



## AUDIT AND RISK COMMITTEE

### NOTICE OF MEETING

To: **Presiding Member** Cr Malcolm Herrmann

Members

David Moffatt  
Pamela Lee  
Sarah Beesley  
Cr Melanie Selwood

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

**Monday 14 April 2025**  
**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.

A Public notice of the Agenda for this meeting is supplied under Section 88 of the Act.

Greg Georgopoulos  
Chief Executive Officer



## **AUDIT AND RISK COMMITTEE**

**AGENDA FOR MEETING**  
**Monday 14 April 2025**  
**6:00pm**  
**63 Mt Barker Road, Stirling**

### **ORDER OF BUSINESS**

**1. COMMENCEMENT**

- 1.1. Acknowledgement of Country

*Council acknowledges that we meet on the traditional Country of the Peramangk and Kaurna people. We pay our respects to Ancestors and Elders past and present as the Custodians of this ancient and beautiful land.*

**2. APOLOGIES/LEAVE OF ABSENCE**

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

**3. MINUTES OF PREVIOUS MEETINGS**

- 3.1. Audit and Risk Committee Minutes – 17 February 2025

***Recommendation***

*That the minutes of the Audit and Risk Committee meeting held on Monday 17 February 2025, as supplied, be confirmed as an accurate record of the proceedings of that meeting.*

**4. PRESIDING MEMBER'S OPENING REMARKS**

**5. DELEGATION OF AUTHORITY**

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

**6. DECLARATION OF CONFLICT OF INTEREST BY MEMBERS OF THE COMMITTEE**

**7. PRESENTATIONS, ACTION REPORT & WORKPLAN**

**7.1. Internal Audit Quarterly Report**

1. *To receive, discuss and note the Internal Audit Quarterly Report (item 7.1, 14 April 2025, Audit and Risk Committee meeting).*
2. *To endorse the Internal Audit Report – AHC Assurance Mapping in Appendix 1 as the three-year internal audit work plan (item 7.1, 14 April 2025, Audit and Risk Committee meeting).*
3. *To receive and note the Financial Assumptions and Reporting Audit Recommendations Roadmap in Appendix 2 (item 7.1, 14 April 2025, Audit and Risk Committee meeting).*

**7.2. Directorate Risk Profile Presentation**

**7.2.1 Community and Development**

**7.3. Action Report and Work Plan Update**

1. *To receive, discuss and note the Action Report and Work Plan Update Report (item 7.3, 14 April 2025, Audit and Risk Committee meeting).*
2. *To note the 2025 Action Report, April 2025, in Appendix 1 (item 7.3, 14 April 2025, Audit and Risk Committee meeting).*
3. *To adopt the 2025 Work Plan and Reporting Schedule in Appendix 2 (item 7.3, 14 April 2025, Audit and Risk Committee meeting).*

**8. OFFICER REPORTS**

**8.1. External Audit Plan Review**

1. *To receive, discuss and note the report (item 8.1, 14 April 2025, Audit and Risk Committee meeting).*
2. *To note the 2024-25 Financial Statement Audit – Engagement Letter as contained in Appendix 2 and the 2024-25 Internal Financial Control Audit – Engagement Letter as contained in Appendix 3 (item 8.1, 14 April 2025, Audit and Risk Committee meeting).*
3. *To endorse the 2024-25 External Audit Plan (item 8.1, 14 April 2025, Audit and Risk Committee meeting).*

**8.2. Director Corporate Services Update**

1. *That the report encompassing the Director Corporate Services update be received, discussed and noted (item 8.2, 14 April 2025, Audit and Risk Committee meeting).*

**9. QUESTIONS WITHOUT NOTICE**

**10. CONFIDENTIAL ITEMS**

Nil

**11. NEXT MEETING**

The next Audit and Risk Committee meeting will be held at 6.00pm on 19 May 2025 at 63 Mount Barker Road, Stirling.

**12. CLOSE MEETING**

**ADELAIDE HILLS COUNCIL  
AUDIT AND RISK COMMITTEE MEETING  
Monday 14 April 2025  
AGENDA BUSINESS ITEM**

**Item:** 7.1

**Responsible Officer:** Zoë Gill  
Executive Governance Officer  
Office of the Chief Executive

**Subject:** Internal Audit Quarterly Report

**For:** Decision

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**SUMMARY**

This report provides the Audit and Risk Committee with an update in relation to the internal audit function within Adelaide Hills Council.

Since the last committee report, Administration, in conjunction with Bentleys, our audit service provider, has completed the Internal Audit Report – AHC Assurance Mapping (**Appendix 1**) which outlines the three-year audit plan for Council.

Under the Audit and Risk Committee's Terms of Reference it is the Committee's responsibility to 'provide oversight of planning and scoping of the internal audit work plan' (3.5.1). Therefore Administration is requesting discussion and endorsement of the provided three-year internal audit work plan. Bentleys will attend the meeting to facilitate any discussions.

In addition, at the 17 February 2025 Audit Committee meeting, the Committee received and noted the Financial Assumptions and Reporting audit and requested to receive a roadmap of the implementation of the audit's recommendations. This recommendation roadmap is provided at **Appendix 2**.

**RECOMMENDATION**

**The Audit Committee resolves:**

1. To receive, discuss and note the Internal Audit Quarterly Report (item 7.1, 14 April 2025, Audit and Risk Committee meeting).
  2. To endorse the Internal Audit Report – AHC Assurance Mapping in Appendix 1 as the three-year internal audit work plan (item 7.1, 14 April 2025, Audit and Risk Committee meeting).
  3. To receive and note the Financial Assumptions and Reporting Audit Recommendation Roadmap in Appendix 2 (item 7.1, 14 April 2025, Audit and Risk Committee meeting).
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## 1. BACKGROUND

As per s125A of the *Local Government Act 1999*, sections 3.5.2 and 3.5.3 of the Audit and Risk Committee's Terms of Reference and section 3.2 of the *Internal Audit Policy*, it is the Executive Governance Officer's responsibility, as the Primary Person Responsible (PPR) for internal audit activities at Council, to provide the Committee with reports on internal audit functions at least on a quarterly basis.

The Audit and Risk Committee last received an internal audit report at its February 2025 meeting.

At that last meeting the Committee was provided with the Financial Assumptions and Reporting Audit Report where they requested to receive a roadmap of the implementation of the audit's recommendations which has been provided in **Appendix 2**.

Moved Pamela Lee  
5/- Cr Melanie Selwood

The Audit Committee resolves:

AC2/25

1. To receive and note the Internal Audit Quarterly Report (item 8.1, 17 February 2025, Audit Committee meeting).
2. To receive and note the Financial Assumptions and Reporting Audit Report in Appendix 1 (item 8.1, 17 February 2025, Audit Committee meeting).
3. To receive a roadmap of the implementation of the recommendations by 31<sup>st</sup> May at the latest (item 8.1, 17 February 2025, Audit Committee meeting).

Carried Unanimously

Since the last report Council engaged Bentleys to complete the Internal Audit Report – Assurance Mapping (**Appendix 1**) to outline the internal audits for the next three-year period, with the top high-risk audits being placed in the first three years and a list of audits for future audits also included in the report.

## 2. ANALYSIS

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

*Strategic Plan 2024 – Your Place, Your Space*

Goal 4 Organisation

Objective O2 Operate with integrity using best practice governance processes.

Priority O2.1 Demonstrate accountable and transparent decision making.

Priority O2.2 Support decision making through the use of timely data-driven analysis and reporting.

Priority O2.3 Enhance governance structures and systems to be agile and support 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.

Section 125A of the Act requires the person primarily responsible for the internal audit function to ensure that any reports they prepare relating to the internal audit function are provided directly to the audit and risk committee. They may also report any matters relating to the internal audit function directly to the audit and risk committee.

Under section 3.2 Council's *Internal Audit Policy*, the Executive Governance Officer is responsible for the management of internal audit functions within Council.

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)

➤ **Financial and Resource Implications**

An indicative cost for an internal audit is in the range of \$12,000-\$20,000, depending on the complexity of the audit.

The proposed Internal Audit budget for the 2025-26 financial year would be sufficient for the implementation of the new internal audits that will be conducted during that financial year.

➤ **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:* Not Applicable  
*Council Workshops:* Not Applicable  
*Advisory Groups:* Not Applicable

*External Agencies:* Not Applicable  
*Community:* Not Applicable

➤ **Additional Analysis**

Administration engaged Bentleys in November 2024 as their external service provider to undertake two audits at Council:

- Financial stewardship, with a particular focus on depreciation, works-in-progress, and capitalisation (Completed), and
- Assurance mapping and developing an audit program (the subject of this current report).

*Financial Assumptions and Reporting*

Bentleys conducted the Asset Financial Assumptions and Reporting audit in December 2024, with the results being provided to the Committee at the February 2025 meeting.

Thirteen (13) recommendations from the audit report were accepted and placed on the Audit action tracker for implementation and tracking. As per the Committee's request a roadmap for the implementation of the recommendations has been included in **Appendix 2**. In addition, these recommendations have been incorporated into the Audit Action Tracker, which is reported on a biannual basis to the Audit and Risk Committee.

*Assurance Mapping and Audit Plan*

In February and March 2025 Bentleys conducted the Assurance Mapping and Internal Audit Plan Audit where the objectives were to:

- Map existing assurance activities across Council functions to reduce duplication and highlight gaps in oversight.
- Identify the First, Second, and Third-Line assurance roles across key strategic risks.
- Inform the development of a three-year rolling Internal Audit Plan aligned with the Council's risk framework and control needs.

During the audit Bentleys:

- Assessed **4** Council Business Departments
- Reviewed **17** Business Functions
- Interviewed **25** staff members from various business units, including the CEO, Directors, and Managers, and
- Reviewed **418** documents.

The three-year internal audit plan was reviewed and agreed by the Executive Leadership Team prior to receiving the final audit report from Bentleys. The internal audit plan will start in FY 25-26 with four (4) audits occurring in Year 1, four (4) audits occurring in Year 2 and three (3) audits occurring in Year 3. Year 1 audits focus on core foundational areas, including asset management, HR and workforce planning, financial sustainability, and governance and risk management. These audits address critical infrastructure, internal control effectiveness, and policy oversight. This internal audit plan will be reviewed by the Governance Team on an annual basis for feasibility, alignment with council's current risks, and budget constraints. This review, and any recommendations, will be provide to the Audit and Risk Committee.



### **3. OPTIONS**

The Committee has the following options:

- I. To receive and note this report.
- II. To endorse the Internal Audit Report – AHC Assurance Mapping
- II. To identify an alternative course of action

### **4. APPENDIX**

- (1) Internal Audit Report – AHC Assurance Mapping
- (2) Financial Assumptions and Reporting Audit Recommendation Roadmap

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# **Appendix 1**

*Internal Audit Report – AHC Assurance Mapping*

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Where you want to be.



April 2025

## Adelaide Hills Council

### Assurance Mapping and Internal Audit Plan Report

David Papa, Partner, Business Advancement & Assurance  
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► Advisors

► Accountants

► Auditors

10 April 2025

Greg Georgopoulos  
Chief Executive Officer  
Adelaide Hills Council  
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Dear Greg,

**Internal Audit Report – Assurance Mapping and Internal Audit Plan**

Please find attached our report on the Assurance Mapping and Internal Audit Plan for Adelaide Hills Council.

We would like to take this opportunity to thank management and staff for the assistance provided to us during the course of our audit.

If you have any queries, please feel free to contact me on 08 8372 7900 at any time.

Yours sincerely



David Papa  
Partner

Enclosure

Version history	Date
Draft report issued	4/4/2025
Final report issued	10/4/2025
Final report Executive Management approval	10/4/2025
Final report: Audit and Risk Committee (ARC) presentation	14/4/2025

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#### Inherent Limitations

Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that have been subject to this review operate, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to its effectiveness of the greater internal control structure. This review is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed on the control procedures are on a sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

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

#### Third Party Reliance

This report is solely for the purpose set out in the Official Order and for Adelaide Hills Council information and is not to be used for any other purpose or distributed to any other party without Bentleys (SA) Pty Ltd's prior consent.

This summary report has been prepared at the request of Adelaide Hills Council management or its delegate. Other than our responsibility to the management of Adelaide Hills Council, neither Bentleys (SA) Pty Ltd nor any member or employee of Bentleys (SA) Pty Ltd undertakes responsibility arising in any way from reliance placed by a third party, including but not limited to Adelaide Hills Council external advisors, on this summary report. Any reliance placed is that party's sole responsibility. Liability limited by a scheme approved under Professional Standards Legislation.

## Executive summary

### Background

In February and March 2025, the Adelaide Hills Council engaged Bentleys SA Pty Ltd to undertake an internal audit project focused on Assurance Mapping and the Development of an Internal Audit Plan. The objective was to provide the Council and the Audit and Risk Committee (ARC) with confidence in the robustness of the Council's risk and assurance framework.

Council relies on multiple sources of assurance to effectively manage risk and maintain robust internal controls. Understanding and mapping these assurance activities enable more efficient governance, reduce duplication, and identify potential assurance gaps. The assurance map is a key component of a mature risk management framework, forming the foundation for developing a focused, risk-based Internal Audit Plan. This project aimed to assess the current assurance environment using the Institute of Internal Auditors' (IIA) Three Lines Model.

This assurance map provides a foundation as a key step toward integrating risk management across the Council's operations and long-term planning.

As part of the mapping process, we reviewed:

- Assessed **4** Council Business Divisions
- Reviewed **17** Business Functions
- Interviewed **25** staff members from various business units, including the CEO, Directors, and Managers, and
- Reviewed **418** documents.

Refer to **Appendix 2** for the detailed analysis.

### Objective

The objective of this engagement was to:

- Map existing assurance activities across Council functions to reduce duplication and highlight gaps in oversight.
- Identify the First, Second, and Third-Line assurance roles across key strategic risks.
- Inform the development of a three-year rolling Internal Audit Plan aligned with the Council's risk framework and control needs.

### Scope and Approach

The audit focused on reviewing assurance activities in action and planned over the next three years, particularly in the areas of strategy, governance, finance, HR, and operations. Our approach included:

- Reviewing key documentation such as the risk management framework, risk registers, policies, and relevant operational artefacts.
- Engaging with senior leaders across the Council via interviews and workshops to capture assurance activities linked to strategic risks.
- Developing an assurance map based on the IIA's Three Lines Model, assessing each line's role in managing and overseeing risks.
- Using the map to identify duplicated effort, assurance gaps, and areas requiring further audit focus.
- Using the findings to shape a proposed three-year Internal Audit Plan.

## Overall Conclusions on the Assurance Map

### First Line: Direct Management

Council's operational teams actively manage day-to-day risks through policies, procedures, and performance monitoring. Most services demonstrate sound control environments; however, gaps remain in documentation consistency, system integration, and staff redundancy in certain areas, which increases the risk of control failure or knowledge loss.

### Second Line: Corporate Oversight

Council has established governance frameworks and risk oversight mechanisms, including strategic planning, policy development, and committee monitoring. While these provide a solid foundation, some frameworks are either underdeveloped or inconsistently applied. Opportunities exist to enhance policy review cycles, financial oversight, and cross-functional risk monitoring.

### Third Line: Independent Assurance

Internal audit and external assurance activities have provided some coverage, but several high-risk areas remain unaudited due to staffing constraints. Key functions such as contract management, fraud prevention, IT systems, environmental health, and property management would benefit from increased audit frequency and focus. The current level of independent review does not yet provide comprehensive assurance over critical risks and controls.

### Proposed Internal Audit Plan

In response to the identified assurance gaps, a **three-year rolling Internal Audit Plan** has been developed, proposing **11 audits**. This plan targets areas with limited existing assurance based on the documents reviewed, interviews conducted, and assessment of the level of assurance. It is designed to strengthen oversight, improve risk management maturity, and ensure effective use of audit resources. The plan will be reviewed annually by the Governance Team to remain aligned with Council priorities and risk exposures.

## Acknowledgements

We would like to thank the Council's executive leadership team, risk management staff, and operational managers for their active participation and insights throughout this engagement. Their contributions were instrumental in mapping assurance activities and developing a meaningful Internal Audit Plan.

# Contents

**Executive summary ..... 4**

**Overview of assurance coverage by division ..... 7**

**Summary: proposed three-year strategic internal audit plan (FY 2025/26 – FY 2027/28) ..... 10**

**Appendix 1 – Proposed three-year strategic internal audit plan ..... 11**

**Appendix 2 – Detailed assurance map observations ..... 20**

**Appendix 3 – Documents accessed ..... 32**

**Appendix 4 – Stakeholders consulted ..... 33**

**Appendix 5 – Risk assessment..... 34**



## Overview of assurance coverage by division

The assessment of assurance coverage across Council divisions is summarised below. These ratings reflect our professional judgement, based on the volume and maturity of controls in place, as well as the extent of management monitoring and oversight of those activities.

Table 1: Rating of assurance coverage

Level of coverage	Description
High	Full assurance activities occur frequently and cover all aspects of the risk.
Medium	Significant assurance activities noted, including monitoring controls with few gaps remaining.
Low	Some assurance activities noted, however, not all aspects of risk and/or process addressed and significant gaps remaining.

Table 2: The 3 Lines of Defence – explained

	Source	Brief descriptions
1 <sup>st</sup> Line	Direct Management	It has a real-time focus and examples include direct management (process owners) monitoring with day-to-day operational activities, local management controls, operational policies, work instructions, contract standing orders, performance data, and Key Performance Indicators (“KPIs”), etc.
2 <sup>nd</sup> Line	Corporate Oversight	It centres on risk oversight and involves some degree of real-time activity, with a mandate to review First Line activities. This includes corporate mechanism comprised of frameworks, policies, committee oversight, tools and techniques to support risk and compliance management.
3 <sup>rd</sup> Line	Independent Assurance	It evaluates the adequacy and effectiveness of both First Line and Second Line risk management approaches. Examples include Internal Audit, External Audit, and External Inspectorate.  Typically, External Audit is not part of the Third Line; however, we will consider the work performed by the External Auditor in reviewing controls to form their control opinion when considering areas of the organisation covered by financial controls.

Figure 1: The IIA's Three Lines Model

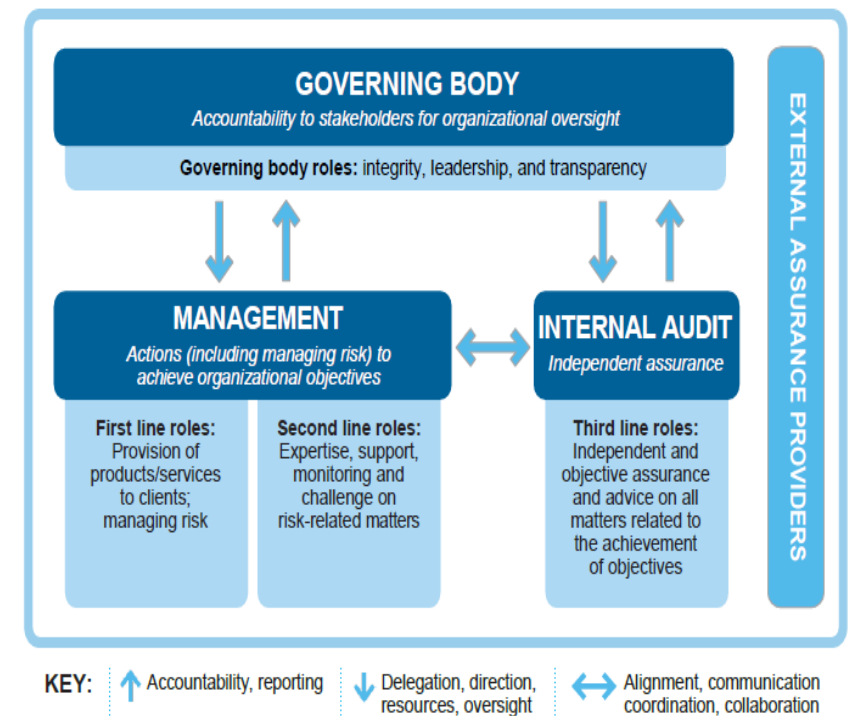








Table 3: Assurance coverage overview per Division

Divisions	Brief description	Assurance Coverage
<b>1. Chief Executive Office</b>	<p>The CEO's Office manages core governance functions, including corporate governance, risk management, fraud and corruption prevention, conflict of interest oversight, and legislative compliance. The division also oversees, among other activities, policy development, delegations of authority, internal auditing, and insurance. Despite its broad mandate, the division operates with a low to medium risk appetite and faces several challenges. Many policies remain outdated, while high staff turnover has weakened knowledge retention.</p> <p>The first line of assurance (Direct management) relies on varied and often undocumented controls, resulting in inconsistent application across departments. The second line (Corporate oversight) provides medium assurance. However, it lacks consistency, with incomplete frameworks like the Enterprise Risk Management (ERM) and gaps in key governance policies. The Council Audit and Risk Committee is chaired by an elected member. The "Audit Committee's Guide to Good Practice", 3rd Edition, provides that <i>"the chair of the audit committee is preferably independent and should not be the chair of the board"</i><sup>1</sup>. The third line (Independent assurance) delivers limited structured audits and has not conducted a governance audit since 2016. Internal audits have been reactive rather than strategic, and misalignment between audit activities and Council risks persists. Overall, assurance across all three lines remains fragmented, requiring more substantial independence, better strategic alignment, and consistent risk management.</p>	 <b>First Line</b>   <b>Second Line</b>   <b>Third Line</b>
<b>2. Corporate Services</b>	<p>The Corporate Services division encompasses Finance, People and Culture (HR), Information Services, and Communications and Events. Each function contributes to operational delivery and strategic planning but faces varying control maturity and assurance levels. Finance has structured budgeting, payroll, procurement, and financial reporting processes, though limited by outdated systems and manual workarounds. HR functions, including recruitment, training, and performance management, are predominantly paper-based and often have outdated policies, resulting in control gaps. IT manages cybersecurity and systems, however, it faces challenges with system integration and vendor management. Communications and Events operates effectively with structured engagement and event protocols but requires enhanced governance around outsourced activities.</p> <p>The Council exhibits a cautious risk appetite, demonstrated by its focus on regulatory compliance and structured governance frameworks; however, this is hindered by legacy systems and staff turnover. Across the three lines of assurance, first-line (Direct management) controls are active but largely manual, resulting in inefficiencies and increased exposure to errors. The second line (Corporate oversight) is in development or partially effective, particularly in HR and IT, where outdated frameworks reduce the ability to manage risk proactively. The third line (independent assurance) is sporadic. Internal audits have been conducted, but their</p>	 <b>First Line</b>   <b>Second Line</b>   <b>Third Line</b>

<sup>1</sup> AUDIT COMMITTEES A GUIDE TO GOOD PRACTICE 3rd Edition - Auditing and Assurance Standards Board, Australian Institute of Company Directors and The Institute of Internal Auditors-Australia Joint Publication.

Divisions	Brief description	Assurance Coverage
	implementation is inconsistent. While external audits identify issues within Finance, the sporadic audits performed in HR and IT lack follow-up and effective implementation due to staff turnover resulting in lack of oversight of audit reports and actions.	
<b>3. Environment and Infrastructure</b>	<p>The Environment and Infrastructure Division performs various functions, including civil services, open space and arboriculture management, strategic assets, waste and sustainability, emergency response, and property services. These functions cover road and infrastructure maintenance, project management, parkland upkeep, wastewater operations, environmental health, cemetery compliance, and fleet and asset management. Each function supports community services while ensuring compliance with relevant legislation, including the <i>Work Health and Safety Act</i>, the <i>Public Health Act</i>, and the <i>Environment Protection Act</i>. Operational teams utilise systems such as Confirm, Salesforce, and Skytrust to track, report, and manage service delivery. However, resource constraints, unstructured fleet and property management, and reliance on manual processes present ongoing challenges.</p> <p>The division's risk appetite appears cautious, prioritising compliance, safety, and service continuity; however, gaps remain across the three lines of assurance. The first line (Direct management) demonstrates moderate controls through operational procedures, real-time tracking, and team-level monitoring; however, staffing shortages and incomplete frameworks weaken its effectiveness. The second line (Corporate oversight) provides medium-level oversight through governance structures, strategy development, and risk escalation pathways; however, it faces issues with incomplete policy implementation, limited risk documentation, and insufficient enforcement. The third line (Independent assurance) has the most gaps, with limited internal audits, sporadic external reviews, and a lack of structured independent evaluations in areas such as arboriculture, waste, and property services.</p>	 <b>First Line</b>   <b>Second Line</b>   <b>Third Line</b>
<b>4. Community and Development</b>	<p>The Community and Development division includes Regulatory Services, Development Services, Environmental Health, Community and Economic Development, Fabrik Arts and Heritage Hub, and Library and Customer Services. These functions collectively manage responsibilities from planning assessments and compliance, public health enforcement, volunteer-supported programs, cultural initiatives, and library services. The division's key risks relate to compliance with complex regulatory frameworks, reliance on volunteers, aging IT systems, and knowledge retention. Its risk appetite appears cautious, focusing on operational effectiveness, legal compliance, and community outcomes. Key controls include documented procedures, delegated authority frameworks, performance monitoring through KPIs, and oversight committees. However, many areas still rely on manual processes, outdated policies, and a lack of formalised succession planning.</p> <p>Across the three lines of assurance, the first line (Direct Management) demonstrates moderate coverage, with operational controls in place but varying in maturity across functions. Gaps include inconsistent documentation and outdated systems. The second line (Corporate Oversight) provides a reasonable level of support through frameworks, executive reviews, and committee governance, yet policy management and structured monitoring remain underdeveloped. The third line (Independent Assurance) is the weakest, with limited internal audits and reliance on external reporting rather than direct reviews. Many functions, including library services, Fabrik, environmental health, and planning compliance, have not undergone targeted independent audits.</p>	 <b>First Line</b>   <b>Second Line</b>   <b>Third Line</b>

## Summary: proposed three-year strategic internal audit plan (FY 2025/26 – FY 2027/28)

This three-year internal audit plan outlines a structured approach to assessing and strengthening the Council's key operational, financial, and governance areas. The plan has focused on areas with known weaknesses, strategic importance, or regulatory obligations. Across the three years, 11 targeted audits have been proposed. These audits will provide assurance, identify opportunities for improvement, and support long-term organisational resilience.

- **Year 1 (2025/26)** focuses on core foundational areas, including asset management, HR and workforce planning, financial sustainability, and governance and risk management. These audits address critical infrastructure, internal control effectiveness, and policy oversight.
- **Year 2 (2026/27)** shifts attention to high-risk operational domains, including IT systems and cybersecurity, property and lease management, contract management, and fraud and corruption prevention. The aim is to assess systems resilience, compliance, and financial exposure.
- **Year 3 (2027/28)** targets long-term strategic risks and operational efficiency through audits of long-term financial and asset planning, major capital projects, and fleet and equipment management. These audits aim to support informed decision-making and sustainable service delivery.

Refer to **Appendix 1** for the detailed proposed plan.

### Summary of the three-year internal audit plan

#### Year 1 – FY 2025/26

Audit	Focus	Scope Highlights	Timing	Hours
<b>Asset &amp; Infrastructure Management</b>	Evaluate asset governance, maintenance, and sustainability	Policy alignment, risk assessments, proactive vs reactive maintenance, data integration	Q1	85–96
<b>Human Resource</b> (Excludes WHS)	Assess the effectiveness, efficiency, and compliance of HR policies, recruitment practices, and performance management.	HR policies, recruitment practices and performance appraisals.	Q2	80–90
<b>Financial Internal Controls</b>	Review financial internal controls.	Segregation of duties, transaction approvals, and reconciliation processes.	Q3	85–90
<b>Governance</b>	Assess governance structures and ERM.	Policy and procedure compliance, risk management.	Q4	75–90

#### Year 2 – FY 2026/27

Audit	Focus	Scope Highlights	Timing	Hours
<b>IT Systems</b>	Evaluate IT governance	IT governance framework, strategic planning, and risk management practices.	Q1	85–95
<b>Property &amp; Lease Management</b>	Review lease processes and asset use	Lease tracking, maintenance planning, and financial transparency	Q2	86–97
<b>Contract Management</b> (Excl Procurement)	Assess contract lifecycle, risk, and performance	SLA monitoring, risk assessment, documentation, and variation controls	Q3	80–95
<b>Fraud &amp; Corruption Prevention Controls</b>	Review fraud prevention and whistleblower protections	Risk assessment, training, controls, detection tools, reporting	Q4	90–105

#### Year 3 – FY 2027/28

Audit	Focus	Scope Highlights	Timing	Hours
<b>Long-Term Financial Planning &amp; Asset Sustainability</b>	Review financial planning and asset integration	Forecasting, funding strategies, deferred maintenance impact	Q1	85–100
<b>Major Projects &amp; Capital Works</b>	Assess project governance and financial control	Budgeting, procurement, contractor oversight, post-project review	Q2	95–115
<b>Fleet &amp; Equipment Management</b>	Review fleet lifecycle and cost efficiency	Maintenance, utilisation, compliance, and asset tracking systems	Q3	80–90

## Appendix 1 – Proposed three-year strategic internal audit plan

### Year 1 – FY 2025/26 (Four Audits)

Audit Project	Background and High-Level Scope	Proposed Timing	Est. Hours
1. <b>Asset &amp; Infrastructure Management</b>	<p><b>Background</b> The Council manages a diverse portfolio of infrastructure assets, including roads, stormwater drainage, bridges, parks, and buildings. These assets are vital for service delivery and community well-being. Key issues include aging infrastructure, increasing maintenance costs, misalignment between asset and financial planning, inconsistent condition assessments, and weak risk mitigation strategies. A well-structured asset management framework is essential to optimise resource allocation, ensure regulatory compliance, and maintain long-term asset sustainability.</p> <p><b>Audit Objective</b> To evaluate the effectiveness of the Council's asset management framework, maintenance programs, and financial sustainability measures, ensuring assets are properly maintained, risks are minimised, and funding is optimally allocated.</p> <p><b>Audit Scope</b></p> <ul style="list-style-type: none"> <li>Asset Governance &amp; Strategy: Review the Council's asset management policies, strategic alignment, and lifecycle planning.</li> <li>Asset Condition &amp; Risk Assessments: Assess asset condition monitoring, risk assessment methodologies, and maintenance prioritisation.</li> <li>Maintenance &amp; Renewal Planning: Compare reactive vs. proactive maintenance approaches and review asset renewal prioritisation models.</li> <li>Compliance &amp; Reporting: Evaluate adherence to asset management regulations, reporting obligations, and transparency.</li> <li>Technology &amp; Data Management: Review asset management systems, data accuracy, and integration with financial planning tools.</li> </ul>	Quarter 1	85 - 96 hours
2. <b>Human Resource (Excluding WHS Compliance)</b>	<p><b>Background</b> The Council's HR function is responsible for recruitment, training, performance management, and workforce planning. However, inefficiencies exist, including outdated policies, manual processes, weak succession planning, and inconsistent employee evaluations. These issues can impact employee retention, compliance, and workforce stability.</p> <p><b>Audit Objective</b> To assess the effectiveness, efficiency, and compliance of HR policies, recruitment practices and performance management.</p> <p><b>Audit Scope</b></p> <ul style="list-style-type: none"> <li>HR Policies: Review core HR policies for relevance and compliance.</li> <li>Recruitment &amp; Onboarding: Assess job selection, background checks, and onboarding for legal compliance.</li> <li>Performance Management &amp; Retention: Evaluate appraisal methods and pay progression for fairness, consistency, and alignment with objectives.</li> </ul>	Quarter 2	80 - 90 hours
3. <b>Financial Internal Controls</b>	<p><b>Background</b> The Council's financial sustainability relies on effective budget management, internal controls, and financial oversight. Identified weaknesses include reliance on manual financial processes and gaps in the segregation of duties.</p>	Quarter 3	85 - 90 hours

## Year 1 – FY 2025/26 (Four Audits)

Audit Project	Background and High-Level Scope	Proposed Timing	Est. Hours
	<p><b>Audit Objective</b> To evaluate the adequacy and effectiveness of financial controls.</p> <p><b>Audit Scope</b></p> <ul style="list-style-type: none"> <li>Internal Financial Controls: Focused assessment of key internal controls, including segregation of duties, transaction approvals, and reconciliation processes.</li> </ul>		
<b>4. Governance</b>	<p><b>Background</b> The Council's governance and risk management framework faces several challenges, including outdated policies and procedures, as well as incomplete implementation of the Enterprise Risk Management (ERM) Framework.</p> <p><b>Audit Objective</b> To assess governance and risk management effectiveness, ensuring policy compliance, accountability, and risk mitigation.</p> <p><b>Audit Scope</b></p> <ul style="list-style-type: none"> <li>Governance Framework and Policy Compliance: Review key governance policies and structures to ensure alignment with legislative and organisational requirements.</li> <li>Risk Management Review: A high-level review of how key risks are identified, documented, and considered within AHC.</li> </ul>	<b>Quarter 4</b>	<b>75 - 90 hours</b>

