provision to communities.- Lack of understanding community needs and trends Impact: <ul style="list-style-type: none">- Increased cost to maintain infrastructure- Reduced confidence in Council by the community- Increased risks to staff and community when utilising facilities- Disadvantage to AHC community over that of other areas- Negative impact on community wellbeing	Director Infrastructure & Ops	Corporate Objectives	Major	Likely	Extreme (99)	<ul style="list-style-type: none">- Current Asset Management Plans for key asset categories- Long Term Financial Plan that captures the Strategic Plan and Asset Management Plans- Endorsed annual budget for maintenance program (all asset categories)- Annual Business Plan & Budget consultation undertaken- Customer Survey undertaken- Asset condition audits undertaken cyclically- Asset management system in place (Conquest)- Building inspections (last done 2013)- Compliance audits for buildings as per legislation- Customer request system captures community concerns/issues- Sport and Recreation Strategy- Bike Strategy- Preventative Maintenance regime	Good	Moderate	Possible	Medium (30)	2/10/19	Minimum biannual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	30/03/20	1	Update asset management plans as per cycle (and LTFP)	Mgr Sustainable Assets for Infrastructure and Strategic Property Officer for Land and Buildings	31/12/16	IN PROGRESS	Draft Transportation AMP prepared to go to Audit Committee and Council first half of 2020. 80% of assets in enterprise system - stormwater and kerb remain to be transitioned. AMS System purchased. Implementation is progressing well, with Playground assets loaded, training of internal and field staff underway, and Business Process Reviews for key asset classes also underway.	N	Ongoing	
																2	Preventative Maintenance regime developed	Mgr Sustainable Assets for Infrastructure and Strategic Property Officer for Land and Buildings	1/01/17	COMPLETE		Done	NA	
																3	Establish service levels in consultation with community	Mgr Sustainable Assets for Infrastructure and Strategic Property Officer for Land and Buildings	1/03/16	IN PROGRESS	Updated to CRM response times completed. Levels of service refinements required as part of AMP reviews.	N	31/12/20	
																4	Establish cycle for condition audits and monitor (incl buildings)	Mgr Sustainable Assets for Infrastructure and Strategic Property Officer for Land and Buildings	31/12/16	IN PROGRESS	Condition audits identified in AMP and new system implementation and set up has delayed some condition auditing. Limited progress, though strategic property review commenced	N	30/06/18	
																5	Develop Bike Strategy to identify infrastructure requirements	Mgr Sustainable Assets for Infrastructure and Strategic Property Officer for Land and Buildings	1/01/17	COMPLETE	To Council Oct 16 - completed	Done	NA	

Section 1: Risk Identification				Section 2: Inherent Risk				Section 3: Controls				Section 4: Residual Risk				Section 5: Risk Evaluation				Section 6: Risk Mitigation						
No	Risk Statement (use the situation-consequence technique)	Causes & Impact	Risk Owner	Category	Consequence	Likelihood	Risk Rating	Details	Effectiveness	Consequence	Likelihood	Risk Rating	Date of assessment	Mitigation actions required (According to Risk Management Framework)	Next assessment no later than	Mitigation Number	Mitigation Action	Responsible Officer	Original Due Date	Progress	Status Comment	Move to controls (Y/N)	Revised Due Date	Target Rating		
																		Mgr Sustainable Assets for Infrastructure and Strategic Property Officer for Land and Buildings	1/03/16	COMPLETE	Strategy completed and infrastructure requirements linked to Strategic Property Review. LTPP now capturing ongoing investment.	Done	NA			
7	Failure to promote the Council area and provide an attractive climate and locations for the development of business, commerce, industry and tourism (F)	<p>Cause:</p> <ul style="list-style-type: none">- Dysfunctional local economy, loss of jobs, loss of basic retail and service functions- Poor engagement with business community, leading to relative disadvantage for business community- Lack of understanding of economic drivers, leading to potential wasted allocation of effort, stagnation of effort, and/or perception of Council being out of touch with business community.- Inappropriate infrastructure in industrial precincts or nodes, placing barriers on development of industrial precincts.- Lack of understanding of tourism demand, leading to potential wasted effort, stagnation of effort, and/or perception that the Council is unable/willing to support the tourism sector.- Poor support of tourism and business associations, leading to fragmentation of effort and dis cohesive strategies.- Unresponsive Development Plan that inappropriately restricts development opportunities & results in poor development outcomes. <p>Impact:</p> <ul style="list-style-type: none">-- Loss of local jobs-- Loss of basic local retail and service businesses-- Devaluation of local residential and commercial property-- Rise in social problems deriving from a declining economy- The community procures goods outside of the area as business not vibrant and meeting local requirements	Director Community Capacity	Economic	Moderate	Likely	High (3H)	<p>Economic Development Strategy (EDS); Economic Development Officer appointed Dec 2015; Implementation plan approved Mar 2016; active and positive engagement with local business communities, integrated approach to creating a diverse and sustainable economy across the District, resources to provide required implementation of the EDS.</p> <p>EDS addresses need to work actively with business groups and associations, resources (such a business contact database) provided to interact and network on a consistent basis. Consistent framework for effective interaction.</p> <p>Ad-hoc engagement on an as-needs basis. Advisory Group exists for Primary Production. Higher level engagement occurs with one business association. Some engagement has occurred with industry reps and DPTI regarding specific transport issues.</p> <p>Council partners with DC Mt Barker, RDA and SATC to run Adelaide Hills Tourism, which is designed to help providers understand and leverage tourism opportunities.</p> <p>Support for AHT is high, but support for business associations is low.</p> <p>Adelaide Hills Council Economic Profile Sept 2014.</p> <p>Annual subscription to economy id.</p> <p>Business contact database</p> <p>Involvement in place making initiatives</p>	Marginal	Moderate	Likely	High (3H)	5/08/19	Minimum quarterly assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan required.	3/11/19	6	Revise Sport and Recreation Strategy to identify infrastructure requirements	Director Development & Regulatory Services	31/03/16	COMPLETE	Strategy completed and infrastructure requirements linked to Strategic Property Review. LTPP now capturing ongoing investment.	Done	30/12/19			
																	1	Implementation Plan for EDS finalised and approved Mar 2016	Director Development & Regulatory Services	31/12/16	COMPLETE		Done	30/12/19		
																	2	Identify significant economic infrastructure issues and opportunities	Director Development & Regulatory Services	31/12/16	COMPLETE	Currently working with key stakeholders to progress two major transport routes - b-double access to Lobethal and Northern Freight Train Bypass	Done	30/12/19		
																	3	Assess effectiveness of key points of AHC engagement with community	Director Development & Regulatory Services	1/07/16	COMPLETE	Ongoing through role of Community Engagement Coordinator, more recently through the introduction of online engagement tool	N	30/12/19		
																	4	Active and positive engagement with local business communities	Manager Economic Development	1/07/16	COMPLETE	Ongoing role of MED	Done	30/12/19		
																	5	Encourage an integrated and coordinated approach across all levels of govt to create a diverse and sustainable economy across the District	Manager Economic Development	31/10/16	COMPLETE	Actively developing and maintaining relationships with relevant State and Commonwealth Govt agencies	Done	30/12/19		
																	6	Work actively with business groups and associations, providing resources to interact and network on a consistent basis. Key role for EDO	Manager Economic Development	31/12/16	COMPLETE	The Manager ED is actively building relationships with existing business associations and working with communities that currently do not have business groups (e.g. Gumeracha, Northern Hills, Lobethal) to explore the benefits	Done	30/12/19	Low	
																	7	Assess effectiveness of key points of engagement with community e.g. website, contact centre, development approval process, waste, health and regulatory services	Manager Economic Development	31/12/16	IN PROGRESS	Quarterly e-newsletters distributed to more than 6,000 registered ABNs in the region. Mostly achieving above industry standards with at least 30% open rate and over 10% click rate.	N	30/12/20		
																	8	Develop business contact database	Manager Economic Development	31/12/16	COMPLETE		Done	30/12/19		
																	9	Identify significant organisations, roles and skillsets within region	Manager Economic Development	31/12/16	COMPLETE	Relationships with key contacts with business and industry organisations being regularly maintained and developed by the MED	Done	30/12/19		
																	10	Improve partnership with DC Mt Barker and SATC to assist Adelaide Hills Tourism leverage tourism opportunities	Manager Economic Development	31/12/16	COMPLETE	MED active committee member of Adelaide Hills Tourism (AHT) and Visitor Information Servicing Group	Done	30/12/19		
																	11	Improve engagement with local business associations	Manager Economic Development	31/12/16	COMPLETE	Regular communication established with SBA and WCA	Done	30/12/19		
																	12	Undertake precinct planning/placemaking, with consideration of triple bottom line (As appropriate)	Manager Economic Development	31/12/16	COMPLETE	The MED is a member of Council's Placemaking group to ensure a coordinated approach	Done	30/12/19		
8	Failure to manage and develop public areas vested in, or occupied by the Council (F)	<p>Cause:</p> <ul style="list-style-type: none">- Lack of strategic and operational processes to manage Council's property portfolio.- Poor sports, recreation and open space management practices.- Physical hazards to users (trips, slips, debris, falling items)- Poor climate adaptation regimes <p>Impact:</p> <ul style="list-style-type: none">- Increased cost to maintain infrastructure- Reduced confidence in Council by the community- Increased risks to staff and community when utilising facilities- Disadvantage to AHC community over that of other areas- Negative impact on community wellbeing	Director Corporate Services	Community, Social & regulatory	Major	Almost Certain	Extreme (4E)	<ul style="list-style-type: none">-Community Land Management Plans updated 2019- Asset Management Plans developed for property assets- Annual budget developed to include mtrc funding- Strategic Plan that captures community facilities and open space- Recreation and Open Space Plan adopted by Council- High risk / high use assets (e.g. playground equipment) inspected as per established regime- High risk tree audit plan established- Lease and licence arrangements in place for occupiers of council facilities- Maintenance regime in place for all reserves and buildings- Customer request system in place- Rec and Open space planner employed- Reviewed Property Function and Manager Property employed- Sport and Recreation Strategy endorsed by Council- Community Facilities and Recreation Framework Working Group established.	Marginal	Moderate	Possible	Medium (3C)	14/05/20	Minimum biannual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	14/11/20	1	Update Community Land Management Plans	Manager Property	31/12/06	COMPLETE	Action Plan endorsed by Council that included a review of the Community Land Mgt Plans. Review commenced and workshop presented to Council in Jan 2019. Draft Plans presented to Council 27 July 2019 and endorsed for Community Consultation. Consultation subsequently completed and updated CLMPOs adopted.	Y	N/A			
																	2	Programmed maintenance regime to be developed (land and buildings)	Mgr Civil Services Mgr Open Space/ Mgr Property	31/12/16	IN PROGRESS	Strategic Property Review endorsed by Council. Programmed maintenance schedules developed in Open Space and Civil Services areas. Building maintenance schedule being developed as part of Facility Framework, service standards to be developed	N	31/12/21	Medium	
																	3	Review of Crown Land under care and control of Council	Manager Property	31/12/19	IN PROGRESS	Detailed assessment of all land parcels undertaken and workshop and report provided to Council. Preliminary consultation completed in relation to potential land parcels to hand back to the Crown. Revocation of community land classification commenced and final community consultation to be undertaken in 2020.	N	31/12/20		

AUDIT COMMITTEE
MAY 2020

Section 1: Risk Identification				Section 2: Inherent Risk				Section 3: Controls				Section 4: Residual Risk				Section 5: Risk Evaluation				Section 6: Risk Mitigation							
No	Risk Statement (use the situation-consequence technique)	Causes & Impact	Risk Owner	Category	Consequence	Likelihood	Risk Rating	Details	Effectiveness	Consequence	Likelihood	Risk Rating	Date of assessment	Mitigation actions required (According to Risk Management Framework)	Next assessment no later than	Mitigation Number	Mitigation Action	Responsible Officer	Original Due Date	Progress	Status Comment	Move to controls (Y/N)	Revised Due Date	Target Rating			
9a	Failure to manage, improve and develop the human resources available to the Council. (F)	<p>Cause:</p> <ul style="list-style-type: none">- Poor IR practices- Ineffective attraction and retention initiatives- Lack of workforce planning and development.- Deficient equity and diversity programs- Poor leadership- Failure to ensure appropriate WH&S for employees and volunteers.- Volunteers deterred by training/inductions requirements- Ageing population impacting on volunteer participation- Failure to engage young population as volunteers <p>Impact:</p> <ul style="list-style-type: none">- Increased financial cost;- potential litigation; decrease in morale; poor work performance; inability to deliver services; negative impact on council brand and reputation; lacking or ineffective policy/procedures; inability to meet the demand for volunteering opportunities, inability to offer attractive positions (older and younger workers), potentially lose volunteers who don't want to participate in induction and training, council could fail to meet the legislative requirements if training avoided; not having available staff/volunteers to undertake work at required times; heightened number of complaints around EEO; ineffective management of human resources, lose ability to innovate through poor leadership, fear of doing the wrong things and receiving punishment; more injured workers, potential death; litigation threatening the viability of the organisation; unable to attract employees and volunteers; lack of handover and transfer of valuable knowledge; challenges about fair and equitable process; higher turnover costs and negative affect on work culture; potentially losing good candidates.	Director Corporate Services	Staff Welfare & Engagement	Major	Likely	Extreme (48)	<ul style="list-style-type: none">- Volunteer Coordinator, volunteer management project and practices- Provide leadership training and development/coaching- OD Team -trained and experienced;- Policy and procedures that include screening, police and health checks;- Position descriptions for every position;- WHS & OD policies and procedures;- Trained leaders and employees; executive team trained and engaged in management of WH&S;- Active H&S Committee; WHS Advisor-expertise in organisation;- Well maintained plant and equipment;- Regular reporting in teams and across the organisation;- Annual audits by external party;- Access to LGAWCS/risk services for advice;- Proven track record of high achievement;- WHS improvement plan; WHS KPI action plan (annual); annual WHS KPI Audit (external party)- Fair Treatment, Workplace Bullying Procedures implemented and training provided- Grievance Procedures implemented	Marginal	Moderate	Possible	Medium (3C)	14/05/20	Minimum biannual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	14/11/20	1	Equity and diversity plan is being developed	Exec Manager Organisational Development	30/07/19	IN PROGRESS	Further development of the plan is being undertaken through the Diversity and Inclusion Team. Some initial ideas for the plan have been researched. Further work to be progressed in 2020.	N	31/12/20	Medium			
																2	Update Fair Treatment and Bullying Procedures, and Grievance Resolution Procedure;	Exec Manager Organisational Development		COMPLETE	Fair Treatment, Workplace Bullying Procedures and Grievance Procedures implemented and published on Workspace	Done	N/A				
																3	Undertake Fair Treatment and Bullying training	Exec Manager Organisational Development	30/04/16	COMPLETE	HR delivered training to all employees and People Leaders in March 2016. A network of Equity and Diversity Contact Officers established and trained in March 2016. Training will be undertaken annually for new employees.	Done	N/A				
9b	Failure to manage, improve and develop the information resources available to the Council (F)	<p>Cause:</p> <ul style="list-style-type: none">- Business systems do not effectively support organisational needs- Ineffective media and brand management strategies- Poor information management practices (capture, use, storage, retrieval). <p>Impact:</p> <ul style="list-style-type: none">- Inefficiency; increased risk of errors (from manual systems); negative impact on council brand & reputation; decreased staff morale; potential for increased turnover of staff; lack of consistency; increased cost in undertaking work; systems cannot be upgraded due to inadequate hardware layer; inability to test updates before being implemented; lack of information sharing, working in information silos, failure to capture corporate knowledge effectively, misinformation that leads to negative or undesired outcomes, residents being misinformed or misled, potential legal or financial implications, poor uptake of services; customer confusion regarding branding of council programs and services	Director Corporate Services	Community, Social & reputational	Major	Likely	Extreme (48)	<p>Communications and branding team, corporate policies/procedures around media contact, brand style guide for consistency; records department; EDRMS - Records Policy Updated and endorsed by Council; range of internal communication system-emails, meetings, internet, Lync, CRM; business systems are reviewed and upgraded; employees are trained in basic system use; security access relevant to job requirements are provided; restricting permissions control; nightly backups; Workspace (intranet) - Website Champions in place; emails; corporate systems; security groups and access ICT Business Continuity Plan established Tender for new Asset Management System completed - System acquired New information management system acquired - rollout currently underway New data centre built in City and BCP in place for rollover Restructure of Information Services undertaken and recruitment of Manager completed.</p>	Marginal	Minor	Possible	Medium (2Q)	14/05/20	Minimum biannual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	14/11/20	1	Implement Asset Management System	Manager Sustainable Assets	30/06/18	IN PROGRESS	90% of Council assets transitioned into final Production version of Asset Management Enterprise system. Stormwater and Kerb in Valuation Instance.	N	NA	Medium			
																2	Implement new records management system in conjunction with SharePoint upgrade	Manager IS	30/06/17	IN PROGRESS	New SharePoint environment implemented, Record Point software acquired to replace TRIM and installed, project plan established for EDRMS and architecture completed. Build of Test Environment completed and software integration with line of business systems being undertaken. Live environment built and configured and staged rollout commenced in July 2019 with three pilot areas. New project manager appointed December 2019.	N	31/12/20				
9c	Failure to manage, improve and develop the financial resources available to the Council. (F)	<p>Cause:</p> <ul style="list-style-type: none">- Poor internal control environment- Poor procurement planning and processes.- Ineffective insurance arrangements.- Poor financial management processes (treasury, AP, AR)- Poor contract management <p>Impact:</p> <ul style="list-style-type: none">- Potential for qualified accounts as an audit outcome; inappropriate segregation of duties; increased potential for fraud; negative impact on Council brand & reputation; lack of consistency in process use; inability to measure process effectiveness and outcomes; increased risk of litigation; inappropriate assets with short medium and long term	Director Corporate Services	Legal & Regulatory	Catastrophic	Likely	Extreme (38)	<p>Internal audit and annual review of internal controls; system security and configuration; induction procedures; recruitment and selection processes; financial delegations; an informed level of insurance cover through LGAMLS, rating policy, process and timeframes; asset management register and program; Manager Governance and Risk in organisation; qualified employees; trained in policies; conflict of interest declaration (Directors/CEO); WHS procedures on plant purchasing, consultation and risk assessment; Fraud and Corruption Policy; Whistleblowers Policy; insurance reviewed annually and all areas of insurance are reviewed and recalculated for following year; wage declaration which affects the insurance calculation annually; insurance claims process; quality accredited insurance company-LG Risk Services; insurer processes claims; professional internal</p>	Marginal	Moderate	Unlikely	Medium (3D)	14/05/20	Minimum biannual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	14/11/20	1	Review positions across council that require criminal history checks, including financial roles	EMOD	30/06/16	COMPLETE	Updated Policy and Procedure covering the relevant criminal history check requirements have been adopted and training completed. Identified positions requiring checks are being updated or undertaken currently.	Y	30/09/17	Medium			
																2	Recruit Procurement Coordinator Role	Manager Financial Services	30/09/17	COMPLETE	Recruitment completed in June 2018	Y	NA				
																3	Review of Procurement Policy and procedures (Stage 1)	Procurement Coordinator	1/10/16	COMPLETE	Updated Policy and Procedure endorsed by Council in August 2019	Y	28/02/19				

