



City of  
Mount Gambier

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

**Date: Monday, 27 November 2023**

**Time: 5.30 p.m.**

**Location: Council Chamber  
Civic Centre  
10 Watson Terrace  
Mount Gambier**

# **AGENDA**

## **Audit and Risk Committee Meeting 27 November 2023**

**Sarah Philpott  
Chief Executive Officer  
23 November 2023**

## Order Of Business

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**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)**

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

**3 CONFIRMATION OF MINUTES**

[Audit and Risk Committee Meeting - 30 October 2023](#)

**RECOMMENDATION**

That the minutes of the Audit and Risk Committee meeting held on 30 October 2023 be confirmed as an accurate record of the proceedings of the meeting.

**4 QUESTIONS WITHOUT NOTICE**



## **5 REPORTS**

### **5.1 EXTERNAL AUDIT MANAGEMENT REPORT – REPORT NO. AR23/76759**

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>27 November 2023</b>
<b>Report No.:</b>	<b>AR23/76759</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Julie Scoggins, Manager Financial Services</b>
<b>Authoriser:</b>	<b>Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>To inform the Audit and Risk Committee of the progress against Council’s External Auditor’s recommendations for the 2020/2021 2021/2022, and 2022/2023 years.</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. AR23/76759 titled ‘External Audit Management Report’ as presented on 27 November 2023 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:
  - 12.5.5 **Annual Audit Plan** - *Review and make recommendations on the annual audit plan, and in particular its consistency with the scope of the external audit engagement.*
  - 12.5.6 **Audit Findings** - *Review the findings of the audit with the auditor. This shall include, but not be limited to, the following:*
    - *A discussion of any major issues which arose during the external audit;*
    - *Any accounting and audit judgements; and*
    - *Levels of errors identified during the external audit.*
  - 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.
3. **Appointment of External Auditors** - Dean 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** – A report 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. **Visits 2021/2022 Financial Year** - Council's external auditors (Dean Newbery and Partners) undertook an interim site visit in April 2022 and a balance date audit site visit in August 2022.
6. **Audit Plan** - The External Audit plan was brought to the Audit and Risk Committee at the February 2023 meeting. This document outlined the audit strategy, materiality, internal controls, key areas of audit focus and the audit timetable.
7. **Visits 2022/2023 Financial Year** - Council's external auditors (Dean Newbery and Partners) undertook an interim site visit in May 2023 and a balance date audit site visit in September 2023.
8. **New Legislation** – From 30 November 2023, the following function will be required as per Section 126 (4)
  - (4) *The functions of a council audit and risk committee include—*
    - (c) *monitoring the responsiveness of the council to recommendations for improvement based on previous audits and risk assessments, including those raised by a council's auditor;*



## 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.
3. **2020/2021 Internal Controls Report** - As shown in Attachment 1 of this report of the five activities highlighted, four have been completed and one is partially completed.
4. **Interim Management Report May 2022 Management Response** - Attachment 2 also shows the progress against the fourteen risks raised can be categorised as follows:
  - **Actions That Are Complete (9 Risks)** - Including User access levels – payroll Masterfile, general journal review, asset revaluation reserve adjusting entry, internal financial controls self-assessment, user access levels – segregation of duties, payroll and accounts payable back up duties, payroll procedure, procurement exemption register and Library books accounting treatment.
  - **Actions That Are Partially Complete/Ongoing (5 Risks)** - Including internal plant hire and full cost attribution, policy register, grants register, Riddoch Art Collection - Curatorial and Preservation Policy and, and leases and licences register.
5. **Balance Date Audit 2021/2022** – Two matters were raised to be addressed for future financial years including Caroline Landfill Post Closure Provision Review and Infrastructure Asset Revaluation. These actions have been reviewed and following further consultation the approach and timing of delivery has been changed (details in Attachment 3):
  - **Caroline Landfill Post Closure Provision Review** - An update was provided in the Interim Management Report and 2023 Audit Completion Report.
  - **Infrastructure Asset Revaluation** - An update was provided in the Interim Management Report and the 2023 Audit Completion Report and has also been included in Attachment 3.
6. **Interim Audit Management Report June 2023 Management Response** - Attachment 4 shows the following:
  - **Prior Year Matters Update** - Included four matters completed with another two items in progress.
  - **Detailed Audit Findings** - Included three moderate items that are partially complete and expected to be resolved by the end of June 2024 and one low item to be resolved by the end of FY 2026.
7. **Balance Date Audit 2022/23** - Two matters were raised to be addressed for future financial years including Caroline Landfill Post Closure Provision Review and Reserve Accounting Practices. These actions have been reviewed with progress noted (details in Attachment 5):
  - **Provision For Reinstatement, Restoration and Rehabilitation** -The Finance team are currently working with the Waste Management Team.
  - **Reserve Accounting Practices** - It should be noted that Council does not currently record any reserves as having a negative balance. Further to discussions during the FY 2023 balance date audit Finance staff will continue to carefully monitor reserves shown as having a zero balance.
8. **Next Update** - The next formal update will be at the February 2024 meeting.

## 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.



## **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**

External audit is a key mitigation action for financial risk.

## **EQUALITIES AND DIVERSITY IMPLICATIONS**

N/A

## **ENGAGEMENT AND COMMUNICATION STRATEGY**

N/A

## **IMPLEMENTATION STRATEGY**

## **CONCLUSION AND RECOMMENDATION**

The external audit management reports indicate that overall Council has effective controls in place, with opportunity for improvements noted, action plans established to achieve best practice and progress made to date.

## **ATTACHMENTS**

1. Interim Audit 2020/2021 Status [↓](#)
2. Interim Management Report May 2022 Status [↓](#)
3. Balance Date Audit 2022 Status [↓](#)
4. Interim Audit 2023 Status [↓](#)
5. Balance Date Audit 2023 Status [↓](#)



**Attachment 1**

<b>Auditor Recommendation or Comment</b>	<b>Risk</b>	<b>Progress</b>	<b>Target Date</b>	<b>Status</b>	<b>Completion Date</b>
<b>2020/21 Internal Controls Letter</b>					
		Executive reporting developed and implemented.	31-Dec-21	Complete	31-Dec-21
Purchase Orders raised after invoices are received	M	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. Procurement procedures have been reviewed and approved by the Executive.	31-Dec-22	Complete	31-Dec-22
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. To be delivered by the Assets project as part of the Strategic Work Program.	TBC	Partially Complete	
<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	Complete	30/04/2023
<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	Complete	30/04/2023