## Year 2 – FY 2026/27 (Four Audits)

Audit Project	Background and High-Level Scope	Proposed Timing	Est. Hours
1. IT Systems	<p><b>Background</b> The Council's IT infrastructure is aging, exposing it to cybersecurity vulnerabilities, data protection risks, and operational inefficiencies. Key concerns include a lack of automated threat detection, inadequate disaster recovery planning, outdated IT policies, and poor department integration. Cyber threats, including ransomware and data breaches, pose a significant risk to service continuity and public trust.</p> <p><b>Audit Objective</b> To assess the effectiveness of the Council's IT governance framework, strategic planning, and risk management practices.</p> <p><b>Audit Scope</b></p> <ul style="list-style-type: none"> <li>IT Governance &amp; Strategy: Assess the Council's IT governance structure, strategic planning, and risk management practices.</li> <li>IT Policies: Review the adequacy, relevance, and coverage of key IT policies and procedures.</li> <li>IT Contract &amp; Vendor Management:</li> </ul>	Quarter 1	85 - 95 hours
2. Property & Lease Management	<p><b>Background</b> The Council manages a portfolio of properties and leased assets, including community facilities, public buildings, and commercial properties. However, inefficiencies in lease tracking, financial reporting, and maintenance planning pose financial and legal risks. Issues include inconsistent lease agreements, poor property maintenance planning, inadequate financial transparency, and a lack of centralised property management systems.</p> <p><b>Audit Objective</b> To assess the effectiveness of the Council's property management processes, ensuring compliance, financial oversight, and optimal asset utilisation.</p> <p><b>Audit Scope</b></p> <p>Lease &amp; Property Management Framework:</p> <ul style="list-style-type: none"> <li>Review lease agreements, documentation, compliance, and contract enforcement.</li> <li>Evaluate lease renewal tracking and financial impact assessments.</li> </ul> <p>Financial Reporting &amp; Asset Valuation:</p> <ul style="list-style-type: none"> <li>Assess the accuracy of rental income collection, financial reconciliation, and transparency.</li> <li>Review property valuation methods and depreciation tracking.</li> </ul> <p>Maintenance Planning &amp; Risk Management:</p> <ul style="list-style-type: none"> <li>Evaluate preventive maintenance strategies, funding allocation, and regulatory compliance.</li> <li>Review risk management approaches for property-related liabilities.</li> </ul>	Quarter 2	86 - 97 hours
3. Contract Management Audit (Excluding Procurement)	<p><b>Background</b> The Council engages in numerous service contracts, lease agreements, and long-term contractual arrangements. However, there is a lack of centralised contract oversight, inconsistent performance monitoring, and insufficient risk assessment processes. Weak contract variation approvals, inadequate documentation, and poor dispute resolution mechanisms increase financial, legal, and reputational risks.</p> <p><b>Audit Objective</b> To assess the effectiveness and efficiency of the Council's contract management framework, ensuring compliance with contractual obligations, financial oversight, and risk mitigation strategies.</p>	Quarter 3	80 - 95 hours

## Year 2 – FY 2026/27 (Four Audits)

Audit Project	Background and High-Level Scope	Proposed Timing	Est. Hours
	<p><b>Audit Scope</b></p> <p>Contract Lifecycle Management:</p> <ul style="list-style-type: none"> <li>Review contract initiation, approval processes, standard contract templates, and legal protection clauses.</li> <li>Assess contract storage, retrieval mechanisms, and centralised tracking systems.</li> </ul> <p>Performance Monitoring &amp; Compliance:</p> <ul style="list-style-type: none"> <li>Evaluate contract deliverables, service-level agreements (SLAs), and key performance indicators (KPIs).</li> <li>Review compliance monitoring processes and contract enforcement mechanisms.</li> </ul> <p>Risk Assessment &amp; Financial Oversight:</p> <ul style="list-style-type: none"> <li>Assess financial liabilities, contract-related expenses, and cost escalation risks.</li> <li>Evaluate contract variation controls, approvals, and legal risk mitigation strategies.</li> </ul> <p>Documentation &amp; Record-Keeping:</p> <ul style="list-style-type: none"> <li>Review contract file management, amendments, approvals, and compliance with audit documentation standards.</li> </ul>		
<p><b>4. Fraud &amp; Corruption Prevention Controls</b></p>	<p><b>Background</b></p> <p>Fraud and corruption pose a serious risk to financial integrity and public trust. The Council has established internal controls, but weaknesses remain, including gaps in segregation of duties, high reliance on manual financial processes, inconsistent whistleblower protections, and limited fraud detection mechanisms. Without a strong fraud prevention framework, the Council remains vulnerable to financial misconduct, conflicts of interest, and reputational damage.</p> <p><b>Audit Objective</b></p> <p>To evaluate the Council's fraud risk management framework, ensuring robust internal controls, regular assessment of fraud risks, and adequate whistleblower protections.</p> <p><b>Audit Scope</b></p> <p>Fraud Risk Assessment &amp; Prevention Framework:</p> <ul style="list-style-type: none"> <li>Review fraud risk assessment methodologies and high-risk areas in financial transactions.</li> <li>Evaluate the effectiveness of anti-fraud training programs and staff awareness initiatives.</li> </ul> <p>Internal Controls &amp; Segregation of Duties:</p> <ul style="list-style-type: none"> <li>Assess financial approval processes, procurement controls, payroll security, and asset management procedures.</li> <li>Identify potential collusion risks and gaps in financial oversight.</li> </ul> <p>Whistleblower Protection &amp; Reporting Mechanisms:</p> <ul style="list-style-type: none"> <li>Review whistleblower reporting processes, anonymity protections, and case-handling protocols.</li> <li>Assess investigation procedures for fraud complaints and the adequacy of disciplinary measures.</li> </ul> <p>Data Analytics &amp; Fraud Detection:</p> <ul style="list-style-type: none"> <li>Evaluate the use of data analytics in fraud detection, anomaly tracking, and suspicious transaction monitoring.</li> <li>Review fraud alert systems, red-flag indicators, and real-time monitoring tools.</li> </ul>	<p><b>Quarter 4</b></p>	<p><b>90 - 105 hours</b></p>



### Year 3 – FY 2027/28 (Three Audits)

Audit Project	Background and High-Level Scope	Proposed Timing	Est. Hours
1. <b>Long-Term Financial Planning &amp; Asset Sustainability Audit</b>	<p><b>Background</b> The Council's financial sustainability depends on effective long-term financial planning, strategic asset renewal, and debt risk management. Challenges include limited integration between financial planning and asset management, inaccurate forecasting models, aging infrastructure, and increased deferred maintenance costs. Without clear long-term strategies, the council may face funding shortfalls and financial instability.</p> <p><b>Audit Objective</b> To assess the effectiveness of the Council's long-term financial planning framework and asset sustainability strategies, ensuring financial stability and appropriate asset investment.</p> <p><b>Audit Scope</b> Integration of Asset Management &amp; Financial Planning:  <ul style="list-style-type: none"> <li>Review how asset renewal priorities align with long-term financial plans.</li> <li>Assess funding strategies for infrastructure projects and capital works.</li> </ul> Financial Forecasting &amp; Budgeting:  <ul style="list-style-type: none"> <li>Evaluate revenue projections, expenditure planning, and sensitivity analysis of economic scenarios.</li> <li>Assess debt management strategies and risk assessment of future liabilities.</li> </ul> Capital Investment &amp; Infrastructure Planning:  <ul style="list-style-type: none"> <li>Review capital expenditure frameworks, investment prioritisation, and infrastructure project risk management.</li> </ul> Deferred Maintenance &amp; Sustainability Risk:  <ul style="list-style-type: none"> <li>Assess the impact of deferred maintenance on financial sustainability and service delivery.</li> </ul> </p>	Quarter 1	85 - 100 hours
2. <b>Major Projects &amp; Capital Works Audit</b>	<p><b>Background</b> The Council undertakes major infrastructure projects and capital works to improve community services and economic development. However, past assessments indicate several risks, including cost overruns, project delays, ineffective project risk assessments, poor contractor oversight, and lack of post-project evaluations.</p> <p><b>Audit Objective</b> To assess the governance, financial oversight, and risk management of major projects and capital works, ensuring they are delivered efficiently, within budget, and aligned with strategic objectives.</p> <p><b>Audit Scope</b> Project Governance &amp; Approval Processes:  <ul style="list-style-type: none"> <li>Review project selection criteria, approval mechanisms, and alignment with strategic priorities.</li> <li>Assess project risk management frameworks, including risk identification and mitigation strategies.</li> </ul> Financial Oversight &amp; Budgeting:  <ul style="list-style-type: none"> <li>Analyse project cost tracking, budget variations, financial reporting accuracy, and cost-benefit analysis.</li> <li>Review contract compliance, procurement processes, and financial oversight mechanisms.</li> </ul> Performance Monitoring &amp; Reporting:  <ul style="list-style-type: none"> <li>Evaluate milestone tracking, project status reporting, and quality assurance frameworks.</li> </ul> </p>	Quarter 2	95 - 115 hours

### Year 3 – FY 2027/28 (Three Audits)

Audit Project	Background and High-Level Scope	Proposed Timing	Est. Hours
	<ul style="list-style-type: none"> <li>Review the effectiveness of post-project evaluations and lessons learned processes.</li> </ul> <p>Stakeholder &amp; Contractor Management:</p> <ul style="list-style-type: none"> <li>Assess contract oversight, vendor performance monitoring, and service delivery agreements.</li> <li>Review dispute resolution mechanisms and contingency planning.</li> </ul>		
<b>3. Fleet &amp; Equipment Management Audit</b>	<p><b>Background</b> The Council operates a fleet of vehicles and equipment essential for service delivery, including maintenance vehicles, heavy equipment, and utility vehicles. Inefficiencies in fleet tracking, maintenance scheduling, and asset disposal planning pose operational and financial risks. Poor utilisation tracking and non-compliance with safety regulations can lead to increased costs and legal liabilities.</p> <p><b>Audit Objective</b> To assess the efficiency, cost-effectiveness, and regulatory compliance of the Council's fleet and equipment management, ensuring optimal asset utilisation and financial accountability.</p> <p><b>Audit Scope</b> Fleet Maintenance &amp; Lifecycle Planning:</p> <ul style="list-style-type: none"> <li>Review preventive maintenance schedules, servicing standards, and maintenance cost management.</li> <li>Assess asset disposal policies, replacement planning, and fleet renewal strategies.</li> </ul> <p>Utilisation &amp; Cost Control:</p> <ul style="list-style-type: none"> <li>Evaluate fleet utilisation reports, vehicle tracking systems, and cost allocation methodologies.</li> <li>Conduct a cost-benefit analysis of vehicle leasing vs. ownership.</li> </ul> <p>Regulatory Compliance &amp; Risk Management:</p> <ul style="list-style-type: none"> <li>Assess vehicle safety standards, emissions regulations, and compliance with licensing requirements.</li> <li>Review risk mitigation strategies, including accident reporting and insurance policies.</li> </ul> <p>Technology &amp; Data Integration:</p> <ul style="list-style-type: none"> <li>Evaluate fleet management software, GPS tracking systems, and automation opportunities for asset monitoring.</li> </ul>	<b>Quarter 3</b>	<b>80 - 90 hours</b>

## Other Audits for Future Consideration

Ref	Audit Focus	Business Function	Business Unit	Rationale	Assurance Level
1	Libraries & Customer Services Audit	Community Services	Library & Customer Service	Lack of structured IT governance for library systems, potential data security risks, and manual customer service processes.	<p>1st Line: Medium - Library and customer service operations function but lack automation.</p> <p>2nd Line: Medium - Governance is in place but lacks IT security integration.</p> <p>3rd Line: Low - Last internal audit was conducted in 2018.</p>
2	Development & Planning Compliance Audit	Development Services	Planning & Compliance	Compliance monitoring is inefficient due to fragmented systems, and builder inspections are often delayed because of a lack of timely notification.	<p>1st Line: Medium – Compliance teams follow legal requirements but experience inefficiencies.</p> <p>2nd Line: Medium – CAP provides governance but lacks performance monitoring.</p> <p>3rd Line: Low – The last internal audit was performed in 2018.</p>
3	Asset & Infrastructure Management Audit	Environment & Infrastructure	Asset & Civil Services	<p>Asset management is often reactive, resulting in backlogged maintenance, higher lifecycle costs, and inefficiencies. The Council lacks a structured asset renewal and maintenance strategy, and infrastructure investments are often made based on immediate needs rather than long-term planning.</p> <p>Workforce shortages and reliance on external contractors create service delivery risks.</p>	<p>1st Line: Medium – Operational asset management teams follow maintenance schedules but lack long-term asset lifecycle strategies.</p> <p>2nd Line: Medium – Some governance mechanisms exist, but oversight and strategic alignment are inconsistent.</p> <p>3rd Line: Low – No independent review of the asset management framework or its effectiveness in optimising infrastructure spending. Service Review on Civil Services performed in 2022.</p>
4	Waste & Sustainability Audit	Sustainability, Waste & Emergency	Waste & Environmental Compliance	No independent audit or compliance review has been conducted on sustainability, waste, or climate risk management within the last three years. While strong operational controls, internal reviews and documentation exist, assurance is limited due to the absence of structured oversight and formal risk review processes. This may result in undetected non-compliance and insufficient preparedness for environmental risk.	<p>1st Line: Medium – Operational procedures exist but lack automation and compliance tracking.</p> <p>2nd Line: Medium – Governance mechanisms are in place but require enhanced compliance oversight.</p> <p>3rd Line: Low – No structured independent assurance in the past 3-5 years.</p>
5	Cemetery Compliance Audit	Community Services	Cemetery Management	Outdated cemetery management processes, non-fenced cemeteries, and potential legislative non-compliance.	<p>1st Line: Medium - Compliance checks occur but lack independent oversight.</p> <p>2nd Line: Medium - Governance frameworks exist but require stronger enforcement.</p> <p>3rd Line: Low - No independent compliance audit.</p>
6	Regulatory & Ranger Services Audit	Community Safety	Regulatory & Compliance	Limited structured internal reviews on animal management, parking enforcement, and fire risk compliance.	<p>1st Line: Medium - Officers enforce regulations, but procedures are outdated.</p> <p>2nd Line: Medium - Governance exists but requires better compliance tracking.</p>

Ref	Audit Focus	Business Function	Business Unit	Rationale	Assurance Level
					3rd Line: Low - No routine independent audits conducted.
7	Payroll & Employee Benefits Audit	Corporate Services	Payroll & HR	Payroll segregation of duties risks, lack of process automation, and past audit recommendations unaddressed.	1st Line: Medium - Payroll processing occurs, but manual workarounds exist.  2nd Line: Medium - Payroll oversight exists but lacks real-time monitoring.  3rd Line: Low - Payroll audits have been inconsistent in scope.
8	Procurement, Contractor & Vendor Risk Management Audit	Corporate Services	Procurement	Limited contract performance monitoring, vendor non-compliance risks, and potential procurement inefficiencies.	1st Line: Medium - Contracts are managed, but tracking is inconsistent.  2nd Line: Medium - Oversight is fragmented and not risk-based.  3rd Line: Low - No systematic vendor risk assessments.
9	Public Safety & Emergency Management Audit	Community Safety	Emergency Management	Gaps in Council's emergency preparedness, limited independent review of disaster recovery, and lack of structured emergency coordination plans.	1st Line: Medium - Operational procedures exist but lack structured drills.  2nd Line: Medium - Oversight exists but requires better documentation.  3rd Line: Low - No comprehensive emergency preparedness audit.
10	Environmental Health & Food Safety Audit	Public Health	Environmental Health	Limited oversight of food safety inspections, manual tracking of compliance, and lack of independent audit in high-risk areas.	1st Line: Medium - Inspections occur but lack digital tracking.  2nd Line: Medium - Governance oversight exists but is inconsistent.  3rd Line: Low - No independent audits of food safety enforcement. Various compliance inspections and investigations are conducted.
11	ICT Procurement & Digital Transformation Audit	Information Technology	IT Governance	Concerns over IT vendor selection, ERP implementation delays, and cybersecurity gaps in digital transformation strategy.	1st Line: Medium - IT teams manage procurement but lack integration with risk frameworks.  2nd Line: Medium - Governance structures exist but require stronger compliance monitoring.  3rd Line: Low - No independent audits of ICT procurement effectiveness.
12	Community Grants & Funding Oversight Audit	Community Services	Grant Management	Limited transparency in grant funding allocations, risk of non-compliance with grant agreements, and lack of post-grant monitoring.	1st Line: Medium - Grant distribution is managed but monitoring is inconsistent.  2nd Line: Medium - Governance exists but lacks structured reporting.  3rd Line: Low - No independent grant risk assessments.
13	Public Works & Civil Services Audit	Infrastructure	Civil Services	Reliance on reactive maintenance, lack of automation in field service tracking, and workforce shortages impacting service levels.	1st Line: Medium - Maintenance is performed but work order tracking is manual.  2nd Line: Medium - Governance exists but lacks real-time monitoring.  3rd Line: Low - No independent audits of service efficiency. Service Review on Civil Services performed in 2022.
14	Community Programs &	Community Services	Community Development	Limited structured performance reviews of community programs,	1st Line: Medium - Programs operate but lack structured reporting.

Ref	Audit Focus	Business Function	Business Unit	Rationale	Assurance Level
	Positive Ageing Audit			sustainability of volunteer-based services, and compliance with aged care regulations.	2nd Line: Medium - Oversight exists but requires better data integration.  3rd Line: Low - No independent reviews of program effectiveness.
15	Strategic Communications & Social Media Governance Audit	Corporate Services	Communications	Lack of structured oversight of social media risks, inconsistent messaging strategies, and reputational risks from unmanaged online engagement.	1st Line: Medium - Communications are handled by staff, but policies are inconsistently applied.  2nd Line: Medium - Governance structures exist but lack independent review.  3rd Line: Low - No independent social media risk assessments.

## Appendix 2 – Detailed assurance map observations

Business Division	Business Function	Auditable Business Unit	First Line: Direct Management	Second Line: Corporate Oversight	Third Line: Independent Assurance	Audit Comment
CEO's Office	<b>Governance</b>  Interviewed: Chief Executive Officer  Date: 11/02/2025  and  Audit, Risk and Insurance Officer  Governance Officer  Date: 03/02/2025	1. Corporate Governance <ul style="list-style-type: none"> <li>Delegations of regulatory compliance</li> <li>Insurance</li> <li>Policy mapping and development</li> <li>Governance legislation</li> </ul> 2. Business Continuity/ Disaster Recovery including IT           3. Fraud and Corruption Prevention (fraud risk management, public interest disclosure) <ul style="list-style-type: none"> <li>Conflict of Interest</li> <li>Gifts and Benefits</li> </ul> 4. Risk Management	<b>Assessment Summary</b> <ul style="list-style-type: none"> <li>Controls vary across departments; some lack documented procedures.</li> <li>Many policies are outdated, reducing efficiency and increasing compliance risks.</li> <li>High staff turnover has eroded corporate memory; no formal knowledge retention.</li> <li>The absence of community perception assessments has resulted in staff-led initiatives that may not align with community expectations. This misalignment affects resource allocation and service effectiveness.</li> <li>The Council relies heavily (80%) on rate revenue, with limited alternative revenue streams due to geographic constraints. This presents challenges in long-term financial planning.</li> <li>Council motions of an operational nature from elected members can sometimes override structured strategic planning processes.</li> <li>WHS programs exist, but monitoring of new psychosocial risks needs improvement.</li> <li>Several departments lack clear workflows, causing inconsistent decisions.</li> </ul> <b>Assurance Rating:</b> Low to Medium  <b>Rationale:</b> Controls exist but are inconsistent. Documentation gaps, outdated systems, and weak monitoring reduce assurance.	<b>Assessment Summary</b> <ul style="list-style-type: none"> <li>An elected member chairs the Audit Committee, risking political bias.</li> <li>No assurance mapping framework: risks may go unchecked or duplicated.</li> <li>No standard process for service reviews; prioritisation is inconsistent.</li> <li>The ERM framework is still in draft, limiting coordinated risk oversight.</li> <li>Key governance policies are outdated or not documented.</li> <li>Minor local operational projects may be prioritised over structured asset management strategies, leading to potential misallocation of resources and infrastructure planning inefficiencies.</li> </ul> <b>Assurance Rating:</b> Medium  <b>Rationale:</b> Oversight exists but is inconsistent and unstructured. Finalising frameworks will improve alignment and risk management.	<b>Assessment Summary</b> <ul style="list-style-type: none"> <li>The Auditor General has raised concerns about the composition of the Audit Committee, specifically the need for independent members, including an independent Chair, to enhance its objectivity and effectiveness.</li> <li>The last governance audit was in 2016; there have been no structured reviews since.</li> <li>Internal audits are reactive; a three-year program is in development.</li> <li>Past audits exposed optimistic financial assumptions.</li> <li>Audit plans don't yet align with strategic risks.</li> </ul> <b>Assurance Rating:</b> Medium  <b>Rationale:</b> Independent assurance is limited. Strengthening audit planning, independence, and risk alignment is essential.	<b>First Line</b> <ul style="list-style-type: none"> <li>Update policies and procedures.</li> <li>Modernise IT systems to improve efficiency and security.</li> <li>Create knowledge retention plans.</li> <li>Standardise community surveys.</li> </ul> <b>Second Line</b> <ul style="list-style-type: none"> <li>Finalise and implement the ERM framework.</li> <li>Consider appointing an independent Audit Committee Chair.</li> <li>Introduce a standardised, risk-based service review process.</li> </ul> <b>Third Line</b> <ul style="list-style-type: none"> <li>Roll out a structured internal audit plan.</li> <li>Embed audit results in Council reporting.</li> <li>Conduct a governance audit.</li> <li>Align audits with the final ERM framework.</li> </ul>
Corporate Services	<b>Finance</b>  Interviewed: Manager Financial Services  Date: 03/02/2025	1. Financial Budget and Management Reporting 2. Financial Sustainability /Asset Management Plan and Long-Term Financial Plan 3. Finance Department Audit <ul style="list-style-type: none"> <li>Accounting Policies &amp; Procedures</li> <li>Statutory Reporting</li> <li>Financial Treatment of Fixed Assets</li> <li>Fringe Benefit Tax Review</li> </ul> 4. Payroll 5. Procurement 6. Internal Controls over financial reporting and operational processes – Control Self-Assessment	<b>Assessment Summary</b> Financial controls are in place; however, manual processes, outdated systems, and limited staffing resources reduce their effectiveness. <b>Key Activities:</b> <ul style="list-style-type: none"> <li><b>Internal Control Self-Assessment:</b> Conducted annually to meet Local Government Act requirements.</li> <li><b>Payroll &amp; Procurement Audits:</b> Historically performed, but documentation on frequency and scope is limited.</li> <li><b>Segregation of Duties:</b> Maintained in AP and general ledger, but small team size occasionally compromises full separation.</li> <li><b>Daily Oversight:</b> <ul style="list-style-type: none"> <li>Monitors AP, AR, and payroll transactions.</li> <li>Reviews balance sheets, procurement, contracts, supplier payments, and bank reconciliations.</li> <li>Verifies invoices against purchase orders before approval.</li> <li>Reviews and approves payroll before payment.</li> </ul> </li> <li><b>Budgeting &amp; Planning:</b> Led by senior financial staff.</li> <li><b>General Ledger:</b> Reviewed regularly for accuracy.</li> </ul> <b>Assurance Rating:</b> Low to Medium  <b>Rationale:</b> Controls exist but are weakened by system limitations and manual workarounds.	<b>Assessment Summary</b> Governance and oversight functions exist but are underdeveloped due to restructuring and ICT constraints. <b>Key Activities</b> <ul style="list-style-type: none"> <li><b>Policies &amp; Procedures:</b> <ul style="list-style-type: none"> <li>Key policies (e.g., Procurement, Budgeting) are available.</li> <li>Grant management and payroll procedures need to be updated or documented.</li> </ul> </li> <li><b>ICT Risks:</b> <ul style="list-style-type: none"> <li>Financial systems are outdated and unsupported.</li> <li>Lack of integration between timesheet, payroll, and AP systems.</li> <li>No automated reporting; relies heavily on Excel.</li> </ul> </li> <li><b>Strategic Risk Alignment:</b> <ul style="list-style-type: none"> <li>Risks include system failure, misreporting, delays, and fraud exposure.</li> <li>Financial risk mapping is underway.</li> </ul> </li> </ul> <b>Assurance Rating:</b> Low to Medium  <b>Rationale:</b> Governance exists but is weakened by outdated systems.	<b>Assessment Summary</b> External audits provide some assurance, but gaps in internal audit limit comprehensive oversight. <b>Key Activities:</b> <ul style="list-style-type: none"> <li><b>Internal Audit:</b> <ul style="list-style-type: none"> <li>Past audits have been inconsistent.</li> </ul> </li> <li><b>External Audit:</b> <ul style="list-style-type: none"> <li>Conducted annually, covering financial controls and compliance.</li> <li>Reports to senior management and audit committees.</li> </ul> </li> <li><b>Regulatory Reviews:</b> <ul style="list-style-type: none"> <li>Compliance audits occur as needed but rarely go beyond statutory requirements.</li> </ul> </li> </ul> <b>Assurance Rating:</b> Medium  <b>Rationale:</b> External audits support assurance; however, a lack of consistent internal audits reduces effectiveness.	<b>First Line – Strengthen Controls:</b> <ul style="list-style-type: none"> <li>Automate financial processes to reduce manual errors.</li> <li>Formalise payroll, procurement, and reporting procedures.</li> <li>Improve segregation of duties where possible.</li> </ul> <b>Second Line – Enhance Oversight:</b> <ul style="list-style-type: none"> <li>Finalise and implement the risk management framework.</li> <li>Assign clear ownership of internal controls and governance.</li> <li>Invest in ICT upgrades to mitigate system risks.</li> </ul> <b>Third Line – Reinforce Assurance:</b> <ul style="list-style-type: none"> <li>Plan key internal audits for regular control testing.</li> <li>Continue acting on external audit findings to improve controls.</li> </ul>



Business Division	Business Function	Auditable Business Unit	First Line: Direct Management	Second Line: Corporate Oversight	Third Line: Independent Assurance	Audit Comment
	<b>People and Culture</b>  Interviewed: Manager People and Culture  Date: 03/02/2025	1. Human Resource Audit <ul style="list-style-type: none"> <li>Recruitment</li> <li>Managing performance</li> <li>Retention and Reward</li> <li>Training and development</li> </ul> 2. WHS Compliance 3. Culture and leadership 4. Injury management (Workers Compensation Scheme) <ul style="list-style-type: none"> <li>Incidents and hazards</li> </ul> 5. Industrial relationship (IR) and employee relationship (ER) Retention	<b>Assessment Summary:</b> HR processes are outdated and manual, leading to control gaps in assurance. <b>Key Issues:</b> <ul style="list-style-type: none"> <li><b>Recruitment &amp; Onboarding:</b> <ul style="list-style-type: none"> <li>Fully paper-based with no central system.</li> <li>No tracking of induction or automated checks for working with children.</li> <li>Inconsistent processes for staff onboarding, especially those requiring background checks.</li> </ul> </li> <li><b>Training &amp; Development:</b> <ul style="list-style-type: none"> <li>No system to track training or certification compliance.</li> <li>Records kept in individual paper folders.</li> <li>Policies are outdated.</li> </ul> </li> <li><b>Performance Management:</b> <ul style="list-style-type: none"> <li>Informal, manual, and inconsistent.</li> <li>No standard framework or criteria for reviews and pay decisions.</li> <li>Significant delays in appraisals.</li> </ul> </li> <li><b>HR Documentation &amp; Policies:</b> <ul style="list-style-type: none"> <li>Policies are outdated.</li> <li>No structured risk management.</li> <li>Inconsistent documentation on employment prerequisites.</li> </ul> </li> </ul> <b>Assurance Rating:</b> Low  <b>Rationale:</b> HR controls are manual and inconsistent.	<b>Assessment Summary:</b> Oversight is minimal and ineffective due to outdated policies and poor monitoring systems. <b>Key Issues:</b> <ul style="list-style-type: none"> <li><b>Risk &amp; Compliance:</b> <ul style="list-style-type: none"> <li>No formal HR risk framework.</li> <li>Weak monitoring of recruitment and training compliance.</li> <li>No controls for background checks.</li> </ul> </li> <li><b>Governance &amp; Policies:</b> <ul style="list-style-type: none"> <li>Policies are outdated and misaligned with current operations.</li> <li>No system to track updates or enforce compliance.</li> </ul> </li> <li><b>Monitoring &amp; Reporting:</b> <ul style="list-style-type: none"> <li>No central HR system for data or compliance tracking.</li> <li>Paper records hinder real-time monitoring.</li> <li>No clear accountability for HR policy management.</li> </ul> </li> </ul> <b>Assurance Rating:</b> Low to Medium  <b>Rationale:</b> Some awareness of gaps, but oversight is ineffective without modern systems or updated policies.	<b>Assessment Summary:</b> Audit activity is limited, and past recommendations have not been actioned. <b>Key Issues:</b> <ul style="list-style-type: none"> <li><b>Audits &amp; Reviews:</b> <ul style="list-style-type: none"> <li>Past audits (e.g., payroll, WHS) have recommended an HR system; however, implementation of these recommendations has been slow.</li> <li>Few HR audits conducted.</li> <li>HR continues to fall short of governance and risk best practices.</li> </ul> </li> </ul> <b>Assurance Rating:</b> Low  <b>Rationale:</b> Lack of systems and policy structure limits the value and effectiveness of independent reviews.	<b>First Line</b> <ul style="list-style-type: none"> <li>Implement a centralised HR system to digitise recruitment, onboarding, training, and performance management.</li> <li>Establish a structured performance management framework with clearly defined review criteria, standardised documentation, and clear accountability.</li> <li>Ensure automated verification of employment prerequisites, including background and working with children checks.</li> </ul> <b>Second Line</b> <ul style="list-style-type: none"> <li>Update and align HR policies (e.g., recruitment, training, performance) with current operational needs and compliance requirements.</li> <li>Develop and implement a formal HR risk management framework, including controls for background checks and employment compliance.</li> <li>Strengthen monitoring tools to allow real-time oversight of key HR processes and risks.</li> </ul> <b>Third Line</b> <ul style="list-style-type: none"> <li>Plan key HR internal audits focused on HR compliance, systems, and control effectiveness.</li> <li>Follow up on historical audit recommendations, particularly the implementation of an HR system and policy updates.</li> </ul>
	<b>Performance and Planning</b>  Interviewed: Director Corporate Services  Date: 03/02/2025	1. Strategic Planning 2. Annual Business Plan and Budget	<b>Assessment Summary:</b> Operations continue effectively in most areas, but leadership gaps, outdated systems, and legacy HR issues pose ongoing risks. <b>Key Areas:</b> <ul style="list-style-type: none"> <li><b>Finance:</b> <ul style="list-style-type: none"> <li>Despite past leadership gaps, a strong team has maintained continuity.</li> <li>The finance manager role is now filled.</li> </ul> </li> <li><b>HR &amp; WHS:</b> <ul style="list-style-type: none"> <li>HR instability led to outdated policies and compliance issues.</li> <li>A new team is in place and addressing gaps, but risks from past practices remain.</li> </ul> </li> <li><b>IT Systems:</b> <ul style="list-style-type: none"> <li>The vacant IT Manager role and outdated ERP system limit oversight and create cybersecurity risks.</li> <li>Manual workarounds and lack of a long-term IT strategy increase exposure.</li> <li><b>Communications &amp; Events:</b> <ul style="list-style-type: none"> <li>Functions are operating well with no major concerns.</li> </ul> </li> </ul> </li> <li><b>Planning &amp; Performance:</b> <ul style="list-style-type: none"> <li>Loss of key staff has reduced capacity.</li> <li>Processes remain manual and undocumented, though core planning tasks continue.</li> </ul> </li> </ul> <b>Assurance Rating:</b> Medium  <b>Rationale:</b> Core functions are operating, but risks persist in IT, HR, and planning due to outdated systems, past instability, and loss of knowledge.	<b>Assessment Summary</b> Oversight structures are mostly effective, though formal documentation and IT governance need improvement. <b>Key Areas:</b> <ul style="list-style-type: none"> <li><b>Governance &amp; Audit Committee:</b> <ul style="list-style-type: none"> <li>Finance and risk reports are regularly submitted.</li> <li>Independent monitoring supports key functions.</li> </ul> </li> <li><b>Risk &amp; Compliance:</b> <ul style="list-style-type: none"> <li>HR and IT risks are identified and addressed through policy reviews and mitigation plans.</li> </ul> </li> <li><b>Strategic Planning:</b> <ul style="list-style-type: none"> <li>Annual and long-term plans are in place, though documentation could be improved.</li> </ul> </li> <li><b>Policy Oversight:</b> <ul style="list-style-type: none"> <li>HR policies are under active review.</li> <li>IT systems are flagged for urgent upgrades.</li> </ul> </li> </ul> <b>Assurance Rating:</b> Medium to High <b>Rationale:</b> <ul style="list-style-type: none"> <li><b>High:</b> Finance, communications, events – structured and well-managed.</li> <li><b>Medium:</b> HR – improving from a low base.</li> <li><b>Medium:</b> IT – key security risks remain.</li> </ul>	<b>Assessment Summary</b> Audits provide regular insight, but IT and HR need more in-depth and frequent reviews. <b>Key Areas:</b> <ul style="list-style-type: none"> <li><b>Internal Audit:</b> <ul style="list-style-type: none"> <li>Internal financial controls audits are performed from time to time.</li> <li>Past audits in HR have been conducted.</li> </ul> </li> <li><b>External Audit:</b> <ul style="list-style-type: none"> <li>Financial audits identify IT risks but do not explore them in depth.</li> </ul> </li> <li><b>Regulatory Reviews:</b> <ul style="list-style-type: none"> <li>HR compliance issues confirmed through external reviews.</li> <li>WHS flagged for gaps linked to previous HR vacancies.</li> </ul> </li> </ul> <b>Assurance Rating:</b> Medium  <b>Rationale:</b> Finance is well-reviewed, but HR and IT require stronger independent oversight due to legacy issues and outdated systems.	<b>First Line</b> <ul style="list-style-type: none"> <li>Strengthen IT Governance</li> <li>Enhance HR Compliance</li> <li>Improve Planning &amp; Performance</li> </ul> <b>Second Line</b> <ul style="list-style-type: none"> <li>Formalise Oversight of IT and HR Risks</li> <li>Improve Strategic and Business Planning Oversight</li> </ul> <b>Third Line</b> <ul style="list-style-type: none"> <li>Increase Audit Focus on IT and HR</li> <li>Strengthen Follow-Up on Audit Findings</li> </ul>

