



AUDIT COMMITTEE

NOTICE OF MEETING

To: **Presiding Member** Cr Malcolm Herrmann

Members

David Moffatt
Peter Brass
Paula Davies
Cr Leith Mudge

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 17 August 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.

Lachlan Miller
Acting Chief Executive Officer



AUDIT COMMITTEE

AGENDA FOR MEETING
Monday 17 August 2020
6.00pm
63 Mt Barker Road, Stirling

ORDER OF BUSINESS

1. COMMENCEMENT

2. APOLOGIES/LEAVE OF ABSENCE

- 2.1. Apology
- 2.2. Leave of Absence
- 2.3. Absent

3. MINUTES OF PREVIOUS MEETINGS

- 3.1. Audit Committee Minutes – 25 May 2020

Recommendation

That the minutes of the Audit Committee meeting held on 25 May 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. PRESENTATION

- 6.1. Risk Presentation - Office of the CEO

7. OFFICER REPORTS

- 7.1. Debtors Report
- 7.2. Auditor-General's Recommendations on Credit Card Management
- 7.3. End of Financial Year Update
- 7.4. Q4 Council performance report
- 7.5. Internal Audit Update
- 7.6. Audit Actions Implementation Update
- 7.7. Risk Management Plan update
- 7.8. Action Report & Work Plan Update

8. NEXT MEETING

The next Audit Committee meeting will be held at 6.00pm on 19 October 2020 at 63 Mount Barker Road, Stirling.

9. CLOSE MEETING

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 25 MAY 2020
63 MT BARKER ROAD STIRLING**

In Attendance

Members:

Cr Malcolm Herrmann	Presiding Member
Peter Brass	Independent Member
David Moffatt	Independent Member
Cr Leith Mudge	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

1. COMMENCEMENT

The meeting commenced at 6.00pm

2. APOLOGIES/LEAVE OF ABSENCE

2.1. Apology

Paula Davies

Moved Peter Brass

S/- Cr Leith Mudge

23/AC20

Carried

2.2. Leave of Absence

Nil

2.3. Absent

Nil

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 25 MAY 2020
63 MT BARKER ROAD STIRLING**

3. MINUTES OF PREVIOUS MEETINGS

3.1. Audit Committee Meeting – 20 April 2020

Moved Cr Leith Mudge
S/- David Moffatt

24/AC20

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

Carried

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) 6.3, 6.9 and 6.10 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 and Work Plan Update

Moved Cr Leith Mudge
S/- Peter Brass

25/AC20

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

Carried Unanimously

6.2. Quarterly Council Performance Report – Q3

Moved Peter Brass
S/- Cr Leith Mudge

26/AC20

The Audit Committee resolves that the report be received and noted

Carried

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 25 MAY 2020
63 MT BARKER ROAD STIRLING**

6.3. Budget Review 3

Moved Peter Brass
S/- David Moffatt

27/AC20

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.

Carried Unanimously

6.4. End of Financial Year Reporting Timetable

Moved Cr Leith Mudge
S/- David Moffatt

28/AC20

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

Carried

6.5. Internal Financial Controls Update

Moved David Moffatt
S/- Peter Brass

29/AC20

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.

Carried

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 25 MAY 2020
63 MT BARKER ROAD STIRLING**

6.6. Financial Controls Review Interim Management Letter

**Moved Cr Leith Mudge
S/- Peter Brass**

30/AC20

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.**

Carried

6.7. LGRS Risk Evaluation – Action Plan Review

**Moved David Moffatt
S/- Cr Leith Mudge**

31/AC20

The Audit Committee resolves that the report be received and noted

Carried

6.8. Risk Management Plan – Quarterly Update

**Moved Peter Brass
S/- David Moffatt**

32/AC20

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

Carried

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 25 MAY 2020
63 MT BARKER ROAD STIRLING**

6.9. Internal Audit Quarterly Update

Moved Peter Brass

S/- Cr Leith Mudge

33/AC20

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.

Carried

6.10. Annual Business Plan and Budget 2020-21 (attachment to be distributed as a late paper)

Moved Cr Leith Mudge

S/- David Moffatt

34/AC20

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.

Carried

7. CONFIDENTIAL ITEMS

Nil

8. NEXT MEETING

The next ordinary meeting of the Audit Committee will be held on Monday 17 August 2020 from 6.00pm at 63 Mt Barker Road, Stirling.

9. CLOSE MEETING

The meeting closed at 8.08pm.

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 17 August 2020
AGENDA BUSINESS ITEM**

Item: 7.1

Originating Officer: Mike Carey, Manager Financial Services
Manager Financial Services
Corporate Services

Subject: Debtors Report

For: Information

SUMMARY

In accord with the 2020 Work Plan this debtors report is presented every six months given the steady improvement in outstanding sundry debtors over a number of years.

This report covers the period ending 30 June 2020.

This report includes an analysis of rates debtors, which is provided annually to the first Audit Committee after 30 June of each year.

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

It is important that debt recovery practices are monitored on a regular basis to ensure that Council's cash flow is optimised and that the non-recovery of Council debts is minimised.

➤ **Legal Implications**

Council may obtain funds by recovering fees, charges, penalties or other money payable to it under S133 of the *Local Government Act 1999*.

Council also has obligations specified within the current Community Wastewater Management Scheme (CWMS) licence that require an endorsed hardship policy for customers. Failure to establish this policy will result in Council breaching current licence conditions.

➤ **Risk Management Implications**

Monitoring the balances of Debtors through regular reporting will assist in mitigating the risk of:

Poor debt recovery practices which lead to increased levels of overdue debtors will negatively impact on Council's current cash flow as well as reduce the likelihood of future debt recovery.

Inherent Risk	Residual Risk	Target Risk
Extreme (4B)	Medium (3D)	Medium (3D)

➤ **Financial and Resource Implications**

Close monitoring of debt supported by an agreed Policy will ensure that any cash flow impact on Council is minimised.

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

Not applicable

➤ **Sustainability Implications**

Not applicable

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

Council Committees: Not applicable

Council Workshops: Not applicable

Advisory Groups: Not applicable

Administration: Operational areas have been involved in the development of this report to provide specific details, where necessary. Financial Services have overall responsibility for the Accounts Receivable function within Council, being involved in invoicing and follow up of amounts where they are not paid in a timely basis.

External Agencies: Not Applicable

Community: Not applicable

2. BACKGROUND

Council generates income from a variety of sources including rates, grants, fines (infringements), development applications and fees and charges for the provision of goods and services to individuals, businesses and other organisations in the community.

This income is managed using financial management systems that also enables recording of amounts owing to Council and information relating to amounts paid. Appropriate action can be taken to collect amounts owing where they are not paid in a timely manner.

The last Debtors report covering balances as at 31 December 2019 was presented to the Audit Committee on 17 February 2020.

In accord with the 2020 Work Plan, it has been agreed that the debtors report will now be presented every six months given that the amount of debtors outstanding has fallen significantly over a number of years.

3. ANALYSIS

Rates Debtors

Council's rates debtor balances is dominated by rates that are struck in full in July, then quarterly fluctuations of receipts, which makes comparison of rates debtors within the year difficult to interpret. As such, these debtors are reported on an annual basis to the first Audit Committee after 30 June of each year and was last provided to the Audit Committee on 12 August 2019.

As a result of the significant impact of the Cudlee Creek Bushfires, subsequently followed by COVID-19, Council has reassessed its debt recovery practices since the last Debtors Report presented in February 2020, involving a number of alternative arrangements available to ratepayers. These include:

- Ratepayers can arrange with Council to pay their rates weekly, fortnightly or monthly instead of quarterly instalments, to provide for a smaller, more regular payment option via BPAY, phone or internet.
- Postponement of payment of rates in whole or in part for an extended period due to hardship. If postponement is granted then fines and interest will be remitted automatically for the same period
- We have highlighted postponement for seniors as an available option for relevant ratepayers.
- Council will also accept a regular reduced payment toward council rates taking into consideration other financial commitments. In these circumstances where a ratepayer shows commitment by maintaining the payment arrangement, fines & interest will be considered for remission
- Ceasing any legal action or debt collection follow up by Credit Clear, our debt collection agency until further notice. This included the next batch of nine rate debtors assessments identified for Section 184 sale of property for non-payment of rates, which received a pre-chapter 10 letter from Credit Clear in early March 2020.
- No interest on outstanding amounts has been charged on rate balances for the months of April through to June 2020 for all ratepayers and no fines have been applied for non-payment of the 4th quarter rates instalment due 1 June.

Any arrangement for deferral requires a written request and are treated in the strictest confidence.

Council's *Rating Policy* was updated as part of the *2020-21 Annual Business Plan and Budget Adoption* to highlight these Council options available to address financial hardship. In addition, the section in the *Rating Policy* on rate remission was updated to confirm Council's position as detailed below.

"The Council has a discretion to partially or wholly remit (i.e. waive) rates on the basis of hardship.

Council has a charge over the land under Section 177 of the Local Government Act and therefore is likely to be able to recover rates outstanding upon sale. The granting of a remission forgoes this right and therefore is only considered as an option 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. "

It is therefore proposed that a report addressing longer-term postponement and remission options in relation to financial hardship will be presented to Council late in the 2020-21 financial year. This will allow Council to make specific decisions on how these hardship applications should be addressed for the 2020-21 financial year.

As highlighted above, given that Council's rate debtor management practices over the last few months had a very strong lens on supporting the community and businesses in these difficult times, this approach has had some impact on the ageing of Council's rate debtor balances over recent months as shown below.

The table below compares Council's debtor balances, over the last five (5) year ends, summarised by category.

Rate Debtor Comparison across Financial Years \$'000					
Debtors	June 2016	June 2017	June 2018	June 2019	June 2020
Rates General	1,539	1,333	1,476	1,499	1,846
Provision				222	342
	1,564	1,388	1,551	1,278	1,503
Rate Revenue	33,811	34,301	35,513	37,186	38,649
% Outstanding to Rates Raised	4.6%	4.0%	4.4%	3.4%	3.9%
Rates Postponed	25	55	75	95	129

To assist in the analysis the following table has also been included to show the ageing of Rate Debtors by reference to the rating year billed as at balance date for the last two years.

Outstanding Rates General Debtors Balances by Rating Year Billed						
	Prior to 2016-17 \$000s	2016-17 \$000s	2017-18 \$000s	2018-19 \$000s	2019-20 \$000s	Total \$000s
30 June 2020	\$468	\$48	\$70	\$157	\$1,102	\$1,846
30 June 2019	\$465	\$86	\$158	\$780	-	\$1,499

Update on Review of Properties Identified for Section 185 or 210 Action

As part of a previous review of Rate Debtors undertaken on 30 June 2019 balances, Council identified 29 properties relating to either deceased estates or where rate notices had been unable to be delivered for many years, to determine what alternative actions Council had available to address rates outstanding. A significant amount of the balances outstanding for these properties represents fines and interest accumulated over many years since the Council amalgamation.

The review by Council's internal property section at that time indicated the following:

- 9 assessments are likely to be considered for conversion to public roads under Section 210 of the Local Government Act (LGA)
- a further two were investigated as to the feasibility of being vested in Council (the Houghton Common and the Norton Summit Cemetery).
- 14 properties should be investigated for application of Section 185 of the LGA where land may be transferred to Council under certain circumstances;
- 3 properties should be investigated for the possibility of undertaking a Section 184 sale for non-payment of rates, and
- 1 property relates to an old private road used for access to 2 or 3 properties and will require further work to determine the best course of action.

In relation to the references to legislation, Section 210 of the Act permits the Council to declare a private road, being a road in private ownership, to be public road. At least 3 months prior to a declaration being made under this section of the Act, the Council must first attempt to identify the whereabouts of the owner, serve notice on the owner and give public notice of the proposed declaration.

Under Section 185 of the Local Government Act, Council can apply to the Minister to have land transferred to Council where Council can show that they have made reasonable attempts to sell land on account of arrears of rates and it appears that the council has no reasonable prospect of selling the land within a reasonable time, or if the current valuation of land is less than the amount of outstanding rates. If such a transfer occurs then Council can then consider selling the land, including to adjoining landowners.

The timeframe to reach a satisfactory outcome for each assessment is resource intensive and lengthy given that the processes involved are quite complicated, time consuming and require due process in terms of notification and related declarations.

Work to action these had been planned for the second half of the 2019-20 financial year but the Council's property section work had to be reprioritised to deal with Council's response to the Cudlee Creek Bushfire and Covid-19 in that period. It is anticipated that the processes to action these can be recommenced in the month of August 2020 and it planned to discuss the requirements with Council's Property Advisory Group in mid-August prior to this Audit Committee Meeting.

In the meanwhile one of the properties has been vested in Council and an amount of \$5k of rates written off as part of that process, leaving 28 properties remaining.

	No	2019-20 Balance	2019-20 Provision	No	2018-19 Balance	2018-19 Provision
Section 210 Public Road	9	137,410	137,410	9	124,266	124,266
Vested in Council	-	-	-	1	\$5,283	5,283
Likely to be vested in Council	1	38,723	38,723	1	\$35,240	35,240
Fully provided	10	\$176,133	\$176,133	11	\$164,789	\$164,789
Sect 184/185/Other	18	380,167	165,900	18	347,639	56,826
TOTAL	28	\$556,300	\$342,033	29	\$512,428	\$221,615

The above table has been updated to reflect the balances owing as at 30 June 2020 on these 28 properties from the generation of 2019-20 rates and the imposition of fines and interest for the year. In addition, the amount provided has been reconsidered and increased by \$121k to \$342k to reflect an updated assessment of what proceeds, if any, can be achieved as a result of finalising action on these properties.

Sundry Debtors

A summary of the Aged Debtors as at 30 June 2020 has been provided below with the total Sundry debtors outstanding totalling \$348k.

As requested by the Audit Committee the Miscellaneous category has been broken down into the subcategories of AHBTC, Outdoor Dining, Councils, Maintenance and Other to assist review and follow up.

In relation to overall sundry debtors management Council is undertaking a similar approach to rates, in terms of consideration of postponement and/or payment plans over extended periods in relation to any debtor that contacts Council. In addition, Council highlighted on both invoice and debtor statement communication that debtors experiencing financial hardship should contact Council directly to enter into extended payment arrangements as required.

Given that Council's debtor management practices over the last few months had a very strong lens on supporting the community and businesses in these difficult times, this approach has had some impact on the ageing of Council's debtor balances over recent months.

Description	TOTAL	<30 Days	<60 Days	<90 Days	<120 Days	<150 Days	>150 Days
Additional Bins	2,264	827	0	0	0	0	1,437
Burial Fees	64,658	34,534	29,780	0	572	0	(228)
Fire Hazard Reduction	4,175	0	0	0	2,875	0	1,300
Food Premises Inspection	5,106	1,016	571	381	254	381	2,503
Grants Receivable	195,759	195,759	0	0	0	0	0
Private Works	175	175	0	0	0	0	0
Road Rent	163	109	0	0	0	0	54
AHBTC	32,022	25,615	0	0	0	0	6,407
Regulatory Services	20,264	0	0	0	0	0	20,264
Other Councils	653	0	0	653	0	0	0
Property	17,831	330	0	17,501	0	0	0
Miscellaneous (Other)	5,133	4,811	0	0	102	0	220
TOTAL: 30/6/2020	348,203	263,176	30,351	18,535	3,803	381	31,957

The comparison of Debtor movement for quarters presented to the Audit Committee is shown below.

Quarter	TOTAL	<30 Days	<60 Days	<90 Days	<120 Days	<150 Days	>150 Days
TOTAL: 31/12/2019	143,073	36,890	57,411	13,746	2,287	1,022	31,717
TOTAL: 30/9/2019	198,845	75,795	39,486	27,305	42,916	302	13,041
TOTAL: 30/6/2019	367,439	177,658	160,835	12,981	4,765	812	10,388
TOTAL: 31/3/2019	452,552	364,616	30,542	19,440	29,720	0	8,235
TOTAL: 31/12/2018	205,377	158,755	18,470	10,239	180	3,721	14,012
TOTAL: 30/9/2018	148,342	106,593	10,608	13,594	593	1,398	15,556
TOTAL: 30/6/2018	422,464	324,485	27,931	0	3,003	22,558	44,488
TOTAL: 31/3/2018	432,477	249,847	60,051	26,493	13,385	3,698	79,003
TOTAL: 31/12/2017	346,257	129,349	30,041	27,212	6,593	62,701	90,361
TOTAL: 30/9/2017	1,376,429	1,184,457	72,348	42,496	1,131	12,962	63,035
TOTAL: 30/6/2017	620,677	479,988	35,699	2,966	1,045	252	100,727
TOTAL: 31/3/2017	235,285	98,615	608	2,612	1,282	5,880	126,288
TOTAL: 31/12/2016	264,684	88,943	11,508	3,221	22,118	8,226	130,668
TOTAL: 30/9/2016	295,149	121,555	9,053	69,335	6,290	13,671	75,245
TOTAL: 30/6/2016	369,569	160,809	63,538	36,181	7,055	20,976	81,011
TOTAL: 30/11/2015	481,456	131,857	181,985	27,707	(3,288)	1,434	141,761

In relation to the Aged Debtors as at 30 June 2020, the following points of clarification are provided:

- Additional Bins debtors relates to three old debtors that have all been sent to the debt collection agency and had their waste services stopped. Council have recently received legal advice indicating that these charges can be added onto rates and as such this is being implemented for two of these debts. The remaining debtor is no longer an existing ratepayer and therefore this is likely to be written off in the near future.
- Fire Hazard Reduction debtors relates to 2 old debtors that have been with the debt collection agency for a number of years and have already incurred approximately \$600 in legal fees that have been added to their debts. After receiving the recent legal advice, Regulatory Services have sent letters advising that if payment is not made by mid-August 2020 then the amounts outstanding will be attached to the properties as rates arrears. Similarly Council intends taking the same action for all of these debtors that do not pay on a timely basis.
- There were twelve Food Premises Inspection debtors >150 days as at 30 June 2020. Of these:
 - nine have been recently sent with the debt collection agency; and
 - one other debtor has closed down and is likely to be written off.
 - for the largest (and oldest) debtor, Council has undertaken Minor Civil Action in the Magistrates Court but no response has been received and further costs have been added to the debt. No debt collection action was taken during the bushfire and COVID19 period. However, action is now being recommenced with an Investigation Summons to be issued in the near future.

- The final debtor has been a slow payer over an extended period and has resisted any council offer re coming up with any payment plan. They have recently been invoiced again for an inspection and failure to start paying will result in referral to the debt collection agency;
- In terms of AHBTC >150 days debtors:
 - One relates to a former tenant that is currently with our debt collection agency. Since the last report, the debtor has paid a nominal amount off the debt and a credit adjustment made for overcharged rates and electricity. A payment plan has now been agreed with the debt to be cleared by April 2021.
 - The other debtor had a balance at 30 June 2020 of \$4,800 and has kept to their payment plan (as they were affected by the bushfires) which will pay off their debt before the end of this calendar year.
- The Regulatory Services >150 days balance relates to two debtors with larger balances.
 - The largest these debtors sitting in >150 days totalling \$16k has been discussed previously. The debt relates to costs per the Environment Resources & Development Court from May 2019. Based on solicitor advice in January 2020 a bankruptcy notice was personally served on the debtor at the end of February 2020. The compliance period with respect to the bankruptcy notice expired in March 2020. In April 2020, the debtor advised that he was not in a position to pay the debt. Council responded by advising the debt was still outstanding but would be happy to negotiate and payment plan. As no response was received Council are now in the process of issuing a creditor's petition to declare the debtor bankrupt.
 - The other relates to the recovery of costs of over \$5k incurred by Council in relation to two seized dogs. As previously advised the debt was sent to the debt collection agency in November 2019 where a payment plan of \$900 per month was agreed. The first instalment was received on 31 December 2019 and a further payment was made in March 2020. As the debtor has not adhered to the payment plan they were provided 21 days notice to pay the full amount in accordance with legal requirements. If unpaid, Minor Civil Action in the Magistrates Court will be undertaken with costs being added to the debt.

The CEO and delegated officers have used their delegation in terms of writing off debts for the 6 months ending 30 June 2020 in relation to:

- a Food Premises Inspection debt of \$121 from February 2019 as the company has been put into liquidation;
- an Outdoor dining licence invoice balance of \$46 from August 2019 as the company has been put into liquidation; and
- a Food Premises Inspection debt of \$80 from August 2015 due to the closure of the business.

Community Loans

The last remaining Community loan debt was paid off in April 2019. There are now no community loan debts outstanding.

4. OPTIONS

The Audit Committee is limited to receiving this report.

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 17 August 2020
AGENDA BUSINESS ITEM**

Item:	7.2
Responsible Officer:	Mike Carey Manager Financial Services Corporate Services
Subject:	Auditor-General's Recommendations on Credit Card Management and Use
For:	Information

SUMMARY

This report provides the Audit Committee with an assessment of Council's current Purchase Card Procedures against findings and recommendations made by the Auditor-General in examining credit card use and management of three publicly funded bodies (City of Charles Sturt, City of Playford and The Coorong District Council).

While the Auditor-General Reports examined credit card use and management, the findings and recommendations indicate that the focus was broader, and also addressed public expenditure in general with areas for improvement associated with delegations, Elected Member policies as well as reward and recognition, hospitality and travel.

