

**I hereby give notice that an Audit and Risk Committee Meeting will be held on:**

**Date:** Monday, 25 July 2022  
**Time:** 5.30 p.m.  
**Location:** Council Chamber  
Civic Centre  
10 Watson Terrace  
Mount Gambier

# **AGENDA**

## **Audit and Risk Committee Meeting 25 July 2022**



**Sarah Philpott**  
**Chief Executive Officer**  
21 July 2022

## Order Of Business

<b>1</b>	<b>Acknowledgement of Country</b> .....	<b>3</b>
<b>2</b>	<b>Apology(ies)</b> .....	<b>3</b>
<b>3</b>	<b>Confirmation of Minutes</b> .....	<b>3</b>
<b>4</b>	<b>Questions without Notice</b> .....	<b>3</b>
<b>5</b>	<b>Reports</b> .....	<b>4</b>
5.1	Correspondence Received – Report No. AR22/49236 .....	4
5.2	Risk Report - July 2022 – Report No. AR22/33762 .....	7
5.3	Work Health, Safety and Wellbeing - July 2022 – Report No. AR22/33764 .....	12
5.4	Internal Controls Policy – Report No. AR22/46763.....	26
5.5	Asset Accounting Policy Review – Report No. AR22/49260.....	36
5.6	External Audit Attendance – Report No. AR22/46762 .....	49
5.7	External Audit Management Report – Report No. AR22/46765 .....	53
<b>6</b>	<b>Meeting Close</b> .....	<b>59</b>
Attachments Item 3	Audit and Risk Committee Meeting - 9 May 2022.....	60
Attachments Item 3	Special Audit and Risk Committee Meeting - 6 June 2022 .....	63



**1 ACKNOWLEDGEMENT OF COUNTRY**

**WE ACKNOWLEDGE THE BOANDIK PEOPLES AS THE TRADITIONAL CUSTODIANS OF THE LAND WHERE WE MEET TODAY. WE RESPECT THEIR SPIRITUAL RELATIONSHIP WITH THE LAND AND RECOGNISE THE DEEP FEELINGS OF ATTACHMENT OUR FIRST NATIONS PEOPLES HAVE WITH THE LAND.**

**2 APOLOGY(IES)**

Nil

**3 CONFIRMATION OF MINUTES**

[Audit and Risk Committee Meeting - 9 May 2022](#)

[Special Audit and Risk Committee Meeting - 6 June 2022](#)

**RECOMMENDATION**

That the minutes of the Audit and Risk Committee meeting held on 9 May 2022 and the Special Audit and Risk Committee meeting held on 6 June 2022 be confirmed as an accurate record of the proceedings of the meeting.

**4 QUESTIONS WITHOUT NOTICE**



## 5 REPORTS

### 5.1 CORRESPONDENCE RECEIVED – REPORT NO. AR22/49236

**Meeting:** Audit and Risk Committee  
**CM9 Reference:** AF11/863  
**Author:** Ashlee Lavia, Executive Administrator Corporate and Regulatory Services  
**Authoriser:** Darren Barber, General Manager Corporate and Regulatory Services

#### REPORT RECOMMENDATION

1. That Audit and Risk Committee Report No. AR22/49236 titled 'Correspondence Received' as presented on 25 July 2022 be noted.



## BACKGROUND

The report provides details of correspondence received since the previous ordinary meeting of the Audit and Risk Committee held 9 May 2022 and is provided for information.

## DISCUSSION

The following correspondence has been received since the last ordinary meeting:

- Email from Independent Commission Against Corruption (ICAC) - 2021 Public Integrity Survey received on 14 July 2022.

## CONCLUSION

This report presents the attached correspondence received for presentation to the Audit and Risk Committee for noting in line with the Audit and Risk Committee Terms of Reference:

*13.3 Other Matters - Shall give consideration to:*

- **Relevant Audits** - *Consider the findings and recommendations of relevant audits undertaken by the SA Auditor General's Office, the South Australian Ombudsmen, Independent Commissioner Against Corruption (ICAC) and other agencies to ensure Council considers the relevant recommendations.*

## ATTACHMENTS

1. Email from Independent Commission Against Corruption (ICAC) - 2021 Public Integrity Survey  
[↓](#)



**Subject:** 2021 Public Integrity Survey

Dear Mayor Martin

The Commission recently published the findings of its *Public Integrity Survey 2021: Local Government Integrity Insights*.

The purpose of the survey was to better understand the attitudes and experiences of public officers in relation to integrity matters in South Australian local government.

You can access the report and media release here: <https://www.icac.sa.gov.au/publications/published-reports/icac-public-integrity-survey-2021-local-government-integrity-insights>

A hard copy report will be mailed to each council.

Yours sincerely

**The Hon. Ann Vanstone QC**

Commissioner

**INDEPENDENT COMMISSION AGAINST CORRUPTION**

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The information in this e-mail is confidential. It is intended solely for the addressee. Any unauthorised disclosure, copying, or distribution of the information may be prohibited by section 54 of the *Independent Commission Against Corruption Act 2012*.



**5.2 RISK REPORT - JULY 2022 – REPORT NO. AR22/33762**

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>25 July 2022</b>
<b>Report No.:</b>	<b>AR22/33762</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Ritu Datta, Manager Organisational Development</b>
<b>Authoriser:</b>	<b>Darren Barber, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>This report describes the findings, recommendations and associated action plan following the Risk Evaluation Audit conducted by Local Government Risk Services (LGRS) in November 2021. This report also describes the funding applications that have been made to source funds from the scheme to enhance the risk profile of the organisation.</b>
<b>Strategic Plan Reference:</b>	<b>Goal 1: Our People</b> <b>Goal 2: Our Location</b> <b>Goal 3: Our Diverse Economy</b> <b>Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage</b> <b>Goal 5: Our Commitment</b>

**REPORT RECOMMENDATION**

1. That Audit and Risk Committee Report No. AR22/33762 titled 'Risk Report - July 2022' as presented on 25 July 2022 be noted.



## **TYPE OF REPORT**

Other

## **BACKGROUND**

Local Government Risk Services (LGRS) are a business partner of the Local Government Association and administer the Mutual Liability Scheme and Workers Compensation for South Australian Councils.

LGRS provide specialist risk services to City of Mount Gambier including the development and implementation of proactive systems and processes for Risk Management, claims management and insurance risk transfer.

Every two years the LGRS provide a Risk Evaluation service to review the Councils Risk Management system against Local Government Sector baselines and other external requirements such as legislation, Return to Work South Australia Performance Standards and Self-Insurer requirements.

### **Risk Management at the City of Mount Gambier**

#### **1. Risk Management Update**

The organisational update aims to highlight Risk Management processes that are periodic or specific in demonstrating a deliberate focus on improving Strategic Risk Management profile and accountability across the organisation.

##### **1.1 Mutual Liability Scheme (Formerly Insurance)**

The City of Mount Gambier has now completed the annual renewal process for Mutual Liability Coverage and now enters the new financial year.

Our partner Local Government Risk Services do not provide a traditional insurance policy and alternatively participate in a Mutual Liability Scheme which is financially backed by the South Australian Treasury Department. This approach is consistent with all South Australian Councils and provides benefits for Council's that a traditional insurance product cannot offer. The change in terminology is both a legal requirement and an education process for staff. Understanding the difference between a traditional insurance product with exclusions in comparison to a Mutual Liability Scheme determines how the organisation should be approaching the assessment of risk and potential liability.

The organisation has now developed an Administrative Principle for Mutual Liability Coverage which provides guidance for staff and clarifies how the organisation manages the key functions, roles and responsibilities across the organisation that ensure we meet the Mutual Liability Scheme requirements.

##### **1.2 Risk Management Administrative Principle**

The City of Mount Gambier has formally endorsed a new Risk Management Administrative Principle which provides guidance for staff and clarifies how the organisation will manage key functions, roles and responsibilities across the organisation that ensure risk management is forefront in all business decision making processes.





In addition to the above, the administrative principle includes the implementation of structured risk reporting for the Executive Leadership Team and provides line of sight over emerging risk and areas of focus across the organisation.

Staff also now have access to an Online Risk Reporting Tool that has been purposely designed to be simple, easy to use and informative.

### 1.3 Risk Management Action Plan

The Risk management Action Plan is a summary of deliberate actions that have been identified following the November Risk Evaluation Audit in 2021.

There is a total of twenty-five (25) actions to be completed by the December 2022.

There is a total of thirteen (13) actions to be completed by the end of June 2022, with twelve (12) actions completed at the time of reporting.

## 2. Risk Incentive Funding Program 2021/2022

The Local Government Association Mutual Liability Scheme (LGAMLS) and Local Government Association Workers Compensation Scheme (LGAWCS) Council Risk Incentive Program has been running for four years and provides targeted funding to members to invest in WHS and Risk based initiatives, resources, services and training or infrastructure.

### 2.1 New Funding Applications

#### 2.1.1 CyberCx Uplift Program

During the Mutual Liability annual renewal process there was an increased focus on the organisation's ability to protect and respond to Cyberattacks. Cyber-attacks are now rated the second highest emerging risk as stated in the JLT Public Sector Report 2021.

The organisation has made an application to participate in the CyberCx Uplift Program through the Local Government Risk Services training and prevention programs. This program provides an assessment of the organisation's vulnerability to Cyber-attacks and benchmarks our maturity against the Essential 8 Cybersecurity Framework.

The organisation will receive a detailed report and recommended action plan, a cybersecurity risk register, and the implementation of an automated Phriendly Phishing program.

Valued at \$15000, **approved**.

### 2.2 Previous Applications – Summary

Application	Description	Value	Outcome
Satellite Telephones (November 2021)	Provision on continuous communication channels during emergency response and incident operations.	\$5,097	Approved



I-Responda Essentials Training & Bushfire (February 2022)	Training of 60 employees in Essential and Bushfire Management to provide Functional Support during emergency management	\$1,800	Approved
CNB Safety Speaker (March 2022)	Safety Speaker to deliver presentations for all staff that further supports recent training in Incident and Hazard reporting	\$5,881	Approved
Skytrust Health Check and Training	Review of Notification Structure and development of training package for People Leaders	\$1,576	Approved
I-Responda Incident Management 3	I-Responda training for Incident Management Executive Team ( <b>Training postponed to new financial year due to facilitator shortage</b> )	\$2,800	Approved
Certificate IV in Compliance and Risk Management Compliance	Training for Organisational Development and Risk Coordinator that will result in professional accreditation with Governance and Risk and Compliance Institute	\$3,300	Approved

## Summary

The City of Mount Gambier continues to develop and build on structured Risk Management practices within the organisation which will result in raising the risk profile and maturity of the organisation.

The utilisation key industry data through partners such as Local Government Risk Services and JLT Public Sector will assist with a targeted approach to the review and assessment of the organisational framework in identified areas and minimise the potential risk exposure.

## PROPOSAL

The City of Mount Gambier provide the Audit and Risk Committee with regular reporting on the organisational Risk Management Action Plan as part of the Risk Management Framework.

## LEGAL IMPLICATIONS

Section 125 of the Local Government Act 1999 ('LG Act') requires Council to ensure that appropriate policies practices and procedures of internal control are implemented and maintained in order to assist the Council to carry out its activities in an efficient and orderly manner to achieve its objectives.

Section 132A of the LG Act requires Council to ensure that appropriate policies, practices and procedures are implemented and maintained in order to ensure compliance with statutory requirements and achieve and maintain standards of good public administration.

Section 134(4) (b) of the LG Act requires Council to adopt risk management policies

## STRATEGIC PLAN

Nil

## COUNCIL POLICY

The Risk Management Framework will support [Council Policy - Risk Management](#).

## ECONOMIC IMPLICATIONS

Nil

## ENVIRONMENTAL IMPLICATIONS

Nil



## **SOCIAL IMPLICATIONS**

Nil

## **CULTURAL IMPLICATIONS**

Nil

## **RESOURCE IMPLICATIONS**

Nil

## **VALUE FOR MONEY**

Nil

## **RISK IMPLICATIONS**

The City of Mount Gambier has participated in the November 2021 Risk Evaluation conducted by LGRS and thereby met its obligation of being a member of the scheme. Following the evaluation and to meet its legislative requirement the organisation will continue to work on adopting and regularly monitoring its risks through effective policies, procedures and frameworks.

## **EQUALITIES AND DIVERSITY IMPLICATIONS**

Nil

## **ENGAGEMENT AND COMMUNICATION STRATEGY**

Nil

## **IMPLEMENTATION STRATEGY**

Following the November 2021 Risk Evaluation, the City of Mount Gambier received a draft report from LGRS which allowed for the organisation to provide comment and feedback prior to official findings. The official report was received by the organisation in mid-February 2022 and was signed off by the CEO on 24 February 2022 and sent back to the scheme.