Section 1: Risk Identification				Section 2: Inherent Risk				Section 3: Controls		Section 4: Residual Risk		Section 5: Risk Evaluation		Section 6: Risk Mitigation										
No	Risk Statement (use the situation-consequence technique)	Causes & Impact	Risk Owner	Category	Consequence	Likelihood	Risk Rating	Details	Effectiveness	Consequence	Likelihood	Risk Rating	Date of assessment	Mitigation actions required (According to Risk Management Framework)	Next assessment no later than	Mitigation Number	Mitigation Action	Responsible Officer	Original Due Date	Progress	Status Comment	Move to controls (Y/N)	Revised Due Date	Target Rating
		financial impacts; potential inability to pay; negative impact on ability to service the community; poor customer relations; poor supplier relationships; potential impact on income from rates, fees and charges; increased risk of litigation leading to financial instability						financial management system; Updated Procurement Policy and Procedures Adopted by Council in 2019 (delegation and authority included); Code of Conduct for Employees and Council Members; discipline processes; ongoing training and development; internal controls framework; debt recovery; Debt Recovery Policy and Accounts Reconciliation Policies updated and adopted External Fund Funding Policy adopted by Council (2017) Implementation of ContoTrack to monitor financial controls environment								4	Review the process map of the insurance claims procedure to enable consistency of application.	EMOD	30/06/16	COMPLETE		Done	NA	
																5	Explore Grant funding opportunities	All budget owners	1/07/16	COMPLETE	A Grant Funding Policy endorsed by Council. Savings Strategy endorsed by ELT.	Y	NA	
10	Failure to act as a representative, informed and responsible decision maker in the interests of the community. (PR)	<p>Cause:</p> <ul style="list-style-type: none">- Poor governance practices (CR22)- Poor risk management practices (CR21)- Poor representation arrangements (CR92)- Poor representation of the community by Council Members (CR62)- Lack of effective strategic planning and resource allocation processes. (CR63)- Lack of effective financial sustainability processes. (SR9c)- Ineffective performance management and reporting processes. (CR64)- Poor working relationship between Council and Administration. (CR65) <p>Impact:</p> <ul style="list-style-type: none">- Decisions are not representative of community sentiment or made in the community's interest- Decisions are poorly or incorrectly informed leading to a high risk profile, errors, loss, waste, omissions, breaches of legislation.- Breaches of legislation, unenforceable decisions/resolutions, creation of liabilities/ additional risk to Council, stakeholder and/or regulator dissatisfaction and/or sanction.	Exec Manager Governance & Performance	Community, Social & reputational	Catastrophic	Possible	Extreme (EC)	<p>Legal considerations considered in agenda report templates, Governance Manager advises council, functioning Audit Committee, flyers and updates from LGA, legal providers and professional associations. Professional and experienced management team. Policies (conduct, COPMP, allowances, caretaker/JG, COPAND, PID), delegations, agendas, minutes, training & development. Review of s41 Committee, Advisory Groups, s43 subsidiary and external group fiduciary arrangements. Council Resolution Update report shows COs declared.</p> <p>CRM Policy adopted, CRMF adopted, training provided to senior staff, RM considerations included in agenda report templates. General awareness of risk management principles and considerations. MLS Risk Reviews and advisory Provisions of Chpt 3 of the LG Act regarding composition of councils and wards, mandated representation reviews. Scheduled review completed in 2017.</p> <p>Strategic Plan, strategic, business and project planning and budgeting processes, trained and experienced staff.</p> <p>Budget review processes, provisions of LG Act regarding budget reviews and annual reporting, trained and experienced staff. Corporate Planning & Performance Reporting Framework, Quarterly Council Performance Report</p> <p>Council Member and Administration training in the respective roles, team building and relationship development, performance reporting, One Team - Communication Protocols</p> <p>Governance & Risk Coordinator and Corporate Planning & Performance Coordinator roles</p>	Good	Moderate	Rare	Low (LE)	12/05/20	Minimum annual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	12/05/21	1	Governance Framework Review	Exec Manager Governance & Performance	30/09/16	COMPLETE		Done	NA	
																2	Review of s41 Committee and Advisory Group Terms of Reference	Exec Manager Governance & Performance	30/09/16	COMPLETE		Done	30/09/18	
																3	Rollout of ContoTrack (Internal control module)	Manager Financial Services	30/12/15	COMPLETE	Endorsed and implemented for Financial Controls	Done	NA	
																4	Review of Risk Management Framework	Governance & Risk Coordinator	30/06/20	IN PROGRESS	will form part of RM review	N	30/09/19	
																5	Mandated representation review project	Exec Manager Governance & Performance	30/04/17	COMPLETE		Done	NA	
																6	Participation in boundary reform initiatives	Exec Manager Governance & Performance	As Required	COMPLETE		N	NA	
																7	Review of s43 and external group fiduciary duties where Council members or staff are on Boards	Exec Manager Governance & Performance	31/12/16	COMPLETE		Done	NA	Low
																8	Election induction training	Exec Manager Governance & Performance	As Required	COMPLETE		N	30/06/19	
																9	Implementation of Corporate Planning & Performance Reporting Framework	Exec Manager Governance & Performance	30/06/19	COMPLETE		N	NA	
																10	Strategic Boundary Review project	Exec Manager Governance & Performance	30/06/20	IN PROGRESS	Draft report workshopped in March 2020.	N	NA	
																11	Implementation of LG Reform legislative changes.	Exec Manager Governance & Performance	30/06/21	NOT COMMENCED	Draft legislation forecast in Q4 2020/20			
																12	Service Review Framework development	Corporate Planning & Performance Coordinator	30/06/21	NOT COMMENCED				
11	Failure to exercise, perform and discharge the powers, functions and duties under legislation, contracts, leases and policies (PR)	<p>Cause:</p> <ul style="list-style-type: none">- Lack of awareness of legislative/contractual/lease/policy requirements- Ineffective delegation and authorisation mechanisms.- Poor contract management practices- Ineffective compliance management systems- Staff do not possess the appropriate KSE- Legislative changes, not being fully understood <p>Impact:</p> <ul style="list-style-type: none">- Legislative/lease/policy of contractual obligations are not discharged leading to breaches of legislation and/ or contractual arrangements- Failure to effectively undertake the functions of a council- Contractual penalties and liabilities.- Inefficient systems that lead to loss of resources- Scrutiny and sanctions by integrity agencies	Exec Manager Governance & Performance	Legal & Regulatory	Major	Unlikely	Extreme (EC)	<p>Legal considerations considered in agenda report templates, flyers and updates from LGA, legal providers and professional associations. Professional and experienced management team. Legislative delegations register regularly reviewed, role specific training & development. Policy registers, policies on web, MLS and WCS audits, contract registers, lease registers, internal audit program, external audit program Governance Legal Compliance Audit Full review of Subdelegations and authorisations completed 2017.</p> <p>Employment of Procurement Coordinator Experienced property team.</p>	Marginal	Moderate	Unlikely	Medium (MD)	12/05/20	Minimum biannual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	8/11/20	1	Legislative compliance audit	Exec Manager Governance & Performance	30/06/16	COMPLETE		Done	NA	
																2	Development of contract management system, subject to funding	Manager Financial Services	31/12/16	COMPLETE		Done	NA	Low
																3	Development of a legal opinions database	Exec Manager Governance & Performance	30/06/20	MITIGATION TO BE REMOVED	As all legal opinions are recorded and accessible in TRIM, a legal opinions database would be an inefficient use of resources.	N	31/12/19	
																4	Implementation of new delegations and authorisations management system and associated training.	Governance & Risk Coordinator	30/06/20	IN PROGRESS	Software has been purchased and setup of database is occurring. Approximately 80% of current delegations have been entered with the project envisaged to be completed by 30 June 2020.	N	30/06/20	

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 25 May 2020
AGENDA BUSINESS ITEM**

Item: 6.9

Responsible Officer: Lachlan Miller
Executive Manager Governance & Performance
Office of the Chief Executive

Subject: Internal Audit Quarterly Update

For: Decision

SUMMARY

This report provides the Audit Committee with an update on progress of internal audits nominated in the 2018/19-22/23 Strategic Internal Audit Plan (the SIAP) and seeks a recommendation to Council to revise the SIAP on the basis of impact arising from the COVID-19 pandemic.

RECOMMENDATION

The Audit Committee resolves:

1. That the report be received and noted
 2. To recommend to Council to adopt the revised Strategic Internal Audit Plan v1.4a as contained in Appendix 1.
-

1. GOVERNANCE

➤ **Strategic Management Plan/Functional Strategy/Council Policy Alignment**

Strategic Plan 2020-24 – A brighter future

Goal 5 A Progressive Organisation

Objective O5 We are accountable, informed, and make decisions in the best interests of the whole community

Priority O5.1 Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations

➤ **Legal Implications**

Section 125 of the *Local Government Act 1999* (the Act) requires councils to ensure that appropriate policies, practices and procedures of internal controls 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 Council's assets, and to secure (as far as possible) the accuracy and reliability of Council records.

The Internal Audit program is an important tool to provide an objective appraisal of the adequacy on internal controls in managing our risk and supporting the achievement of council objectives.

➤ **Risk Management Implications**

The implementation of the internal audit program will assist in mitigating the risk of:

Internal control failures occur which leads to greater uncertainty in the achievement of objectives and/or negative outcomes.

Inherent Risk	Residual Risk	Target Risk
High (4C)	Medium (3C)	Low (2E)

The controls tested are part of the internal control framework contributing to the current Residual Risk rating. The recommendations arising from audits and the management actions to be undertaken are mitigations which will contribute to reducing the risk rating to the Target Risk level.

➤ **Financial and Resource Implications**

The Internal Audit budget for this financial year includes funding to resource the proposed audits and enable them to be outsourced under the oversight of the Executive Manager Governance and Performance. Given the range of demands on this role, and the specialised nature of a number of the audits, it is not possible to undertake audits internally and while not necessary, it does promote the objectivity of the audit process.

The proposed movement of audits between financial years may cause financial pressures (particularly in 2020-21) and these will be managed through the budget review process.

➤ **Customer Service and Community/Cultural Implications**

There is a high expectation that Council has appropriate corporate governance processes in place including an effective internal control environment.

➤ **Sustainability Implications**

Not applicable

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

Council Committees: The timing of the 2019-20 internal audits scheduled was discussed at the 17 February 2020 Audit Committee meeting.

Council Workshops: Not Applicable

<i>Advisory Groups:</i>	Not Applicable
<i>Administration:</i>	Chief Executive Officer Director Corporate Services Executive Manager Organisational Development Manager Financial Services Manager Information Services Governance & Risk Coordinator
<i>External Agencies:</i>	Internal audit firms invited to submit quotations for current projects.
<i>Community:</i>	Not Applicable

2. BACKGROUND

At its 17 February 2020 meeting the Audit Committee considered a Motion on Notice regarding cyber security as resolved as follows:

Cyber Security

Moved Cr Leith Mudge
S/- Paula Davies

2/AC20

I move the Audit Committee recommends to the Council that:

Given the increasing number of cyber security threats that are being reported, that the Audit Committee recommends to Council the following:

- 1. Council acknowledge that cyber security threats are serious issues that have the potential to significantly impact on Council operations and therefore a need to ensure that risk mitigation systems are in place, resourced & managed in line with Strategic and Operational Management Plans.**
- 2. The Strategic Internal Plan 2018/19-2022/23 is amended to set the scope for the Cyber Security Audit to be "Focusing on the cyber security risks to the Council, undertake an assessment of the adequacy of the control framework including an assessment against the maturity levels of the Australian Cyber Security Centre's Essential Eight Model."**
- 3. The Cyber Security Audit currently scheduled for Q2 2020/21 be bought forward such that it can be performed as soon as is reasonably practicable.**

Carried Unanimously

Council considered the Audit Committee's resolution at its 28 February 2020 meeting and resolved (41/20) accordingly.

Progress on the internal audits scheduled for Q3 and Q4 2019-20 was significantly impacted by the COVID-19 disruptions and the diversion of resources in the Governance & Performance Department to respond to the legislative changes to the *Local Government Act 1999* arising from the Public Health Emergency Declaration.

Notwithstanding the above, on the basis of the revised scope for the Cyber Security Audit, a draft Project Brief was developed for internal consultation and was approved in early May 2020. The project is now in the procurement phase via a Request for Quotation process with the intention to award the consultancy in early June 2020 for an imminent commencement.

Progress on the other three scheduled audits (i.e. Budgetary Management, Recruitment & retention and Payroll Administration) progressed in terms of Project Brief approval. However given the competing priorities associated with the COVID-19, at the request of the management of the auditable areas, only the Payroll Administration Audit has been progressed to the procurement phase via a Request for Quotation process with the intention to award the consultancy in early June 2020 for an imminent commencement.

3. ANALYSIS

As detailed above, COVID-19 (and the Cudlee Creek Bushfire) has caused significant disruption to service continuity and required the diversion of resources to support the community recovery.

For this reason there has been a need to defer the conduct of a number of the audits on the Strategic Internal Audit Plan (SIAP). Deferral of current projects results in a reshuffling of later projects given resourcing and budgetary constraints to implement the program. It is however pleasing to note that considerable progress has been made with the commencement of two audits to occur shortly, and project briefs finalised and procurement-ready for two other audits.

A revised SIAP v1.5a (**Appendix 1**) has been attached for the Audit Committee's consideration. If the Audit Committee supports the proposed changes (or alternative versions) a recommendation will need to be made to Council to adopt the revised SIAP. Members will note that there is an intention to package the procurement of the Budgetary Management and Treasury Management audits.

4. OPTIONS

The Committee has the following options:

- I. To recommend to Council to adopt the revised SIAP v1.4a as contained in Appendix 1; or
- II. To identify an alternative course of action.

5. APPENDICES

- (1) Strategic Internal Audit Plan 2018/19 – 22/23 v1.4a

Appendix 1

Strategic Internal Audit Plan 2018/19 – 22/23 v1.4a

Strategic Internal Audit Plan 2018/19 - 22/23

Audit Engagement	Scope	Strategic/Corporate Risk Linkage	Year 1 2018/19	Year 2 2019/20	Year 3 2020/21	Year 4 2021/22	Year 5 2022/23
Recruitment & Retention Practices	Focusing on the role analysis, authorisation, recruitment process, remuneration determination, reward and recognition processes.	SR9a - Failure to manage, improve and develop the human resources available to the Council.		Q3	Q2 (Project Brief agreed)		
Budgetary Management	Focussing on financial planning, control and reporting. Relationship of budget with LTFFP, legislative and regulatory compliance.	SR9c - Failure to manage, improve and develop the financial resources available to the Council.		Q3	Q2 (Project Brief agreed. To be procured with Treasury Mgt)		
Payroll Function	Focussing on the payroll operation, including a review of the processes, systems, activities, controls and risks. The extent to the audit engagement will consider aspects from commencement of employment to termination of individuals, including payment of wages, leave, changes to position security, administration and payroll reporting. Including PIR from 2014 audit.	SR9c - Failure to manage, improve and develop the financial resources available to the Council.		Q4 (in procurement)			
Major Projects Review	Focussing on processes, activities associated with the project, including scoping, planning, implementation, monitoring, post project review, risk management, development of maintenance program and operations.	SR2 - Failure to deliver projects, programs and services in accordance with plans (time, budget, quality).		Q4 (AHBTC Divestment)	Q4 (nominally Fabrik)	Q2	Q2
Use of Purchase Cards	Focussing on the systems, processes and documentation for the issuing, custody, use, transaction approval and oversight of Purchase Cards	SR9c - Failure to manage, improve and develop the financial resources available to the Council.	Completed				
Capital Works Programming & Delivery	Focussing on the planning, scheduling, approval, monitoring, and reporting processes and practices regarding the Capital Works Program. The procurement and contract management processes will be out of scope due to other scheduled audits on these subjects.	SR2 - Failure to deliver projects, programs and services in accordance with plans (time, budget, quality). SR6 - Failure to provide appropriate infrastructure for the community. SR4 - Failure to take measures to protect the community from natural and other hazards			Q1		
Treasury Management	Focusing on the processes, practices and policies regarding Treasury Management including compliance with legislative obligations.	SR9c - Failure to manage, improve and develop the financial resources available to the Council.			Q2 (to be procured with Budgetary Mgt)		
Cyber Security	Focusing on the cyber security risks to the Council, undertake an assessment of the adequacy of the control framework including an assessment against the maturity levels of the Australian Cyber Security Centre's Essential Eight Model.	SR9b - Failure to manage, improve and develop the information resources available to the Council.		Q4 (in procurement)			
Emergency Management	Focussing on Emergency Management Plans, identification of risks associated with various types of disasters and the controls and processes to mitigate those risks, status of preparedness in the event of an emergency, recovery process and association with the Community and other Emergency Services.	SR4 - Failure to take measures to protect the community from natural and other hazards			Q4	Q1	
Business Continuity Plan	Focussing on the review of Business Continuity Plan (Disaster Recovery and Disruption) to key activities of Council including the identification, development, implementation of recovery plans and testing of conditions in the event of a disaster.	SR4 - Failure to take measures to protect the community from natural and other hazards				Q1	Q1
Economic Development Strategy Implementation	Focusing on the strategy development and revisions processes, determination of actions and initiatives, funding of strategy implementation and evaluation of outcomes against strategy objectives.	SR7 - Failure to promote the Council area and provide an attractive climate and locations for the development of business, commerce, industry and tourism.				Q1	
Debt Management	Focusing on the processes, practices and policies regarding Debt Management including compliance with legislative obligations.	SR9c - Failure to manage, improve and develop the financial resources available to the Council.				Q3	
Procurement	Focussing on processes, activities, controls, risk, compliance through stages of the function, including planning, assessment, selection, and contract execution. Including the use of payment methods such as credit cards and petty cash. Including PIR from 2014 & 2015 audits. The contract management processes will be out of scope due to another scheduled audit on this subject.	SR2 - Failure to deliver projects, programs and services in accordance with plans (time, budget, quality). SR9c - Failure to manage, improve and develop the financial resources available to the Council.				Q4	
Training & Development Practices	Focusing of the identification of training and development (T&D) needs, sourcing of T&D options, scheduling and support of activities, assessment of transfer into workplace and evaluation of T&D initiatives. This will include development activities such as coaching & mentoring.	SR9a - Failure to manage, improve and develop the human resources available to the Council.					Q1
Asset Operation	Focussing on Asset operation, processes, activities, controls, risk, service levels, planned work, maintenance programs, monitoring performance, asset registers and reporting. Including PIR from 2016 audit.	SR2 - Failure to deliver projects, programs and services in accordance with plans (time, budget, quality). SR6 - Failure to provide appropriate infrastructure for the community. SR8 - Failure to manage and develop public areas vested in, or occupied by the Council.					Q2
Contract Management	Focussing on the post-procurement processes, activities, controls, risk, compliance through stages of the function, including induction, payment approval, monitoring, superintending, reporting, contractual close and evaluation. The procurement processes will be out of scope due to another scheduled audit on this subject.	SR2 - Failure to deliver projects, programs and services in accordance with plans (time, budget, quality). SR11 - Failure to exercise, perform and discharge the powers, functions and duties under legislation, contracts, leases and policies.					Q4
Number of Audits							

Version Control

Date Adopted	Version Comments	No.
30/04/2018	Initial plan considered by Audit Committee	1.0a
22/05/2018	Adopted by Council	1.0
26/02/2019	Amended plan adopted by Council (Purchase Card audit added)	1.1
17/12/2019	Amended plan adopted by Council (Plan extended for a year, projects rescheduled)	1.2
25/02/2020	Amended plan adopted by Council (Changes to the timing and scope of the cyber security audit)	1.3
23/11/2585	Proposed amendments (Changes in timing for Recruitment & Retention, Budgetary Mgt, Treasury Mgt, Emergency Mgt & BCP)	1.4a

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 25 May 2020
AGENDA BUSINESS ITEM**

Item: 6.10

Responsible Officer: Kira-marie Lavery
Corporate Planning & Performance Coordinator
Office of the Chief Executive

Subject: Annual Business Plan and Budget 2020-21

For: Decision

SUMMARY

The *Annual Business Plan 2020-21* is a legislative requirement under s122 of the *Local Government Act 1999* (the Act). It is also a key element of Adelaide Hills Council's *Corporate Planning and Performance Framework*.