Attachment 2

Ref	Auditor Recommendation or Comment	Risk	Progress	Target Date	Status	Completion Date
2021/22 Interim Management Report						
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	30-Jun-22
2	Internal Control Self Assessment	H	The internal controls policy was reviewed by the Audit and Risk Committee in July and adopted by Council in August. The assessment and review of selected internal controls has been undertaken with relevant staff with a report to be presented to the Executive Team on 10 May prior to the provision of results to the external auditors as part of the interim audit. A report was brought to the Special Audit and Risk Committee in June.	31-Jul-23	Complete	30-May-23
3	General Journal Review	H	Evidence of journal review was 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	30-Jun-22
4	Asset Revaluation Reserve - Adjusting Entry	H	The entry was reversed at the year-end and highlighted in the year-end reporting.	31-May-22	Complete	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	30-Jun-22
6	Internal Plant Hire Rates and Full Cost Attribution	M	New rates implemented from 1 July 2023. Further review to be undertaken in the second half of the financial year.	30-Jun-24	Partially Complete	
7	Policy Register	M	The review of policies is a standing agenda item that is reported upon and used to bring revised and new policies to the Executive team prior to taking to the Audit and Risk Committee (if required) and to Council for review and adoption. Please refer to separate ARC agenda item for progress (half yearly report).	Ongoing	Ongoing	
8	Payroll and Accounts Payable Back Up Duties	L	Backfill has occurred whilst key staff have been on leave and the procedures have been tested.	31-Dec-22	Complete	30-Nov-22
9	Grants Register	L	A grants schedule was provided for the interim and balance date audit for FY 2023. An external grants policy was brought to the ARC meeting in September 2023 and adopted by Council at the September 2023 Council meeting. Supporting administrative procedures are under development.	30-Jun-24	Partially Complete	
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	20-Jul-22
11	Riddoch Art Collection - Curatorial and Preservation Policy	L	Policy to be developed with new Director. To be brought to Audit and Risk Committee in the new calendar year.	30-Jun-24	Partially Complete	
12	Library Assets - Capital vs Operating	L	Revised Asset Accounting Policy included for review at Audit and Risk Committee meeting on 25 July 2022. Change in treatment included in Budget Review 1 taken to the December 2022 Council meeting for adoption. Incorporated for FY 2023 year end financial statements.	21-Nov-23	Complete	21-Nov-23
13	Leases and Licences Register	L	The Lease / Licence Register data entry is now 100% complete and up to date. It will continue to be updated as and when things change. It is available in the RelianSys system for various staff to view, use and add actions for them which will provide them with email notifications when due.	30-Jun-26	Ongoing	
14	Payroll Procedure	L	Payroll procedures have developed and tested.	31-Dec-22	Complete	31-Dec-22



Attachment 3

Ref	Auditor Recommendation or Comment	Risk	Progress	Target Date	Status	Completion Date
2021/22 Balance Date Audit - Matters to be addressed in future financial years						
1	Caroline Landfill - Post Closure Provision	H	Updated as per 2022/23 Interim Management Report and Audit Completion Report.	30-Jun-24	Partially Complete	
2	Infrastructure - Asset Revaluation	H	Infrastructure Revaluation - main classes incorporated in the FY 2023 financial statements as at 30 June 2023. Stormwater drainage, car parks and other minor classes to be incorporated as at 1 July 2023 in the FY 2024 financial statements.	30-Jun-24	Partially Complete	





Attachment 4

Ref	Auditor Recommendation or Comment	Risk	Progress	Target Date	Status	Completion Date
<b>2022/23 Interim Management Report</b>						
1	Infrastructure Asset Valuation - FY 2023	M	Infrastructure Revaluation - main classes incorporated in the FY 2023 financial statements as at 30 June 2023. Stormwater drainage, car parks and other minor classes to be incorporated as at 1 July 2023 in the FY 2024 financial statements.	30-Jun-24	Partially complete	
2	Caroline Landfill Masterplan	M	Project plan created. Draft strategy presented to Elected Members. Project plan established for the creation of the masterplan.	30-Jun-24	Partially complete	
3	Procurement Review - Policy, tenders and exemption from competitive process.	M	New policy brought to ARC in November 2023. Exemption from competitive process updated for when have less than 3 tenders submitted from open tender and have used more select tenders. Supporting procedures under development.	01-Mar-24	Partially complete	
4	Leases and Licenses Register - Reviewing all expired leases.	L	The Lease / Licence Register data entry is now 100% complete and up to date. It will continue to be updated as and when things change. It is available in the RelianSys system for various staff to view, use and add actions for them which will provide them with email notifications when due.	30-Jun-26	Ongoing	



Attachment 5

Ref	Auditor Recommendation or Comment	Risk	Progress	Target Date	Status	Completion Date
2022/23 Balance Date Audit - Matters to be addressed in future financial years						
1	Caroline Landfill - Post Closure Provision	M	Update as per attachment 4.	30-Jun-24	Partially complete	
2	Reserve Accounting Practices	M	It should be noted that there are no negative reserves and that all reserves are reviewed. No changes to the current controls and processes are required.	N/A	N/A	



**5.2 REVIEW OF COUNCIL POLICIES AND LEASES/LICENCES - UPDATE – REPORT NO. AR23/76976**

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>27 November 2023</b>
<b>Report No.:</b>	<b>AR23/76976</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Julie Scoggins, Manager Financial Services</b>
<b>Authoriser:</b>	<b>Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>This report provides a status update for review of Council Policies and leases and licences since the last update on 31 July 2023.</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. AR23/76976 titled 'Review of Council Policies and Leases/Licences - Update' as presented on 27 November 2023 be noted.
2. That Policy P910 Provision of Loans or Guarantees to Community Groups as attached to Report No. AR23/76976, be suspended whilst under review.
3. That Policy E200 - Employees - Service Awards - Gifts as Resignation/Retirement as attached to Report No. AR23/76976, be suspended whilst under review.
4. That the Chief Executive Officer or Delegate be authorised to make any necessary changes to the policies arising from this meeting, together with any typographical corrections, amendments to position or organisation titles, and finalisation of the document's formatting that do not materially alter the integrity of the document.



## TYPE OF REPORT

Other

## BACKGROUND

1. **Formal Review** - At the June 2023 Audit and Risk Committee Meeting, the Committee requested that a progress report regarding leases/licences and mandatory policies be brought back every 6 months.
2. **Interim Audit 2022/2023** - It was identified in the May 2023 Interim Audit that Council had 35 of a total 74 policies that were required to be reviewed and updated.
3. **Initial Update** - At the 31 July 2023 Audit and Risk Committee meeting an update was provided to Members which advised that 16 policies had been reviewed and endorsed by the Executive Leadership Team (ELT) and were ready for endorsement by the Audit and Risk Committee and Council.
4. **Progress To Date** - To date, Council has reviewed a total of 35 policies, with 2 policies proposed to be suspended and 1 revoked and replaced by 2 new policies. A summary of Council's progress in reviewing its outstanding policies is below:

Activities	July		August		September		October		November		December		Total	
	ARC	Council	ARC	Council	ARC	Council	ARC	Council	ARC	Council	ARC	Council	ARC	Council
Reviewed Policies		1		15	3	13			1		3		4	32
New Policies					1	2		1	3		3		4	6
Policies Revoked									1		1		1	1
Policies Suspended									2		2		2	2
<b>Total</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>15</b>	<b>4</b>	<b>15</b>	<b>0</b>	<b>1</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>9</b>	<b>11</b>	<b>41</b>

Further to review undertaken as at 27 November Council has a total of 30 out of 79 policies that are required to be reviewed and updated (excluding any policies included in the attachment).

A full list of the reviewed policies is attached for Members information (**Attachment 1**).

## PROPOSAL

1. **Policies for Review at this Meeting** - The following policies have been included in the agenda of this meeting for consideration prior to being endorsed by Council at the December meeting:
  - **F225 Fraud and Corruption Prevention Policy** - retitled to - Fraud, Corruption, Misconduct and Maladministration Prevention;
  - **Internal Audit Policy** - A new policy to support the future Internal Audit Plan; and
  - **P420 Procurement and Disposal of Land and Assets** - separated into 2 policies - Procurement Policy and Disposal of Land and Assets Policy.
2. **Suspension of Policies** - The following policies have been presented to ELT for initial feedback and it recommended that they be suspended whilst under review:
  - **P910 Provision of Loans or Guarantees to Community Groups** - Further to initial review and benchmarking with other SA Council policies, Council Administration wish to hold an informal briefing with Elected Members to gather feedback so that this can be incorporated in a review of this policy.
  - **E200 - Employees - Service Awards - Gifts as Resignation/Retirement** - The LGA has released an Employee Recognition Guideline to help councils develop and implement employee recognition practices. Council Administration wish to work through the implications of this guideline prior to taking further action to either revoke or amend this policy.
3. **January ARC Meeting** - Policies due to be presented to the January meeting include:
  - Security Governance;
  - Cyber Security Incident Response Plan;
  - End User Information Security Principle; and



- Cyber Risk Register & Action Plan.