The 2022 Risk Management Action Planning process has commenced following the receipt of the Final report and required actions have been identified. This process has been completed in conjunction with the LGRS to ensure the City of Mount Gambier adequately addresses the opportunities for improvement.

## **CONCLUSION AND RECOMMENDATION**

The City of Mount Gambier must provide the Audit and Risk Committee with regular reporting on organisation's Risk Management Action Plan as part of the Risk Management Framework.

## **ATTACHMENTS**

Nil



**5.3 WORK HEALTH, SAFETY AND WELLBEING - JULY 2022 – REPORT NO. AR22/33764**

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>25 July 2022</b>
<b>Report No.:</b>	<b>AR22/33764</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Ritu Datta, Manager Organisational Development</b>
<b>Authoriser:</b>	<b>Darren Barber, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>This report is a summary of Council’s performance in the area of Workplace Health, Safety and Wellbeing. The report also provides an overview of key initiatives underway in this area.</b>
<b>Strategic Plan Reference:</b>	<b>Goal 1: Our People</b>
	<b>Goal 2: Our Location</b>
	<b>Goal 3: Our Diverse Economy</b>
	<b>Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage</b>
	<b>Goal 5: Our Commitment</b>

**REPORT RECOMMENDATION**

1. That Audit and Risk Committee Report No. AR22/33764 titled ‘Work Health, Safety and Wellbeing - July 2022’ as presented on 25 July 2022 be noted.



## **TYPE OF REPORT**

Other

## **BACKGROUND**

This report is a presentation for the ongoing reporting structure for workplace health, safety and wellbeing at City of Mount Gambier. Its purpose is to provide the Audit and Risk Committee with a summary of our safety performance with insights for continuous improvement. This format will evolve as our data and reporting capability improves, and once there are established KPIs and targets that can provide a strategic oversight of safety performance with lag and lead indicators.

## **PROPOSAL**

That City of Mount Gambier's Audit and Risk Committee receives a regular Work Health Safety and Wellbeing report presenting a quarterly update on performance, compliance and initiatives.

## **LEGAL IMPLICATIONS**

Section 125 of the Local Government Act 1999 ('LG Act') requires the City of Mount Gambier to ensure that appropriate policies practices and procedures of internal control are implemented and maintained in order to assist the organisation to carry out its activities in an efficient and orderly manner to achieve its objectives.

City of Mount Gambier is required to provide and undertake measures to eliminate risks to health and safety, so far as is reasonably practicable. If it is not reasonably practicable to eliminate risks to health and safety, then to minimise those risks so far as is reasonably practicable and to demonstrate a systematic approach to the planning and implementation of Work Health and Safety processes that are compliant with the legislation, regulations and self-insurance requirements covered under:

- Work Health and Safety Act 2012
- Work Health and Safety Regulations 2012
- Return to Work Act 2014
- Return to Work Regulations 2015
- Code for the Conduct of Self-Insured Employers under the Return to Work Scheme which includes the Performance Standards (Injury management standards for self-insured employers April 2019 and Work Health and Safety standards for self-insured employers August 2017)

## **STRATEGIC PLAN**

Nil

## **COUNCIL POLICY**

The Workplace Health and Safety Management System supports [Council Policy - Risk Management](#).

## **ECONOMIC IMPLICATIONS**

Nil

## **ENVIRONMENTAL IMPLICATIONS**

Nil

## **SOCIAL IMPLICATIONS**

Nil

## **CULTURAL IMPLICATIONS**

Nil



## **RESOURCE IMPLICATIONS**

Nil

## **VALUE FOR MONEY**

Nil

## **RISK IMPLICATIONS**

This report will assist the City of Mount Gambier to manage its risk associated with workplace health and safety ensuring it meets its legislative requirements and that its workforce and community are kept safe and healthy in the delivery of services and operations.

## **EQUALITIES AND DIVERSITY IMPLICATIONS**

Nil

## **ENGAGEMENT AND COMMUNICATION STRATEGY**

Nil

## **IMPLEMENTATION STRATEGY**

City of Mount Gambier's Executive Leadership Team (ELT) and Work Health and Safety Committee (WHSC) have been receiving workplace health and safety reporting on a regular basis since late last year which will inform the quarterly report presented to the Audit and Risk Committee.

## **CONCLUSION AND RECOMMENDATION**

This report provides a summary of our safety performance with insights for continuous improvement. It also provides a summary of key initiatives that are currently being worked on within this area.

It is recommended that a Workplace Health, Safety and Wellbeing Report continue to be presented to the Audit Risk Committee to ensure effective monitoring of compliance and performance.

## **ATTACHMENTS**

1. Work Health Safety and Wellbeing Management Report April - May 2022 [↓](#)





## WORK, HEALTH, SAFETY AND WELLBEING MANAGEMENT REPORT

Bi-Monthly Report – April - May 2022

# ***SAFETY ALWAYS***



## 1. Summary

This report aims to provide a snapshot of the current state for safety compliance and performance at City of Mount Gambier (COMG). The organisation continues to show signs of improvement and has taken measures to increase and raise the profile of WHS including an emphasis of reporting incidents and hazards across the organisation.

The Organisation has made application through the LGRS Risk Management Funding Program for Face to Face training to be conducted with people Leaders and the WHS Committee on Risk Assessment and Investigation. This training is scheduled to occur on 6 and 7 July 2022.

The number of hazards reported for April and May has decreased compared to previous months. This is a strong indicator the organisation needs to continue to focus on initiatives for improving hazard reporting and following through with hazard investigations.

There were NO new notifiable incidents for April or May 2022, and there are currently no notifiable matters pending with Safework SA.

**COMG won the 2021 LGA Workers Compensation Scheme WHS Best Practice Regional Major Award announced on 8 April 2022. The award amount of \$15,000 will be awarded to COMG for the submission "Pinned for Protection".** Ideas for spending the funds have been put forward and will be analyzed.

### Current focus areas for the COMG:

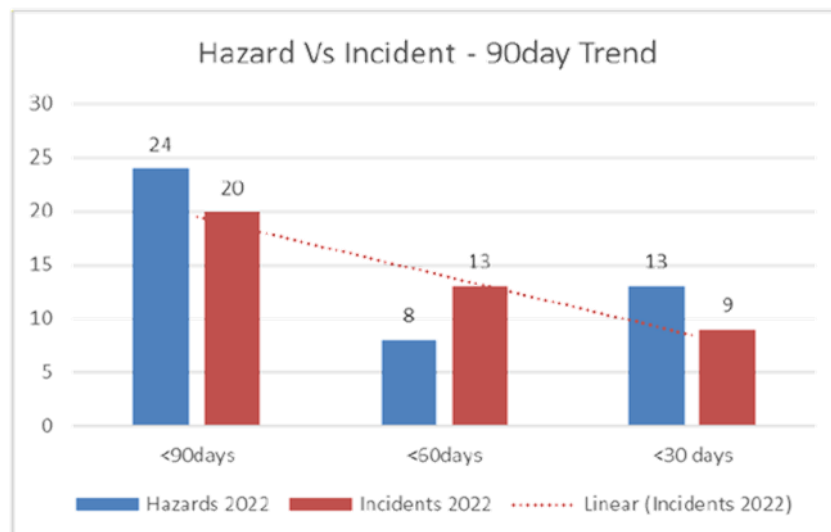
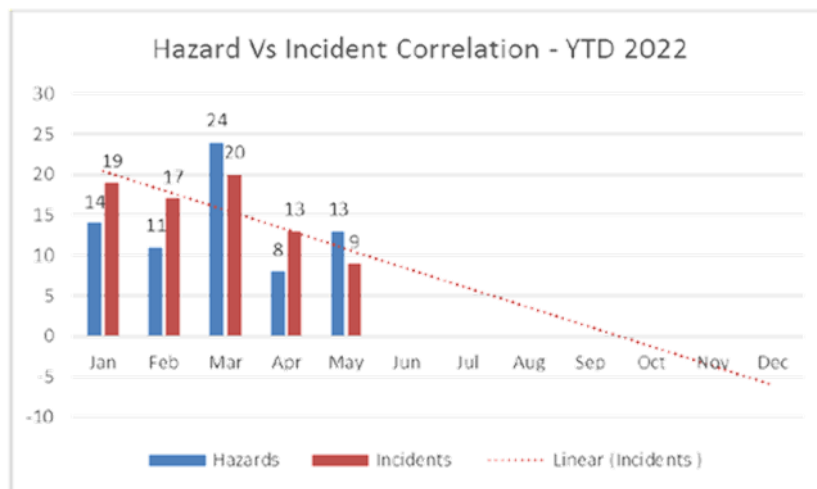
- WHS IM Action Plan Monitoring tool for 2022 following the Risk Evaluation Audit finalised and tasks completed as detailed in the plan in a timely manner.
- Ongoing management of injury management claims with LGWCS.
- Embedding of the new WHS Committee
- Focus on increased hazard reporting and investigation for the organisation.
- Partnering with People Leaders to develop targeted investigation, incident, and corrective action training, using real organisation scenarios for maximum effectiveness (Expected to be delivered within the first two quarters of 2022).



## 2. Correlation between Hazards vs. Incidents

**2.1** Historical industry statistics and research demonstrate a decrease in the reporting of hazards will ultimately lead to an increase in incidents. Whilst the organisation saw a decline in hazard reporting for the month of April, there was a slight increase in reporting for May. The total amount of incidents reported decreased for the month of April and a further decrease in May.

The year to date linear trend suggests that the incident rate is likely to increase if the organisation continues at the current rate of hazard reporting without effective hazard controls. This year to date trend is consistent with the current organisation 90-day trend.



### 3. Hazard Management

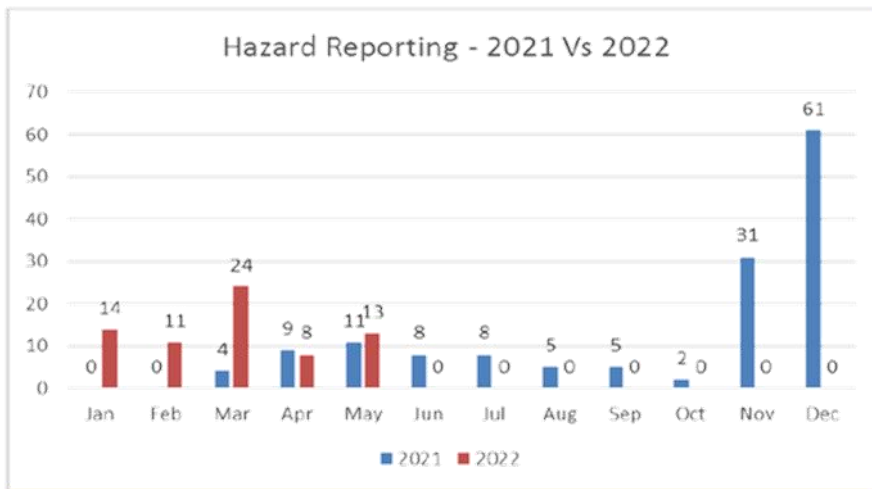
#### 3.1 Total Hazard Reports - Yearly Comparison

This graph demonstrates the comparison of the Organisational hazard reporting for each month compared to the same month in the previous year.

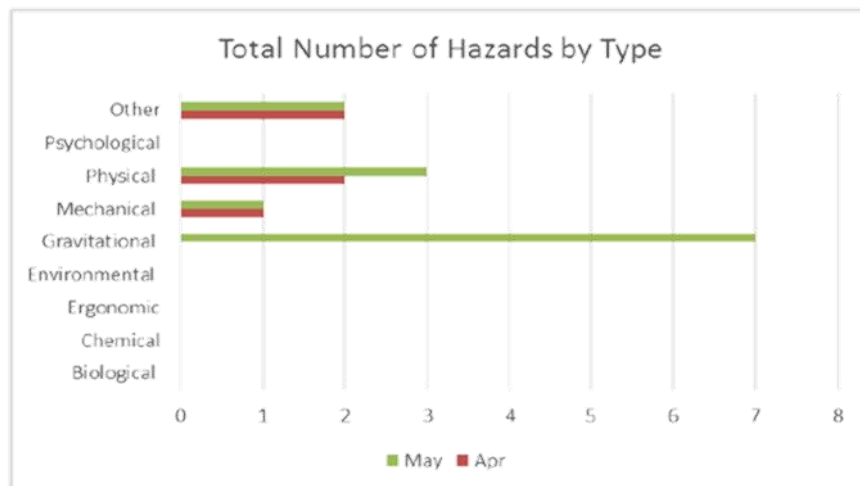
This assists with providing management an analysis of seasonal hazard trends which may occur across the organisation.

There was a total of eight (8) hazards for April and thirteen (13) hazards reported for May in 2022 compared to nine (9) for April and eleven (11) for May in 2021

This data indicates that the organisations need to continue to promote and focus on increasing hazard reporting.