Whilst Council's *Purchase Card Procedure* adequately covered the majority of the Auditor-General's recommendations it was considered that it would be beneficial to update the procedure for a number of the recommendations made by the Auditor-General. In conjunction with this update a review of the Council's *Employee Recognition, Functions and Gifts Policy*, travel related expenditure guidelines for staff and the *Council Member Allowances and Support Policy* will also be undertaken.

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 5 A Progressive Organisation

Objective O5 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
- Priority 05.2 Make evidence-based decisions and prudently assess the risks and opportunities to our community before taking action.
- Priority 05.3 Demonstrate accountability through robust corporate planning and reporting that enhances performance, is relevant and easily accessible by the community

➤ **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.

➤ **Risk Management Implications**

The review of Auditor-General recommendations 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)	Low (2E)	Low (2E)

The controls reviewed 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**

Not applicable.

➤ **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.

<i>Council Workshops:</i>	Not Applicable
<i>Advisory Groups:</i>	Not Applicable
<i>Administration:</i>	A/Chief Executive Officer Director Corporate Services A/Executive Manager Governance & Risk Executive Manager Organisational Development Procurement Coordinator
<i>External Agencies:</i>	Not Applicable.
<i>Community:</i>	Not Applicable

2. BACKGROUND

At its 24 March 2020 meeting the Council considered a Motion on Notice (MON) regarding Credit Card Usage and resolved as follows:

11.1 Credit Card Usage

Moved Cr Malcolm Herrmann
S/- Cr Leith Mudge

53/20

Council resolves that the Chief Executive prepare a report, for the Audit Committee's consideration and advice to Council, providing an assessment of the status and coverage of the Adelaide Hills Council's Procurement Framework against the recommendations arising from the South Australian Auditor-General's March 2020 reports regarding credit card use and management in three South Australian councils.

Carried Unanimously

The Auditor-General reports stemmed from audits undertaken by the Auditor-General on three local government councils, namely City of Charles Sturt, City of Playford and The Coorong District Council pursuant to section 32(1)(a) of the *Public Finance and Audit Act 1987* (PFAA). This allows the Auditor-General to examine the accounts of a publicly funded body and the efficiency and economy of its activities.

Council adopted an updated *Procurement Policy* at its August 2019 meeting after a recommendation from the Audit Committee who had reviewed the Policy earlier that month. The updated Policy removed the majority of the procedural content from the previous policy and this was included in an operational Procurement Framework, supported by a suite of procurement procedures and guidelines, including a *Purchase Card Procedure*.

The Audit Committee also received an Internal Audit Report covering the use of purchase cards at its August 2019 meeting. The audit was initiated after the Committee resolved that as a result of heightened public interest in the use of purchase cards they wished to have a contemporary assessment of the current practices ahead of any enhanced role for purchase cards under the revised Procurement Framework.

Following a competitive procurement process, Council engaged Bentleys to conduct the audit with the objective of the audit being:

to provide the Adelaide Hills Council (AHC) with assurance that the processes (including internal controls) designed and implemented to manage risks associated with the issue, use, return and oversight of purchase cards are robust.

The period of audit cover the financial years 2017-18 and 2018-19 with the audit being conducted in July 2019 and finalised in early August 2019.

Bentley's audit identified some non-complying purchases against Council's policies and community expectation, with the majority relating to late reconciliations and insufficient or incorrect details provided in the statement.

Bentleys made some control improvement recommendations in their report in relation to the following findings:

- Robust policy framework
- Compliance with Council's requirements
- Split payments
- FlexiPurchase system configuration
- Record management of transaction descriptions.

In addition, Bentleys have identified some improvement opportunities.

At that time, Council has prepared draft purchase card procedures in accordance with Council's new Procurement Framework. Given that Council was aware that the audit was being conducted, it was considered appropriate to delay the finalisation of the procedures until the audit had been completed and findings from the audit taken into account.

As a result Council updated its *Purchase Card Procedure* taking into account the internal audit recommendations and this procedure has been used to assess the Auditor-General's recommendations as referenced in the Motion on Notice.

The progress on audit action implementation is contained within a separate report in this meeting's agenda.

3. ANALYSIS

While the Auditor -General Reports examined credit card use and management, the focus appeared broader and addressed public expenditure in general with the areas for improvement dealing with delegations, Elected Member policies as well as staff reward and recognition, hospitality and travel in addition to purchase card procedures.

The Auditor-General highlighted deficiencies and areas of improvement under the following headings:

- credit card policy and procedures
- specific controls over credit card expenditure
- credit card payments for business expenses

- credit card payments for reward and recognition expenses
- credit card payments for elected members' benefits

In summary, the Auditor-General indicated that in a number of instances, he was not satisfied that council staff had adequately explained the business benefit to the council, and the public benefit, for some expenditure transactions that were reviewed. These mostly related to entertainment, hospitality and reward and recognition expenditure.

In accordance with the MON and review of the Auditor-General reports on the three local government councils, a summary of Auditor-General's findings/recommendations have been included at **Appendix 1** together with Council's comments.

In terms of terminology, the term "Credit Card" has been used in the Auditor-General's findings and recommendations due to the use of that term in the reports provided. However, Council comments have referenced the term "Purchase Card" given the title of Council's relevant procedure.

Overall, whilst it is considered that Council's *Purchase Card Procedure* adequately covered the majority of the Auditor-General's recommendations it was considered that it would be beneficial to update the procedure for a number of the recommendations as follows:

- addition of requirement for cardholders to undertake purchases with reference to a number of key expenditure principles
- the procedure be updated to make reference to the authorisation by the Director Corporate Services
- the procedure be updated to include a requirement for a regular report on purchase card expenditure be provided to ELT to provide a review that the expenditure is reasonable and for business purposes.

It is also noted that while there is a clear expectation within Adelaide Hills Council that purchase cards are not to be used for alcohol and gifts, current procedures do allow those purchases with the pre-approval of a Director or the Chief Executive Officer. As such the current procedure is being amended to specifically state that alcohol and gifts are not to be purchased using a purchase card. This is consistent with the Auditor-General's opinion that alcohol and gifts "are not a proper use of public money, other than in rare circumstances and where business purpose is clearly justified."

In addition, it is considered that an update/review is undertaken of the following policies and guidelines:

- Council's *Employee Recognition, Functions and Gifts Policy*. This action is already included on the Audit Action Register
- Travel related expenditure guidelines for staff
- *Council Member Allowances and Support Policy* to consider the specific recommendations made by the Auditor-General to determine whether the items raised should necessitate an early review of the policy to address matters raised.

It is also proposed that those actions identified in **Appendix 1** that still require completion will be included on the Audit Committee's Audit Action listing to ensure appropriate follow up of the agreed actions.

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 in terms of actions in relation to relevant policies and procedures to address the Auditor-General's findings and recommendations on Credit Card Management and Use as presented.

5. APPENDICES

- (1) Auditor-General's Findings/Recommendations on Credit Card Use and Management and AHC Comments

Appendix 1

*Auditor-General's Findings/Recommendations on Credit
Card Use and Management and AHC
Comments*

AUDITOR-GENERAL FINDINGS/RECOMMENDATIONS ON CREDIT CARD USE AND MANAGEMENT

Findings/Recommendation	Council			Adelaide Hills Council Comment
Credit card use supports efficiency				
<ul style="list-style-type: none">Improvements in analysis of credit card use and expenditure<ul style="list-style-type: none">perform a formal and regular analysis of credit card and accounts payable expenditure review:<ul style="list-style-type: none">identify areas for further improvement in use of credit cardsinform its procurement strategyconfirm cardholder limits and reasons for issuing credit card	CS CS	Playford Playford	Coorong Coorong Coorong	<p>The Bentley Internal Audit recommended that management encourage the utilisation of the system reporting function to efficiently monitor and manage the use of purchase cards and also consider limits on a regular basis.</p> <p>As a result the existing <i>Purchase Card Procedure</i> was updated to reflect the use of reports for monitoring and managing the use of purchase cards.</p> <p>In addition, the <i>Purchase Card Procedure</i> was also updated to require the Procurement Coordinator to review spending pattern reports on a quarterly basis to help assess whether procurement provides value for money and efficiency of process.</p>
Credit card policy and procedures				
<ul style="list-style-type: none">Credit card policy and procedures could be further improved	CS	Playford	Coorong	Summary finding. The areas identified by the Auditor-General for improvement relate to the findings identified under the specific controls over credit card expenditure, credit card payments for business purposes and reward and recognition below.
Specific controls over credit card expenditure				
<ul style="list-style-type: none">Independent review of credit card expenditure could be improved / were deficient	CS	Playford	Coorong	Summary finding. The areas identified by the Auditor-General for improvement relate to the findings identified under the specific controls over credit card expenditure below.
<ul style="list-style-type: none">Independent review of CEO's/executive transactions could be improved<ul style="list-style-type: none">update credit card policy to require CEO credit card transactions to be independently reviewedreinforce to staff the importance of the independent reviewers responsibilityconsider having a suitable senior officer assess the Executive's credit card transactions against the expenditure principles and report any questionable transactions to the Executive grouphave its audit committee periodically review a report of the CEO's transactions	CS	Playford		<p>The CEO purchase card transactions are reviewed by the Director Corporate Services. The <i>Purchase Card Procedure</i> has been updated to make specific reference to that independent review.</p> <p>The current <i>Purchase Card Procedure</i> requires the Cardholder approver to "ensure that all purchase card transactions comply with all procurement guidelines including this procedure".</p> <p>In addition, the <i>Purchase Card Procedure</i> has been updated to indicate that "Periodically a report on purchase card expenditure including the CEO and ELT cardholders will be provided to ELT to provide oversight that the expenditure is reasonable and for business purposes."</p>
<ul style="list-style-type: none">Independent review of CEO's and Mayor's transactions could be improved<ul style="list-style-type: none">periodically report the CEO's and Mayor's credit card transactions to its audit committee for review to ensure expenditure is reasonable and for business purposes			Coorong	Adelaide Hills Council does not provide a purchase card to the Mayor
<ul style="list-style-type: none">Business purpose was not always clearly justified at the time the expenditure was incurred<ul style="list-style-type: none">consider having sensitive expenditure approved before it is incurredupdate its policies for:<ul style="list-style-type: none">the expenditure principles that staff need to apply and clearly demonstrate at the time expenditure is incurredthe nature and extent of information needed to adequately justify the business purpose of the expenditure	CS	Playford	Coorong	<p>Council's current <i>Purchase Card Procedure</i> does not permit the following unless prior approval occurs before purchase:</p> <ul style="list-style-type: none">gift cards (unless pre-approved in writing by a Director or CEO)ICT assets (unless pre-approved in writing by Manager Information Services)alcohol (unless pre-approved in writing by a Director or CEO) - noting that this is to be amended to not allow any purchase of alcohol <p>From a recommendation from the Bentley Internal Audit, Council's <i>Purchase Card Procedure</i> was updated to require the cardholder to ensure that satisfactory descriptions of the good purchased are recorded with sufficient details to show clear business use</p>
<ul style="list-style-type: none">Reconciliation records could be improved to explain the expense<ul style="list-style-type: none">Where the business purpose is not clear from the supplier documentation, a written statement of the purpose should be included in the reconciliation record	CS			As above, the <i>Purchase Card Procedure</i> require sufficient details to show clear business use
<ul style="list-style-type: none">The Council did not always demonstrate the expenditure was necessary and/or an appropriate use of public moneyCouncil should update its policies for the expenditure principles staff need to apply. This includes clearly demonstrating when expenditure is incurred that it is both a necessary cost in performing the Council's functions and appropriate for its intended purpose	CS	Playford	Coorong	Council's <i>Purchase Card Procedure</i> has been updated to make specific reference to the five expenditure principles that a cardholder should satisfy prior to undertaking expenditure on their purchase card.
<ul style="list-style-type: none">Not all expenses were supported by adequate (or correct) recordsmaintain adequate records to explain its expenses and demonstrate transparency in the decision-making process and the proper use of public money		Playford	Coorong	As stated above, as a result of a recommendation from the Bentley Internal Audit, Council's <i>Purchase Card Procedure</i> was updated to require the cardholder to ensure that satisfactory descriptions of the good purchased are recorded with sufficient details to show clear business use.
<ul style="list-style-type: none">Mayor's financial delegations were not in line with the LG Act and were invalid			Coorong	The Mayor does not have any financial delegations.

AUDITOR-GENERAL FINDINGS/RECOMMENDATIONS ON CREDIT CARD USE AND MANAGEMENT

Findings/Recommendation	Council			Adelaide Hills Council Comment
<ul style="list-style-type: none"> ensure all delegations and sub-delegations are made in line with the LG Act clarify the effect of the conditions or limitations contained in its instrument of delegations ensure its instrument of delegations clearly and accurately reflects the powers and functions delegated. The information contained in the Instrument of Delegations is consistent within itself and other relevant documents have the CEO maintain a signed formal instrument of sub-delegations separate from the instrument of delegation by the Council 		Playford	Coorong Coorong Coorong Coorong	Adelaide Hills Council has a robust delegation process which delegates its powers and functions under legislation and is brought to Council on a regular basis throughout the year (approximately quarterly). Council's delegation process includes the CEO maintaining a signed formal instrument of sub-delegations separate from the instrument of delegation by the Council.
Credit card payments for business expenses				
<ul style="list-style-type: none"> Insufficient policy guidance for business expenses 			Coorong	The areas identified by the Auditor-General for improvement relate to the findings below.
<ul style="list-style-type: none"> Policy guidance for travel expenses could be improved Timing of travel policy review could be improved Travel expenses were not supported by adequate accounting records 	CS CS	Playford Playford	 Coorong	<p>Council does not have a specific travel policy, rather references are contained in the <i>Council Member Allowances and Support Policy</i> (Elected Members) and <i>Training and Development Policy</i> (Staffing Policy) which requires interstate travel to be approved by the relevant Director.</p> <p>It is proposed that a travel related expenditure guideline for staff will be prepared to address the Auditor-General recommendations this financial year.</p>
<ul style="list-style-type: none"> Policy guidance for hospitality, gifts and employee expenses could be improved 	CS			Summary finding. The areas identified by the Auditor-General for improvement relate to the findings below.
<ul style="list-style-type: none"> Hospitality expenses are not always a proper use of public money Gifts to staff were not always a proper use of public money Entertainment and hospitality expenses were not always a proper use of public money identify its key business expenses and develop and implement policies and procedures for them, such as policies for travel, entertainment and hospitality 	CS CS	Playford Playford	Coorong Coorong Coorong	<p>While there is a clear expectation that cards are not to be used for alcohol and gifts, current procedures do allow those purchases with the pre-approval of a Director or the Chief Executive Officer.</p> <p>As such the current <i>Purchase Card Procedure</i> is being amended to specifically state that alcohol and gifts are not to be purchased using a purchase card.</p>
Credit card payments for reward and recognition expenses				
<ul style="list-style-type: none"> Timing of policy review could be improved Review of recognition of service policy needed to ensure proper use of public money Policy guidance for staff recognition could be improved Policy intent is not clearly aligned with business purpose Gifts to staff were not always necessary or appropriate The extent and value of loyalty of service rewards was considered unnecessary Policy on funding functions needs to be reviewed including staff Christmas function The Council did not clearly demonstrate the proper use of public money in recognising staff achievement 	CS CS CS	Playford Playford Playford	Coorong Coorong Coorong Coorong	<p>The Bentley Internal Audit identified the need for Council's <i>Employee Recognition, Functions and Gifts Policy</i> to be reviewed to provide greater guidance on the required expenditure under this policy.</p> <p>As such this policy update was included on the Audit Action Register.</p> <p>Separately the <i>Purchase Card Procedure</i> was updated to provide clarity around the use of cards for internal meetings and the like. The procedure states that meetings, with staff only, in coffee shops/cafes would not be funded by Council.</p>
Credit card payments for elected members' benefits				
<ul style="list-style-type: none"> Expenditure for alcohol not a proper use of public money Expenditure for the Mayor's Christmas dinner not a proper use of public money Gifts not always necessary or appropriate Expenditure for elected members' lunch and gifts was not a proper use of public money Elected Members Policy could be improved to clarify requirements: <ul style="list-style-type: none"> revise mayor and elected member support policy guidelines to remove the provision of alcohol and special functions, establish expenditure limits for the provision of meals and consider whether Mayor's/annual elected member Christmas dinner and elected members' service recognition gifts are consistent with the expenditure principles have audit committee regularly scrutinise sensitive expenditure that results in benefits to the elected members to determine whether it is a proper use of public money 	CS CS CS	Playford	Coorong Coorong	These elements are covered by the <i>Council Member Allowances and Support Policy</i> which is reviewed every Council term. It is proposed that the specific recommendations made by the Auditor-General be reviewed to determine whether the items raised should necessitate an early review of the policy to address matters raised.
<ul style="list-style-type: none"> Reassess the need for the Mayors credit card 			Coorong	Adelaide Hills Council does not provide a purchase card to the Mayor.

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 17 August 2020
AGENDA BUSINESS ITEM**

Item: 7.3

Responsible Officer: Mike Carey
Manager Financial Services
Corporate Services

Subject: End of Financial Year Update

For: Information

SUMMARY

Council's preliminary Operating Deficit before Capital is \$941k which is \$428k unfavourable to budget after adjusting for an accounting reallocation between capital and operating for PLEC. The unfavourable operating result to budget is largely driven by unbudgeted non-cash increases in provisions and in particular the additional provisioning of remediation and post closure costs of \$400k relating to closed landfills within the Council area.

From an overall Net Lending result perspective, the unfavourable Operating Result of \$428k is largely offset by a favourable Capital Result to budget of \$415k after taking into account Carry Forward Income and Expenditure requirements.

It should be noted that further changes to Council's financial results will occur following the finalisation of Council's statutory accounts and subsequent audit. The finalisation of the accounts will address matters including asset revaluation, employee entitlements, finalisation of Council's subsidiaries as well as depreciation and other asset adjustments.

Administration presented an End of Financial Year reporting timetable to the Audit Committee on 25 May 2020 and remains confident that all significant preparatory work will be completed in advance of the final audit visit by Galpins scheduled for the week commencing 24 September 2020.

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 5 A Progressive Organisation

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

- Priority 05.2 Make evidence-based decisions and prudently assess the risks and opportunities to our community before taking action.
- Priority 05.3 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 (LGA)*, and the *Local Government (Financial Management) Regulations 2011*.

Chapter 8, Part 3, Division 3 – Financial Statements and Division 4 – Audit, LGA 1999 and Part 4 – Financial Statements, *Local Government (Financial Management) Regulations 2011*.

➤ **Risk Management Implications**

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

The completion of 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)

➤ **Financial and Resource Implications**

The end of year financial reporting process ensures the timely production of the Annual General Purpose Financial Reports. These are required for the Annual Report and can 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**

Council Committees: Not Applicable

Council Workshops: Not Applicable

Advisory Groups: Not Applicable

Administration: The Preliminary End of Year financial information has been prepared in consultation with Directors and Managers to obtain operating and capital information for each budget area.

External Agencies: Not Applicable

Community: Not Applicable

2. BACKGROUND

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

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

A timetable has been prepared to document and streamline the End of Year progress during July and August, and the confirmed final audit visit commencing on 24 September 2020.

In relation to the 2019-20 financial statements, it is currently proposed that a Preliminary End of Year Financial Results and Carry Forwards Report will be tabled to Council at its 25 August 2020 meeting, so that Council can adopt changes to the 2020-21 Budget to account for the 2019-20 requested carry forwards.

As the report provides Council with a preliminary view of Council's financial performance to budget for the year ended 30 June 2020, it was considered appropriate as part of this update to provide the Audit Committee with the Preliminary End of Year Financial Results and commentary given the timing of the Audit Committee Meeting.

It should be noted that further changes to Council's operating and net lending result is likely following the finalisation of Council's statutory accounts and subsequent audit. The finalisation of the accounts will address matters including asset revaluation, finalisation of Council's subsidiaries as well as depreciation and other asset adjustments. As highlighted above, the external auditors are scheduled to commence the Audit process in late September 2020.

3. ANALYSIS

Overall Preliminary Result compared to budget

\$'000's	Actual 2019-20 \$'000s	Budget 2019-20 \$'000s	Variance Fav/(Unfav) \$'000s
Operating income	48,126	48,000	126
Operating expenditure	49,067	48,513 *	(554)
Operating Surplus before Capital	(941)	(513)	(428)
Capital Income	2,846	3,199	(353)
Capital Expenditure	12,897	16,026 *	3,130
Net expenditure - Capital projects	10,051	12,827	2,777
Depreciation	8,945	8,945	-
Net Lending /(Borrowing) Result for Financial Year	(2,047)	(4,395)	2,349

* adjustment to account for PLEC accounting treatment

Council's preliminary Operating Deficit before Capital is \$941k which is \$428k unfavourable to Council's budget after adjusting for PLEC. There will be some further adjustments to occur as part of the finalisation of the statutory accounts. This Operating Result is largely offset by a favourable Capital Result of \$415k after taking into account Carry Forward Income and Expenditure requirements.

The adjustment for PLEC relates to the undergrounding of power lines for the Gumeracha main street which has been budgeted under capital. Our year end review indicates that from an accounting perspective, this will need to be disclosed as operating given that Council is contributing an amount to a State Government DPTI asset. From a comparison to budget perspective it is therefore considered appropriate to adjust the budget between operating and capital to help assess the variance analysis between actual and budget.