Business Division	Business Function	Auditable Business Unit	First Line: Direct Management	Second Line: Corporate Oversight	Third Line: Independent Assurance	Audit Comment
	<b>Communication, Engagement and Events</b>  Interviewed: Manager Communications Engagement and Events  Date: 06/02/2025	1. Communications Audit <ul style="list-style-type: none"> <li>Community Engagement / Stakeholder Engagement and Communications</li> <li>Major events management</li> <li>Social media and website</li> </ul>	<b>Assessment Summary</b> Core engagement, event management, and communication functions are active and supported by policies; however, governance and oversight of certain areas require strengthening. <b>1. Community Engagement &amp; Communications</b> <ul style="list-style-type: none"> <li><b>Policies &amp; Procedures:</b> <ul style="list-style-type: none"> <li>Follows the Local Government Act through a Public Consultation Policy.</li> <li>Internal guidelines support both mandatory and voluntary engagement.</li> </ul> </li> <li><b>Operations:</b> <ul style="list-style-type: none"> <li>Conducts required and voluntary consultations.</li> <li>Runs forums and campaigns (e.g., bushfire readiness, cat confinement).</li> <li>Maintains an online engagement hub.</li> </ul> </li> <li><b>Resources &amp; Workflows:</b> <ul style="list-style-type: none"> <li>Dedicated staff aligned with strategic plans.</li> <li>Branding consistency maintained via a brand style guide.</li> </ul> </li> </ul> <b>2. Major Events Management</b> <ul style="list-style-type: none"> <li><b>Policies &amp; Procedures:</b> <ul style="list-style-type: none"> <li>Governed by a Festival and Event Policy and LGRS-developed risk guidelines.</li> </ul> </li> <li><b>Operations:</b> <ul style="list-style-type: none"> <li>Hosts major events (e.g., Tour Down Under).</li> <li>Shifted to external event contractors.</li> </ul> </li> <li><b>Resources &amp; Workflows:</b> <ul style="list-style-type: none"> <li>Uses formal risk assessments and event checklists.</li> <li>Staff trained based on past audit outcomes.</li> </ul> </li> </ul> <b>3. Social Media &amp; Website Management</b> <ul style="list-style-type: none"> <li><b>Policies &amp; Procedures:</b> <ul style="list-style-type: none"> <li>Guided by Social Media Guidelines and a Crisis Management Plan.</li> </ul> </li> <li><b>Operations:</b> <ul style="list-style-type: none"> <li>Manages platforms and website content.</li> <li>Delivers campaigns on public initiatives.</li> </ul> </li> <li><b>Resources &amp; Workflows:</b> <ul style="list-style-type: none"> <li>Two communication officers manage digital content.</li> <li>Utilises Bitwarden for access control and standard operating procedures (SOPs) for crisis updates.</li> </ul> </li> </ul> <b>Assurance Rating:</b> Medium  <b>Rationale:</b> Policies and workflows are in place, but internal governance, crisis response procedures, and oversight of contractors need improvement.	<b>Assessment Summary</b> Oversight is facilitated through governance committees, frameworks, and reporting; however, the monitoring of outsourced functions and digital communication risks could be improved. <b>Key Activities:</b> <ul style="list-style-type: none"> <li>Executive and audit committees review engagement, communications, and events.</li> <li>Strategic frameworks align with legislation (e.g., Local Government Act).</li> <li>Event and engagement reports presented to the Council.</li> <li>Periodic risk assessments and audits conducted.</li> <li>Corporate branding and digital communications are overseen for compliance.</li> </ul> <b>Assurance Rating:</b> Medium  <b>Rationale:</b> Oversight mechanisms are strong but require refinement in areas like outsourced event management and social media governance.	<b>Assessment Summary:</b> Internal and external audits have supported improvements, mainly in event risk management. However, social media and engagement activities lack recent independent review. <b>Key Activities:</b> <ul style="list-style-type: none"> <li><b>Internal Audit:</b> <ul style="list-style-type: none"> <li>Reviewed event and engagement risk practices; improvements made.</li> </ul> </li> <li><b>External Consultant/Audit:</b> <ul style="list-style-type: none"> <li>LGRS reviewed event management, leading to enhanced procedures.</li> <li>No recent external reviews of digital communication or social media.</li> </ul> </li> <li><b>Gaps:</b> <ul style="list-style-type: none"> <li>Community engagement and digital governance effectiveness not yet comprehensively assessed.</li> </ul> </li> </ul> <b>Assurance Rating:</b> Low to Medium  <b>Rationale:</b> Events have received audit attention, but social media and community engagement require stronger independent assurance.	<b>First Line</b> <ul style="list-style-type: none"> <li>Strengthen internal governance over all engagement activities.</li> <li>Formalise crisis communication and content management procedures.</li> </ul> <b>Second Line</b> <ul style="list-style-type: none"> <li>Improve oversight of outsourced event management.</li> <li>Expand monitoring of digital communication and social media risks.</li> </ul> <b>Third Line</b> <ul style="list-style-type: none"> <li>Conduct independent reviews of community engagement effectiveness.</li> <li>Review social media governance and cyber risk management.</li> <li>Assess the performance of the external event management model.</li> </ul>
	<b>Information Services</b>  Interviewed: Manager Information Services – Acting  Team Leader Information Systems  Date: 06/02/2025	1. Information Technology Audit <ul style="list-style-type: none"> <li>IT equipment</li> <li>Information Systems</li> <li>Information Security</li> <li>Public interest disclosures</li> <li>Data security</li> <li>Data retention and disposal</li> <li>Information Management</li> <li>Cybersecurity Audit</li> </ul>	<b>Assessment Summary:</b> Core systems and cyber governance are in place, but gaps remain in integration, procurement, and system lifecycle management. <b>Key Findings:</b> <ul style="list-style-type: none"> <li><b>Cybersecurity:</b> <ul style="list-style-type: none"> <li>Follows Essential 8 and state frameworks.</li> <li>Security Action Group manages cyber risks via the corporate risk register.</li> <li>Key risks are escalated to the Audit Committee.</li> </ul> </li> <li><b>Asset Management:</b> <ul style="list-style-type: none"> <li>Devices and networks are tracked using corporate systems.</li> <li>Cloud tools (e.g., Microsoft) support cybersecurity and lifecycle monitoring.</li> </ul> </li> <li><b>ERP &amp; Information Systems:</b> <ul style="list-style-type: none"> <li>ERP review identified aging systems; business case for replacement is underway.</li> <li>Microsoft Planner tracks system renewals and related risks.</li> </ul> </li> </ul>	<b>Assessment Summary</b> Governance structures support cybersecurity and digital transformation but require stronger alignment across departments and planning processes. <b>Key Findings:</b> <ul style="list-style-type: none"> <li><b>Risk &amp; Governance</b> <ul style="list-style-type: none"> <li>Cyber risks appear on the strategic risk register and are reported to executive bodies.</li> <li>Risk oversight is improving through better alignment of IT and finance.</li> </ul> </li> <li><b>Policy &amp; Compliance</b> <ul style="list-style-type: none"> <li>Policies on system use and records management exist but need updates.</li> <li>Compliance with security frameworks is actively managed.</li> </ul> </li> <li><b>IT Strategy &amp; Digital Transformation</b></li> </ul>	<b>Assessment Summary</b> Regular audits cover key risk areas, but business continuity and integration of recommendations need attention. <b>Key Findings:</b> <ul style="list-style-type: none"> <li><b>Audits</b> <ul style="list-style-type: none"> <li>Cybersecurity audits confirm alignment with Essential 8.</li> <li>Internal audits cover IT governance, contract management, and planning.</li> </ul> </li> <li><b>Business Continuity</b> <ul style="list-style-type: none"> <li>Disaster recovery processes exist, but the Council's Business Continuity Plan (BCP) is outdated.</li> <li>Broader organisational preparedness is limited.</li> </ul> </li> <li><b>Regulatory Compliance</b></li> </ul>	<b>First Line</b> <ul style="list-style-type: none"> <li>Improve integration between IT contracts and risk oversight.</li> <li>Strengthen IT's role in procurement decisions to avoid system compatibility issues.</li> <li>Continue ERP business case development and align with financial planning.</li> <li>Pursue a tactical payroll solution while progressing toward long-term integration and alignment.</li> </ul> <b>Second Line</b> <ul style="list-style-type: none"> <li>Update and maintain IT-related policies to match evolving security and operational needs.</li> <li>Embed IT risk and compliance reviews in all business planning stages.</li> </ul>



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			<ul style="list-style-type: none"> <li><b>Contract &amp; Procurement:</b> <ul style="list-style-type: none"> <li>IT contracts managed inconsistently, with limited integration into risk oversight.</li> <li>Teams are improving visibility of expiring contracts.</li> </ul> </li> </ul> <p><b>Assurance Rating:</b> Medium</p> <p><b>Rationale:</b> Strong cyber governance exists, but procurement gaps, system inefficiencies, and financial constraints reduce overall assurance.</p>	<ul style="list-style-type: none"> <li>Cloud-first and Power BI platforms support modernisation and data-driven decisions.</li> <li>Departments occasionally bypass IT in vendor selection, causing integration issues.</li> </ul> <p><b>Assurance Rating:</b> Medium</p> <p><b>Rationale:</b> Ongoing improvements in IT governance and digital strategy are evident, but inconsistent policy updates and planning gaps limit effectiveness.</p>	<ul style="list-style-type: none"> <li>Progressing with records disposal approvals GDS 21.</li> <li>Policies guide retention and compliance activities.</li> </ul> <ul style="list-style-type: none"> <li><b>Audit Oversight</b> <ul style="list-style-type: none"> <li>Committees review audit outcomes, but not all recommendations are fully embedded in risk management.</li> </ul> </li> </ul> <p><b>Assurance Rating:</b> Medium</p> <p><b>Rationale:</b> Strong audit activity is in place, but incomplete BCP and limited follow-through on some recommendations reduce assurance strength.</p>	<ul style="list-style-type: none"> <li>Enforce IT involvement in procurement to prevent security and integration gaps.</li> </ul> <p><b>Third Line</b></p> <ul style="list-style-type: none"> <li>Review and update the Council's BCP to reflect current risks and IT reliance.</li> <li>Improve tracking and implementation of audit recommendations into corporate risk practices.</li> <li>Maintain regular audits on ERP, cybersecurity, and business planning effectiveness.</li> </ul>
Environment and Infrastructure	Civil Services Interviewed: Manager Civil Services and Civil Projects Coordinator Date: 03/02/2025	1. Civil Services Audit <ul style="list-style-type: none"> <li>Field Maintenance</li> <li>Program Maintenance</li> <li>Grading</li> <li>Drainage</li> <li>Quick Response</li> <li>Works planning</li> <li>Sealed roads</li> <li>Civil engineering</li> </ul>	<p><b>Assessment Summary</b> Civil services deliver essential infrastructure and maintenance functions with structured operations and compliance processes. However, manual processes and staffing shortages pose operational risks.</p> <p><b>Key Activities:</b></p> <ul style="list-style-type: none"> <li><b>Operations:</b> <ul style="list-style-type: none"> <li>Maintain roads, footpaths, stormwater systems, and public spaces.</li> <li>Manage civil works projects and contracts.</li> <li>Respond mainly to customer requests, with a shift toward proactive maintenance using GPS and work order systems.</li> </ul> </li> <li><b>Compliance:</b> <ul style="list-style-type: none"> <li>Follow WHS regulations with regular inspections, SWMS, SOPs, and pre-task risk assessments.</li> <li>Ensure field staff hold necessary licenses and certifications.</li> </ul> </li> <li><b>Monitoring:</b> <ul style="list-style-type: none"> <li>Weekly toolbox and quarterly budget meetings.</li> <li>Bi-monthly capital works reports to leadership.</li> <li>Real-time tracking via field devices; SLAs define response times for maintenance tasks.</li> </ul> </li> <li><b>Contract Management:</b> <ul style="list-style-type: none"> <li>Comply with procurement rules using vendor panels.</li> <li>Track performance through Salesforce and Confirm systems.</li> <li>Verify contractor insurance and WHS compliance before engagement.</li> </ul> </li> </ul> <p><b>Assurance Rating:</b> Medium</p> <p><b>Rationale:</b> Strong operational structures exist, but staffing shortages and manual processes reduce overall resilience.</p>	<p><b>Assessment Summary:</b> Oversight mechanisms are active, with regular reporting and WHS reviews. However, workforce capacity and risk frameworks need strengthening.</p> <p><b>Key Activities:</b></p> <ul style="list-style-type: none"> <li><b>Governance &amp; Reporting:</b> <ul style="list-style-type: none"> <li>Conduct bi-monthly budget and capital works reviews.</li> <li>Perform WHS audits every six months.</li> <li>Fulfil annual regulatory reporting obligations.</li> <li>Collaborate on strategic asset planning.</li> </ul> </li> <li><b>Risk &amp; Compliance:</b> <ul style="list-style-type: none"> <li>Developing a risk framework to identify and escalate high-priority risks.</li> <li>Use SLAs to define service expectations.</li> <li>Track WHS incidents via the Trustees System.</li> </ul> </li> <li><b>Resource Management:</b> <ul style="list-style-type: none"> <li>Ongoing staff and labour shortages hinder performance.</li> <li>Adopt technology (Salesforce, Confirm, SharePoint, Power BI) to reduce manual workload and improve resource use.</li> </ul> </li> </ul> <p><b>Assurance Rating:</b> Medium</p> <p><b>Rationale:</b> Oversight is in place, but resource constraints and incomplete risk frameworks impact effectiveness.</p>	<p><b>Assessment Summary:</b> Assurance activities focus mainly on asset audits and WHS spot checks. Broader service effectiveness lacks regular independent review.</p> <p><b>Key Activities:</b></p> <ul style="list-style-type: none"> <li><b>Audits:</b> <ul style="list-style-type: none"> <li>Limited internal audits for civil services.</li> <li>WHS spot checks are conducted every six weeks.</li> <li>External audits assess contractor compliance and procurement in high-risk areas.</li> </ul> </li> <li><b>Asset Reviews:</b> <ul style="list-style-type: none"> <li>Road, footpath, and bridge audits occur every five years.</li> <li>Use GPS and fleet registers for asset tracking.</li> <li>External consultants assess complex infrastructure like bridges and stormwater systems.</li> </ul> </li> </ul> <p><b>Assurance Rating:</b> Low</p> <p><b>Rationale:</b> Assurance is rated low due to limited internal audits, infrequent service reviews, and a lack of regular independent oversight across core civil functions.</p>	<p><b>First Line</b></p> <ul style="list-style-type: none"> <li>Establish a formal project management framework to standardise civil works delivery.</li> <li>Improve contract management processes and compliance with procurement policies.</li> <li>Increase automation of service requests, inspections, and follow-ups to enhance accountability.</li> </ul> <p><b>Second Line</b></p> <ul style="list-style-type: none"> <li>Finalise and implement the civil services risk management framework.</li> <li>Create a structured system to track SLA and WHS compliance.</li> <li>Strengthen workforce planning to address recruitment challenges.</li> <li>Explore contractor partnerships to support service delivery.</li> </ul> <p><b>Third Line</b></p> <ul style="list-style-type: none"> <li>Conduct internal audits every 3–5 years to assess civil services effectiveness.</li> <li>Introduce external reviews for high-risk areas such as infrastructure maintenance, contract management, and WHS.</li> </ul>

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	<b>Open Space</b> Interviewed: Manager Open Space  Date: 06/02/2025	1. Open space audit	<p><b>Assessment Summary:</b> Open space operations are active, but key risks remain due to limited resources, unstructured fleet management, and high-risk WHS responsibilities.</p> <p><b>Key Activities:</b></p> <ul style="list-style-type: none"><li>• <b>Operational Oversight:</b><ul style="list-style-type: none"><li>○ The Acting Open Space Manager leads field teams, arboriculture services, and depot operations.</li><li>○ Oversees parks, reserves, and public realm maintenance.</li></ul></li><li>• <b>Arboriculture Services:</b><ul style="list-style-type: none"><li>○ Manages tree risk, development advice, and planning through senior arborists.</li><li>○ Uses Confirm Enterprise for asset tracking and work prioritisation.</li></ul></li><li>• <b>Depot &amp; Fleet Management:</b><ul style="list-style-type: none"><li>○ Oversees two depots and high-risk activities.</li><li>○ Lacks a formal fleet manager and structured maintenance framework.</li></ul></li><li>• <b>Key Risks:</b><ul style="list-style-type: none"><li>○ Backlog of arboriculture work impacts liability insurance.</li><li>○ No structured fleet compliance system.</li><li>○ Insufficient resources for proactive vegetation and fire risk management.</li></ul></li></ul> <p><b>Assurance Rating:</b> Low to Medium <b>Rationale:</b> Operational structures exist; however, resource limitations, unaddressed risks, and inconsistent fleet oversight reduce assurance.</p>	<p><b>Assessment Summary:</b> Policy development and compliance frameworks are progressing, but funding gaps and incomplete implementation hinder full effectiveness.</p> <p><b>Key Activities:</b></p> <ul style="list-style-type: none"><li>• <b>Policy Development:</b><ul style="list-style-type: none"><li>○ Draft strategies in progress: Tree Strategy, Biodiversity Strategy, Fleet Electrification, Encroachment and Verge Policies.</li><li>○ Safe Work Practices and WHS procedures under development.</li></ul></li><li>• <b>Compliance &amp; Risk Management:</b><ul style="list-style-type: none"><li>○ Confirm system supports asset management and risk tracking.</li><li>○ Fire prevention oversight is embedded informally.</li><li>○ Playground and biodiversity asset audits scheduled.</li></ul></li><li>• <b>Challenges:</b><ul style="list-style-type: none"><li>○ No formal fleet compliance framework.</li><li>○ Limited funding for systematic tree audits and open space renewals.</li><li>○ Open space asset management lags behind civil infrastructure.</li></ul></li></ul> <p><b>Assurance Rating:</b> Medium <b>Rationale:</b> Frameworks are in place, but incomplete implementation, documentation gaps, and limited funding reduce effectiveness.</p>	<p><b>Assessment Summary:</b> Some internal and external audits have occurred, but assurance remains limited due to inconsistent review cycles and lack of structured audits for key risk areas.</p> <p><b>Key Activities:</b></p> <ul style="list-style-type: none"><li>• <b>Audit History:</b><ul style="list-style-type: none"><li>○ 2020 risk review recommended more arboriculture resourcing.</li><li>○ 2023 fleet review assessed asset status but not processes.</li></ul></li><li>• <b>Outstanding Risks:</b><ul style="list-style-type: none"><li>○ No programmed audits for 6,500+ trees.</li><li>○ Lack of endorsed funding for proactive risk management.</li><li>○ Open space asset planning is underdeveloped.</li></ul></li></ul> <p><b>Assurance Rating:</b> Low to Medium <b>Rationale:</b> Although some reviews are in place, broader assurance is still lacking. Arboriculture and fleet compliance require regular, structured audits.</p>	<p><b>First Line</b></p> <ul style="list-style-type: none"><li>• Establish a structured framework for plant and fleet management.</li><li>• Prioritise arboriculture backlog and proactive vegetation management.</li><li>• Improve WHS oversight for high-risk field operations.</li></ul> <p><b>Second Line</b></p> <ul style="list-style-type: none"><li>• Finalise and implement draft strategies (Tree, Biodiversity, Verge, Fleet).</li><li>• Develop compliance tracking for tree audits and WHS actions.</li><li>• Allocate funding for proactive risk mitigation and open space renewals.</li></ul> <p><b>Third Line</b></p> <ul style="list-style-type: none"><li>• Introduce scheduled internal audits for arboriculture and fleet compliance.</li><li>• Conduct external reviews of high-risk areas (e.g., fire management, open space asset planning).</li><li>• Use audit findings to build evidence-based business cases for additional resources.</li></ul>

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	<b>Strategic Assets</b>  Interviewed: Director Environment and Infrastructure And Manager Strategic Assets  Date: 06/02/2025	1. Asset management 2. Wastewater 3. Asset systems	<b>Assessment Summary:</b> Core operational processes are in place; however, key risks persist due to data inaccuracies, compliance gaps, and inconsistent practices.  <b>Key Findings:</b> <ul style="list-style-type: none"> <li>• <b>Customer Service:</b> <ul style="list-style-type: none"> <li>○ CRM integrates with Confirm to manage requests and field jobs.</li> <li>○ Some requests are marked as “closed” even though they are incomplete.</li> <li>○ Risk of reputational damage from inaccurate reporting.</li> </ul> </li> <li>• <b>Wastewater Management:</b> <ul style="list-style-type: none"> <li>○ CWMS fees and asset data need validation for regulatory compliance.</li> <li>○ Confirm system must accurately reflect infrastructure.</li> </ul> </li> <li>• <b>Waste Management:</b> <ul style="list-style-type: none"> <li>○ Recycling assurances are in place but lack internal verification.</li> <li>○ Risk of non-compliance and reputational damage if recyclables are misdirected.</li> </ul> </li> <li>• <b>Emergency Management:</b> <ul style="list-style-type: none"> <li>○ Council supports state-led response.</li> <li>○ Requires review of obligations, resourcing, and coordination.</li> </ul> </li> <li>• <b>Cemetery Management:</b> <ul style="list-style-type: none"> <li>○ Operates 15–20 cemeteries.</li> <li>○ Some sites are unfenced and may not meet legal requirements.</li> <li>○ Burial record accuracy is uncertain.</li> </ul> </li> <li>• <b>Closed Landfills:</b> <ul style="list-style-type: none"> <li>○ Holds EPA licenses.</li> <li>○ Needs review of compliance, inspection, and risk management.</li> </ul> </li> <li>• <b>Fleet &amp; Equipment Maintenance:</b> <ul style="list-style-type: none"> <li>○ Internal servicing lacks consistent schedules and documented WHS records.</li> </ul> </li> </ul> <b>Assurance Rating:</b> Medium <b>Rationale:</b> Key services operate with basic controls, but gaps exist in data accuracy, compliance tracking, and maintenance oversight.	<b>Assessment Summary:</b> Executive oversight exists, supported by regular meetings, reporting, and governance frameworks; however, compliance monitoring needs to be strengthened.  <b>Key Findings:</b> <ul style="list-style-type: none"> <li>• <b>Risk &amp; Governance:</b> <ul style="list-style-type: none"> <li>○ Weekly executive meetings cover risk, performance, and WHS.</li> <li>○ Strategic risks tracked in a central register, with reports to the Audit Committee.</li> </ul> </li> <li>• <b>Policy Oversight:</b> <ul style="list-style-type: none"> <li>○ Project Management Framework supports major project governance.</li> <li>○ Some gaps in monitoring compliance (e.g., cemeteries, emergency management).</li> </ul> </li> <li>• <b>Audit Committee Reporting:</b> <ul style="list-style-type: none"> <li>○ Annual director updates focus on financials, risks, and compliance.</li> </ul> </li> </ul> <b>Assurance Rating:</b> Medium <b>Rationale:</b> Structures exist but require stronger enforcement in specific compliance areas.	<b>Assessment Summary:</b> Audit planning is under consideration, targeting high-risk areas.  <b>Focus Areas for Audit:</b> <ul style="list-style-type: none"> <li>• Customer service workflow integrity</li> <li>• Asset data accuracy</li> <li>• Waste management compliance</li> <li>• Emergency preparedness</li> <li>• Cemetery records and legal compliance</li> </ul> <b>Assurance Rating:</b> Low to Medium <b>Rationale:</b> The Audit program could benefit from using a risk-based planning approach.	<b>First Line</b> <ul style="list-style-type: none"> <li>• Strengthen customer service workflow to ensure request closure only after completion.</li> <li>• Improve accuracy of asset and wastewater data in the Confirm system.</li> <li>• Formalise internal checks for recycling compliance and landfill diversion.</li> <li>• Review emergency management roles, resources, and coordination protocols.</li> <li>• Ensure cemeteries meet fencing and record-keeping requirements.</li> <li>• Standardise fleet maintenance schedules and WHS documentation.</li> </ul> <b>Second Line</b> <ul style="list-style-type: none"> <li>• Enhance oversight of cemetery and emergency management compliance.</li> <li>• Strengthen enforcement of compliance across service areas.</li> <li>• Align strategic risk reporting with operational risk reviews.</li> </ul> <b>Third Line</b> <ul style="list-style-type: none"> <li>• Prioritise audits in high-risk areas: customer service, asset data, waste compliance, and emergency readiness.</li> <li>• Use audit results to drive policy updates and system improvements.</li> <li>• Increase audit engagement to support continuous improvement and risk mitigation.</li> </ul>
	<b>Sustainability, Waste and Emergency</b>  Interviewed: Coordinator Emergency Management and Landfills  Date: 03/02/2025	1. Sustainability Audit <ul style="list-style-type: none"> <li>• Waste</li> <li>• Sustainability</li> <li>• Emergency management</li> </ul>	<b>Assessment Summary:</b> The Council actively manages day-to-day operations across sustainability, waste, and emergency management, with clear compliance structures and documented procedures.  <b>Key Activities:</b> <ul style="list-style-type: none"> <li>• <b>Operations:</b> <ul style="list-style-type: none"> <li>○ Delivers climate, carbon, water, and waste programs.</li> <li>○ Oversees landfill sites, kerbside collection, and recycling services.</li> <li>○ Manages emergency response, planning, and recovery.</li> </ul> </li> <li>• <b>Compliance:</b> <ul style="list-style-type: none"> <li>○ Operates under the Local Government, Public Health, Environment Protection, and Emergency Management Acts.</li> <li>○ Guided by key strategies and policies (e.g., Waste Management Policy, Emergency Response Framework).</li> </ul> </li> <li>• <b>Procedures &amp; Monitoring:</b> <ul style="list-style-type: none"> <li>○ Maintains emergency and sustainability manuals.</li> <li>○ Uses internal systems and Trellis to track waste and energy data.</li> <li>○ Applies a risk-based approach to inspections and monitoring.</li> </ul> </li> </ul> <b>Assurance Rating:</b> Medium <b>Rationale:</b> Strong operational controls and documentation exist, with room to strengthen assurance through more profound oversight and audits.	<b>Assessment Summary:</b> Council provides structured oversight through annual reporting, endorsed frameworks, and committee reviews, but needs more robust risk formalisation.  <b>Key Activities:</b> <ul style="list-style-type: none"> <li>• <b>Governance &amp; Reporting:</b> <ul style="list-style-type: none"> <li>○ Reports on landfill monitoring, climate risk, and waste policies.</li> <li>○ Council and committees review sustainability and emergency risks.</li> </ul> </li> <li>• <b>Policy &amp; Risk Oversight:</b> <ul style="list-style-type: none"> <li>○ Council has approved climate adaptation and emergency frameworks.</li> <li>○ Ashton landfill poses financial, reputational, and compliance risks.</li> </ul> </li> </ul> <b>Assurance Rating:</b> Medium <b>Rationale:</b> Oversight is functional, but strengthening risk management frameworks and structured review processes would boost assurance.	<b>Assessment Summary:</b> External and regulatory reviews exist, but there's a lack of structured internal or third-party audits over the past 3–5 years.  <b>Key Activities:</b> <ul style="list-style-type: none"> <li>• <b>Audits &amp; Reviews:</b> <ul style="list-style-type: none"> <li>○ No recent internal audits for waste, sustainability, or emergency management.</li> <li>○ External compliance checks (EPA, landfill gas, contamination) are in place.</li> <li>○ Emergency procedures tested via simulations and post-event reviews.</li> </ul> </li> <li>• <b>Legislative Enforcement:</b> <ul style="list-style-type: none"> <li>○ Third-party audits are required for high-risk environmental processes.</li> </ul> </li> </ul> <b>Assurance Rating:</b> Low <b>Rationale:</b> Although some compliance activities are conducted, the absence of an independent audit limits overall assurance.	<b>First Line:</b> <ul style="list-style-type: none"> <li>• Develop formal policies for sustainability and climate risk management.</li> <li>• Finalise and embed a risk framework specific to environmental and emergency operations.</li> <li>• Continue improving data tracking and integration across systems.</li> </ul> <b>Second Line:</b> <ul style="list-style-type: none"> <li>• Improve Council-level oversight of sustainability, waste, and climate risks.</li> <li>• Formalise periodic reviews of endorsed policies and risk frameworks.</li> <li>• Enhance coordination on high-risk projects, such as the Ashton landfill.</li> </ul> <b>Third Line:</b> <ul style="list-style-type: none"> <li>• Conduct internal audits or compliance reviews at least every 3–5 years.</li> <li>• Commission third-party audits for high-risk areas (e.g., landfill, emergency response).</li> <li>• Update and revalidate climate risk assessments regularly.</li> </ul>