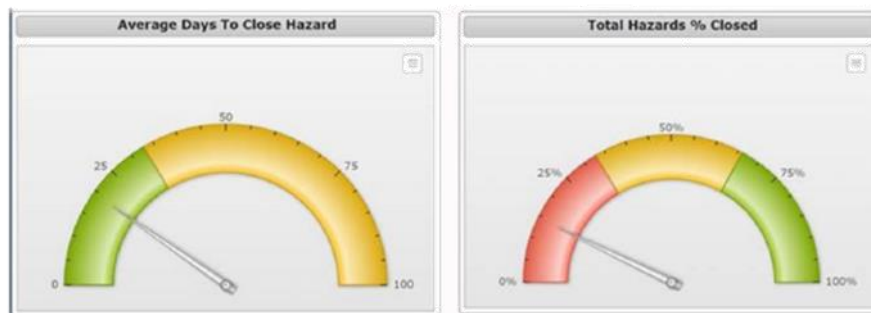
#### 3.2 Hazards by Type



### 3.3 Effective Hazard Management for the month of April and May 2022

The total amount of hazards outstanding is ninety-nine (99).  
The total percentage of hazards closed for the period of until May 2022 is 14.29%  
The average days taken to assess and close a hazard in the April to May period is 19.33 days.

The number of open hazards and average days to close a hazard has increased, and this is possibly attributed to COVID-19 and influenza operational impacts or the uncertainty in responsibilities and how to close out an action.



### 3.4 Hazard Management Closure Rate by Four-month Analysis

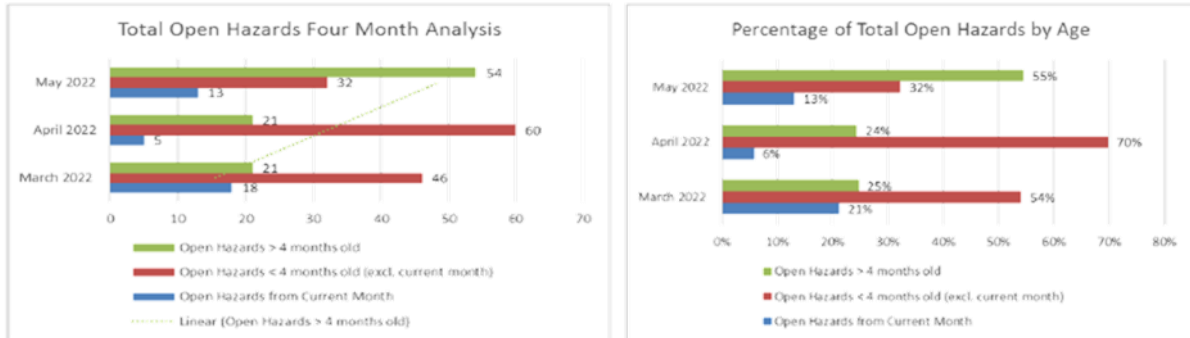
Open hazards may indicate that an investigation is still open and or that corrective actions have not been identified or implemented to a level that is acceptable by the organisation. The closure rate is based on a four-month analysis.

The total amount of open hazards within four months has decreased from 54% to 32% as at the end of May. This decrease is due to the increase in open hazards for the period greater than four months.

The total amount of open hazards that are outstanding greater than four months has increased from 25% to 55%. This is indicative that the organisation is taking longer to complete the hazard assessments.

The linear trend on the four-month analysis indicates the total number of hazards open greater than four (4) months is steadily increasing.

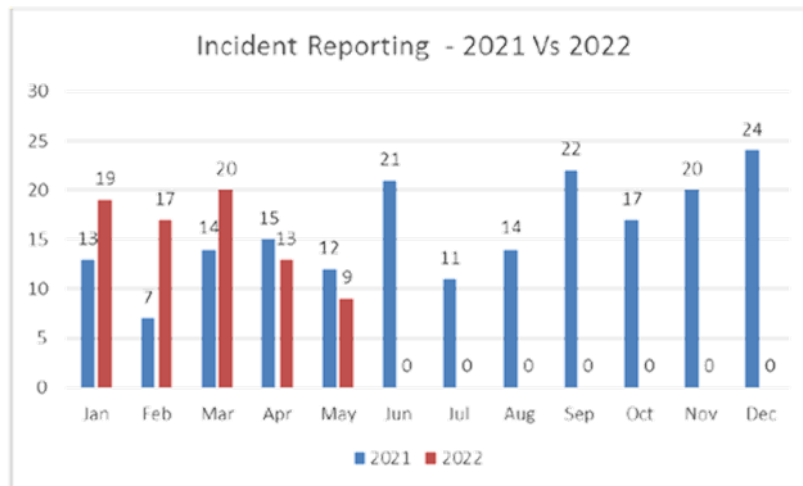




#### 4. Incident and Investigation Management

##### 4.1. Incident Reporting

This report demonstrates the total number of incidents reported across the organisation for the period of April was thirteen (13) and May was nine (9) this is indicating the trend is decreasing each month.

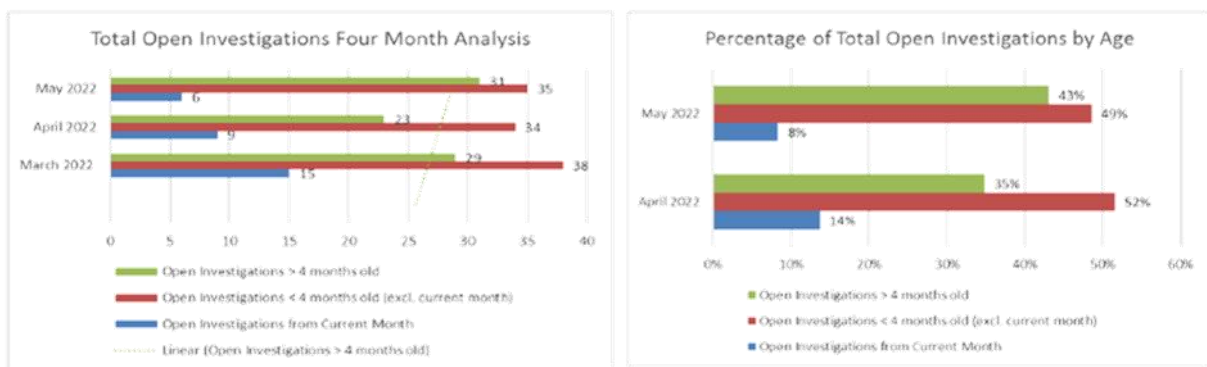


**4.2 Effective Investigation Management**

Open investigations indicate that an investigation is not complete and or that corrective actions have not been identified or implemented to a level that is acceptable by the organisation. The closure rate is based on a four-month analysis.

The total amount of open investigations that are outstanding within four months has increased from 46% to 49% at the end of May 2022.

The total amount of open investigations that are outstanding greater than four months has increased from 35% in March to 43% at the end of May 2022.



**4.3 Open and Overdue Investigations by Department**

There is a total of seventy-two (72) open investigations for the organisation at the end of May 2022, this is a decrease from eighty-two (82) at the end of March 2022.

**5. Inspections and Audits**

Workplace inspections have continued to occur in line with the scheduled inspection cycle.

Current overdue inspections:

- There were 2 overdue site inspections at the end of May 2022. These are expected to be closed off in July 2022.

**6. Corrective Actions Register**

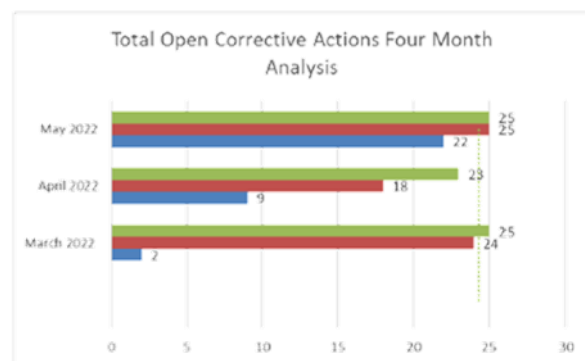
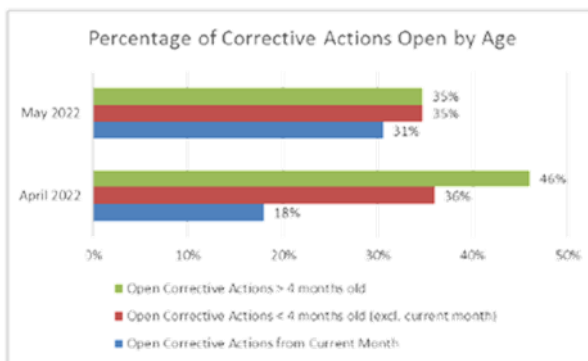
Open corrective actions indicate that an agreed action to rectify an incident or investigation has not been completed to a level that is acceptable by the organisation. The closure rate is based on a four-month analysis.



There was a total of nine (9) corrective actions issued in April and a total of twenty-two (22) issued in May, as at the end of May 2022 an overall total of seventy-two (72) outstanding actions.

The total amount of open corrective actions that are closed within four months has decreased from 47% in March 2022 to 35% as at the end of May 2022.

The total amount of open corrective actions that are outstanding greater than four months has decreased from 49% in March 2022 to 35% as at the end of May 2022.



## 7. Injury Management

### 7.1 Lost Time Injury Frequency Rate (LTIFR) – Work in Progress

A lost-time injury is something that results in a fatality, permanent disability or time lost from work. It could be as little as one day or shift.

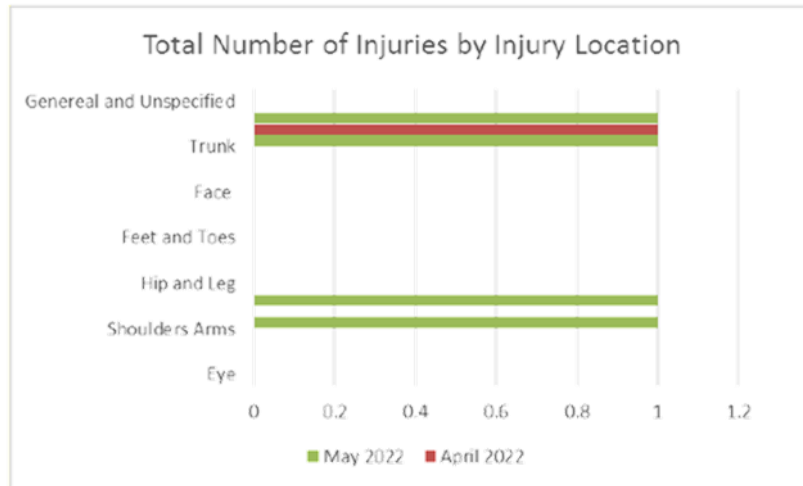
- LTIFR refer to the number of lost-time injuries within a given accounting period, relative to the total number of hours worked in that period.
- LTIFR is a proxy measurement for safety performance.

LTIFR calculations measure the number of lost-time injuries per million hours worked during an accounting period. It is a figure that can be benchmarked with others in the industry.

The organisation is currently unable to report on LTIFR.

The Organisational Development Team has identified a function within Skytrust that will enable the organisation to report on this information. The team are currently working through a process to capture and report on this data.

## 7.2 Injuries by body location details – April and May 2022



## 8. IM WHS Action Plan

### 8.1 WHS IM Action Plan Progress Report– (Yearly action plan – AR21/73314 (v4))

The Organisational Development team meet with LGRS Regional Risk Coordinator monthly to review the progress of the IM WHS Action plan. Progress for the months of April 2022 and May 2022 are listed below.

#### April 2022 Progress

- As at end of April **100%** (April) of planned actions have been closed out
- A total of 32 actions have been identified to be closed out by end of September 2022
- Achievement to date is 17 actions closed with 15 to be completed

#### May 2022 Progress

- As at end of May **94%** (May) of planned actions have been closed out
- A total of 32 actions have been identified to be closed out by end of September 2022
- Achievement to date is 17 actions closed with 15 to be completed

#### Upcoming pending actions

- Risk Assessment Training scheduled in July 2022
- Re-establish Emergency Planning Committee (EPC) – Action due to be completed in August 2022.

## 9. Wellbeing Initiatives

### 9.1 Ageing and Work Health Program – AR20/45900

Progress update meeting held on the 11/05/2022.

In the process of implementing recommended guidance tools to help support the Ageing and Work Health Program for the City of Mount Gambier.

Ageing and Work Health stretching in the workplace information and flyers were sent to all staff through the Health and Wellbeing Program - Weekly Wellbeing Edition - Issue 9 - 09/06/2022.

**9.2 Wellbeing Program**

The Wellbeing Program has continued with very positive feedback from staff. It has included regular wellbeing information, mental health awareness, and a safety speaker event reinforcing safety choices. The program is funded by LGRS through the Risk Management Prevention Program.

**10. Continuous Improvement/ Projects**

**10.1. Principle and Procedure development and review schedule**

The procedures listed below were reviewed by relevant People Leaders in further detail after the November WHS Committee meeting and recommendation provided outlined that these procedures should be provided to the relevant workgroups for consultation.