The unfavourable operating result to budget is largely driven by unbudgeted non-cash increases in provisions and in particular the additional provisioning of remediation and post closure costs of \$400k relating to closed landfills within the Council area. The non-cash increases in provisions offset other favourable income and expenditure variances in Council normal operations.

Council's preliminary operating result will also be subject to finalisation of capitalisation, adjustments for asset write-off, depreciation and Councils' subsidiary results as discussed above.

Net Borrowings Position

Borrowings at 30 June 2020 were \$12m, represented by two fixed term interest only loans of \$5m each and a short term drawdown facility drawn down to \$2m at year end. This compares with Council's budgeted borrowings at 30 June 2020 of \$13.0m which was based on borrowings at the end of the previous year of \$10.0m and the budgeted borrowings for the 2019-20 financial year of \$3m.

\$000's	Actual 30 June 20 \$000's	Budget 30 June 20 \$000's	Variance \$000's	30 June 2019 Balances \$'000s
Cash & Investments	519	268	251	2,025
Short term drawdown	(2,000)	(3,000)	1,000	-
Fixed Term Loans	(10,000)	(10,000)	-	(10,000)
Total Borrowings	(12,000)	(13,000)	1,000	(10,000)
Net Position	(11,481)	(12,732)	1,251	(7,975)

Overall Capital Result

\$000's	Actual 2019-20 \$'000s	Budget 2019-20 \$'000s	Variance Fav/(Unfav) \$'000s
Capital Income	2,846	3,199	(353)
Capital Expenditure	12,897	16,526	3,630
PLEC – Transfer to Operating		(500)	(500)
Net expenditure - Capital projects	10,051	12,827	2,777
Proposed Capital Expenditure Carry Forwards			(2,729)
Proposed Capital Income Carry Forwards			367
Overall Capital Result - favourable			415

The preliminary results show a capital spend of \$12.897m against an adjusted budget of \$16.026m after taken into account the PLEC reallocation to Operating. In comparing to budget, it is noted that there is an overall underspend of \$3.130m of which it is proposed to carry forward capital expenditure of \$2.729m across 30 projects. There is still review work being undertaken of carry forwards but it is not expected that the amount will vary significantly from that to be presented to Council at its 25 August 2020 meeting for adoption.

The overall net savings on the 2019-20 Capital Works Expenditure Program is \$401k and the proposed carry forward expenditure requests can be accommodated without a negative impact on Council's 2019-20 financial position.

It is also noted that once the proposed capital grant income carry forward of \$367k is taking into account, the capital income result is also favourable resulting in an overall favourable capital result of \$415k as shown in the table above.

In summary

As highlighted in Council's overall preliminary result, the favourable capital result has largely covered the unfavourable preliminary operating result presented, noting that there is still some year end adjustments required to the amounts presented.

Other Year End Matters

Other specific matters currently being worked through as part of the year end audit include:

- the provisioning of rate amounts relating to deceased estates and / or where rate notices had been unable to be delivered for many years, (discussed in a separate Quarterly Debtors report to the Audit Committee for the 17 August 2020 meeting)
- provisioning for land fill remediation
- the application of the new Leasing Standard AASB 16 Leases, which has commenced from 1 July 2019, which requires that the right of use conveyed by leasing contracts with some exceptions to be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability
- the timing of assets currently being considered for divestment including the Bridgewater Retirement Village
- increased revenue from the sale of roads
- accounting for disposals of Crown Land currently dedicated to AHC
- Subsidiaries and the calculation of equity share for these investments

Administration currently remains confident that all significant preparatory work will be completed in advance of the final audit visit scheduled for late September 2020.

4. OPTIONS

The Committee has the following options:

- I. To note the report as prepared.
- II. To make additional comments or suggestions for Financial Services staff to consider as part of finalising the 2019-20 financial statements.

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 17 August 2020
AGENDA BUSINESS ITEM**

Item: 7.4

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

Subject: Quarterly Council Performance Report – Q4

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 Q4 (**Appendix 1**) covers the period 1 April 2020 to 30 June 2020, and shows the performance against the corporate performance indicators.

While the report does contain some annual performance indicators, the focus of the report is on the fourth quarter period. An analysis of the full financial year will be included in the Annual Report due for release in late November 2020.

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

The Quarterly Council Performance Report is part of the performance reporting suite contained in the *Corporate Planning & Performance Framework*.

➤ 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*.

➤ 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. The quarterly performance reports are part of the current control suite and therefore there is no additional mitigating impact of this report.

➤ **Financial and Resource Implications**

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

Quarterly Council Performance Reporting assists in showing the financial and resource performance to plan as per the targets, initiatives and activities outlined in the *2019-20 Annual Business Plan*.

➤ **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**

Quarterly Council Performance Reporting assists in demonstrating the outcomes related to Council's economic, social and environmental initiative

➤ **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

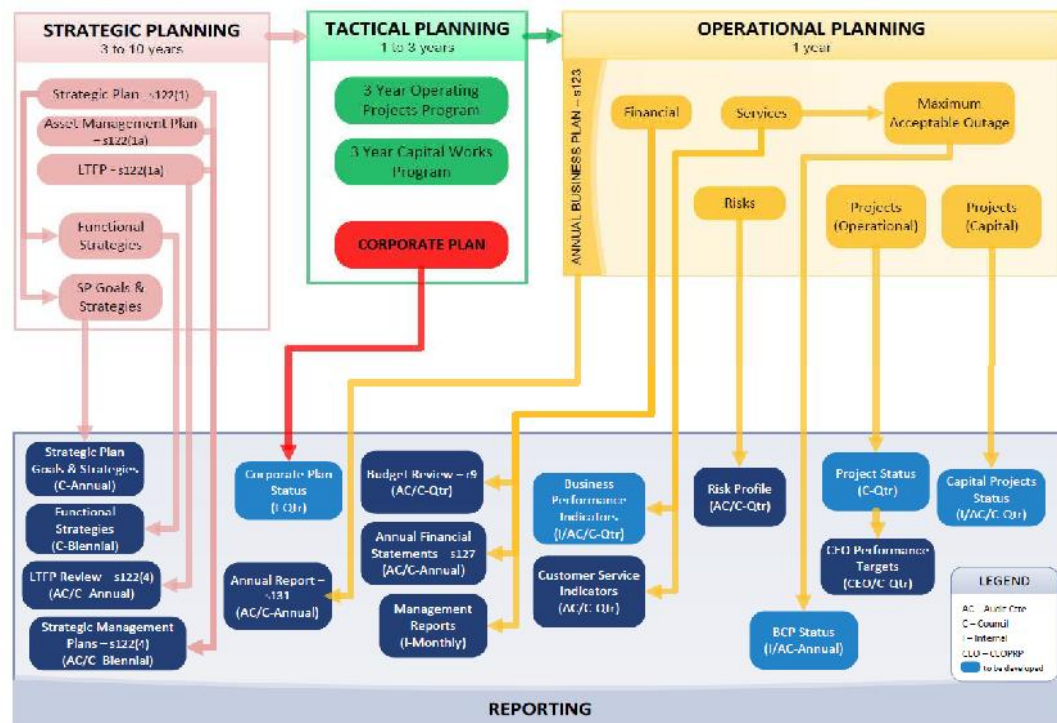
Administration: Consultation on the quarterly performance report has occurred with both Executive Leadership Team and the Senior Leadership Team.

External Agencies: Not applicable

Community: Not applicable

2. BACKGROUND

At its 19 June 2018 meeting, Council adopted (Res 128/18) 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.

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.

The Q2 2019-20 Performance Report was received and noted by Council at its 25 February 2020 meeting.

The Q3 2019-20 Performance Report was received and noted by Audit Committee at their meeting on 25 May 2020 and by Council at its 23 June 2020 meeting.

3. ANALYSIS

Performance for Quarter 4 has been generally positive despite the ongoing impacts of the restrictions for COVID-19 and the prioritisation of activities related to the Cudlee Creek Bushfire recovery.

Of the 33 performance measures in the 2019-20 Annual Business Plan, 15 targets were met or exceeded, 6 were not met and 12 could not be measured at this time (due to timing or impacts from bushfires/COVID-19).

Where possible, we have continued to deliver services and progress our initiatives within current restrictions and in consideration of resourcing other priorities such as bushfire recovery. This has sometimes involved developing online programs and other online options. Where it was not possible, services and initiatives have been cancelled for the 2019-20 financial year, or deferred to a future year.

There are 139 key initiatives within the Q4 report. Of these, 54 have been completed, 10 have been deferred or cancelled, and 75 are continuing in the 2020-21 financial year.

See the attached Quarterly Council Performance Report – Quarter 4 (**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 4 2019-20

Appendix 1

Quarterly Council Performance Report 2019-2020

Quarterly Council Performance Report

Quarter 4 – 1 April to 30 June 2020



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1. Executive Summary

Strategic Goals	Performance measures	Annual Business Plan Key Initiatives
People & Business Prosper	 2 of 7 targets not met	 Completed (11) Deferred/Cancelled (2) Continuing in 2020-21 (16)
Activities & Opportunities to Connect	 Targets met or exceeded	 Completed (9) Deferred/Cancelled (1) Continuing in 2020-21 (17)
Places for People & Nature	 2 of 5 targets not met	 Completed (13) Deferred/Cancelled (5) Continuing in 2020-21 (23)
Explore Ideas & Work with Others	 Targets met or exceeded	 Completed (4) Continuing in 2020-21 (3)
Organisational Sustainability	 2 of 6 targets not met	 Completed (17) Deferred/Cancelled (2) Continuing in 2020-21 (16)

Financial Performance (Preliminary results)



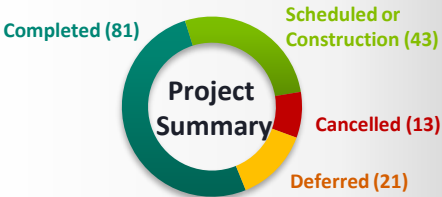
The favourable capital results have largely offset the operating deficit shown within the preliminary financial tables.

Page 28

Final results available October 2020 after completion of audit.

Capital Performance

- \$5.8m of infrastructure delivered in Q4
- \$1.7m of works in progress in Q4



Page 26

Customer Service Standards



13

Targets met or exceeded



3

N/A: No Incidents reported



1

Target not met

Page 23

Highlights

- Continued support of the Cudlee Creek Bushfire recovery process.
- Bushfire affected residents continue to receive priority processing of development applications. In Q4, 94 of the 135 applications received have been approved.
- Continued delivery of services in spite of COVID-19 restrictions, and successful commencement of transition back to normal as restrictions ease.
- We have been receiving a significant number of compliments from the Community on both Project and Maintenance works undertaken throughout the COVID restriction period, by way of emails, phone calls, letters, and thank you cards.
- The community response to engagement and programs online has been excellent, eg: library program participants are 3 times higher at 9,300 attendees in the quarter, and the growth of our social media followers has increased 93%.
- Community engagement on the Crafers Village Mainstreet Design Guidelines continued successfully using an online meeting and engagement platform. This project is anticipated to be completed in August 2020
- Adoption of 2020-21 Long Term Financial Plan and Strategic Plan 2020-24 – A Brighter Future in April.
- The 2020/21 Annual Business Plan & Budget was redeveloped to accommodate the impacts of the bushfires and COVID-19. Subsequent consultation was undertaken during May / June with adoption on 30 June 2020.
- We have been successful in securing funding for many projects and recovery efforts including Bushland park, Local roads & community infrastructure program, and blackspot funding.
- We continue to work collaboratively with the State Planning Commission and are up to date on our preparations for the implementation of the new State Planning Reform Agenda and Planning & Design Code.

Risks & Challenges

- Significant impact on delivery of Council services from the bushfires and COVID-19 pandemic. Where possible, services were replaced with online programs and other options were explored to continue service delivery within restrictions. Where this was not possible, services were deferred.

2. Performance by Service Area

2.1 Community Capacity

Highlights

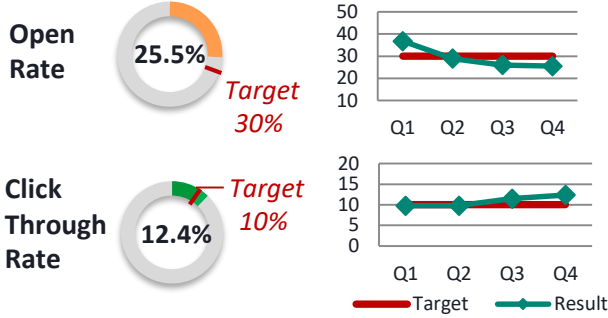
- We have continued to survey customers and monitor feedback. Results suggest there has been little to no impact customer experience arising from COVID-19 Pandemic.
- Numerous compliments have been received regarding the way the Council continued to provide services, albeit using different delivery methods, during the COVID-19 pandemic restrictions
- Maintained borrowing services in libraries throughout the COVID-19 pandemic site closures.
- Provided online library and community programs, with staff developing new skills in video/online production, presenting to camera and utilising virtual platforms for service delivery.
- Altered service delivery in the Commonwealth Home Support Program to comply with COVID-19 pandemic restrictions while maintaining regular contact with clients and offering activity packs.
- Reopened libraries, community centres and Fabrik, each with COVID-safe plans and new ways of doing things to accommodate people on site.
- Worked with community and industry event organisers to reschedule or redesign events which could not be held due to the COVID-19 pandemic restrictions.
- Continued to support the community recovering from the Cudlee Creek Bushfire, albeit with some programs and services operating virtually (including community reference group meetings).
- Successfully applied for grants to assist community, economic and environmental recovery following the Cudlee Creek Bushfire.
- Developed, for the first time, three-year funding agreements with both the Stirling Business Association and the local Regional Development Australia Board.

Issues	Action Taken	Service area
Impact of Covid-19 pandemic on projects	<p>We determined that it was not the right time to progress the following due to the Covid-19 pandemic:</p> <ul style="list-style-type: none">• Library Services Strategy (with the pandemic restrictions bringing light to new ideas around service delivery)• Replacement of the mobile library• Community perception survey• May Business Month• Implementing the Multicultural Action Plan• Volunteer Movie Day• Developing a Disability Access and Inclusion Plan	Multiple
Impact of Covid-19 on service delivery	<p>Restrictions associated with the Covid-19 pandemic impacted many of the directorate’s services.</p> <p>Where possible, services were replaced with online programs and other options were explored to continue service delivery within the restrictions. Where this was not possible, services were deferred.</p> <p>In the later weeks of the quarter, services have begun to transition back to normal service delivery.</p>	Multiple
Impact of Covid-19 on service standards and customer experience	<p>The Council has continued to consistently meet its adopted service standards, however, there has been some build-up of outstanding customer requests (mainly attributed to the Cudlee Creek Bushfire impact on resource deployment).</p>	Multiple

2.1.1 Economic Development

Performance measures - Prosper

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



Number of businesses supported by type

N/A Due to the complexity of the measure, data is not able to be collated at this time

Net Easy Score related to assistance from Council

N/A Measured every 2 years (due 21-22FY)

Growth in attendees at Business Month in May

N/A Business month in May cancelled due to COVID-19 restrictions

Related services measures - Prosper

4,058 Businesses in the region
11,222 Local Jobs in the region
1.19m Day trips taken to the region
\$170m Spent by visitors

Our Initiatives - Prosper

- Regional Development Australia (RDA)**
 - We continue to support RDA requests for information on key priorities (largely infrastructure) in the region.
 - 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**
 - Funded through the Regional Tourism Bushfire Recovery grants program AHC was successful in receiving funding for the following events and infrastructure projects such as:
 - Pome Fest 2020
 - Bushland Park Trails
 - Amy Gillet Parkway
- Business Month in May**
 - Event cancelled due to COVID-19 restrictions.

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.



COVID-19 has had a severe impact on the average level of self-determined wellbeing this quarter

Related services measures - Prosper

1,431 Hours of **in home support** delivered
1,424 Hours of **social support** delivered
2 **Transport trips** provided

COVID-19 has had a severe impact on the delivery of transport and social support

Our Initiatives - Prosper

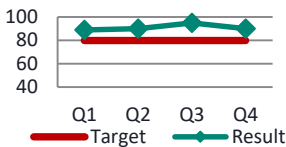
- Positive Ageing wellbeing**
 - Wellbeing measures have been implemented for older residents accessing Commonwealth Home Support Services as a means of monitoring wellbeing.
- Positive Ageing Online**
 - Website information has been updated and includes a bi-monthly positive ageing newsletter.
 - Online technology was utilised where possible to support residents isolating during COVID-19
- Home maintenance services**
- Collaborative sector support**
 - We developed, delivered and trained in wellness and re-ablement resources for providers.
 - We delivered "play on purpose" training and an SA Health strategic planning workshop.
- The Brain Hub**
 - This project has been taken as far as practicable based on buy in from local libraries. It will be considered in the future if an appropriate opportunity presents itself.
- High Tea Dance**

2.1.3 Community Development

Performance measures - Prosper

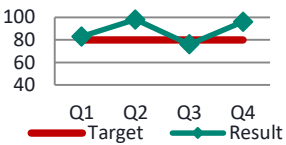
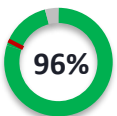
Percent of community centre participants with increased social connections

Target
85%



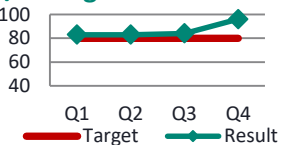
Participants who agree the programs/events have increased their feeling of connection

Target
80%



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

Target
80%



Self reported wellbeing measure

N/A Measure to be developed post bushfire and COVID-19 priorities

Performance measures - Connect

No of attendees at Adelaide Hills Community Programs

Annual
Target
8,000



Related services measures - Prosper

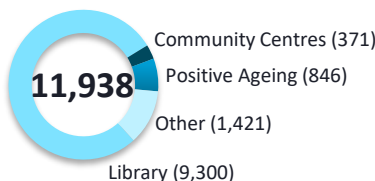
186 YTD Registered **AHC Volunteers**

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



Community Grants

- 29 Community development grant applications received to total value of \$61758
- 21 approved to value of \$44109



Volunteer movie day

- Event deferred to late 2020 due to COVID-19



Regional health planning initiatives

- Due date for the next Public Health Plan has been extended due to COVID-19 disruption.



The Hut partnership



Disability planning



Outreach Programs

Our Initiatives - Organisation



Volunteer management capacity and capability

Our Initiatives - Connect



Volunteer engagement

- Improvements to volunteer engagement processes including new features such as online volunteer recruitment and induction.



Volunteer Connect



Community External volunteering support



Community Leadership

- Programs have been incorporated into community centres and other program delivery



The Uraidla Red Shed



The Gumeracha Greed Shed and Op Shop

2.2.4 Creativity and Arts & Heritage Hub

Performance measures - Connect

Attendance at Fabrik program, events and workshops



Percent of available studio spaces occupied



Related services measures - Connect

97 Artists and creative businesses supported

Our Initiatives - Connect



Establish an Arts & Heritage Hub



Develop Stage 1 of Fabrik Arts and Heritage Hub

- Continued progress on developing design concepts and seeking development approvals

2.1.5 Cultural Development

Performance measures - Connect

Staff training participants who have increased appreciated of Aboriginal heritage and culture

N/A Training cancelled due to bushfires and COVID-19 restrictions

Percent of residents who view the Adelaide Hills as a welcoming and inclusive community

N/A The Community Perception Survey cancelled due to impacts of the Cudlee Creek Bushfire and COVID-19

Related services measures - Connect

Nil Cultural awareness staff training sessions held this quarter.

68 Arts activities and events held including 10 exhibitions, 4 music performance events and 54 arts workshops and activities across community centres and Fabrik

4 Events and programs were held celebrating Cultural Diversity

Our Initiatives - Connect



Multicultural Action Plan

- Harmony picnic cancelled due to COVID-19



Reconciliation Action Plan



Arts Action Plan

- An Arts Register was investigated but deemed not required at this time.
- Arts & Heritage Collection Policy to be considered by Council at July meeting Arts
- Public Art Strategy to be written in 2020/21



Public Art Acquisition

- Birdwood Weighbridge project completed
- Gumeracha project in progress completion by end July,
- Coolamon Project awaiting direction from community on installation



2.1.6 Library Services

Performance measures - Connect

Overall satisfaction with Library Services across the financial year

Annual Target 90%



Annual statistics on library usage

Library visits per capita compared to state Average
Annual Target >30%



Library loans per capita compared to state Average
Annual Target >13%



*2020-21 state data not available until March 2021

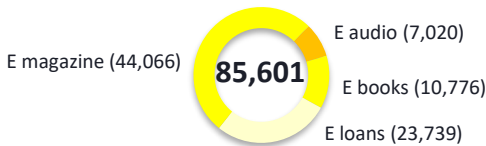
Related services measures - Connect

32,614 Physical visitors to all Library branches

116,309 Website visitors

168,986 Total print and audio-visual loans

No of electronic loans by type



No of library program participants (online)



Our Initiatives - Connect



Digital learning

- Much of the digital learning program happened online in Q4.



Mobile library project



Library strategic plan

- Alternative service approaches during the quarter due to COVID-19 pandemic has provided an opportunity to identify new priorities for inclusion in the strategy.