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	<b>Property Services</b>  Interviewed: Manager Property Services  Date: 06/02/2025	<div>1. Properties</div> <div>2. Cemeteries</div> <div>3. Building Management</div> <div>4. Sports and Recreation</div>	<p><b>Assessment Summary:</b> Teams oversee property, cemetery, lease, and recreation asset management with regular operations and compliance checks. However, strategic planning and system limitations create ongoing risks.</p> <p><b>Key Activities:</b></p> <ul style="list-style-type: none"><li>• <b>Property &amp; Building Management:</b><ul style="list-style-type: none"><li>○ Manages fire safety, electrical testing, asbestos registers, and contractor inductions.</li><li>○ Uses SkyTrust to track maintenance.</li><li>○ Lacks long-term maintenance contracts and a strategic asset framework.</li></ul></li><li>• <b>Cemetery Management:</b><ul style="list-style-type: none"><li>○ One officer manages 16 cemeteries with strong compliance processes.</li><li>○ Comprehensive procedures in place, but no independent audit conducted.</li></ul></li><li>• <b>Leases &amp; Licences:</b><ul style="list-style-type: none"><li>○ Manual tracking has been replaced by an interim SharePoint solution.</li><li>○ An independent audit recommended implementing a permanent property management system.</li></ul></li><li>• <b>Sports &amp; Recreation:</b><ul style="list-style-type: none"><li>○ Conducts regular inspections.</li><li>○ Operates under a play space strategy but lacks a service review framework.</li><li>○ Upgrades are often influenced by political pressure rather than data.</li></ul></li></ul> <p><b>Assurance Rating:</b> Medium <b>Rationale:</b> Strong operational compliance exists, but strategic planning, procurement practices, and system limitations pose risks.</p>	<p><b>Assessment Summary:</b> Governance structures guide compliance and strategy, but gaps in system adoption, planning, and oversight limit effectiveness.</p> <p><b>Key Activities:</b></p> <ul style="list-style-type: none"><li>• <b>Risk &amp; Compliance Oversight:</b><ul style="list-style-type: none"><li>○ SkyTrust tracks legal compliance and WHS processes.</li><li>○ Contractor safety induction and insurance checks are standard.</li></ul></li><li>• <b>Building Asset Governance:</b><ul style="list-style-type: none"><li>○ Draft Building Asset Management Plan developed using audit data.</li><li>○ Council has not adopted strategic recommendations for building assets.</li></ul></li><li>• <b>Cemetery Governance:</b><ul style="list-style-type: none"><li>○ Operational compliance is high.</li><li>○ Plans to engage an external expert for validation are underway.</li></ul></li><li>• <b>Lease &amp; Property Oversight:</b><ul style="list-style-type: none"><li>○ A SharePoint-based solution is in place, but a full system is still needed.</li></ul></li><li>• <b>Recreation Strategy Oversight:</b><ul style="list-style-type: none"><li>○ The Sports Development Plan has expired.</li><li>○ No objective framework for facility investment prioritisation.</li></ul></li></ul> <p><b>Assurance Rating:</b> Low to Medium <b>Rationale:</b> Compliance frameworks exist, but key strategic tools, reviews, and system upgrades are missing.</p>	<p><b>Assessment Summary:</b> Audits have identified gaps, but broader independent reviews of risk and service prioritisation are still needed.</p> <p><b>Key Activities:</b></p> <ul style="list-style-type: none"><li>• <b>Building Audits:</b><ul style="list-style-type: none"><li>○ Conducted in 2023, informed draft asset plan.</li><li>○ No structured oversight before 2022.</li></ul></li><li>• <b>External Audit Findings:</b><ul style="list-style-type: none"><li>○ Identified the lack of lease tracking; interim SharePoint system introduced.</li><li>○ Financial audit completed but limited to compliance, not broader risks.</li></ul></li><li>• <b>Cemetery Review:</b><ul style="list-style-type: none"><li>○ An external review is planned to assess legislative compliance and associated risks.</li></ul></li><li>• <b>Recreation Risk Audits:</b><ul style="list-style-type: none"><li>○ Internal audits for playgrounds and facilities are in place.</li><li>○ No independent review of prioritisation processes.</li></ul></li></ul> <p><b>Assurance Rating:</b> Low <b>Rationale:</b> Limited independent reviews have occurred. Key areas, such as cemetery compliance and recreation asset prioritisation, still lack external validation.</p>	<p><b>First Line</b></p> <ul style="list-style-type: none"><li>• Implement long-term procurement contracts for maintenance.</li><li>• Formalise a service review framework for facility investments.</li><li>• Ensure property management aligns with community needs and sustainability.</li></ul> <p><b>Second Line</b></p> <ul style="list-style-type: none"><li>• Adopt the draft Building Asset Management Plan.</li><li>• Replace interim SharePoint system with a permanent property management system.</li><li>• Renew the Sports Development Plan and establish objective funding criteria.</li></ul> <p><b>Third Line</b></p> <ul style="list-style-type: none"><li>• Complete the external cemetery compliance review.</li><li>• Commission an independent audit on recreation asset prioritisation.</li><li>• Broaden audits to include risk and service effectiveness reviews.</li></ul>



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Community and Development	<b>Community and Development</b>  Interviewed: Director Community and Development  Date: 06/02/2025	1. Community Development 2. Regulatory Services 3. Development Services 4. Environmental Health 5. Fabrik 6. Libraries and Customer Service •	<b>Assessment Summary:</b> Regulatory, development, and community services teams carry out day-to-day operations but face challenges due to outdated systems, inconsistent documentation, and resource sustainability issues.  <b>Key Areas:</b> <ul style="list-style-type: none"> <li>• <b>Regulatory Services:</b> <ul style="list-style-type: none"> <li>○ Includes animal management, fire protection, parking, and enforcement.</li> <li>○ Existing procedures cover compliance, however, policy documentation needs improvement.</li> </ul> </li> <li>• <b>Development Services:</b> <ul style="list-style-type: none"> <li>○ Planning, building, and compliance functions now operate with a clearer structure.</li> <li>○ The focus is on improving regulatory compliance and aligning with strategic planning.</li> </ul> </li> <li>• <b>Environmental Health:</b> <ul style="list-style-type: none"> <li>○ Manages wastewater approvals where sewerage isn't available.</li> <li>○ Relies on outdated systems and spreadsheets, creating public health and compliance risks.</li> </ul> </li> <li>• <b>Community &amp; Economic Development:</b> <ul style="list-style-type: none"> <li>○ Drives business networking and regional initiatives.</li> <li>○ Relies on external funding agreements requiring stronger oversight.</li> <li>○ Volunteer-based programs face sustainability risks.</li> <li>○ Manages the separate rate collected for the Strling Business Association.</li> </ul> </li> <li>• <b>Fabrik:</b> <ul style="list-style-type: none"> <li>○ Delivers structured public programs, retail, and venue hire services through staff and volunteers, and is guided by documented procedures.</li> <li>○ Needs stronger financial controls and compliance monitoring.</li> </ul> </li> <li>• <b>General Enforcement:</b> <ul style="list-style-type: none"> <li>○ Covers animal control, public health, and parking enforcement.</li> <li>○ Enforcement processes exist but lack consistent documentation.</li> </ul> </li> </ul> <b>Assurance Rating:</b> Medium <b>Rationale:</b> Operational activities are active, but inconsistent procedures, outdated systems, and sustainability risks limit assurance.	<b>Assessment Summary:</b> Executive reviews, reporting, and governance frameworks exist, but policy gaps and overreliance on individual knowledge reduce effectiveness.  <b>Key Activities:</b> <ul style="list-style-type: none"> <li>• <b>Executive Oversight:</b> <ul style="list-style-type: none"> <li>○ Quarterly reports and KPIs reviewed by leadership and committees.</li> </ul> </li> <li>• <b>Policy &amp; Compliance:</b> <ul style="list-style-type: none"> <li>○ Regulatory frameworks exist, but many require improved documentation for greater clarity and consistency.</li> </ul> </li> <li>• <b>Project Governance:</b> <ul style="list-style-type: none"> <li>○ Frameworks and control groups oversee major initiatives.</li> </ul> </li> <li>• <b>External Funding Oversight:</b> <ul style="list-style-type: none"> <li>○ Funding to tourism and development bodies is tracked through agreements and regular reporting.</li> </ul> </li> </ul> <b>Assurance Rating:</b> Medium <b>Rationale:</b> Oversight structures are sound, but a lack of structured governance and poor knowledge retention hinders long-term resilience.	<b>Assessment Summary:</b> Some external reviews have been conducted, but internal audit coverage and structured reviews require expansion.  <b>Key Activities:</b> <ul style="list-style-type: none"> <li>• <b>Audit Activity:</b> <ul style="list-style-type: none"> <li>○ Past audits were narrow in scope.</li> <li>○ Environmental health and aged care are subject to external oversight.</li> </ul> </li> <li>• <b>Key Risks Identified:</b> <ul style="list-style-type: none"> <li>○ Wastewater system compliance, volunteer reliance, and weak project oversight.</li> <li>○ Lack of succession planning and documented procedures.</li> </ul> </li> </ul> <b>Assurance Rating:</b> Low to Medium <b>Rationale:</b> Limited audit coverage and weak internal review processes. Key risk areas need structured audit and oversight frameworks.	<b>First Line</b> <ul style="list-style-type: none"> <li>• Update and formalise policies for regulatory, health, and enforcement services.</li> <li>• Modernise IT systems to manage wastewater and compliance functions.</li> <li>• Monitor and plan for volunteer sustainability in service delivery.</li> <li>• Strengthen financial controls for levy use and community retail operations.</li> </ul> <b>Second Line</b> <ul style="list-style-type: none"> <li>• Ensure all operational areas have clear, documented policy frameworks.</li> <li>• Improve knowledge capture and reduce reliance on individual staff.</li> <li>• Strengthen oversight of external funding through improved agreements and reporting.</li> </ul> <b>Third Line</b> <ul style="list-style-type: none"> <li>• Establish a structured internal audit program prioritising high-risk areas.</li> <li>• Conduct audits on environmental health, volunteer reliance, and enforcement consistency.</li> <li>• Expand audit focus to include project governance and compliance beyond financial controls.</li> </ul>
	<b>Community Development</b>  Interviewed: Manager Community Development  Date: 06/02/2025	1. Community Development Audit <ul style="list-style-type: none"> <li>• Volunteering</li> <li>• Community Events</li> <li>• Cultural Development</li> <li>• Community centre operations</li> <li>• Community Resilience</li> <li>• Community Support</li> <li>• Positive Ageing Audit</li> <li>• Community Grants</li> <li>• Economic development</li> </ul>	<b>Assessment Summary:</b> Community Development functions are actively delivered across various focus areas, including positive ageing, volunteering, resilience, events, and cultural programs. While many programs benefit from strong regulatory oversight and structured processes, several areas lack internal audit coverage, rely heavily on external funding, or depend on volunteer-based delivery models. Most high-risk activities are well regulated, but internal consistency and documentation vary.  <b>Key Areas:</b> <ul style="list-style-type: none"> <li>• <b>Community Support &amp; Economic Development:</b> <ul style="list-style-type: none"> <li>○ Includes grants administration and business/community support programs.</li> <li>○ Inherent risk remains due to the nature of grant funding.</li> <li>○ Positive Ageing is high-risk, but has strong governance, frequent audits, and established reporting mechanisms.</li> </ul> </li> <li>• <b>Volunteering:</b> <ul style="list-style-type: none"> <li>○ Managed through structured policies, online training modules, and system workflows.</li> <li>○ WHS audits have been consulted previously.</li> <li>○ Sustainability and succession remain key concerns in a volunteer-dependent model.</li> </ul> </li> <li>• <b>Community Development:</b></li> </ul>	<b>Assessment Summary:</b> Oversight mechanisms for externally funded programs and aged care initiatives are well developed, but several areas lack structured governance frameworks. Policy documentation is established in some areas, though opportunities exist to improve clarity, consistency, and knowledge capture across the broader community development portfolio.  <b>Key Activities:</b> <ul style="list-style-type: none"> <li>• <b>Executive Oversight:</b> <ul style="list-style-type: none"> <li>○ Community programs like Positive Ageing and Resilience report KPIs to leadership or external stakeholders.</li> </ul> </li> <li>• <b>Policy &amp; Compliance:</b> <ul style="list-style-type: none"> <li>○ Documented procedures exist for most grant and volunteer-related processes.</li> <li>○ Other areas, such as Cultural Development, lack formal frameworks.</li> </ul> </li> <li>• <b>Project Governance:</b> <ul style="list-style-type: none"> <li>○ Event and centre-based initiatives operate under local planning and WHS compliance checks.</li> </ul> </li> </ul>	<b>Assessment Summary:</b> External reviews are frequent for regulated programs (e.g., Positive Ageing, Resilience), but internal audit coverage across Community Development is limited. There is a clear opportunity to expand internal assurance in volunteer-led or grant-funded areas, where controls rely heavily on internal practices rather than external scrutiny.  <b>Key Activities:</b> <ul style="list-style-type: none"> <li>• <b>Audit Activity:</b> <ul style="list-style-type: none"> <li>○ Positive Ageing and Community Centre programs are frequently audited externally.</li> <li>○ No internal audits noted for Cultural Development, Community Development, or Community Grants.</li> </ul> </li> <li>• <b>Key Risks Identified:</b> <ul style="list-style-type: none"> <li>○ Volunteer model sustainability and documentation.</li> <li>○ Grant program transparency and consistency in approval processes.</li> </ul> </li> </ul>	<b>First Line</b> <ul style="list-style-type: none"> <li>• Standardise documentation across all community program areas, particularly for Cultural Development.</li> <li>• Monitor volunteer engagement and succession planning to ensure continuity.</li> <li>• Regularly review and update grant program policies and risk mitigation processes.</li> </ul> <b>Second Line</b> <ul style="list-style-type: none"> <li>• Develop formal policy frameworks for under-documented programs.</li> <li>• Enhance knowledge capture and reduce reliance on experienced staff for policy and process memory.</li> <li>• Strengthen monitoring of grant application, approval, and acquittal processes.</li> </ul> <b>Third Line</b>

Business Division	Business Function	Auditable Business Unit	First Line: Direct Management	Second Line: Corporate Oversight	Third Line: Independent Assurance	Audit Comment
			<ul style="list-style-type: none"> <li>Processes supported by legislative frameworks (e.g., Public Act, Acquisition Plans, Disability Inclusion Plan).</li> <li>Regular reporting to the Chief Public Officer, but no internal audits have been performed.</li> <li><b>Community Events:</b> <ul style="list-style-type: none"> <li>Supported by event policies, application processes, WHS compliance checks, and event planning templates.</li> <li>Considered well-managed, with evidence of structured planning and risk management.</li> </ul> </li> <li><b>Cultural Development:</b> <ul style="list-style-type: none"> <li>Promotes social inclusion via workshops and events targeting multicultural communities.</li> <li>No formal audit coverage or documented policy framework noted.</li> </ul> </li> <li><b>Community Centre Operations:</b> <ul style="list-style-type: none"> <li>Programs such as craft, fitness, and arts are delivered across multiple centres and outreach locations.</li> <li>Subject to regular audit, with strong operational oversight.</li> </ul> </li> <li><b>Community Resilience:</b> <ul style="list-style-type: none"> <li>Heavily process-driven and guided by state government frameworks.</li> <li>Bushfire preparedness and emergency management are key focus areas.</li> <li>Robust procedures and KPIs used for state-level reporting.</li> </ul> </li> <li><b>Community Grants:</b> <ul style="list-style-type: none"> <li>Includes several streams (e.g., Development, Youth, Heritage, Minor Grants).</li> <li>Updated policies, procedures, and approval systems are in place.</li> <li>Moderate inherent risk due to the discretionary nature of grant allocation.</li> </ul> </li> </ul> <p><b>Assurance Rating:</b> Medium  <b>Rationale:</b> While regulatory and funding-driven oversight strengthens assurance for high-risk programs, limited internal audit activity, reliance on volunteer models, and inconsistent documentation reduce assurance in key areas.</p>	<ul style="list-style-type: none"> <li>Control groups or structured governance boards are not consistently applied.</li> <li><b>External Funding Oversight:</b> <ul style="list-style-type: none"> <li>State-funded programs (e.g., Resilience, Ageing) operate under strict guidelines and frequent reporting regimes.</li> <li>Grant processes include approvals and acquittals but require ongoing review to ensure transparency.</li> </ul> </li> </ul> <p><b>Assurance Rating:</b> Medium  <b>Rationale:</b> Oversight is strong where driven by regulation or funding contracts, but informal governance in other areas creates a reliance on staff knowledge and informal controls.</p>	<ul style="list-style-type: none"> <li>Absence of internal review in some moderately risky areas (e.g., Cultural Development, Events).</li> </ul> <p><b>Assurance Rating:</b> Low to Medium  <b>Rationale:</b> High-risk programs are externally reviewed, but a lack of structured internal audit programs limits assurance in moderate-risk and internally governed areas.</p>	<ul style="list-style-type: none"> <li>Expand internal audit to cover Cultural Development, Volunteering, and Community Grants.</li> <li>Establish risk-based audit schedules focused on non-externally regulated programs.</li> <li>Continue leveraging external audit insights while embedding internal quality assurance processes.</li> </ul>
	<b>Fabrik</b>  Interviewed: Manager Arts & Heritage Hub  Date: 06/02/2025	1. Fabrik Audit <ul style="list-style-type: none"> <li>Public programs</li> <li>Retail</li> </ul>	<p><b>Assessment Summary:</b>            Fabrik operates structured public programs, retail, and venue hire services supported by staff, volunteers, and documented procedures. However, cash handling and financial oversight need strengthening.</p> <p><b>Key Activities:</b></p> <ul style="list-style-type: none"> <li><b>Public Programmes:</b> <ul style="list-style-type: none"> <li>Offers workshops, artist talks, exhibitions, and community group gatherings.</li> <li>Resumed in September 2023 with expanded staff and programming.</li> <li>Operates five days a week, supported by 50 volunteers and governed by volunteer policies.</li> </ul> </li> <li><b>Retail Operations:</b> <ul style="list-style-type: none"> <li>Sells handmade items on consignment with a 35% commission plus GST.</li> <li>Sales processed via online POS; reconciled daily.</li> <li>Managed by a full-time staff member and volunteers, under formal consignment agreements.</li> </ul> </li> <li><b>Venue &amp; Studio Hire:</b> <ul style="list-style-type: none"> <li>Offers ad-hoc and extended studio hire (4–12 months).</li> <li>Transitioning to an online booking system (Space to Co).</li> <li>Booking, invoicing, and payments follow documented procedures.</li> </ul> </li> <li><b>Cash Handling &amp; Security:</b> <ul style="list-style-type: none"> <li>Daily reconciliations performed, but no dual verification process.</li> <li>Cash stored securely but procedures lack segregation of duties.</li> </ul> </li> </ul>	<p><b>Assessment Summary:</b>            Fabrik aligns with corporate policies across operations, finance, and volunteer management. However, automation and financial monitoring need improvement.</p> <p><b>Key Activities:</b></p> <ul style="list-style-type: none"> <li><b>Policy &amp; Frameworks:</b> <ul style="list-style-type: none"> <li>Covers events, retail, volunteer conduct, cash handling, and venue hire.</li> <li>Retail and hire agreements are formalised; financial obligations are documented.</li> </ul> </li> <li><b>Monitoring &amp; Risk Management:</b> <ul style="list-style-type: none"> <li>Programmes follow Council engagement and finance policies.</li> <li>Retail monitored for fair pricing and tax compliance.</li> <li>Volunteer and staff codes of conduct guide operations.</li> </ul> </li> <li><b>System Transition:</b> <ul style="list-style-type: none"> <li>Moving to online booking for venue hire to reduce manual handling.</li> <li>Manual processes remain in place, increasing operational risk.</li> </ul> </li> </ul> <p><b>Assurance Rating:</b> Medium  <b>Rationale:</b> Policy coverage is solid, but oversight of financial processes and system automation needs strengthening.</p>	<p><b>Assessment Summary:</b>            Fabrik's operations have limited internal or external audit coverage. Key risk areas like cash handling, retail, and volunteer management require independent review.</p> <p><b>Key Gaps:</b></p> <ul style="list-style-type: none"> <li>No targeted audits for Fabrik's retail, public programs, or venue hire since reopening.</li> <li>Volunteer policies follow broader corporate guidelines but lack a dedicated audit.</li> <li>Cash handling lacks review for control effectiveness and risk mitigation.</li> </ul> <p><b>Assurance Rating:</b> Low  <b>Rationale:</b> Key functions have not been audited, leaving risk areas untested and controls unverified.</p>	<p><b>First Line</b></p> <ul style="list-style-type: none"> <li>Implement dual verification for cash reconciliation.</li> <li>Improve cash security and handling protocols.</li> <li>Increase collection frequency to minimise exposure.</li> </ul> <p><b>Second Line</b></p> <ul style="list-style-type: none"> <li>Ensure risk assessments accompany the shift to online booking.</li> <li>Automate financial reporting to reduce manual errors.</li> <li>Develop formal monitoring for venue hire and retail operations.</li> </ul> <p><b>Third Line</b></p> <ul style="list-style-type: none"> <li>Include public programs, venue hire, and retail in internal audit plans.</li> <li>Conduct an independent review of volunteer management compliance.</li> <li>Audit consignment agreements and retail financial controls.</li> </ul>

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			<ul style="list-style-type: none"> <li>Weekly cash collection by an external provider.</li> </ul> <p><b>Assurance Rating:</b> Medium <b>Rationale:</b> Structured operations with sound procedures, but limited review and weak cash controls create financial risk.</p>			
	<b>Development Services</b>  Interviewed: Manager Development Services  Date: 06/02/2025	1. Development Services Audit <ul style="list-style-type: none"> <li>Planning compliance</li> <li>Planning Assessment</li> <li>Building Assessment</li> <li>Building and swimming pool Inspection</li> </ul>	<p><b>Assessment Summary:</b> The planning team delivers assessments, approvals, and inspections under a structured regulatory framework. While processes are well-established, system inefficiencies and delays in builder notifications hinder compliance and enforcement.</p> <p><b>Key Activities:</b></p> <ul style="list-style-type: none"> <li><b>Planning Assessment:</b> <ul style="list-style-type: none"> <li>Operates under delegated authority using a statewide online portal.</li> <li>Assesses developments for zoning, environmental, and urban planning compliance.</li> </ul> </li> <li><b>Planning Compliance:</b> <ul style="list-style-type: none"> <li>Ensures developments meet approval conditions and investigates unauthorised work.</li> <li>Issues compliance notices and works with enforcement teams.</li> </ul> </li> <li><b>Building Consent &amp; Inspections:</b> <ul style="list-style-type: none"> <li>Reviews construction plans for NCC compliance.</li> <li>Conducts building and pool inspections per the State Inspection Policy.</li> <li>100% of pools are inspected; other buildings require at least one inspection.</li> <li>Builder notification delays create enforcement challenges.</li> </ul> </li> <li><b>Development Approvals:</b> <ul style="list-style-type: none"> <li>The Council remains the final approval authority, even when private certifiers are involved.</li> </ul> </li> <li><b>Internal Reporting:</b> <ul style="list-style-type: none"> <li>Biannual development compliance reports and quarterly performance tracking.</li> </ul> </li> </ul> <p><b>Gaps Identified:</b></p> <ul style="list-style-type: none"> <li>Multiple systems cause inefficiencies in planning compliance.</li> <li>Builders often fail to notify the Council of inspections.</li> </ul> <p><b>Assurance Rating:</b> Medium <b>Rationale:</b> Strong procedures are in place, but fragmented systems and manual inspection notifications reduce effectiveness.</p>	<p><b>Assessment Summary:</b> Governance frameworks, policies, and accreditation systems support effective planning and operational management. However, a lack of system integration and coordination across departments impacts efficiency.</p> <p><b>Key Oversight Mechanisms:</b></p> <ul style="list-style-type: none"> <li><b>Council Assessment Panel (CAP):</b> <ul style="list-style-type: none"> <li>The CAP is an independent planning authority appointed by the Council to make decisions on development applications presented by the Council's planning staff.</li> </ul> </li> <li><b>Accreditation &amp; Regulation:</b> <ul style="list-style-type: none"> <li>Staff and panel members must maintain professional accreditation.</li> <li>Planning and building processes adhere to the Planning and Design Code and other relevant regulatory guidelines.</li> </ul> </li> <li><b>Interdepartmental Coordination:</b> <ul style="list-style-type: none"> <li>Planning collaborates with property and waste teams to obtain approvals, such as Section 221 permits.</li> <li>Gaps exist in communication between departments, especially for shared development impacts.</li> </ul> </li> </ul> <p><b>Gaps Identified:</b></p> <ul style="list-style-type: none"> <li>No central system for planning compliance tracking.</li> <li>Poor coordination leads to delays in multi-team development approvals.</li> </ul> <p><b>Assurance Rating:</b> Medium <b>Rationale:</b> Oversight is strong, but fragmented systems and inter-team communication issues create risk.</p>	<p><b>Assessment Summary:</b> Audit activity is limited. Planning assessments have been reviewed, but planning compliance, building compliance, and development approvals lack audit coverage.</p> <p><b>Key Observations:</b></p> <ul style="list-style-type: none"> <li><b>Audits:</b> <ul style="list-style-type: none"> <li>A 2018 audit reviewed planning assessments but didn't cover compliance functions.</li> <li>No formal audits on building or development compliance to date.</li> </ul> </li> <li><b>Recommendations:</b> <ul style="list-style-type: none"> <li>Audit planning compliance processes due to system inefficiencies.</li> <li>Review coordination between planning, property, and waste teams.</li> <li>Increase external audit frequency.</li> </ul> </li> </ul> <p><b>Assurance Rating:</b> Low <b>Rationale:</b> Limited audit coverage and lack of structured external reviews reduce assurance in key risk areas.</p>	<p><b>First Line</b></p> <ul style="list-style-type: none"> <li>Implement a unified digital system for planning compliance tracking.</li> <li>Introduce automated builder notification for inspections with escalation protocols.</li> <li>Create dashboards to track planning compliance issues.</li> </ul> <p><b>Second Line</b></p> <ul style="list-style-type: none"> <li>Develop formal communication protocols between planning, property, and waste teams.</li> <li>Map and improve processes.</li> <li>Enhance transparency in public notification and documentation of community feedback.</li> </ul> <p><b>Third Line</b></p> <ul style="list-style-type: none"> <li>Conduct full audits of Planning, Building, and Development Compliance functions.</li> <li>Establish a risk-based audit plan and schedule audits or inspections at least every three years.</li> </ul>
	<b>Regulatory Services</b>  Interviewed: Team Leader Regulatory Services  Date: 06/02/2025	1. Regulatory services and Rangers	<p><b>Assessment Summary:</b> The enforcement team is responsible for animal management, parking enforcement, nuisance control, fire safety, and impounding. Operations are structured, but outdated procedures and limited internal reviews reduce overall assurance.</p> <p><b>Key Responsibilities:</b></p> <ul style="list-style-type: none"> <li><b>Animal Management:</b> <ul style="list-style-type: none"> <li>Impounds stray animals and manages dog/cat registrations.</li> <li>Responds to dog attacks and nuisance complaints.</li> </ul> </li> <li><b>Parking &amp; Road Enforcement:</b> <ul style="list-style-type: none"> <li>Issues infringements under road and private parking laws.</li> <li>Conducts routine patrols.</li> </ul> </li> <li><b>Environmental Nuisance Control:</b> <ul style="list-style-type: none"> <li>Investigates noise, odour, smoke, and litter complaints.</li> <li>Manages illegal dumping and enforcement.</li> </ul> </li> <li><b>Impounding &amp; Obstructions:</b> <ul style="list-style-type: none"> <li>Removes abandoned vehicles and manages permits for road obstructions.</li> </ul> </li> <li><b>Fire Safety Inspections:</b> <ul style="list-style-type: none"> <li>Conducts annual inspections and issues hazard notices.</li> </ul> </li> </ul>	<p><b>Assessment Summary:</b> Oversight frameworks support compliance with multiple acts; however, policy governance and internal reviews require improvement.</p> <p><b>Key Activities:</b></p> <ul style="list-style-type: none"> <li><b>Legislative Compliance:</b> <ul style="list-style-type: none"> <li>Enforces laws including the Dog and Cat Management Act, Road Traffic Act, and Fire and Emergency Services Act.</li> </ul> </li> <li><b>Policy Governance:</b> <ul style="list-style-type: none"> <li>The enforcement policy ensures consistent responses and was last updated a year ago.</li> <li>Overlaps with other departments require coordination (e.g., road trading approvals).</li> </ul> </li> <li><b>Policy Oversight:</b> <ul style="list-style-type: none"> <li>Maintains a policy register but lacks scheduled review reminders or central tracking.</li> </ul> </li> <li><b>Gaps Identified:</b> <ul style="list-style-type: none"> <li>Infrequent internal reviews of enforcement effectiveness.</li> </ul> </li> </ul>	<p><b>Assessment Summary:</b> Audits are limited to data reporting, with no direct engagement or in-person verification. Broader operational audits are lacking.</p> <p><b>Key Activities:</b></p> <ul style="list-style-type: none"> <li><b>Dog &amp; Cat Management Board Audit:</b> <ul style="list-style-type: none"> <li>Annual statistical audit; no on-site reviews.</li> </ul> </li> <li><b>Council Reporting:</b> <ul style="list-style-type: none"> <li>Submits annual compliance and financial reports to state bodies.</li> </ul> </li> <li><b>Legislative Compliance Audits:</b> <ul style="list-style-type: none"> <li>Occur as needed but are infrequent and issue specific.</li> </ul> </li> </ul> <p><b>Gaps Identified:</b></p> <ul style="list-style-type: none"> <li>No independent audits of enforcement practices.</li> <li>Reliance on self-reporting without in-person validation.</li> </ul>	<p><b>First Line</b></p> <ul style="list-style-type: none"> <li>Update outdated procedures to reflect current legislation and best practices.</li> <li>Enhance internal review processes to evaluate enforcement effectiveness.</li> </ul> <p><b>Second Line</b></p> <ul style="list-style-type: none"> <li>Establish a centralised policy management process with scheduled reviews.</li> <li>Improve coordination across departments involved in enforcement.</li> </ul> <p><b>Third Line</b></p> <ul style="list-style-type: none"> <li>Conduct internal audits on enforcement, animal management, and fire safety.</li> <li>Expand independent assurance activities beyond basic statutory reporting.</li> </ul>



Business Division	Business Function	Auditable Business Unit	First Line: Direct Management	Second Line: Corporate Oversight	Third Line: Independent Assurance	Audit Comment
			<b>Operations &amp; Systems:</b> <ul style="list-style-type: none"> <li><b>Workforce:</b> <ul style="list-style-type: none"> <li>Six officers (soon seven), managed via Salesforce for customer request tracking.</li> </ul> </li> <li><b>Procedures:</b> <ul style="list-style-type: none"> <li>Policies stored in SharePoint; some are outdated and misaligned with current laws.</li> </ul> </li> <li><b>Reporting:</b> <ul style="list-style-type: none"> <li>Uses Salesforce for tracking; submits annual reports (e.g., Dog and Cat Management Board).</li> </ul> </li> </ul> <b>Gaps Identified:</b> <ul style="list-style-type: none"> <li>Outdated procedures.</li> <li>No internal audit of enforcement efficiency.</li> <li>No central process for updating policies.</li> </ul> <b>Assurance Rating:</b> Medium <b>Rationale:</b> Day-to-day enforcement is well-managed, but outdated documents and a lack of internal review reduce assurance.	<ul style="list-style-type: none"> <li>No central oversight to manage policy review cycles.</li> </ul> <b>Assurance Rating:</b> Medium <b>Rationale:</b> Policies are in place, but a lack of structured reviews and weak policy tracking limits governance effectiveness.	<b>Assurance Rating:</b> Low <b>Rationale:</b> Limited audit depth and lack of independent reviews lower the level of assurance.	
	<b>Environmental Health</b>  Interviewed: Team Leader Environmental Health  Date: 03/02/2025	1. Environmental Health	<b>Assessment Summary:</b> The Environmental Health team manages food safety, wastewater, immunisation, and public health compliance. While core activities are well-executed, gaps exist in standardised procedures and follow-up tracking. <b>Key Activities:</b> <ul style="list-style-type: none"> <li><b>Operations:</b> <ul style="list-style-type: none"> <li>Manages food safety, public health, immunisation, and wastewater approvals.</li> <li>Enforces compliance under legislation such as the Public Health Act and Food Act.</li> </ul> </li> <li><b>Policies &amp; Procedures:</b> <ul style="list-style-type: none"> <li>Wastewater procedures are documented.</li> <li>Food safety lacks formal procedures, although it is guided by national codes.</li> <li>Inspection follow-up procedures are still being developed.</li> <li>Uses a risk-based inspection model (P1–P4 categories).</li> </ul> </li> <li><b>Monitoring &amp; Reporting:</b> <ul style="list-style-type: none"> <li>Officers manually track inspections and enforcement using email/calendar tools.</li> <li>Issues improvement notices or orders, including business closures when required.</li> <li>Records are maintained manually, aligned with food safety standards.</li> </ul> </li> </ul> <b>Gaps Identified:</b> <ul style="list-style-type: none"> <li>No standard procedures for food safety follow-ups.</li> <li>Manual tracking increases the risk of missed actions.</li> </ul> <b>Assurance Rating:</b> Medium <b>Rationale:</b> Core functions are in place, but inconsistent documentation and manual systems limit assurance.	<b>Assessment Summary:</b> Oversight occurs through Council committees and regulatory reporting, but the risk framework and structured reviews need further development. <b>Key Activities:</b> <ul style="list-style-type: none"> <li><b>Governance &amp; Reporting:</b> <ul style="list-style-type: none"> <li>Annual reports submitted to SA Health under legislative requirements.</li> <li>Committees oversee risk-based health compliance, with a focus on high-risk businesses.</li> </ul> </li> <li><b>Risk Management &amp; Policy Development:</b> <ul style="list-style-type: none"> <li>Local procedures follow compliance requirements.</li> <li>Risk-based resource allocation prioritises higher-risk operations.</li> </ul> </li> <li><b>Resources:</b> <ul style="list-style-type: none"> <li>Experienced team (5–25 years), but limited resources restrict full inspection coverage.</li> </ul> </li> </ul> <b>Gaps Identified:</b> <ul style="list-style-type: none"> <li>The risk framework is still under development.</li> <li>Limited structured oversight of lower-risk activities.</li> </ul> <b>Assurance Rating:</b> Medium <b>Rationale:</b> Oversight is active, but formalising risk management and structured reviews would enhance effectiveness.	<b>Assessment Summary:</b> There have been no internal or external audits of environmental health functions in the last 3–5 years, creating a gap in independent assurance. <b>Key Observations:</b> <ul style="list-style-type: none"> <li><b>Audits &amp; Reviews:</b> <ul style="list-style-type: none"> <li>No recent internal or third-party reviews of food safety or wastewater processes.</li> <li>SA Health conducts state-level food safety audits, but not of local systems.</li> </ul> </li> <li><b>Enforcement Oversight:</b> <ul style="list-style-type: none"> <li>High-risk enforcement (e.g., business closures) requires CEO approval.</li> <li>Third-party audits are only required for specific high-risk systems, such as cooling towers.</li> </ul> </li> </ul> <b>Assurance Rating:</b> Low <b>Rationale:</b> The absence of independent audits limits visibility over process effectiveness and compliance performance.	<b>First Line</b> <ul style="list-style-type: none"> <li>Finalise procedures for food safety inspections and follow-ups.</li> <li>Develop formal oversight for immunisation programs.</li> <li>Centralise compliance tracking to replace manual monitoring.</li> </ul> <b>Second Line</b> <ul style="list-style-type: none"> <li>Complete and implement the environmental health risk framework.</li> <li>Strengthen Council-level oversight of public health and food safety initiatives.</li> </ul> <b>Third Line</b> <ul style="list-style-type: none"> <li>Schedule audits or reviews every 3–5 years for high-risk areas, such as food safety enforcement.</li> </ul>
	<b>Libraries and Customer Services</b>  Interviewed: Manager, Libraries and Customer Service  Date: 06/02/2025	1. Libraries and Customer Service Audit <ul style="list-style-type: none"> <li>Library systems and tech</li> <li>Outreach/ mobile library</li> <li>Customer service</li> <li>Customer experience</li> <li>Community learning and programs</li> </ul>	<b>Assessment Summary:</b> The library team provides a range of services through standard operating procedures. However, staffing gaps, limited IT redundancy, and weak cash handling controls pose operational risks. <b>Key Activities:</b> <ul style="list-style-type: none"> <li><b>Library Systems &amp; IT Support:</b> <ul style="list-style-type: none"> <li>One staff member manages internal systems, public devices, and self-check machines.</li> <li>External IT handles broader issues.</li> <li>Procedures are documented for handling system failures.</li> </ul> </li> <li><b>Community Programs:</b></li> </ul>	<b>Assessment Summary:</b> Council policies guide operations, customer service, and risk management. While frameworks exist, oversight of financial processes and staffing risks needs improvement. <b>Key Activities:</b> <ul style="list-style-type: none"> <li><b>Policy Compliance:</b> <ul style="list-style-type: none"> <li>Programs, events, and customer services align with corporate policies.</li> <li>Collections follow Public Library Service guidelines.</li> </ul> </li> <li><b>Risk Management:</b></li> </ul>	<b>Assessment Summary:</b> Independent reviews are minimal. Key areas such as customer service, IT dependency, and financial oversight have not undergone targeted audits. <b>Key Observations:</b> <ul style="list-style-type: none"> <li>No audits have reviewed library operations, CRM management, or program delivery.</li> <li>Cash handling lacks external review.</li> <li>IT systems and CRM depend on a single staff member with no formal backup.</li> <li>No audits assess whether programs align with Council objectives or regulatory requirements.</li> </ul>	<b>First Line</b> <ul style="list-style-type: none"> <li>Introduce dual verification for cash reconciliation and strengthen storage protocols.</li> <li>Cross-train staff for IT systems and CRM to reduce key-person risk.</li> </ul> <b>Second Line</b> <ul style="list-style-type: none"> <li>Increase automation in financial tracking, such as recording of monies for lost items, payments/photocopying, printing, etc.</li> <li>Develop structured risk assessments for roles with limited staffing coverage.</li> </ul>