Principle/ Procedure Name	Document number	Responsibility	Review Date	Status
UV and Inclement Weather Procedure	AR17/33093	WHSC	Apr-21	Review process completed
Work Zone Traffic Management Procedure	AR17/33133	WHSC	Apr-21	Review process complete
Communication and Consultation Principle	AR17/33096	WHSC	May-21	Review process completed
Communication and Consultation Procedure	AR17/33097	WHSC	May 21	Review process completed
Plant Procedure	AR17/33088	WHSC	Feb-21	Endorsed by WHS Committee at special committee meeting 9/03/2022. Documents undergoing final drafting by the OD team
Administration of the WHS Management System Principle		WHSC	Apr-21	WHS committee review complete 24/5/2022, requires ELT endorsement
Emergency Management Principle	AR17/33071	WHSC	Apr-21	Reviewed at committee meeting held 22/03/2022 members to provide further reviews to the HR inbox by 6 July 2022
Emergency Management procedure	AR21/33128	WHSC	May-21	Reviewed at committee meeting held 22/03/2022 members to provide further reviews to the HR







				inbox by 6 July 2022
Excavation and Trenching Procedure	AR17/33072	WHSC	Feb-21	WHS committee review complete 24/5/2022, requires ELT endorsement

**10.2 Skytrust Investigation Training**

The organisation has received a scope of works which includes face to face Skytrust investigation training for all People Leaders and WHS Committee members to be conducted by Winning Safety Solutions on 6 and 7 July 2022.



**5.4 INTERNAL CONTROLS POLICY – REPORT NO. AR22/46763**

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>25 July 2022</b>
<b>Report No.:</b>	<b>AR22/46763</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Julie Scoggins, Manager Financial Services</b>
<b>Authoriser:</b>	<b>Darren Barber, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>Consistent with actions arising from the FY2022 Interim Audit the Internal Controls policy has been developed aligned with other SA Councils and with Council’s Risk Management Policy.</b>
<b>Strategic Plan Reference:</b>	<b>Goal 1: Our People</b>
	<b>Goal 2: Our Location</b>
	<b>Goal 3: Our Diverse Economy</b>
	<b>Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage</b>
	<b>Goal 5: Our Commitment</b>

**REPORT RECOMMENDATION**

1. That Audit and Risk Committee Report No. AR22/46763 titled ‘Internal Controls Policy’ as presented on 25 July 2022 be noted.
2. That the Internal Controls Policy as attached to Report No. AR22/46763 having been reviewed by the Audit and Risk Committee on 25 July 2022 be adopted with the following changes:
  - (a) .....



## TYPE OF REPORT

Corporate

## BACKGROUND

1. **Audit and Risk Committee Terms of Reference** - The following section of the Audit Committee Terms of Reference is relevant to this report:

*The Committee shall:*

12.1.2 *Review and challenge - where necessary:*

- *The consistency of, and/or any changes to accounting policies.*

2. **Previous Policy** - The Internal Controls Policy (I105) was revoked in April 2016 on the basis that the contents were included in R305 – Risk Management Framework Policy.
3. **New Policy** – The attached new policy has been developed following benchmarking with other Councils, aligned with actions from the FY 2022 interim audit actions.

## PROPOSAL

4. **Interim Audit Action** - Following the interim audit with Dean Newbery, the Finance Team decided to create this policy as it is required for compliance purposes and to ensure alignment with other South Australian councils.

5. **Legislation** - Consistent with the objectives and requirements of the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011, Council has a responsibility to ensure that its activities are conducted in an efficient and risk effective manner that is compliant with its policies and procedures.

*Local Government Act 1999 Section 125 — Internal control policies*

*(1) A council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the council's assets, and to secure (as far as possible) the accuracy and reliability of council records.*

*(2) The policies, practices and procedures of internal financial control under subsection (1) must be in accordance with a standard or document (such as a model relating to financial controls) adopted by the regulations.*

6. **Risk Management Policy** - It should be noted that the internal controls policy is closely aligned with the risk management policy.

7. The purpose of internal control and this policy is to provide assurance that:

- **Internal Risks** - The internal risks faced by Council are contained to acceptable levels;
- **Management** - Council is effectively managed;
- **Council Resources** - Council's resources are not misused or misappropriated;
- **Policies and Procedures** - Council is managed efficiently and effectively, with appropriate policies and administrative procedures that promote the achievement of its goals and objectives; and
- **Risk Management** - Effective risk management is integrated into Council operations.

8. **Framework** - This Policy describes the purpose and major factors to be considered in the development of an effective internal control framework. It provides a framework to assist in the development of policies, practices and procedures to collectively ensure that the financial and non-financial activities of Council are conducted in a proper manner.



## **LEGAL IMPLICATIONS**

Local Government Act 1999 Sections 125 and 129

Local Government (Financial Management) Regulations 2011 Regulations 4, 10A and 19(3)

## **STRATEGIC PLAN**

N/A

## **COUNCIL POLICY**

[Risk Management Policy](#)

## **ECONOMIC IMPLICATIONS**

N/A

## **ENVIRONMENTAL IMPLICATIONS**

N/A

## **SOCIAL IMPLICATIONS**

N/A

## **CULTURAL IMPLICATIONS**

N/A

## **RESOURCE IMPLICATIONS**

N/A

## **VALUE FOR MONEY**

N/A

## **RISK IMPLICATIONS**

N/A

## **EQUALITIES AND DIVERSITY IMPLICATIONS**

N/A

## **ENGAGEMENT AND COMMUNICATION STRATEGY**

Once adopted this policy will be rolled out to staff across Council in support of the Internal Controls Self-Assessment to be undertaken in this financial year.

## **IMPLEMENTATION STRATEGY**

Once adopted this policy will be rolled out to staff across Council in support of the Internal Controls Self-Assessment to be undertaken in this financial year.

## **CONCLUSION AND RECOMMENDATION**

The Internal Control Policy is a key legislative policy that describes the purpose and major factors to be considered in the development of an effective internal control framework. It provides a framework to assist in the development of policies, practices and procedures to collectively ensure that the financial and non-financial activities of Council are conducted in a proper manner.

## **ATTACHMENTS**

1. Draft Internal Controls Policy [↓](#)



 City of Mount Gambier	<b>COUNCIL POLICY</b> <b>INTERNAL CONTROLS POLICY</b>		Version No:	1.0
			Issued:	
			Next Review:	

**1. INTRODUCTION:**

- **Effective Risk Management** - Internal control is a key factor in ensuring that the Council is effectively and efficiently managed and that its resources are not misused or misappropriated. These controls are integral to the effective risk management of Council activities and to ensure there are appropriate policies and procedures that promote the achievement of Council's goals and objectives.
- **Internal Control System** - Internal control is not limited to financial matters. An effective internal control environment will provide the means by which Council can successfully address and mitigate many risks. The internal control system should be designed to consider the financial, information, technological, human resource, political and legislative activities of Council.
- **Residual Risk** - In establishing and assessing internal control practices it is necessary to recognise that a certain level of risk will continue to exist. The purpose of internal control is to provide assurance that the internal risks faced by Council are minimised or contained to acceptable levels.

**2. PURPOSE:**

- **Legislation** - Consistent with the objectives and requirements of the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011, Council has a responsibility to ensure that its activities are conducted in an efficient and risk effective manner that is compliant with its policies and procedures.
- **Framework** - This Policy describes the purpose and major factors to be considered in the development of an effective internal control framework. It provides a framework to assist in the development of policies, practices and procedures to collectively ensure that the financial and non-financial activities of Council are conducted in a proper manner.
- The purpose of internal control and this policy is to provide assurance that:
  - **Internal Risks** - The internal risks faced by Council are contained to acceptable levels;
  - **Management** - Council is effectively managed;
  - **Council Resources** - Council's resources are not misused or misappropriated;
  - **Policies and Procedures** - Council is managed efficiently and effectively, with appropriate policies and administrative procedures that promote the achievement of its goals and objectives; and
  - **Risk Management** - Effective risk management is integrated into Council operations.

**3. SCOPE:**

This Policy is applicable to all Council Staff.

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 City of Mount Gambier	<b>COUNCIL POLICY</b>		Version No:	1.0
	<b>INTERNAL CONTROLS POLICY</b>		Issued:	
			Next Review:	

**4. DEFINITIONS:**

Key Term - Acronym	Definition
<b>Internal Control</b>	Can be broadly defined as a process supported by the Organisation's policies, procedures and practices which collectively provide a reasonable assurance the achievement of objectives in the following categories: <ul style="list-style-type: none"> <li>• Effectiveness and efficiency of operations;</li> <li>• Reliability and accuracy of financial data; and</li> <li>• Compliance with policies, procedures, legislation and regulations.</li> </ul>
<b>Internal Control Framework</b>	Refers to policies, practices and procedures of Council which are designed to provide assurance that the activities and functions of council are carried out in an effective and efficient manner, with records being maintained accurately and the assets of council being protected and secured.
<b>Management</b>	Includes the General Managers, Managers and Co-ordinators.
<b>Employee</b>	Includes persons employed by the Council, volunteers, trainees, work experience placements, independent consultants and contractors and other authorised personnel offered access to the Council's resources.

**5. ROLES & RESPONSIBILITIES:**

**5.1 Council:**

Council is responsible for the Internal Controls Policy of Council and for the adoption of this policy.

**5.2 Chief Executive Officer:**

The Chief Executive Officer is responsible for the development and implementation of the Internal Control Framework to ensure that the objectives of Council are achieved in an effective and efficient manner.

**5.3 Management (as defined above):**

Management are responsible for the development of adequate internal controls and their implementation, evaluation and revision on an ongoing basis in respect to all of the functions of Council under their control to ensure as far as practicable that:

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 City of Mount Gambier	<b>COUNCIL POLICY</b>		Version No:	1.0
	<b>INTERNAL CONTROLS POLICY</b>		Issued:	
			Next Review:	

- **Reports** - Financial records and other relevant information databases completely and accurately reflect the actual operational activities and the timely preparation of reports;
- **Assets** - Are safeguarded from unauthorised use or disposal;
- **Irregularities** - Are prevented, or detected and corrected if they occur;
- **Legislative Compliance** – Is maintained; and
- **Risk Approach** - Management when developing the framework is encouraged to adopt a risk management approach when identifying and assessing Councils risks and applying a cost/benefit analysis in the development of internal controls.

#### 5.4 Employees:

Employees are responsible for:

The day to day management of the Internal Control Framework in their respective work areas.

- **Duties** - Conducting their duties in accordance with Council policies, operating guidelines and practices of Council.
- **Reporting** – Reporting to management instances where they consider that internal control procedures are inadequate or are not being met.
- **Best Practice** - Promoting a best practice approach in support of effective business practices and properly functioning controls.
- **Assessments and Reviews** - Conducting assessments and reviews of internal controls and entering the results of these into relevant internal control framework databases.

#### 5.5 Audit and Risk Committee:

- The Audit and Risk Committee is responsible for the monitoring and review of the effectiveness of Council’s internal controls and risk management systems.
- Where appropriate the Committee may recommend and provide feedback on the statements to be included in the annual report concerning internal controls and risk management.
- In addition, if required, the Audit and Risk Committee should also raise concerns with Council staff and Council.

#### 5.6 External Auditor:

The external auditor must give an audit opinion on the audited financial statements of Council. The financial statement must also comply with accounting standards and principles along with information as prescribed in the Local Government (Financial Management) Regulations 2011.

Section 129 of the Local Government Act 1999 and regulation 19(3) of the Local Government (Financial Management) Regulations 2011 provide that the auditor in addition to the above must examine the internal controls exercised by the Council. These controls are in relation to the following:

- **Money** - Receipt, expenditure and investment of money;
- **Property** - The acquisition and disposal of property; and

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Page 3 of 7



 City of Mount Gambier	<b>COUNCIL POLICY</b>		Version No:	1.0
	<b>INTERNAL CONTROLS POLICY</b>		Issued:	
			Next Review:	

- **Liabilities** - The incurring of liabilities' and provide an audit opinion as to whether the controls are sufficient to provide reasonable assurance that the financial transactions of the council have been conducted properly and in accordance with law.