The draft *Annual Business Plan 2020-21* has been developed to align to the *Long Term Financial Plan* (LTFP) 2020-30, the *Asset Management Plan* (AMP) and the *Strategic Plan 2020-24*. Council resolutions, staff and community feedback and risk assessments have also informed projects and programs included in the ABP.

The purpose of this report is to provide the draft *Annual Business Plan 2020-21* (**Appendix 1**) to Audit Committee for review in its capacity as advisors to Council on the consistency and adequacy of the plan in the context of maintaining financial sustainability.

RECOMMENDATION

The Audit Committee resolves:

1. That the report be received and noted
 2. To advise Council that the Committee has reviewed the draft *Annual Business Plan 2020-21* (ABP), as contained in Appendix 1, in terms of the assumptions underpinning the Plan, its consistency with the Strategic Management Plans and the adequacy of the plans in the context of maintaining financial sustainability.
 3. That, on the basis of the Committee's review, to recommend the ABP to Council for community consultation.
-

1. GOVERNANCE

➤ Strategic Management Plan/Functional Strategy/Council Policy Alignment

Strategic Plan 2020-24 – A brighter future

Goal A progressive Organisation

Objective O5 We are accountable, informed, and make decisions in the best interests of the whole community

Priority O5.3 Demonstrate accountability through robust corporate planning and reporting that enhances performance, is relevant and easily accessible by the community

The ABP has been developed based on the financial projections of the *Long Term Financial Plan* and in alignment with the *Strategic Plan 2020-24* and *Asset Management Plans*.

➤ Legal Implications

The preparation of an ABP is a requirement of Section 123 of the *Local Government Act 1999* (the Act), and the *Local Government (Financial Management) Regulations 2011* (the Regulations).

The Minister for Local Government has gazetted the *Public Health Emergency: Annual Business Plans and Strategic Planning (No. 4) 2020* to provide an additional three months for councils to adopt annual business plans and budgets, declare general rates, and complete a comprehensive review of strategic management plans. However the extension should not be required as the *Strategic Plan 2020-21* and LTFP were both adopted on 28 April 2020, the AMP are not due for review until next financial year, and the ABP is anticipated to be delivered and adopted by the end of the June 2020.

Section 123(3) of the Act states that before a council can adopt its ABP that it must prepare a draft ABP and follow the relevant steps set out in its public consultation policy (i.e. consultation for at least 21 calendar days).

Section 123(4)(a) of the Act requires that publication of a notice in a newspaper circulating in the area informing the public of the preparation of the draft annual business plan and inviting interested persons to attend:

- i. A public meeting which must be held at least 21 days after the publication of the notice; or
- ii. A meeting of the council at which members of the public may ask questions and make submissions for a period of at least one hour.

As group meetings are restricted due to the COVID-19 pandemic, the Minister for Local Government has gazetted the *Public Health Emergency: Public Access and Public Consultation Notice (No 2) 2020* to remove the “public meeting” requirement from the Act. However, consultation still remains a requirement and allowance will still need to be made for the public to provide written, telephone or online feedback and submissions.

Section 123(7) of the Act requires that each budget of council must:

- a) Be considered in conjunction with the council's ABP (and must be consistent with that plan); and
- b) Be adopted by the council after the council has adopted its ABP.

Part 2 of the Regulations sets out what financial information must be included as well as the required formats.

Section 126 of the Act sets out the role of the Audit Committee with subsection (4)(ab) being of specific relevance in that the Committee functions shall include 'proposing, and providing information relevant to, a review of the council's strategic management plans'. Council has further elaborated on this function in the Committee's Terms of reference as the Committee shall:

Provide comment on the assumptions underpinning Council's Strategic Management Plans (Strategic Plan, Annual Business Plan and Budget and Long Term Financial Plan), the consistency between plans and the adequacy of Council's plans in the context of maintaining financial sustainability

➤ **Risk Management Implications**

Preparing an ABP as required by the Act and Regulations will assist in mitigating the risk of:

Inability to discharge role and functions of a local government entity leading to a breach of legislation and loss of stakeholder confidence.

Inherent Risk	Residual Risk	Target Risk
Extreme (5C)	High (5E)	High (5E)

It ensures that financial resources are deployed in areas that align with Council's Strategic Management Plans, are affordable and support Council's Long Term Financial Plan.

➤ **Financial and Resource Implications**

The ABP sets out the priorities and application of the Council's resources over the next financial year. The plan has been developed to be consistent with the *Strategic Plan 2020-24*, LTFP and Asset Management Plans.

The finalisation of the ABP document will be primarily produced internally using mainly existing staff resources. External costs will be associated with activities such as the design and printing of the final copy and any promotional costs related to the public consultation.

➤ **Customer Service and Community/Cultural Implications**

The ABP provides transparency for the community regarding Council's plans for the next financial year. It highlights key goals and objectives and the strategies to achieve these objectives.

➤ **Sustainability Implications**

The Council's sustainability (financial, social and environmental) is a key consideration in the development of the ABP.

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

Council Committees:	An update on the ABP process was presented to Audit Committee at the 20 April 2020 meeting.
Council Workshops:	Workshop folders were distributed 20 March 2020 for the subsequently cancelled workshop on 27 and 28 March 2020. Initial feedback, questions and submissions were sought using online discussion boards, email and phone. Two video conference workshops were held on 29 April 2020 and 12 May 2020 to discuss key budget elements and strategic initiatives for the ABP.
Advisory Groups:	Not applicable
Administration:	All directors and function owners across the organisation have provided input into the development of the Plan.
External Agencies:	Not applicable
Community:	Community feedback from the March Strategic Plan consultation process has informed projects and programs included in the ABP.

2. BACKGROUND

The ABP and Budget are legislative requirements under the Act. The ABP is a key element of *Council's Corporate Planning and Performance Framework* (the Framework) outlined below.



The draft *Annual Business Plan 2020-21* has been developed to align to the *Strategic Plan 2020-24 –A brighter future* and *Long Term Financial Plan* (LTFP) (both adopted on 28 April 2020), and the *Asset Management Plan* (AMP). Council resolutions, staff and community feedback, and risk assessments have also informed projects and programs included in the ABP.

A two day Council workshop to go through the Administration’s recommendations for the proposed budget and planned initiatives was planned for 27 and 28 March 2020. A folder containing all of the supporting documents for this discussion was distributed on 20 March 2020, however the workshop was cancelled due to COVID-19 safety considerations.

An update on the progress of the ABP process was provided to Audit Committee on 20 April.

6.4 Annual Business Plan Update

Moved Cr Mudge
S/- Paula Davies

22/AC20

The Audit Committee resolves that the report be received and noted.

Carried

Consultation between Council and Administration occurred over the weeks following utilising online discussion boards, emails and phone conversations. A two hour Council workshop was held on 29 April to discuss the financial details of the budget. From this there was a general consensus that a rate increase of 2.95% would maintain the financial sustainability of the Council and allow funding the proposed initiatives detailed in the workshop folder. Due to the changing environment and the still unknown impacts of Cudlee Creek Bushfire and COVID-19, Elected Members and the Administration committed to further review the proposed initiatives and budget with a view to prioritise “Recovery”.

The two hour Council workshop on 5 May 2020 focused on the proposed changes to budget and initiatives following the “Recovery” review. Administration confirmed that while, the proposed operating budget and staffing numbers would not change, many aspects of the “business as usual” work would be reorientated to support recovery. Further changes to the operating and capital initiatives were discussed, ultimately providing the increases and offsets to fund targeted support for the community in recovering from bushfires and COVID-19 impacts.

3. ANALYSIS

The draft ABP has been developed to be consistent with the financial and strategic goals outlined in the *Strategic Plan 2020-24 –A brighter future*, *Long Term Financial Plan* (LTFP) and *Asset Management Plan* (AMP). It has also been aligned with Council’s targets for its key financial sustainability ratios i.e. Operating Surplus, Net Financial Liabilities and Asset Renewal Funding ratios.

The 2020-21 Adopted LTFP set the following key parameters and targets in relation to the development of the 2020-21 Budget:

- Operating Surplus of \$321k
- Renewals Capital Expenditure of \$10.9m
- New & Upgrade Capital Expenditure of \$5.9m
- Net Borrowings of \$6.9m, resulting in forecast Borrowings at June 2021 of \$21m.

As per the *Draft Annual Business Plan 2020-21 – Consultation document (Appendix 1)* based on the proposed General Rate increase of 2.95%, the financial summary shows the following:

- Operating Surplus of \$321k before taking into account the abnormal net expenditure for the Cudlee Creek Bushfire estimated at \$430k, resulting in a revised Operating Deficit of \$109k
- Renewals Capital Expenditure of \$9.2m based on updated asset management planning including lifecycle management review and field validation particularly in the areas of unsealed roads and road shoulders
- New & Upgrade Capital Expenditure of \$5.1m
- Revised Net Borrowings of \$5.1m, resulting in forecast Borrowings at June 2021 of \$19m

Financial sustainability is demonstrated through adherence to Council's agreed target ranges in all of the following three key ratios:

1. Operating Surplus Ratio, target range 0% to 10%
2. Net Financial Liabilities Ratio, target range 0% to 100%
3. Asset sustainability Ratio, target range 90% to 110%

It is noted that the Operating Surplus Ratio is shown with Cudlee Creek Bushfire abnormal net expenditure included together with an adjusted ratio removing the distortion of the Bushfire expenditure.

It is considered that the adjusted Operating Surplus ratio of 0.7% which is within Council's target range provides a more accurate basis for comparison as well as the assessment of the long term financial sustainability of Council.

In conclusion, it is therefore considered that in achieving these targets, there is a level of certainty provided to the community that financial sustainability will be maintained.

Draft Annual Business Plan 2020-21 – Consultation document (**Appendix 1**)

The attached document is for the purpose of community consultation, and therefore does not contain all elements that will be published in the final ABP document.

The elements being included for community consultation are:

- An overview – providing a high level summary of what is included in the plan
- Overview of the governance arrangements
- The capital and operating strategic initiatives- these are included under each strategic goal they are aligned to along with a 3 year view of their funding, in this way helping to demonstrate what activities we are undertaking to achieve our Strategic Plan goals.

- Financial Summary – An overview of the budget and financials
- Capital Summary – an overview of what is included in our capital works program
- Rates Summary – an overview of the rates changes and other important information from the rates policy.
- The *Uniform Presentation of Finances* which provides a summary of Council's proposed operating and capital investment activities together with financial sustainability ratios.

What is not included in the consultation document but will be in the final ABP:

- Mayor's introduction
- Details of the Administration and Elected Members
- Demographic information - infographic
- Corporate performance indicators and other measurements
- Operating budget by function (to be an appendix)
- Detailed capital works program list (to be an appendix)
- The full statutory financial statements in accordance with the Model Set of Accounts

4. OPTIONS

The Committee has the following options:

- I. To advise Council that the Committee has reviewed the draft *Annual Business Plan 2020-21* in terms of the assumptions underpinning the Plan, its consistency with the Strategic Management Plans and the adequacy of the plans in the context of maintaining financial sustainability and recommend it for community consultation (Recommended)
- II. To recommend amendments to any/all of the draft *Annual Business Plan 2020-21* to Council prior to community consultation
- III. To not endorse the draft *Annual Business Plan 2020-21* for submission to the Council for community consultation (Not recommended)

5. APPENDICES

- (1) Draft *Annual Business Plan 2020-21* – Consultation document

Appendix 1

*Draft Annual Business Plan 2020-21 –
Consultation document*



Annual Business Plan

2020-21

DRAFT

Welcome

This is our Annual Business Plan for 2020-21 which outlines how we plan to achieve our goals over the next financial year. These goals are linked directly to our *Strategic Plan 2020-24 – A Brighter Future*, but also come from our other plans and strategies.

The Annual Business Plan meets the requirements of the *Local Government Act 1999*, and also provides relevant information for our community.

This publication is provided for our ratepayers, residents, business operators, visitors, government agencies and other interested people.

Contents

3	Overview
4	About us
5	Our Goals
6	Goal 1: A functional Built Environment
12	Goal 2: Community Wellbeing
17	Goal 3: A prosperous Economy
20	Goal 4: A valued Natural Environment
24	Goal 5: A progressive Organisation
28	Financial Overview
34	Capital Budget Overview
35	Rates Overview
39	Appendix 1: Uniform Financial Statements
42	Appendix 2: Rating Policy



Overview

The Annual Business Plan 2020-21 shows what services, programs and projects will be our focus over the next financial year. It also shows how we will allocate our resources to achieve the goals we set out in our *Strategic Plan 2020-24 – A Brighter Future*, while ensuring Council's long term financial targets are met.

Our focus in 2020-21 is on recovery and supporting the Adelaide Hills community through challenging times, while still maintaining the much needed services we provide.

We have reshaped our initial plans for 2020-21 with a reduced general rate increase of 2.95% which will still allow us to maintain financial sustainability as well as fund our initiatives to support businesses and community members who have been impacted by the Cudlee Creek Bushfire and COVID-19.

The key elements of the Annual Business Plan are outlined in the table to the right, and explained in more detail throughout this document.

Planned Activities

- We have **122** strategic initiatives identified which contribute towards achieving our long term goals
- These include:
 - **47** capital initiatives (\$5.1m)
 - **75** operating initiatives (\$1.1m)

Capital Budget

- **\$5.1** million for new or upgrade capital expenditure
- **\$9.2** million for capital renewal

Operating Budget

- Expenditure of **\$47.5** million
- Income of **\$47.4** million

Borrowing

- Net Borrowings of **\$5.1m**, resulting in forecast Borrowings at June 2021 of **\$18.4m**

Rates

- Average increase in general rates of **2.95%**. For an average value residential property this equates to an increase of approximately \$59.
- **\$120k** allocated to support community members who have been financially impacted by the bushfires and COVID-19

Financial Sustainability

- Adjusted operating surplus ratio **0.7%** in line with Council's target of 0% to 10%
- Net financial liabilities ratio **50%** in line with Council's target of 0% to 100%
- Asset sustainability ratio **100%** in line with Council's target of 90% to 110%

About us

Council and Committees

The Elected Council's role is to provide for the governance and management of the Council area. It does this through representing the interests of the community; providing and coordinating public services and facilities; encouraging and developing initiatives to improve the community's quality of life; and exercising, performing and discharging its functions under legislation and its strategic management plans.

Council has established three Council Committees to assist it to discharge its responsibilities in specific areas. These are the Strategic Planning & Development Policy Committee (SPDPC), the Audit Committee and the Chief Executive Officer Performance Review Panel (CEOPRP).

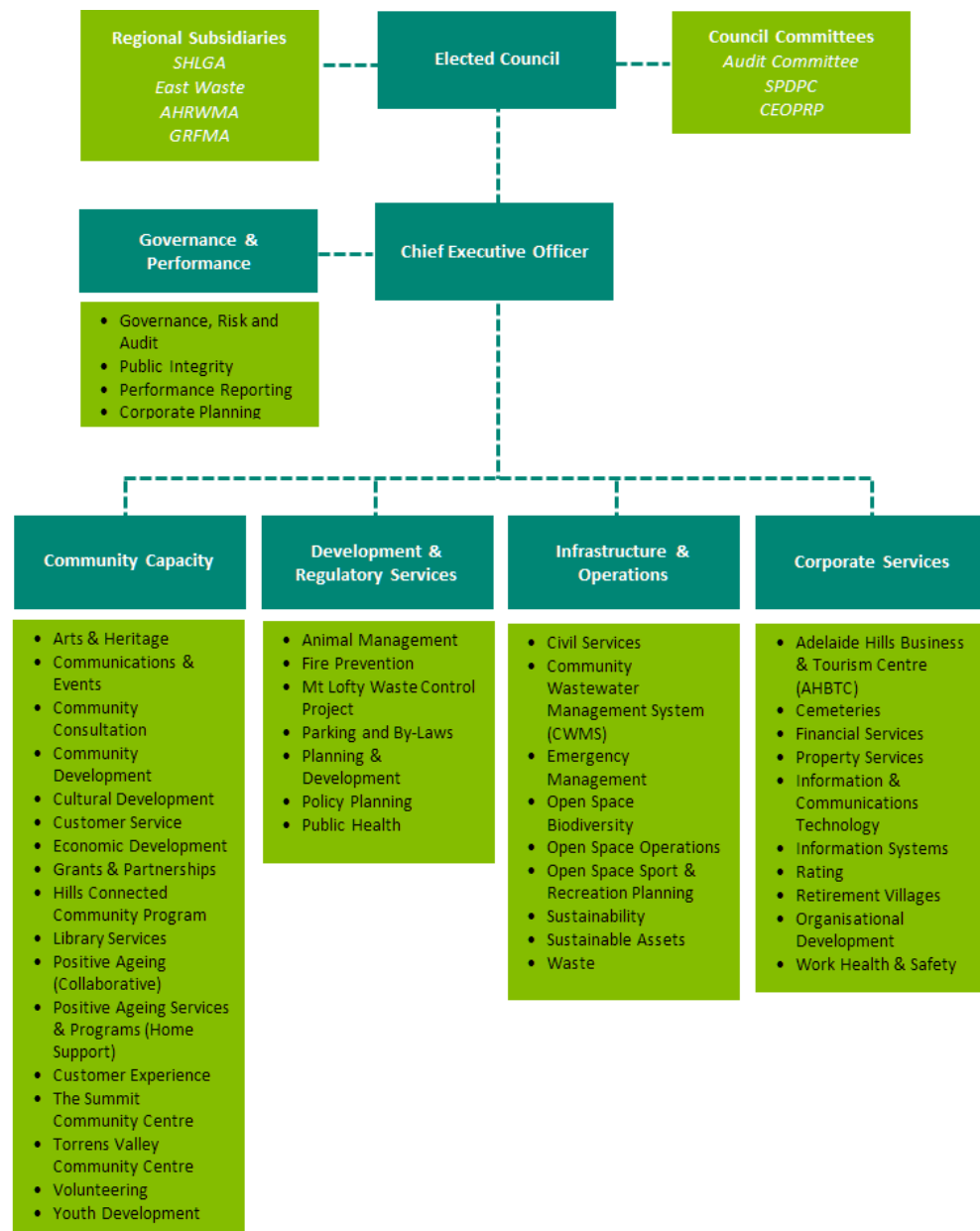
Regional Subsidiaries

The Adelaide Hills Council is a member of four regional subsidiaries which assist Council in its strategic planning and service delivery activities. The subsidiaries are the Southern and Hills Local Government Association (SHLGA), the Eastern Waste Management Authority (East Waste), the Adelaide Hills Region Waste Management Authority (AHRWMA), and the Gawler River Floodplain Management Authority (GRFMA).