Business Division	Business Function	Auditable Business Unit	First Line: Direct Management	Second Line: Corporate Oversight	Third Line: Independent Assurance	Audit Comment
		<ul style="list-style-type: none"><li>Children's learning and programs</li><li>Digital literacy</li><li>Collections and resources</li><li>Home services</li></ul>	<ul style="list-style-type: none"><li>Four staff run children's Storytime, adult learning, and digital literacy events.</li><li>Sessions include contingency plans and are supported by checklists and session plans.</li><li><b>Customer Service:</b><ul style="list-style-type: none"><li>A 13-person team rotates across locations, using a CRM to manage inquiries and updates.</li><li>Documented procedures guide site operations, payments, and daily cash reconciliation.</li></ul></li><li><b>Cash Handling:</b><ul style="list-style-type: none"><li>Staff handle payments for damages and event fees.</li><li>Cash is reconciled daily but lacks dual verification and proper segregation of duties.</li></ul></li><li><b>Business Continuity:</b><ul style="list-style-type: none"><li>Plans are in place for power outages and emergency remote work.</li><li>Phone access is prioritised during disruptions.</li></ul></li><li><b>Collections &amp; Resource Management:</b><ul style="list-style-type: none"><li>Staff follow policies for damaged or lost books and inter-library loans.</li><li>Coordination aligns with the Public Library Service.</li></ul></li><li><b>Outreach Services:</b><ul style="list-style-type: none"><li>Staff operate mobile libraries using updated vans and C-Class licenses.</li><li>Procedures cover safety, extreme weather, and service routes.</li></ul></li><li><b>Customer Experience:</b><ul style="list-style-type: none"><li>One staff member is responsible for managing CRM updates and customer surveys.</li><li>Limited backup coverage, but low operational impact.</li></ul></li></ul> <p><b>Assurance Rating:</b> Medium <b>Rationale:</b> Daily operations are well-structured, but gaps in cash handling and single-person dependencies reduce resilience.</p>	<ul style="list-style-type: none"><li>CRM and risk assessments support consistent service delivery.</li><li>No structured risk assessments for single-staff dependencies (e.g., IT or CRM roles).</li><li><b>Financial Oversight:</b><ul style="list-style-type: none"><li>Cash handling procedures are in place; however, they lack dual controls.</li><li>Monitoring of program fees and retail sales is limited and manual.</li></ul></li><li><b>Continuity &amp; Compliance:</b><ul style="list-style-type: none"><li>Business continuity plans cover weather and emergency disruptions.</li><li>Public service information accuracy and volunteer oversight are managed under corporate frameworks.</li></ul></li></ul> <p><b>Assurance Rating:</b> Medium <b>Rationale:</b> Policy frameworks are in place, but financial controls, risk documentation, and automation need strengthening.</p>	<p><b>Assurance Rating:</b> Low to Medium <b>Rationale:</b> Minimal audit coverage and lack of risk-based review processes limit assurance.</p>	<ul style="list-style-type: none"><li>Formalise monitoring for volunteer services and digital literacy programs.</li></ul> <p><b>Third Line</b></p> <ul style="list-style-type: none"><li>Include library operations, CRM, and customer service in internal audits.</li><li>Audit business continuity plans to ensure readiness and comprehensive coverage.</li><li>Conduct external reviews of financial controls and retail processes.</li><li>Assess alignment of library programs with council goals and community needs.</li></ul>

## Appendix 3 – Documents accessed

*Table 4: Number of documents by business function*

<b>Business Function</b>	<b>Total</b>
1. Civil Services	<b>22</b>
2. Communications, Engagement and Events	<b>22</b>
3. Development Services	<b>9</b>
4. Environmental Health	<b>11</b>
5. Finance	<b>13</b>
6. Fabrik	<b>15</b>
7. Information Services	<b>11</b>
8. Libraries and Customer Experience	<b>50</b>
9. Open Space	<b>67</b>
10. People and Culture	<b>4</b>
11. Property Services	<b>32</b>
12. Regulatory Services	<b>104</b>
13. Governance	<b>9</b>
14. Performance and Planning	<b>4</b>
15. Strategic Assets	<b>42</b>
16. Sustainability, Waste and Emergency	<b>3</b>
17. Community Development (documents included under Regulatory Services, Development Services, Environmental Health and Libraries)	<b>-</b>
<b>Total</b>	<b>418</b>

## Appendix 4 – Stakeholders consulted

We would like to extend our appreciation to the following individuals who participated in and provided information during this review.

- Greg Georgopoulos – Chief Executive Officer
- Gary Lewis – Director Corporate Services
- Jess Chalton – Director Community and Development
- David Waters – Director Environment and Infrastructure (Resigned)
- Zoë Gill – Executive Governance Officer
- Lauren Jak – Audit, Risk and Insurance Officer
- Skye Ludzay – Governance Officer
- Roger Hunter – Manager People and Culture
- Jennifer Blake – Manager Communications Engagement and Events
- John Gosbell – Team Leader Information Systems
- Phil Mattingly – Manager Information Services
- Craig Marshall – Manager Civil Services
- Craig Cockshell – Civil Projects Coordinator
- Damian Brennan – Manager Open Space
- David Collins – Manager Strategic Assets
- John McArthur – Coordinator Emergency Management and Landfills
- Sharon Leith – Sustainability Officer
- Karen Cummings – Manager Property Services
- Rebecca Shepherd – Manager Community Capacity
- Melinda Rankin – Manager Arts & Heritage Hub
- Deryn Atkinson – Manager Development Services
- Matt Ahem – Team Leader Regulatory Services
- Alexis Black – Team Leader Environmental Health
- Jodie Morbey – Manager Libraries and Customer Service
- Bruce Smith – Manager Financial Services

## Appendix 5 – Risk assessment

### Control assessment

The control effectiveness assessment below indicates the current state of the control environment within business operations and its ability to mitigate risk exposures.

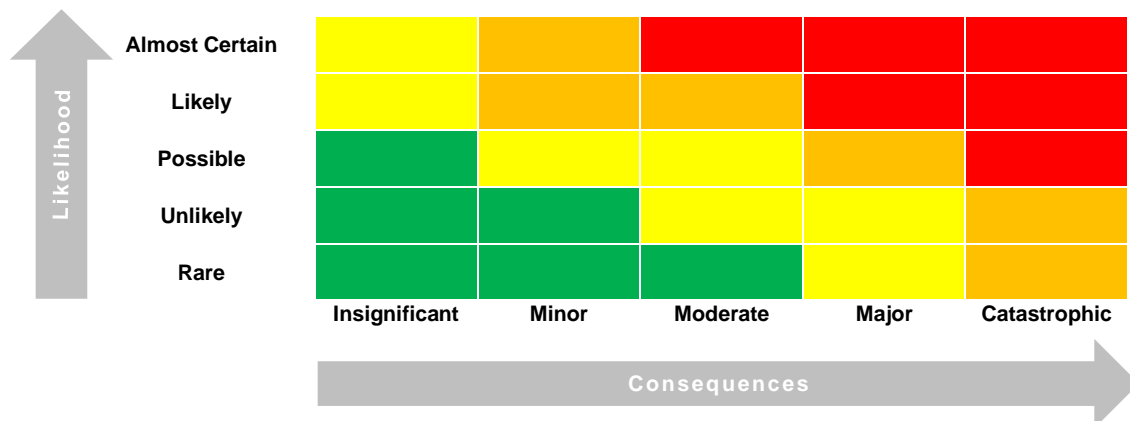
Overall Control Effectiveness <sup>(2)</sup>		
Good	Marginal	Poor

(2) limited to audit scope and based on test results.

Control Effectiveness Table is as follows:

Rating	Description
<b>I – Good</b>	Systems and processes exist to effectively manage the risk and management accountability is assigned. There is a high proportion of systemised controls which are well documented and regular monitoring and review indicates high compliance with the process.
<b>II - Marginal</b>	Systems and processes exist which partially manage the risk. A combination of systemised and manual controls. Some improvement opportunities are possible but have not been achieved.
<b>III - Poor</b>	The system and processes for managing the risk are ineffective, have been subject to major change or are in the process of being implemented and their effectiveness cannot be confirmed.

Provided below is an audit assessment of the residual risk based on the Adelaide Hills Councils risk framework in respect of the process reviewed, having regard to the issues identified by the audit.



Provided below is the Adelaide Hills Council risk matrix:

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

Measures of corporate risk likelihood

The likelihood of a risk eventuating must be identified in the context of existing controls using the following as a reference:

Rating	Description
<b>A – Almost Certain</b>	<b><i>Is expected to occur in most circumstances.</i></b> Greater than 90% chance that the event will occur in situations that the risk is present OR significant past history and considered most likely in the circumstances.
<b>B - Likely</b>	<b><i>Will probably occur in most circumstances.</i></b> About 30 - 90% chance that the event will occur in situations that the risk is present OR some past history and considered quite likely in the circumstances.
<b>C - Possible</b>	<b><i>Might occur at some time.</i></b> About 10 - 30% chance that the event will occur in situations that the risk is present OR some past history and considered possible in the circumstances.
<b>D - Unlikely</b>	<b><i>Could occur at some time.</i></b> About 3 - 10% chance that the event will occur in situations that the risk is present OR limited past history, but possible in some circumstances or occasionally.
<b>E - Rare</b>	<b><i>May occur in exceptional circumstances.</i></b> Less than 3% chance that the event will occur in situations where risk is present OR no past history and considered unlikely to occur (if ever).

## Consequence Criteria

Where a risk has implications across a number of areas of impact, the highest rating should be used to determine the overall level of risk. However, each identified risk should be assessed from a mitigation/action.

	Internal Impact					External Impact		
	Corporate Objectives	Staff Welfare & Engagement	Legal and Regulatory	Finance & Assets	Service Continuity	Community, Social & Reputation	Environment	Economic
1 - Insignificant	No impact on the ability to achieve corporate objectives	No injuries. No effect on staff morale.	Innocent procedural breach, evidence of good faith, little impact; Limited/normal insurance claims. Legal action highly unlikely	Low financial impact - <2% of budget	No material disruption. Small delays in routine needs/tasks for ½ day.	Isolated complaint without media attention. No impact on community confidence or wellbeing.	No environmental damage.	Minor shortfall relative to current forecasts
2 - Minor	Minor impairment in achieving corporate objectives.	First aid treatment. Minor effect on staff morale.	Breach of regulatory or legal obligations with no punitive actions. Internal breach of policy or procedure requiring internal investigation/ corrective action.	Minor financial impact - 2-< 5% of budget	Minor impact in undertaking routine needs or tasks for 1 day or impact on multiple areas within Council.	One-off, localised adverse media event. Loss of confidence by localised community. Minor adverse impact on community wellbeing	Minor environmental damage. Contamination - on-site release contained. Quick clean-up possible with slight, reversible damage to few species. "Nuisance" category under EPA met.	Individually significant but isolated areas of reduction in economic performance relative to current forecasts
3 - Moderate	Moderate impairment in achieving corporate objectives.	Medical treatment required moderate effect on staff morale.	Breach of regulatory or legal obligations with limited litigation. Internal breach of policy or procedure requiring external investigation.	Moderate financial impact - 5-< 15% of budget	Moderate impact on stakeholders & routine needs or tasks for up to 1 to 7 days – backlog cleared by additional resources.	Sustained but localised adverse media attention. Limited short term impact on community confidence. Moderate adverse impact on community wellbeing.	Moderate local impact on or off site requiring long term clean-up. "Material" category under EPA met. Some minor adverse effects to a few species that are short term and reversible.	Significant general reduction in economic performance relative to current forecasts
4 - Major	Major impairment in achieving corporate objectives.	Extensive injuries. Significant impact on staff morale.	Breach of regulatory or legal obligations with potential civil/criminal charges or protracted litigation.	Major financial loss - 15-< 30% of budget	Prolonged suspension of work (major impact on stakeholders & routine task) for greater than 7 days.	Significant adverse media event. Significant and prolonged loss of community confidence. Major adverse impact on community wellbeing.	Major but reversible environmental damage. Full clean up difficult and expensive. "Serious" category under EPA met. Loss of habitat and migration of animal population, plants unable to survive, pollution requires physical removal	Regional stagnation such that businesses are unable to thrive and employment does not keep pace with population growth
5 - Catastrophic	Permanent impairment in achieving corporate objectives.	Death related to work incident. Huge effect on staff morale.	Civil/criminal charges or serious litigation.	Huge financial exposure/imp act – >30% of budget	Indeterminate prolonged suspension of work; non performance	Significant sustained adverse media attention. Complete loss of community confidence and widespread outrage. Huge adverse impact on community wellbeing	Catastrophic environmental damage. Full clean-up not possible. "Serious" category under EPA met. Death of animals in large numbers, destruction of flora species, air quality requires evacuation.	Regional decline leading to widespread business failure, loss of employment and hardship

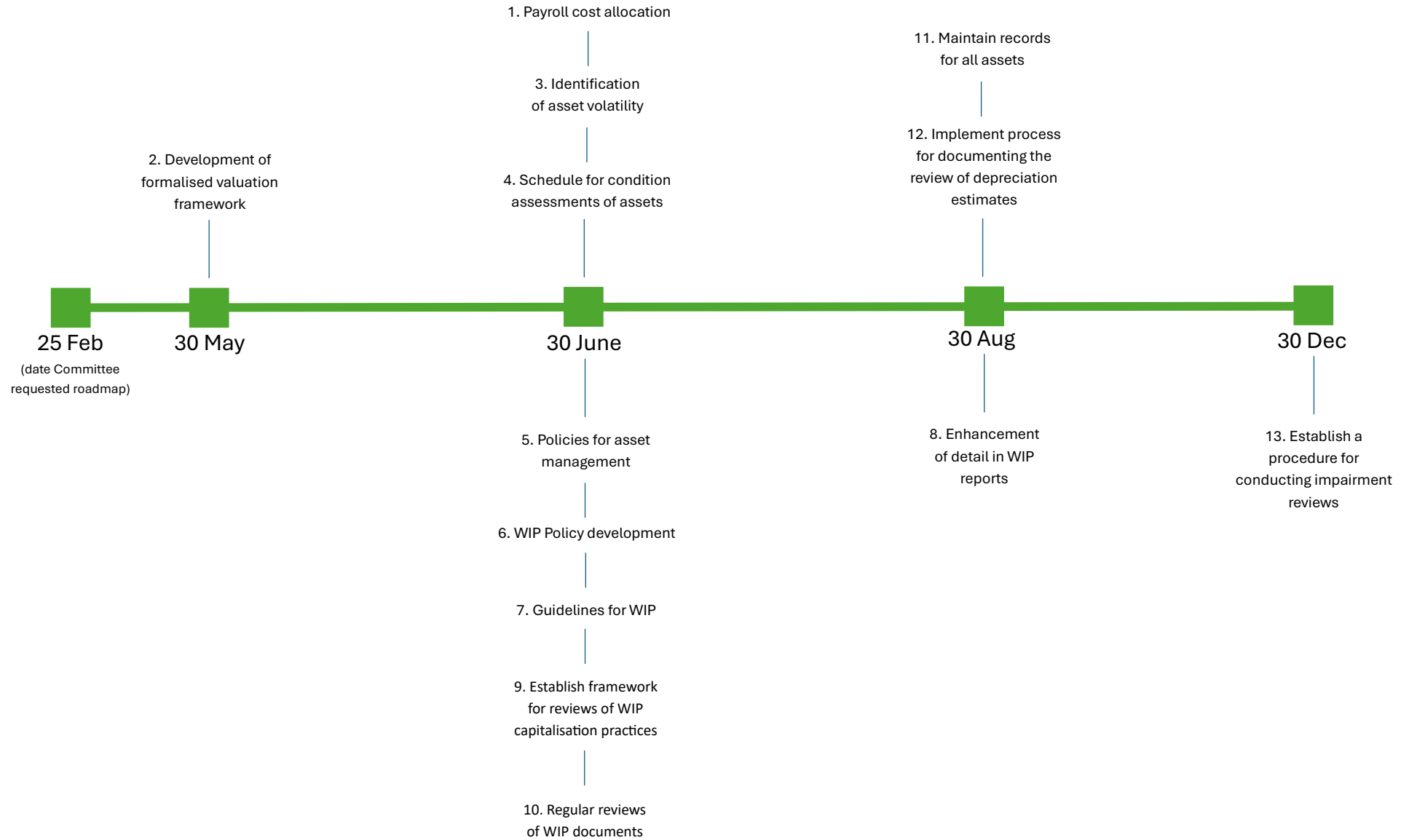
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## **Appendix 2**

*Financial Assumptions and Reporting Audit  
Recommendation Roadmap*

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# Financial Assumptions and Reporting Recommendation Roadmap





Recommendation number	Recommendation	AHC Comments	Target Date for Completion
1	<p>To comply with AASB 116.17, the Council must ensure that payroll costs are accurately attributed to capital projects based on direct support for asset acquisition or construction. This could be achieved through a more structured and evidence-based approach to cost allocation.</p> <p>To enhance the accuracy and transparency of payroll cost allocation between capital and operating expenses, the Council should implement a more refined cost allocation model that considers the following three categories:</p> <p>(1) Capital-Supporting Costs: Costs associated with roles primarily supporting capital works, such as a Manager of Infrastructure overseeing capital and repairs &amp; maintenance (R&amp;M) projects. The time spent on capital versus operating activities should be allocated accordingly as a capital expense based on the percentage of time dedicated to each project.</p> <p>(2) Corporate Costs Linked to Infrastructure: Costs from corporate functions, such as the Finance team providing support for project transactions, tracking, and reporting. While it is acknowledged that these costs fluctuate based on infrastructure activities, a proportion of their time would be indirectly linked with capital projects and therefore the allocation of these costs must be carefully considered to ensure accuracy. For example, it is important to evaluate whether the size and activity level of the finance team would be the same if there were no capital works. Similar considerations should apply to other departments such as WHS, risk management, and ICT. A more detailed analysis of fixed and variable cost components should be conducted to improve the reliability of these allocations.</p> <p>(3) Unrelated Operational Costs: Costs that the Council incurs regardless of capital activities, such as roles related to governance (e.g., Governance Officer) or rate collection (e.g., Rates Officer). These costs should not be allocated to capital projects as they are unrelated to asset construction or acquisition.</p> <p>Additionally, the Council should critically assess the inclusion of roles in the capitalisation model. For instance, while roles like WHS may be considered in part due to an inherent connection with managing new asset safety and risk, service roles should not be included. A clear, documented rationale should be established for each role included in the allocation process, especially for roles that, in their normal operations, would not undertake any capital project-related activities.</p>	<p>(1) Management acknowledges and agrees with the recommendation</p> <p>Overarching comment: To effectively and efficiently manage this process, an integrated timesheet and payroll system solution is required. This is currently being investigated as part of the broader transformation program.</p> <p>Interim solutions: 1. Capital supporting costs Finance will engage with the various project teams to better understand what staff work on which capital projects and document the outcomes of this engagement accordingly. Further, the outcomes of this work will be reviewed for appropriateness by senior management.</p> <p>2. Corporate costs linked to Infrastructure Similarly, Finance will undertake a review of the various corporate support functions. The goal of the review will be to understand what (if any) portion of time should be capitalised to each. The review will establish and document the rationale for capitalisation, as well as the basis of capitalisation (e.g.: actual hours spent vs a percentage of time). Further, the outcomes of this work will be reviewed for appropriateness by senior management.</p> <p>3. Unrelated operational costs As part of the reviews undertaken in 1 and 2 above, Finance will ensure that no unrelated operational costs have been included.</p>	30 June 2025
2	Develop and document a formalised asset valuation framework that outlines standardised procedures for asset valuations, including appropriate uplift methodologies and asset-specific factors. The framework should also address the frequency and methodology for condition assessments, ensuring consistency across all asset categories. The framework	Better articulate the information in the Asset Valuation tracking spreadsheet document.	

	should be reviewed and updated periodically to incorporate evolving industry standards and legislative requirements, ensuring ongoing compliance with the Local Government Act 1999 (SA).		
3	Implement a robust process for identifying potential volatility in asset valuations to ensure accuracy and reliability. This should include regularly monitoring indicators of impairment, tracking rapid cost changes, and conducting a review of valuers' assumptions and methodologies, such as independent data verification, sensitivity analysis, and benchmarking. Additionally, expert advice should be sought when necessary to validate assumptions and ensure sound decision-making.	Implement additional tracking process in the Dashboards of Confirm.	30 June 2025
4	Implement a regular schedule for condition assessments of all assets, ensuring that no asset goes without assessment for extended periods. A formalised approach should be adopted to ensure that the condition assessments are conducted consistently and that the results are used to adjust asset valuations as needed. The asset management system should incorporate condition assessment results to facilitate accurate and up-to-date financial reporting.	Funding and resource are the only constraints here. When undertaken condition audits and valuations and reflected in Confirm.	30 June 2025
5	Develop and implement formal, documented policies and procedures for all aspects of asset management, including valuation, condition assessments, and evaluations. Policies should outline clear responsibilities, timelines, and methodologies for asset valuation updates and condition audits to ensure transparency and consistency across the Council. Training programs should be established to ensure all relevant staff are familiar with the asset management policies and can apply them effectively.	There are only a few people involved in the process and some basic documentation is all that is required between Strategic Assets and Finance.	30 June 2025
6	Develop and implement a comprehensive, formal policy for the capitalisation of WIP, ensuring alignment with AASB 116, AASB 138, and relevant legislative requirements.	Management acknowledges and agrees with the recommendation. A policy will be developed in relation to WIP. The policy will align with the requirements of AASB 116, AASB 138 and legislation.	30 June 2025
7	Establish clear guidelines for classifying, monitoring, and reporting WIP, including the application of specific capitalisation criteria for intangible assets.	Management acknowledges and agrees with the recommendation In conjunction with the development of the policy as noted in (1) above, guidelines to further elaborate and embed the principles contained within the Policy will be established.	30 June 2025
8	Enhance the level of detail in WIP reports to include project timelines, cost projections, and status updates, ensuring full transparency and accurate financial reporting.	There is a significant amount of tracking that currently occurs from an asset perspective regarding the WIP and these additional suggestions can be added.	31 Aug 2025
9	Establish a framework for regular internal reviews of WIP capitalisation practices to ensure continued adherence to accounting standards and internal policies. These internal reviews should include both a review of capitalisation decisions and an assessment of the adequacy of supporting documentation.	Management acknowledges and agrees with the recommendation On a 6 monthly basis, Finance will undertake the internal review.	30 June 2025

10	Subject the Policy, framework and work processes to periodic reviews.	Management acknowledges and agrees with the recommendation	30 June 2025
11	Maintains records for all assets, covering their full lifecycle. This should include information about acquisition, usage, maintenance, and disposal to better inform depreciation practices and compliance with AASB 116.	The confirm systems maintains the register of all assets and any actions undertaken on the asset (asset history is available) Council is progressively implementing Confirm-Connect across its business to better identify maintenance activities by operational areas on the business.	31 Aug 2025
12	Implement a formal process for documenting the review of depreciation estimates at each reporting date. This should include supporting evidence and rationales for any changes made to asset values or depreciation periods.	Provide additional documentation on depreciation estimates noting that these are produced by Confirm.	31 Aug 2025
13	Establish a procedure for conducting impairment reviews regularly, particularly for infrastructure assets. This will help identify any assets whose carrying amount may not be recoverable and ensure appropriate impairment losses are recognised in a timely manner.	Impairment reviews for Infrastructure assets occur on a regular and frequent basis as and when condition assessments are undertaken and reports received. Whilst currently not documented, this will be articulated when an appropriate policy around Asset Management and Financial Accounting is established.	30 Dec 2025

**ADELAIDE HILLS COUNCIL  
AUDIT AND RISK COMMITTEE MEETING  
Monday 14 April 2025  
AGENDA BUSINESS ITEM**

**Item:** 7.3

**Responsible Officer:** Zoe Gill  
Executive Governance Officer  
Office of the Chief Executive

**Subject:** Action Report and Work Plan Update

**For:** Decision

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**SUMMARY**

A formal Audit and Risk Committee Action Report is maintained to record the items requiring 'actioning' at each of the Audit and Risk Committee meetings. This report also outlines the actions completed since the previous report.

The Audit and Risk 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 current Audit and Risk Committee Work Plan 2025 (**Appendix 2**) has been attached for information.

**RECOMMENDATION**

**The Audit and Risk Committee resolves:**

1. To receive, discuss and note the Action Report and Work Plan Update Report (item 7.3, 14 April 2025, Audit and Risk Committee meeting).
  2. To note the 2025 Action Report, April 2025, in **Appendix 1** (item 7.3, 14 April 2025, Audit and Risk Committee meeting).
  3. To adopt the 2025 Work Plan and Reporting Schedule in **Appendix 2** (item 7.3, 14 April 2025, Audit and Risk Committee meeting).
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**1. BACKGROUND**

Action Report

The Action List tracks the implementation of resolutions and recommendations of the Audit and Risk Committee at their previous meetings.

Work Plan

The functions of the Audit and Risk Committee are set out in the Committee Terms of Reference. 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.

## 2. ANALYSIS

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

*Strategic Plan 2024 – Your Place, Your Space*

Goal 4 Organisation

Objective O2 Operate with integrity using best practice governance processes.

Priority O2.1 Demonstrate accountable and transparent decision making.

Priority O2.2 Support decision making through the use of timely data-driven analysis and reporting.

Priority O2.3 Enhance governance structures and systems to be agile and support our legislative obligations.

### ➤ Legal Implications

Section 126 of the *Local Government Act 1999* sets out the functions of an Audit and Risk 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)

The Audit and Risk Committee Action Report and Work Plan are current controls and therefore the Committee's approval of this item will not impact the Residual or Target Risk ratings.

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 and Risk Committee meetings.

### ➤ Customer Service and Community/Cultural Implications

There is a community expectation that the Audit and Risk committee monitors actions resulting from their resolutions and establishes a work plan.

### ➤ Sustainability Implications

Not applicable.

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

Consultation on the development of this report was as follows:

*Council Committees:* Not Applicable  
*Council Workshops:* Not Applicable  
*Advisory Groups:* Not Applicable  
*External Agencies:* Not Applicable  
*Community:* Not Applicable

➤ **Additional Analysis**

The review by the Audit and Risk Committee of the Action Report and Work Plan is an important element of Council's commitment to open and transparent decision making which facilitates public accountability.

Action Report

There are six in progress and nine completed items on the Audit and Risk Committee Meeting Action Report (**Appendix 1**) arising from previous Committee meetings. Commentary against the items is provided for the Committee's information.

Work Plan Changes

**Addition of Items to Workplan**

At the Audit and Risk Committee meeting on 17 February 2025 it was requested that a review of Council's approach to unsolicited proposals and any recommendations be brought back to Audit Committee (item 8.9, 17 February 2025 Audit Committee meeting):

**8.9. Procurement Policy**

Moved Cr Malcolm Herrmann  
S/- Pamela Lee

AC11/25

The Audit Committee resolves:

1. That the report on the update to the Procurement policy be received and noted (item 8.9, 17 February 2025 Audit Committee meeting).
2. To recommend to Council the draft Procurement Policy for endorsement, with the following amendments:
  - a. In the definitions section add 'quote, RFQ, EOI, RFT.'
  - b. In 18.1.3 – delete 'Council Officers' and insert 'Directors'
  - c. In section 16.3 – change 'should be' to 'must' (item 8.9, 17 February 2025 Audit Committee meeting).
3. To note the key Delegation changes of the policy:
  - a. 18.1.2 – the value of contracts the CEO can approve has changed from \$500,000 to any value that form part of the Annual Business Plan or Long Term Financial Plan
  - b. 18.1.3 – The value the CEO can sub-delegate the authority to Directors to enter into contracts has changed from \$300,000 to \$500,000 (item 8.9, 17 February 2025 Audit Committee meeting).
4. That the Audit Committee requests a review of Council's approach to unsolicited proposals and any recommendations be brought back to Audit Committee (item 8.9, 17 February 2025 Audit Committee meeting).
5. That the CEO provides a report to the Audit Committee on a six-monthly basis on procurement.

Carried Unanimously

A procurement report has been placed on the workplan for reporting bi-annually in February and August.

A financial delegations report has been placed on the workplan for reporting annually in August.