## 6. INTERNAL CONTROL ENVIRONMENT:

- 6.1 Strategies to maintain sound internal controls are based on risk analysis of the internal operations of Council, with a focus on the key elements of:
- **Organisation Environment** - The structure and broad policies adopted to manage the organisation and assist employees to carry out their roles and functions.
  - **Information System** - The methods and procedures used to collect collate and distribute financial and non-financial information.
  - **Processing System** - The mechanisms in place to ensure that transactions are captured checked and verified. The use of technology with automated controls and strengthens the internal control environment.
- 6.2 **Approach** - An internal control framework should be based on a pro-active risk management approach that includes regular review and identification of the risks that exist within the Council operations. Council will maintain an effective Risk Management Framework with internal controls included as an integral part of that framework. An appropriate internal control measure is applied to each key activity in order to reduce the inherent risk of that activity to an acceptable level.
- 6.3 **Risks** - Risks should be identified and assessed, and then an appropriate internal control framework developed and implemented to reduce the potential impact of those risks. This should include an analysis to assess whether the cost of a new or modified control is likely to provide a net positive benefit.
- 6.4 **Risk Assessment** - In establishing and assessing internal control practices, it is necessary to recognise that in practical terms a certain level of risk will always exist within organisations.
- 6.5 Controls can be allocated to three categories:
- **Preventative** - Processes put in place to avoid undesirable events from occurring.
  - **Detective** - Processes put in place to detect and subsequently correct undesirable events that have already occurred.
  - **Directive** – Processes put in place to encourage a desirable event to occur.

## 7. POLICY PRINCIPLES

The Principles guiding a strong Internal Controls environment include:

- **Existence** - Assets and liabilities of the entity exist at a given date;
- **Valuation** - Assets or liabilities are recorded at the appropriate carrying value;
- **Occurrence** - Recorded transactions or other events occurred during the relevant period;
- **Authorisation** - Control is established at source and only properly authorised transactions are processed;
- **Segregation of duties** - Responsibility for executing a transaction, recording the transaction and maintaining custody of the assets and/or liabilities resulting from a transaction should be assigned to different individuals or departments;
- **Completeness** - There are no unrecorded assets, liabilities, transactions or other events or undisclosed items;

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Page 4 of 7





 City of Mount Gambier	<b>COUNCIL POLICY</b> <b>INTERNAL CONTROLS POLICY</b>		Version No:	1.0
			Issued:	
			Next Review:	

- **Measurement / Recording** - A transaction or event is recorded at the proper amount and revenue or expense is allocated to the proper period (facilitated by the use of IT data integrity); and
- **Disclosure** - Particular components of the financial report are properly disclosed, classified and described.

**8. TRAINING / EDUCATION:**

- 8.1 It is the responsibility of Council Administration to provide adequate training and support for staff.
- 8.2 Training will be provided to staff as part of the induction process and be refreshed as part of the two yearly review process.

**9. REPORTING:**

- 9.1 **Governance and Risk Department** - The Manager, Governance and Risk will monitor progress of Action Plans annually, lead a review every two years and report to the Executive Leadership Team and the Audit and Risk Committee.
- 9.2 **Audit and Risk Committee** - The Audit and Risk Committee will receive progress reporting of actions taken by the Administration in relation to required control improvements. The Audit and Risk Committee will monitor the scope of the assessment and the recommended improvements to ensure best practice, accountability and efficient, effective and compliant systems

**10. REVIEW:**

This Policy will be reviewed annually; or

- The frequency dictated in legislation; or
- Earlier in the event of changes to legislation or related policies and procedures; or
- If deemed necessary by the General Manager, Corporate and Regulatory Services.

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Page 5 of 7



 City of Mount Gambier	<b>COUNCIL POLICY</b>		Version No:	1.0
	<b>INTERNAL CONTROLS POLICY</b>		Issued:	
			Next Review:	

## 11. ACCESS TO THE POLICY

This Policy will be available for inspection at Council's principal office during ordinary business hours and on the Council's website [www.mountgambier.sa.gov.au](http://www.mountgambier.sa.gov.au). Copies will also be provided to interested members of the community upon request, and upon payment of a fee in accordance with Council's Schedule of Fees and Charges.

File Reference:	AF18/48
Applicable Legislation:	Local Government Act 1999 Sections 125 and 129 Local Government (Financial Management) Regulations 2011 Regulations 4, 10A, and 19 (3)
Reference: Strategic Plan – Beyond 2015	Goal 3, Strategic Objective Our Diverse Economy
Related Policies:	A900 Asset Management Policy  P420 Procurement and Disposal of Land and Assets Policy  B300 Budget Framework Policy  Risk Management Policy
Related Procedures:	Better Practice Model – Financial Internal Control for South Australian Councils (SALGFMG)

## DOCUMENT DETAILS

Responsibility:	GENERAL MANAGER CORPORATE AND REGULATORY SERVICES
Version:	1.0
Last revised date:	
Effective date:	
Minute reference:	
Next review date:	
<u>Document History</u>	

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Page 6 of 7



 City of Mount Gambier	<b>COUNCIL POLICY</b> <b>INTERNAL CONTROLS POLICY</b>	Version No:	1.0
		Issued:	
		Next Review:	

First Adopted By Council:	
Reviewed/Amended:	

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**5.5 ASSET ACCOUNTING POLICY REVIEW – REPORT NO. AR22/49260**

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>25 July 2022</b>
<b>Report No.:</b>	<b>AR22/49260</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Julie Scoggins, Manager Financial Services</b>
<b>Authoriser:</b>	<b>Darren Barber, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>Following the interim audit for FY 2022 this report proposes minor changes to the Asset Accounting Policy for the required change in accounting treatment for library books.</b>
<b>Strategic Plan Reference:</b>	<b>Goal 1: Our People</b>
	<b>Goal 2: Our Location</b>
	<b>Goal 3: Our Diverse Economy</b>
	<b>Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage</b>
	<b>Goal 5: Our Commitment</b>

**REPORT RECOMMENDATION**

1. That Audit and Risk Committee Report No. AR22/49260 titled 'Asset Accounting Policy Review' as presented on 25 July 2022 be noted.
2. That the Asset Accounting Policy as attached to Report No. AR22/49260 having been reviewed by the Audit and Risk Committee on 25 July 2022 be adopted.



## TYPE OF REPORT

Corporate

## BACKGROUND

1. **Audit and Risk Committee Terms of Reference** - The following section of the Audit Committee Terms of Reference is relevant to this report:

*The Committee shall:*

12.1.2 *Review and challenge - where necessary:*

- *The consistency of, and/or any changes to accounting policies.*

2. **Audit and Risk Committee Review** – The new Asset Accounting policy was reviewed by the Audit and Risk Committee at the meeting on 28 March 2022.
3. **Council Meeting** – The following resolution was made at the Council meeting on 19 April 2022:

### RESOLUTION 2022/74

*Moved: Cr Sonya Mezinec*

*Seconded: Cr Max Bruins*

1. *That Audit and Risk Committee Report No. AR22/19830 titled 'Asset Accounting and Asset Management Policies' as presented on 28 March 2022 be noted.*
  2. *That the Asset Accounting Policy as attached to Report No. AR22/19830 having been reviewed by the Audit and Risk Committee on 28 March 2022 be adopted with the following changes:*
    - (a) the right of use of leases assets be included*
    - (b) the purpose be altered to exclude Treasury Management*
    - (c) the policy review date be changed to annually*
  3. *That Policy A900 - Asset Management as attached to Report No. AR22/19830 having been reviewed by the Audit and Risk Committee on 28 March 2022 be adopted.*
  4. *That Council Policy C375 Council Vehicles - Provision and Replacement as attached to Report No. AR22/19830 be revoked.*
4. **External Auditors Recommendation Interim Audit April 2022** - With the introduction of the One Card system in 2014/15 under Libraries SA, the requirement of control, to recognise an asset, over these library books may no longer be met by Council due to the patron's ability to borrow and return books at any public library across South Australia. As a result, the External Auditors recommended that Council Administration review the accounting treatment of library books.
  5. **Interim Audit Action** – The interim audit letter management response included the following actions:
    - Accounting treatment change to be implemented from the 2022/23 financial year.
    - Revised Asset Accounting Policy to be taken to the Audit and Risk Committee including this change in July 2022 and to Council for adoption in August 2022.
    - The change in accounting treatment will be recognised in the 2022/23 budget at Budget Review 1 in December 2022.
    - The change will be recognised in the actual financial statements for 2022/23.



## PROPOSAL

- Amended Policy** – Two minor amendments have been made to the attached draft Asset Accounting policy highlighted in red as follows:
  - The scope of this policy excludes library books that will be treated as an operating expense from 2022/23 financial year following Budget Review 1.
  - The asset life for other assets has been increased from 7 years to 10 years to reflect the removal of library books that are currently depreciated over 7-10 years.
- Anticipated Impact** – As highlighted in the Interim Audit Management letter  
*As at 30 June 2021, Council had a total carrying value of approx. \$545K related to Library Books with approx. \$92K of purchases in the current Financial Year.*
- It should be noted that these minor changes are not anticipated to represent the formal review of the policy that will be undertaken on an annual basis.

## LEGAL IMPLICATIONS

- The Asset Accounting Policy is a key financial policy that ensure that all Council owned assets are valued and depreciated in accordance with relevant Australian Accounting Standards (“the Standards”) pursuant to Local Government Act 1999 under section 303(4).

## STRATEGIC PLAN

N/A

## COUNCIL POLICY

The Asset Accounting Policy is aligned with the following Council Policies:

[A900 Asset Management Policy](#)

[P420 Procurement, & Disposal of Land and Assets](#)

## ECONOMIC IMPLICATIONS

Aids in the delivery of economic outcomes.

## ENVIRONMENTAL IMPLICATIONS

N/A

## SOCIAL IMPLICATIONS

N/A

## CULTURAL IMPLICATIONS

N/A

## RESOURCE IMPLICATIONS

N/A

## VALUE FOR MONEY

N/A

## RISK IMPLICATIONS

Prudent management of Council's financial sustainability ensures that long and short term financial risk is mitigated.

## EQUALITIES AND DIVERSITY IMPLICATIONS

N/A



## **ENGAGEMENT AND COMMUNICATION STRATEGY**

N/A

## **IMPLEMENTATION STRATEGY**

It is intended that these changes will be implemented from Budget Review 1.

## **CONCLUSION AND RECOMMENDATION**

The Asset Accounting Policy is a key financial policy that ensure that all Council owned assets are valued and depreciated in accordance with relevant Australian Accounting Standards (“the Standards”) pursuant to Local Government Act 1999 under section 303(4).

It is anticipated that no further changes to the minor changes included in the draft policy are considered at this time.

## **ATTACHMENTS**

1. Draft Asset Accounting Policy V2.0 [↓](#)



 City of Mount Gambier	<b>COUNCIL POLICY</b>		Version No:	1.0
	<b>ASSET ACCOUNTING POLICY</b>		Issued:	April 2022
			Next Review:	April 2023

**1. INTRODUCTION:**

The purpose of this policy is to ensure that all Council owned assets are valued and depreciated in accordance with relevant Australian Accounting Standards ("the Standards") pursuant to Local Government Act 1999 under section 303(4).

**2. PURPOSE:**

The purpose of this policy is to provide clear direction to management, staff and Council in relation to the Asset Accounting function.

**3. SCOPE:**

The scope of this policy is to ensure:

- **Asset Life** - That Council makes a distinction between costs incurred on long-lived assets and costs incurred on goods and services for immediate consumption;
- **Depreciation** - All depreciation estimates are prepared and maintained in accordance with the Standards and reviewed annually; and
- **Revaluations** - Are performed at a sufficient frequency to ensure that the carrying amount does not differ materially from the fair value at the reporting date.

This Policy is applicable to all Council owned assets.

The scope of this policy includes 'right-of-use assets' as defined in AASB 16 Leases.

**The scope of this policy excludes library books that will be treated as an operating expense from 2022/23 financial year following Budget Review 1.**

**4. DEFINITIONS:**

Key Term - Acronym	Definition
<b>Amortisation</b>	The systematic allocation of the depreciable amount of an asset over its useful life (e.g. for an asset valued at \$500,000 with a 5 year useful life the annual amount amortised would be \$100,000 per annum).
<b>Asset</b>	A resource with economic value that is owned or controlled by an entity with the expectation that it will provide a future benefit.
<b>Asset Consumption Ratio</b>	Value of infrastructure assets/gross current replacement cost of infrastructure assets.
<b>Asset Renewal Funding Ratio</b>	Capital expenditure on renewal or replacement of existing assets as a percentage of asset management plans allocation.  Capital expenditure on renewal or replacement of existing assets / Asset Management Plan.