Social inclusion project



Local history online



Digital Literacy services

- We have a part time resource to meet the gap in services resulting from the digital hub closure



Gumeracha Civic Centre 20th Anniversary

- Deferred due to COVID-19 rules on public gatherings

2.2.7 Youth Development

Related services measures - Connect

43 Attendees in online youth development workshop/activities.

Our Initiatives - Connect



Youth leadership program

- The 2019 Youth Leadership Program participants have completed the full program and graduated with a ceremony that they coordinated.
- Some of the graduates have decided to remain with the program as mentors for the next round of youth who have commenced the program in June 2020.



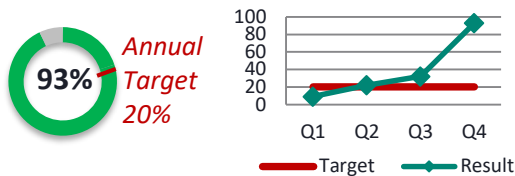
Implement Youth Action Plan

- Due to unavoidable priorities in Council meeting agendas, adoption of the plan has been deferred to 2020-21 FY.

2.1.8 Community Engagement, Communications and Events

Performance measures - Explore

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



This includes the addition of new platforms

Satisfaction with Council's consultation and engagement efforts

N/A

The Community Perception Survey was cancelled in 2019-20 due to the impacts of the Cudlee Creek Bushfire and COVID-19

Related services measures - Explore

Community Engagement Opportunities

All **Community forums** were cancelled due to COVID-19. We are arranging the rescheduling of the cancelled forums for Mylor, Basket Range and Birdwood in 2020-21 FY

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

8 **Online engagement opportunities** available. There were 7,800 visitors to our engagement platform and 170 new registrations.

There were 289 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.

Events

104 **Community and other external events** were supported across the financial year.

22 **Events** were cancelled due to COVID-19 over March to June 2020

4 **Events** were cancelled due to extreme heat and bushfire in December 2019

Our Initiatives - Explore



Digital and social media

- Council's digital e-newsletter community grew by 83% with major increases from our Engagement platform and the Library.
- Our social media audience increased by a total of 93%, which included the addition of several Facebook and Instagram platforms, and YouTube for Council and Libraries.
- Our corporate Facebook page audience increased by 44%, Twitter by 3%, Instagram by 45%, and LinkedIn by 57% in the past 12 months.
- Our e-communications subscribers increased by 83%, bringing the total increase in our digital community to 87%.



Marketing & Communication Plan



Review Community Consultation Policy and Community Engagement Framework

- The Community Consultation Policy has been updated and planning has begun on engagement to inform the Community Engagement Framework



Video

Our Initiatives - Connect



Events

- Most community and industry events were cancelled in Q4 due to the COVID-19 pandemic but we had a strong focus on safety advice and updates on the implications for event organisers, as well as planning for future events.



Support for small events

- Our ability to support events was severely restricted by the COVID-19 pandemic.
- We created social distancing signage for use by event organisers.



Women's Tour Down Under

- Council continued to work with TDU organisers on scoping potential involvement in 2021 and beyond.

Our Initiatives - Organisation



Crisis communication plan

- The Plan is currently in draft form for review and final version will be completed in the first quarter of 2020-21.



Community Perception Survey

- Survey was deferred to first quarter of 2020-21 due to COVID-19

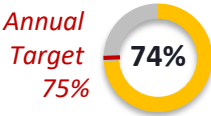
2.1.9 Customer Service

Performance measures - Organisation

Customer Net Ease Score (NES)



Overall customer satisfaction



Related services measures - Organisation

100% **Service standards achieved** – 13 of 13 service standards met their targets. 3 measures had no reportable incidents.

Our Initiatives - Organisation

 **Front line customer service delivery**

2.1.10 Organisational Innovation

Our Initiatives - Organisation

CRM integration

- Integration between CRM and confirm completed resulting in automatic forwarding of customer requests to teams in the field.
- Further integration planned for 2020-21

Customer satisfaction measurement

- Customer satisfaction mechanism, including survey and reporting methodology implemented. Surveys have been developed to measure customer experience at both the first point of contact and when a request or enquiry has been resolved.

Knowledge management

- Knowledge Bank created for staff on Council's intranet. Over 100 articles published with strategies in place to continue developing and updating articles.

2.2 Corporate Services

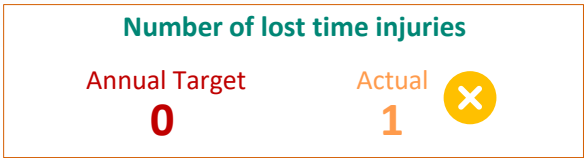
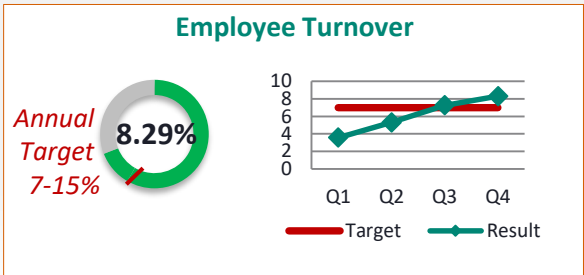
Highlights

- The final 2020-21 Long Term Financial Plan was adopted by Council at the 28 April 2020 meeting
- Council adopted (Res: 69/20) the final Strategic Plan 2020-24 – A Brighter Future at its 28 April 2020 meeting.
- The 2020/21 Annual Business Plan & Budget was redeveloped to accommodate the impacts of the bushfires and COVID 19. Subsequent consultation was undertaken during May / June with adoption on 30 June 2020.
- The property and rating system was updated with the 2020 revaluation incorporating any new developments and rate modelling completed to enable adoption of a revised Rating Policy on 30 June 2020
- There has been a significant increase in the volume of Section 7s and Copyright requests given the impacts of the bushfires and COVID. These have been managed within agreed timelines

Issues	Action Taken	Service Area
Multifunction Device Renewal	With the ICT Team involved in Organisational support and activities related to COVID-19, this project has been deferred 12 months.	ICT
Public Toilet Review	Resourcing impacts of the Cudlee Creek Bushfire and Covid-19 have prevented progression of this project.	Property
Local Government Reform	Reform Bill introduced into Parliament in June. Council will develop a submission and advocacy plan.	Governance

2.2.1 Organisational Development and Workplace Health & Safety

Performance measures - Organisation



Related services measures - Organisation

194.04 Full Time Equivalent (FTE) Employees working in the organisation as at 30 June 2020.

Our Initiatives - Organisation

- Work Health and Safety (WHS) People Leader Development**
 - Further training was provided to develop People Leaders' WHS knowledge. Preparation on a draft induction process through Skytrust has commenced and will be finished in the 2020-2021 year.
- Implementation of a new WHS system (Skytrust)**
 - Work includes all worksite inspections, new employee inductions, safe operating procedures, managing all health and safety committee documents and actions, and working from home e-learning
- Develop training for employees in Public Officer responsibilities**
- Review 4x8 Performance Process**

2.2.2 Financial Services

Performance measures - Organisation

Annual Key Financial Targets and Sustainability

	Target	Actual
Operating Surplus Ratio	0-10%	N/A
Net Financial Liabilities Ratio	0-100%	N/A
Asset Renewal Funding Ratio	90-110%	N/A

Will not be available until audited financial statements completed in October 2020

Our Initiatives - Organisation



Budget development including rating strategy and fees and charges consideration

- Final adoption of the Annual Business Plan and Budget occurred at a special council meeting on 30 June 2020



Development of 2020-21 Long Term Financial Plan

- The final 2020-21 Long Term Financial Plan was adopted by Council at the 28 April 2020 meeting



Annual financial statements for 2018-19 FY



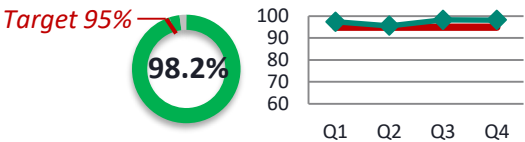
Sale of land

- 28 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 over the 2020-21 FY.

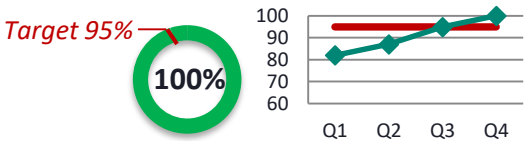
2.2.3 Governance

Performance measures - Organisation

Decisions (Council resolutions) considered in open session



Council member attendance at ordinary meetings for the period



Related services measures - Organisation

Governance requests

Section 7 search requests	206
Percent of Section 7 completed within legislative timeframe	100%
Freedom of information (FOI) requests	4
Percent of FOI requests completed within legislative timeframe	100%
Percent of Ombudsman investigations upholding Council's decisions	1

Our Initiatives - Organisation



Delegations management system upgrade



Strategic Plan review

- Council adopted (Res: 69/20) the final Strategic Plan 2020-24 – A Brighter Future at its 28 April 2020 meeting.



Service Review Framework



Performance Benchmarking

- Council did not participate in the 2019-20 round of the LG Performance Excellence Program due to the establishment of the in-house quarterly performance reporting regime.

Our Initiatives - Explore



Boundary reform provision

- Meetings between the AHC and neighbouring council Mayors and CEOs are underway to discuss the draft review outcomes.
- It is anticipated that the final consultant's report will be considered by Council at its August 2020 meeting.



2.2.4 ICT & Information Systems Services








Related services measures - Explore

- 100%** **System availability** (Server uptime)
- 66%** **Serviceability rating** – 139 Service Level Agreements not met vs 411 closed tickets

ICT Helpdesk

Number of requests logged	595
Number of requests resolved	637
Number of requests closed within 1 day	411
	64.5%

Our Initiatives - Organisation

-  **Multifunction Device Renewal**
 - With the ICT Team involved in Organisational support and activities related to COVID-19, this project has been deferred 12 months.
-  **Tablets, laptops and computers renewal**
-  **Server storage and switching**
-  **Implementation of organisational information**
 - Work continues with departments to migrate work functions into the Records Hub system.
-  **Destruction of hard copy records**
-  **Hard copy records digitisation**
-  **Information management system integration**
 - Work has been undertaken to scope out and quote for a data migration of information from the TRIM Information Management System into SharePoint.




2.2.5 Cemeteries

Related services measures - Place

Number of issued interment rights and burials/interments

Total	52
Transfers	9
Interment rights	16
Burials	16
Interment of ashes	11

Our Initiatives - Place

-  **Cemetery review**
 - Initial focus has been on the Stirling Cemetery and investigating options for additional space to meet community needs. Following the decision by the Native Vegetation Council, further work needs to be undertaken to progress a position on grave re-use.
-  **Stirling Cemetery Masterplan**
 - Deferred until decision made by the Native Vegetation Council about possible expansion areas. Given that no vegetation clearance has been approved, a masterplan may not be required.
 - A Heritage Plan for the cemetery is required and will be progressed.
-  **Survey and aerial mapping of cemeteries**

Our Initiatives - Organisation


-  **Cemetery management system**

2.2.6 Property Services

Related services measures - Place

- 42** Leases/licenses that are **expired** and in holding over
- 61** **Community facility leases/licenses**
- 9** **Sites, buildings and structures** are managed and maintained by Council
- 61** **Buildings on Council land** are managed by community organisations


Our Initiatives - Prosper

-  **Bridgewater Village – variance of trust arrangement**
- Application has been lodged with the Attorney-General for consideration

Our Initiatives - Place

-  **Maintenance of commercial tenancies**
-  **Crown land review**
- Consultation reports are being prepared for each Crown Land parcel and further community consultation will be undertaken to meet the requirements of the Local Government Act 1999.
-  **Unmade road review**
-  **Public toilet review**
- Resourcing impacts of the Cudlee Creek Bushfire and Covid-19 have prevented progression of this project.
-  **Retirement village refurbishments and upgrades**

Our Initiatives - Connect

-  **Divestment of commercial tenancies (Fabrik)**
- Further investigations undertaken including a site valuation, proposed fire service separation of buildings and structural assessments.

Our Initiatives - Organisation

-  **Community land register and management plans**

2.3 Infrastructure & Operations

Highlights

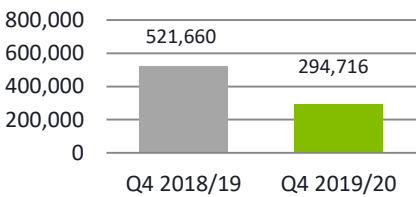
- Council has been receiving a significant number of compliments from the Community on both Project and Maintenance works undertaken, by way of emails, phone calls, letters, and thank you cards. Wonderful acknowledgement from our residents and community, which is greatly appreciated.
- **Heathfield Netball Courts** – Renewal works have been completed with the new surface laid, fencing and painting finished, and the new lights fully functioning.
- **Mobile Muster Award** – The Adelaide Hills Council was named the State's top mobile phone recycler at the Mobile Muster Local Government Awards this year after helping the Community divert over 100kg of mobile phone parts from Landfill since May 2019.
- **New Footpaths and ramps** – Works completed in Gumeracha, Heathfield and Aldgate have received positive feedback from the Community.
- **Milan Terrace Pedestrian Crossing** - This new asset provides outstanding pedestrian safety on a road that has almost 4,000 vehicle movements a day combined with high pedestrian interaction.

Issues	Action Taken	Service area
Tree Clearance	Significant time has been spent by a staff across the Infrastructure & Operations directorate in response to a range of Cudlee Creek Bushfire clean-ups, tree assessments, waste management, general resident support and road clearance	

2.3.1 Sustainability

Performance measures - Place

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



When comparing our usage to Q4 2018-19, this shows a usage reduction of **43.5%**, however, much of the Q4 data is not available as yet and therefore the Kw are low and inaccurate

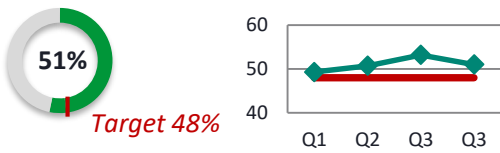
Our Initiatives - Place

- ☺ **Design and implement Water Sensitive Urban Design (WSUD) initiatives at the Woodside Recreation Ground**
- ✕ **WSUD Training**
 - Cancelled due to COVID-19
- ➡ **Turf and irrigation design and management plan**
- ☺ **Community energy program (CEP)**
 - Council resolution identified resources developed under the program will be published for use by the community, industry and local government sector
- ✕ **CEP website and promotion**
 - Resource available as above. No additional website needed.
- ➡ **Investigate water reuse for Woodside Recreation Ground irrigation**
- ✕ **Investigation into circular economy products for inclusion in Council's capital and operational works**
 - Project deferred as Circular Economy pilot project is underway.
- ✕ **Smart living workshops**
 - Sustainability workshops will continue in 2020-21 FY

2.3.2 Waste & Resource Recovery

Performance measures - Place

Diversion rate of recyclable material away from landfill



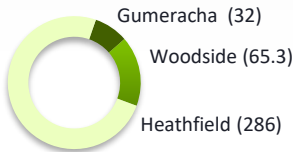
Related services measures - Place

16 Waste online community education sessions held

321 Attendees at community education sessions

16,500 Properties where waste was collected

Tonnes of green organics collected



Our Initiatives - Place



Kerbside bin audits

- Kerbside audits were undertaken in Lobethal, Bridgewater and Ironbank with further resourcing for 2020-21 FY



Domestic kerbside collection



Landfill waste reduction

- Bin audits indicate an annual diversion rate of 50.9% which is an improvement on 2018-19 rate of 47%



Solar/smart bins pilot

- Stirling and Lobethal bins will be in place for 6 months then the results evaluated.



Waste management and recycling

- Key outcomes achieved include opening of the Household Hazardous Waste Facility at the Heathfield Resource Recovery Centre, and participation in the Circular Procurement Pilot in conjunction with eight other councils and the Local Government Association.



Green Waste scoping study

Our Initiatives - Prosper

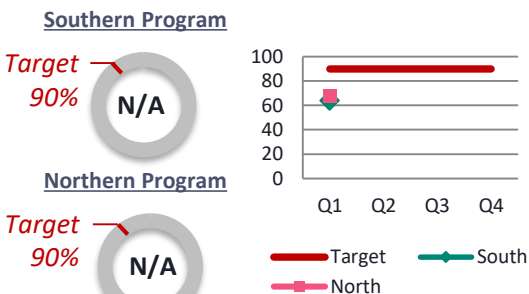


Green organic drop off days

2.3.3 Open Space Operations

Performance measures - Place

Delivery of Arboriculture (Tree) Zone Maintenance Program



Data unavailable due to ongoing pressure from Cuddlee Creek Bushfire

Related services measures - Place

Number of customer requests

Parks, Gardens and ovals	40
Gardens	1
Ovals	5
Parks & reserves	20
Parks, gardens & ovals	14
Playgrounds	6
Maintenance	4
Upgrades & general enquiries	2

Our Initiatives - Place



Elm leaf beetle treatment



Veteran tree management

- Pruning of large, high value trees is carried out on an ongoing basis with a focus on trees in high traffic areas.



Asset protection zones

Our Initiatives - Explore

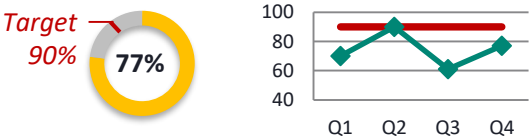


Fleet & plant management

2.3.4 Civil Services

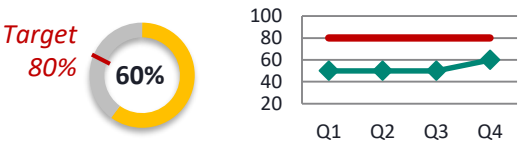
Performance measures - Place

Delivery of capital works program



Some of larger projects such as the Gumeracha Main Street project will continue in 2020-21 FY contributing to the Q4 result.

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	405
Driveway crossover	13
Footpaths	51
Roads	243
Safety concerns	38
Signs	53
Street lighting	7
Stormwater & Sewerage	174
Flooding & blocked drains	84
Septic & community waste waster	5
Stormwater & drainage	85
Trees & Environment	445
Creek/water catchment	3
Mulch request	17
Road verges	17
Trees	357
Vegetation	0
Weeds	35
Environment	13
Overgrown grass	3

Our Initiatives - Place



Project management manual

- A first draft Project Management Framework has been completed
- Broader consultation on the draft is planned for first quarter of 2020-21.

Our Initiatives - Explore



Online maintenance program

Our Initiatives - Organisation



Capital project delivery

2.3.5 Biodiversity and Habitat Conservation

Related services measures - Place

No of Native Vegetation Marker System (NVMS) sites assessed



30 BushRAT assessments completed at 14 NVMS sites in Q4

No of Woody Weed Control Program sites completed



8 prescribed burns completed in Q4 and 1 new site proposed for 2020-21.

Our Initiatives - Place



 **Implement the 2019-2024 Biodiversity Strategy**

2.3.6 Emergency Management

Related services measures - Organisation






1 **Test of Emergency management plan** completed in November 2019 with it applied during the Cuddlee Creek Bushfire in December 2019 .

Our Initiatives - Organisation

-  **Emergency management plan consultancy**
 - A bushfire Site and Services Review has been completed resulting in a number of changes to service provision on extreme and catastrophic fire danger days.
 - Bushfire Safety and Survival Plans have been completed for each of Council sites.
-  **Emergency management planning**
 - The Incident Operations Manual was completed including establishment of an Incident Management Team. Work recommenced on development of the Emergency Management Plan.

2.3.7 Community Wastewater Management System (CWMS)

Our Initiatives - Place

-  **CWMS Asset management**
-  **Legislative and regulatory compliance**
 - CWMS Safety Reliability Maintenance Technical Management Plan is approved by the Office of Technical Regulator.
-  **Septic tank de-sludge program**
-  **Community Wastewater Management System (CWMS) review**
 - Stage 1 of the CWMS Review is completed
-  **Supply of recycled water**
 - Birdwood Park supply identified for review and update.

2.3.8 Sport & Recreation Management

Related services measures - Place

100% of Council Owned Sporting Grounds were in good condition and therefore available for use throughout the year.

Community and Recreation Facility Grants

18 Grants were awarded

\$105,000 Grant money provided via Council funding

\$1.48m Grant money provided via external funding

Our Initiatives - Prosper



Club development workshops

- Workshops were not progressed due to the impacts on Covid-19, however, a new series of workshop opportunities will be provided in 2020/2021.



Play space upgrades

- The upgraded play spaces at Birdwood & Paracombe were completed in December 2019.
- Consultation for the play space upgrades at Charleston, Mount Torrens & Kersbrook has been completed, & Data has been used in tender documents.

Our Initiatives - Place



Community & recreation facility grants

- Council supported 18 groups and their associated facilities through the Community and Recreation Facility Grants program this year and provided \$105,000 for community projects.



Sport & recreation master planning projects

- Master planning processes continue to develop & progress at the key sites of: Heathfield Oval, Woodside Recreation Ground & Gumeracha Oval & Federation Park.

Our Initiatives - Connect



Community & Recreation Facility Framework

Our Initiatives - Organisation



Sport and recreation officer

2.3.9 Asset Management

Related services measures - Place

86% of assets were renewed in line with the Asset Management Plan renewal schedule

Our Initiatives - Organisation



Asset management plan review

- Asset strategy consideration from the external review were incorporated into the asset components for road pavements and updating of associated transportation asset management underway.