4. **Leases and Licenses Update** - The review of outstanding Leases and Licenses will be addressed as part of Councils Strategic Property Management Plan. The plan is still under review, however some actions have been commenced, including a desktop review of all Council landholdings.
5. **Future Updates** - A further update will be provided on the progress of the Leases and License review, including a summary of outstanding issues and proposed actions to a future Committee Meeting.

#### **LEGAL IMPLICATIONS**

N/A

#### **STRATEGIC PLAN**

N/A

#### **COUNCIL POLICY**

N/A

#### **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**

This report provides a further status update for policies due for review following the external audit report received in May 2023.

The recommendation is that the report is noted by Council and that the following policies are suspended pending further review:



- P910 - Provision of Loans or Guarantees to Community Groups; and
- E200 - Employees - Service Awards - Gifts as Resignation/Retirement.

#### **ATTACHMENTS**

1. Review of Council Policies - November 2023 [↓](#)
2. Council Policy E200 - Employees - Service Awards - Gifts as Resignation Retirement [↓](#)
3. Council Policy P910 - Provision of Loans or Guarantees to Community Groups [↓](#)



Policy	ARC	Council
A515 - Animal Control - Dogs		15/08/2023
A520 - Animal Control		15/08/2023
Asset Accounting	11/09/2023	19/09/2023
C120 - Cemeteries - Carinya Gardens and Lake Terrace Cemetery		19/09/2023
C320 - Council Chamber and Reception Area - Use of		12/12/2023
C355 - Council Land - Irrigation Policy		19/09/2023
C410 - Conduct of Meetings (s92 Code of Practice)		15/08/2023
C700 - Corporate Branding and Identity		15/08/2023
D150 - Building and Swimming Pool Inspections		15/08/2023
E135 - Encroachments - Protection of Public During Building and Maintenance Works		19/09/2023
F110 - Fencing Costs - Contributions by Council		19/09/2023
F125 - City Burning		15/08/2023
F135 - Flammable Undergrowth		15/08/2023
F175 - Footways and Crossovers		19/09/2023
F190 - Footways - Paving in City Centre Zone		19/09/2023
F225 - Fraud, Corruption, Misconduct and Maladministration Prevention Policy	27/11/2023	12/12/2023
F500 - Footways and Council Land - Removal of Objects		15/08/2023
F505 - Footways and Council Land - Sale of Commodities		15/08/2023
F510 - Inspectorial - Footways and Council Land - Fundraising and Promotion		15/08/2023
Illumination of Assets		15/08/2023
Internal Controls	11/09/2023	19/09/2023
L230 - Licensed Premises		15/08/2023
P135 - Entertainment Venues		15/08/2023
P155 - Privacy		15/08/2023
P415 - Prudential Management	11/09/2023	19/09/2023
P420 - Procurement and Disposal of Land and Assets	27/11/2023	12/12/2023
P900 - Public Interest Disclosure		12/12/2023
R200 - Reserves - Lease/Licence/Rental Arrangements		19/07/2023
R270 - Road Pavement - Excavation and Reinstatement Of		19/09/2023
S115 - Fencing of Stormwater Retention Basins		19/09/2023
S120 - Street Signs - Directional, Tourist and Other Scenic Facility Signs		19/09/2023
W115 - Waste Management - Receiving of Waste - Caroline Landfill		15/08/2023
External Grant Funding Policy (new)	11/09/2023	19/09/2023
Grant and Sponsorship Policy (new)		19/09/2023
Internal Audit Policy (new)	27/11/2023	12/12/2023
Political Neutrality and Government Relations Policy (new)		19/09/2023
Volunteer Management Policy (new)		17/10/2023
Procurement Policy (new)	27/11/2023	12/12/2023
Disposal of Land and Assets Policy (new)	27/11/2023	12/12/2023



 City of Mount Gambier	<b>E200 EMPLOYEES – LONG SERVICE AWARDS GIFTS AT RESIGNATION OR RETIREMENT</b>	Version No:	3
		Issued:	21 January 2020
		Next Review:	November 2023

## 1. INTRODUCTION

This document sets out the policy of the City of Mount Gambier ("Council") for employee service awards and gifts at resignation or retirement.

## 2. POLICY

Long Service Awards are recognised when aggregate service has been completed, with presentations made at a staff End of Year function.

The relevant Awards are as follows:

### 20 Years Service

Gift Basket or Gift Voucher from selected local venue Value \$100.00

### 25 Years Service

Gold watch or similar or Gift Voucher from selected local venue Value \$450.00

### 30 Years Service

Gift Voucher from selected local venue Value \$150.00

### 35 Years Service

Gift Voucher from selected local venue Value \$250.00

In addition to the above, a contribution to the value of \$200.00 will be provided towards a farewell gift for an employee, who on ceasing employment (excepting for disciplinary reasons), has served a minimum of 10 years of accumulative full time service.

## 3. REVIEW & EVALUATION

This Policy is scheduled for review by Council in November 2023, however, will be reviewed as required by any legislative changes which may occur.

## 4. AVAILABILITY OF 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.

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 City of Mount Gambier	<b>E200 EMPLOYEES – LONG SERVICE AWARDS GIFTS AT RESIGNATION OR RETIREMENT</b>	<b>Version No:</b>	3
		<b>Issued:</b>	21 January 2020
		<b>Next Review:</b>	November 2023

File Reference:	AF18/48
Applicable Legislation:	N/A
Reference: Strategic Plan – Beyond 2015	Goal 1: Our People
Related Policies:	N/A
Related Procedures:	N/A
Related Documents:	N/A

#### DOCUMENT DETAILS

Responsibility:	General Manager Corporate and Regulatory Services
Version:	3.0
Last revised date:	21 January 2020
Effective date:	21 January 2020
Minute reference:	Council Meeting 21 January 2020 - Item 22.2
Next review date:	November 2023
<u>Document History</u> First Adopted By Council: 18 February 1999 Reviewed/Amended: 15 April 2003, 19 September 2006, 19 May 2009, 19 September 2017, 21 January 2020	

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 <p>City of Mount Gambier</p>	<p><b>P910 PROVISION OF LOANS OR GUARANTEES TO COMMUNITY GROUPS</b></p>	Version No:	1
		Issued:	August 2019
		Next Review:	August 2023

## 1. INTRODUCTION

This document sets out the policy of the City of Mount Gambier ("Council") for when requests are received for the provision of guarantees and/or loans to community groups.

## 2. ASSESSMENT CRITERIA

### GUARANTEES

The assessment to grant a guarantee to a community group follows the Council Administration putting a recommendation to Council, as a result of a formal request from a community group, including sufficient information to enable assessment against this policy.