Administration

The Council's Administration is led by a Chief Executive Officer appointed by the Council.

The Chief Executive Officer appoints staff to carry out the functions and duties delegated to them and to implement Council decisions. The Administration is organised into directorates (see diagram), each with a specific area of focus and functional responsibilities. The arrangement of the directorates provides for the separation of the regulatory activities (into the Development & Regulatory Services Directorate) from the other activities of the Council.



Our Goals

The Annual Business Plan has been developed to align with our *Strategic Plan 2020-24 – A Brighter Future*, which was adopted by Council on 28 April 2020 and sets out what we wanted to achieve over the next four years. These goals and objectives are listed in the table below. Over the following pages we will show how our day to day activities, recovery efforts and strategic initiatives will help us to deliver each of these long term goals.

A functional Built Environment

B1 Our district is easily accessible for community, our businesses and visitors

B2 Preserve and enhance the unique character of the Hills for current and future generations

B3 Consider external influences in our long term asset management and adaptation planning

B4 Sustainable management of our built assets ensures a safe, functional and well serviced community

Community Wellbeing

C1 A community for everyone - that is inclusive, welcoming and accessible

C2 A connected, engaged and supported community

C3 A community that grows together

C4 An active, healthy, thriving and resilient community

C5 Respect for Aboriginal Culture and values

C6 Celebrate our community's unique culture through arts, heritage and events

A prosperous Economy

E1 Support and grow our region's existing and emerging industries

E2 Provide local infrastructure to drive growth and productivity

E3 Encourage, attract and retain a creative, talented and skilled workforce in our region

E4 Cultivate a clear, unique and consistent regional identity that can be leveraged to attract national and international attention

A valued Natural Environment

N1 Conserve and enhance the regional natural landscape character and amenity values of our region

N2 Recognise the benefits of ecosystem services and improve environmental resilience by reducing environmental impacts

N3 Nurture valuable partnerships and collaborations and engage the local community in the management of our natural environment

N4 Reduce the impact of waste to landfill by maintaining a robust waste and resource management framework

N5 Assist our community to reduce the impact of waste to landfill on the environment

A progressive Organisation

O1 We have the right people with the right knowledge and skills in the right jobs and they are supported and developed

O2 Our customers find it easier to interact and do business with Council and have an improved customer experience

O3 Our organisation is financially sustainable for both current and future generations

O4 We actively represent our community

O5 We are accountable, informed, and make decisions in the best interests of the whole community

O6 Technology and innovation is utilised to better meet our community's expectations and deliver value for money



A functional Built Environment



Our Aspiration

Ensure that all decisions regarding the built environment recognise our unique character and natural environment to maintain and enhance liveability for our community.

Some of the key highlights we have planned for 2020-21 include:

- Implementing the State's new Planning and Development System including the conversion of Council's Development Plan into the new Code
- Implementing round 2 of the Local Heritage Grant Fund for protecting and upgrading of places in our area
- Commencing stage 2 of the Local Heritage (Private Places) Code Amendment
- Implementing a new Cemetery Management System
- Preparing revised Asset Management Plans

How we will measure our success

Our success will be demonstrated through service based performance measures and customer feedback in delivering what our community needs and what we aspire to achieve under our Capital Works Program, Civil Zone Maintenance Program, Asset Management Plans, and energy usage targets.

We are currently developing the Corporate Performance Indicators we will use in 2020-21.

Our Services

- **Planning & Development** – Assessment of development applications and activities within the region. Inspection of approved buildings and swimming pools and taking compliance action where required. Reviewing safety of publicly accessible buildings.
- **Policy Planning** – undertaking large scale policy and research projects such as conversion of Council's Development plans into the State's new Planning and Design Code.
- **Customer Service** – frontline customer service including processing of development applications.
- **Property Services** - Ongoing maintenance and management of Council's real estate assets including some 380+ parcels of land and 180+ buildings.
- **Cemeteries** – Ongoing maintenance and management of 16 Council owned cemeteries within the region.
- **Strategic Assets** – Develops and refines the Asset Management Plans and the future renewal Capital Works Programs. Manages Council's Geographic Information Systems and associated corporate data.
- **Open Space Operations** – Carries out Capital Works upgrades for projects such as playgrounds.
- **Civil Services** – Ongoing management, maintenance and replacement planning of public infrastructure including roads, bridges, signage, stormwater, kerbs and footpaths.
- **Community Wastewater Management Systems (CWMS)** – Management of CWMS and associated infrastructure e.g. septic tanks, treatment ponds.

Our Objectives and Priorities

Objectives

Priorities

B1 Our district is easily accessible for community, our businesses and visitors

B1.1 Increase accessibility to our district through the development and delivery of high priority trails and routes for all cyclists (on-road, off road, commuters, recreational) and pedestrians

B1.2 Improve outcomes for the elderly by incorporating Council's Age Friendly Strategic Plan into built environment design and delivery

B1.3 Progress state-wide and inter-regional connectivity of cyclist routes by partnering with neighbouring councils

B1.4 Ensure that the key road network is accessible for heavy vehicles used by the primary production, tourism and construction sectors through engagement with industry and Government

B1.5 Provide accessibility for the full range of users by ensuring Council's road, footpath and trails network is adequately maintained and service levels for all users are developed and considered

B2 Preserve and enhance the unique character of the Hills for current and future generations

B2.1 Continue to embrace and support community led public place revitalisation across our district

B2.2 Incorporate Water Sensitive Urban Design principles within Council developments and projects and advocate for other developments within the region to do the same

B2.3 Proactively work with developers to ensure that built form complements or enhances existing local character whilst preserving the character and amenity of our towns, historic buildings and scenic environment

B2.4 Ensure our planning framework, council policies and guidelines support privately owned local heritage places

B2.5 Continue to collaborate with other councils and stakeholders in pursuing our World Heritage Bid to protect the landscapes, sites and facilities that represent the State's aboriginal and early colonial history

B2.6 Support communities recovering from natural disasters with expedited development assessment services

B3 Consider external influences in our long term asset management and adaptation planning

B3.1 Improve water security by maximising water reuse opportunities, reducing reliance on ground water and improving water efficiencies for open space irrigation and building facilities

B3.2 Aim to achieve 100% renewable energy use for our corporate operations and strive towards carbon neutrality

B3.3 Investigate and source recyclable materials for asset renewal projects wherever practical and in doing so promote the circular economy

B3.4 Proactively adapt our built environment to changes in social and environmental factors to minimise the impact from natural hazards such as fire and flood

B4 Sustainable management of our built assets ensures a safe, functional and well serviced community

B4.1 Ensure the long term management of the built form and public spaces occurs in consideration of the relevant financial, social and environmental management matters

B4.2 Embrace innovative and new technology solutions to proactively maintain our built assets that further enhance the provision of efficient services to the community

B4.3 Ensure Council owned or managed assets, including staff accommodation, are functional and adaptive to meet service requirements. Also, where appropriate and endorsed by Council, equitably assist community owned site (halls and recreation sites) to ensure their facilities are functional and meet service standards

B4.4 Improve road safety through a safe system approach to road design, construction and maintenance including on-going applications to the State and Federal Road Blackspot program

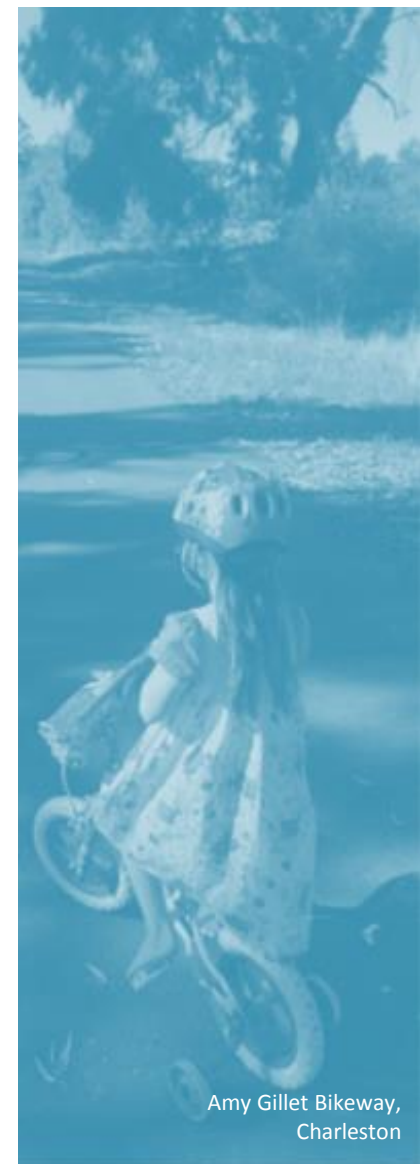
B4.5 Explore and provide the infrastructure to support Electric Vehicles (EV) and investigate infrastructure requirements for emerging technological transport such as Connected and Automated Vehicles (CAV)



Built Environment - Strategic Initiatives

Strategic Initiatives are specially funded and prioritised activities, projects and programs of work that are planned over the next 3 years. “Capital” initiatives are generally related to new physical assets and infrastructure investment, while “Operating” initiatives are related to administrative projects, community programs and other activities and tasks. Where an initiative does not have an amount listed, the initiative will be progressing with existing Council resources.

Project ID	Strategic initiatives (Operating and Capital)	Area	Objective and/or Priority	Type	Budget 2020-21 (\$'000)	Long term financial plan (\$'000)	
						2021-22	2022-23
B1001	Recreation Trails & Cycling Route Upgrades	Infrastructure & Operations	B1.1	Capital	-	75	75
B1002	Amy Gillett bikeway – Stage 4 & 5	Infrastructure & Operations	B1.3	Capital	-	-	900
B1003	Program to install bus shelters across public network (Birdwood, Lobethal & Stirling Yr 1)	Infrastructure & Operations	B1.5	Capital	44	40	60
B1004	New and upgraded footpaths	Infrastructure & Operations	B1.5	Capital	183	230	200
B1005	Newman Rd Charleston Reconstruction – Kerb / Pavement & Stormwater	Infrastructure & Operations	B1.5	Capital	520	-	-
B2001	Federation Park and oval masterplan implementation	Infrastructure & Operations	B2	Capital	-	150	50
B2002	Gumeracha Main Street Project - Stage 2	Infrastructure & Operations	B2.1	Capital	464	-	-
B2003	Gumeracha undergrounding of powerlines	Infrastructure & Operations	B2.1	Capital	550	-	-
B2004	Gumeracha Main Street Stormwater	Infrastructure & Operations	B2.1	Capital	100	100	-
B2005	Transition to the Planning, Development & Infrastructure Act (PDI Act)	Development & Regulatory Services	B2.3	Operating	-	-	-
B2006	Local Heritage Grant Fund	Development & Regulatory Services	B2	Operating	20	20	-
B2007	Integration of Development Assessment Systems	Development & Regulatory Services	B2.3	Operating	-	-	-



Amy Gillett Bikeway,
Charleston

Built Environment - Strategic Initiatives *continued...*



Birdwood Motor Museum,
Birdwood

Project ID	Strategic initiatives (Operating and Capital)	Area	Objective and/or Priority	Type	Budget 2020-21 (\$'000)	Long term financial plan (\$'000)	
						2021-22	2022-23
B3001	Water reuse for Woodside Recreation Ground irrigation (Investigation Year 1)	Infrastructure & Operations	B3.1	Capital	20	200	200
B3002	Implementing water efficiencies through irrigation renewals /upgrades. (Year 1 – Birdwood play space)	Infrastructure & Operations	B3	Capital	40	100	100
B3003	Investigate and implement central irrigation control system (region wide)	Infrastructure & Operations	B3	Capital	-	75	75
B3004	Prepare turf and irrigation design/management plans for key bore water use areas	Infrastructure & Operations	B3	Operating	-	20	20
B3005	Energy Upgrades, Battery & Efficiency Actions from new Carbon Management Plan	Infrastructure & Operations	B3	Capital	100	170	50
B3006	Investigate the transition of main road street lighting to LED	Infrastructure & Operations	B3.2	Capital	40	-	-
B3007	Finalise Carbon Inventory	Infrastructure & Operations	B3	Operating	10	-	-
B3008	Sustainable Buildings Policy	Infrastructure & Operations	B3	Operating	-	-	10
B3009	Sustainable Transport Plan	Infrastructure & Operations	B3	Operating	-	-	12
B3010	Fleet Transition Plan	Infrastructure & Operations	B3	Operating	10	-	-
B3011	Carbon Offsets Policy	Infrastructure & Operations	B3	Operating	-	8	-
B3012	Energy Usage Behaviour Change Program and Travel Surveys	Infrastructure & Operations	B3	Operating	-	10	-
B3013	Corporate Carbon Management Plan actions	Infrastructure & Operations	B3.2	Operating	-	20	-

Built Environment - Strategic Initiatives *continued...*

Project ID	Strategic initiatives (Operating and Capital)	Area	Objective and/or Priority	Type	Budget 2020-21 (\$'000)	Long term financial plan (\$'000)	
						2021-22	2022-23
B4001	Lower Hermitage Road Stormwater Capacity Upgrade	Infrastructure & Operations	B4	Capital	130	-	-
B4002	Road side rock cutting Hill Rd Kersbrook.	Infrastructure & Operations	B4	Capital	40	-	-
B4003	Grevillia Way Woodside Drainage Infrastructure to reduce flooding	Infrastructure & Operations	B4	Capital	100	-	-
B4004	Woodland Way Teringie Drainage Infrastructure to reduce flooding	Infrastructure & Operations	B4.3	Capital	50	-	-
B4005	Aldgate Terrace Bridgewater Drainage Infrastructure to reduce flooding	Infrastructure & Operations	B4.3	Capital	40	-	-
B4006	Asset Management – Additional System Licences and Field Devices	Infrastructure & Operations	B4	Capital	60	60	60
B4007	Asset Management Plans for Buildings	Infrastructure & Operations	B4.1	Operating	10	10	10
B4008	Combined maintenance team for playgrounds/park furniture/cemeteries	Infrastructure & Operations	B4.1	Operating	65	93	95
B4009	Building Upgrades - Minor	Infrastructure & Operations	B4.1	Capital	100	100	100
B4010	Cemeteries Upgrades	Infrastructure & Operations	B4.1	Capital	37	38	-
B4011	Community Wastewater Management System Capacity Upgrades (Birdwood and Woodside Gravity Mains)	Infrastructure & Operations	B4	Capital	30	510	540
B4012	Stirling Library Lawn - Rotunda Replacement	Infrastructure & Operations	B4.1	Capital	150	-	-
B4013	Upgrading of Woodside Library/Service Centre	Community Capacity	B4.1	Capital	45	-	-





Project ID	Strategic initiatives (Operating and Capital)	Area	Objective and/or Priority	Type	Budget 2020-21 (\$'000)	Long term financial plan (\$'000)	
						2021-22	2022-23
B4014	Road Safety Program including co-contribution to Road Blackspot	Infrastructure & Operations	B4	Capital	197	200	200
B4015	Installation of further Electric Vehicle charging stations	Infrastructure & Operations	B4	Capital	35	35	-
B4016	Purchase of Electric Vehicles for Council fleet	Infrastructure & Operations	B4	Capital	20	20	20
B4017	Water Sensitive Urban Design (WSUD) implementation for Woodside Recreation Ground	Infrastructure & Operations	B4.2	Capital	20	-	-
B4018	Climate Change adaption for infrastructure	Infrastructure & Operations	B4.1	Capital	50	50	-

General Store, Mount Torrens



Our Aspiration

An inclusive and prosperous community with the capacity to flourish and fulfil their potential through opportunities to engage, connect, participate and enhance wellbeing.

Some of the key highlights we have planned for 2020-21 include:

- Providing support for community events related to both the Cudlee Creek Bushfire and COVID-19 recovery efforts
- Development of a Disability Access & Inclusion Plan
- Development of a Regional Health Plan with a focus on wellbeing
- Implementation of the Multicultural Action Plan, which will assist us to bring cultural experiences and shared understanding to the community
- Progression of the development of Fabrik Arts & Heritage Hub
- Development of a Library Strategic Plan which will help to guide the future development and programs related to our library services and staff
- Working with local history groups to make resources available online for our community
- Development of the Innovate Reconciliation Action Plan
- Supporting Youth in areas of leadership, skill development and engagement with their community, through workshops and other programs
- Progressing the Community and Recreation Facilities Framework

How we will measure our success

We demonstrate our success by using service based performance measures and customer feedback in areas of community participation and volunteering, community development programs and support, ageing support, library usage and the achievement of our disaster recovery objectives.

We are currently developing the Corporate Performance Indicators we will use in 2020-21.