Our Initiatives - Place



GIS integration



Confirm asset management

- Asset inspections and defect data collection across our retaining walls and safety barrier assets was completed in this quarter.

2.4 Development & Regulatory Services

Highlights

- The Wastewater Impact on the water catchment Project continued to be put on hold due to COVID-19 restrictions and will recommence later in the year when restrictions ease and SA Water have re-evaluated the future direction of the Project
- The Food safety program for businesses and community organisations has been offered as an online platform due to COVID-19 restrictions
- The Development Services team continued to give priority to the processing of development applications from bushfire affected residents and approved 94 (69%) of the 135 applications received by the end of the Quarter.
- Staff continued to work collaboratively with the State Planning Commission on preparations for the implementation of the State Planning Reform Agenda and Planning & Design Code, anticipated to go live in September this year. Further the Development Services team have completed all necessary tasks (e.g. delegations, policies & procedures) that could be completed during the quarter in preparation for implementation for the new Code.
- Council's inaugural Local Heritage Places Community Grants were awarded to 6 recipients for the upgrading and maintaining of such places which will occur in the coming months.
- The UNESCO World Heritage Project Expert Review undertaken by the City of Adelaide was received in mid-June and is being reviewed by staff. Further discussions with the City of Adelaide regarding the review findings will be undertaken in 2020/21 at which time the next steps for the project will be determined.
- Preparations for the forthcoming implementation of Cat Confinement rules continued with staff reviewing draft designs for the cat cages at Council's pound in Heathfield. This project will continue into 2020/21.
- Community engagement on the Crafers Village Mainstreet Urban Design Framework continued successfully despite COVID-19 restrictions using an online meeting and engagement platform which worked very well. This project is anticipated to be completed in August 2020.

Issues	Action Taken	Service area
Impact of COVID-19 resulting in the Wastewater Impact survey on the water catchment project being put on hold	This Project continued to be put on hold and will recommence as soon as the restrictions are lifted and SA Water have re-evaluated the future direction of the project.	Environmental Health
In person Food Safety training impacted by COVID-19 restrictions	Food Safety Training launched using an online platform to enable businesses & community groups to still receive the training during COVID-19 restrictions.	Environmental Health
Community Education on local nuisance and litter control matters delayed	This project will commence as soon as the EPA concludes its minor review of the Local Nuisance & Litter Control Act.	Regulatory Services
COVID-19 restrictions required a change in approach to the community engagement process for the Crafers Village Mainstreet Urban Design Framework	Staff implemented an innovative online meeting and engagement platform which was very successful in obtaining community and stakeholder views regarding the future urban design elements of the Crafers Village Mainstreet.	Policy Planning

2.4.1 Public Health Services

Related services measures - Prosper

Wastewater Applications

- 67 Applications **lodged**
- 60 Applications **Assessed and Approved** within 2-4 weeks of receiving all information
- 7 Applications **awaiting further information** to be finalised.

Compliance rate of Food Premises at time of inspection



27 of the 30 Food Premises Inspections conducted were compliant.
3 premises had minor non-compliance issues and at follow up inspections were found to be compliant.

267 Food businesses have been inspected over 2019-20 FY

Our Initiatives - Prosper

- Process waste water system applications electronically**
- Aerobic waste water system inspections**
 - This project was put on hold due to COVID-19 restrictions as it involves cold calling owners of such systems. As a result, this project will be rolled over in the 2020/21 FY.

Our Initiatives - Place

- Investigate impact of wastewater system on catchment**
 - Project was placed on hold due to COVID-19 and will continue in the 2020/21 Financial Year depending on SA Water's directive in this regard as SA Water is assessing the future direction of the Project.

Our Initiatives - Connect

- Food safety training**
 - The in person training program was stopped due to COVID-19 and replaced by an online platform through Council's website.

Our Initiatives - Organisation

- Conversion of files to electronic files**
 - This project is ongoing as there are a number of old wastewater files that need to be digitised. At present only those old wastewater files associated with a new applications are converted to e-files as part of the process to enable assessment of these applications which are now lodged electronically.

2.4.2 Regulatory Services

Related services measures - Place

- 1** **Private property inspected** as part of fire prevention activities

Number of customer requests


Dog management activities	65
Dog pick up	10
Dog return to owner (non-impounded)	3
Wandering	25
Dog attack & harassment	11
Barking dogs	16
Other	0
Non-dog animal management	5

- 22.8%** **Dogs are collected and returned owner prior to impounding** across the full financial year


Nuisance & litter queries

Total reported	31
Noise	10
Air pollution	7
Littering	4
Nuisance	4
Vandalism/damage	6
Percent resolved	86.45%

Our Initiatives - Place

-  **Dog and Cat Animal Management Plan (DCAMP) implementation**
 - This project will commence with a community education and awareness program in 2021 in the lead up to the commencement of the cat confinement requirements on 1 January 2022. Staff are also looking into the establishment of cat holding cages at Council's Heathfield Dog Pound.
-  **Cats By-law review**
 - This is only scheduled to be done in 2021/22 FY
-  **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.

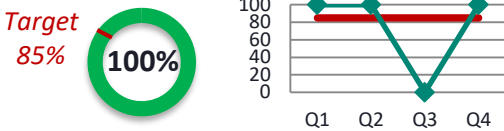
Our Initiatives - Prosper

-  **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

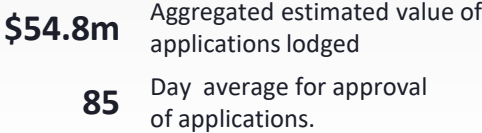
Applicant satisfaction with the development application process



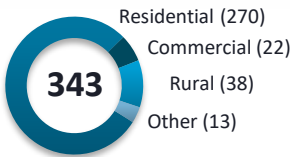
Minimal survey responses being received but those received are 100% positive

Related services measures - Prosper

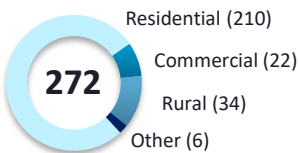
There has been an increase in development applications, values and daily average for Q4 compared to Q3, but these have reduced overall for the year despite the pressures of bushfire and COVID-19 impacts.



No. of development applications lodged



No. of development applications approved (Planning consents only)



Our Initiatives - Prosper



Electronic development application assessment (Stage 2)

- New Register to be live by early August 2020



United Nations Educational, Scientific and Cultural Organisation (UNESCO) World Heritage Bid

- Further progress of the Bid has been waiting on the outcome and recommendations of an Expert Review undertaken by the City of Adelaide. The intent is to collaborate with the City of Adelaide to progress a joint bid.



State's planning reform agenda

- The Draft Local Design Review Scheme was released by the Office of Architecture and Design SA (ODASA) for comment in late June 2020. Phase 3 of the State's Planning & Design Code is still anticipated to go live in September 2020.



Conversion of Council's Development Plan

- The State Planning Commission's 'What We Heard Report' for Phase 3 Councils was released in late June. This document acknowledged several of the local policy issues from our submission along with a whole range of more general issues shared with neighbouring and metropolitan Councils more broadly.



Review of development application assessment process

- All targeted development processes under the Development Act have been reviewed and new procedures are in place.



Building Compliance Officer

- An additional building officer was appointed and commenced in October 2019.



Local heritage fund

- On 26 May 2020 Council awarded six grants to recipients for the upgrading or maintenance of local heritage places. These works will be undertaken in the coming months.

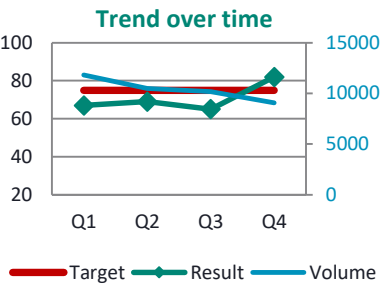
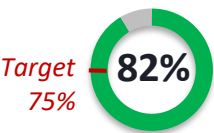
3. Customer Service Standards

5.1 General Customer Standards

Answering Incoming Phone Calls

Volume of calls = 9,078

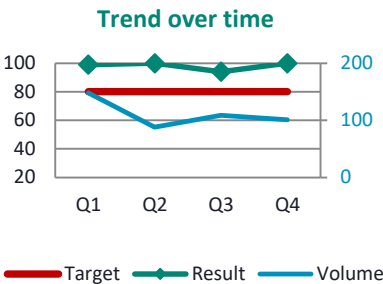
Contact centre calls answered within 30 sec



Updating Customer Details

Volume of updates = 101

Details updated within 5 days



5.2 Service Specific Standards – Time Based Indicators

New Event Applications

Volume of applications = 1

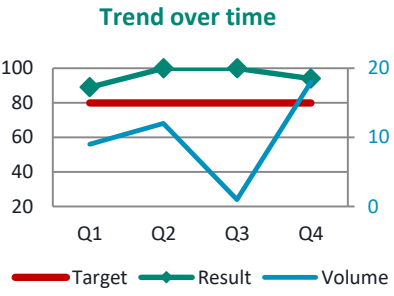
Acknowledgement of receipt within 5 days



Illegal Burning Complaints

Volume of complaints = 18

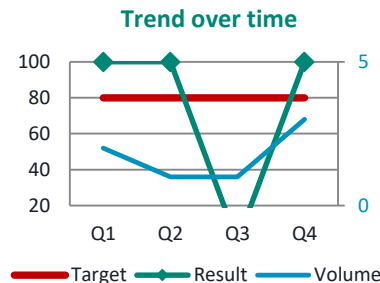
Investigated within 24 hours



Health Complaints

Volume of complaints = 3

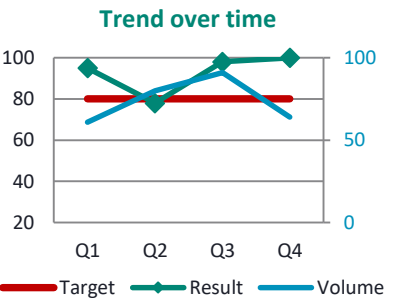
Contact centre calls answered within 30 sec



Illegally Dumped Rubbish

Volume of reports = 64

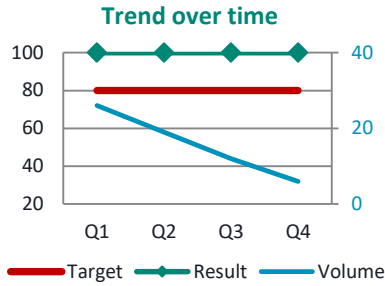
Rubbish removed within 3 days



Library Services

Volume of requests = 6

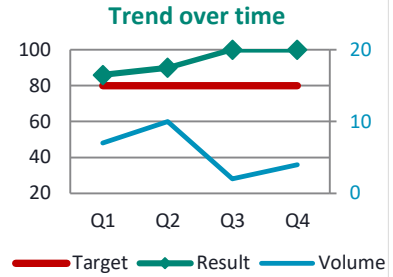
Response to requests to purchase materials within 10 days



Dog Attacks

Volume of attack reports = 4

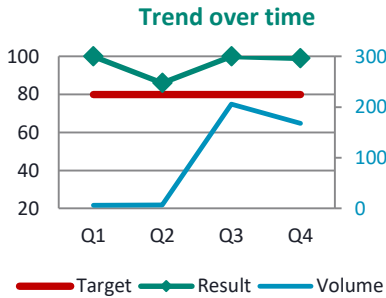
Response within 24 hours



Wasps

Volume of reports = 168

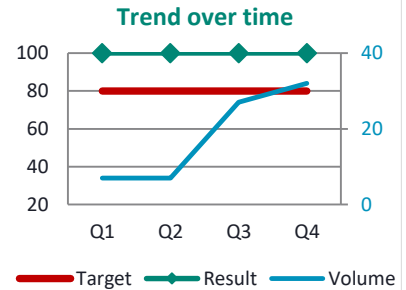
Investigate and action within 7 days



Development Applications

Volume of applications = 32

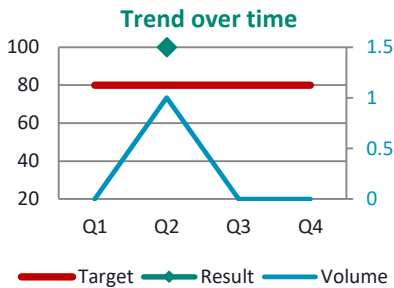
Approval of fast track development applications within 28 days



Missed Bins

Volume of requests = 0

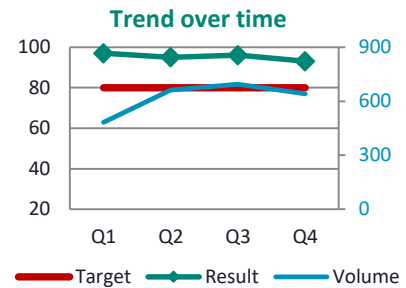
Missed bins collected within 2 days



Request for Bin Repair or Replacement

Volume of requests = 640

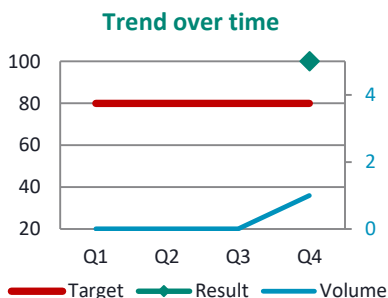
Requests actioned within 7 days



Footpath Repairs - Hazardous

Volume of repairs = 1

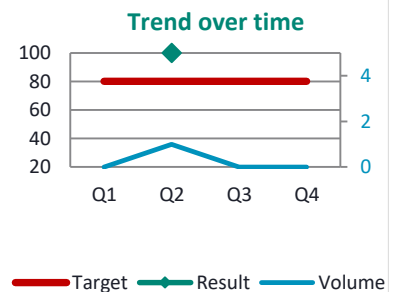
Responded and made safe within 24 hours



Road Repairs - Hazardous

Volume of repairs = 0

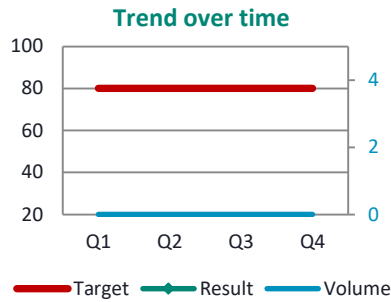
Responded and made safe within 24 hours



Stormwater Repairs - Hazardous

Volume of reports = 0

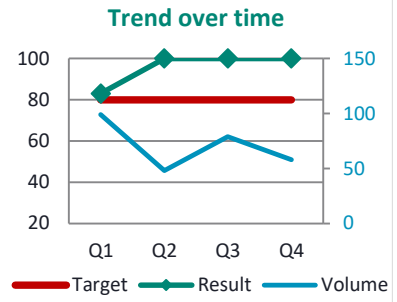
Responded and made safe within 24 hours



Trees - Hazardous

Volume of reports = 58

Responded and made safe within 24 hours

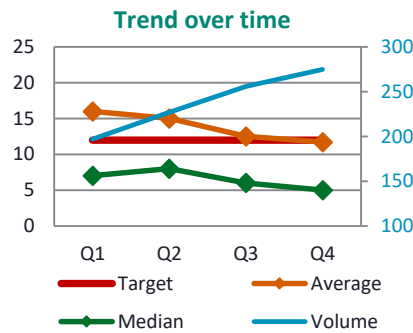
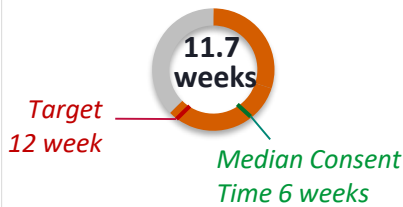


5.3 Service Specific Standards – Other Indicators

Development Applications

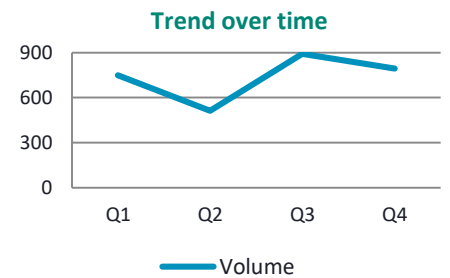
Volume of applications = 275

Average consent time from date of receipt



Low Risk Infrastructure Requests – Number of New Requests

Volume of new requests = 795



Low Risk Infrastructure Requests – Average Time to Resolve

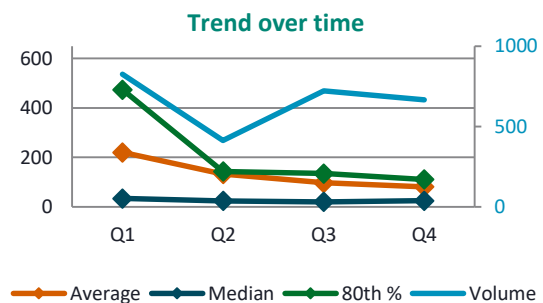
Volume of Requests = 665

Resolution time of requests

Average = 81 days

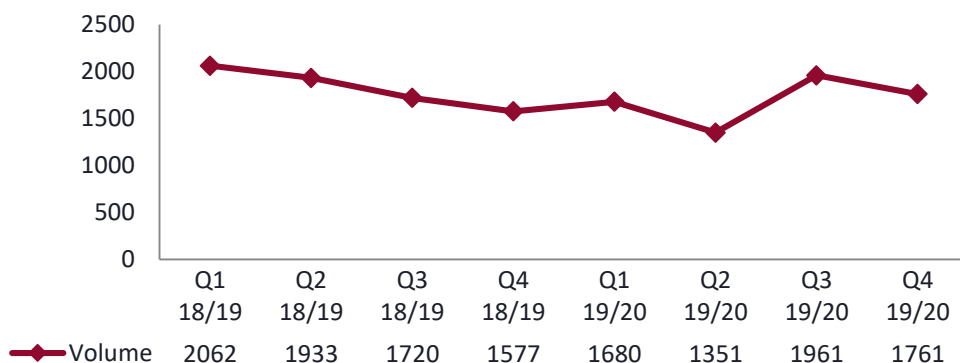
Median = 25 days

80th Percentile = 111 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 4 of 2019-20 FY represents the conclusion of the 2019/20 Capital Works Program, with \$5.8M of infrastructure delivered during this period and another \$1.7M of works in progress at 30 June. The primary focus of this quarter has been on completing projects underway as well as undertaking preliminary scoping works for 2020/21 FY projects.

Highlights

- Works have commenced to underground power lines along the main street of Gumeracha,
- Completed construction of a flashing light Wombat Crossing, that had been much sought after by the community,
- Sealed a portion of Winton Rd, Forreston, greatly improving access for cherry growers and their customers,
- Conducted a trial by resealing a road using high recycled content asphalt.

What's next

- Complete all projects that were in progress as of 30 June 2020,
- Undertake preliminary activities such as scoping, design and tendering for new and upgrade projects,
- Commence delivery of the 2020-21 Capital Works Program across all asset classes.

Issues (if any)	Action Taken	Owner
High water level in the Onkaparinga River as a result of SA Water pumping from Mt Bold.	Undertake additional dewatering activities for Whitehead Rd bridge.	Peter Bice
COVID-19	Project Officers have been supported to manage their projects remotely.	Peter Bice

Performance by asset class

Asset Class	% of budget spent	Update
Bridges	83%	The Whitehead Rd bridge in Mylor was renewed.
Buildings	54%	General building upgrades were conducted region wide.
CWMS	50%	The significant Woodside CWMS Gravity Main Renewal Project was commenced.
Footpaths	88%	Footpaths were renewed and/ or upgraded region wide, including Cricklewood Rd, Heathfield.
Kerb	97%	Kerb renewal works were completed along Pepper Ave in Stirling.
Other ¹	55%	Works to expand the Kersbrook Cemetery were substantially progressed.
Road Pavement	71%	Works were commenced on the Paracombe Rd Blackspot Project.
Road Seal	102%	The Sealed Roads Renewal Program was completed.
Shoulders	107%	The Shoulder Renewal program was completed.
Sport & Recreation ²	81%	Drainage and footpath works incorporating a rain garden were constructed at Woodside Recreation Ground.
Stormwater	61%	Stormwater renewal and upgrade works were completed for Kiln Ct, Teringie.
Unsealed roads	88%	The Unsealed Roads Renewal Program was completed.
Plant & Fleet	102%	Council's fleet renewal program was competed.
ICT	49%	Continued implementation of the Record Hub system.
Minor Plant & Equipment ³	99%	Various minor plant and equipment delivered.

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

2 including Playgrounds

3 including library fittings

4.2 Capital Financial Performance

Capital Program Summary		Capital Expenditure against Budget		\$'000s
Projects not started	0	Budget		16,526
Projects cancelled	13	Actual Expenditure		12,897
Projects deferred	21	(including Capitalised Salary Costs)		-
Projects being designed or tendered	0	Project Savings/(overspend) across projects		900
Projects scheduled or under construction	43	Projected Carry Forward		2,729
Projects completed	81			
TOTAL Projects	158	PROJECTED CAPITAL EXPENDITURE		14,867

Projects Summary	
Programs Completed	<ul style="list-style-type: none"> Footpath renewal program, New footpath program, Sealed roads renewal program.
Major Projects Completed	Milan Tce Pedestrian Crossing
Major Carry Forwards	<ul style="list-style-type: none"> Work In Progress at Gumeracha Main Street and PLEC Project, Work In Progress at Woodside CWMS Gravity Main Renewal, West St Mylor.
Major Savings	NIL
Major Overruns	NIL
Significant Unfunded Projects	NIL
Projects of Interest: Gumeracha PLEC has commenced site works.	