In assessing the request, the Council will apply the following assessment criteria:

1. Purpose of providing the guarantee:
  - The purpose for the funding for which the guarantee is requested is to be aligned with the Council's community objectives; and/or
  - the funding is considered necessary for its purpose and otherwise not accessible to the community organisation without a Council guarantee; and/or
  - The Council's guarantee will assist in reducing the interest rates charged by the lending provider to such an extent that this now becomes a viable option for the community organisation;
2. The limit of the individual guarantee entered into is a maximum of \$200,000 per individual guarantee;
3. The overall limit of guarantees entered into by the Council is set at a maximum of \$500,000 at any point in time. This takes into account Council's current assessment of the exposure and financial risk related to these guarantees;
4. The limit to the guarantee amount provided, as a percentage of the guarantee compared to the overall investment amount per individual guarantee, is a maximum of 50% for any capital expenditure;
5. The limit to the total of the guarantee amounts and/or number of guarantees per community group is \$200,000 with a maximum of two outstanding guarantees at any one point in time;
6. The maximum time limit to the guarantee is set at ten years. Where relevant this is aligned with the underlying loan that is guaranteed and therefore subject to the purpose for which the underlying loan is requested (e.g. a shorter period for a guarantee on a working capital loan);
7. All direct costs related to the establishment of the guarantee will be borne by the community organisation;
8. The final granting of the guarantee is subject to providing the Council with sufficient financial documentation supporting the guarantee request and financial capacity of the community group. This required documentation will be established on a case by case basis;

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9. In the case of a sporting community group requesting a guarantee, the Council will require the community group being a STARCLUB Club Development Program participant for the duration of the guarantee;
10. In its assessment the Council will take into account any relevant history supplied by the community organisation;
11. The Council is able to add further considerations to the assessment criteria on an individual request basis.

#### **LOANS**

The Council's preference is not to provide new community loans.

The Mount Gambier community is considered of a size and diversity that viable community organisations would be able to source funding (from community banks / organisational bodies). Therefore, the Council does not consider this to be part of its current role within the community. Where such organisations can demonstrate that they are financially viable, but are unable to access commercial funding, then the Council may consider being the lender of last resort.

#### **4. AVAILABILITY OF 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.



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		Issued:	August 2019
		Next Review:	August 2023

File Reference:	AF18/48
Applicable Legislation:	Local Government Act 1999
Reference:	
Strategic Plan – Beyond 2015	
Related Policies:	
Related Procedures:	
Related Documents:	

#### DOCUMENT DETAILS

Responsibility:	General Manager Corporate and Regulatory Services
Version:	1.0
Last revised date:	20 August 2019
Effective date:	20 August 2019
Minute reference:	Council Meeting 20 August 2019 - Minute Ref. 16.3
Next review date:	
Document History	
First Adopted By Council:	20 August 2019
Reviewed/Amended:	

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**5.3 POLICY REVIEW - F225 FRAUD, CORRUPTION, MISCONDUCT AND MALADMINISTRATION PREVENTION POLICY AND INTERNAL AUDIT POLICY – REPORT NO. AR23/66340**

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>27 November 2023</b>
<b>Report No.:</b>	<b>AR23/66340</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Julie Scoggins, Manager Financial Services</b>
<b>Authoriser:</b>	<b>Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>This policy review has been undertaken in order to update F225 Fraud and Corruption Prevention Policy, aligned with external audit feedback and create the new Internal Audit Policy that will promote transparency and accountability.</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. AR23/66340 titled 'Policy Review - F225 Fraud, Corruption, Misconduct and Maladministration Prevention Policy and Internal Audit Policy' as presented on 27 November 2023 be noted.
2. That the revised F225 Fraud, Corruption, Misconduct and Maladministration Prevention Policy as attached to Report No. AR23/66340, having been reviewed by the Audit and Risk Committee on 27 November 2023, be adopted.
3. That the Internal Audit Policy as attached to Report No. AR23/66340, having been reviewed by the Audit and Risk Committee on 27 November 2023, be adopted.
4. That the Chief Executive Officer or Delegate be authorised to make any necessary changes to the policies arising from this meeting, together with any typographical corrections, amendments to position or organisation titles, and finalisation of the document's formatting that do not materially alter the integrity of the document.
5. That, the Chief Executive Officer having consulted with the Audit and Risk Committee prior to appointing an Internal Audit responsibility, the responsibility for the internal audit function as set out in the Internal Audit Policy and Draft Internal Audit Plan be noted.



## TYPE OF REPORT

Legislative

## 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. **2021/2022 Interim Audit Action** – Dean Newbery and Partners (Council's external auditors) requested that a number of policies including F225 be updated. Progress against this action was included in the 2022/23 interim audit where 35 of 74 policies were required to be reviewed and updated.
3. **F225 Fraud and Corruption Prevention Policy** - was specifically mentioned in the 2021/2022 interim audit as a policy to be updated. This policy was due to be updated in July 2020.
4. **Internal Audit Policy** - This new draft policy has been developed further to the 2022/2023 self-assessment of internal financial controls and in support of the draft internal audit program presented at the Audit and Risk Committee workshop on 30<sup>th</sup> October 2023.

The draft policy issued for consultation included the proposal to allocate responsibility to the Manager Financial Services and the Manager Organisational Development where the function included in the internal audit is managed by Finance (thus meeting the consultation requirement in the Act).

It should be noted that further amendments have been made to the policy by Council Administration as highlighted in red following the development of the draft Internal Audit Plan.

5. **Audit and Risk Committee Feedback** – Both draft policies were circulated to the Audit and Risk Committee for review and feedback. Recommended changes have been incorporated and highlighted in green.

## PROPOSAL

1. **F225 Fraud, Corruption, Misconduct and Maladministration Policy** (Attachment 1) - This draft policy has been prepared using the LGA standard template to ensure compliance with legislation and consistency with the local government sector. The standard template has been further updated (as shown in red text) to adapt the policy for the following:
  - **Title** - The title has been expanded to incorporate misconduct and maladministration in line with the LGA standard template.
  - **COMG specific items** - Referencing Council's internal controls policy.
  - **Legislative Changes** - Changes to legislation referencing specific changes to various acts, reporting procedures, or by referencing specific bodies such as the Office for Public Integrity (OPI).
  - **Frequency of Update** - Has been included as annually in line with the LGA standard template.
2. **Internal Audit Policy** (Attachment 2) - This new policy has been developed in consultation with Council's Executive team (ELT), Audit and Risk Committee (ARC) members, and benchmarking with one SA Council. It is worth noting that from research and from additional





consultation with Council's external auditors, that this is a policy that the majority of SA Councils do not have which means that Council is creating a policy to promote greater transparency for Council's Elected Members and community. Key elements of this policy are as follows:

- **Definitions** - Include key terms and also outline the type and scope of internal audits i.e. that they can be financial, operational, Information Technology etc.
- **Roles and Responsibilities** - Are outlined specifically Council, ARC, CEO, employees and Manager Financial Services.
- **Policy Statements** - The selection process for items to be included in the internal audit program, independence and how that will be maintained when financial internal audits are undertaken, authority and confidentiality and standards.
- **Relationship to Internal Controls and Risk Management Framework** - Summarising the relationships between the three activities/documents.
- **Review and Evaluation** - Will be reviewed every four years or if there are legislated changes or if deemed necessary by the relevant General Manager.

## LEGAL IMPLICATIONS

Independent Commission Against Corruption Act 2012

Criminal Law Consolidation Act 1935

Local Government Act 1999

Local Government (Elections) Act 1999

Local Government (General) Regulations 2013

Planning, Development and Infrastructure Act 2016

Ombudsman Act 1972

Public Interest Disclosure Act 2018

## STRATEGIC PLAN

Goal 3 Our Diverse Economy

## COUNCIL POLICY

[F225 Fraud Corruption and Prevention](#)

[Internal Controls Policy](#)

[Risk Management](#)

[R180 Records Management](#)

## 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**

The policies will support risk management practices across the organisation.

## **EQUALITIES AND DIVERSITY IMPLICATIONS**

N/A

## **ENGAGEMENT AND COMMUNICATION STRATEGY**

N/A

## **IMPLEMENTATION STRATEGY**

The new/revised policies will be rolled out across the organisation with sessions to be set up with the Management Team and other key stakeholders.