#### ***Removal of Items from Workplan***

The below items have been removed from the workplan:

- LGRS Risk Evaluation – Action Plan Review – this item has been removed from the workplan due to the actions being incorporated into the Audit Action Tracker. The actions will be reported on a bi-annual basis in the Audit actions progress report.
- Climate Change Adaptation Governance Assessment Report – this item has been removed as it was a one-off request for the report. Any outstanding actions have been placed on the Audit Action Tracker
- Removal of Internal Audit Reports (as required) as these will be reported as part of the Internal Audit quarterly update

#### ***Additional Changes***

- Wording change from ‘LGRS Risk Evaluation – Results’ to ‘LGRS Risk Profiling Report’ to match the current process.
- Incorporated ‘Implementation of internal audit actions progress report’ and ‘Implementation of external audit actions progress report’ into the one report ‘Audit actions progress report’ as all audit actions are now being placed and reported via the Audit Action Tracker.
- Audit and Risk Committee Terms of Reference was previously placed on the workplan annually – this has been moved to every 4 years to align with the new Committee Terms of Reference.
- Added CEO Office to list of Directorate Risk Profile Presentations
- Meeting attendance by external auditors has changed to bi-annual, previously annually

#### **Reporting Schedule Update**

As per the *2025 Audit and Risk Committee Work Plan and Reporting Schedule (Appendix 2)*, the following items detailed below are either included in or deferred from this meeting.

Item	Commentary	Month Scheduled
<b>Financial Reporting</b>		
Long Term Financial Plan (LTFP)	Included in Director Update	
Annual Business Plan	Included in Director Update	
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		August
Procurement Report		Feb/Aug
Financial Delegations Report		August

Item	Commentary	Month Scheduled
Final Annual Financial Statements (incl management representation letter)		October
<b>Internal Control and Risk Management</b>		
Placement of Council's insurance portfolio (for noting)		August
Internal Financial Controls update		May
Quarterly Risk Management Report		Feb/May/Aug/Nov
LGRS Risk Profiling Report		February
<b>Internal Audit</b>		
Internal Audit quarterly update	Included in this meeting. Brought forward from May	Feb/May/Oct/Nov
Audit actions progress report		Feb/Aug
Internal Audit Plan review		Nov
<b>External Audit</b>		
External audit interim letter		May/Aug
External Audit Plan review	Included in this meeting	April
Meeting attendance by external auditors		May/Oct
Review of auditor independence and legislative compliance		October
Audit and Risk Committee Completion Report		Oct/Nov
<b>Public Interest Disclosure</b>		
Public Interest Disclosure Policy review	Deferred to August	April
Public Interest Disclosure Arrangements and Compliance		May
<b>Service Review</b>		
Service Review Brief		October
Service Review Report		October
Implementation of service review actions progress report		October
<b>Other Business</b>		
Audit and Risk Committee self-assessment review		November
Presiding Member's Report		November
Work Plan and Reporting Schedule		November
Audit Committee Meeting Dates		November
Debtors Report		Feb/Aug
Council's Annual Report		November



Item	Commentary	Month Scheduled
Action Report & Work Plan Update		All Meetings
Audit and Risk Committee Terms of Reference		October
Climate Change Adaptation Governance Assessment Report		May/Oct
Quarterly Performance Reports	Q2 and Q3 deferred to May	Feb/April/Aug/Oct
Directorate Risk Profile Presentation	Included in this meeting – Director Community and Development	April/Aug/Nov
Other Reports	None required	As Required

### 3. OPTIONS

The Audit and Risk Committee has the following options:

- I. To note and adopt the status of the Action Report at **Appendix 1** (Recommended).
- II. To note the 2025 Work Plan and Reporting Schedule at **Appendix 2** (Recommended).
- II. To alter or substitute elements of the Action Report or Work Plan (Not Recommended).

### 4. APPENDICES

1. Audit and Risk Committee Action Report, April 2025
2. 2025 Work Plan and Reporting Schedule

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# **Appendix 1**

*Audit and Risk Committee Action Report, April 2025*

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# Action Report – 14 April 2025

Status Key
Completed Items
In Progress Items
Not Started

Meeting Date	Meeting	Res No.	Item Name	Action Required (Council Resolution)	Responsible Director	Responsible Officer	Status	Date of Update	Due Date	Status (for Council reporting)
31/10/2023	Audit Committee	AC39/23	Development Services Service Review - Implementation Plan	<p>1. That the report be received and noted.</p> <p>2. To receive and note the Management Review and Action Plan in response to the Service Review 2022-23 – Development Services, as contained in Appendix 4.</p> <p>3. To note that that the implementation status of the agreed actions will be reported to Audit Committee and Council on a biannual basis, nominally March and August.</p>	Jess Charlton	Deryn Atkinson	In Progress	2/04/2025	31/10/2025	<p>Implementation of Action Plan in progress - immediate actions completed.</p> <p>Biannual Report presented to Audit Committee and Council at May meeting.</p> <p>Update provided at the October 2024 Audit Committee.</p> <p>Current biannual reporting schedule suspended until October 2025 pending service review outcomes - per Council Resolution 388/24</p>
20/05/2024	Audit Committee	AC23/24	Internal Financial Controls Update	<p>1. That the Internal Financial Controls report be received and noted.</p> <p>2. To note the further developments and improvements that have been made to Council's internal controls environment.</p> <p>3. Request the CEO to prepare a remediation plan for controls rated three (3) or lower by either the reviewer or the assessor.</p>	Gary Lewis	Bruce Smith	In Progress	18/03/2025	30/06/2025	<p>This has been considered by the Finance team in Q1 2025.</p> <p>A technology driven solution is being investigated in relation to the control deficiencies relating to Procurement, including reporting and analysis. The solution likely involves better utilisation of tools which AHC already has. It is likely that this will be implemented by Q3 2025.</p> <p>Similarly, a technology driven solution is being investigated in relation to the control deficiencies relating to Payroll. This however is less advanced and may require development from the Payroll solution provider which might have a cost attached. This will be further investigated during Q2 2025.</p>
20/05/2024	Audit Committee	AC24/24	Public Interest Disclosure Arrangements and Compliance	The Audit Committee resolves that the Public Interest Disclosure Arrangements and Compliance report be received and notes that there have been no Public Interest disclosures made since May 2023.	Zoë Gill	Skye Ludzay	In Progress	7/04/2025	31/12/2024	<p>PID Training completed by staff.</p> <p>PID Policy review to be completed in June 2025</p>
19/08/2024	Audit Committee	*	Financial Management Council Report	<p>CEO to prepare a report reflecting on what could be done differently, what could Audit Committee have done to prevent this situation.</p> <p>Can we ensure that Audit Committee are advised when we come out of confidence on item 11.1</p>	Gary Lewis	Gary Lewis	Completed	31/03/2025	30/09/2024	<p>Following the initial responses from the Auditor General the Administration re-engaged Councils internal audit providers, Bentleys to conduct a review which will review the control failures. This report may help the Audit Committee to understand what actions could of been taken and can/should be taken in the future.</p> <p>Further steps are being considered to address this Action.</p> <p>Financial Assumptions and Reporting audit completed in February 2025 with the audit report being provided to the Audit Committee on 17 February. All actions will be input into the audit action tracker and a roadmap of implementation of recommendations is underway as per action A2/25.</p>
18/11/2024	Audit Committee	Nil	Audit & Risk Committee ToR	Change review of ToR from every 4 years to more often.	Zoe Gill	Lauren Jak	Completed	2/04/2025	28/02/2025	<p>Draft ToR was approved at Council Meeting March 2024 for every 4 years. Next review 2028.</p>
18/11/2024	Audit Committee	Nil	Change committee name	All papers and references to be audit and risk committee, not audit committee	Zoë Gill	Lauren Jak	Completed	2/04/2025	14/04/2025	<p>Waiting for Committee ToR to be approved at Council Meeting 11/03.</p> <p>ToR approved March 2025. All committee papers and website amended to Audit &amp; Risk Committee.</p>
18/11/2024	Audit Committee	Nil	Tracked changes ToR	Provide Audit and Risk Committee with tracked changes ToR - LGA and AHC versions	Zoe Gill	Lauren Jak	Completed	2/04/2025	17/02/2025	<p>Provided at Council meeting 25/03.</p>

18/11/2024	Audit Committee	NA	CRM Cases being closed	Question about cases on CRM being closed before the community members believes they are closed.	Jess Charlton	Jess Charlton	Completed	2/04/2025	14/04/2025	<p>The Essential Build of the CRM Project (stage 1) included configuration of automated customer notifications when a case is closed. Largely this is working well, with some exceptions where further communication to explain the outcome would be useful. There were also some early teething issues with staff emails sending from the system which may explain the disconnect between the customer's experience and staff communication.</p> <p>The Advanced Build (stage 2) of the project includes adding further chronological and correspondence details related to requests to the self-service 'My Adelaide Hills' portal, and enhancements to the system integration between CRM and the Confirm works system to centralise customer notifications from CRM.</p>
17/02/2025	Audit Committee	NA	Create press release for BR2	Create press release for BR2	Gary Lewis	Bruce Smith	Completed	26/03/2025	14/04/2025	
17/02/2025	Audit Committee	NA	Financial delegations reporting	Financial delegations reporting to be provided to audit committee every 12 months.	Gary Lewis	Bruce Smith	Completed	26/03/2025	14/04/2025	Placed on Audit Committee workplan for reporting every August.
17/02/2025	Audit Committee	NA	Cyber security participants	Obtain numbers of how many councils participated in cyber survey i.e. number per state	Gary Lewis	Phil Mattingly	Completed	2/04/2025	14/04/2025	<p>The response from JLT A LGRS - The Cyber Self-assessment reports are generated off the back of the Cyber Renewal questionnaire, therefore in South Australia all Councils are members of the LGA Asset Mutual Fund which provides the Cyber protection .</p> <p>100% of Councils (68) in South Australia receive the Cyber – Security controls report. I don't have other States data only SA.</p>
17/02/2025	Audit Committee	AC2/25	Internal Audit Quarterly Update	To receive a roadmap of the implementation of Financial Assumptions and Reporting audit report by 31st May at the latest.	Zoe Gill	Lauren Jak	Completed	26/03/2025	19/05/2025	Item to be provided at April Audit & Risk Committee meeting.
17/02/2025	Audit Committee	AC4/25	Implementation of Audit Actions progress report	To request that future audit action progress reports include the number and percentage of actions completed by the original/revise due dates	Zoe Gill	Lauren Jak	In Progress	31/03/2025	19/05/2025	First report will be provided to the Audit Committee at their May Meeting. Action will then be marked as completed.
17/02/2025	Audit Committee	AC11/25	Procurement Policy	<p>1. That the Audit Committee requests a review of Councils approach to unsolicited proposals and any recommendations be brought back to Audit Committee</p> <p>2. That the CEO provides a report to the Audit Committee on a 6 monthly basis on procurement.</p>	Gary Lewis	Bruce Smith	In Progress	31/03/2025	14/04/2025	<p>1. An update on Unsolicited proposals will be provided to the Audit Committee in August. Any further matters arising out of this report will be considered.</p> <p>2. Procurement reporting has been placed on the audit committee's workplan for reporting in Feb and Aug.</p> <p>Additionally, a technology driven solution is currently being investigated which not only tracks the status of each procurement but generates reporting.</p> <p>This is however a complex project with a long implementation timeline.</p>
17/02/2025	Audit Committee	AC13/25	JLT Public Sector Top Cyber-Security Controls Review 2024 AHC	That the inadequate areas identified for improvement to be included in the Audit Action Register	Gary Lewis	Lauren Jak	Completed	31/03/2025	14/04/2025	Inadequate areas put into audit action tracker with due date of June 2026.

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## **Appendix 2**

### *Audit and Risk Committee 2025 Work Plan and Reporting Schedule*

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# ADELAIDE HILLS COUNCIL AUDIT AND RISK COMMITTEE

## 2025 Work Plan and Reporting Schedule

Terms of Reference	
Financial Reporting & Prudential Requirements	Long Term Financial Plan (LTFP) Annual
	Annual Business Plan Annual
	Budget Review 1 Annual
	Budget Review 2 Annual
	Budget Review 3 Annual
	End of Year Financial Report Annual
	End of financial year reporting timetable Annual
	End of financial year update Annual
	Procurement Report Bi-annual
	Financial Delegations Report 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
	Quarterly Risk Management Report Quarterly
	LGRS Risk Profiling Report Biennial
Internal Audit	Internal Audit quarterly update Quarterly
	Audit actions progress report Bi-annual
	Internal Audit Plan review Annual
External Audit	External audit interim letter Bi-annual
	External Audit Plan review Annual
	Meeting attendance by external auditors Bi-annual
	Review of auditor independence and legislative compliance Annual
	Audit Completion Report Annual
Public Interest Disclosure	Public Interest Disclosure Policy review Triennial
	Public Interest Disclosure Arrangements and Compliance Annual
Service Review	Service Review Brief Annual
	Service Review Report Annual
	Implementation of service review actions progress report Annual
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 Quadrennial
	Quarterly Performance Report Quarterly
	Directorate Risk Profile Presentation Quarterly
	Other Reports As required
Version Control:	Version 3 - May 2025

2025					
Feb	April	May	Aug	Oct	Nov
Included in Director Update					
	Included in Director Update				
					2025-2026
2024-2025					
		2024-2025			
					2025-2026
		2024-2025			
			2024-2025		
				2024-2025	

	Brought forward from May				

		verbal	letter		
				draft	final

	Deferred to August				


Q2 deferred to May	Q3 deferred to May		Q4	2028 Q1	
	Community and Development		Environment and Infrastructure	CEO Office	Corporate Services
as required	as required	as required	as required	as required	as required

**ADELAIDE HILLS COUNCIL**  
**AUDIT AND RISK COMMITTEE MEETING**  
**Monday 14 April 2025**  
**AGENDA BUSINESS ITEM**

**Item:** 8.1

**Responsible Officer:** Bruce Smith  
Manager Financial Services  
Corporate Services

**Subject:** 2024-25 External Audit Plan

**For:** Decision

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**SUMMARY**

At its 20 December 2022 meeting, Council (upon the Audit and Risk Committee's (the Committee) recommendation) resolved to appoint BDO Audit Pty Ltd ("BDO") under a Professional Services Agreement for a three-year period to undertake the annual financial statement audit and internal financial control audit each year.

With the financial year approaching completion, BDO have prepared a *2024-25 External Audit Plan (Appendix 1)* for the 2024-25 Annual Financial Statements Audit and Internal Financial Control Audit.

Under the Committee's Terms of Reference, a key role of the Committee in relation to External Audit relate to reviewing the external audit plan.

The purpose of this report is to provide the *2024-25 External Audit Plan* for the Committee's noting.

**RECOMMENDATION**

**The Audit and Risk Committee resolves:**

1. That the report be received, discussed and noted (item 8.1, 14 April 2025, Audit and Risk Committee meeting).
  2. To note the *2024-25 Financial Statement Audit – Engagement Letter* as contained in *Appendix 2* and the *2024-25 Internal Financial Control Audit – Engagement Letter* as contained in *Appendix 3* (item 8.1, 14 April 2025, Audit and Risk Committee meeting).
  3. To endorse the *2024-25 External Audit Plan* (item 8.1, 14 April 2025, Audit and Risk Committee meeting).
- 

**1. BACKGROUND**

The Audit and Risk Committee's Terms of Reference set out several specific functions, one of which relates to External Audit and contains key roles for the Committee, relevant to the

conduct of the 2024-25 Annual Financial Statement Audit and Internal Financial Control Audit, as follows:

- 3.4.1 Make recommendations to the Council in relation to the selection, appointment, and removal of the Council's external auditor.
- 3.4.2 Assess the quality and effectiveness of the external audit conducted and evaluate the performance of the auditor, including:
  - i. Review the scope and terms of the audit and the audit fee, including a review on non-audit services provided by the external auditor.
  - ii. Review the audit plan for coverage of material risks and financial reporting requirements.
  - iii. Monitor and review the external auditor's independence and objectivity.
  - iv. Discuss matters relating to the conduct of the audit, including any difficulties encountered, any restrictions on scope of activities or access to information, significant disagreements with management and the adequacy of management responses.
- 3.4.3 Review the findings of the audit with the external auditor, including but not limited to:
  - i. A discussion of any major issues which arose during the external audit.
  - ii. Any accounting and audit judgements.
  - iii. Levels of errors identified during the external audit.
- 3.4.4 Review any representation letter requested by the external auditor before they are signed by management.
- 3.4.5 Review the subsequent audit management letter from the external auditor and management's proposed response, by the Council, to the external auditor's findings and recommendations in that audit management letter.
- 3.4.6 Meet with the external auditor on at least one (1) occasion each year on a confidential basis, ensuring that a majority of members of the Committee are present for the meeting and that no Council members (other than Council members who are members of the Committee), or Council employees are present at the meeting.
- 3.4.7 Liaise with the Council's auditor in accordance with any other requirements prescribed by the Act or Regulations.

Function 3.4.2 i and ii occur in the review of the external audit plan and engagement letter.

At its 20 December 2022 meeting, Council (upon the Committee's recommendation) resolved to appoint BDO under a Professional Services Agreement for a three-year period. In recent months BDO have liaised with Council staff to finalise the engagement and develop the 2024-25 Audit Plan (**Appendix 2**).



**2. ANALYSIS**

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

*Strategic Plan 2024-28 – Your Place Your Space*

Goal 4                      Organisation  
Objective O2            Operate with integrity using best practice governance processes.  
Priority O2.3            Enhance governance structure and systems to be agile and support our legislative obligations.

External audit is a key accountability function to the community regarding the financial governance of the organisation.

➤ **Legal Implications**

Chapter 8 – Administrative and financial accountability, Part 3 – Accounts, financial statements and audit, Division 4 – Audit of the *Local Government Act 1999* and Part 6 - Audit of the *Local Government (Financial Management) Regulations 2011* set out the requirements regarding the appointment of the external auditor and the conduct of the audit.

➤ **Risk Management Implications**

The appointment of the external auditor consistent with the requirements of legislation assists 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 makes a budget allocation each year for the expenses associated with the conduct of the external audit.

The external audit function is managed by the Governance Department although the Financial Services Department is most significantly impacted throughout the external audit process.

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

There is a high expectation that Council’s accounts are audited by appropriately qualified and independent external auditors.

➤ **Sustainability Implications**

Not directly applicable

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

Consultation on the development of this report was as follows:

<i>Council Committees:</i>	Not Applicable
<i>Workshops:</i>	Not Applicable
<i>Advisory Groups:</i>	Not Applicable
<i>External Agencies:</i>	BDO
<i>Community:</i>	Not Applicable

➤ **Additional Analysis**

Notwithstanding that the terms and condition of the contractual arrangement are contained in the Professional Services Agreement, BDO have provided a *2024-25 Financial Statement Audit – Engagement Letter (Appendix 2)* and a *2024-25 Internal Financial Control Audit – Engagement Letter (Appendix 3)*.

In preparation for the 2024-25 External Audit, BDO have prepared a *2024-25 External Audit Plan (Appendix 1)* for the Committee's noting.

The Administration has reviewed the Plan and is agreeable with the scope, methodology and timeframes set out in the Plan.

**3. OPTIONS**

The Committee has the following options:

- I. To receive and note this report.
- II. To endorse the 2024-25 External Audit Report
- II. To identify an alternative course of action

**4. APPENDICES**

- (1) 2024-25 External Audit Plan
- (2) 2024-25 Financial Statement Audit – Engagement Letter
- (3) 2024-25 Internal Financial Control Audit – Engagement Letter

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# Appendix 1

*2024-25 External Audit Plan*

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# Adelaide Hills Council

Annual audit plan

Period ended 30 June 2025



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## Contents

Your BDO team	1
Our objectives and approach	2
Audit quality	4
Risk assessment and areas of focus	5
Internal Control Assessment	9
Materiality	11
Timeline	12
Fees	14
BDO's Global Portal	15
BDO Advantage	16
Appendix 1    New developments	17
Appendix 2    Sustainability reporting	19
Appendix 3    Other communications	23

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Dear Audit and Risk Committee Members

Thank you for the opportunity to present our annual audit plan ('plan') for Adelaide Hills Council ('AHC' or the 'Council') for the year ending 30 June 2025.

Our plan has been developed with input from Adelaide Hills Council management and continues to be based on our understanding of Adelaide Hills Council's business and operating environment.

We acknowledge that throughout the year there may be business developments, circumstances may change and additional matters may arise. Our plan will be responsive to your needs and will maximise audit effectiveness so we can deliver the high-quality audit you expect.

This plan is intended solely for management and the Audit and Risk Committee and is not intended to be and should not be used by anyone other than these specified parties.

Please feel free to contact me on +61 8 7324 6147 if you have any questions or would like to discuss the content of this plan further.

Yours faithfully



**Linh Dao**

Engagement Partner

Adelaide, 31 March 2025



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## Your BDO team

Your engagement team provides a combination of continuity and fresh ideas. This helps to ensure that we build on previous experience and make the audit process as smooth as possible.

### Your BDO team

Our audit of Adelaide Hills Council will be led by Linh Dao as Engagement Partner. Linh will oversee the co-ordination of the audit and will have primary responsibility for working with Gary Lewis and his team.

Supporting Linh will be Mitchell Bremner as Audit Manager and Edmond Ng as senior in charge.

Mitchell is responsible for the day-to-day direction of the audit work and is the key point of contact for Gary Lewis.

The day-to-day audit team will be led by Edmond.

### BDO TEAM MEMBERS



#### LINH DAO

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# Our objectives and approach

## Objectives

Our audit is performed with the objective of enabling us to express an opinion as to whether;

- The financial report is prepared, in all material aspects, in accordance with Australian Accounting Standards, the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*, and
- Controls exercised by Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law based on criteria established in the *Better Practice Model - Financial Internal Control for South Australia Councils* issued by the Local Government Association of South Australia.

## Approach

Our audit is performed in accordance with the BDO Audit Approach, which is documented using our global audit tool, APT. It consists of four key phases:



### A risk driven audit

Our audit approach is driven by our assessment of risks of material misstatement, based on a robust understanding of your business from an internal and external point of view. Our approach is centred around:

- Obtaining an understanding of the business, its environment, and the applicable financial reporting framework
- Identifying and assessing risks of material misstatement
- Assessing the controls in place to address and prevent these risks
- Designing and executing appropriate procedures to obtain evidence, including the use of data analytics where appropriate
- Ensuring rigorous quality management over audit performance.

### Internal control

We obtain an understanding of the system of internal control relevant to the audit to assist us with our risk assessment procedures. Our understanding covers:

- The overall control environment
- The entity's risk assessment process
- The information system, including IT applications and related business processes, relevant to financial reporting, and communication
- Control activities relevant to the audit
- Activities the entity uses to monitor internal control relevant to financial reporting.



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## Our objectives and approach *continued*

### Communications

We communicate to the Audit Committee in writing any significant deficiencies that come to our attention during the audit on a timely basis.

In addition, we communicate with management the significant deficiencies being reported to those charged with governance and any other deficiencies identified that in our judgement are of sufficient importance to merit management's attention. In doing so, we will provide recommendations to improve internal controls and business systems.

### Fraud

During the course of our audit, we make enquiries of those charged with governance, management, and others to identify any known instances of fraud. We also make enquiries to understand where you consider the risks are in relation to fraud and if you have any knowledge of actual or suspected fraud. This also includes considering the risk of management override of controls.

It should be noted that our audit is not designed to detect fraud, however, should instances of fraud come to our attention, we will report them to you.

### Going concern

As part of our audit, we will review management's assessment of the ability of the entity to continue as a going concern for the 12 months from the date of signing the financial report and therefore whether the going concern basis for the preparation of the financial report is appropriate.

### Laws and regulations

We make enquiries in relation to any non-compliance with laws and regulations impacting the period under audit. If we become aware of any instances of non-compliance with laws and regulations which would materially impact on the financial position or performance of the entity, then we will report them to you on a timely basis to consider the impact on the financial report.

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## Audit quality

Our System of Quality Management (SOQM) provides the foundation on which we build and maintain a culture of quality and it enables the behaviours and actions of our partners and staff to achieve quality on a consistent basis. Our SOQM sets out the key drivers of audit quality, including the specific attributes that are critical in enhancing and maintaining quality. For further information on the elements of our SOQM and how we consistently achieve quality outcomes, refer to our [Transparency Report](#).

### Independence and objectivity

Our commitment to be independent, act objectively, with the necessary integrity, professional competence and due care are key defining qualities that contribute to exceptional client service. At BDO, we adhere to all relevant ethical standards and requirements both within and external to our network.

All engagement team members, including experts and specialists, are required to confirm and declare their independence from audit clients and any related entities prior to commencing work on the engagement.

Your BDO team is independent and will continue to work with objectivity in all aspects of the engagement.

### Experience and expertise

The appropriate composition of engagement teams is fundamental to delivering a high-quality audit. We ensure partners and staff have the necessary experience, competencies, and technical skills to undertake their engagements. For complex engagements, we consider the need to appoint specialists or experts to assist with specific risk areas.

Your BDO team possesses the relevant experience and expertise necessary to perform an effective audit.

### Professional judgment and scepticism

Professional judgment is the systematic practice of making the best possible decision considering professional standards and the facts and circumstances of a situation. To exercise professional judgment requires professional scepticism. This means having a questioning mind, being alert to anything that may indicate misstatement and critically assessing audit evidence.

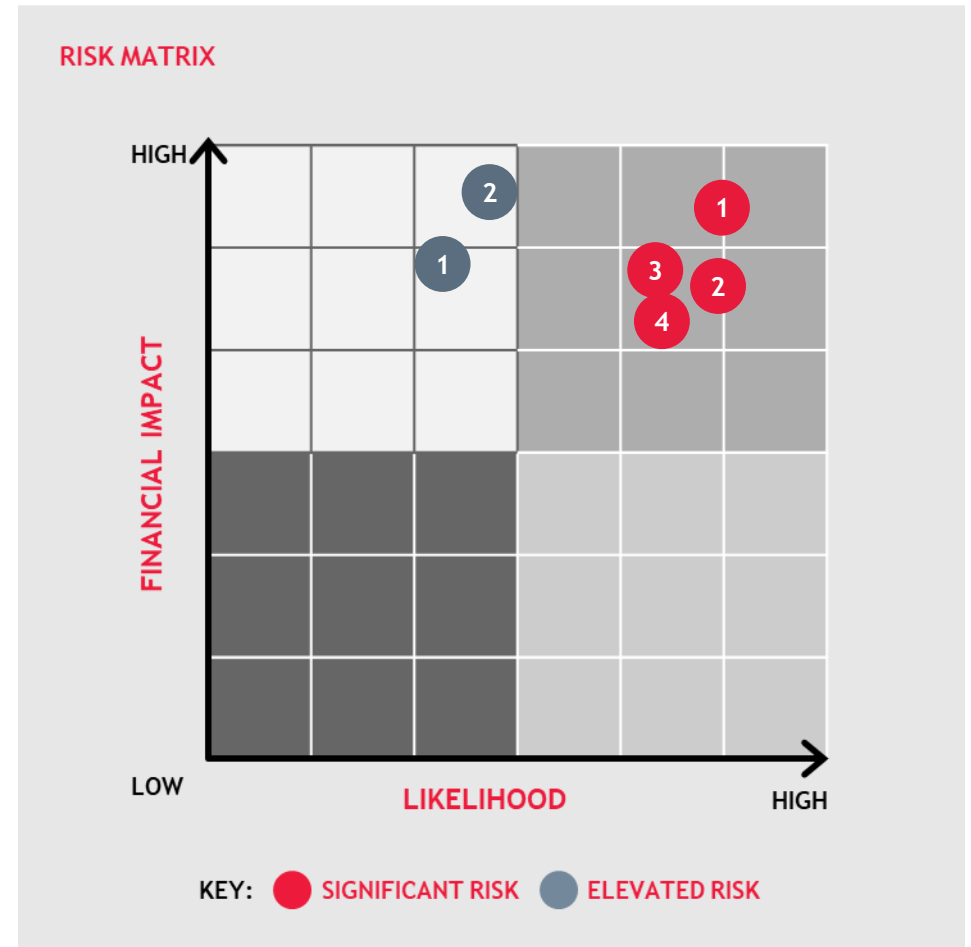
We will continue to question and challenge key assumptions and judgments made by management in preparing the 30 June 2025 financial report.

## Risk assessment and areas of focus

In line with our audit approach and based on our understanding of Adelaide Hills Council, we have identified the risks of material misstatement (RMM) at both the engagement and assertion level. In assessing the RMMs, we use a spectrum of risk based on the likelihood of a misstatement occurring and the magnitude of the misstatement in the context of our materiality. We use inherent risk factors (complexity, subjectivity, change, uncertainty or susceptibility to misstatement due to management bias or fraud) to drive risk identification and assessment.

Our initial assessment is shown in the matrix for the risks identified at the upper end of our spectrum (Significant and Elevated).

On the subsequent page we have set out our perspective on the potential impact on the financial statements and our proposed approach to respond to the risks. We will continue to be alert for risks during the course of the audit and update our assessment and responses as required.



## Risk assessment and areas of focus *continued*

#	AREAS OF FOCUS	OUR PERSPECTIVE	PLANNED RESPONSE
1	Revaluation of infrastructure, property, plant and equipment.	Council's infrastructure, property, plant and equipment is carried at valuation. There is a risk that these balances are misstated as a result of the application and inappropriate valuation methodologies, or incorrect underlying assumptions.	<p>Inquiries will be made to understand the revaluation approach adopted for each Council's material classes of assets for FY2025.</p> <p>If independent valuers are involved in establishing the fair value as part of the financial reporting process, we will assess the qualifications and experience of the valuers, consider the relevance and reasonableness of valuation methods and assumptions used for compliance with the requirements of AASB 13 <i>Fair Value Measurements</i>.</p> <p>Inquiries will be made to assess how management ensures the compliance with AASB 13.31, which requires revaluation shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of reporting period.</p> <p>We will review Council's and Committee's meeting minutes to evaluate if there are events or conditions that might impact the fair value of the assets during the reporting period.</p>
2	Accounting treatment of Capital Work In Progress ('WIP')	There is a risk that the accounting treatment of items captured within capital WIP may not be in accordance with Australian Accounting Standards.	We will obtain the Capital WIP schedule, reconcile the opening balance this year to the audited closing balance in 2024, and review in detail a sample of projects outstanding at the end of the year to ensure they are likely to generate assets.

## Risk assessment and areas of focus *continued*

#	AREAS OF FOCUS	OUR PERSPECTIVE	PLANNED RESPONSE
			<p>We will also review a sample of assets transferred out of the Capital WIP to check that the categorisation and value allocated to the relevant fixed asset class is appropriate.</p> <p>Attention will be paid to AHBTC Capital Divestment project, as raised in prior year's completion report, due to the prolonged period that the WIP has been accumulated. Audit procedures will be undertaken to evaluate if there is any event/ condition that impacts the carrying amount of the WIP at reporting date, and whether these have been accounted for accordingly.</p>
3	Management override of internal controls	Australian Auditing Standards require that we presume there is a risk that management has the ability to manipulate accounting records and override control that otherwise appear to be operating effectively.	Our response will include a review of key internal controls at the Council to mitigate the risk of management override. We will test the appropriateness of journal entries and other adjustments made in the preparation of the financial report. We will also review accounting estimates for bias and evaluate the business rationale (or lack of) of any significant transactions that are outside of the normal course of business or that otherwise appear to be unusual.
4	Cut-off of grant funding and accuracy of any amounts deferred on 30 June 2025	There is a risk of error in the calculation of grant income recognised and deferred at the end of the year by reference to grant agreements and Australian Accounting Standards.	We will obtain the schedule of grant income recognised and deferred at year-end. We will select a sample of grants and obtain the agreements to review in detail and test that they have been recognised in accordance with AASB 15 <i>Revenue from Contracts with Customers</i> and AASB 1058 <i>Income of Not-for-Profit Entities</i> .

## Risk assessment and areas of focus *continued*

#	AREAS OF FOCUS	OUR PERSPECTIVE	PLANNED RESPONSE
1	Measurement of rehabilitation liabilities	Council has made provision for its monitoring and rehabilitation obligations regarding 3 formal landfill sites. There is a risk of error that the liabilities are not measured in accordance with the requirements of AASB 137 Provisions, Contingent Liabilities and Contingent Assets.	<p>We will inquire with management of the provisions made as at the reporting date, including any new development during the year. We will audit the accounting treatment by reference to supporting documents including management position papers, relevant agreements, and the requirement of applicable Accounting Standards.</p> <p>We will obtain written confirmation from the Council's external legal representatives for any outstanding matters and assess the completeness of the provision provided.</p> <p>We will evaluate if relevant disclosures made to the financial statements are in accordance with the applicable reporting framework.</p>
2	Impairment of investment accounted for using equity method	As at 30 June 2024, Council reported \$2.26mil investment in Gawler River Floodplain Management Authority (GRFMA) accounted for using the equity method. During the year, there have been discussion made regarding whether Council will continue or relinquish its membership with the Authority. This indicates potential impairment indicators regarding the carrying value of the investments, which might not be accounted for appropriately in the 2025 financial statements.	<p>We will inquire management of any changes in facts and circumstances in relation to its relationship/ investments in GRFMA, taking into consideration all information gathered during the course of the audit.</p> <p>We will assess management's evaluation of impairment indicators for the year ended 30 June 2025 and audit the accounting as the result of such assessment.</p> <p>We will review disclosures made to the accounts and consider the appropriateness in accordance with the applicable financial reporting framework.</p>

## Internal Control Assessment

We are required to provide an audit opinion on Council's internal controls in accordance with Section 129(1)(b) of the Local Government Act 1999. Our assessment of internal controls is based on the criteria in the Better Practice Model - Financial Control for South Australian Councils as issued by the Local Government Association of South Australia.