Our Services

- **Fabrik Arts and Heritage Hub** – Providing community exhibitions, workshops and events. Supporting community on creative recovery after the Cudlee Creek fire and COVID-19.
- **Library & Customer Services** - Providing access to information resources for learning or leisure. Providing opportunities for community to engage, learn and connect. Staffing libraries, outreach services, customer service desks and call centre. Processing payments, registrations and development applications.
- **Volunteering** – Encouraging voluntary participation across the Adelaide Hills through provision of opportunities, training and support for volunteer involving groups.
- **Property Services** – Management and maintenance of Council's Bridgewater retirement village.
- **Public Health** – Inspections of food businesses, waste water and public swimming pools.
- **Parking and By-law Enforcement** – Activities aimed at maximising safety and enjoyment for all road users and pedestrians. Assisting with community events and markets.
- **Sport & Recreation Planning** – Management and utilisation of Council's sport, recreation and open space assets, and the supporting clubs and community who use them.
- **Youth Development** – Providing a range of programs and activities to support and develop youth in our community.
- **Positive Ageing** – Providing home and social support. Developing and implementing targeted strategies and programs in our region.
- **Community Centres** – Providing opportunities to improve health and wellbeing, participate in lifelong learning, share their skills and experience and contributing to their community through volunteering.
- **Communications, Engagement and Events** – Ensuring communication between the Council and community is accurate, relevant, valuable and engaging. Promoting and supporting community events.
- **Community Development** – Overseeing community wellbeing and disability access and inclusion programs, as well as a number of regional support programs.
- **Cultural Development** – Focusing on cultural diversity, Aboriginal respect and recognition, and the arts in all its forms.
- **Grants & Partnerships** – Grant giving programs supporting community based initiatives. Partnerships with other stakeholders to deliver local and regional outcomes.

Our Objectives and Priorities

Objectives	<i>C1 - A community for everyone that is inclusive, welcoming and accessible</i>	<i>C2 - A connected, engaged and supported community</i>	<i>C3 - A community that grows together</i>	<i>C4 - An active, healthy, thriving and resilient community</i>	<i>C5 - Respect for Aboriginal Culture & values</i>	<i>C6 - Celebrate our community's unique culture through arts, heritage & events</i>
Priorities	<p>C1.1 Provide welcoming spaces and places for the community through our libraries, community centres, and Council and community facilities</p> <p>C1.2 Support and promote opportunities for social inclusion and celebration of our cultural diversity</p> <p>C1.3 Make the district more accessible and welcoming for all with a focus on youth participation, positive ageing, disability inclusion and multiculturalism</p> <p>C1.4 Advocate and Seek opportunities to improve transport options for those who need it most</p> <p>C1.5 - Encourage more housing opportunities where provided for in the Development Plan</p>	<p>C2.1 - Work with community to provide a range of programs and opportunities to connect and engage around shared interests</p> <p>C2.2 - Support our ageing community to access services and continue to participate and contribute to community life</p> <p>C2.3 - Facilitate opportunities for our youth to develop skills, build resilience and be actively involved in and connected to their community.</p> <p>C2.4 - Increase participation from the broadest range of our community and engage with them to shape policies, places and decisions that affect them</p> <p>C2.5 - Continue to work with government agencies and non-governmental organisations to support the community recovery from natural disasters and the COVID-19 pandemic.</p>	<p>C3.1 - Provide and support programs and services that encourage and enhance personal growth, lifelong learning and professional development</p> <p>C3.2 - Support volunteering both organisationally and in the community as an essential element in delivering community outcomes and building wellbeing</p> <p>C3.3 - Empower our community groups and leaders to shape and determine change in their community through the provision of training opportunities, grants that meet strategic priorities, building relationships and supporting communities to be cohesive in progressing local projects.</p> <p>C3.4 - Build partnerships with community and other stakeholders to enhance our capacity to provide and support opportunities for them to thrive</p>	<p>C4.1 - Support community wellbeing through our contribution to public health planning, disaster recovery activities and the implementation of strategies that aim to measure and enhance wellbeing.</p> <p>C4.2 - Support the provision of formal and informal sport, recreation and play spaces for the community to enjoy</p> <p>C4.3 - Recognise that trails are a destination in their own right and support both commuter and recreational trail opportunities</p> <p>C4.4 - Support clubs and groups to continue to provide sport and recreation activities to the community</p> <p>C4.5 - Take an all hazards approach to emergency management so we can support the emergency services and the community before, during and after disaster events.</p>	<p>C5.1 - Partner with the Aboriginal and Torres Strait Islander community to develop our second Reconciliation Action Plan (Innovate) and actively participate in Reconciliation Week</p> <p>C5.2 - Celebrate and recognise Aboriginal culture and heritage through participation in and the delivery of programs and activities that engage our community in cultural experience and learning</p>	<p>C6.1 - Develop Fabrik as a vibrant cultural hub for the Adelaide Hills, fostering community connections and creativity and presenting the significant history of the Woollen Mill site</p> <p>C6.2 - Develop, support or bring events to our district that have social, cultural, environmental or economic benefits</p> <p>C6.3 - Recognise, encourage and support artists, emerging artists, writers and performers through promotion of the Arts and supporting opportunities to exhibit and perform</p> <p>C6.4 - Foster the development of Public Art that adds value to public spaces and supports place making in our community</p>

Community Wellbeing - Strategic Initiatives

Strategic Initiatives are specially funded and prioritised activities, projects and programs of work that are planned over the next 3 years. “Capital” initiatives are generally related to new physical assets and infrastructure investment, while “Operating” initiatives are related to administrative projects, community programs and other activities and tasks. Where an initiative does not have an amount listed, the initiative will be progressing with existing Council resources.

Project ID	Strategic initiatives (Operating and Capital)	Area	Objective and/or Priority	Type	Budget 2020-21 (\$'000)	Long term financial plan (\$'000)	
						2021-22	2022-23
C1001	Disability Planning - staffing	Community Capacity	C1	Operating	36	37	38
C1002	Disability Planning - materials	Community Capacity	C1	Operating	10	10	10
C2001	Norton Summit Community Centre facilities upgrade	Community Capacity	C2	Capital	58	-	-
C2002	Develop the next Age Friendly Community Plan	Community Capacity	C2	Operating	-	-	20
C4001	Community Wellbeing Initiatives - staffing	Community Capacity	C4.1	Operating	20	21	21
C4002	Regional Health Planning Initiatives - staffing	Community Capacity	C4.1	Operating	21	21	22
C4003	Court Resurfacing - Office for Recreation, Sport & Racing Grant Funding	Infrastructure & Operations	C4	Capital	-	-	-
C4004	Court Resurfacing - Federal Government Community Development Grant Funding	Infrastructure & Operations	C4	Capital	-	-	-
C4005	Heathfield Oval Change room Upgrade – Sport Australia Grant Funding	Infrastructure & Operations	C4	Capital	-	-	-
C4006	Play Space Upgrades – Mount Torrens, Charleston, Kersbrook (linked to renewal)	Infrastructure & Operations	C4.2	Capital	180	70	70
C4007	Heathfield Oval - Masterplan Implementation	Infrastructure & Operations	C4	Capital	100	-	-
C4008	Woodside Recreation Ground - Masterplan Implementation	Infrastructure & Operations	C4	Capital	70	-	-
C4009	Heathfield Oval - Masterplan Implementation – AHC Grant Funding Contribution	Infrastructure & Operations	C4	Capital	500	-	-
C4010	Play Space – Asset Auditing	Infrastructure & Operations	C4	Operating	7	-	-



Enjoying the Lights of Lobethal

Community Wellbeing - Strategic Initiatives *continued...*



Project ID	Strategic initiatives (Operating and Capital)	Area	Objective and/or Priority	Type	Budget 2020-21 (\$'000)	Long term financial plan (\$'000)	
						2021-22	2022-23
C4011	Adelaide Hills (War Memorial) Swimming Centre - Asset Audit	Infrastructure & Operations	C4	Operating	10	-	-
C4012	Climate Change Adaptation Plan projects	Infrastructure & Operations	C4.5	Operating	-	20	30
C4014	Emergency Management Preparedness Consumables/Capital	Infrastructure & Operations	C4.5	Operating	-	-	5
C4015	Emergency Management Bushfire Preparedness Consultancy	Infrastructure & Operations	C4.5	Operating	10	-	-
C4016	Implement the Bushfire Recovery Action Plan	CEOs Office	C4.5	Operating	430	-	-
C5001	Reconciliation Action Plan (RAP) Implementation	Community Capacity	C5	Operating	-	5	5
C5002	Aboriginal Cultural Centre development	Community Capacity	C5	Operating	-	10	10
C6001	Fabrik Activation - Capital	Community Capacity	C6	Capital	-	-	1008
C6002	Capital Divestment - Sales Revenue	Corporate Services	C6	Capital	-	(1000)	-
C6003	Capital Divestment - Capital Cost	Corporate Services	C6	Capital	535	1130	-
C6004	Activation Arts & Heritage Hub - Operating (Income)	Community Capacity	C6	Operating	(47)	(295)	(305)
C6005	Activation Arts & Heritage Hub - Operating (Expenditure)	Community Capacity	C6	Operating	305	505	603
C6006	Grow our involvement in the Women's Tour Down Under	Community Capacity	C6.2	Operating	10	10	10
C6007	Support for small community events	Community Capacity	C6.2	Operating	20	5	5
C6008	Support for high profile regional event	Community Capacity	C6	Operating	5	10	5
C6009	Public Art (including acquisition)	Community Capacity	C6.4	Operating	3	15	15

A prosperous Economy



Our Aspiration

Our region's economy is diverse and sustainable with a reputation for quality, niche products, services and experiences underpinned by a culture of creativity and innovation.

Some of the key highlights we have planned for 2020-21 include:

- Updating the Economic Development Plan
- Recruiting an Economic Development Officer to support additional economic development initiatives
- Supporting events in the region such as the Tour Down Under
- Funding and supporting preparation for tourism restart across the region
- Seeking external funding opportunities for key projects and programs in the region
- Progressing our World Heritage Bid
- Waiving outdoor dining permits, fines and interest charges

How we will measure our success

Getting feedback from our business community as well as analysing business demographic, growth and visitor data will help to show where our services are assisting local businesses and overall economic prosperity.

We are currently developing the Corporate Performance Indicators we will use in 2020-21.

Our Services

- **Economic Development** - Providing networking opportunities, coordinating local development efforts, promoting branding and tourism initiatives, and advocating to other levels of government to support projects and investments benefiting the local economy.
- **Property Services** – Managing permits related to events, outdoor dining, roadside trading and mobile food vans.
- **Old Woollen Mills Precinct** – Developing a business hub in Lobethal that is home to a diverse group of commercial and community owners and tenants.
- **Public Health** – Legislative function related to public safety with regard to food businesses and treatment and disposal of waste water on site.
- **Communications, Engagement and Events** – Managing, promoting and supporting various large and small events to benefit our community such as the Tour Down Under, Stirling Markets, and Gumeracha Medieval Fair.
- **Development Advice & Approvals** – Assisting businesses and landowners when wishing to develop their properties.

Our Objectives and Priorities

Objectives

Priorities

E1 - Support and grow our region's existing and emerging industries

E1.1 - Support and encourage local and international tourists to visit the Adelaide Hills

E1.2 - Take advantage of the full potential of our region's primary production and associated value adding activities

E1.3 - Support and encourage the growth and development of our region's creative industry micro businesses

E1.4 – Promote, support and encourage our existing and emerging businesses to respond to economic changes by being creative, innovative, productive and resilient to unexpected impacts.

E1.5 - Engage and assist our region's key business and industry groups to be resilient, proactive and successful

E1.6 - Encourage and facilitate local supplier participation in all level of Government tendering processes

E2 - Provide local infrastructure to drive growth and productivity

E2.1 - Work with all levels of Government to ensure the region's infrastructure needs are understood and prioritised

E2.2 - Explore and advocate for the opportunities that new technologies could bring to our region

E2.3 - Support changes to planning and development that leverages and encourages sustainable economic development

E2.4 - Manage and maintain Council assets to maximise their utilisation and benefit to the community

E3 - Encourage, attract and retain a creative, talented and skilled workforce in our region

E3.1 - Attract and encourage professional and business development and networking activities

E3.2 - Understand the nature of skills our region's businesses will require to prosper into the future

E3.3 - Work with our local communities and businesses to create active, attractive and vibrant places

E3.4 - Enable start-ups and home based business through services, information and networking opportunities

E4 - Cultivate a clear, unique and consistent regional identity that can be leveraged to attract national and international attention

E4.1 - Work with key stakeholders to develop a realistic, yet inspiring, collective vision to connect the region and its industries

E4.2 - Work with our communities and businesses to encourage co-ordinated and strategic regional projects that enhance and support the regional identity

E4.3 - Support and encourage events that supports the region's identity and generates social, cultural and economic benefits

E4.4 - Support the continued development and community engagement for the World Heritage nomination of the region

Economy - Strategic Initiatives

Strategic Initiatives are specially funded and prioritised activities, projects and programs of work that are planned over the next 3 years. “Capital” initiatives are generally related to new physical assets and infrastructure investment, while “Operating” initiatives are related to administrative projects, community programs and other activities and tasks. Where an initiative does not have an amount listed, the initiative will be progressing with existing Council resources.

Project ID	Strategic initiatives (Operating and Capital)	Area	Objective and/or Priority	Type	Budget 2020-21 (\$'000)	Long term financial plan (\$'000)	
						2021-22	2022-23
E1001	Economic Development Officer	Community Capacity	E1	Operating	75	103	106
E1002	Financial support to assist the business & community to recover from bushfires and COVID-19 (incl. rates)	Corporate Services	E1.4	Operating	120	-	-
E2001	Review and upgrade Council signage and branding	Community Capacity	E2.5	Capital	25	15	15
E2002	Place making program to shape, activate and coordinate place making at a community level	Development & Regulatory Services	E2	Operating	-	-	-
E2003	Upgrades of the remaining two DPTI roundabouts at Crafrers on-ramp and Piccadilly	Infrastructure & Operations	E2.4	Capital	160	-	-
E4001	Additional Tree safety work required to support the Tour Down Under	Infrastructure & Operations	E4	Operating	30	30	30
E4002	UNESCO World Heritage Bid	Development & Regulatory Services	E4.4	Operating	5	5	5





Our Aspiration

The natural environment of the Adelaide Hills contributes significantly to the character of the region and is greatly valued by our local community and visitors.

Some of the key highlights we have planned for 2020-21 include:

- Community education on the proposed cat confinement rules in preparation of 1 January 2022 implementation
- Expanded incorporation of recycled materials into our Capital Works program
- Inspections of aerobic wastewater system irrigation to ensure compliance and protection of the Mt Lofty Ranges Water Catchment
- Expanding on our emergency management response
- Property inspections and education as part of bushfire prevention strategies

How we will measure our success

The services we provide and the influence we have in the community will demonstrate our success in maintaining a healthy and resilient region. In particular this will be shown through community education outcomes, achieving biodiversity targets, and service driven performance in managing animals, waste and resources, and our natural spaces.

We are currently developing the Corporate Performance Indicators we will use in 2020-21.

Our Services

- **Sustainability**– Including climate change considerations into Council decision making, providing strategies for carbon neutrality, water management and renewable energy in response to climate change impacts.
- **Open Space Biodiversity**– Undertaking activities such as weed management, habitat conservation and expansion, research and knowledge development, and supporting community in their related activities.
- **Animal Management** - Promoting responsible dog and cat ownership, responding to nuisance and hazards caused by other animals including livestock, eradicating European wasp nests and conducting a Feral Cat Study.
- **Open Space Operations** – Maintaining parks and reserves, biodiversity activities, and fire breaks/tracks.
- **Fire Prevention**– Legislative function of ensuring identified properties are prepared for the bushfire season. Assessing the extent of bushfire hazards within the Council area and providing advice to land owners in respect of bushfire prevention and management.
- **Mt Lofty Waste Control Project**– Working in collaboration with SA Water to Identify failing wastewater systems impacting on the water catchment.
- **Waste** - Providing waste collections and recycling services to 16,500 properties, green waste organics kerbside collections in townships, 'at call' hard waste collection, and operates the Heathfield Resource Recovery Centre for community use.

Our Objectives and Priorities

Objectives

Priorities

N1 - Conserve and enhance the regional natural landscape character and amenity values of our region

N1.1 - Enhance and manage horticultural amenity, including succession planning for street trees that contribute to and reinforce our distinctive streetscapes and villages

N1.2 - Manage reserves and open space to support the community, whilst balancing biodiversity conservation, resource use and environmental impacts

N2 - Recognise the benefits of ecosystem services and improve environmental resilience by reducing environmental impacts

N2.1 - Monitor and manage areas of high biodiversity or habitat value on Council reserves and Native Vegetation Marker Scheme (NVMS) sites using best practice methodologies

N2.2 - Explore opportunities and take appropriate actions to monitor current and emerging threats to biodiversity including feral cats and Phytophthora

N2.3 - Mitigate bushfire risks across the landscape by undertaking fuel reduction activities including woody weed control, maintenance of asset protection zones and educate & enforcement to reduce fuels on private property

N2.4 - Work with supporting organisations and agencies to foster the restoration of native flora and fauna habitat following the 2019-20 bushfire

N3 - Nurture valuable partnerships and collaborations and engage the local community in the management of our natural environment

N3.1 - Increase knowledge and environmental awareness within the community through engagement and education

N3.2 - Collaborate and engage with public and private organisations, schools and community members (including the Aboriginal community as the first nation peoples), to improve biodiversity outcomes and land management practices.

N3.3 - Continue to work in partnership with the Resilient Hills and Coasts region to build Council and community resilience to the impacts of climate change

N4 - Reduce the impact of waste to landfill by maintaining a robust waste and resource management framework

N4.1 - We will work with partners to analyse the benefits and feasibility of introducing a fee incentive to property owners to produce less waste in relation to the kerbside bin service

N4.2 - We will explore more Green Organics options to achieve improved environmental and financial outcomes.

N4.3 - We will provide specific education to the community to increase their level of food scrap recycling

N4.4 - Implement new or improved waste service opportunities whilst continuing to provide ongoing resource recovery and waste service to our community

N5 - Assist our community to reduce the impact of waste to landfill on the environment

N5.1 - Encourage and educate the community to help minimise the generation of household waste by advocating the principles of the Waste Management Hierarchy to avoid, reduce and reuse

N5.2 - Support and assist the community to prevent valuable resources going to landfill and reduce contamination in kerbside recycling bins

Natural Environment - Strategic Initiatives

Strategic Initiatives are specially funded and priority activities, projects and programs of work that are planned over the next 3 years. “Capital” initiatives are generally related to new physical assets and infrastructure investment, while “Operating” initiatives are related to administrative projects, community programs and other activities and tasks. Where an initiative does not have an amount listed, the initiative may be progressing with existing Council resources.