## **CONCLUSION AND RECOMMENDATION**

Further to review by Council Administration and the Audit and Risk Committee it is recommended that the following policies be adopted by Council:

- **The revised F225 Fraud, Corruption, Misconduct and Maladministration Prevention Policy**  
- Aligned with the LGA Standard template; and
- **New Internal Audit Policy** - A new policy that will support the internal audit function and promote greater transparency for Council's Elected Members and community.

## **ATTACHMENTS**

1. Draft F225 Fraud, Corruption, Misconduct and Maladministration Prevention Policy [↓](#)
2. Draft Internal Audit Policy [↓](#)





 City of Mount Gambier	<b>F225 FRAUD, AND CORRUPTION, MISCONDUCT AND MALADMINISTRATION PREVENTION POLICY</b>	Version No:	10
		Issued:	XX XXXX 2023
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## 1. Introduction and Scope

- 1.1 City of Mount Gambier is committed to acting in the best interest of the community and to upholding the principles of honesty, integrity and transparency.
- 1.2 The purpose of this Policy is to ensure that City of Mount Gambier;
  - properly fulfils its responsibilities under the Independent Commissioner Against Corruption Act 2012 (ICAC Act);
  - takes appropriate steps towards compliance with relevant legislation, policies and instruments;
  - provides a clear statement to all employees through practices, policies and procedures that fraudulent conduct, misconduct and/or maladministration is not acceptable and will not be tolerated;
  - protects Council assets, interests and reputation from the risks associated with fraudulent conduct, misconduct and/or maladministration;
  - outlines the Council's approach to the prevention, detection and response to Fraud, Corruption, Misconduct and Maladministration;
  - fosters an ethical environment and culture which is conscious of, actively discourages, does not tolerate and appropriately deals with Fraud, Corruption, Misconduct and Maladministration;
  - identifies the relevant responsibilities of council members, employees, the Chief Executive Officer, managers and the Audit and Risk Committee;
  - educates employees and council members about their obligations to report conduct reasonably suspected of being Fraud, Corruption, Misconduct and/or Maladministration;
  - evaluates practices, policies and procedures it has in place in order to further advance Council systems for preventing or minimising Fraud, Corruption, Misconduct and Maladministration; and
  - develops a consistent approach to the management of relevant conduct across the organisation through the establishment and maintenance of effective systems and internal controls to guard against Fraud, Corruption, Misconduct and Maladministration.
- 1.3 Council has established a number of policies and procedures to assist with the prevention and control of Fraud, Corruption, Misconduct and Maladministration, and this Policy forms part of that suite of internal controls. The effectiveness of these procedures will be continuously reviewed and assessed and will remain up to date with any future developments in Fraud, Corruption, Maladministration and Misconduct prevention control techniques.
- 1.4 The Council will review and update this Policy annually as part of its policy review process.
- 1.5 This Policy applies to all council members, employees, contractors, consultants and volunteers of the Council. It is intended to complement and be implemented in conjunction with other relevant Council policies and procedures including:
  - 1.1.1 Public Interest Disclosure Policy
  - ~~1.1.2 Public Interest Disclosure Procedure~~
  - 1.1.3 Risk Management ~~and Internal Control Procedures~~ Policy
  - ~~1.1.4 Internal Controls Policy~~
  - 1.1.5 Code of Conduct for Council Employees



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- 1.1.6 ~~Code of conduct for Council Members~~
- 1.1.7 Behavioural Management Policy
- 1.1.8 Conduct of Meetings s92 Code of Practice
- 1.1.9 Council Members Allowances and Benefits Policy
- 1.1.10 ~~Employee Conduct Policy~~

## 2. Definitions

For the purposes of this Policy the following definitions apply:

- 2.1 Commissioner means the person holding or acting in the office of the Independent Commissioner Against Corruption per section 4-8 of the ~~Independent Commissioner Against Corruption Act 2012, who holds or is acting in the office of the Independent Commission Against Corruption who has the powers and functions described at section 7 of the ICAC Act.~~
- 2.2 Corruption in public administration, as provided for in section 5(1) of the ICAC Act, means conduct that constitutes:
  - 2.2.1 an offence against Part 7 Division 4 (offences relating to public officers) of the Criminal Law Consolidation Act 1935, which includes the following offences:
    - (i) bribery or corruption of public officers;
    - (ii) threats or reprisals against public officers;
    - (iii) abuse of public office;
    - (iv) demanding or requiring benefit on basis of public office;
    - (v) offences relating to appointment to public office; or
  - 2.2.2 an offence against the Public Sector (Honesty and Accountability) Act 1995 or the Public Corporations Act 1993, or an attempt to commit such an offence; or
  - 2.2.3 an offence against the Lobbyist Act 2015, or an attempt to commit such an offence; or
  - 2.2.4 any other offence (including an offence against Part 5 (offences of dishonesty) of the Criminal Law Consolidation Act 1935 committed by a public officer while acting in his or her capacity as a public officer or by a former public officer and related to his or her former capacity as a public officer, or by a person before becoming a public officer and related to his or her capacity as a public officer, or an attempt to commit such an offence; or
  - 2.2.5 any of the following in relation to an offence referred to in a preceding paragraph:
    - (i) aiding, abetting, counselling or procuring the commission of the offence;
    - (ii) inducing, whether by threats or promises or otherwise, the commission of the offence;
    - (iii) being in any way, directly or indirectly, knowingly concerned in, or party to, the commission of the offence;



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(iv) conspiring with others to affect the commission of the offence.

2.3 **Council** means City of Mount Gambier

2.4 **Directions and Guidelines** means the Directions and Guidelines issued by the Commissioner and as in force from time to time pursuant to section ~~20 18B and or~~ ~~section 14 of the Public Disclosure Act 2018~~, of the ICAC Act which are available at <https://www.publicintegrity.sa.gov.au/> ~~on the Commissioner's website (www.icac.sa.gov.au).~~

2.5 **Employee** refers to all the Council's employees whether they are working in a full-time, part-time or casual capacity.

2.6 **False disclosure** is a disclosure of information relating to Fraud or Corruption, Maladministration or Misconduct that is made by a person who knows the information to be false.

2.7 **Fraud** includes an intentional dishonest act or omission done with the purpose of deceiving.

**Note:** There is no statutory or agreed common law definition of Fraud. Offences addressed under Part 5 and Part 6 of the Criminal Law Consolidation Act 1935 are considered to constitute Fraud offences. An ordinary or lay meaning of Fraud is 'to obtain dishonestly that which the person is not entitled to'. Fraud is a broad label applicable to conduct / practices that involve knowingly dishonest or deceitful behaviour meant to obtain an unjust benefit. Dishonesty is the key element in fraudulent behaviour, as provided for under section 131 of the Criminal Law Consolidation Act 1935.

2.8 **ICAC Act** is the Independent Commissioner Against Corruption Act 2012.

2.9 **Maladministration in public administration** is defined in section 5(4) of the ICAC Act and

2.9.1 means:

- (i) conduct of a public officer, or a practice, policy or procedure of a public authority, that results in an irregular and unauthorised use of public money or substantial mismanagement of public resources; or
- (ii) conduct of a public officer involving substantial mismanagement in or in relation to the performance of official functions; and

2.9.2 includes conduct resulting from impropriety, incompetence or negligence; and

2.9.3 is to be assessed having regard to relevant statutory provisions and administrative instructions and directions.