The Better Practice Model emphasises a risk based approach to internal financial controls. It states that a Council should design and implement internal financial controls activities and monitoring systems that prioritise extreme and high financial risk as identified by the Council's risk tolerance framework.

### Risk assessment

BDO has used the risk assessment matrix per the Better Practice Model to create a general expected risk assessment. The assessment is only focused on the business impact of the risks. Each risk is assigned risk category of low, moderate, high. The results of our initial assessment is as follows:

	Risk level		
Risk category	High	Moderate	Low
Strategic Financial Planning	-	3	9
Assets	3	5	19
Liabilities	-	4	10
Revenue	3	6	5
Expenses	6	5	8
External Services	-	2	-
Financial governance	-	-	3

We expect to receive Council's risk assessment of internal controls as part of the planning process. Once received we will compare and understand any differences between the two assessments. Based on the results of this comparison, we will consider the impact on our audit approach.

### Control assessment

Once the risk assessment is complete, we undertake a control assessment classifying each control as key or non-key. All controls associated with high risks are considered to be key controls. Controls with moderate risks are assessed and allocated key or non-key.

Control type	Description
Key control	The absence of these controls operating may have a significant impact on mitigating the risks. All key controls are included within our audit testing.
Non-key control	The absence of these controls in place may not have a significant impact on mitigating the risks as the operation of a key control in the same area may provide sufficient mitigation. The level of testing of non-key controls is dependent on the risk assessment. See the next section for more details.

## Internal Control Assessment *continued*

### Control testing

The risk and control assessments performed by BDO will then determine our level of testing of the controls in place to address the risks.

Risk level	Level of testing of controls	Reason
High	All controls to be tested, all considered to be key.	Control failure may result in a significant business impact, therefore an increased level of assurance is required in relation to the effectiveness of the controls supporting high risks.
Moderate	All identified key controls and a selection of non-key controls selected based on our professional judgement.	Control failure may result in a moderate business impact, therefore a normal level of assurance is required in relation to effectiveness of the controls supporting moderate risks.
Low	No testing of controls	Control failure is unlikely to result in a significant business impact.

The number of controls to we plan to test for each risk category is as follows:

Risk category	Controls to be tested
Strategic Financial Planning	11
Assets	22
Liabilities	8
Revenue	16
Expenses	24
External services	4
Financial governance	-
<b>Total</b>	<b>85</b>

Due to the number of controls involved we have not provided a detailed list of controls in this report. We can provide the detailed list of controls separately as required. The controls selected for testing represent our assessment of those required to be tested to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law based on criteria established in the Better Practice Model - Financial Internal Control for South Australia Councils issued by the Local Government Association of South Australia.



# Materiality

Materiality means, in the context of an audit, if financial information is omitted, misstated or not disclosed it has the potential to (adversely) affect the decisions of users of the financial report. Materiality is used by auditors in making judgements on the amount of work to be performed, which balances require work and for evaluating the effect of misstatements. Materiality is initially calculated at the planning stage and re-assessed prior to providing our opinion.

During the course of our audit we may identify misstatements and these will be reported to you at the conclusion of our work based on our assessment of materiality at that stage (this may have been updated from the materiality calculated at the planning stage). It should be noted that the auditing standards do not require us to communicate misstatements that are considered ‘clearly trivial’ and as such, if we identify such misstatements we will not communicate these to you.

We determine materiality by considering a range of both qualitative and quantitative factors when applying our professional judgement.

Our materiality for the 30 June 2025 audit is based on 1.8% of forecasted total assets. Specific materiality is set at 1.8% of Council’s total expenditure for the year.

Our estimated materiality levels are set out in the table below:

MATERIALITY	\$8,900,000
SPECIFIC MATERIALITY	\$950,000
CLEARLY TRIVIAL THRESHOLD	\$47,500

Specific materiality will be applied to the financial statement areas that are related to operating activities, whereas engagement materiality will be applied to financial statement areas of capital expense nature.

# Timeline

## Audit milestones

We recognise that regular, timely communication with management and the Audit Committee is critical to maintaining an effective and transparent relationship. Our audit process operates throughout the year so that we can respond to issues as they arise and maintain close communication, with management and the Audit Committee, as the audit cycle progresses.

We have set out below the timing of significant milestones to include on-site visits, key meeting dates and reporting deadlines with respect to the completion of the audit.

MILESTONE	RESPONSIBILITY	DATE
Planning meeting with management	BDO & management	Completed
Annual audit plan issued, including updating Audit Committee on prior year finding's progress	BDO & management	Completed
Audit Committee meeting and discussion of Annual audit plan	Management	14 April 2025
BDO Portal requested items completed	Management	12 May 2025
Interim audit visit commences, including internal controls and transactional testing; follow-up on the prior year's internal control deficiencies	BDO & management	Week commencing 19 May 2025
Submission of interim management letter (including update on internal control audit)	BDO & management	18 August 2025
BDO Portal requested items completed including first copy of drafted financial statements	Management	1 September 2025
Final audit visit commences	BDO & management	Week commencing 8 September 2025
Close out meeting with management	BDO & management	12 September 2025
Submission of audit completion report for Audit & Risk Committee	BDO	TBC - October 2025

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## Timeline *continued*

MILESTONE	RESPONSIBILITY	DATE
Financial statements presented to Audit & Risk Committee	BDO, management & Audit & Risk Committee	TBC - October 2025
Chief Executive Officer and Principal Member of Council to approve and sign off Certification of Financial Statements, Certification of Auditors Independence and management representation letter	Council	October / November 2025
Issue Independent Auditor's Report and Certificate of Auditor Independence in relation to Independence	BDO	October / November 2025
Finalisation of various acquittal reports	BDO & management	TBC

# Fees

## Fees

The estimated fee for all services provided for the year ending 30 June 2025 is as below. All amounts are exclusive of GST.

AUDIT AND ASSURANCE SERVICES	FY25 PROPOSED	FY24 ACTUAL
Base fee - annual audit	\$45,000	\$44,500
<b>Total audit fees</b>	<b>\$45,000</b>	<b>\$44,500</b>

## Assumptions

The fee encompasses the audit of:

- Annual financial statements
- Internal controls
- Road to Recovery CEO's Financial Statements
- LGAWCS Actual Wages Declaration

Any reasonable out of pocket expense are charged to you as disbursements when incurred. In addition, we will disburse to you a technology levy as a percentage (2%) of our fees to cover software licensing, data storage and usage costs. Our fee is based on our understanding of your current operations and the required scope of the audit. If these alter, the fee will need to be revised.

Our fees do not include any advice or assistance that may be given in respect of accounting issues. Whilst brief ad hoc information provided in the course of our audit is generally included in our proposed fee, formal advice, assistance with complex issues or meetings to discuss these issues falls outside the scope of our proposed fee. Fees for assistance provided will be negotiated prior to services being performed.

## Assistance required

In order to keep our time and costs to a minimum, we appreciate your assistance with the following:

- Ensure you have documented your policies and procedures surrounding your business processes, from initiation and processing through to recording and reporting, of transactions, account balances and disclosures. Including how your IT systems and applications are being used in this process
- With your approval, providing us access to extract data from your IT systems to enable us to use our data analytic tools in the BDO Advantage suite
- Preparing position papers for all key judgements and estimates, using your experts and specialists as required
- Management providing all deliverables in line with the agreed timetable
- Assistance from your staff with supporting documentation and explanations during the audit process
- Disclosure by your staff of all information relevant to the engagement in a timely manner.

We will provide you with an audit preparation package through our Global Portal.

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# BDO's Global Portal

## BDO's Client Portal

To enhance our communication and to reduce any potential expectation gaps, we will continue to use the BDO Global Portal ('portal').

In addition to facilitating the secure exchange of information, the use of the portal assists with project management and provides a live view of progress to both BDO and Adelaide Hills Council.

We will consult with you about how you would like us to communicate during the engagement, and the frequency of our status updates. In addition, whether it is to provide ad-hoc support, brainstorm ideas, or discuss any aspect of our services, the portal can assist. The key features of the portal are illustrated below:



### Online client collaboration

- Upload information and documentation in one secure place
- Track actions and milestones for BDO and client responsibilities.



### A flexible, secure platform with local customisation

- Security - permission and access can be set at a project level for different users such as your staff or our BDO teams
- You can receive a daily or weekly digest, summarising all activity that has occurred on the portal
- View document audit trails, reducing the risk of email misdirection.



### Digitised paperwork and workflow

- Approve and sign documents all within the portal, allowing for better transparency and speedier project progress
- Set dates with calendar reminders for when BDO requires certain documentation or information to be uploaded or completed
- Assign tasks to specific users
- Portal supports multiple document types and views.

# BDO Advantage

## BDO Advantage: Our innovative Audit Technology Platform

Today's business, regardless of industry or location, becomes increasingly digital-centric. Companies accumulate a great amount of data in their systems, but data becomes valuable only if we present and analyse them in such a way that they actually bring benefits. Today, we can do this effectively with BDO Advantage.

Our new suite of Data Analytics tools (BDO Advantage) enables us to enhance our audit approach through the extraction and analysis of data, to provide assurance for our audit and valuable insights for your business - allowing you to quickly address anomalies and make better decisions.

## Benefits to you

- Audit quality - Audit Data Analytics (ADAs) are engineered to identify risk areas requiring attention more rapidly. Conversely, areas requiring less attention are similarly identified using consistent visualisations derived from underlying data, providing a more effective audit and enhanced audit quality
- Reduced reliance on sampling - ADAs and the supporting methodology focuses our attention on notable items indicating higher risk of material misstatement within a population, allowing for targeted efforts to be directed to those items meriting the most attention. Entire populations do not ordinarily require significant amounts of traditional sampling. Rather, efforts are directed to tests of transactions indicative of higher risk, while simultaneously reducing efforts on those that do not indicate risk
- More meaningful audits - As we perform less sampling on entire populations and focus our efforts on outliers and unusual patterns within your datasets in consistent models, we will increasingly focus our energy on performing more meaningful and interesting work.

## The future

BDO is committed to innovation. As a firm, we are increasingly investing in building and implementing digital tools as part of the BDO Digital Audit Suite, to make the audits we deliver more efficient and insightful for you. As the BDO Digital Audit Suite evolves, we will apply these tools as part of your audit, where we believe they will deliver benefits to you as our client.



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## Appendix 1 New developments

### Changes in financial reporting for 31 December 2024

#### Amendments to AASB 101 for classifying liabilities as current or non-current

Effective for annual reporting periods beginning on or after 1 January 2024, there are three main changes to the classification requirements within AASB 101

##### *Presentation of Financial Statements:*

- The right to defer settlement for at least 12 months must exist at the end of the reporting period. If the right to defer settlement is dependent upon the entity complying with specified conditions (covenants) as at the reporting date, the right to defer (and therefore classify at least part of the loan as non-current) only exists at the reporting date if the entity complies with those conditions at the reporting date (paragraph 72B)
- Classification is based on the right to defer settlement, and not intention. Accordingly, if an entity has the right at the end of the reporting period to roll over an existing obligation for at least 12 months after the reporting period, it classifies the obligation as non-current, notwithstanding the entity may intend to settle the liability earlier (paragraph 73), and
- If a liability could be settled by the lender requiring the entity to transfer to the lender its own equity instruments prior to maturity (e.g. a convertible bond), classification of the liability is subject to whether the conversion feature is classified as a liability or equity instrument. If the conversion feature is classified as a liability and could be exercised within 12 months of the reporting date, the liability is classified as current. Alternatively, if the conversion feature is classified as equity under AASB 132 *Financial Instruments: Presentation*, the conversion feature does not affect the classification of the convertible bond (paragraph 76B).

Classifying loans can be complicated where there has been a breach of a loan covenant, and can depend on whether and when the lender has provided a waiver or a period of grace. Our [publication](#) includes a flowchart and detailed examples to assist in this analysis.

Where a liability could be settled by an entity transferring its own equity instruments, such as for a convertible bond or note, this [publication](#) provides examples to assist with appropriate classification.

These amendments apply for the first time to the classification of liabilities as current or non-current in the 31 December 2024 balance sheet. Comparatives must be restated in the 31 December 2023 balance sheet and in the 1 January 2023 opening balance sheet.

### New developments in financial reporting

#### AASB 18 *Presentation and Disclosure in Financial Statements*

On 9 April 2024, the International Accounting Standards Board issued IFRS 18 *Presentation and Disclosure in Financial Statements* (AASB 18 in Australia), a new financial statements presentation standard to replace IAS 1 *Presentation of Financial Statements*. You can read more about this in our [recent publication](#).

The changes require income and expenses to be classified into one of the following five categories - investing, financing, income taxes, discontinued operations and operating ('operating' being the residual or 'catch all' category). Classification follows an entity's 'main business activities' so AASB 18 is likely to result in different presentations across entities. The Statement of Profit or Loss also includes two mandatory subtotals:

- Operating profit or loss - this is a sub-total of all income and all expenses classified as operating, and
- Profit or loss before financing and income taxes - this is the sub-total of operating profit or loss, and all income and expenses classified as investing.

There are also changes to the Statement of Cash Flows, including how interest and dividend cash inflows and interest cash outflows are classified.

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## Appendix 1 New developments *continued*

Lastly, the financial statements must include new disclosures in a single note about 'management-defined performance measures' such as earnings before interest, taxes, depreciation and amortisation (EBITDA), 'adjusted profit', operating profit excluding recurring items, etc. The new disclosures apply to 'management-defined performance measures' if they are used in public communications outside the financial statements, to communicate to users of financial statements, management's view of an aspect of the entity's financial performance. They do not apply to certain specific sub-totals in the Statement of Profit or Loss such as gross profit. They also do not apply to social media posts and oral communications, and to non-IFRS information based on financial measures that are not performance-related (such as measures based only on the financial position of the entity). Also, they do not apply if an entity makes no public communications (as may be the case for private companies).

The changes are effective for annual periods beginning on or after 1 January 2027.

If you have any questions or require more information regarding these changes, please contact our [IFRS & Corporate Reporting](#) team.



## Appendix 2 Sustainability reporting

### What is required?

Legislation to mandate sustainability reporting Australia was passed by the Senate on 22 August 2024 and received Royal Assent on 17 September 2024. The start date is for years commencing 1 January 2025, with a phase-in period for entities of different sizes and types. Entities required to prepare and lodge financial reports with the Australian Securities and Investments Commission (ASIC) under Chapter 2M of the *Corporations Act 2001* may have to prepare sustainability reports if they meet certain criteria. In particular, entities that do not meet the size threshold tests in section 292A and are neither NGER reporters nor asset owners, are not currently required to prepare sustainability reports.

The legislation requires a 'sustainability report', but climate-related disclosures are the first, and currently the only component of mandatory sustainability reporting.

### Where will climate-related financial disclosures be disclosed?

Climate-related disclosures are required within a sustainability report forming part of the annual report. The sustainability report required by the *Corporations Act 2001* and consist of:

- The climate statements
- Notes to the climate statement
- Any statements prescribed by legislation
- The director's declaration.

### ASIC says: Start preparing for climate reporting now

Climate reporting represents the biggest changes to financial reporting and disclosures standards in a generation.

### Key actions to take now

**Reporting Obligations:** Assess whether mandatory sustainability reporting applies.

**Risk Disclosure:** Balance mandatory and voluntary disclosures, considering stakeholder needs, as this can be seen as a strategic work program vs a compliance activity.

**Internal Capability:** Train employees or build capability to allocate resources effectively. Given that this is a new area, capability and capacity can be inhibitors.

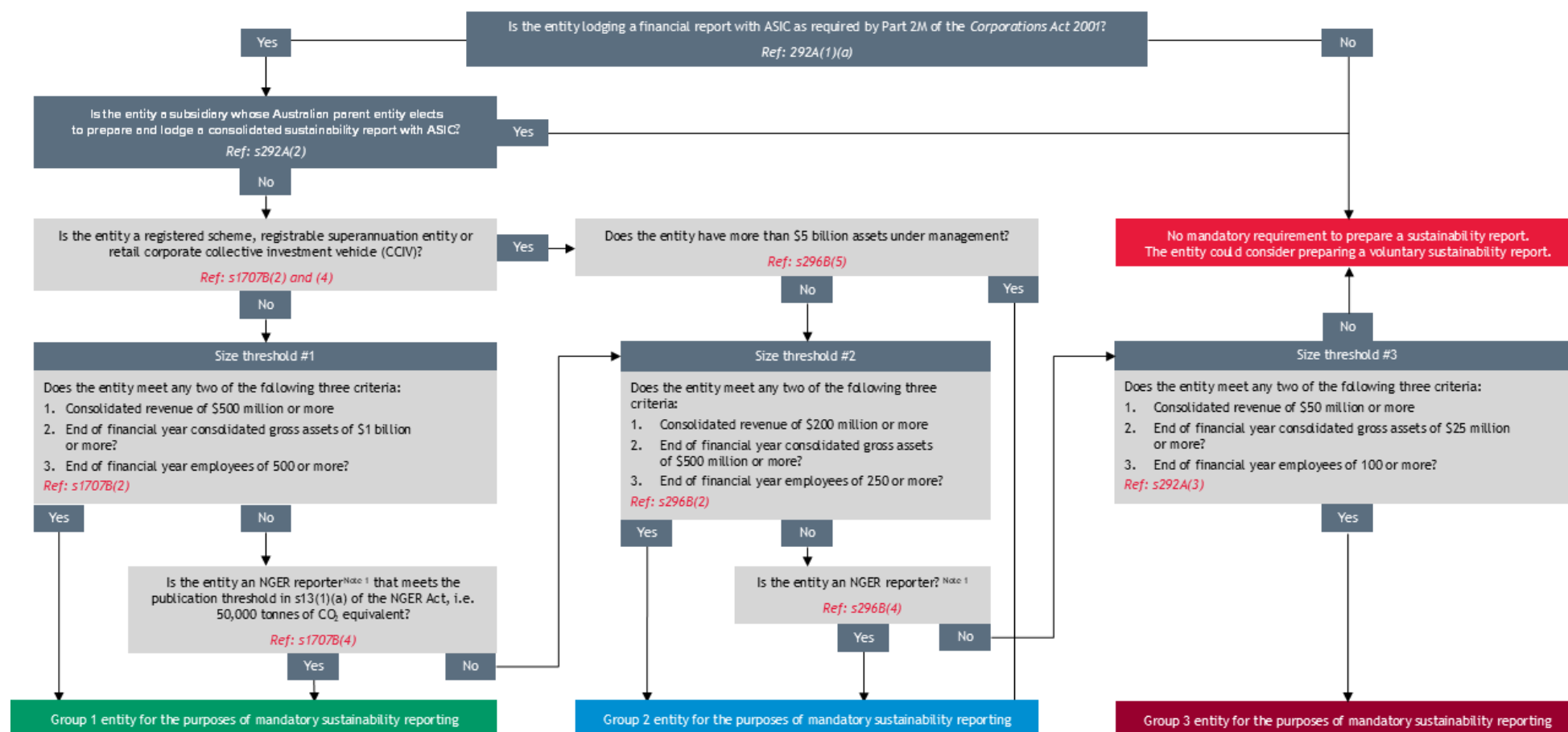
**Data Quality and Technology Constraints:** Given that some of this information will be being captured and generated for the first time, govern data and assess technology readiness.

**Process Maturity and Change Management:** Align processes, manage change effectively, and ensure people across the end-to-end process understand the "why".

## Appendix 2 Sustainability reporting *continued*

### Who is required to prepare climate-related financial disclosures?

The following decision tree diagram will assist you in determining whether your entity is subject to mandatory sustainability reporting, and if applicable, which of the three groups it falls into.



*Note 1: An entity is an NGER reporter if it is a controlling corporation registered or required to be registered under s12(1) of the National Greenhouse and Energy Reporting Act 2007 (NGER Act).*

## Appendix 2 Sustainability reporting *continued*

### When will climate-related reporting be mandated?

The following table outlines the first mandatory reporting period end for Group 1, Group 2 and Group 3 entities with different year-ends.

SUSTAINABILITY REPORTS REQUIRED FOR THE FIRST YEAR ENDING ON DATES SHOWN BELOW			
YEAR-END	GROUP 1 ENTITIES	GROUP 2 ENTITIES	GROUP 3 ENTITIES
31 December	31 December 2025	31 December 2027	31 December 2028
31 March	31 March 2026	31 March 2028	31 March 2029
30 June	30 June 2026	30 June 2027	30 June 2028
30 September	30 September 2026	30 September 2028	30 September 2029

### Sustainability reporting standards

The Australian Accounting Standards Board is responsible for setting sustainability reporting standards. Its first two standards, AASB S1 *General Requirements for Disclosure of Sustainability-related Financial Information* (a voluntary standard) and AASB S2 *Climate-related Disclosures* (mandatory standard) align closely with IFRS® Sustainability Disclosure Standards.

### Your sustainability roadmap

We've created a practical roadmap to guide your implementation of mandatory climate-related disclosures as well as your sustainability journey. It outlines the essential activities and their deadlines. Though Council is not required to report under Corporations Act, and we are yet aware of any changes in the Local Government Act that would require the inclusion of Sustainability Report in Council's Annual Report, we have included the suggested best practice roadmap if Council were a Group 2 entity for the mandatory climate reporting purpose in the following page for your information.

## Appendix 2 Sustainability reporting *continued*

### Group 2 entities: Best practice roadmap

PROJECT STREAMS			30 JUNE 2024	30 JUNE 2025	30 JUNE 2026	30 JUNE 2027	30 JUNE 2028
1	COMPLIANCE FOCUS: Carbon footprint measurement	Scope 1 and 2 greenhouse gas (GHG) emissions		<ul style="list-style-type: none"> <li>Set carbon inventory boundary</li> <li>Develop a Basis of Preparation (carbon accounting methodology)</li> <li>Measure and report internally Scope 1 &amp; Scope 2 GHG emissions</li> </ul>	<ul style="list-style-type: none"> <li>Improve measurement and report internally Scope 1 &amp; Scope 2 GHG emissions</li> <li>Set targets in relation to Scope 1 &amp; 2 GHG emissions</li> <li>Conduct an assurance readiness assessment</li> </ul>	Mandatory calculation and external reporting of Scope 1 and 2 GHG emissions	
		Scope 3 GHG emissions		Initial measurement (significant estimation) and report internally Scope 3 GHG emissions	Improve measurement (significant estimation) and report internally Scope 3 GHG emissions	<ul style="list-style-type: none"> <li>Improve measurement (less estimation) and report internally Scope 3 GHG emissions</li> <li>Set targets in relation to Scope 3 GHG emissions</li> <li>Conduct an assurance readiness assessment</li> </ul>	Mandatory calculation and external reporting of Scope 3 GHG emissions
2	COMPLIANCE FOCUS: Climate related disclosure	TCFD	Include <u>some TCFD disclosures</u> in the annual report with a focus on the following pillars: <ul style="list-style-type: none"> <li>Governance; and</li> <li>Strategy</li> </ul>	Include <u>all TCFD disclosures</u> in the annual report, including the following pillars: <ul style="list-style-type: none"> <li>Governance</li> <li>Strategy</li> <li>Risk Management</li> <li>Metrics and Targets</li> </ul>		TCFD disclosures replaced by IFRS S2/AASB S2	
		IFRS S2 and AASB S2		Conduct an IFRS S2/AASB S2 gap analysis	<ul style="list-style-type: none"> <li>Conduct a material climate risk assessment</li> <li>Prepare a scenario analysis</li> <li>Financial modelling of impact on financial statements</li> <li>Prepare draft IFRS S2/AASB S2 disclosures for internal use</li> </ul>	Mandatory reporting of all IFRS S2/AASB S2	
3	STRATEGIC FOCUS: Sustainability related strategy disclosure	IFRS S1/AASB S1		<u>Activate sustainability strategy</u> <ul style="list-style-type: none"> <li>Step 1: ASSESS - Current state assessment</li> <li>Step 2: PRIORITISE - Materiality assessment (stakeholder engagement)</li> <li>Step 3: COMMIT - Identify gaps</li> </ul>	<ul style="list-style-type: none"> <li>Step 4: MEASURE - Commit and measure to address gap identified</li> <li>Step 5: REPORT - Prepare separate voluntary sustainability report</li> <li>Conduct an IFRS S1/AASB S1 gap analysis</li> </ul>	Continuous improvement of reporting to stakeholders (e.g. separate voluntary reporting)	

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## Appendix 3 Other communications

### Ethics and independence

In conducting our audit, we are required to comply with the independence requirements of the *Corporations Act 2001* and Part 4A of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

We obtain independence declarations from all staff engaged in the audit. We also have policies and procedures in place to identify any threats to our independence, and to appropriately deal with and if relevant mitigate those risks.

Should any independence matters be raised, we will bring them to your immediate attention.

For the comfort of those charged with governance, we note that the following processes assist in maintaining our independence:

- Restrictions on BDO employees having financial interests in audit clients
- No other work is permitted to be undertaken by any BDO division or office without the express approval of the engagement director/partner
- Services including valuation and similar services are specifically prohibited to be provided by any other BDO office to you
- All services performed by any BDO division or office have been reported to you.

BDO has not provided any other services during the year to Adelaide Hills Council.

### Communications with those charged with governance

To enhance our communication and to reduce any potential expectation gaps with clients, BDO has adopted a structured reporting system. We will communicate with Audit committee and management through various means. This includes but is not limited to a:

- This Audit plan
- Management letter after the audit visit
- The BDO Client Portal
- A completion report at the conclusion of the audit
- The Audit report.

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**VICTORIA**  
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We have prepared this report solely for the use of Adelaide Hills Council. As you know, this report forms part of a continuing dialogue between the company and us and, therefore, it is not intended to include every matter, whether large or small, that has come to our attention. For this reason we believe that it would be inappropriate for this report to be made available to third parties and, if such a third party were to obtain a copy of this report without prior consent, we would not accept any responsibility for any reliance they may place on it.

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of A.C.N. 050 110 275 Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and A.C.N. 050 110 275 Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

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## **Appendix 2**

*2024-25 Financial Statement Audit –  
Engagement Letter*

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BDO Centre  
Level 7, 420 King William Street  
Adelaide SA 5000  
GPO Box 2018 Adelaide SA 5001  
Australia

Cr Malcolm Herrmann  
Presiding Member  
Audit and Risk Committee  
Adelaide Hills Council  
PO BOX 44  
WOODSIDE SA 5244

31 March 2025

Dear Cr Herrmann

## TERMS OF ENGAGEMENT - AUDIT

The purpose of this letter is to set out the basis on which BDO Audit Pty Ltd (BDO) acts as auditors of Adelaide Hills Council (the Council) and the respective areas of responsibility of the Council's officers and of BDO.

### Audit of the financial report

The objective and scope of the audit

You have requested that we audit the financial report of Adelaide Hills Council which comprises the statement of financial position as at 30 June 2025, the statement comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements including material accounting policy information, and the certification of financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

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

### The responsibilities of the auditor

We will conduct our audit in accordance with Australian Auditing Standards. Those standards require that we comply with ethical requirements. As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial report that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

The responsibilities of management and identification of the applicable financial reporting framework

Our audit will be conducted on the basis that the directors acknowledge and understand that they have responsibility:

- a) For the preparation of the financial report that gives a true and fair view in accordance with the *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011* made under the Act and Australian Accounting Standards
- b) For such internal control as the Council's officers determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error and
- c) To provide us with:
  - i. Access to all information of which the Council's officers and management are aware that is relevant to the preparation of the financial report whether obtained from within or outside of the general and subsidiary ledgers, such as records, documentation and other matters including access to information relevant to disclosures;
  - ii. Additional information that we may request from the directors and management for the purpose of the audit; and
  - iii. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence;
- d) To inform us of any documents that you expect to issue that may comprise other information;
  - i. If the other information is provided prior to the auditor's report date; the financial report and any other information obtained prior to the date of the auditor's report will be consistent with one another, and the other information will not contain any material misstatements;

- ii. If the other information is not provided prior to the auditor's report date; to provide and/or issue such other information that will enable us to complete our required procedures.

As part of our audit process, we will request from management and where appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

We look forward to full cooperation from your staff during our audit.

### Other requirements

The Council's officers will inform us of any material event occurring between the date of our report and the date of issue of the financial report, which may affect the financial report.

You warrant and represent that you are not owned or controlled, directly or indirectly, by one or more Russian citizen(s), Russian national(s), persons physically located in Russia or entity(s) organized under the laws of Russia. You agree that if at any time while BDO is providing services to you for the engagement the foregoing warranty and representation is no longer true, you will immediately notify BDO in writing.

### Expected form and content of the auditor's report

We have included an example audit report in Appendix 1 to this letter, which reflects the form and content of the auditor's report, in the circumstance where the auditor has concluded that an unmodified opinion is appropriate based on the audit evidence obtained, including the reporting on other information. The form and content of our report may vary from the example in light of our audit findings.

### Fees

The proposed fee for the engagements is set out in our audit plan.

Our fees are based on our understanding of your current operations and the required scope of the engagement. If these alter, the estimated fee will need to be revised. If you do not agree with our revised fee estimate, you may terminate this agreement. You will be required to pay us for services rendered up to the date of termination.

Our fees do not include any advice or assistance that may be given in respect of accounting issues. Whilst brief ad hoc advice provided in the course of our engagement is generally included in our proposed fee, formal advice, assistance with complex issues or meetings to discuss these issues which necessitate increased professional time fall outside the scope of this engagement and the estimated fee. Fees for any assistance provided outside the scope of this engagement will be negotiated and agreed prior to the services being performed.

Our fees assume that all engagement schedules and reports will be available upon commencement of the engagement and that the financial report will be prepared by your staff. If schedules and reports are not provided within the agreed timetable, additional costs may be incurred and charged to you.

In addition, we will disburse to you a technology levy as a percentage (2%) of our fees to cover software licensing, data storage and usage costs.

## Other matters under the *Local Government Act 1999*

### Independence

We confirm that, to the best of our knowledge and belief, we currently meet the independence requirements of the *Local Government Act 1999* in relation to the audit of the financial report. In conducting our audit of the financial report, should we become aware that we have contravened the independence requirements of the *Local Government Act 1999*, we shall notify you on a timely basis. As part of our audit process, we shall also provide you with a written independence declaration as required by the *Local Government Act 1999*.

### Enquiries from oversight bodies

To the extent permitted by law, the Council's officers shall notify BDO of any enquiries, such as financial reporting surveillance enquiries, from ASIC or any other oversight body that relate to the audit engagement as soon as practicable.

### Presentation of the audited financial report on the internet

If you intend to electronically present the audited financial report and auditor's report on your web site or any other digital media, the security and controls over information on the relevant web site shall be addressed by the entity to maintain the integrity of the data presented. The examination of the controls over the electronic presentation of audited financial information on the entity's web site is beyond the scope of the audit of the financial report. Responsibility for the electronic presentation of the financial report on the entity's web site is that of the governing body of the entity.

### Terms of trade

The terms of this engagement are per the Professional Services Agreement for External Audit Services, Contract Number 2022-23-40.

Yours faithfully

BDO Audit Pty Ltd

A handwritten signature in blue ink, appearing to read 'Linh Dao', is written over the printed name.

Linh Dao  
Director

## Appendix 1

### INDEPENDENT AUDITOR'S REPORT TO THE PRINCIPAL MEMBER OF ADELAIDE HILLS COUNCIL

#### Report on the Audit of the Financial Report

##### Opinion

We have audited the financial report of Adelaide Hills Council (the Council), which comprises the statement of financial position as at 30 June 2025, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, and the certification of the financial statements.

In our opinion the accompanying financial report of Adelaide Hills Council presents fairly, in all material respects, the Council's financial position as at 30 June 2025, and its financial performance and its cash flows for the year ended on that date in accordance with Australian Accounting Standards, the *Local Government Act 1999*, and the *Local Government (Financial Management) Regulations 2011*.

##### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Local Government Act 1999*, which has been given to the Council's officers of the Council, would be in the same terms if given to the Council's officers as at the time of this auditor's report.

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

##### Other information

The Council's officers are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the X report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Council's officers for the Financial Report

The Council's officers of the Council are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* and for such internal control as the Council's officers determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Council's officers are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf).

This description forms part of our auditor's report.