Project ID	Strategic initiatives (Operating and Capital)	Area	Objective and/or Priority	Type	Budget 2020-21 (\$'000)	Long term financial plan (\$'000)	
						2021-22	2022-23
N1001	Tree population data collection	Infrastructure & Operations	N1	Operating	-	-	-
N2001	Bird surveys for monitoring bird impact on post burn sites identified in BMAP	Infrastructure & Operations	N2.1	Operating	-	-	7
N2002	Heritage Agreements for land under Council's care and control	Infrastructure & Operations	N2.3	Operating	5	5	5
N2003	Roadside Marker Program to protect and manage roadside vegetation	Infrastructure & Operations	N2.1	Operating	45	45	45
N2004	Review Unformed Public Roads to ascertain connectivity potential & habitat value	Infrastructure & Operations	N2.1	Operating	-	-	64
N2005	Develop Encroachment Policy	Infrastructure & Operations	N2.2	Operating	-	-	6
N2006	Develop and review Council Management Plans for high value reserves	Infrastructure & Operations	N2.1	Operating	3	3	3
N2008	Develop informative and attractive signage in Council reserves/playgrounds	Infrastructure & Operations	N2.1	Operating	10	10	10
N2009	Feral cat study and implementation of an action plan	Development & Regulatory Services	N2.2	Operating	30	30	-



Rain created waterfall at Mt Lofty

Natural Environment - Strategic Initiatives continued...

Project ID	Strategic initiatives (Operating and Capital)	Area	Objective and/or Priority	Type	Budget 2020-21 (\$'000)	Long term financial plan (\$'000)	
						2021-22	2022-23
N2010	Follow up weed control post-burn on 8 Bushfire Management Area Plan sites	Infrastructure & Operations	N2.3	Operating	10	10	10
N2011	Wastewater Aerobic Irrigation Inspections - compliance staff	Development & Regulatory Services	N2	Operating	35	-	-
N3001	Local Climate Adaptations for landscape conservation	Infrastructure & Operations	N2.1	Operating	10	10	10
N3002	Resilient community facilities and open space including water fountains	Infrastructure & Operations	N3	Operating	-	20	30
N4001	Explore feasibility and benefits of a User Pays Kerbside Bin Service	Infrastructure & Operations	N4.1	Operating	-	50	25
N5001	Undertake kerbside waste audits	Infrastructure & Operations	N5.1	Operating	10	10	10
N5002	Trial Resource for reducing Council's Solid Waste Levy Costs	Infrastructure & Operations	N5.1	Operating	-	25	-

A progressive Organisation



Our Aspiration

Council is recognised for its skilled and agile workforce, for its representative and accountable governance, its commitment to cost effectiveness and efficient service delivery.

Some of the key highlights we have planned for 2020-21 include:

- Implementation of the Bushfire Recovery Action Plan
- Service Changes to accommodate COVID-19 impacts
- Undertake a review of the Corporate Plan to support the delivery of the recently adopted Strategic Plan
- Undertake a Cyber Security Audit to assess whether the necessary systems and strategies are in place to mitigate the threat of cyber attacks
- Develop a Service Review Framework
- Broadcasting Council meetings and exploring additional opportunities for the community to access and provide input to Council and Committee decision-making processes

How we will measure our success

As an organisation, our measures of success include service-driven performance measures, achievement of financial targets, evidence of our corporate governance, implementation of innovative processes and technology, and organisational development achievements.

We are currently developing the Corporate Performance Indicators we will use in 2020-21.

Our Services

- **Customer Experience** – Driving organisational improvement and innovation to improve the customer experience.
- **Information, Communication and Technology** – Providing support for over 1300 devices, 250 system users and 100 public access devices for libraries and community centres. Manages system security, asset maintenance and renewal.
- **Financial services** – Providing accounting and financial activities including procurement support, payments, collection of rates and debt recovery, treasury management and support to Council in financial decision making.
- **Organisational Development and Work Health & Safety** – Providing support across the whole organisation including development, human resource management, work health and safety and payroll.
- **Governance** – Supporting elected Council Members, the Administration and community with their legislated roles and responsibilities including coordination of Council & Committee meetings, elections, risk management, audit and review activities, and corporate planning and reporting activities.
- **Property Services** – Ongoing maintenance and management of Council's service centres and operational sites.
- **Information Systems** – Systems for the capture, dissemination, storage, security, accessibility and management of information received and generated by Council.
- **Emergency Management** – Working collaboratively to prevent, prepare, respond and recover from natural disasters and other hazards.
- **Bushfire Recovery** – Planning, coordination and overall impact of the recovery effort related to the Cudlee Creek Bushfire.

Our Objectives and Priorities

Objectives	Priorities					
	<i>O1 - We have the right people with the right knowledge and skills in the right jobs and they are supported and developed</i>	<i>O2 - Our customers find it easier to interact and do business with Council and have an improved customer experience</i>	<i>O3 - Our organisation is financially sustainable for both current and future generations</i>	<i>O4 - We actively represent our community</i>	<i>O5 - We are accountable, informed, and make decisions in the best interests of the whole community</i>	<i>O6 - Technology and innovation is utilised to better meet our community's expectations and deliver value for money</i>
Priorities	O1.1 - Progressively enhance our safe systems of work to maintain emotional and physical safety of our people	O2.1 - Develop our digital channels to better meet customers' current and future needs	O3.1 - Ensure the delivery of agreed strategic plan requirements whilst meeting endorsed long term targets for a sustainable operating surplus and level of debt	O4.1 - Optimise opportunities for the community to access and provide input into the decision-making processes	O5.1 - Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations	O6.1 - Progressively strengthen Council's systems security to minimise the impact of cyber attack
	O1.2 - Continue to develop a positive culture through supporting an equitable, diverse and continuously improving work environment	O2.2 - Modernise our services and enhance the customer experience by making service delivery faster, more convenient and more proactive	O3.2 - Ensure that renewal of assets and the associated maintenance is based on current asset management plans which consider reviewed service levels and whole of life costing	O4.2 - Attract and develop a diverse and capable elected body that represents, promotes and reflects the composition of the community	O5.2 - Make evidence-based decisions and prudently assess the risks and opportunities to our community before taking action.	O6.2 - Utilise technology to enable more evidence based and efficient delivery of services to the community
	O1.3 - Support our people leaders in further developing the skills necessary to lead engaged and productive teams	O2.3 - Build the capabilities of our people through a focus on two-way communication, cooperation and placing customers at the centre of everything we do	O3.3 - Actively pursue alternative funding opportunities to reduce reliance on rates income	O4.3 - Advocate to, and exert influence with, our stakeholders on behalf of our community to promote the needs and ambitions of the region	O5.3 - Demonstrate accountability through robust corporate planning and reporting that enhances performance, is relevant and easily accessible by the community	O6.3 - Provide more resilient business systems by utilising cloud technologies where appropriate
	O1.4 - Continue to support all staff through training, mentoring, coaching and development to enable the achievement of organisational and community goals	O2.4 - Continuously strive to measure and improve performance and service delivery across all functions	O3.4 - Assess the range and level of services undertaken to ensure they fulfil Council's legislative and strategic intent	O4.4 - Explore council boundary reform options that best serve the community		O6.4 - Utilise our online engagement tools to reach a wider range of community members to obtain their views and input.
						O6.5 - Support the delivery of services to the community through improved utilisation and connectivity of existing business systems
						O6.6 - Ensure the way in which we provide our digital services delivers an enhanced experience for our community

Organisation - Strategic Initiatives

Strategic Initiatives are specially funded and priority activities, projects and programs of work that are planned over the next 3 years. “Capital” initiatives are generally related to new physical assets and infrastructure investment, while “Operating” initiatives are related to administrative projects, community programs and other activities and tasks. Where an initiative does not have an amount listed, the initiative may be progressing with existing Council resources.

Project ID	Strategic initiatives (Operating and Capital)	Area	Objective and/or Priority	Type	Budget 2020-21 (\$'000)	Long term financial plan (\$'000)	
						2021-22	2022-23
O1001	Resource to manage Skytrust (WHS system) implementation following WHS Improvement Plan	Corporate Services	O1	Operating	34	35	-
O1002	Update of Business Continuity Plan and implementation	CEOs Office	O1.1	Capital	20	20	5
O2001	Renewal of Council's Web presence	Community Capacity	O2.1	Capital	100	200	-
O2002	Annual licence subscription for renewal of Council web presence	Community Capacity	O2	Operating	-	60	60
O2003	Process improvements to enhance the customer experience	Community Capacity	O2	Operating	-	20	-
O2004	Customer Experience training	Community Capacity	O2.3	Operating	10	10	10
O2005	Service Changes to Accommodate COVID19 Impacts	CEOs Office	O2.2	Operating	50	-	-
O3001	Service Review Framework development	CEOs Office	O3.4	Operating	-	26	26
O4001	Local Government Election support	CEOs Office	O4.2	Operating	-	-	183
O4002	Council Member induction training	CEOs Office	O4.2	Operating	-	-	10
O4003	Develop or respond to boundary reform proposals	CEOs Office	O4.4	Operating	-	-	-
O5001	Local Government legislative reform implementation	CEOs Office	O5.1	Operating	-	10	10
O5002	Equipment to broadcast Council Meetings	CEOs Office	O4.1	Capital	30	-	-
O5003	Corporate Plan review	CEOs Office	O5.3	Operating	-	-	-



Organisation - Strategic Initiatives *continued...*

Project ID	Strategic initiatives (Operating and Capital)	Area	Objective and/or Priority	Type	Budget 2020-21 (\$'000)	Long term financial plan (\$'000)	
						2021-22	2022-23
O5004	Establishment of performance benchmarking program	CEOs Office	O5.3	Operating	-	9	10
O5005	Resource to manage building and swimming pool inspections to ensure legislative compliance	Development & Regulatory Services	O5	Operating	75	77	27
O6002	Cyber & Systems Security - Program Management	Corporate Services	O6.1	Operating	-	-	-
O6003	Two Factor Authentication - Software Subscription	Corporate Services	O6.1	Operating	15	15	16
O6004	Application Whitelisting - Software Subscription	Corporate Services	O6.1	Operating	15	15	16
O6005	Records Management software (Record Point) subscription	Corporate Services	O6.3	Operating	-	-	70
O6007	Conduct of Community Perception Survey	Community Capacity	O6	Operating	-	5	-

Financial Overview

Key financial information for 2020-21 is summarised below:



Budget Summary		\$'000
● General Rates Income (2.95% increase)		37,110
● All Other Operating Income		10,332
Total Operating Income		47,442
● Operating Expenses (excluding Initiatives)		46,459
● Operating Initiatives (Net)		1,092
Operating Deficit*		109
Adjusted Operating Surplus*		321
● Gross Capital Renewal Program Expenditure		9,212
● Gross New Capital Expenditure		5,056
Total Gross Capital Expenditure		14,268
Estimated New Borrowings		10,500
Repayment of Fixed Term Borrowings		5,263

*Council's projected operating income is not sufficient to meet projected operating expenses. The operating expenses includes \$430k of abnormal one off expenditure relating to the Cudlee Creek Bushfire recovery resulting in an Operating Deficit of \$109k. It is considered that the Adjusted Operating Surplus of \$321k (which excludes the bushfire expenditure) provides a more accurate basis for comparison as well as the assessment of the long term financial sustainability of Council.

Long Term Financial Plan

The *Local Government Act 1999* requires the Council to prepare a *Long Term Financial Plan* (LTFP) as part of its suite of strategic management plans.

Prior to the development of the *Annual Business Plan* a detailed review of the LTFP was undertaken in consultation with the community. The revised LTFP was adopted at Council's 28 April 2020 meeting and can be found at ahc.sa.gov.au.

The key objective of our LTFP is to demonstrate that the Council is financially sustainable over the 10 year term of the LTFP, while achieving the objectives outlined in the *Strategic Plan*. This includes:

- Implementation and funding of the appropriate level of maintenance and renewal of the portfolio of infrastructure assets
- Meeting the ongoing expectations of service delivery to our community
- Managing the impact of cost shifting from other levels of government
- Enabling the delivery of strategies identified within the Strategic Plan as well as other endorsed Functional Strategies
- The appropriate use of debt as a means of funding new capital expenditure
- Ensuring the financial sustainability of Council's operations.

The LTFP has been used to set the context and targets for the development of the 2020-21 Budget

Elements of the Budget: Income and Expenses

Income

Rate revenue accounts for 85% of Council's operating income, while grants, fees and charges make up the majority of the other operating income. We continue to pursue grant income and partnerships with external funders where possible to minimise the requirement for revenue via rates.

Fees and Charges

Section 188 of the *Local Government Act 1999* sets out how fees and charge are managed in Council. Council reviews its fees and charges each year, in conjunction with the development of the annual budget to ensure that the fees proposed:

- reflect (or move progressively toward) the cost of the services given
- are comparable with market rates, where appropriate
- take into account benefit derived by users of community facilities
- are consistent with Council directions articulated through existing policy or plans
- are consistent with Council's LTFP assumptions

Generally, this has resulted in proposed fee increases that are in line with CPI, insofar as this is practicable.

Expenses

30% of the Council's operating expenditure is attributable to the payment of salaries and wages and around 42% is applied to materials, contracts and other expenses.

Key financial targets and financial sustainability

Financial sustainability is demonstrated through adherence to Council's agreed target ranges in all of the three key ratios:

Indicator	Adopted Target	2020-21 Budget
Operating Surplus Ratio	0 - 10%	(0.2%)
Adjusted Operating Surplus Ratio	0 - 10%	0.7%
Net Financial Liabilities Ratio	0 - 100%	50%
Asset Sustainability Ratio	90 – 110%	100%

The table above shows an Operating Surplus Ratio which includes the abnormal Cudlee Creek Bushfire net expenditure, and the Adjusted Operating Surplus Ratio which removes the distortion of the Bushfire expenditure.

It is considered that the Adjusted Operating Surplus ratio of 0.7% which is within Council's target range provides a more accurate basis for comparison as well as the assessment of the long term financial sustainability of Council.

In conclusion, it is therefore considered that in achieving these targets, there is a level of certainty provided to the community that financial sustainability will be maintained.

Impact on ratepayers

The overall amount existing ratepayers will pay in general rates will increase on average by 2.95%. For a residential property of average value, this equates to an increase approximately \$59 for the 2020-21 year. Rate increases may vary from the average where there has been new development, capital improvements or other significant change to the value of the property.

Significant influences for the 2020-21 budget

A number of factors have influenced the preparation of Council's 2020-21 Annual Business Plan. These include:

- The substantial impact that the 2019-20 Cudlee Creek Bushfire and the COVID-19 pandemic are having on our community. The recovery effort of both these events has a significant financial impost as Council balances its support to the community and the continued financial sustainability of Council
- Local Government Price Index increases on relevant goods and services, which in recent years has tracked above CPI
- The impact of China mandating and enforcing stringent quality requirements for imported recycled materials (China Sword) has an ongoing impact on Council's operating result of approximately 1% of rates, thus having an a significant financial impact on Council's budget. As a result, Council's recyclable processing budget has increased from \$209k in the 2019-20 budget to \$407k in the 2020-21 budget, an increase of \$198k
- In 2020-21 it is forecast Council ratepayers will pay \$835k in solid waste levy to the State Government, an increase of over \$104k (14%) from 2019-20. This is on top of an even more significant increase for 2019-20
- Provision for Enterprise Development Agreements for most staff which determines conditions of employment and provide for annual salary and wages increases
- Maintaining asset management (renewal) expenditure at a sufficient level to ensure long term maintenance of Council infrastructure, property and IT assets
- Increased maintenance requirements due to an increase in capital works and construction of new assets over recent years
- Ensuring key strategies from Council's Strategic Plan and Functional Strategies are costed appropriately
- The divestment of the southern side of Adelaide Hills Business and Tourism Centre at Lobethal resulting in reduced rental and reimbursement income but offset by reduced operating and capital costs
- The activation of an Arts and Heritage Hub resulting in a net cost of \$258k in 2020-21





Borrowings

Borrowing is an important funding source, especially for expenditure relating to new Capital and is undertaken in accordance with Council's *Treasury Policy*. The key objective of the Policy is to manage the finances of the Council holistically in accordance with the overall financial sustainability strategies and targets.

An independent local government report on financial sustainability encourages the increased use of borrowings to promote intergenerational equity. This involves spreading costs in relation to significant capital expenditure based on the pattern of benefits over time so that one generation is not excessively subsidising another.

Where there is a persuasive argument relating to intergenerational equity, Council will consider the appropriate use of borrowings. This will be managed within financial targets with the intention that future cash flows are sufficient to recoup borrowings with minimal impact on general operations over the medium term.

The Estimated New Borrowing as shown in the following table for 2020-21 is high at \$10.5m. However, \$5m of this relates to the refinancing of a large fixed loan maturing in June 2021. With interest rates at historic lows, this results in significant savings on existing borrowings in future years.