2.10 **Misconduct in public administration** is defined in section 5(3) of the ICAC Act and means:

2.10.1 contravention of a code of conduct by a public officer while acting in his or her **capacity** as a public officer that constitutes a ground for disciplinary action against the officer; or



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- 2.10.2 other misconduct of a public officer while acting in his or her capacity as a public officer.
- 2.11 **Office for Public Integrity (OPI)** is the office established under the ICAC Act that has the function to:
- 2.11.1 **receive** and assess complaints about public administration from members of the public;
- 2.11.2 receive and assess reports about corruption, misconduct and maladministration in public administration from inquiry agencies (including the Ombudsman), public authorities (including the Council) and public officers;
- 2.11.3 refer complaints and reports to inquiry agencies, public authorities and public officers in circumstances approved by the Commissioner or make recommendations as to whether and by whom complaints and reports should be investigated;
- 2.11.4 give directions or guidance to public authorities in circumstances approved by the Commissioner;
- 2.11.5 perform other functions assigned to the Office by the Commissioner
- 2.12 **PID Act** means the Public Interest Disclosure Act 2018.
- 2.13 **Public administration** is defined at section 4 of the ICAC Act and, without limiting the acts that may comprise public administration, an administrative act within the meaning of the Ombudsman Act 1972 will be taken to be carried out in the course of public administration. For the purposes of this Policy, references to Corruption, Misconduct and Maladministration are taken to mean references to such conduct in public administration.
- 2.14 **Public Officer** has the meaning given by section 4 and Schedule 1 of the ICAC Act, and includes:
- a council member; and
  - an employee or officer of the Council;
- 2.15 **Publish** is defined in section 4 of the ICAC Act, and means publish by:
- 2.15.1 newspaper, radio or television;
- 2.15.2 internet or other electronic means of creating and sharing content with the public or participating social networking with the public; or
- 2.15.3 any similar means of communication with the public.
- 2.16 **Relevant Authority** for the purposes of the PID Act means the person or entity that receives an appropriate disclosure of public interest information in accordance with the PID Act.
- 2.17 **Responsible Officer** is a person who has completed any training courses approved by the Commissioner for the purposes of the Public Interest Disclosure Regulations





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2019 and has been designated by the Council as a responsible officer under section 123 of the PID Act.

2.18 For the purposes of the ICAC Act, misconduct or maladministration in public administration will be taken to be **serious or systemic** if the misconduct or maladministration -

2.18.1 is of such a significant nature that it would undermine public confidence in the relevant public authority, or in public administration generally; and

2.18.2 has significant implications for the relevant public authority or for public administration generally (rather than just for the individual public officer concerned).

**Note:** further information about serious or systemic misconduct or maladministration is available at the ICAC website: <https://icac.sa.gov.au/glossary>

### 3. Definitions Principles

3.1 The Council recognises that the occurrence of Fraud, Corruption, Misconduct and Maladministration will be more likely to prevail in an administrative environment where opportunities exist for waste and abuse.

3.2 The Council also recognises that the most effective way to prevent the occurrence of Fraud, Corruption, Misconduct and Maladministration is to instil and continually reinforce a culture across the Council of acting lawfully, ethically and in a socially responsible manner, and to support this culture with the implementation of appropriate internal control mechanisms.

3.3 The Council expects employees and council members will assist in facilitating a sound ethical culture and preventing Fraud, Corruption, Misconduct and Maladministration by:

3.3.1 understanding the responsibilities of their positions;

3.3.2 familiarising themselves with Council policies and procedures and adhering to them;

3.3.3 understanding what behaviour constitutes Fraudulent or Corrupt conduct, Misconduct and/or Maladministration;

3.3.4 maintaining an awareness of the strategies that have been implemented by Council to minimise Fraud, Corruption, Misconduct and Maladministration;

3.3.5 being continuously vigilant to the potential for Fraud, Corruption, Misconduct and Maladministration to occur in the Council environment; and

3.3.6 reporting suspected or actual occurrences of Fraud, Corruption, Misconduct and Maladministration in accordance with Part 6 and 7 of this Policy.

### 4. Roles and responsibilities



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- 4.1 The table in Appendix 1 to this Policy outlines the roles and responsibilities of key individuals and groups with respect to Fraud, Corruption, Misconduct and Maladministration prevention within Council.

## 5. Educating for Awareness

- 5.1 The Council recognises that the success and credibility of this Policy will largely depend upon how effectively it is communicated throughout the organisation and beyond.
- 5.2 The Council will, therefore, from time to time take proactive steps towards ensuring that the wider community is aware of the Council's zero-tolerance stance towards Fraud, Corruption, Misconduct and Maladministration, including by:
- 5.2.1 promoting the Council's initiatives and policies regarding the control and prevention of Fraud, Corruption, Misconduct and Maladministration on the Council website and at Council offices;
  - 5.2.2 referring to the Council's Fraud, Corruption, Misconduct and Maladministration initiatives in the Council's Annual Report; and
  - 5.2.3 facilitating public access to all of the documents that constitute the Council's Fraud, Corruption, Misconduct and Maladministration framework, including those documents identified at clause 1.5 of this Policy.

## 6. Reporting Corruption, or Systemic or Serious Misconduct and Maladministration

- 6.1 Any Public Officer who has or acquires knowledge of actual or suspected Corruption, or Systemic or Serious Misconduct or Maladministration in the Council or in other public administration must report this information to the OPI as soon as practicable.
- 6.2 All reasonable suspicions of Corruption or Systemic or Serious Misconduct or Maladministration must be reported to the OPI in accordance with the Commissioner's reporting requirements as identified in the Commissioner's Directions and Guidelines.
- 6.3 A report to the OPI by a Public Officer must be made on the online report form available at <https://www.publicintegrity.sa.gov.au/make-a-complaint-or-report> in accordance with the ICAC Act and the "Directions and Guidelines".  
~~A report to the OPI must be made using the online report form available at: <https://icac.sa.gov.au/opi>~~
- ~~Note: Particulars of what a report should include are available in the ICAC Directions and Guidelines.~~
- 6.4 When reporting actual or suspected Corruption, or Systemic or Serious Misconduct or Maladministration, in the Council or in other public administration, to the OPI under the ICAC Act, any requirements of other documents that form part of the Council's Fraud, Corruption, Misconduct and Maladministration framework (including those documents identified at clause 1.5 of this Policy) should also, to the extent possible, be adhered to.
- 6.5 Nothing in this section is intended to prevent a Public Officer from reporting suspected Corruption or Systemic or Serious Misconduct or Maladministration in the Council or in other public administration to a Relevant Authority, like a Council's Responsible Officer, for the purposes of the PID Act. Such a disclosure may be protected under



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the PID Act and, if made to the Council's Responsible Officer, will be managed in accordance with the Council's Public Interest Disclosure Policy and Procedure. Public Officers are encouraged to have regard to the Council's Public Interest Disclosure Procedure when determining where to direct a disclosure.

- 6.6 Reports by Council to the OPI The Council (that is, the Elected Member body collectively) must report to the OPI any matter that the Council reasonably suspects involve corruption in public administration unless the Council knows that the matter has already been reported to the OPI. The Chief Executive Officer is responsible for preparing a report to the OPI on behalf of the Council for these purposes. (Where the matter relates to the Chief Executive Officer the Mayor is to make the report). The report must be made immediately upon receiving direction from the Council. A report to the OPI by the Chief Executive Officer on behalf of the Council must be made on the online report form available at <https://www.publicintegrity.sa.gov.au/make-a-complaint-or-report>. Further information about reporting requirements is available at the ICAC website <https://icac.sa.gov.au>.

## 7. Reporting Fraud, Misconduct or Maladministration

- 7.1 Where an employee, council member, contractor or volunteer has or acquires knowledge of actual or suspected Fraud or other similar conduct that does not constitute Corruption or Systematic or Serious Misconduct or Maladministration (and is therefore not required to be reported to OPI), that knowledge should be reported to the Council's Responsible Officer. Such a disclosure may be protected under the PID Act and will be managed in accordance with the Council's Public Interest Disclosure Policy and Public Interest Disclosure Procedure.