BDO Audit Pty Ltd

Linh Dao  
Director

Adelaide, XX Month 2025

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## **Appendix 3**

*2024-25 Internal Financial Control Audit –  
Engagement Letter*

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Mr Cr Malcolm Herrmann  
Presiding Member  
Audit and Risk Committee  
Adelaide Hills Council  
PO Box 44  
WOODSIDE SA 5244

31 March 2025

Dear Cr Herrmann

## ASSURANCE ENGAGEMENTS ON CONTROLS

### Design and Operating Effectiveness of Controls

You have requested that we undertake a reasonable assurance engagement on the design of controls established by Adelaide Hills Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, and the operating effectiveness of these controls throughout the period 1 July 2024 to 30 June 2025 in accordance with the requirements of the *Local Government Act 1999*. The control objectives to be addressed are specified by legislation, which are that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities are conducted properly and in accordance with law.

We are pleased to confirm our acceptance and our understanding of this reasonable assurance engagement by means of this letter. Our assurance engagement will be conducted with the objective of expressing an opinion on the suitability of the design of controls within Adelaide Hills Council's systems to achieve the stated control objectives, and the operating effectiveness of those controls throughout the period.

### Responsibilities of the assurance practitioner

We will conduct our assurance engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls*. That standard requires that we comply with ethical requirements applicable to assurance engagements and plan and perform procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the control objectives, and the controls operated effectively throughout the period. An assurance engagement involves performing procedures to obtain evidence about the design, description and operating effectiveness of controls.

The procedures selected depend on the assurance practitioner's professional judgement, including the assessment of the risks of material deficiencies in the design or deviations in the operating effectiveness of the controls.

Because of the inherent limitations of an assurance engagement, together with the inherent limitations of any system of controls there is an unavoidable risk that some deficiencies in the design or deviations in the operating effectiveness of controls may not be detected, even though the engagement is properly planned and performed in accordance with Standards on Assurance Engagements.

The responsibilities of management and identification of the applicable control framework

Our assurance engagement will be conducted on the basis that management acknowledges and understands that they have responsibility:

- a) That throughout the period, in all material respects, and based on suitable criteria:
  - i. The controls within Adelaide Hills Council's system were suitably designed to achieve the identified control objectives; and
  - ii. The controls operated effectively to achieve the control objectives;
- b) For the identification of suitable control objectives which are specified by law in relation to the system;
- c) For the identification of risks that threaten achievement of the control objectives identified;
- d) For design of the system, comprising controls which will mitigate those risks so that those risks will not prevent achievement of the identified control objectives and therefore that the control objectives will be achieved;
- e) For operation of the controls as designed throughout the period;
- f) To provide us with:
  - i. Access to all information of which those charged with governance and management are aware that is relevant to the description of the system and design and operation of the controls within that system;
  - ii. Additional information that we may request from those charged with governance and management for the purposes of this assurance engagement; and
  - iii. Unrestricted access to persons within the entity from whom we determine it necessary to obtain evidence.

As part of our engagement, we will request from management written confirmation concerning representations made to us in connection with the engagement.

#### Assurance Approach

We will examine and evaluate the controls established by Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities.

Due to the complex nature of internal control, our assurance procedures will not encompass all individual controls at Adelaide Hills Council's, but will be restricted to an examination of those controls reported which achieve the control objectives specified by legislation.

#### Assurance Procedures

Our assurance procedures will include:

- a) Obtaining an understanding of the control environment of Adelaide Hills Council's relevant to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities;
- b) Evaluating the design of specific controls by:



- i. Assessing the risks that threaten achievement of the control objectives; and
- ii. Evaluating whether the controls described are capable of addressing those risks and achieving the related control objectives;
- c) Making enquiries, inspecting documents, conducting walk throughs and re-performance of controls to ascertain whether the degree of compliance with controls is sufficient to achieve their control objectives throughout the period.

#### Assurance Report

The format of the report will be in accordance with ASAE 3150 with respect to reasonable assurance engagements. An example of the proposed report is contained in the appendix to this letter.

Our opinion will be phrased in terms of the suitability of the design of controls to achieve the control objectives and the operating effectiveness of controls as designed.

#### Material Deficiencies in Design or Deviations in Operating Effectiveness of Controls

We will issue an assurance report without modification, to provide a reasonable assurance conclusion on the controls relevant to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities where our procedures do not identify a material deficiency in the design of controls necessary to achieve the control objectives, or deviation in the operating effectiveness of controls as designed. For this purpose, a material deviation, misstatement or deficiency exists when:

- a) The controls as designed or the degree of compliance with them will not or may not achieve the control objectives in all material respects; and
- b) Knowledge of that deficiency or deviation would be material to users of the assurance report.

If our assurance engagement identifies that there are material deficiencies in the design or deviations in the operating effectiveness of controls during the period covered by the report, such deficiencies or deviations will be disclosed in our report even if they were corrected prior to the end of the reporting period. However, our report will indicate that such deviations were corrected if that is the case. If any material deficiencies or deviations disclosed in our report have been corrected subsequent to this period (or are in the process of being corrected), we will refer to this in our report.

Although the primary purpose of our assurance engagement will be to enable us to issue the above described report, we may also provide you with a letter containing recommendations for strengthening controls if such matters are observed during the process of the assurance engagement. Although issues raised may not represent deficiencies in design or deviations in operating effectiveness of the controls which are material to our conclusion, our recommendations will address areas where we believe controls could be improved.

We look forward to full cooperation from your staff during our assurance engagement.



Terms of Trade

The terms of this engagement are per the services agreement for provision of external audit services contract number 2022-23-40.

Yours faithfully

BDO Audit Pty Ltd

A handwritten signature in blue ink, appearing to read 'Linh Dao', is written over a faint, light blue circular watermark.

Linh Dao  
Director

## Appendix 1

### DRAFT INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF ADELAIDE HILLS COUNCIL

#### Opinion

We have undertaken a reasonable assurance engagement on the design and the operating effectiveness of controls established by Adelaide Hills Council (the Council) in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, throughout the period 1 July 2024 to 30 June 2025 relevant to ensuring such transactions have been conducted properly and in accordance with law.

In our opinion, in all material respects:

- (a) The controls established by Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities were suitably designed to ensure such transactions have been conducted properly and in accordance with law; and
- (b) The controls operated effectively as designed throughout the period from 1 July 2024 to 30 June 2025.

#### Basis for opinion

We conducted our engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Auditing and Assurance Standards Board.

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

The Council's responsibilities for the internal controls

The Council is responsible for:

- a) The receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities;
- b) Identifying the control objectives
- c) Identifying the risks that threaten achievement of the control objectives
- d) Designing controls to mitigate those risks, so that those risks will not prevent achievement of the identified control objectives; and
- e) Operating effectively the controls as designed throughout the period.

#### Our independence and quality control

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

#### Assurance practitioner's responsibilities

Our responsibility is to express an opinion, in all material respects, on the suitability of the design to achieve the control objectives and the operating effectiveness of controls established by Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities. ASAE 3150 requires that we plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the control objectives and the controls operated effectively throughout the period.

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

#### Limitations of controls

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

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

BDO Audit Pty Ltd

Linh Dao  
Director

Adelaide, XX Month 2025

**ADELAIDE HILLS COUNCIL  
AUDIT AND RISK COMMITTEE MEETING  
Monday 14 April 2025  
AGENDA BUSINESS ITEM**

**Item:** 8.2

**Responsible Officer:** Gary Lewis  
Director Corporate Services  
Corporate Services

**Subject:** Director Corporate Services Update

**For:** Information

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**SUMMARY**

There are a number of items which the Director Corporate Services would like to inform and update the Audit and Risk Committee (the Committee) on. These items are not significant enough to prepare a separate report to the Committee. They are therefore addressed collectively through this report.

Information and updates will be provided on the following:

1. Financial performance and debt for the month ended February 2025.
2. Projects
  - a. Long Term Financial Plan (LTFP) and Annual Business Plan (ABP)
  - b. Enterprise Bargaining Agreement (EBA) update
  - c. System project updates
    - i. Procurement workflow
    - ii. Timesheets and Payroll
    - iii. Management reporting

**RECOMMENDATION**

**The Audit and Risk Committee resolves:**

1. That the report encompassing the Director Corporate Services Update be received and noted (item 8.2, 14 April 2025, Audit and Risk Committee meeting).
- 

**1. BACKGROUND**

The Director Corporate Services would like to update the Committee on a number of key items and projects which do not form part of any report to be presented to the Committee.

It should be noted that as some of these items or projects mature the matter may return to the Committee in a standalone report.

**2. ANALYSIS**

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

*Strategic Plan 2024 – Your Place Your Space*

Goal	Organisation
Objective 02	Operate with integrity using best practice governance processes.
Priority 02.3	Enhance governance structures and systems to be agile and support our legislative obligations.

There is an ongoing need to ensure that Council operates in an efficient and effective manner. This includes reporting and updating the Committee on the business of Council.

➤ **Legal Implications**

Not applicable.

➤ **Risk Management Implications**

The report from the Director Corporate Services will assist in mitigating the risk of:

*Failure to manage, improve and develop the financial resources available to Council.*

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

Note: the mitigation of the above risk is contingent on a large number of controls. This newly created report provides greater insight into the Council’s operations and an opportunity for the Committee to provide suggestions and recommendations to the Administration where appropriate.

➤ **Financial and Resource Implications**

Although the updates themselves do not have a cost implication, the projects and initiatives which are discussed may have cost implications for Council.

➤ **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:

<i>Council Committees:</i>	Not Applicable
<i>Council Workshops:</i>	Not Applicable
<i>Advisory Groups:</i>	Not Applicable

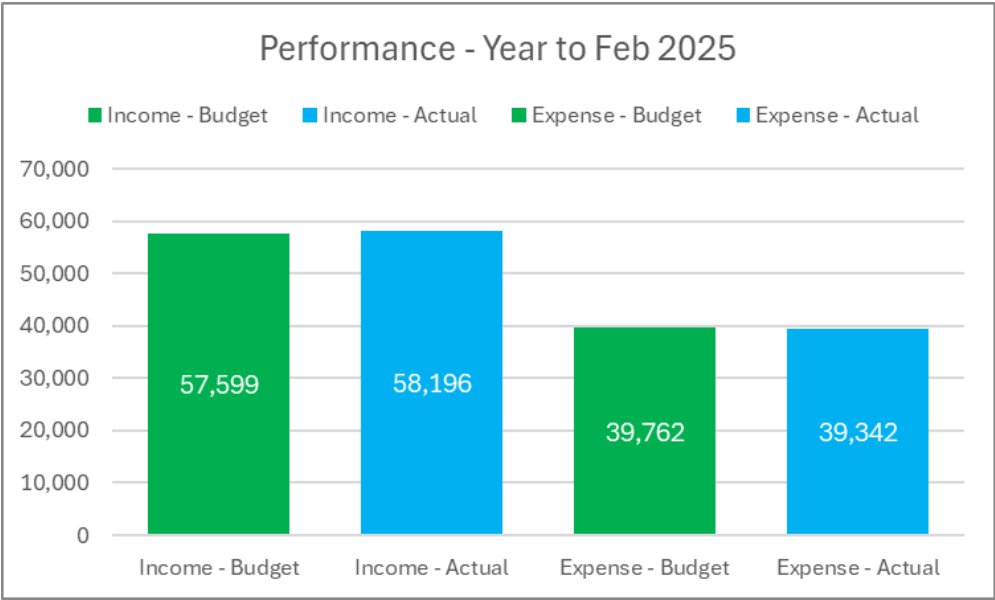
External Agencies: Not Applicable  
Community: Not Applicable

➤ **Additional Analysis**

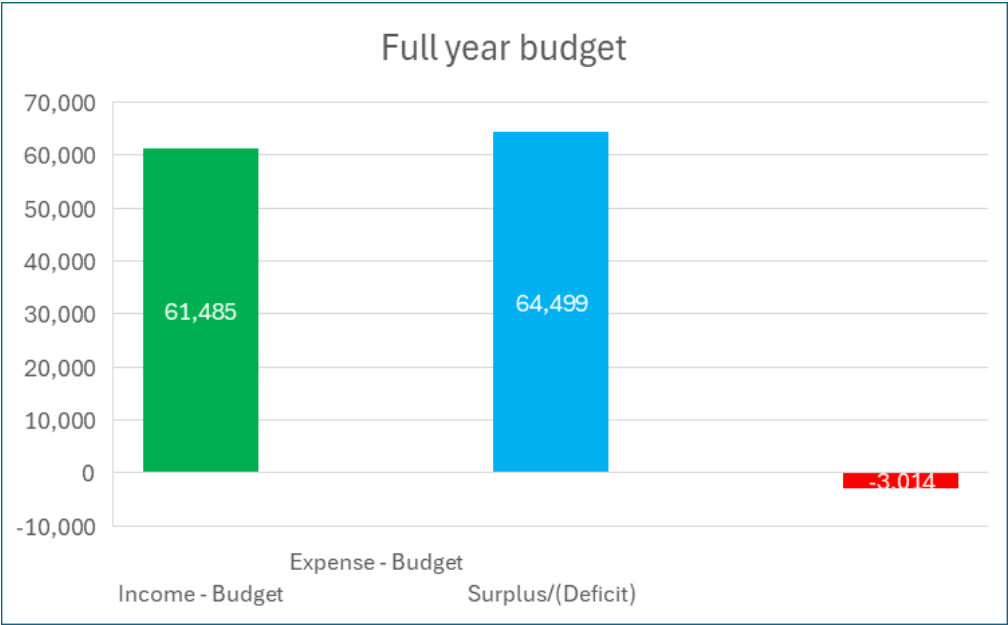
**Financial performance and Debt**

Although the financial performance of Council is presented to the Committee on a quarterly basis through the budget review process, it is appropriate outside of those instances to update the Committee on the matter.

Presented below is a summary of the financial performance to the end of February, the budget for the full year and including key balance sheet items.

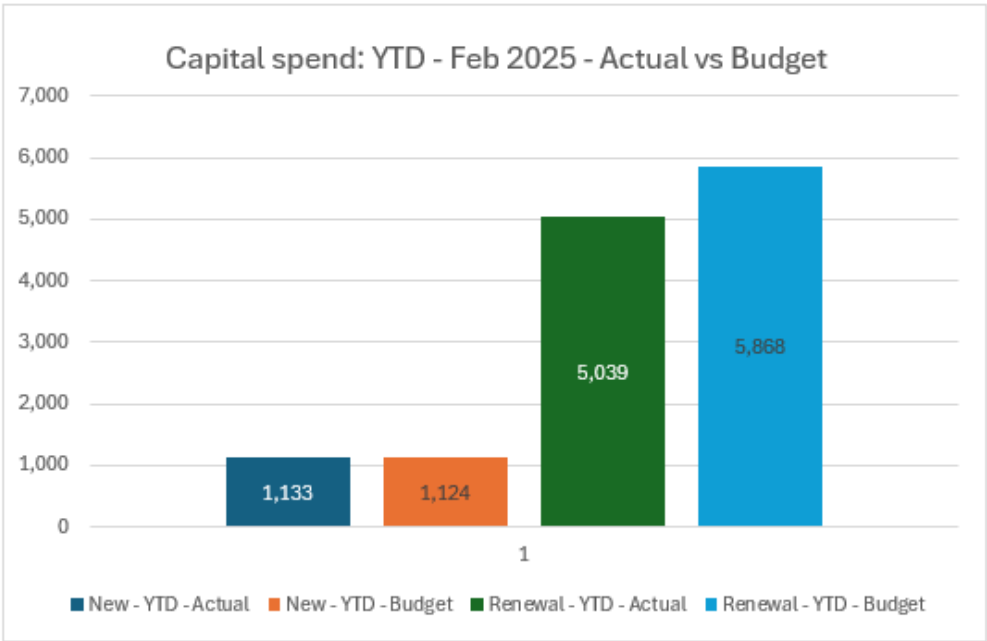


The positive income variance to budget relates to a wide range of individually immaterial items across the various Directorates, with \$200k relating to each of the Corporate Services and Environment and Infrastructure Directorates.

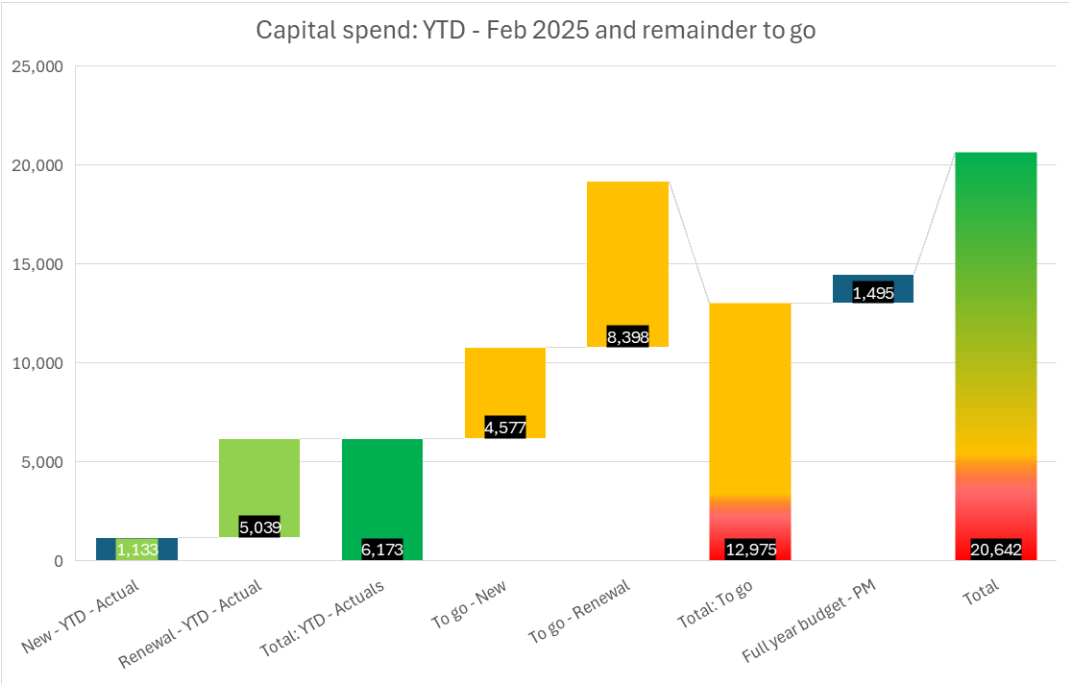


Income and expenses YTD are closely aligned to the budget YTD. The full year operating result remains aligned with that reported as part of Budget Review 2. Further updates will be presented as part of Budget Review 3.

**Capital Spend – Split between New Capital and Renewal/Upgrade**



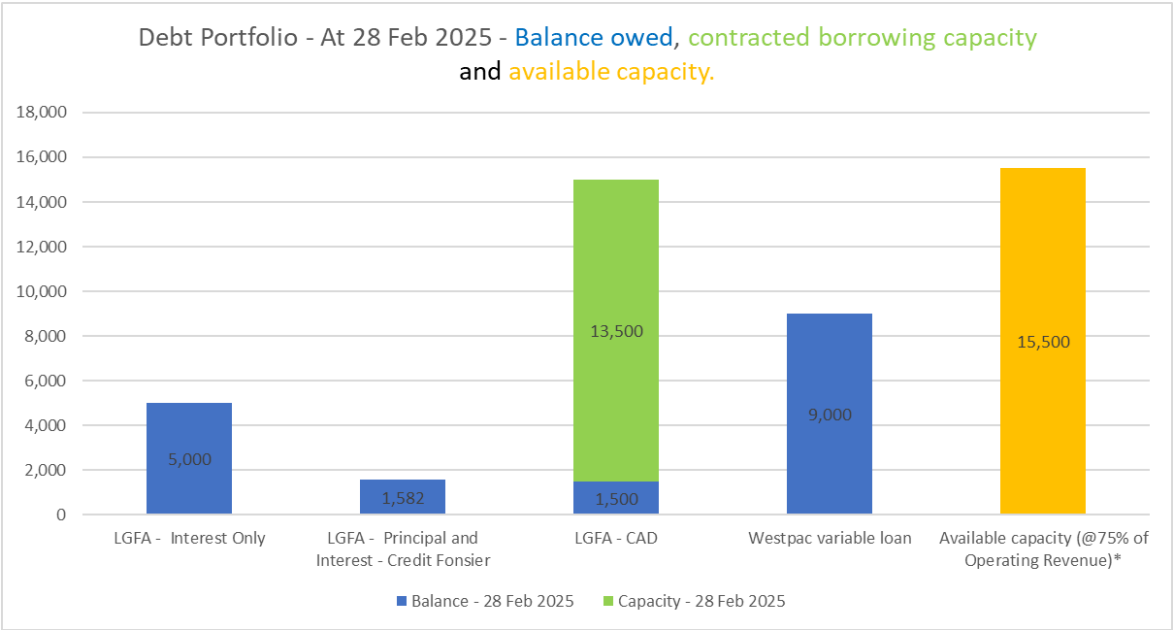




Discussions have been held with the Project Delivery team and whilst most of the projects are on track to be delivered and therefore the full spend to occur, there are certain projects which have encountered unexpected complications, resulting in delays. These will be considered through the budget planning process, as well as through Budget Review 3.

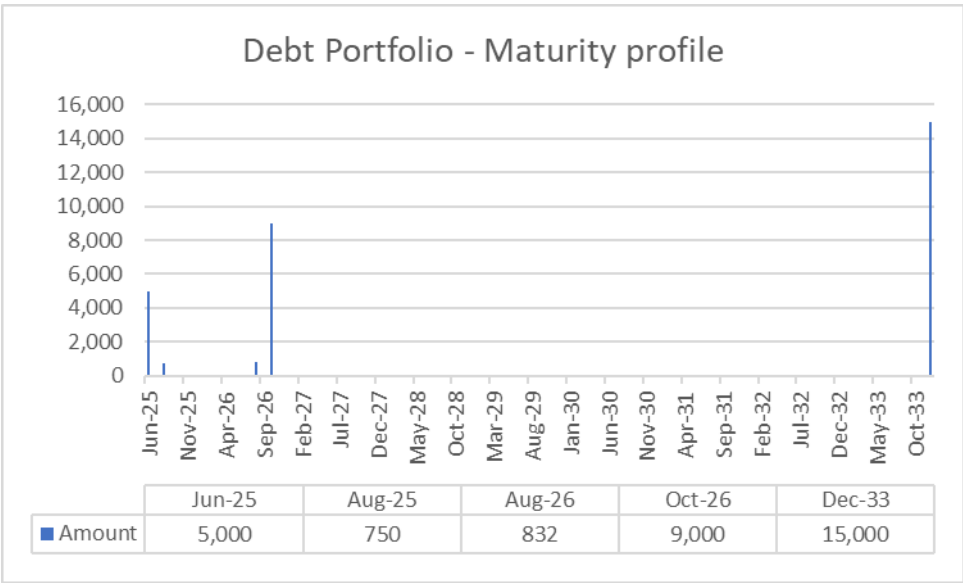
**Debt and debt management**

Presented below is a summary of the Council’s debt position at the end of February, the split between fixed and variable interest and a debt maturity profile.



\* This is an estimate of availability capacity, based upon maintaining a NFL ratio of up to 75%, and on February actuals.

It is conservatively forecast that the LGFA CAD will be drawn to \$10 million at 30 June 2025.



It should be noted that \$5m of this debt matures at 15 June 2025. Council has resolved that the Chief Executive Officer enter into new loans as required to fund the budget to a maximum value of \$7.1m for 2024-25. The Administration is currently engaging the LGFA regarding options for refinancing this.

A review of the supporting Treasury Policy (the Policy) has identified that there is a degree of ambiguity with regards to the process required to be followed to execute the above.

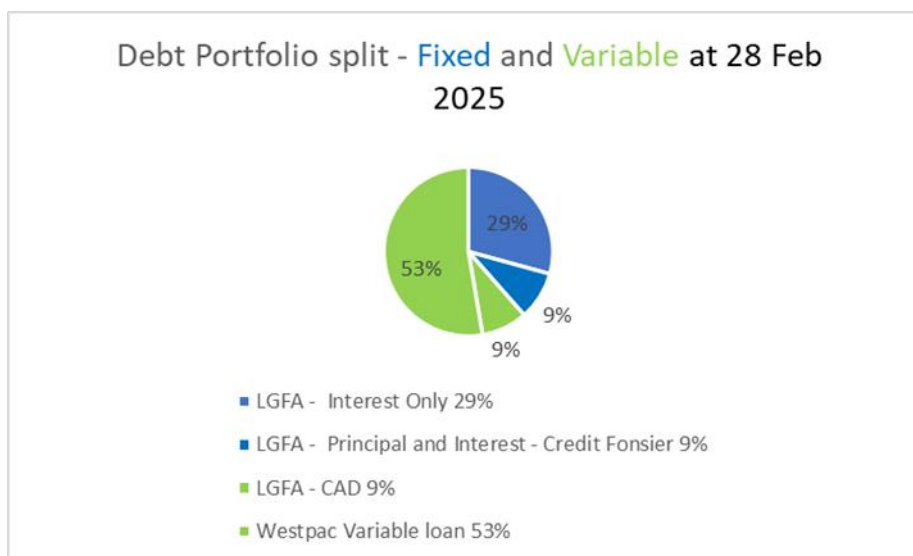
Bullet point 3 of Clause 5.2.4 of the Policy requires that “all new loans are to be tendered to at least 3 lending institutions”. “New loans” is an undefined term and in the context of the Policy, it is unclear as to whether:

1. Any loan which matures and is then refinanced would be deemed a new loan, or
2. A loan which increases the total debt facilities of the Council would be deemed to be a new loan.

This is relevant as conceivably the refinancing required above would be a new loan per the Policy and require a different approach to market than if it were not.

The Administration will present this to Council at its meeting on 22 April 2025 with a recommendation that new loans be defined as inter alia a loan which increases the total debt facilities of Council (Point 2 above).

Nothing in the above would preclude Council from choosing to get 2 or more quotes for any loans which require refinancing, and it would be prudent to do so. However, this would be at the Chief Executive Officer’s discretion.



### Enterprise Bargaining (EB) negotiations

The EB negotiations are ongoing, with productive discussions focused on aligning operational requirements with employee priorities. For the office agreement terms are being finalised, and further updates will be provided as negotiations progress. The outside works agreement is at an earlier stage in negotiations. Workshops for relevant staff will be scheduled once the final agreement has been finalised.

### Current Projects:

#### Long Term Financial Plan (LTFP) and Annual Business Plan (ABP)

A productive all-day workshop was held with the elected members (EM) on Saturday 22 March 2025, with a view to understanding EM's views on various matters, including the appetite for increases in rates, the use of debt to fund operations, EM preferences in terms of projects (both capital and operating) to be delivered and resetting financial performance metrics.

It also provided an opportunity for the Administration to present to the EM body, particularly around financial sustainability and the impact of capital projects as well as giving some details on individual directorates plans for the year ahead.

The outcomes of the workshop inform the LTFP and ABP, with an early draft being presented to the Elected Member body at a workshop on 7<sup>th</sup> April. This draft is set out below.

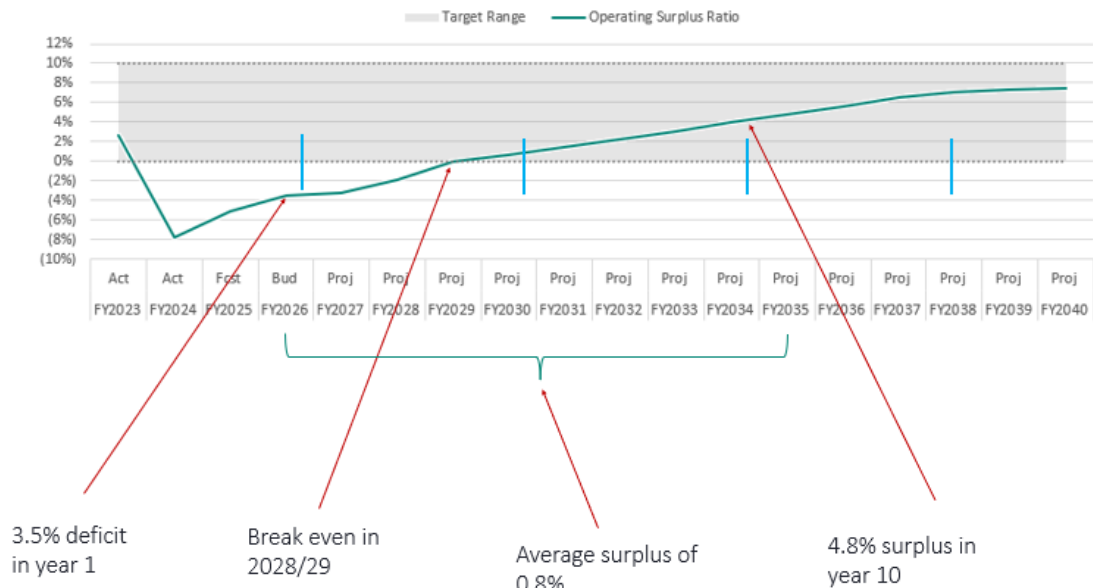
The core assumptions that the budget and LTFP are built on include the following.

	Year 1	Year 2	Year 3	Years 4-10
CPI (forecast)	2.5%	2.75%	2.5%	2.5%
Catch up/sustainability	4.0%	1.0%	1.0%	0.5%

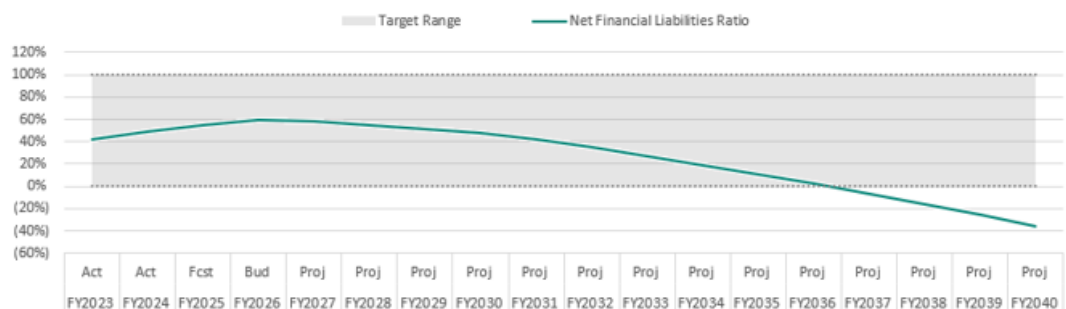
Financing costs include two 25bp reductions over the first two years. Asset revaluations are set at 3% per annum over the life of the plan.

The suggestion that an operating result target of achieving 0-10% over the life of the LTFP was positively received by the Elected Member body and has been used in the initial development work, noting that Council has not made any decision in relation to this.

While the level of real increase in rates (4%) will not be sufficient to bring Council back to surplus, the modelling indicates that it can set Council on a sustainable path, financially.



To deliver this plan there is a significant decrease in the level of funding applied to new and upgrade capital works. An argument was made that this ongoing increase in service level was instrumental in damaging Councils financial sustainability, was presented and positively received. The current work being done on the LTFP has less than \$10m in true new/upgrade capital over the first 5 years which compares to \$26m over the previous 5 years. This will enable debt to be reduced materially over the life of the plan.



This is achieved while fully funding the asset renewal program.

The proposed process for the Annual Business Plan and Budget, and the Long Term Financial Plan going forward will be as follows;

- 13/05/2025 Ordinary Council meeting - adopt Draft ABP, Budget and LTFP
- 19/05/2025 Audit Committee meeting – review endorsed Draft ABP, Budget and LTFP
- 17/06/2025 IOBS – Council workshop to consider Audit Committee and Community feedback
- 24/06/2025 Ordinary Council meeting – adopt final ABP, Budget and LTFP

### **Procurement workflow**

Following the updates to the Procurement policy, the team are working through embedding these updates within the organisation. This includes early-stage investigations and designs of a procurement workflow which will have multiple benefits, including improved compliance with the Policy, tracking of progress, reporting and significantly improved document management.

### **Timesheets and Payroll**

The team continues to pursue options to improve the time capturing process and the subsequent payroll processing, with a particular focus on ensuring the accurate payment of staff and the accurate capitalisation of salaries. Currently timesheets are printed out and manually captured into the payroll system. The focus of any change will be on improving this process however there are significant challenges.

### **Management reporting**

Consultation is on-going with various staff at various levels of the organisation to understand user needs with regards to financial performance reporting.

Simultaneously, the team are exploring reporting options and tools to allow for better reporting.

Finally, an exercise is being undertaken to ensure that the underlying financial data is more fulsome.

## **3. OPTIONS**

The Committee is limited to receiving and noting this paper.

## **4. APPENDICES**

Nil.