Borrowing	\$'000
Forecast Opening Balance of Fixed Term Borrowings July 2019	13,000
Estimated New Borrowing for 2020-21	10,500
Repayment of principal for 2020-21	(5,263)
Forecast Closing Balance of Fixed term Borrowings June 2020	18,237
Cash Advance Debenture (Short Term Borrowings)	158
Forecast Closing Balance of all Borrowings June 2020	18,395

Operating Budget by Directorate and Function

Directorate	Function	Revenue			Expenditure			Net Cost /	Staff FTE
		2019-20 Budget \$'000	2020-21 Budget \$'000	Variance Fav/(Unfav) \$'000	2019-20 Budget \$'000	2020-21 Budget \$'000	Variance Fav/(Unfav) \$'000	2020-21 Budget \$'000	
CEO	CEO Office	1,000	980	(20)	1,403	1,772	(368)	792	1.0
	Governance	141	75	(66)	1,564	1,686	(121)	1,611	4.0
	CEO Total	1,141	1,055	(86)	2,968	3,457	(490)	2,402	5.0
Community Capacity	Communications, Engagement & Events	3	3	0	621	660	(40)	658	3.6
	Community Development (M&P)	0	-	0	317	361	(43)	361	2.1
	Cultural Development	0	-	0	146	149	(3)	149	1.0
	Customer Experience	0	-	0	185	171	14	171	1.0
	Customer Service	0	-	(0)	782	1,123	(342)	1,123	8.6
	Director's Office Community Capacity	0	-	0	294	301	(7)	301	1.7
	Economic Development	95	95	0	429	502	(74)	407	2.0
	FABRIK Arts & Heritage Hub	51	47	(4)	326	305	22	258	2.0
	Grants & Partnerships	0	-	0	232	237	(5)	237	0.0
	Hills Connected Communities Projects	93	64	(29)	96	68	28	4	0.6
	Library Services	336	344	9	1,825	1,536	289	1,192	16.0
	Positive Ageing (Home and Social Support)	1,036	1,014	(23)	1,083	1,051	31	38	5.8
	Positive Ageing Project (Collaborative)	92	80	(12)	94	80	13	0	0.6
	The Summit Community Centre	20	15	(6)	170	175	(4)	160	1.6
	Torrens Valley Community Centre	35	36	1	164	173	(9)	137	1.6
	Volunteering	0	-	0	81	84	(3)	84	0.7
	Youth Development	2	2	0	154	158	(3)	156	1.0
	Community Capacity Total	1,762	1,699	(63)	6,998	7,134	(136)	5,435	49.9
Corporate Services	Cemeteries	210	215	5	218	210	7	(4)	1.0
	Director's Office Corporate Services	3	3	0	311	322	(11)	319	1.8
	Financial Services	38,119	39,441	1,322	404	372	32	(39,070)	7.5
	General Property	86	89	3	1,809	1,792	17	1,703	4.6
	Information, Communications & Technology	0	-	0	1,158	1,337	(179)	1,337	5.0
	Information Systems	0	-	0	1,124	1,223	(99)	1,223	7.0
	Old Woollen Mills Precinct - Lobethal	347	366	19	260	253	7	(112)	1.0
	Organisational Development & WHS	0	-	0	576	597	(21)	597	4.3
	Corporate Services Total	38,764	40,114	1,349	5,859	6,107	(248)	(34,007)	32.2

Operating Budget by Directorate and Function

Directorate	Function	Revenue			Expenditure			Net Cost / (Revenue) 2020-21 Budget \$'000	Staff FTE 2020-21 Budget
		2019-20 Budget \$'000	2020-21 Budget \$'000	Variance Fav/(Unfav) \$'000	2019-20 Budget \$'000	2020-21 Budget \$'000	Variance Fav/(Unfav) \$'000		
Development & Regulatory Services	Animal Management	402	416	14	399	414	(15)	(1)	3.1
	Director's Office DRS	0	-	0	321	328	(7)	328	2.0
	Fire Prevention	13	14	2	96	99	(2)	85	0.9
	Mt Lofty Project	50	50	0	50	51	(1)	1	0.5
	Parking and By-Laws	79	48	(32)	179	193	(15)	146	1.3
	Planning & Development	524	561	37	1,925	1,949	(25)	1,388	16.4
	Policy Planning	0	-	0	175	154	22	154	1.0
	Public Health	162	166	4	499	508	(8)	342	4.0
	Development & Regulatory Services Total	1,229	1,254	24	3,645	3,696	(51)	2,442	29.3
Infrastructure & Operations	Civil Services	1,428	1,444	16	5,362	5,408	(46)	3,964	44.0
	CWMS	1,805	1,795	(10)	1,136	1,104	33	(691)	1.0
	Director's Office Infrastructure & Operations	0	-	0	319	326	(7)	326	2.0
	Emergency Management	0	-	0	91	92	(1)	92	0.2
	Open Space - Biodiversity	0	-	0	538	539	(1)	539	3.5
	Open Space - Operations	21	-	(21)	4,434	4,581	(147)	4,581	21.8
	Open Space - Sport & Recreation Planning	10	10	0	511	562	(52)	552	1.8
	Strategic Assets	0	-	0	9,077	9,372	(295)	9,372	4.0
	Sustainability	0	-	0	212	268	(56)	268	1.4
	Waste	70	72	2	4,671	4,905	(235)	4,833	1.4
	Infrastructure & Operations Total	3,334	3,321	(13)	26,350	27,157	(807)	23,837	81.1
ORGANISATION TOTAL		46,239	47,442	1,203	45,828	47,551	(1,723)	109	197.4

Capital Budget Overview

The 2020-21 Capital Budget continues to focus on the renewal of infrastructure. The Council has in excess of \$600m (Current Replacement Values) of infrastructure assets that it manages, to ensure that our current and future communities have access to the ongoing services these assets provide.

This year our capital works program will include:



- **\$9.212m** Capital Renewal detailed in the Capital Expenditure Renewal Summary Table (to the right)
- **\$5.056m** in new and upgraded capital investment, detailed in the strategic initiative pages (pg 6 -27)

The total of \$14.268m for the capital works program is less than the Long Term Financial Plan target of \$16.768m but is considered to be the appropriate level of sustainable investment to meet the Council strategic goal to have a proactive long term view regarding the renewal and maintenance of its infrastructure.

As in previous years, a significant portion of the program is applied to road works, with buildings, footpaths, stormwater and plant accounting for a large proportion of the remaining allocation.

Capital Expenditure Renewal Summary

Asset Category	2020-21 Allocation \$'000	LTFP Target Renewal \$'000	Variance to LTFP \$'000
Bridges	155	218	63
Buildings	815	951	136
CWMS	48	50	2
Footpaths	404	400	(4)
Kerb & Water	247	300	53
Other*	241	320	79
Road Pavement	914	957	43
Road Seal	1,096	1,200	104
Shoulders	250	400	150
Sport and Recreation (including Playgrounds)	360	1,100	740
Stormwater	75	40	(35)
Unsealed Roads	1,109	1,500	391
Plant and Fleet	1,688	1,688	0
Information, Communication & Technology	411	318	(93)
Minor Plant & Equipment (including Library fittings)	77	95	19
Project Management Costs	1,323	1,323	0
NET RENEWALS	9,212	10,860	1,648

**Other includes Guardrail, Retaining Walls, Cemeteries, Street Furniture, and Traffic Control*

Rates Overview

In setting the rates for 2020-21 Council proposes to continue with its current method of rating, which is two differential rates with a fixed charge, applied against the capital value of properties. Council considers this to be a fair and equitable method of rating for the Adelaide Hills Council.

Rates are used to deliver the services. Rates are a form of property taxation, and property values determine how much each property contributes. This system of taxation means that the rates paid may not directly relate to the services used by each ratepayer.

The 2020-21 budget was initially developed from Council's LTFP which had a rate revenue target that incorporated a general rates increase of 3.25% and estimated growth of 0.75%.

Council has considered the impact of Cudlee Creek Bushfire and Covid-19 events on the community and the need to ensure that there was sufficient financial capacity to not only be responsive, but also provide targeted support to those in the community that have been significantly impacted.

It has therefore been proposed that a general rate increase of 2.95% will be applied, and with slightly increased rates growth being forecast, total rate revenue will be sufficient to maintain existing services as well as provide the targeted recovery support for both the Cudlee Creek Bushfire and COVID-19 events.

Actual rate growth is now estimated at 1.05% for 2020-21. Growth represents new development (primarily related to the Woodforde development), capital improvements to existing properties and changes to value as a result of land divisions and will be confirmed by the Valuer-General as part of completing the valuation of the Council area.

The table below provides a summary of the average rate increases that have been applied in recent years as well as the proposed increase for 2020-21 as discussed above.

Description	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
To meet inflation (CPI)	1.7%	1.5%	1.25%	2.3%	1.8%	2.4%
To fund increased capital renewal	1.0%	1.0%	1.0%	1.0%	1.0%	0.55%
Solid Waste Levy	-	-	-	-	\$10 (0.5%)	-
Sampson Flat Bushfire (one year only)	1.0%	(1.0%)	-	-	-	-
TOTAL INCREASE	3.7%	1.5%	2.25%	3.3%	3.3%	2.95%



Summary Basis of Rating (Rating Policy)

Key elements of the Policy include:

Rating Structure

- A fixed charge rating structure that includes a fixed charge applying to all properties. This charge is to increase from \$662 to \$682 which represents a 2.95% increase in line with the average increase previously highlighted.
- The same rate in the dollar, based on capital value, being applied to all categories of ratepayer, except commercial and industrial ratepayers who pay a 15% premium.
- The ability of primary production ratepayers genuinely in the business of primary production but not benefitting from a notional capital value for their property to apply for a 10% rebate.

Stirling Separate Rate

- A separate rate for businesses in Stirling that generates \$95k that is distributed to the Stirling Business Association (SBA) to promote Stirling as a destination, the "Gateway to the Hills". Council also sets a maximum amount ('top') and a minimum amount ('tail') per property each financial year for this separate rate.
- Council has also discussed with the SBA that in accord with Council's taxation principles, it would appear more equitable that both the top and tail are increased each year in line with an appropriate economic indicator to better maintain an even distribution across all separate ratepayers. As a result it was agreed with the SBA to increase the separate rate's 'tail' to \$280 and the 'top' to \$2,500 representing a 2.5% increase for each year since the last increase in 2014-15 to re-establish the relativity present a number of years ago.

Other Rates and Levies

- A separate rate to provide for the sealing in 2014-15 of the northern end of Verrall Road, Upper Hermitage. This rate is levied on those properties that actually adjoin this section of road.
- An update to the Policy to reflect that the former NRM Levy, being a State Tax imposed on councils to collect on behalf of the State Government has been replaced by a similar levy titled The Regional Landscape (RL) Levy.

Help when you need it

An empathetic and individually tailored approach to ratepayers who are experiencing financial difficulties as a result of the Cudlee Creek Bushfire and Covid-19 events through the provision of a number of alternative arrangements made available to ratepayers including:

- smaller, more regular payment options
- acceptance of reduced payments toward Council Rates arrangement
- Deferment or postponement of payment of rates in whole or in part for an agreed period
- consideration of the waiving of fines & interest where appropriate

For 2020-21, Council has also included a Strategic Initiative with an allocation of funds of \$120k to provide targeted support to those organisations, small businesses and individuals that have been significantly impacted by the economic downturn as a result of the Bushfire and COVID-19.

As a result of the Strategic Initiative, it is also proposed that the *Rating Policy* will be reviewed during the *Annual Business Plan* consultation period with a view to presenting an updated Policy to ensure that the application of funds under this initiative is consistent, equitable and specifically targeted to those ratepayers that have been significantly and permanently impacted by recent events.

Rate Statistics

Council has just over **18,700** assessments split by land use as follows:



13 200
Residential



700
Commercial
and Industrial
differential rate



3,100
Primary
production



650 +
Vacant



800 +
Non-rateable



200
Other

Rates Modelling

The valuation of the Council area by the Valuer-General is ongoing and information provided to date reflects an increase of just under 4% in valuation for existing properties. This valuation information is still being updated as well as being subject to Valuer-General and internal quality assurance processes and revisits.

Analysis indicates that:

- Residential properties, representing over 70% of the overall valuation, had an average valuation increase of just over 3.9%
- Primary production properties, being 17% of total assessments, have an average valuation increase of just over 4.3%
- The remaining non-residential properties, including commercial, had an average valuation increase of 2.6%.

The Budget has been formulated on the basis of retaining differential rates for all categories of ratepayer, including commercial and industrial ratepayers at the appropriate rate in the dollar to provide an overall increase in rates of 2.95% excluding growth.

Allocation of Rates Burden

The Council uses the capital value method of valuing properties. This method values the land and all improvements on the land. It is the most widely-used method across South Australian councils.

Council considers this valuation method the most equitable method to spread the rates burden across the measure of wealth within the Adelaide Hills Council area. It equates to the taxation principle that people should contribute to community, social and physical infrastructure in accordance with their capacity to pay as measured by property wealth.

Further, in determining how rates are applied, and the rate in the dollar, Council has also made specific policy choices in relation to uses the differential rating rate and the option of a fixed charge rather than a minimum rate to allocate the rates burden across the community.

Differential Rates

Section 153 of *Local Government Act 1999* (the Act) allows councils to 'differentiate' rates based on the use of the land, the locality of the land, the use and locality of the land or on some other basis determined by the council. The application of a Differential General Rate is generally intended to alter the amount payable by particular land uses.

Council has determined to apply the same rate in the dollar, based on capital value, to all categories of ratepayer, except commercial and industrial ratepayers who pay a differential rate in the dollar that is 15% higher than the rate in the dollar charged for other categories of ratepayer.

Council has considered the higher amount payable by the Commercial & Industrial sector with reference to the Economic Development function as well as the services and activities that the sector does not regularly use.

Council has considered the principle of rate stability when assessing the rates burden across the above categories. Other considerations were given to the change in capital value across the land use categories and the rates income provided by each.

It is estimated that the Commercial & Industrial Differential General Rates will raise net rate revenue in the order of \$1.5m in 2020-21.

It is estimated that the Residential & Non Commercial and Industrial Differential General Rate will raise net general rate revenue in the order of \$35.6m in 2020-21.

Fixed Charge

Under the Act, Council has some mechanisms available to enable all ratepayers to contribute more equitably to the administration of Council's services and the development and maintenance of the community's infrastructure. Council considers a fixed charge (applying equally to all rateable properties) to be the most fair and equitable means of achieving this.

For the 2020-21 year, it is proposed to increase the fixed charge from \$662 to \$682, representing a 2.95% increase in line with the overall average increase in rates.

Community Wastewater Management System

The Council provides Community Wastewater Management System (CWMS) to some areas within the Council district. To fund the provision of this service Council imposes an annual service charge to recover the cost to the Council of establishing, operating, maintaining, improving and replacing infrastructure (taking into account depreciation of any assets and including future capital works).

Following an annual detailed assessment of the cost of providing CWMS services, in accordance with the guidelines set by the Essential Services Commission of South Australia (ESCOSA), it has been identified that current charging is minimally below the levels necessary to achieve full cost recovery but is considered appropriate. It is therefore considered that the fixed charges for CWMS services be increased in line with CPI for the 2020-21 financial year.



Appendix 1:

Uniform Presentation of Finances

Uniform Presentation of Finances

	2020-21 Proposed Budget \$'000	2019-20 Budget \$'000
INCOME		
Rates	40,181	38,741
Statutory charges	1,173	1,141
User charges	710	621
Grants, subsidies and contributions	4,768	4,890
Investment income	27	26
Reimbursements	232	212
Other income	251	508
Net gain - equity accounted Council businesses	100	100
Total Income	47,442	46,239
EXPENSES		
Employee costs	17,810	17,262
Materials, contracts & other expenses	19,769	19,017
Depreciation, amortisation & impairment	9,237	8,945
Finance costs	736	604
Net loss - equity accounted Council businesses	0	0
Total Expenses	47,551	45,828
NET BUDGETED SURPLUS / (DEFICIT) BEFORE CAPITAL AMOUNTS	(109)	411
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(9,212)	(11,616)
Proceeds from Sale of Replaced Assets	646	648
Depreciation	9,237	8,945
NET OUTLAYS ON EXISTING ASSETS	671	(2,023)
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets & Remediation costs	(5,056)	(6,813)
Capital Grants and Monetary Contributions for New and Upgraded Assets	232	1,311
Proceeds from Sale of Surplus Assets	64	3,014
NET OUTLAYS ON NEW AND UPGRADED ASSETS	(4,760)	(2,488)
NET LENDING/ (BORROWING) FOR FINANCIAL YEAR	(4,198)	(4,100)
Net Financial Liabilities at Beginning of Year	(19,588)	(15,388)
Non Cash Equity Movement	(100)	(100)
Net Financial Liabilities at End of Year	(23,886)	(19,588)

In any one year, the financing transactions identified below are associated with either applying surplus funds stemming from a net lending result or accommodating the funding requirement stemming from a net borrowing result.

Financing Transactions

New Borrowings	10,500	3,000
Increase/(Decrease) in Short Term Draw Down	(159)	317
(Increase)/Decrease in Cash & Investments	-	1,925
Principal Repayments on Borrowings	(5,263)	(62)
Reinstatement/Restoration Provision Payment	(780)	(200)
Debenture Payment	-	(780)
Non Cash Equity Movement	(100)	(100)
	4,198	4,100



Appendix 2:

Rating Policy

Financial Indicators

	2020-21 Budget		2019-20 Budget	
\$ '000				

These Financial Indicators have been calculated in accordance with Information paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.

1. Operating Surplus Ratio

Operating Surplus - \$000's	(109)	(0.2%)	411	0.9%
Total Operating Revenue - \$000's	47,442		46,239	
<i>This ratio expresses the operating surplus as a percentage of total operating revenue</i>				

1a. Operating Surplus Ratio (excluding the abnormal net Cudlee Creek Bushfire expenditure)

Operating Surplus - \$000's	321	0.7%	411	0.9%
Total Operating Revenue - \$000's	47,442		46,239	

2. Net Financial Liabilities Ratio

Net Financial Liabilities - \$000s	23,886	50%	19,588	42%
Total Operating Revenue \$000's	47,442		46,239	


Net Financial Liabilities are defined as total liabilities less financial assets these are expressed as a percentage of total operating revenue.

3. Asset Sustainability Ratio

Asset Renewals - \$000's	9,212	100%	11,616	129%
Infrastructure & Asset Management Plan required expenditure \$000s	9,212		9,022	

Asset renewal expenditure is defined as capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.

COUNCIL POLICY

 <p>Adelaide Hills COUNCIL</p>	RATING
--	---------------

Policy Number:	FIN-02
Responsible Department(s):	Financial Services
Other Relevant Policies:	None
Relevant Procedure(s):	None
Relevant Legislation:	<i>Local Government Act 1999</i> <i>Valuation of Land Act 1971</i> <i>Natural Resources Management Act 2004</i> <i>Aged Care Act 1987 (Commonwealth)</i> <i>Community Housing Providers National Law</i> <i>Community Titles Act 1996</i> <i>Education Act 1972</i> <i>Health Commission Act 1976</i>
Policies and Procedures Superseded by this policy on its Adoption:	Rating, 28 June 2016, Item 14.9, 1.11, 122 Rating, 27 June 2017, Item 14.3, 1.11, 130/17 Rating, 26 June 2018, Item 12.3, 1.11, 138/18 Rating, 25 June 2019, Item 12.2, 1.11, 156/19
Adoption Authority:	Council
Date of Adoption:	<i>To be entered administratively</i>
Effective From:	1 July 2020
Minute Reference for Adoption:	<i>To be entered administratively</i>
Next Review:	June 2020 or as legislatively required

RATING POLICY

1. INTRODUCTION

- 1.1 In South Australia, council rates are a form of property tax levied by Local Government, as our primary source of funding for the many mandatory and discretionary services that are provided by councils. Rates are administered by each council in line with the *Local Government Act 1999* (the Act) which allows some flexibility for each council to make decisions that suit its local community. This document sets out the policy of the Adelaide Hills Council for setting and collecting rates from its community.

2. PURPOSE

- 2.1 The purpose of this policy is to outline Council's approach towards rating its communities and to meet the requirements of the Act with particular reference to section 123 which requires Council to have a rating policy that must be prepared and adopted (as part of the Annual Business Plan) each financial year in conjunction with the declaration of rates.

3. DEFINITIONS

- 3.1 **'Act'** refers to the *Local Government Act 1999* (SA).
- 3.2 **'Capital value'** refers to the valuation methodology used in determining the value of land, as defined in the *Valuation of Land Act 1971*.
- 3.3 **'Council'** refers to the elected Council body.
- 3.4 **'CWMS'** refers to the Community Wastewater Management System within the Council area.
- 3.5 **'Differential rate'** refers to a rate that may be applied to a category of land that is different to the rate applied to other land categories (termed differential rates under the Act).
- 3.6 **'Fixed charge'** refers to a charge that must apply equally to each separate piece of rateable land in the area under section 152(1) of the Act.

4. POLICY STATEMENT

- 4.1 Council's powers to raise rates are found in Chapter 10 of the Act which provides the framework within which the Council must operate, but also leaves room for the Council to make a range of policy choices. This document includes reference to compulsory features of the rating system, as well as the policy choices that the Council has made on how it imposes and administers the collection of rates.

All land within a Council area, except for land specifically exempt (e.g. Crown Land, Council occupied land and a few other limited categories under section 150(a) of the Act, is rateable.