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	170	205	35	253
Buildings	1,067	1,891	861	2,032
CWMS	290	581	291	625
Footpaths	956	1,086	130	1,404
Kerbing	272	280	8	301
Other – Ret Walls, Str Furniture & Bus Stops	1,064	1,859	795	2,160
Roads – Pavements	1,373	1,922	549	2,075
Roads – Seals	1,216	1,228	(28)	1,320
Roads – Shoulders	428	400	(28)	430
Roads – Unsealed	1,198	1,353	155	1,723
Sport & Recreation	873	1,084	211	1,892
Stormwater	717	1,113	436	1,228
Fleet	1,775	1,743	(32)	2,389
ICT	207	426	219	519
Library	37	44	7	47
Plant & Equipment	28	28	0	30
	12,897	16,526	3,630	18,428

*Financial performance figures are preliminary only. Final figures will be available post the financial auditing occurring in October 2020 and included in the 2019-20 Annual Report

5. Quarterly Financial Performance

5.1 Operating Performance*

	YTD Actual	YTD Budget	YTD Variance	Revised Budget
	\$'000	\$'000	\$'000	\$'000
Total Operating Income	48,126	47,992	 135	47,992
Total Operating Expenditure	49,067	48,005	 (1,062)	48,005
Funding surplus before Capital	(941)	(13)	 (926)	(13)
Capital Expenditure	12,897	16,526	 3,630	16,526
Capital Income	2,846	3,199	 (354)	3,199
Net expenditure - Capital projects	10,051	13,327	 3,276	13,328
Net Lending / (Borrowing) Result for Year	(2,047)	(4,395)	 2,348	(4,395)

Adelaide Hills Council Operating Summary By Directorate as at June 2020				
	YTD Actuals \$'000s	YTD Budget \$'000s	YTD Var fav / (unfav) \$'000s	Revised Budget \$'000s
Income				
Community Capacity	3,319	3,372	 (53)	3,372
Corporate Services	40,129	40,046	 83	40,046
Development & Regulatory Services	1,225	1,229	 (3)	1,229
Infrastructure & Operations	3,453	3,344	 109	3,344
Income Total	48,126	47,992	 135	47,992
Expenditure				
Community Capacity	6,870	7,085	 215	7,085
Corporate Services	12,311	11,276	 (1,035)	11,276
Development & Regulatory Services	3,551	3,621	 70	3,621
Infrastructure & Operations	26,335	26,023	 (312)	26,023
Expenditure Total	49,067	48,005	 (1,062)	48,005
Operating Surplus (Deficit)	(941)	(13)	 (926)	(13)

*Financial performance figures are preliminary only. Final figures will be available post the financial auditing occurring in October 2020 and included in the 2019-20 Annual Report

Adelaide Hills Council Quarterly Financial Performance										
as at June 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	-	-	●	-	267	294	●	27	294	● 27
Communications, Engagement & Events	5	3	●	2	691	658	●	(33)	658	● (31)
Economic Development	95	95	●	(1)	420	419	●	(2)	419	● (2)
FABRIK Arts and Heritage Hub	34	51	●	(17)	334	326	●	(7)	326	● (24)
Community Development (Management)	-	-	●	-	255	317	●	63	317	● 63
Community Recovery	1,610	1,610	●	-	47	60	●	13	60	● 13
Cultural Development	-	-	●	-	135	146	●	11	146	● 11
Grants & Partnerships	-	-	●	-	224	232	●	7	232	● 7
Hills Connected Communities Projects	102	93	●	9	104	96	●	(8)	96	● 1
Positive Ageing (Home and Social Support)	1,016	1,036	●	(20)	1,044	1,083	●	38	1,083	● 19
Positive Ageing Project (Collaborative)	94	92	●	2	94	94	●	(1)	94	● 2
Service Strategy & Innovation	-	-	●	-	142	185	●	43	185	● 43
The Summit Community Centre	9	20	●	(11)	131	170	●	39	170	● 28
Torrens Valley Community Centre	25	35	●	(10)	182	164	●	(18)	164	● (28)
Volunteering	-	-	●	-	79	81	●	2	81	● 2
Youth Development	2	2	●	-	142	154	●	12	154	● 13
Library Services	327	336	●	(8)	1,715	1,767	●	52	1,767	● 43
Customer Service	-	-	●	(1)	864	840	●	(24)	840	● (24)
Community Capacity	3,319	3,372	●	(53)	6,870	7,085	●	215	7,085	● 162
AHBTC	342	347	●	(4)	274	260	●	(14)	260	● (19)
Cemeteries	334	210	●	124	217	260	●	43	260	● 167
CS Director's Office	2	3	●	(1)	309	311	●	2	311	● 1
Financial Services	38,015	38,099	●	(84)	1,335	522	●	(813)	522	● (897)
Governance & CEO Office	139	104	●	35	1,954	1,932	●	(22)	1,932	● 14
Bushfire Recovery	1,196	1,198	●	(2)	3,338	3,314	●	(25)	3,314	● (26)
COVID 19	-	-	●	-	112	50	●	(62)	50	● (62)
ICT	-	-	●	-	1,337	1,158	●	(178)	1,158	● (178)
Information Management	-	-	●	-	1,120	1,146	●	26	1,146	● 26
OD & WHS	-	-	●	-	521	513	●	(7)	513	● (7)
Property Management	65	49	●	15	1,761	1,784	●	23	1,784	● 38
Retirement Villages	36	36	●	(1)	34	25	●	(9)	25	● (9)
Corporate Services	40,129	40,046	●	83	12,311	11,276	●	(1,035)	11,276	● (952)
Animal Management	411	402	●	10	402	399	●	(2)	399	● 7
DRS Director's Office	-	-	●	-	312	321	●	9	321	● 9
Fire Prevention	11	13	●	(2)	81	97	●	15	97	● 13
Mt Lofty Waste Control Project	41	41	●	1	42	41	●	(1)	41	● (1)
Parking and By-Laws	29	79	●	(50)	196	179	●	(17)	179	● (67)
Planning & Development	585	533	●	53	1,931	1,924	●	(7)	1,924	● 45
Policy Planning	-	-	●	-	149	174	●	25	174	● 25
Public Health	147	162	●	(15)	439	488	●	49	488	● 34
Development & Regulatory Services	1,225	1,229	●	(3)	3,551	3,621	●	70	3,621	● 66
Civil Services	1,497	1,428	●	68	5,093	5,079	●	(14)	5,079	● 54
Community Wastewater Management System	1,817	1,805	●	12	730	881	●	151	881	● 162
Depreciation	-	-	●	-	8,801	8,801	●	-	8,801	● -
Emergency Management	-	-	●	-	84	91	●	7	91	● 7
IO Director's Office	-	-	●	-	315	319	●	4	319	● 4
Open Space Biodiversity	1	-	●	1	515	564	●	49	564	● 50
Open Space Operations	37	-	●	37	4,414	4,293	●	(121)	4,293	● (83)
Open Space - Sport & Rec Planning	5	10	●	(5)	525	542	●	17	542	● 12
Sustainability	-	-	●	-	188	212	●	24	212	● 24
Sustainable Assets	-	-	●	-	511	534	●	23	534	● 23
Waste	97	101	●	(4)	5,160	4,707	●	(453)	4,707	● (457)
Infrastructure & Operations	3,453	3,344	●	109	26,335	26,023	●	(312)	26,023	● (203)
Total	48,126	47,992	●	135	49,067	48,005	●	(1,062)	48,005	● (926)

*Financial performance figures are preliminary only. Final figures will be available post the financial auditing occurring in October 2020 and included in the 2019-20 Annual Report

5.2 Additional Operating Initiatives*

Adelaide Hills Council Quarterly Financial Performance						
2019/2020 Operating Initiatives - June 2020						
#	Description	Department	YTD Actuals \$'000s	YTD Budget \$'000s	YTD Var fav / (unfav) \$'000s	2019/20 Revised Budget \$'000s
735	Performance Benchmarking	Governance	14	9	● (5)	9
753	Boundary Reform Provision	Governance	16	20	● 4	20
754	Strategic Plan Review	Governance	14	15	● 1	15
705	Women's TDU	Comms, Engagement & Events	15	15	● 0	15
706	Small Events Additional Resources	Comms, Engagement & Events	4	5	● 1	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	300	276	● (24)	276
702	Disability Planning Materials	Community Development	-	10	● 10	10
709	Gumeracha 20Yr Event	Community Development	-	3	● 3	3
710	Youth Leadership Workshop	Community Development	7	11	● 4	11
723	Community Arts Projects	Community Development	4	5	● 1	5
744	Public Art Acquisition	Community Development	7	7	● 0	7
747	Reconciliation Funding	Community Development	5	5	● (0)	5
748	Multicult Action Plan	Community Development	2	10	● 8	10
751	Regional Health Planning	Community Development	-	38	● 38	38
704	Digital Literacy Services	Libraries and Customer Services	34	39	● 4	39
726	Sky Trust Implementation	OD & WHS	24	33	● 9	33
719	Stirling District Masterplan	DRS Director's Office	8	8	● 0	8
720	Crafrers Masterplan	DRS Director's Office	15	23	● 7	23
759	Local Heritage Fund: Contract	DRS Director's Office	5	20	● 15	20
725	Compliance	Health and Regulatory Services	22	24	● 2	24
740	Heritage Agreements	Open Space	5	5	● (0)	5
746	Roadside Marker System	Open Space	20	20	● -	45
763	Bush Regenerator Officer	Open Space	31	83	● 52	83
713	Smart living workshops	Sustainable Assets	1	3	● 2	3
741	Landscape conservation	Sustainable Assets	10	10	● -	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	● 2	2
718	Kerbside Waste Audits	Waste & Emergency Management	10	10	● 0	10
737	Preparedness Consultancy	Waste & Emergency Management	8	10	● 2	10
757	Green Waste Scoping Study	Waste & Emergency Management	12	15	● 3	15
758	Solar Bins	Waste & Emergency Management	6	7	● 1	7
Total			623	777	● 154	802

*Financial performance figures are preliminary only. Final figures will be available post the financial auditing occurring in October 2020 and included in the 2019-20 Annual Report



Adelaide Hills
COUNCIL

MORE INFORMATION



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**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 17 August 2020
AGENDA BUSINESS ITEM**

Item: 7.5

Responsible Officer: Lachlan Miller
Acting Chief Executive Manager Officer
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 scheduling and status updates.

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 v1.5a 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)	Low (2E)	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 the 2020-21 financial year will not be sufficient to conduct all of the audits currently scheduled. As such, a Budget review will be sought later in the year depending on the scheduled of future audits.

The proposed audits are planned 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.

➤ **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 25 May 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 25 May 2020 meeting, the Audit Committee considered an amended SIAP and resolved as follows:

6.9. Internal Audit Quarterly Update

Moved Peter Brass
S/- Cr Leith Mudge

33/AC20

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.

Carried

Council considered the Audit Committee's resolution at its 28 July 2020 meeting and resolved (149/20) 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.

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 was progressed to the procurement phase via a Request for Quotation process.

3. ANALYSIS

The Cyber Security Audit procurement has concluded and CyberCX has been engaged to conduct the audit. Fieldwork will commence in late August.

The Payroll Administration Audit procurement has only recently completed and not all tenders have received feedback at this stage. Fieldwork is scheduled to commence in late August/early September subject to resolving scheduling conflicts.

A revised SIAP v1.5a (**Appendix 1**) has been attached for the Audit Committee's consideration to reflect the current status of the Plan. 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.

4. OPTIONS

The Committee has the following options:

- I. To recommend to Council to adopt the revised SIAP v1.5a 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 v1.5a

Appendix 1

Strategic Internal Audit Plan 2018/19 – 22/23 v1.5a

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.			Q2 (Project Brief agreed)		
Budgetary Management	Focussing on financial planning, control and reporting. Relationship of budget with LTFP, legislative and regulatory compliance.	SR9c - Failure to manage, improve and develop the financial resources available to the Council.			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)	Q1 Auditor engaged, fieldwork to commence in late Aug/early Sept		
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) - not scoped due to COVID	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 (Project brief in development)		
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)	Q1 Auditor engaged, fieldwork to commence in late Aug		
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				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
25/07/2020	Proposed amendments (Changes in timing for Recruitment & Retention, Budgetary Mgt, Treasury Mgt, Emergency Mgt & BCP)	1.4

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 17 August 2020
AGENDA BUSINESS ITEM**

Item: 7.6

Responsible Officer: Lachlan Miller
Acting Chief Executive Manager Officer
Office of the Chief Executive

Subject: Audit Actions Implementation Update

For: Information

SUMMARY

The implementation status of actions arising from previous Internal and External Audits is provided in *Appendix 1*.

RECOMMENDATION

The Audit Committee resolves:

1. To receive and note the report.
 2. To note the implementation status of Internal and External Audit actions.
-

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 O5.2 Make evidence-based decisions and prudently assess the risks and opportunities to our community before taking action.

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

Monitoring the implementation of internal and external audit actions facilitates the effective management of risk exposures and improves the overall governance environment.

➤ **Legal Implications**

Accounts, Financial Statement and Audit, *Local Government Act 1999*

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.

Testing of Council's transactions and internal controls by the external auditor coincides with Council's own Risk Management Framework. 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 in managing our risk and supporting the achievement of council objectives.

➤ **Risk Management Implications**

The implementation of actions arising from internal and external audits will assist in mitigating the risk of:

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

Inherent Risk	Residual Risk	Target Risk
High (4C)	Medium (3C)	Medium (3C)

Note there are many other controls that contribute to managing this risk.

➤ **Financial and Resource Implications**

Actions arising from internal and external audits are generally accommodated in existing functional budgets. Where an agreed action requires unbudgeted funds, this will be managed through Council's budget review processes

➤ **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.

➤ **Environmental Implications**

Not applicable

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

Consultation on the implementation of actions to address the audit findings was as follows:

Council Committees: The Audit Committee receives the reports from each Internal and External Audit conducted.

Advisory Groups: Not Applicable

Workshops: Not Applicable

<i>Administration:</i>	Managers and staff with actions allocated from completed audit reports.
<i>Community:</i>	Not Applicable

2. BACKGROUND

The Audit Committee was last provided an update of outstanding actions at its 17 February 2020 meeting.

3. ANALYSIS

The status of the outstanding actions from Internal and External Audit is at ***Appendix 1***.

4. OPTIONS

The Committee has the following options:

- I. To note the implementation status of the Internal and External Audit actions as presented; or
- II. To identify additional actions to be undertaken.

5. APPENDIX

- (1) Audit Actions Implementation Status – August 2020

Appendix 1

Audit Actions Implementation Status – August 2020

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Progress	Est. Completion Date	Comment
2020 Galpins Financial Controls Review Interim Management Letter May 2020	2.1 - PURCHASING AND PROCUREMENT	One instance of noncompliance with the procurement policy	Medium	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.	Agree with finding and this is now well documented in the new Procurement Framework	James Greenfield	Completed	17/02/2020	Since this project inception which was prior to 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: <ul style="list-style-type: none"> • an Acquisition Plan • an evaluation plan • a recommendation report 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.
2020 Galpins Financial Controls Review Interim Management Letter May 2020	2.1.2 - PURCHASING AND PROCUREMENT	Purchase Orders issued after the date of the invoice	Medium	Ensure that purchase orders are issued before the service is rendered and/or goods are received.	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.	James Greenfield	Completed	18/05/2020	All personnel are now instructed to use Purchase Orders as a means to give approval to start the works or service.
2020 Galpins Financial Controls Review Interim Management Letter May 2020	2.2.1 - FIXED ASSETS	Asset management plans overdue for review	Medium	Management aims for asset management plans to be adopted by Council by October 2020.	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.	David Collins	In Progress	30/10/2020	Asset Management Plan on track for October 2020
2020 Galpins Financial Controls Review Interim Management Letter May 2020	2.2.2 - FIXED ASSETS	Asset maintenance plans not aligned with asset management plans	Medium	Ensure that maintenance schedules are in accordance with Asset Management Plans, and steps are taken to progress towards more proactive maintenance plans.	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.	David Collins	In Progress	31/12/2020	On track for completion in December 2020.

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Progress	Est. Completion Date	Comment
2020 Galpins Financial Controls Review Interim Management Letter May 2020	2.2.3 - FIXED ASSETS	The Capitalised Asset Procedure document is overdue for review	Low	The Capitalised Asset procedure document is reviewed and updated to reflect current and desired practice.	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.	David Collins	In Progress	30/10/2020	
2020 Galpins Financial Controls Review Interim Management Letter May 2020	2.3.1 - GENERAL LEDGER	Our review of users' access rights identified potential excessive access rights provided to some users	Medium	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.	Have included the Audit findings in the consideration of IT user rights currently being reviewed in May 2020.	Mike Carey	In Progress	30/09/2020	Review still in progress.
2020 Galpins Financial Controls Review Interim Management Letter May 2020	2.3.2 - GENERAL LEDGER	The Business Continuity Plan is overdue for review	Low	The Business Continuity Plan is updated.	Council will be accessing the Local Government Risk Services to business continuity planning service.	Lachlan Miller	In Progress	31/12/2020	Initial discussions have occurred with LGRS in relation to project scope and resourcing for the BCP developmment project.
Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Finding 2	Attainment of statutory timelines	Medium	<p>We recommend management: Include the requirements of the statutory timelines into the Council's policies and procedures;</p> <p>Review the system Open Office to ensure the requirements of the statutory timelines are built in;</p> <p>Provide refresher training of the updated procedures and system functions to the relevant responsible officers and ensure they are capable to meet the statutory timeline requirements; and</p> <p>Set up relevant Key Performance Indicators (KPI) to monitor compliance of the statutory timeline requirements.</p>	2. Ensure the statutory timelines are operating in Open Office through enhanced functionality.	Deryn Atkinson	Completed	31/03/2020	<p>7/5/2020 New Account Manager at Open Office and E-development Officer worked through outstanding tickets to get Stop the Clock working.</p> <p>15/7/2020 Open Office implemented system upgrade and Statutory Days are now working and reproting is reliable.</p> <p>12/8/2020 All development staff advised statutory days are working and the imporatrnce of accuratedly recording actions close dates emphasized.</p>

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Progress	Est. Completion Date	Comment
Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Finding 6	Records Management	Low	We recommend management: <ul style="list-style-type: none"> Reinforce the record management policy requirements via induction and refresher training; and Strengthen the records management via performance review and regular independent quality review within Council. 	Record management policy requirements are currently included as part of induction procedures for new staff by record management officers. Note, records management staff do not maintain the Land Management Register, rather this is undertaken by Development staff. Note the performance review of development application records would be covered off in the internal review process action proposed in Finding 5. 1. Review the Land Management Register for accuracy of information and electronic register access rather than reliance on hardcopy information.	Deryn Atkinson	Completed	30/06/2020	Review of the LMA Register delayed with Bushfire and Covid-19. Commenced April 2020 and register required to be on-line to address Covid-19 Emergency Response Legislation Change 15/7/2020 LMA Register review completed. A few discrepancies were identified and these are being followed up. Register has been created electronically for access from Council administration.
Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Finding 6	Records Management	Low	We recommend management: <ul style="list-style-type: none"> Reinforce the record management policy requirements via induction and refresher training; and Strengthen the records management via performance review and regular independent quality review within Council. 	Record management policy requirements are currently included as part of induction procedures for new staff by record management officers. Note, records management staff do not maintain the Land Management Register, rather this is undertaken by Development staff. Note the performance review of development application records would be covered off in the internal review process action proposed in Finding 5. 3. Undertake induction and refresher training on the Land Management Agreement Register procedure annually or as required.	Deryn Atkinson	In Progress	31/07/2020	Commence refresher training on LMA procedure once review finalised. 15/10/19 LMA procedure needed to be revisited with the implementation of new SSA mapping. Review of LMA Register delayed with Bushfire and Covid-19 incidents. It will take place after completion of the review. 12/8/2020 LMA procedure updated and training of planning and development admin staff in new LMA procedure scheduled for 3/9/2020.