## 8. Confidentiality and Publication Prohibitions

- 8.1 A person who receives information knowing that the information is connected with a matter that forms or is the subject of a complaint, report, assessment, investigation, referral or evaluation under the *ICAC Act* must not disclose that information, other than in the limited circumstances set out in section 54(3) of the *ICAC Act*.
- 8.2 A person must not, other than as authorised by the Commissioner or a court, publish or cause to be published any of the following:
- 8.2.1 information tending to suggest that a particular person is, has been, may be, or may have been, the subject of a complaint, report, assessment, investigation or referral under the *ICAC Act*;
  - 8.2.2 information that might enable a person who has made a complaint or report under the *ICAC Act* to be identified or located;
  - 8.2.3 the fact that a person has made or may be about to make a complaint or report under the *ICAC Act*;
  - 8.2.4 information that might enable a person who has given or may be about to give information or other evidence under the *ICAC Act* to be identified or located;
  - 8.2.5 the fact that a person has given or may be about to give information or other evidence under this Act; or





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8.2.6 any other information or evidence which the Commissioner has prohibited from publication.

8.3 A failure to comply with the requirements in this part can constitute an offence. A Council employee who fails to comply with these requirements may also face disciplinary action which may include dismissal from employment.

8.4 In addition to the requirements in this part, council members and employees should also be mindful of the confidentiality provisions in the Council's Public Interest Disclosure Policy.

## 9. Action by the Chief Executive Officer

9.1 Unless otherwise directed by OPI or SAPOL, the CEO will investigate how the alleged Corruption, Fraud, Misconduct or Maladministration occurred to determine the cause for the breakdown in controls and identify if any recommendations as to changes in policies, procedures or internal controls should be made to the Council. The investigation should:

9.1.1 occur as soon as practicable after the alleged incident; and

9.1.2 not impose on or detract from any investigation being undertaken by the OPI or SAPOL;

9.1.3 have regard to any recommendations in any report received from the Commissioner or SAPOL on the incident.

9.2 The CEO will, in conducting the investigation and deciding whether and how to report on the investigation to Council, have regard to the provisions of the Public Interest Disclosure Policy, and any confidentiality requirements under the PID Act and/or ICAC Act.

9.3 Action taken by the CEO following an investigation into alleged Corruption, Fraud, Misconduct or Maladministration may include disciplinary action against any employee involved in the incident.

## 10. False Disclosure

10.1 A person who knowingly makes a false disclosure or a false or misleading statement in a complaint or report will be guilty of an offence under the ICAC Act and the PID Act.

10.2 A Council employee who makes a false disclosure may also face disciplinary action which may include dismissal from employment.

## 12. Review & Evaluation

This Policy is scheduled for review by Council's Audit and Risk Committee annually, however, will be reviewed as required by any legislative changes which may occur.

## 13. Availability of 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





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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.



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File Reference:	AF18/48
Applicable Legislation:	Independent Commission Against Corruption Act 2012 Criminal Law Consolidation Act 1935 Local Government Act 1999 Local Government (Elections) Act 1999 Local Government (General) Regulations 2013 Planning, Development and Infrastructure Act 2016 Ombudsman Act 1972 Public Interest Disclosure Act 2018
Reference:	Community Plan Goal 3 Our Diverse Economy
Related Policies:	<del>I405</del> Internal Controls Policy M405 Council Members Allowances and Benefits Policy P900 Public Interest Disclosure Behavioural Management Policy
Related Procedures:	ICAC Directions & Guidelines Public Interest Disclosure Procedures and Guidelines
Related Documents:	Code of Conduct for Employees

#### DOCUMENT DETAILS

Responsibility:	General Manager Corporate and Regulatory Services
Version:	10
Last revised date:	TBA
Effective date:	TBA
Minute reference:	TBA
Next review date:	July, 2024
<u>Document History</u> First Adopted By Council: Reviewed/Amended:	19 <sup>th</sup> May, 2009  18 October 2011, 21 August 2012, 15 April 2014, 21 April 2015, 20 April 2016, 17 July 2018, 16 July 2019, 18 February 2020



**APPENDIX 1**

**Responsibilities and accountability for Fraud, Corruption, Misconduct and Maladministration prevention actions**

Responsibility		Council Members	Chief Executive Officer	Managers	Employees	Audit and Risk Committees	Other (e.g. certain contractors and volunteers)
<b>Governance and ethics</b>							
1	Comply with this policy and any related legislation, policy, protocol or procedure.	✓	✓	✓	✓	✓	✓
2	At all times in the performance of duties or in association with their role with Council, act in an ethical manner.	✓	✓	✓	✓	✓	✓
3	Promote a culture and environment in which Fraud, Corruption, Misconduct and Maladministration is discouraged and not tolerated	✓	✓	✓	✓		✓
4	Remain scrupulous in the use of Council information, assets, funds, property, goods or services	✓	✓	✓	✓	✓	✓



Responsibility		Council Members	Chief Executive Officer	Managers	Employees	Audit and Risk Committees	Other (e.g. certain contractors and volunteers)
<b>Awareness and training</b>							
1	Promote community awareness of the Council's commitment to the prevention of Fraud, Corruption, Misconduct and Maladministration.	✓	✓		✓ (as appropriate)		
2	Executive employees and managers ensure all employees under their supervision have been educated regarding Fraud, Corruption, Maladministration and Misconduct.		✓	✓	✓		
3	Undertake awareness training or education regarding Fraud, Corruption, Maladministration and Misconduct.	✓	✓	✓	✓	✓	✓ (as appropriate)
4	Develop and deliver training to employees and other public officers to promote ethical conduct and an ethical culture.		✓	✓			
5	Act in an ethical manner at all times in the performance of duties, and comply with ethical obligations in accordance with any relevant code or policy regarding conduct and behaviour	✓	✓	✓	✓	✓	✓
6	Adopt and models constructive behaviours and approaches to work which promote ethical behaviours in Council employees	✓	✓	✓		✓	



Responsibility		Council Members	Chief Executive Officer	Managers	Employees	Audit and Risk Committees	Other (e.g. certain contractors and volunteers)
<b>Fraud prevention</b>							
1	Provide adequate security, including the provision of secure facilities for storage of assets, to assist in the prevention of Fraud, Corruption, Misconduct and Maladministration		✓	✓			
2	Develop procedures to deter fraudulent or corrupt activity from occurring	✓	✓	✓	✓		
3	Where relevant, comply with the <i>Public Interest Disclosure Act 2019</i>	✓	✓	✓	✓	✓	✓
4	Ensure appropriate internal controls are in place and operating effectively to minimise the risks of incidents	✓	✓	✓	✓	✓	
5	Ensure effective screening (e.g. criminal history) of employees, prospective employees, volunteers (as relevant) and contractors is undertaken, including by use of appropriate and effective contractual arrangements		✓	✓			



Responsibility		Council Members	Chief Executive Officer	Managers	Employees	Audit and Risk Committees	Other (e.g. certain contractors and volunteers)
6	Ensure all powers and authorities are appropriately delegated in order to minimise the risk of Fraud, Corruption, Misconduct or Maladministration	✓	✓	✓			
<b>Detection and investigation</b>							
1	Ensure that where appropriate, proper investigations are conducted into allegations of Fraud, Corruption, Misconduct or Maladministration.	✓	✓				
2	Facilitate cooperation with any investigations undertaken by an external authority		✓				
3	Undertakes/and or monitor risk assessments on a regular basis	✓	✓			✓	
4	Provides mechanisms for receiving allegations of Fraud, Corruption, Misconduct and Maladministration	✓	✓				
5	Investigates matters of Fraud, Corruption, Misconduct and Maladministration	✓	✓				