Rates are not fees for services. They constitute a system of taxation for Local Government purposes. Council considers the fairest and most equitable method of charging rates to our community is through the combined use of a fixed charge component and a variable rate per rateable property.

4.1 PRINCIPLES OF TAXATION

This Policy represents the Council's commitment to balancing the five main principles of taxation.

- i) **Benefits received** (i.e. services provided, or resources consumed). Reliance on this principle suggests that (all other things being equal) a person who received more benefits should pay a higher share of tax.
- ii) **Capacity to pay.** This principle suggests that a person who has less capacity to pay should pay less; and that persons of similar means should pay similar amounts.
- iii) **Administrative simplicity.** This principle refers to the costs involved in applying and collecting the tax and how difficult it is to avoid.
- iv) **Economic efficiency.** This refers to whether or not the tax distorts economic behaviour.
- v) **Policy consistency.** The principle that taxes should be internally consistent, and based on transparent, predictable rules that are understandable and acceptable to taxpayers.

Further, in achieving equity across the community, this policy has an overriding principle that all ratepayers should contribute an amount to basic service provision.

4.2 VALUATION OF LAND

Council is permitted to adopt one of three valuation methodologies to value the properties in its area (section 151 of the Act):

- **Capital Value** – the value of the land and all of the improvements on the land.
- **Site Value** – the value of the land and any improvements which permanently affect the amenity of use of the land, such as drainage works, but excluding the value of buildings and other improvements.
- **Annual Value** – a valuation of the rental potential of the property.

The Council has adopted the use of capital value as the basis for valuing land. Council considers that this method provides the fairest way to distribute the rate burden across all ratepayers on the following basis:

- the 'capacity to pay' principle of taxation requires that ratepayers of similar wealth pay similar taxes and ratepayers of greater wealth pay more tax than ratepayers of lesser wealth;

- the 'property value' is a relatively good indicator of wealth (when lifetime incomes, including incomes from capital gains, are taken into account). Capital value closely approximates the market value of a property, provides the best indicator of overall property value

Council does not determine property valuations but chooses to exercise the right under Section 151 of the Act to adopt the capital valuations as assessed by the Valuer-General through the State Valuation Office. If you are dissatisfied with the valuation made by the State Valuation Office your rates notice will include information about how to object to the valuation. The Council has no role in this process. The lodgement of an objection does not change the due date for the payment of rates.

4.3 COMPONENTS OF RATES

Fixed Charge or Minimum Rate

Council has discretion to apply either:

- a fixed charge (applying equally to all rateable properties); or
- a minimum rate (to lower-value properties)

but cannot use both of these mechanisms.

The Adelaide Hills Council will apply a fixed charge this financial year as in previous years. Council considers a fixed charge to be the most fair and equitable means of ensuring that all ratepayers contribute equally to the administration of Council's services and the development and maintenance of the community's infrastructure. In addition, the fixed charge provides a mechanism to adjust the rates contributions across high and low valued properties. This redresses the balance and equity of the rate system.

The Council is unable to raise more than 50% of total rate revenue by the imposition of a fixed charge component of general rates as per section 151(10) of the Act.

A rate in the dollar

The largest component of rates levied is the component that is calculated by reference to the value of the property. Property values reflect, among other things, the relative availability of and access to Council services. This applies to all types of land use, and to land in all locations.

The Act allows councils to 'differentiate' rates based on the use of the land, the locality of the land, the use and locality of the land or on some other basis determined by the council. The Council applies different rates on the basis of land use.

Definitions of the use of the land are prescribed by regulation and are categorised as follows for rating purposes:

- Residential
- Commercial
- Industrial
- Primary Production
- Vacant Land
- Other

In accordance with Section 148 of the Act, Council assesses any piece or section of land subject to separate ownership or separate occupation.

Commercial and Industrial Differential Rate:

Those properties categorised as commercial or industrial will pay a differential rate in the dollar that is 15% higher than the rate in the dollar charged for other categories of ratepayer.

Council has considered the higher amount payable by the Commercial & Industrial sector with reference to the Economic Development function as well as the services and activities that the sector does not regularly use.

If a ratepayer believes that a particular property has been wrongly classified as to its land use, then an objection may be made with the Council.

Separate Rate

Stirling Business Separate Rate:

A separate rate for businesses in Stirling (Stirling Business Separate Rate) will be applied to carry out the activity of promoting and enhancing business viability, profitability, trade and commerce within the zone.

This rate is levied on all properties within the precinct known as the District Centre (Stirling) Zone and businesses fronting both sides of Mt Barker Road east of the District Centre (Stirling) Zone to Pine Street, excluding land attributed a land use category 1 (residential) and government owned land. Council also sets a maximum amount ('top') and a minimum amount ('tail') per property each financial year for this separate rate. The amount raised is distributed to the Stirling Business Association to promote Stirling as a destination, the 'Gateway to the Hills'.

Verrall Road Separate Rate:

A separate rate for Verrall Road, Upper Hermitage at a value of \$858 will be applied for a period of 10 years to 2023-24. This rate which provided for the sealing of the northern end of the road in 2014-15 is levied on the properties that use that section of road.

Regional Landscape Levy

The Regional Landscape (RL) Levy (previously known as the NRM Levy) is a State tax.

Councils are required under the Landscape South Australia Act 2019 to collect the levy on all rateable properties on behalf of the State Government. The levy helps to fund the operations of regional landscape boards who have responsibility for the management of the State's natural resources. These responsibilities include regional landscape planning, water allocation planning, community capacity building, education and compliance activities.

Adelaide Hills Council falls within the Hills & Fleurieu Regional Landscape board region. The effect of the new regions and boundary changes on landscape levies is being managed through a levy transition scheme.

The levies raised for 2020-21 will be based on the existing Natural Resource Management (NRM) boundaries relating to the Adelaide & Mount Lofty Ranges and the SA Murray-Darling Basin Natural Resources Management regions.

Community Wastewater Management System

The Council provides Community Wastewater Management System (CWMS) to some areas within the Council district. To fund the provision of this service Council imposes a service charge to recover the cost to the council of establishing, operating, maintaining, improving and replacing infrastructure (taking into account depreciation of any assets and including future capital works).

Following an annual detailed assessment of the cost of providing CWMS services, in accordance with the guidelines set by the Essential Services Commission of South Australia (ESCOSA), it has been identified that current charging is slightly below the levels necessary to achieve full cost recovery but is considered appropriate. As such, it is therefore considered that the fixed charges for CWMS services can be increased in line with CPI for current and future financial years.

4.4 RATES CAPPING

The Act (s153(3)) requires a council to decide each year whether to apply a maximum rate increase (or a rates cap) to a ratepayers principal place of residence. A cap is applied to provide relief against a substantial change in rates payable incurred due to rapid changes in valuations.

The Council has determined that it will apply a maximum increase (rates cap) of 15% for the general rate to be charged on rateable land constituting the principal place of residence of a principal ratepayer.

4.5 REBATE OF RATES

Mandatory rebates

Councils are required to rebate (discount) the rates payable on some land.

The Adelaide Hills Council will act in accordance with the Local Government Act in providing mandatory rebates as referenced in Section 160 – 165 of the Act.

A 100% rebate must be applied to land used for:

- Health services,
- Religious purposes,
- Public cemeteries,
- The Royal Zoological Society.

A compulsory rebate of at least 75% must be applied to land used by:

- Community service organisations, and
- Schools and universities.

Where a “community services organisation” is eligible for a mandatory rebate, the residential rate must be applied to the land to which the rebate relates in accordance with Section 161 (2) of the Act. This is as a result of Council declaring differential rates according to land use and providing for a distinct residential rate.

Where the Council is satisfied from its own records, or from other sources, that a person or body meets the necessary criteria for a mandatory rate rebate, the Council will grant the rebate accordingly.

Where the Council is not satisfied based upon the information in its possession or otherwise does not hold relevant information it will require the person or body to lodge an application form with such information as stipulated and any other information that the Council may reasonably require.

Applicants who satisfy the criteria for a mandatory rebate will be granted the rebate at any time provided the application is lodged prior to the 30 June of the rating year and provided the entitlement to the rebate existed at 1 July of the rating year.

Council will confirm the continuation of a person or body's eligibility for a mandatory rebate on a regular basis (at least biennially) to ensure that rebates are only granted where they are warranted. This will require the relevant person or body to lodge an application form with such information as stipulated and any other information that the Council may reasonably require to confirm the continuation of eligibility.

Discretionary rebates

As identified in Section 166 of the Act Council may grant a discretionary rebate of rates up to and including 100% of the relevant rates under a number of criteria and for a period not exceeding the timeframe.

As required by legislation, Council should give reasonable consideration to the granting of rebates and does not adopt a policy that excludes the consideration of applications for rebates based on their merits.

Have considered this, Council is of the view that except in very specific circumstances outlined below, the maximum discretionary rebate should be 75% to ensure ratepayers contribute an amount towards basic service provision.

Council has determined pursuant to Section 166(1)(b) that those primary production properties genuinely in the business of primary production but not benefitting from a notional capital value for their property can apply for a 10% rebate on the differential rate.

Excluding the primary production rebates granted pursuant to Section 166(1)(b), Council in accordance with Section 166 (1a) will take the following matters into account in deciding whether to grant a discretionary rebate for land uses covered by Section 166 a) to k):

- (a) the nature and extent of Council services provided in respect of the land for which the rebate is sought in comparison to similar services provided elsewhere in the Council's area;
- (b) the community need that is being met by activities carried out on the land for which the rebate is sought; and
- (c) the extent to which activities carried out on the land for which the rebate is sought provides assistance or relief to disadvantaged persons and
- (d) specific policy positions considered relevant by Council

Notwithstanding the direction provided by Council pursuant to Section 166(1)(b) which is then actioned by Administration, Council has retained the delegation to grant all other discretionary rate rebates under land uses covered by Section 166 a) to k).

Council's specific policy positions to meet discretionary rate rebates eligibility are as follows:

- An organisation needs to meet one of the criteria listed under Section 166 a) to o);
- An organisation needs to be not-for-profit;
- A rebate of 100% will only be granted where community organisations seeking a rebate provides a service that would be required to be provided by Council if not undertaken by the organisation;
- A rebate of 75% will be granted if the organisation provides a community service that support the disadvantaged or sections of the community that require assistance, as defined;
- Where an organisation does not meet the above criteria, it is still eligible for a 75% rebate where it meets all of the following criteria:
 - limited capacity to raise funds;
 - meets a "community need", as defined; and
 - undertake services and activities that are not primarily the responsibility of Federal or State Government

Council has determined the following definitions to assist in the determination of eligibility for a discretionary rate rebate.

"Disadvantaged persons" refers to persons who are disadvantaged by reason of poverty, illness, frailty, or mental, intellectual or physical disability. To meet this criteria the organisation would need to establish that the predominant extent of the activities carried out on the land for which the rebate is sought provides assistance or relief to disadvantaged persons.

"community need" is defined as those services and activities that are aligned to achievement of one or more of Council's strategies resulting in:

- a direct benefit to the residents of Adelaide Hills Council; and
- a significant proportion of users are Adelaide Hills residents.

Due to the complexities involved in the application of discretionary rate rebates under Section 166 (l) to (o), any application relating to these elements will be subject to a separate report to Council to consider the appropriateness of such a rebate.

Persons who or bodies which seek a discretionary rebate will be required to submit an application form to the Council and provide to the Council such information as stipulated on the application form and any other information that the Council may reasonably require.

All persons who or bodies which wish to apply to the Council for a discretionary rebate of rates must do so on or before 30 April prior to the rating year unless the application is a result of a change in eligibility for a mandatory rebate or rate exemption. In those circumstances where an application relates to a change in rebate/rate exemption in a relevant rating year, then the application will be applied for the full rating year if received within 2 months of the change in rebate/exemption being advised. The Council reserves the right to refuse to consider applications received after the specified date.

Persons or bodies who previously received a discretionary rebate greater than 75% may apply for a phasing in period (up to 2 years) in circumstances where the above change impacts significantly on the persons or bodies' financial capacity. In these circumstances, an application will be considered if received within 2 months of the change in rebate being advised. The Council reserves the right to refuse to consider applications received after the specified date.

Where there is no maximum timeframe specified for a rebate provided under Section 166, Council will grant a discretionary rebate to the last rating period commencing within a Council term to allow for a regular review of discretionary rate rebates.

A summary of all discretionary rebates applied for, including whether they have been successful or not and the associated reasons will be reported to Council on an annual basis.

Each rebate that is granted either reduces the Council's revenue and hence its capacity to provide services, or else it effectively increases the amount that must be collected from other ratepayers. The principles of equity dictate that Council remains diligent in only awarding rebates and exemptions where they are warranted.

If you or your organisation wishes to apply for a discretionary rate rebate, you may apply by contacting the Council's Rate Administrator.

All rebates

As Council's CWMS service charges are set to recover the cost to the council of establishing, operating, maintaining, improving and replacing infrastructure (taking into account depreciation of any assets and including future capital works) no rebates are provided by Council.

If an entitlement to a rebate ceases or no longer applies during the course of a financial year, council will recover rates proportionate to the remaining part of the financial year.

If a person or body has the benefit of a rebate of rates and the grounds on which the rebate has been granted cease to exist, the person or body must immediately inform the Council of that fact and (whether or not the Council is so informed) the entitlement to a rebate ceases. If a person or body fails to do so that person or body is guilty of an offence.

The Council will, in writing, advise an applicant for the rebate of its determination of that application. The advice will state:

- if the application has been granted, the amount of the rebate; or
- if the application has not been granted, the reasons why.

Any person or body who is aggrieved by a determination of the delegated officer in respect of an application for a rebate may seek a review of that decision in accordance with Council's Internal Review of Council Decisions Policy.

Single Farming Enterprise

The Local Government Act 1999 provides that "if two or more pieces of rateable land within the area of the Council constitute a single farm enterprise, only one fixed charge may be imposed against the whole of the land".

A Single Farm Enterprise is defined in the Local Government Act -

"A reference to a single farm enterprise is a reference to two or more pieces of rateable land

(a) which –

- (i) are farm land; and*
 - (ii) are farmed as a single enterprise; and*
 - (iii) are occupied by the same person or persons,*
- whether or not the pieces of land are contiguous; or*

(b) which –

- (i) as to all the pieces except one, are farm land farmed as a single enterprise occupied by the same person or persons; and*
- (ii) as to one piece contiguous with at least one of the other pieces, is the principal place of residence of that person or one of those persons."*

In effect, this means that land can be recognised as a "single farming enterprise" and not attract a fixed charge to each of the assessments, provided:

- that if the occupier of all the land concerned is the same person, (this means that if there is a house being occupied that is not your principal place of residence, it cannot be part of the single farm enterprise)
- all of the land is used to carry on the business of primary production, and
- managed as a single unit for that purpose,

Primary producers can apply to the Council for the 'single farming enterprise' provisions of the Local Government Act.

You should also be aware that if the grounds on which you apply for a single farm enterprise cease to exist, the person or body who have the benefit of the provisions must immediately inform the Council of the fact.

4.6 **RATE RELIEF**

Council applies rate remissions and postponement in accordance with the Act.

Financial Hardship

If you are suffering financial hardship, you should contact the Council's Rates Administrator to discuss the matter. Such inquiries are treated confidentially, and any application will be considered on its merits.

Remission of rates

The Council has a discretion to partially or wholly remit (i.e. waive) rates on the basis of hardship.

Remission has a final effect, and is only considered in circumstances where the ratepayer has demonstrated serious and long term hardship and where there is no chance of improvement in the ratepayer's financial circumstances.

Seniors Postponement

If you hold a State Seniors Card then (unless you have a mortgage entered before 2007 that is greater than 50% of your home's value) you are eligible to postpone, on a long-term basis, a large component of the rates on your principal place of residence. The postponed amount is subject to a monthly interest charge, with the accrued debt falling due for payment only when the property is sold or transferred to someone else, or no longer becomes the principal place of residence. However, some or all of the debt may be paid at any earlier time, at your discretion.

Persons other than the holders of a Seniors Card may also apply for postponement of rates on a long-term basis. The Council will consider each case on its merits, but any successful applicant should expect that any postponed rates would be subject to accruing interest charges in the same manner as the Seniors Rate Postponement Scheme.

4.7 **PAYMENT OF RATES**

Rates are declared annually, and may be paid, at your discretion, either in one lump sum, or in quarterly instalments that fall due in September, December, March and June. The exact dates that rates fall due, and the various options for paying rates, are clearly indicated on your rates notice.

If you have (or are likely to have) difficulty meeting these payments, you should contact the Council's Rates Administrator to discuss alternative payment arrangements. Such inquiries are treated confidentially.

4.8 **LATE PAYMENT OF RATES**

The Act provides that councils must impose a penalty of 2% on any payment for rates by instalment, which is not paid on or before the due date. A payment that continues to be late is then charged a prescribed interest rate for each month it continues to be late.

When Council receives a payment in respect of overdue rates Council applies the money received in accordance with the Act as follows:

- First – to satisfy any costs awarded in connection with court proceedings;
- Second – to satisfy any interest costs;
- Third – in payment of any fines imposed;
- Fourth – in payment of rates, in chronological order (starting with the oldest account first).

4.9 **NON- PAYMENT OF RATES**

A separate Debt Recovery Policy has been adopted by Council and is available for review on the Adelaide Hills Council website.

The purpose of this policy is to set out Council's principles in regard to the management of debt and to ensure that money owed to Council is collected as soon as possible through efficient and effective debt recovery practices. This policy assists to ensure a strategic, equitable, accountable, consistent and transparent approach to Council's debt management, collection decisions and practices.

It should be noted that Council may sell any property where the rates have been in arrears for three years or more. Council is required to notify the owner of the land of its intention to sell the land, provide the owner with details of the outstanding amounts, and advise the owner of its intention to sell the land if payment of the outstanding amount is not received within one month.

CONTACTING THE COUNCIL'S RATES ADMINISTRATOR

- 5.1 If you believe that Council has failed to properly apply this policy you should contact the Council's Rates Administrator to discuss the matter. (See contact details below). If after this, you are still dissatisfied then you should write to the Council's Chief Executive Officer at PO Box 44, Woodside SA 5244.

For further information, queries, or to lodge an application for rate postponement or remissions please contact the Council's Rates Administrator on:

Phone: 8408 0400
E-mail: mail@ahc.sa.gov.au
Post: PO Box 44, Woodside SA 5244

5. DELEGATIONS

- 6.1 The Chief Executive Officer has the delegation to approve, amend and review any procedures that shall be consistent with this Policy.

6. AVAILABILITY OF THE POLICY

- 7.1 This Policy will be available for inspection at the Council's Offices during ordinary business hours and via the Council's website www.ahc.sa.gov.au. Copies will also be provided to the public upon request, and upon payment of a fee in accordance with the Council's Schedule of Fees and Charges.