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Progress	Est. Completion Date	Comment
Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Finding 6	Records Management	Low	We recommend management: <ul style="list-style-type: none"> Reinforce the record management policy requirements via induction and refresher training; and Strengthen the records management via performance review and regular independent quality review within Council. 	Record management policy requirements are currently included as part of induction procedures for new staff by record management officers. Note, records management staff do not maintain the Land Management Register, rather this is undertaken by Development staff. Note the performance review of development application records would be covered off in the internal review process action proposed in Finding 5. 4. Implement annual internal review of the Land Management Agreement Register.	Deryn Atkinson	Completed	30/06/2020	11/3/2020 Commencement of annual internal review of the LMA register delayed due to resourcing focus on bushfire recovery. Anticipated to commence in May 2020 12/8/2020 Annual review of LMA Register to be undertaken by TEam Leader Statutory Planning. Diarised for July 2021 and 2022
Galpins 2018-19 Audit Completion Report	1. Manual spreadsheets being used as asset registers	Financial Management uses manual spreadsheets as asset registers for plant and equipment. Risk of errors in the asset registers and, consequently, risk of the financial statements being misstated.	Low	Management to consider include all classes of assets in Confirm or another electronic asset register.	Preliminary investigations have not provided a cost effective solution but further work is being undertaken to determine the ability of Confirm to handle Plant & Equipment	Mike Carey	In Progress	31/10/2020	Investigations indicate that the current process provides the most cost effective solution. As part of year end, a final decision will be made of whether Confirm or using Skytrust for some of the plant & equipment asset categories will provide benefits to the existing registers held in spreadsheets.
Galpins 2018-19 Audit Completion Report	3. Employees with excessive annual leave balances	Audit identified ten employees with annual leave balances in excess of 300 hours. Leave balances exceeding the allowable balances. Staff not taking leave has financial implications as leave is paid at higher rates than it was accrued, and may lead to health safety and welfare issues.	Low	Implement strategies to systematically reduce excessive leave balances, and review monitoring procedures to ensure that employees do not accumulate excessive annual leave balances.	Develop a procedure to enable more effective management of leave. Regular reporting of leave balances to the Executive Leadership Team for proactive follow up. Education across the organisation on expectations on taking leave and management of leave before it becomes excessive.	Megan Sutherland	In Progress		Have continued to work with People Leaders across the organisation to manage leave with their people and some reduction did take place. With the COVID situation, we continue to advise that leave must be taken (despite any travel restrictions in place). The progress on the procedure has been delayed due to other organisational processes that required OD resources. currently discussing timing to recommence and complete this procedure.

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Progress	Est. Completion Date	Comment
Galpins Financial Controls Review Interim Management Letter August 2018	2.2.2 Asset Management Plan	Fixed Assets	Medium	<p>The Transport Asset Management plan is finalised and adopted by Council.</p> <p>Asset Management Plans are prepared for other major asset classes.</p>	As part of the migration of data into a new asset management system Council has undertaken extensive review of its data and in particular Transport Assets. Council has undertaken an internal review of the Transport Asset Class that has informed current long term planning. Council is currently in the process of formally updating the 2012 Transport Asset Management Plan by October 2020.	David Collins	In Progress	18/12/2020	<p>Peer review being considered in modification of draft transport asset management plan.</p> <p>Draft Transport updated plan proposed by end of October 2020, peer review has been undertaken by external consultant.</p> <p>Council is currently in the process of formally updating the 2012 Transport Asset Management Plan - the plan will be broken into asset classes such as Pavements, Seals, Unsealed, Shoulders</p>
Galpins Financial Controls Review Interim Management Letter August 2018	2.2.3 Capitalised Asset (Accounting Policy)	Fixed Assets	Medium	The Capitalised Asset (Accounting Policy) is reviewed and updated to reflect current and desired practice.	This document has been removed as a formal Policy of Council but is used as an operational guideline for the capitalisation of assets. It is agreed that this document should be updated to reflect current accounting standards.	David Collins	In Progress	24/07/2020	<p>Additional documentation describing the process using Confirm to capitalise assets into the asset register has been documented.</p> <p>A review of the document has comenced in June 2019 and following completion of capitalisation for 2018/19 using confirm will be incorporated.</p> <p>The will be updated following the completion of the capitalisation within the new asset management system.</p> <p>This procedure document has been discussed with Asset Management and it is agreed that the document will be updated as part of the Asset Management Planning update over the next six months.</p>
Galpins Financial Controls Review Interim Management Letter August 2018	2.2.5 Asset Maintenance	Fixed Assets	Medium	<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>Rollout of field devices to Civil Services proposed in 2020/21 to identify and track maintence interventions on the road network.</p> <p>The roll out will be targetted and progressively more work teams will move to the field devices.</p> <p>Idntify methods to better capture expenditure across road segments and work types required.</p> <p>Council has approved additional resources to undertake planning of future maintenance works.</p> <p>Council is reviewing service levels (initial priority – Stormwater) to identify the required maintenance activities to ensure the required performance of</p>	David Collins	In Progress	26/03/2021	<p>Footpath review of high priority zones will be undertaken in ConfirmConnect and associated defects will be identified for maintenace scheduling. A review of road hierarchy for the unsealed road network has been completed and this will be reflected in the asset management plan. This will increase the extent of unsealed road graded per year and will be include din an update AMP.</p> <p>This wil increase the road network covered with patrol grading and reduce the unsealed road resheet.</p> <p>Stormwater Service Levels have been reviewed and informaiton rpeort to Council in June 2019. Other services levels for maintence such as unsealed roads are being reviewed and documented as part of asset management plan updates.</p> <p>Council is currently ensuring integration between its CRM system (customer requests) and the Confirm Enterprise Asset Management System to ensure alignment with reactive requests and planned maintenance. Tree enquiries and Playground enquires are integrated. The tree enquiries has a risk based priority system developed.</p> <p>The inclusion of road data into the Production environemnt of Confirm will allow integration considerations between CRM and Confirm.</p>

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Progress	Est. Completion Date	Comment
Galpins Financial Controls Review Interim Management Letter August 2018	2.3.3 Business Continuity Plan	General Ledger	Medium	The Business Continuity Plan is updated.	Following the review of resources and functions in the Governance & Performance Department, the review of the BCP has been scheduled in 2018/19.	Lachlan Miller	In Progress	31/12/2020	Initial discussions have occurred with LGRS in relation to project scope and resourcing for the BCP developmment project.
Galpins Financial Controls Review Interim Management Letter August 2019	2.1.2	Suppliers included in the preferred supplier list have expired public liability insurances recorded	Not Rated	The listing of preferred suppliers is reviewed on a regular basis to identify and follow up any expired or outstanding documents.	As part of the Procurement Framework, we are repositioning the term preferred suppliers to 'prequalified suppliers' to more correctly reflect how Council is accessing these suppliers To ensure that relevant documentation including insurances is up-to-date Council is investigating the use of the SkyTrust software used for WHS purposes to better manage this process through automation	James Greenfield	In Progress	31/12/2019	Current investigation of utilising Skytrust to manage this manual procedure. Reestablishing this list shall be a joint project with OD.
Galpins Financial Controls Review Interim Management Letter August 2019	2.2.1	Asset management plans overdue for review	Not Rated	The Transport Asset Management plan is finalised and adopted by Council. Asset Management Plans are prepared for other major asset classes.	Updating of Transportation AMP underway and considering peer review and recent observations and analysis of road data from Confirm. Draft Plan has been prepared and for presentation to Audit Committee in first half of 2020 and Council as a draft for community consultation. An external preer eview is underway as part of the consultation process prior to final adoption. Council officers have undertaken significant review of the asset registers and reviewed the programs delivered. This internal review has been included in the LTFP projections. The asset management plan templates are currently being populated utilising the IPWEA NAMS Plus	David Collins	In Progress	23/10/2020	Draft Plan for Transport is under review and proposed to bring draft to audit committee in October 2020. An external preer review has been completed and modification to draft transport AMP being considered. Council is currently in the process of formally updating the 2012 Transport Asset Management Plan - the plan will be broken into asset classes such as Pavements, Seals, Unsealed, Shoulders
Galpins Financial Controls Review Interim Management Letter August 2019	2.2.2	The Capitalised Asset (Accounting Policy) document is overdue for review	Not Rated	The Capitalised Asset (Accounting Policy) document is reviewed and updated to reflect current and desired practice.	The document is no longer a Council Policy and is now an operational procedure. The procedure is currently being reviewed to fit in line with the process to be undertaken that incorporates Confirm Enterprise Asset Management system.	David Collins	In Progress	31/07/2020	A document of the process using Confirm to update the asset register has been completed. A review of the document has comenced in June 2019 and following completion of capitalisation for 2018/19 (September 2019) using confirm will be incorporated.

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Progress	Est. Completion Date	Comment
Galpins Financial Controls Review Interim Management Letter August 2019	2.2.3	Asset maintenance plans not aligned with asset management plans	Not Rated	Ensure that maintenance schedules are in accordance with Asset Management Plans, and steps are taken to progress towards more proactive maintenance plans.	<p>Rollout of field devices will continue during 2020/21 to assist with proactive maintenance.</p> <p>A process is required to identify expenditure and maintenance types on road segments.</p> <p>Stormwater service levels have been reviewed and documented and the hierarchy of unsealed roads has been reviewed. Service levels associated with grading have been realigned to this hierarchy.</p> <p>Council has approved additional resources to undertake planning of future maintenance works. Council is reviewing service levels (initial priority – Stormwater) to identify the required maintenance activities to</p>	David Collins	In Progress	26/03/2021	<p>A review of the document has comenced in June 2019 and following completion of capitalisation for 2018/19 using confirm will be incorporated.</p> <p>The will be updated following the completion of the capitalisation within the new asset management system. This procedure document has been discussed with Asset Management and it is agreed that the document will be updated as part of the Asset Management Planning update over the next six months.</p>
Galpins Financial Controls Review Interim Management Letter August 2019	2.3.2	The Business Continuity Plan is overdue for review	Not Rated	The Business Continuity Plan is updated.	Council has scheduled the review of the Business Continuity Plan to occur in 2019-20 in conjunction with the development of the Emergency Management Plan.	Lachlan Miller	In Progress	31/12/2020	Initial discussions have occurred with LGRS in relation to project scope and resourcing for the BCP developmment project.
ICT Security Risk Assessment - August 2015 - CQR	REC 4	Policy and Governance		Incident Management	ICT to action - create a security incident management procedure	James Sinden	Completed	30/06/2020	A Data Breach Procedure has been finalised and adopted by the Executive Leadership Team that outlines the procedure to be follwed for a cyber security incident.
Internal Audit - Asset Management - May 2014 - Creative Auditing	6.1.1.1	Policy	Not Rated	That a procedure be documented on how compliance with the policy is going to be monitored.	The set up and development of the Confirm Asset Management system will consider traking of tasks and actions to align with Policy.	Craig Marshall	In Progress	17/10/2020	significant data sets being finalised for import to asset system production including all transport and buildings - asset mangement plan review being undertaken by new Senior Infrastructure Planning Engineer transport data AMP currently being prepared for seals/ unsealed and footpaths. For draft review. Awaiting date for Audit Committee.

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Progress	Est. Completion Date	Comment
Internal Audit - Asset Management - May 2014 - Creative Auditing	6.5.1	Asset Condition		That now that the existing condition has been documented, subsequent condition assessments need to be used to reassess the effective life of assets.	This is an on-going asset management process that is cyclic for assets and is continual. Item should be closed and archived. ConfirmConnect is currently being used by external consultants to condition rate all of Council's structural retaining walls (walls greater than 1.0m in height) This review will include Remaining Useful Life (RUL) Bus shelter and safety barriers are being inspected and condition rated using Confirm. A bridge assessment audit is currently being tendered. Review of previous condition assessment by ARRB has been undertaken to determine use going forward. ConfirmConnect is being tested with a condiiton audit of our Bus Shelters current underway from Oct 2019.	David Collins	In Progress	26/06/2020	<p>Condition assessment work with assets is an on-going cyclic process and this task never ends. Archieve of this issue. Bus shelter and safety barriers are being inspected and condition rated using Confirm. A bridge assessment audit is currently being tendered.</p> <p>Revaluation of Road assets undertaken at end of 208/19. The 2017/18 auditor process mapped out condition assessments for asset classes within the register. Sustainable Assets area scheduling in required condiiton audits to align with schedlue. A schedule of asset revaluations has been developed to ensure asset categories are revalued at least every four years. The schedule is now under review given recent appointment of Manager Sustainable Assets.</p> <p>High level review of the Asset Management Plans and associated data was completed in January 2018.</p> <p>Unit rates and useful lives are currently being reviewed as data cleansing is occurring with data specification works associated with the transfer of data in Confirm.</p> <p>Consultant reviewing rates in line with revaluation schedule discussed with auditors</p>
Montacute Road Project - September 2017 - Ray Pincombe	REC 1	Emergency Projects Decision Making Process Rules	Medium	Consideration of developing some rules around the decision-making processes in emergency projects and provision of authority for staff and potential partners to act on Council's behalf	Development of mechanism to clarify rules and delegations in regards to Emergency Projects and situations.	Peter Bice	In Progress	31/10/2020	Aspects of the decision making process have been incorporated in the Incident Operations Manual and Procurement Policy. Also giving consideration of incorporation into the Project Management Framework Currently under development.
Montacute Road Project - September 2017 - Ray Pincombe	REC 3	Emergency Management Plan	Not Rated	The current review of the Strategic Management Risk Register has identified the need for an Emergency Management Plan and zone based preventative maintenance programs. This appears to cover the types of events that can impact upon Council assets and infrastructure, though perhaps more emphasis might be placed on flood events given the recent experience	Develop Emergency Management Plan based on LGA Template.	John McArthur	In Progress	30/11/2020	<p>ELT (3 October 2019) considered and committed to producing Emergency Management Plan through the Council Ready Program for completion by mid 2020 and endorsed the Incident Operations Manual for implementation.</p> <p>10-02-20 Emergency Management Plan development timeframes may need to be reviewed given Cudlee Creek fire and priority to update the Incident Operations Manual with lessons learnt.</p> <p>18-05-20 Emergency Management Plan development timeframes have been delayed as a result of the Cudlee Creek Fire response, a priority to complete an After Action Review (debrief) and prepare a report on the Cudlee Creek Fire and the Council Incident Management Team response to COVID-19.</p> <p>02-07-20 Following discussion with the Council Ready Program the completion date for the Emergency Management Plan has been set at December 2020.</p>
Montacute Road Project - September 2017 - Ray Pincombe	REC 4	WHS & IM arrangements with external project managers	Medium	As WHS & IM is the responsibility of the asset owner, Council could consider the development of an agreement in similar situations to ensure the protection of the people involved in projects in these circumstances	Develop protocols around clarifying roles and responsiblities in Emergency situations where external project managers are involved.	Ashley Curtis	In Progress	31/08/2020	<p>3/8/20 - update - no change.</p> <p>Council staff are in the process of reviewing Emergency Management Planing and developing a Project Management Framework which will incorporate protocols which clarify roles and responsiblities in Emergency situations where external project managers are involved.</p>

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Progress	Est. Completion Date	Comment
Montacute Road Project - September 2017 - Ray Pincombe	REC 5	Post Project Review	Medium	A review could provide good feedback on the beneficial elements of the project and the potential improvements that could be made. The outcome of the review could be used to better inform any potential emergency management planning	Review the learnings from the project to identify potential improvements.	Peter Bice	Completed	30/06/2020	The formal post project review has been completed. A number of learnings helped to inform the development of the Project Management Framework, Incident Operations Manual, as well as Council's Revised Procurement Policy (FIN-01).
Procurement Audit May 2014	4.3.2	Use of Preferred Contractors	Low	That a procedure be developed for the acceptance of new suppliers. Council should determine what supplier details are required and who signs off on the Credit Application, which is effectively a council guarantee.	This has ben included in the Procurement framework. Roll out and updating of the form is required	James Greenfield	In Progress	30/09/2019	To be developed in conjunction with with 4.2.1. This forms part of the Procurement Framework which is proposed to be signed off by ELT in early 2019.. Framework and Procedures currently in consultation phase. Audit Committee 12 August 2019
Use of Purchase Cards August 2019 Internal Audit	Improvement Opportunities - 5. Policy requirements of flower purchase limit	Flower purchase limit Sample testing found the following flower purchases. However, Council has not defined a limit for flower purchases in any policy. This may not provide cardholders sufficient guidance.	Low	We recommend management assess the necessity, possibility and feasibility to formalise the coffee/tea consumption outside of Council premises and flower purchase limit into the policy.	In addition, the procedures will be updated to make reference to Council's Employee Recognition, Functions and Gifts Policy. Council's Employee Recognition, Functions and Gifts Policy will be reviewed to provide greater guidance on the required limits on expenditure for items covered under this Policy, including flowers.	Megan Sutherland	In Progress	19/12/2020	Currently discussing recommencing the review and update of the Employee Recognition, Functions and Gifts Policy to provide greater clarity around expenditure.

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 17 August 2020
AGENDA BUSINESS ITEM**

Item: 7.7

Responsible Officer: Steven Watson
Acting Executive Manager Governance & Performance
Office of the Chief Executive

Subject: Risk Management Plan 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): 5 new mitigations identified and Zero (0) mitigations removed
- Completed: 72% (59) is increased with three (3) completed actions
- In Progress: Decrease from 27% to 26%(21)
- Not Commenced: Decrease from 3% to 2%

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

Priority 05.2 Make evidence-based decisions and prudently assess the risks and opportunities to our community before taking action.

A number of actions contained in the 2020-21 Annual Business Plan have been added as mitigations against the applicable strategic risk

➤ **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 or have been accommodated in the 2020-21 Annual Business Plan and Budget.

➤ **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: Acting Chief Executive Officer
Director Corporate Services

Director Community Capacity
Director Development & Regulatory Services
Director Infrastructure & Operations
Executive Manager Organisational Development

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**.

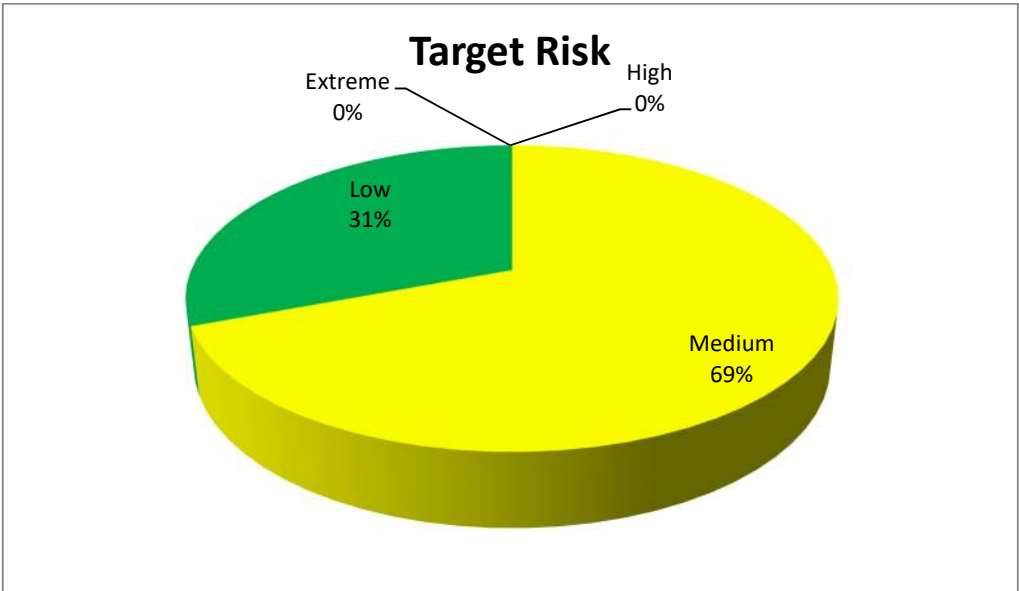
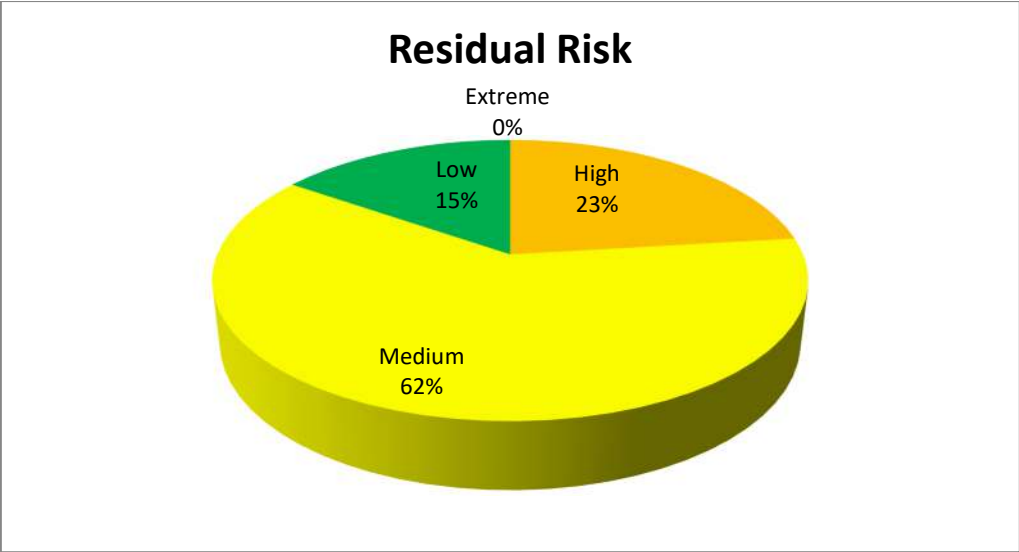
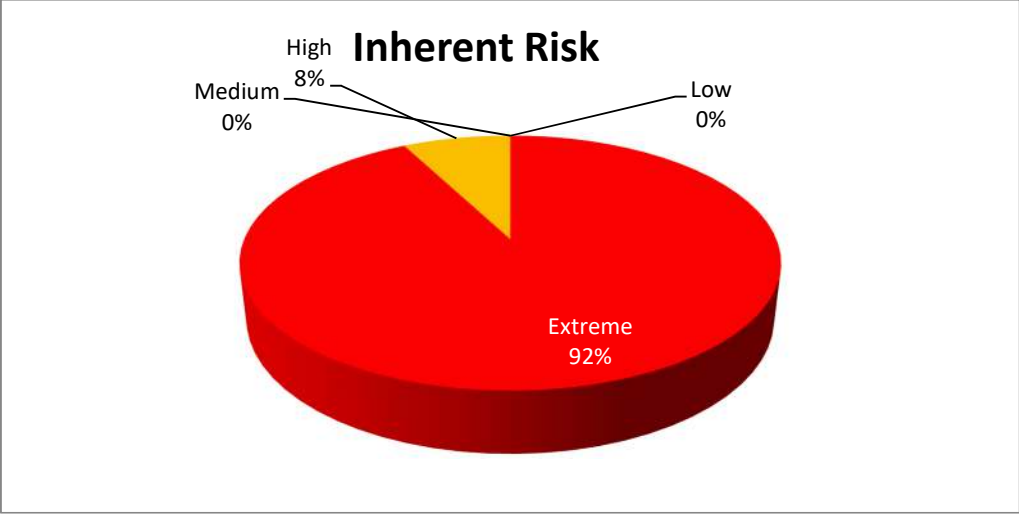
3. ANALYSIS

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.