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Page 1 of 9





 City of Mount Gambier	<b>COUNCIL POLICY</b> <b>ASSET ACCOUNTING POLICY</b>	Version No:	1.0
		Issued:	April 2022
		Next Review:	April 2023

Key Term - Acronym	Definition
<b>Asset Register</b>	A register for reliably recording inventory type details of an asset and may incorporate other information such as condition, valuation and location.
<b>Carrying Amount</b>	The amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses.
<b>Cost</b>	The amount of cash or cash equivalents paid, or the fair value to acquire an asset at the time of its acquisition or construction.
<b>Depreciation</b>	The monetary value of an asset decreases over time (useful life) due to use, wear and tear or obsolescence. This decrease is measured as depreciation. Depreciation is the measure of 'using up' or consumption of the asset, in providing that asset to the community and is measured on an annual basis.
<b>Depreciable Amount</b>	The cost of an asset or any other amount substituted for cost, less its residual value.
<b>Fair Value</b>	Is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.
<b>Gifted Assets</b>	Is an asset constructed by a party other than a Council (typically a developer) and transferred to Council to maintain.
<b>Intangible Assets</b>	Are identified as non-monetary assets without physical substance. Some examples of intangible assets include; licences, intellectual property and computer software.
<b>Maintenance</b>	Regular ongoing day-to-day work necessary to keep assets operating, and does not extend the asset's useful life e.g. road patching. This is an operating expense as this does not increase the value of the asset.
<b>New Asset</b>	Is the creation of a new asset to meet additional service level requirements, e.g. a new building.
<b>Non-current assets</b>	Are assets that have an estimated life of greater than one year. They also include some financial assets that are not expected to be recovered within a year of the reporting date.
<b>Operations</b>	Regular activities of the council e.g. street sweeping, grass mowing, street lighting.
<b>Right Of Use Asset</b>	A right of use asset, or ROU, is a lessee's right to use an asset over the course of a lease.

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 City of Mount Gambier	<b>COUNCIL POLICY</b>		Version No:	1.0
	<b>ASSET ACCOUNTING POLICY</b>		Issued:	April 2022
			Next Review:	April 2023

Key Term - Acronym	Definition
<b>Renewal or replacement</b>	Of an asset is where a previously existing asset is replaced, or its service life extended, without enhancement of the service capability except where this is incidental and unavoidable. e.g. gravel re-sheeting, reseal, etc.
<b>Residual value</b>	Of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal at the end of its useful life.
<b>Upgrade</b>	Is the enhancement of an existing asset to provide a higher level of service, e.g. sealing an unsealed road.
<b>Useful life</b>	Is defined as the period over which an asset is expected to be available for use by the entity.

**5. ROLES & RESPONSIBILITIES:**

**5.1 Council:**

Council is responsible for adopting the policy, allocating resources, and providing high level oversight of the delivery of the Council's asset accounting policy. The Council is also responsible for ensuring that organisational resources are appropriately funded to guarantee adherence with this policy.

**5.2 Chief Executive Officer:**

The Chief Executive Officer is responsible for resourcing the implementation of the asset accounting policy and supporting procedures.

**5.3 General Managers, Asset Managers, Financial Services:**

General Managers, Asset Managers and the Manager, Financial Services are responsible for the application of the asset accounting policy and supporting procedures.

**5.4 Employees:**

Employees are responsible for adhering to the policy.

**6. POLICY STATEMENTS:**

6.1 This Policy applies the provisions of the Local Government Act 1999 (the Act) Section 124 (Accounting Records to be Kept) regarding Council's Fixed Assets and how financial information pertaining to Fixed Asset transactions and reconciliations are undertaken across all Council operations.

6.2 This Policy underpins how Council treats various categories of transactions recorded on its fixed asset register and fixed asset transactions, culminating in their publication in the annual financial statements required under Section 127 (Financial Statements) of the Act.

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 City of Mount Gambier	<b>COUNCIL POLICY ASSET ACCOUNTING POLICY</b>	Version No:	1.0
		Issued:	April 2022
		Next Review:	April 2023

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Page 4 of 9



 City of Mount Gambier	<b>COUNCIL POLICY ASSET ACCOUNTING POLICY</b>		Version No:	1.0
			Issued:	April 2022
			Next Review:	April 2023

## 7. POLICY PRINCIPLES

### 7.1 Depreciation

#### 7.1.1 Recognition of Depreciation Expense:

- **Commencement** - Depreciation expense commences from the time the asset is first put into use or held ready for use. Work-in-progress will not be depreciated until the asset is first put into use or held available for use.
- **Cessation** - Depreciation of an asset ceases when the asset is fully depreciated, or if the asset is determined to be held for sale. Depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.
- **Calculation** - In calculating depreciation on assets, each component of the asset which has a cost that is significant in relation to the total cost of the asset and has a materially different useful life, is to be depreciated separately.
- **Leasehold Improvements** - Where improvements are made to a leasehold property, these improvements will be allocated progressively over the unexpired portion of the lease or the useful lives of the improvements, whichever is the shorter. The unexpired period of the lease should include any options to extend the lease term when the exercise of the option is reasonably certain.
- **Non-Recognition Of Depreciation** - Council does not recognise depreciation on the following:
  - Inventories, as they are current assets;
  - Non-current assets whilst classified as held for sale;
  - Land, works of art, rare books, manuscripts, unique historical and cultural objects where their service potential is not expected to diminish with time or use.

### 7.2 Impairment:

- An asset is impaired if the amount at which it is recognised in the Council's financial records is greater than its fair value. Council will ensure that the amount at which an asset is capitalised does not exceed its fair value. This will be reviewed on an annual basis and all impairment losses are to be shown in the operating statement as expenditure.

### 7.3 Depreciation Methodology:

- **Asset Lives** - All assets with a useful life of more than one year, including intangible assets are depreciated over the useful life of the asset in accordance with Accounting Standards.


<b>Asset Useful Lives</b>	
<b>Asset Class</b>	<b>(Years )</b>
Infrastructure	10 to 150
Buildings & Other Structures	10 to 100
Waste Management – Landfill Assets	Capacity in use
Recreation and Open Space	10 to 50
Plant & Equipment and IT	3 to 25

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Page 5 of 9



 City of Mount Gambier	<b>COUNCIL POLICY</b>		Version No:	1.0
	<b>ASSET ACCOUNTING POLICY</b>		Issued:	April 2022
			Next Review:	April 2023

Artworks & Historical Collections	Indefinite
Other	7 10 to 15
Right of Use Assets	Life of the lease

- **Depreciation** - Are calculated on a "straight line basis" i.e. the depreciable amount divided by the useful life of the asset.
- **Asset Additions** - Any expenditure that increases the value of the asset, are depreciated over the remaining useful life of the asset to which it relates.
- **Useful Life** - The useful life of an asset will be reviewed at least at the end of each annual reporting period.

! 7.4 Revaluations

**Revaluation Methodology:**

- **Asset Valuation** - Council treat the valuation of assets in two ways:
  - Firstly, where an asset is carried at cost and has some useful life after it has been fully depreciated, revaluation of the asset will not occur.
  - Secondly, assets that are carried at fair value will be revalued to ensure assets are not fully depreciated before the end of their useful life.
- **Current Replacement Costs** - Are calculated using Council's own current contract unit rates, industry benchmarks and information supplied by other Councils where available. These costs are independently assessed by an appropriately qualified professional.
- **Condition Audits** - Are undertaken to determine the consumption of the asset and hence its fair value in respect to the replacement cost.

! **Frequency of Revaluation:**


- **Fair Value Assets** - All assets carried at fair value are reviewed annually. To achieve this Council review replacement costs and apply incremental adjustments where material and appropriate for each asset class.
- **Condition Audits** - Are performed as per the asset management plans or where there is a material movement between the carrying value and fair value of the assets.

**Revaluations and Accumulated Depreciation:**

- **Accumulated Depreciation** - Following a revaluation the accumulated depreciation is restated proportionately to the gross carrying amount of the asset, so that the carrying amount of the asset after revaluation equals its revalued amount. This is a requirement to achieve a comparative in the calculation of the asset consumption ratio.
- **Assets Not Subject To Revaluation** - Plant and equipment are recognised at actual cost less accumulated depreciation and any accumulated impairment.

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 City of Mount Gambier	<b>COUNCIL POLICY</b>		Version No:	1.0
	<b>ASSET ACCOUNTING POLICY</b>		Issued:	April 2022
			Next Review:	April 2023

**7.5 Capitalisation:**

**Recognition and Thresholds:**

- An item of property, plant and equipment that qualifies for recognition as an asset shall be measured at its cost.
- AASB 116 states:
 

*'The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:*

  - (a) it is probable that future economic benefits associated with the item will flow to the entity;*
  - and*
  - (b) the cost of the item can be measured reliably.'*
- Council transfer assets to the asset register only when complete.
- Council recognises the capital cost of an asset comprises of:
  - **Purchase Price** - Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
  - **Directly Attributable Costs** - Any costs directly attributable to bringing the asset to the location and condition necessary (for example costs of site preparation, installation and assembly) for it to be capable of operating in the manner intended by Council;
  - **Employee Benefits** - Costs of employee benefits arising directly from the construction or acquisition of the item of property, plant equipment e.g. project management costs;
  - **Testing** - Costs of testing whether the asset is functioning properly, after deducting net proceeds from selling any items needed to bring the asset to that location and/or condition;
  - **Demolition/Removal** - Costs associated with the dismantling and/or removal of the asset and restoration or rehabilitation of the site on which it was located; and
  - **Gifted Assets** - AASB 116 provides for a specific example relating to Local Government entities where an asset may be gifted to Council at no or nominal measurable cost. When this occurs, Council's administration is obliged to recognise the asset at fair value.
- Council will classify all capital expenditure into the following categories:
  - New / Upgrade; and
  - Renewal.
- **Threshold** - A capitalisation recognition threshold is applied to each asset type using the concept of materiality. Costs below these thresholds are accordingly treated as an operating expense. No capitalisation threshold will be applied to the acquisition of land, interest in land or the Riddoch art collection.

Asset Class:	Capital Threshold
Infrastructure	\$5,000
Buildings & Structures	\$5,000

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--	-------------



 City of Mount Gambier	<b>COUNCIL POLICY</b>		Version No:	1.0
	<b>ASSET ACCOUNTING POLICY</b>		Issued:	April 2022
			Next Review:	April 2023

Waste Management - Landfill Assets	\$5,000
Park & Playground Furniture & Equipment	\$1,000
Other Recreation and Open Space	\$5,000
Office Furniture & Equipment (including IT)	\$1,000
Other Plant & Equipment	\$5,000
Right of Use Asset	\$5,000

**7.6 Disposal Of Assets:**

- **Gain Or Loss** - The difference between any net proceeds from disposal (after deducting selling costs) and the remaining carrying value of an asset will be treated as either a gain or loss in the year the asset is retired or disposed of.
- **Renewal** - Where existing assets are renewed the value of the component of the asset that has been renewed is to be disposed and a new asset created. If the part of the asset disposed of has been retained, its value needs to be recognised in the new asset or separated into a new asset component if its useful life differs materially to the new asset.
- **Further Guidance** - Further guidance and controls over the disposal of assets is provided under Council Policy 'P420 Procurement and Disposal of Land and Assets Policy'.

**8. TRAINING / EDUCATION**

Relevant staff will be adequately trained and qualified to implement and comply with this policy.

**9. REVIEW**

This Policy will be reviewed annually; or

- The frequency dictated in legislation; or
- Earlier in the event of changes to legislation or related policies and procedures; or
- If deemed necessary by the Manager, Financial Services.

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 City of Mount Gambier	<b>COUNCIL POLICY</b>		Version No:	1.0
	<b>ASSET ACCOUNTING POLICY</b>		Issued:	April 2022
			Next Review:	April 2023

## 10. ACCESS TO THE POLICY

This Policy will be available for inspection at Council's principal office during ordinary business hours and on the Council's website [www.mountgambier.sa.gov.au](http://www.mountgambier.sa.gov.au). Copies will also be provided to interested members of the community upon request, and upon payment of a fee in accordance with Council's Schedule of Fees and Charges.

File Reference:	AF18/48
Applicable Legislation:	Local Government Act 1999 Local Government (Financial Management) Regulations 2011
Reference: Strategic Plan – Beyond 2015	Goal 3, Strategic Objective Our Diverse Economy
Related Policies:	A900 Asset Management Policy  P420 Procurement and Disposal of Land and Assets Policy  B300 Budget Framework Policy
Related Procedures:	

## DOCUMENT DETAILS

Responsibility:	GENERAL MANAGER CORPORATE AND REGULATORY SERVICES
Version:	2.0
Last revised date:	
Effective date:	
Minute reference:	
Next review date:	
<u>Document History</u>	
First Adopted By Council:	19 April 2022
Reviewed/Amended:	

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Page 9 of 9





**5.6 EXTERNAL AUDIT ATTENDANCE – REPORT NO. AR22/46762**

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>25 July 2022</b>
<b>Report No.:</b>	<b>AR22/46762</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Julie Scoggins, Manager Financial Services</b>
<b>Authoriser:</b>	<b>Darren Barber, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>Council’s Auditors have sent an email to Council staff titled ‘Balance Date Confirmation City of Mount Gambier 2022’. The email contains details of the agreed dates for the balance date audit, key information requirement timeframes and details of the new online cloud based portal for the provision of information.</b>
<b>Strategic Plan Reference:</b>	<b>Goal 1: Our People</b> <b>Goal 2: Our Location</b> <b>Goal 3: Our Diverse Economy</b> <b>Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage</b> <b>Goal 5: Our Commitment</b>

**REPORT RECOMMENDATION**

1. That Audit and Risk Committee Report No. AR22/46762 titled ‘External Audit Attendance’ as presented on 25 July 2022 be noted.