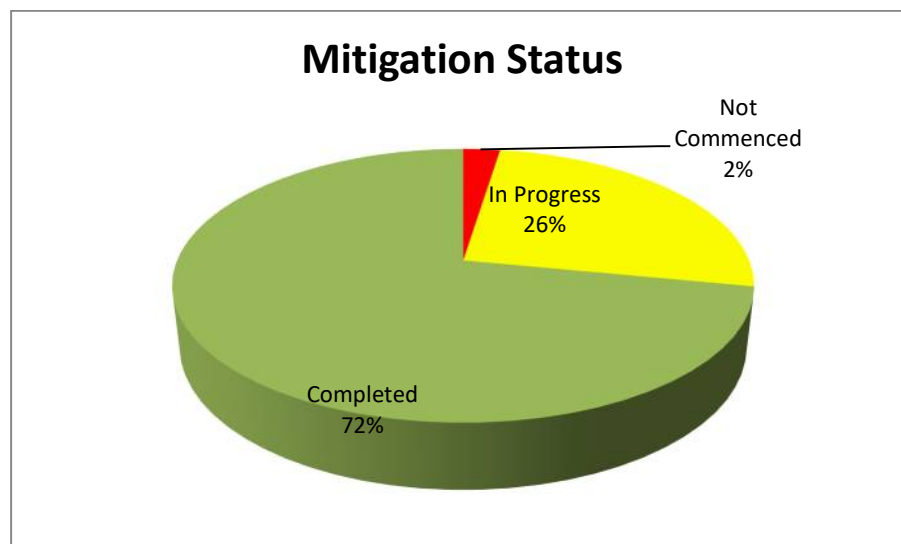
There has been no change in the Residual Risk rating for the reporting period. Whilst this may be problematic if the risk were not being reviewed, officers regularly review their risks and mitigations, although the Residual Risk rating identifies no change for the reporting period.



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

Status	November 2019	February 2020	May 2020	August 2020
Completed	65% (50 actions)	64% (50 actions)	70% (55 actions)	72% (59 actions)
In Progress	32% (25 actions)	32% (25 actions)	27% (21 actions)	26% (21 actions)
Not Commenced	3% (2 actions)	4% (3 actions)	3% (2 actions)	2% (2 actions)
New Initiatives (in above totals)	Nil actions	Nil actions	1 New Mitigation	5 New Mitigations

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

AUDIT COMMITTEE
AUGUST 2020

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	Moderate	Likely	High (3B)	Virus scanning, surge protectors	Good	Moderate	Possible	Medium (3C)	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 (4B)	- 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 (2D)	15/05/20	Minimum annual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	15/05/21	1	Rollout of Precinct Planning methodologies as projects are identified	Director I&O	Ongoing	COMPLETE	COMPLETED. Rolled out Uraidla & Gumeracha project. Place Making Group established to identify and roll out future projects	Y	N/A	Low	
																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 SPDPC on 14 August 2018 and subsequently by the Minister for Planning on 8 August 2019.	Y	N/A		
																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 still being rolled out in stages and to be fully operational after September 2020. Staff have prepared all the delegations, policies and procedures currently provided by DPTI in order to be able to go live. However, further policies and procedures, and changes to the delegations are expected from DPTI in the coming months.	N	30/10/20		
																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	1/07/21		
																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. Jeff Roorda Review findings and reasonable assumptions being considered and incorporated where appropriate.	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	Director Infrastructure & Ops	Finance & Assets	Major	Likely	Extreme (4B)	- Monthly capital reports from finance - Reporting of The Quarter to Council - 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 (3C)	7/08/20	Minimum biannual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	3/02/21	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	30/07/21	Medium	
																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	N/A		
																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	N/A		
																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. Suggest this be transferred to Executive Manager Organisational Development.	N	30/12/20		

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4	Failure to take measures to protect the community from natural and other hazards (F)	Cause: - 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 management arrangements - Noncompliance with legislation - Insufficient budget - Ineffective planning and preparations Impact: - 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 & reputational	Catastrophic	Likely	Extreme (GB)	- 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 CFS Community Fire Safety Meetings. - Ongoing replacement and maintenance of Council's AMP and proactive and reactive maintenance programs including stormwater infrastructure (including Flood Plain Modelling), fire track maintenance and street sweeping program. - 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 - i-Responda process and trained staff - Establishment of EM function in Infrastructure & Operations Directorate	Good	Major	Unlikely	Medium (4D)	15/05/20	Minimum biannual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	11/11/20	2	Commit to I 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	N/A	Medium
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	N/A																	
4	Research the establishment of a dedicated EM role (temporary/permanent)	Exec Mgr Gov & Risk	31/03/16	COMPLETE		Done	N/A																	
5	Establish Zone-based Preventative Maintenance Program	Mgs Open Space & Civil Works	1/02/16	COMPLETE	Zone program established	Done	N/A																	
6	Review bushfire prevention and mitigation arrangements	Mgs Open Space and Team Leader Regulatory Service	30/06/17	COMPLETE	Structure in place	Done	N/A																	
7 (new)	Review insurance option related to loss of rate revenue following significant loss of property associated with bushfire	Exec Mgr Gov & Perform	30/11/20	IN PROGRESS	Intital meeting held with Mutual Liability Scheme to discuss options	N	30/11/20																	
5	Failure to manage, develop, protect, restore , enhance and conserve the environment in an ecologically sustainable manner and to improve amenity. (F)	Cause: -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: - 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 (SC)	- 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 - Strategic Plan Reviewed with Goal area for Natural Environment established (including priorities)	Good	Major	Rare	Medium (4E)	15/05/20	Minimum biannual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	11/11/20	1	Water Resources strategy to be developed	Sustainability Officer		COMPLETE	Water Management Plan endorsed by Council 13 December 2016.	Y	N/A	Medium
2	Project Management framework (see action above)	Director I&O		IN PROGRESS	Expected Delivery 31 July 2020	N	31/07/21																	
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.	Y	N/A																	
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 LTFFP.	Y	N/A																	
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		Y	N/A																	
		Cause: - Ageing Infrastructure in need of renewal to remain fit for purpose and/or comply with legislation - Poor asset management regimes (data, renewal)						- Current Asset Management Plans for key asset categories - Long Term Financial Plan that captures the Strategic Plan and Asset Management Plans								1	Update asset management plans as per cycle (and LTFFP)	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		Y	N/A	

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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	
6	Failure to provide appropriate infrastructure for the community (F)	<p>- Ineffective maintenance regimes</p> <p>- Leaseholders conducting works outside of contractual/legislative obligations.</p> <p>- Duplication or gaps in infrastructure provision to communities.</p> <p>- Lack of understanding community needs and trends</p> <p>Impact:</p> <p>- Increased cost to maintain infrastructure</p> <p>- Reduced confidence in Council by the community</p> <p>- Increased risks to staff and community when utilising facilities</p> <p>- Disadvantage to AHC community over that of other areas</p> <p>- Negative impact on community wellbeing</p>	Director Infrastructure & Ops	Corporate Objectives	Major	Likely	Extreme (4B)	<p>- Endorsed annual budget for maintenance program (all asset categories)</p> <p>- Annual Business Plan & Budget consultation undertaken</p> <p>- Customer Survey undertaken</p> <p>- Asset condition audits undertaken cyclically</p> <p>- Asset management system in place (Conquest)</p> <p>- Building inspections (last done 2013)</p> <p>- Compliance audits for buildings as per legislation</p> <p>- Customer request system captures community concerns/issues</p> <p>- Sport and Recreation Strategy</p> <p>- Bike Strategy</p> <p>- Preventative Maintenance regime</p> <p>- Strategic Plan Reviewed with Goal area for Built Environment established (including priorities)</p>	Good	Moderate	Possible	Medium (3C)	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	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	Medium	
																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	30/06/21		
																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	Y	N/A		
																6	Revise Sport and Recreation Strategy to identify infrastructure requirements	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. LTFP now capturing ongoing investment.	Y	N/A		
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> <p>- Dysfunctional local economy, loss of jobs, loss of basic retail and service functions</p> <p>- Poor engagement with business community, leading to relative disadvantage for business community</p> <p>-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.</p> <p>- Inappropriate infrastructure in industrial precincts or nodes, placing barriers on development of industrial precincts.</p> <p>- 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.</p> <p>- Poor support of tourism and business associations, leading to fragmentation of effort and dis cohesive strategies.</p> <p>- Unresponsive Development Plan that inappropriately restricts development opportunities & results in poor development outcomes.</p> <p>Impact:</p> <p>-- Loss of local jobs</p> <p>-- Loss of basic local retail and service businesses</p> <p>-- Devaluation of local residential and commercial property</p> <p>-- Rise in social problems deriving from a declining economy</p> <p>- The community procures goods outside of the area as business not vibrant and meeting local requirements</p>	Director Community Capacity	Economic	Moderate	Likely	High (3B)	<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. 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.</p> <p>Advisory Group exists for Primary Production.</p> <p>Higher level engagement occurs with one business association.</p> <p>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 (3B)	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	1	Implementation Plan for EDS finalised and approved Mar 2016	Director Community Capacity	31/12/16	COMPLETE	COMPLETED: The EDS as approved in March 2016 was completed in 2019	Y	N/A	Low	
																2	Identify significant economic infrastructure issues and opportunities	Director Development & Regulatory Services	31/12/16	COMPLETE	COMPLETED: Manager ED worked with key stakeholders to progress two major transport routes - b-double access to Lobethal and Northern Freight Train Bypass. The B-double access project was completed in 2019. However, the State Government announced they would not be progressing the Northern Freight Train Bypass.	Y	N/A		
																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	Y	N/A		
																4	Active and positive engagement with local business communities	Manager Economic Development	1/07/16	COMPLETE	Ongoing role of MED	Y	N/A		
																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	Y	N/A		
																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	Y	N/A		
																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		Y	N/A		
																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	Y	N/A		
																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	Y	N/A		
																11	Improve engagement with local business associations	Manager Economic Development	31/12/16	COMPLETE	Regular communication established with SBA and WCA	Y	N/A		
																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	Y	N/A		
																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		

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8	Failure to manage and develop public areas vested in, or occupied by the Council (F)	Cause: - 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 Impact: - 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 & reputational	Major	Almost Certain	Extreme (4A)	- Asset Management Plans developed for property assets - Annual budget developed to include mtce 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)	7/08/20	Minimum biannual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	5/11/20	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		
9a	Failure to manage, improve and develop the human resources available to the Council. (F)	Cause: - 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 Impact: - 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 (4B)	- 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)	7/08/20	Minimum biannual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	5/11/20	1	Equity and diversity plan is being developed	Exec Manager Organisational Development	30/07/19	IN PROGRESS	Further development of the plan is being undertken through the Diversity and Inclusion Team. Some initial ideas for the plan have been researched. Further work to be progressed in 2020 and into 2021.	N	31/03/21	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)	Cause: - Business systems do not effectively support organisational needs - Ineffective media and brand management strategies. - Poor information management practices (capture, use, storage, retrieval). Impact: - 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 mislead, 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 (4B)	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.	Marginal	Minor	Possible	Medium (2C)	7/08/20	Minimum biannual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	5/11/20	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	N/A	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		

AUDIT COMMITTEE
AUGUST 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
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> <p>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 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</p>	Director Corporate Services	Legal & Regulatory	Catastrophic	Likely	Extreme (5B)	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 advice; 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 Tresury Policy established	Marginal	Moderate	Unlikely	Medium (3D)	7/08/20	Minimum biannual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	5/11/20	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	N/A	Medium
																	2	Recruit Procurement Coordinator Role	Manager Financial Services	30/09/17	COMPLETE	Recruitment completed in June 2018	Y	N/A
																	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	N/A
																	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	N/A
																	6	Develop a Treasury Management Policy	Mgr Financial Services	30/11/18	COMPLETE	Prolicy endorsed by Council October 2017	Y	N/A
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 (5C)	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,IG, COPAMD, PID), delegations, agendas, minutes, training & development. Review of s41 Committee, Advisory Groups ,s43 subsidiary and external group fiduciary arrangements. Council Resolution Update report shows COIs declared. 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. Strategic Plan, strategic, business and project planning and budgeting processes, trained and experienced staff. 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 Council Member and Administration training in the respective roles, team building and relationship development, performance reporting, One Team -Communication Protocols Governance & Risk Coordinator and Corporate Planning & Performance Coordinator roles	Good	Moderate	Rare	Low (3E)	10/08/20	Minimum annual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	10/08/21	1	Governance Framework Review	Exec Manager Governance & Performance	30/09/16	COMPLETE		Y	N/A	Low
																	2	Review of s41 Committee and Advisory Group Terms of Reference	Exec Manager Governance & Performance	30/0916	COMPLETE		Y	N/A
																	3	Rollout of ContoTrack (Internal control module)	Manager Financial Services	30/12/15	COMPLETE	Endorsed and implemented for Financial Controls	Y	N/A
																	4	Review of Risk Management Framework	Governance & Risk Coordinator	30/09/19	IN PROGRESS	will form part of RM review	N	31/10/20
																	5	Mandated representation review project	Exec Manager Governance & Performance	30/04/17	COMPLETE		Y	N/A
																	6	Participation in boundary reform initiatives	Exec Manager Governance & Performance	As Required	COMPLETE		Y	N/A
																	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		Y	N/A
																	8	Election induction training	Exec Manager Governance & Performance	As Required	COMPLETE		Y	N/A
																	9	Implementation of Corporate Planning & Performance Reporting Framework	Exec Manager Governance & Performance	30/06/19	COMPLETE		Y	N/A
																	10	Strategic Boundary Review project	Exec Manager Governance & Performance	30/06/20	IN PROGRESS	Draft report workshopped in March 2020. Final report to Council in Sep 2020	N	30/09/20
																	11 (new)	Implementation of LG Reform legislative changes.	Exec Manager Governance & Performance	30/06/21	NOT COMMENCED	Draft legislation forecast in Q4 2020/20	N	

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
																12 (new)	Service Review Framework development	Corporate Planning & Performance Coordinator	30/06/21	NOT COMMENCED		N		
11	Failure to exercise, perform and discharge the powers, functions and duties under legislation, contracts, leases and policies (PR)	Cause: - Lack of awareness of legislative/contractual/lease/policy requirements - Lack of standardised lease terms and conditions. - Ineffective delegation and authorisation mechanisms. - Poor procuremeent and contract management practices - Ineffective compliance management systems - Staff do not possess the appropriate KSE - Legislative changes, not being fully understood Impact: - 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	Likely	Extreme (48)	Legal considerations considered in agenda report templates, flyers and updates from LGA, legal providers and professional associations. Professional and experienced management team. Register of leases and licences. 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. Employment of Procurement Coordinator Procurmeent Franework implemented. Experienced property team.	Marginal	Moderate	Rare	Low (3E)	10/08/20	Minimum annual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	10/08/21	1	Legislative compliance audit	Exec Manager Governance & Performance	30/06/16	COMPLETE		Y	N/A	Low
																2	Development of contract management system, subject to funding	Manager Financial Services	31/12/16	COMPLETE		Y	N/A	
																4	Implementation of new delegations and authorisations management system and associated training.	Governance & Risk Coordinator	29/06/20	COMPLETE	Software has been implemented and is now being updated as delegation changes occur.	Y	N/A	
																5 (new)	Community & Recreation Facilities Framework will provide for greater standardisation in leasing terms and conditions	Manager Property Services	31/12/16	IN PROGRESS	Action Plan endorsed by Council for review of facilities under a Community and Recreational Facilities Framework. Revised due date established. A number of workshops held with Council and Framework endorsed. Action plan now being progressed. Workshop held with Council in Feb '19, followed by the establishment of a working group to further progress the matter. Working group have commenced review of Framework. Consideration to be given to a revised timeline to reflect level of complexity identified.	N	30/06/21	

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 17 August 2020
AGENDA BUSINESS ITEM**

Item: 7.8

Responsible Officer: Steven Watson
Acting Executive Manager Governance & Performance
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.

The Audit Committee 2020 Workplan has suggested amendments for this meeting.

RECOMMENDATION

The Audit Committee resolves that:

- 1. The report be received and noted.**
 - 2. The Draft 2020 Workplan V1.2, at Appendix 3 be adopted.**
-

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)	Low (3E)	Low (3E)

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: Acting Chief Executive Officer
Manager Financial Services
Corporate Planning & Performance Coordinator
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 one (1) outstanding items on the Audit Committee Action Report (**Appendix 1**) arising from the August 2019 Committee meeting. Commentary against the item 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 August 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		May
End of Year Financial Report		November
End of financial year reporting timetable		May
End of financial year update	Included in this meeting	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 in addition to Action Update (see Appendix 1)	August
Internal Financial Controls update		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		May/November
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	Included in this meeting	February/August
Internal Audit Plan review		May
External Audit		
External audit interim letter		April
Implementation of external audit actions progress report	Included in this meeting	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	Included in this meeting	February/August
Annual Report		November
Audit Committee Terms of Reference		February
Directors Presentation	Included in this meeting	February/April/May/August
Other Reports		As Required

2020 Work Plan and Reporting Schedule Amendment

A proposed Draft Audit Committee 2020 Work Plan is attached (**Appendix 3**) for the Audit Committee's consideration.

Key amendments from the Draft 2020 Workplan V1.2 include:

- An amendment to the commencement of an annual presentation from each Director on their portfolio's risk profile, delayed due to competing priorities arising from the Cudlee Creek 2019 Bushfires and COVID19.

4. OPTIONS

The Committee has the following options:

- I. To note the status of the Action Report at **Appendix 1** and 2020 Workplan V1.1 at **Appendix 2** as presented and adopt the Draft 2020 Workplan V1.2 at **Appendix 3** (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)
- (3) Draft 2020 Audit Committee Work Plan (v1.2)

Appendix 1

Audit Committee Action Report

AUDIT COMMITTEE ACTION REPORT
AUGUST 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)
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	11/08/2020	30/09/2020	The 2020-21 Placement has been finalised based on indexed 2019-20 data with incremental asset acquisitions and disposals. Discussions with insurers are continuing in relation to other categories of coverage (i.e. business interruption)
25/05/2020	Audit Committee	27/AC20	Budget Review 3	None Declared	The Audit Committee:Resolves that the report be received and noted.Recommends to Council the proposed budget adjustments presented in Budget Review 3 which result in:a reduction in the Operating Surplus from \$411k to an Operating Deficit of \$13k for the 2019-20 financial year.changes to capital resulting in a proposed capital expenditure budget of \$16.526m for the 2019-20 financial year from:a reduction in Capital Expenditure of \$448kthe proposed carry forward of capital project income of \$1.774m and expenditure of \$1.454m to the 2020-21 financial year.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.	Terry Crackett	Mike Carey	Completed	12/08/2020	26/05/2020	Budget Review 3 was presented to Council on 26 May 2020.
25/05/2020	Audit Committee	33/AC20	Internal Audit Quarterly Update	None Declared	The Audit Committee resolves:That the report be received and notedTo recommend to Council to adopt the revised Strategic Internal Audit Plan v1.4a as contained in Appendix 1.	Andrew Aitken	Lachlan Miller	Completed	12/08/2020	28/07/2020	Council adopted the revised SIAP v1.4a at its 28 July 2020 Ordinary meeting
25/05/2020	Audit Committee	34/AC20	6.10.Annual Business Plan and Budget 2020-21	None Declared	The Audit Committee resolves:That the report be received and notedTo 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.That, on the basis of the Committee's review, to recommend the ABP to Council for community consultation.	Andrew Aitken	Kira-Marie Lavert	Completed	12/08/2020	30/06/2020	The Draft Annual Business Plan and Budget (ABP) 2020-21 was presented to Council on 26 May 2020. Council endorsed the draft ABP for community consultation in accordance with Section 123 of the Local Government Act 1999.

Appendix 2

2020 Audit Committee Work Plan (v1.1)

ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
Adopted - 2020 Work Plan and Reporting Schedule

Terms of Reference			
Financial Reporting & Prudential Requirements	Long Term Financial Plan (LTFF)	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]

Appendix 3

Draft 2020 Audit Committee Work Plan (v1.2)

ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
DRAFT - 2020 Work Plan and Reporting Schedule

Terms of Reference		
Financial Reporting & Prudential Requirements	Long Term Financial Plan (LTFF)	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:	V1.2 - Draft for Consideration August 2020	

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