## TYPE OF REPORT

Corporate

## BACKGROUND

1. **Audit and Risk Committee Terms of Reference** - The following section of the Audit and Risk Committee Terms of Reference is relevant to this report:  
*12.5.8 Representation Letter(s) - Review any representation letter(s) requested by the auditor before they are signed by management.*
2. **Appointment of External Auditors** - Samantha Creten, Dean Newbery & Partners were appointed as Council's Auditors for the period 2022 – 2026.
3. **Interim Audit** - Council's external auditors (Dean Newbery and Partners) undertook an interim site visit in relation to the external audit for the year ended 30 June 2022 in April 2022.
4. **First Audit** - The financial audit of the 2021/22 financial statements is the first audit to be undertaken by Dean Newbery and Partners as part of their engagement to undertake five audits by Council.
5. **Financial Year Balance Date External Audit Attendance** – The attached correspondence has been provided in relation to the dates, key letters and the introduction of an online cloud based portal called Xtend. Dean Newbery and Partners will be attending Council's offices between 22-24 August 2022.

## PROPOSAL

6. The attached correspondence has been provided by Council's External Auditors in relation to the dates, new online portal and key letters required as part of the balance date audit process.
7. **Balance Date Audit** - Dean Newbery and Partners will be attending Council's offices between 22-24 August 2022.
8. **Management Representation Letter** - Dean Newbery have provided the template to Council staff that will be completed and brought back to the Audit and Risk Committee in draft at the September 2022 meeting.

## LEGAL IMPLICATIONS

Local Government Act 1999 Sections 127 and 129.

## STRATEGIC PLAN

Aligned with strategic plan.

## COUNCIL POLICY

[A900 Asset Management Policy](#)

## ECONOMIC IMPLICATIONS

Not applicable for this report.

## ENVIRONMENTAL IMPLICATIONS

Not applicable for this report.

## SOCIAL IMPLICATIONS

Not applicable for this report.

## CULTURAL IMPLICATIONS

Not applicable for this report.



## **RESOURCE IMPLICATIONS**

The balance date audit will be undertaken using existing resources.

## **VALUE FOR MONEY**

Audit fees aligned with the contract are included in the budget.

## **RISK IMPLICATIONS**

Internal control is part of Council's corporate governance framework and covers areas such as strategic management, business development, project management, and finance. It comprises procedures to mitigate risks and provide reasonable assurance that operations are efficient and effective, assets are safeguarded, legislation and Council policies and rulings are complied with and financial reporting is accurate and reliable. Effective internal controls help provide a reasonable assurance that Council's financial systems produce reliable information for reporting. Council's Audit and Risk Committee and external auditors take account of internal control practices when forming their advice and opinions.

## **EQUALITIES AND DIVERSITY IMPLICATIONS**

Not applicable for this report.

## **ENGAGEMENT AND COMMUNICATION STRATEGY**

Reports will be brought to the Audit and Risk Committee and Council in line with legislation.

## **IMPLEMENTATION STRATEGY**

Relevant Council staff have been made aware of the date and will be engaged as required.

## **CONCLUSION AND RECOMMENDATION**

The attached correspondence has been provided in relation to the dates and key letters required as part of their Audit process. Dean Newbery and Partners will be attending Council's offices between 22-24 August 2022.

## **ATTACHMENTS**

1. Balance Date Confirmation | City of Mount Gambier 2022 Email [↓](#)



**Subject:** Balance Date Confirmation | City of Mount Gambier 2022

Dear Julie,

We have your audit scheduled to be undertaken on the following agreed dates:

Monday 22 – Wednesday 24 August 2022

We have updated our procedures and systems this year which enable all audit requests and documentation to be communicated through an online cloud based portal called Xtend which is a CaseWare audit software program directly linked to your audit file. To assist with the preparation of the Balance Date audit, we will be including all of our queries and request for information via Xtend. This new system provides enhanced overview of the progress of the audit at all times and be the main gateway for all audit queries and transfer of requested documents.

We will be issuing a separate email with an invite to authorise access to Xtend. Should you wish to register additional users, please advise us and we can arrange access.

The following documents have been included as attachments to this email. These letters are an important audit requirement and form part of the audit evidence we require to enable an Audit Opinions to be formed:

1. Management Representation Letter Template
2. Solicitor's Representation Letter Template

Can you please arrange for the completion of the Management Representation Letter and provide us with the original copy once your 2022 Financial Statements have been audited.

**Please note that we require the completed Management Representation Letter to be provided to us before we are able to issue the annual Audit Opinions.**

We respectfully request that the Solicitor's Representation Letter is sent to all of your external representatives to action.

Any queries, please contact either myself, Kyle Harrison or John Jovicevic to discuss further.

Regards

**Danny Phillips**  
Senior Auditor, CA

**DeanNewbery**

214 Melbourne Street  
North Adelaide SA 5006

PO Box 755  
North Adelaide SA 5006

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**5.7 EXTERNAL AUDIT MANAGEMENT REPORT – REPORT NO. AR22/46765**

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>25 July 2022</b>
<b>Report No.:</b>	<b>AR22/46765</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Julie Scoggins, Manager Financial Services</b>
<b>Authoriser:</b>	<b>Darren Barber, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>This report provides an update on the progress compared to actions allocated to Council staff as follows: Final External Audit for FY 2021 - 1 action complete, 2 actions partially complete and 2 actions not started. Interim Audit for FY 2022 - 5 actions complete, and 9 actions partially complete.</b>
<b>Strategic Plan Reference:</b>	<b>Goal 1: Our People Goal 2: Our Location Goal 3: Our Diverse Economy Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage Goal 5: Our Commitment</b>

**REPORT RECOMMENDATION**

1. That Audit and Risk Committee Report No. AR22/46765 titled 'External Audit Management Report' as presented on 25 July 2022 be noted.



## TYPE OF REPORT

Corporate

## BACKGROUND

1. **Audit and Risk Committee Terms of Reference** - The following section of the Audit and Risk Committee Terms of Reference is relevant to this report:  
*12.5.9 Management Letter - Review the management letter and management's response to the external auditor's findings and recommendations. Subsequent to the initial review the Committee will oversee action to follow up on matters raised by the external auditors.*
2. **External Auditor Recommendations** - Council's previous external auditor, Galpins Accountants Auditors and Business Consultants, were appointed as Council's external auditor in 2016 and undertook interim and balance date audits over the following 5 years. Recommendations for improvement were put forward by Galpins with follow up actions agreed with Council (as detailed in the 2020/21 Internal Controls report).
3. **Appointment of External Auditors** - Dean and Newbery and Partners were appointed as Council's external Auditors for a period of 5 years commencing with the audit of the financial year ending 30 June 2022.
4. **Audit and Risk Committee Recommendation February 2022** – It was agreed that a report would be provided to the Audit and Risk Committee at least on a quarterly basis throughout the financial year to provide an update on the progress against the recommendations raised by the External Auditors.
5. **Interim Audit Visit** - Council's external auditors (Dean Newbery and Partners) undertook an interim site visit in April 2022 in relation to the external audit for the year ended 30 June 2022. The Interim Management Report that was presented at the Audit and Risk Committee meeting on 9 May highlighted 14 risks with recommendations and agreed management actions.

## PROPOSAL

1. **Action Plan** - Council staff have prepared and are continuing to implement an action plan to address the items identified in the Management Reports.
2. **Council's Progress** - This report and its attachments provide an update on Council's progress in implementing the continuous improvement recommendations noted on the 28th February 2022 and 9 May 2022 Audit and Risk Committee Agendas (Attachment 1 and 2).
3. **2020/21 Internal Controls Report** - As shown in Attachment 1 of this report of the five activities highlighted, one has been completed, two are partially completed and two are yet to implemented pending a Business Systems review.
5. **Interim Management Report May 2022 Management Report** - Attachment 2 also includes an update on the actions identified that can be categorised as follows:
  - **Partially Complete (9 Risks)** – Nine actions have commenced and are partially complete including the following: Internal controls self-assessment; internal plant hire costs rates and full cost attribution, policy register, payroll and accounts payable back up duties, grants register, curatorial and preservation policy, leases and licences register, library assets, and payroll procedure.
  - **Complete (5 Risks)** – Five actions have been completed as per the management responses provided to the External Auditors including: user access levels (payroll masterfile), general journal review, asset revaluation reserve adjusting entry, user access levels (segregation of duties) and procurement exemption register.



## **LEGAL IMPLICATIONS**

Actions are required to be resolved to ensure compliance with the Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and accounting standards.

Section 129 of the Local Government Act 1999.

## **STRATEGIC PLAN**

N/A

## **COUNCIL POLICY**

[A900 Asset Management Policy](#)

[P420 Procurement, & Disposal of Land and Assets](#)

[Asset Accounting Policy](#)

[B300 Budget Framework](#)

[T150 Treasury Management Policy](#)

## **ECONOMIC IMPLICATIONS**

N/A

## **ENVIRONMENTAL IMPLICATIONS**

N/A

## **SOCIAL IMPLICATIONS**

N/A

## **CULTURAL IMPLICATIONS**

N/A

## **RESOURCE IMPLICATIONS**

N/A

## **VALUE FOR MONEY**

N/A

## **RISK IMPLICATIONS**

N/A

## **EQUALITIES AND DIVERSITY IMPLICATIONS**

N/A

## **ENGAGEMENT AND COMMUNICATION STRATEGY**

N/A

## **IMPLEMENTATION STRATEGY**

N/A

## **CONCLUSION AND RECOMMENDATION**

The external audit management reports indicated that overall Council has effective controls in place, with opportunity for improvements noted and action plans that have been established and are being progressed to achieve best practice.

## **ATTACHMENTS**

1. Final Audit FY2021 Actions [↓](#)



- 2. Interim Audit FY2022 Actions [↓](#)





Attachment 1

Auditor Recommendation or Comment	Risk	Progress	Target Date	Status	Responsibility	Completion Date
<b>2020/21 Internal Controls Letter</b>						
Purchase Orders raised after invoices are received	M	Executive reporting developed and implemented.	31-Dec-21	Complete	JS	31-Dec-21
		Revised procurement policy and recommendations from procurement review presented to Executive, Audit and Risk Committee and Council. Updated policy adopted by Council at the April 2022 Council meeting. Underpinning procedures under development.	30-Sep-22	Partially Complete	JS	
No formal maintenance plans supporting general maintenance strategies per the Asset Management Plan.	L	Asset maintenance programs will be developed following service reviews including a review of required service levels.	31-Dec-22	Partially Complete	BC	
<b>Accounts Payable</b> - Improvements required in process for uploading supplier EFT files into online banking system.	M	A business systems review is scheduled. Any direct interface would need to be considered following completion of the review. As shown in the original response audit checks are already in place that would identify any changes.	30-Jun-23	Not started	JS	
<b>Payroll</b> - Improvements required in process for uploading supplier EFT files into online banking system.	M	A business systems review is scheduled. Any direct interface would need to be considered following completion of the review. As shown in the original response audit checks are already in place that would identify any changes.	30-Jun-23	Not started	JS	



Attachment 2

Ref	Auditor Recommendation or Comment	Risk	Progress	Target Date	Status	Responsibility	Completion Date
<b>2021/22 Interim Management Report</b>							
1	User Access Levels - Payroll Masterfile	H	A review of finance systems access was undertaken by the Manager Financial Services with recommendations provided to the Executive team in June 2022. All payroll processing and ability to make changes to the payroll masterfile has been removed from staff not directly involved in the processing of payroll.	30-Jun-22	Complete	JS	30-Jun-22
2	Internal Control Self Assessment	H	The approach, project plan and process timelines were presented to the Executive by the Manager Financial Services in June 2022. A cross functional team will develop a more detailed plan during Q1 and 2 FY 2023. The internal controls policy is currently under development to be reviewed at the July Audit and Risk Committee meeting.	31-Mar-23	Partially Complete	JS	
3	General Journal Review	H	Evidence of journal review will be provided to the Auditors for the balance date audit. The responsibility for the raising of journals has been reviewed with recommendations made to the Executive team.	31-May-22	Complete	JS	30-Jun-22
4	Asset Revaluation Reserve - Adjusting Entry	H	The journal that created this issue will be reversed as part of the year-end accounting process. A review of the asset accounting function has been undertaken as part of the structural review of the Financial Services team.	31-May-22	Complete	JS	31-May-22
5	User Access Levels - Segregation of Duties	M	A review of finance systems access was undertaken by the Manager Financial Services with recommendations provided to the Executive team in June 2022.	30-Jun-22	Complete	JS	30-Jun-22
6	Internal Plant Hire Rates and Full Cost Attribution	M	To be implemented by the end of Quarter 1.	30-Sep-22	Partially Complete	JS	
7	Policy Register	M	A quarterly report on policies for review is scheduled in the corporate calendar for presentation to the Executive Leadership Team	Ongoing	Partially Complete	MM	
8	Payroll and Accounts Payable Back Up Duties	L	Payroll and Accounts Payable staff took leave during May, and June when the back up officers undertook a full payroll run and creditor run and tested the procedures.	31-Dec-22	Partially Complete	JS	
9	Grants Register	L	A grants schedule has been developed in preparation for the year-end process with details of all grants awarded.	31-Mar-23	Partially Complete	JS	
10	Procurement Exemption Register	L	A procurement exemption register was created in April 2022 aligned with the specified requirements. The relevant procurement procedure was amended and presented to the Executive team in June/July 2022 with example reporting. The process has been implemented with training provided to key stakeholders across the organisation.	30-Jun-22	Complete	JS	20-Jul-22
11	Riddoch Art Collection - Curatorial and Preservation Policy	L	Draft policy currently being constructed.	31-Aug-22	Partially Complete	JS	
12	Library Assets - Capital vs Operating	L	Revised Asset Accounting Policy included for review at Audit and Risk Committee meeting on 25 July 2022.	30-Jun-23	Partially Complete	JS	
13	Leases and Licences Register	L	Data entry for a replacement Lease and Licence Register is at approximately 50% entered. Lease/Licence negotiations and preparations (including market rental valuations) are underway for several priority lease renewals for the 2022 calendar year. One licence renewal and one vacation of premises has occurred in the 3 months prior to this report.	30-Jun-23	Partially Complete	MM	
14	Payroll Procedure	L	Payroll procedures have recently been tested during May whilst the Payroll Officer was on leave. The procedures are expected to be input into the formal template by the due date.	31-Dec-22	Partially Complete	JS	



**6 MEETING CLOSE**



**MINUTES OF CITY OF MOUNT GAMBIER  
AUDIT AND RISK COMMITTEE MEETING  
HELD AT THE COUNCIL CHAMBER, CIVIC CENTRE, 10 WATSON TERRACE, MOUNT  
GAMBIER  
ON MONDAY, 9 MAY 2022 AT 6.00 P.M.**

**PRESENT:** Mayor Lynette Martin (OAM), Cr Sonya Mezinec, Cr Paul Duka, Mr Alexander Brown (virtual), Ms Belinda Johnson

**IN ATTENDANCE:** Samantha Creten, Dean Newberry (virtual)

<b>OFFICERS IN ATTENDANCE:</b>	Chief Executive Officer	- Mrs S Philpott
	General Manager Corporate and Regulatory Services	- Mr D Barber
	General Manager City Infrastructure	- Ms B Cernovskis
	Manager Financial Services	- Mrs J Scoggins
	Manager Organisational Development	- Ms R Datta
	Manager Waste and ReUse	- Mr M McDonald
	Organisational Development and Risk Coordinator	- Ms L Little
	Executive Administrator	- Mrs A Pasquazzi

**1 ACKNOWLEDGEMENT OF COUNTRY**

**WE ACKNOWLEDGE THE BOANDIK PEOPLES AS THE TRADITIONAL CUSTODIANS OF THE LAND WHERE WE MEET TODAY. WE RESPECT THEIR SPIRITUAL RELATIONSHIP WITH THE LAND AND RECOGNISE THE DEEP FEELINGS OF ATTACHMENT OUR INDIGENOUS PEOPLES HAVE WITH THIS LAND.**

**2 APOLOGY(IES)**

Nil

**3 CONFIRMATION OF MINUTES**

**COMMITTEE RESOLUTION**

Moved: Belinda Johnson  
Seconded: Alexander Brown

That the minutes of the Audit and Risk Committee meeting held on 28 March 2022 be confirmed as an accurate record of the proceedings of the meeting.

**CARRIED**

**4 QUESTIONS WITHOUT NOTICE**

Nil



## 5 REPORTS

### 5.1 RISK REPORT

#### COMMITTEE RESOLUTION

Moved: Cr Paul Duka  
Seconded: Cr Sonya Mezinec

1. That Audit and Risk Committee Report No. AR22/21574 titled 'Risk Report' as presented on 09 May 2022 be noted.

**CARRIED**

### 5.2 WORK HEALTH, SAFETY AND WELLBEING

#### COMMITTEE RESOLUTION

Moved: Mayor Lynette Martin  
Seconded: Belinda Johnson

1. That Audit and Risk Committee Report No. AR22/21639 titled 'Work Health, Safety and Wellbeing' as presented on 09 May 2022 be noted.

**CARRIED**

### 5.3 EXTERNAL AUDIT MANAGEMENT REPORT

The Presiding Member sought the approval of at least two-thirds of the members present at the meeting to suspend meeting procedures:

Purpose of the Suspension: to discuss the External Audit Management Report

Carried by more than two-thirds of the members present at the meeting.

Meeting Procedures were suspended at 6:20 pm

The Presiding Member determined that the period of suspension should be brought to an end;

Carried by more than two-thirds of the members present at the meeting.

The Period of Suspension came to an end and Meeting Procedures resumed at 6:26 pm

#### COMMITTEE RESOLUTION

Moved: Alexander Brown  
Seconded: Cr Sonya Mezinec

1. That Audit and Risk Committee Report No. AR22/25001 titled 'External Audit Management Report' as presented on 09 May 2022 be noted.

**CARRIED**



**5.4 ANNUAL BUSINESS PLAN AND BUDGET, LONG TERM FINANCIAL AND ASSET MANAGEMENT PLANS UPDATE**

**COMMITTEE RESOLUTION**

Moved: Belinda Johnson  
Seconded: Alexander Brown

1. That Audit and Risk Committee Report No. AR22/30476 titled 'Annual Business Plan and Budget, Long Term Financial and Asset Management Plans Update' as presented on 09 May 2022 be noted.

**CARRIED**

**6 MOTIONS WITHOUT NOTICE**

Nil

**7 MEETING CLOSE**

**The Meeting closed at 6:30 pm.**

**The minutes of this meeting were confirmed at the Audit and Risk Committee held on 25 July 2022.**

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**PRESIDING MEMBER**



**MINUTES OF CITY OF MOUNT GAMBIER  
SPECIAL AUDIT AND RISK COMMITTEE MEETING  
HELD AT THE COUNCIL CHAMBER, CIVIC CENTRE, 10 WATSON TERRACE, MOUNT  
GAMBIER  
ON MONDAY, 6 JUNE 2022 AT 5.30 P.M.**

**PRESENT:** Cr Sonya Meziniec, Cr Paul Duka (virtual), Mr Alexander Brown (virtual), Ms Belinda Johnson (virtual)

**IN ATTENDANCE:** Cr Paul Jenner

<b>OFFICERS IN ATTENDANCE:</b>	Chief Executive Officer	- Mrs S Philpott
	General Manager Corporate and Regulatory Services	- Mr D Barber
	General Manager City Infrastructure	- Ms B Cernovskis (virtual)
	Manager Financial Services	- Mrs J Scoggins (virtual)
	Manager Organisational Development	- Ms R Datta (virtual)
	Senior Revenue Officer	- Mrs J Scheidl (virtual)
	Executive Administrator	- Miss T Chant

## 1 ACKNOWLEDGEMENT OF COUNTRY

**WE ACKNOWLEDGE THE BOANDIK PEOPLES AS THE TRADITIONAL CUSTODIANS OF THE LAND WHERE WE MEET TODAY. WE RESPECT THEIR SPIRITUAL RELATIONSHIP WITH THE LAND AND RECOGNISE THE DEEP FEELINGS OF ATTACHMENT OUR INDIGENOUS PEOPLES HAVE WITH THIS LAND.**

## 2 APOLOGY(IES)

### RECOMMENDATION

That the apology(ies) from Mayor Lynette Martin be received.

## 3 QUESTIONS WITHOUT NOTICE

Nil

## 4 REPORTS

The Presiding Member sought the approval of at least two-thirds of the members present at the meeting to suspend meeting procedures:

Purpose of the Suspension: to discuss the 2022/2023 Draft Annual Business Plan and Budget

Carried by more than two-thirds of the members present at the meeting.

Meeting Procedures were suspended at 5:33 pm

The Presiding Member determined that the period of suspension should be brought to an end;

Carried by more than two-thirds of the members present at the meeting.

The Period of Suspension came to an end and Meeting Procedures resumed at 5:59 pm



#### 4.1 2022/2023 DRAFT ANNUAL BUSINESS PLAN AND BUDGET

##### COMMITTEE RESOLUTION

Moved: Alexander Brown  
Seconded: Belinda Johnson

1. That Audit and Risk Committee Report No. AR22/35077 titled '2022/2023 Draft Annual Business Plan and Budget' as presented on 06 June 2022 be noted.
2. That the Audit and Risk Committee feedback on Council's Draft 2022/2023 Draft Annual Business Plan and Budget and/or the associated processes and risks, as follows:
  - Note commending the format and structure of the Annual Business Plan and budget
  - Noting the impact of CPI which will require monitoring throughout the financial year and will be monitored over the next Financial Year in preparation of the next Annual Business plan budget and Long Term Financial Plan
  - Note there will be value throughout the course of the next Financial Year to undertake a review of rating sustainability including benchmarking
  - The deficit position and the net financial liabilities ratio are above target but taken account of in the Long Term Financial Plan

be incorporated with the public consultation feedback to be presented to the Special Council meeting to be held on the 28 June 2022 for consideration of the adoption of the Draft 2022/2023 Annual Business Plan and Budget.

**CARRIED**

The Presiding Member sought the approval of at least two-thirds of the members present at the meeting to suspend meeting procedures:

Purpose of the Suspension: to discuss the Draft Long Term Financial Plan 2023-2032

Carried by more than two-thirds of the members present at the meeting.

Meeting Procedures were suspended at 6:11 pm

The Presiding Member determined that the period of suspension should be brought to an end;

Carried by more than two-thirds of the members present at the meeting.

The Period of Suspension came to an end and Meeting Procedures resumed at 6:35 pm

#### 4.2 DRAFT LONG TERM FINANCIAL PLAN 2023-2032

##### COMMITTEE RESOLUTION

Moved: Cr Paul Duka  
Seconded: Belinda Johnson

1. That Audit and Risk Committee Report No. AR22/35078 titled 'Draft Long Term Financial Plan 2023-2032' as presented on 06 June 2022 be noted.
2. That the Audit and Risk Committee feedback on Council's Draft Long Term Financial Plan 2023-2032 and/or the associated processes and risks, as follows:





- Notes that targets set for 2027 are met but close monitoring of all indicators will be required given the constrained financial capacity over the Long Term Financial Plan
  - To include interest rate increases in the risk section of the Long Term Financial Plan
  - Additional scenario/sensitivity analysis in CPI and interest rates are recommended throughout the financial year to test financial resilience
  - Provide clarity about CPI, LGPI or alternative forecasts as a basis of assumptions for future long term financial plans
  - Add brief commentary to explain the relationship between the Long Term Financial Plan and the asset management plan in terms of renewals and upgrades/new assets
- be incorporated with the public consultation feedback to be presented to the Special Council meeting to be held on 28 June 2022 for consideration of the adoption of the Draft Long Term Financial Plan 2023-2032.

**CARRIED**

The Presiding Member sought the approval of at least two-thirds of the members present at the meeting to suspend meeting procedures:

Purpose of the Suspension: to discuss the Draft Asset Management Plans (AMPs) 2023-2032

Carried by more than two-thirds of the members present at the meeting.

Meeting Procedures were suspended at 6:48 pm

The Presiding Member determined that the period of suspension should be brought to an end;

Carried by more than two-thirds of the members present at the meeting.

The Period of Suspension came to an end and Meeting Procedures resumed at 6:55 pm

#### **4.3 DRAFT ASSET MANAGEMENT PLANS (AMPS) 2023-2032**

##### **COMMITTEE RESOLUTION**

Moved: Cr Sonya Meziniec

Seconded: Cr Paul Duka

1. That Audit and Risk Committee Report No. AR22/36371 titled 'Draft Asset Management Plans (AMPs) 2023-2032' as presented on 06 June 2022 be noted.
2. That the Audit and Risk Committee feedback on Council's Draft Asset Management Plans (AMPs) 2023-2032 and/or the associated processes and risks, as follows:
  - To note the work to date
  - Note that the Building Asset Management Plan will require additional information and condition assessments
  - To monitor the depreciation relative to the forecast asset management expenditurebe incorporated with the public consultation feedback to be presented to the Special Council meeting to be held on 28 June 2022 for consideration of the adoption of the Draft Asset Management Plans (AMPs) 2023-2032.

**CARRIED**



**5 MOTIONS WITHOUT NOTICE**

Nil

**6 MEETING CLOSE**

**The Meeting closed at 7:03 pm.**

**The minutes of this meeting were confirmed at the Audit and Risk Committee held on 25 July 2022.**

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**PRESIDING MEMBER**