Responsibility		Council Members	Chief Executive Officer	Managers	Employees	Audit and Risk Committees	Other (e.g. certain contractors and volunteers)
6	Cooperate as required with any investigations undertaken whether internally or by an external authority	✓	✓	✓	✓		✓
<b>Monitoring and reporting</b>							
1	Report all instances of conduct known or reasonably suspected to be Fraud, Corruption, Maladministration or Misconduct in accordance with Council's policies	✓	✓	✓	✓	✓	✓ (report to Responsible Officer)
2	Develop mechanisms for receiving allegations of Fraud, Corruption, Misconduct or Maladministration including appointing a responsible officer	✓	✓				
3	Work jointly with other areas of Council to co-ordinate activities relating to the control, prevention, detection and management of Fraud, Corruption, Misconduct or Maladministration	✓	✓	✓		✓	





Responsibility		Council Members	Chief Executive Officer	Managers	Employees	Audit and Risk Committees	Other (e.g. certain contractors and volunteers)
4	Review the effectiveness of the implemented policies that ensure risks are identified and that controls implemented by management are adequate	✓	✓			✓	



 <p>City of Mount Gambier</p>	<p><b>DRAFT COUNCIL POLICY</b> <b>INTERNAL AUDIT</b></p>	Version No:	1.0
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### 1. INTRODUCTION:

- 1.1 Internal controls are essential to support the City of Mount Gambier (COMG) to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to legislation and council policies, to safeguard the Council's assets, and to secure the accuracy and reliability of council records.

### 2. PURPOSE:

- 2.1 **Legislative Compliance** - In compliance with Section 99, 125 and 126 of the Local Government Act 1999 (Act) and best practice principles in internal audit, this Council Policy seeks to provide:
- **Definition** - Of internal audit as it applies to the COMG;
  - **Internal Audit Principles** - A clear set of internal audit principles;
  - **Roles and Responsibilities** - The roles and responsibilities for multiple stakeholder groups including: Elected Members, the Audit and Risk Committee, the CEO, Executive Leadership Team (ELT) team and the Financial Services team and broader functions of Council.
- 2.2 **Internal Audit Function** - The purpose of this Policy is, through the establishment of an internal audit function, to support better decision-making through a good understanding of the adequacy and effectiveness of the systems of internal controls to mitigate Council's risks.

### 3. SCOPE:


The scope of this Council Policy applies to the following:

- 3.1 **Programs/Activities** - Internal audit reviews cover all programmes and activities of the Council together with associated entities as provided for in relevant business agreements, memorandum of understanding and contracts.
- 3.2 **Review** - Internal audit activity encompasses the review of all financial and non-financial policies and operations as required.

### 4. DEFINITIONS:

Key Term – Acronym	Definition
<b>Internal Auditing</b>	Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve Council's operations. It helps the Council accomplish objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
<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> </ul>



 City of Mount Gambier	<b>DRAFT COUNCIL POLICY</b> <b>INTERNAL AUDIT</b>	Version No:	1.0
		Issued:	Month 20##
		Next Review :	Month 20##
<b>Key Term – Acronym</b>	<b>Definition</b>		
	<ul style="list-style-type: none"> <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>Audit Type/Scope of Audits</b>	<b>Audit Type:</b> <ul style="list-style-type: none"> <li>Operational;</li> <li>Strategic</li> <li>Compliance/Legislative;</li> </ul> <b>Audit Scope - May include but is not limited to the following:</b> <ul style="list-style-type: none"> <li>Financial;</li> <li>Human Resources;</li> <li>Information Technology; and</li> <li>Special investigations.</li> </ul>		

5. ROLES AND RESPONSIBILITIES:

Title	Roles and Responsibilities
<b>Council</b>	Council has ultimate responsibility that appropriate policies, practices and procedures of internal control are implemented and maintained in accordance with the relevant sections of the Local Government Act 1999.
<b>Audit &amp; Risk Committee</b>	<p>Is responsible as per the current terms of reference, the Committee shall:</p> <p><b>12.4.1 Monitor and Review</b> - The effectiveness of the Council's internal audit function in the context of the Council's overall risk management system.</p> <p><b>12.4.2 Program</b> - Consider and make recommendation on the program of the internal audit function and the adequacy of its resources and access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.</p> <p><b>12.4.3 Reports</b> - Review all reports on the Council's operations from the internal auditors.</p> <p><b>12.4.4 Findings and Recommendations</b> - Review and monitor management's responsiveness to the</p>



Title	Roles and Responsibilities
<b>Audit &amp; Risk Committee</b>	<p><i>findings and recommendations of the Internal Auditor; and</i></p> <p><b>12.4.5 Direct Access</b> - Provide the internal Auditor with the right of direct access to the Mayor of the Council and to the Chairperson of the Committee.</p>
	<p><b>Local Government Act 1999 From 30/11/23 Section 126 subsection 4</b> - The functions of a council audit and risk committee include —</p> <p>(g) —</p> <p>(i) if the council has an internal audit function—</p> <p>(A) providing oversight of planning and scoping of the internal audit work plan; and</p> <p>(B) reviewing and commenting on reports provided by the person primarily responsible for the internal audit function at least on a quarterly basis; or</p> <p>(ii) if the council does not have an internal audit function, reviewing and commenting on an annual report provided by the chief executive officer in relation to the policies and processes adopted by the council to evaluate and improve the effectiveness of its internal control practices and procedures; and</p> <p>(h) reviewing and evaluating the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis;</p>
<b>Chief Executive Officer</b>	<p><b>Local Government Act 1999 From 30/11/23 Section 99</b></p> <p>(ia) to ensure that effective policies, systems and procedures are established and maintained for the identification, assessment, monitoring, management and annual review of strategic, financial and operational risks;</p> <p>(ib) to report annually to the relevant audit and risk committee on the council's internal audit processes;</p> <p><b>Local Government Act 1999 From 30/11/23 Section 125A</b></p> <p>The chief executive officer of a council that has an internal audit function must, before appointing a person to be primarily responsible for the internal audit function, or assigning such responsibility to an employee of the council, consult with the relevant audit and risk committee on the appointment or assignment of responsibility.</p> <p><b>Local Government Act 1999 From 30/11/23 Section 126</b></p> <p>(ii) if the council does not have an internal audit function, reviewing and commenting on an annual report provided by the chief executive officer in relation to the policies and</p>



Title	Roles and Responsibilities
	<i>processes adopted by the council to evaluate and improve the effectiveness of its internal control practices and procedures; and</i>
<b>Employees</b>	are accountable for assisting internal auditors in the conduct of their work through the provision of accurate and timely information to audit requests, providing responses to audit reports and updates on the implementation status of actions arising from audits.
<b>Manager Financial Services</b>	<p>is responsible for the development and continuous improvement of the following:</p> <ul style="list-style-type: none"> <li>• <b>Systems and Processes</b> - Council's internal audit systems and processes;</li> <li>• <b>Plans</b> - the development of internal audit plans,</li> <li>• <b>Resources</b> - the engagement and management of internal audit providers (internal and external);</li> <li>• <b>Monitoring</b> - the monitoring of the implementation status of audit actions; and</li> <li>• <b>Reporting</b> - to the Chief Executive Officer and Audit and Risk Committee regarding the Council's internal audit function.</li> </ul> <p><b>Local Government Act 1999 From 30/11/23 Section 125A</b></p> <p><i>(2) Despite any other law or instrument to the contrary, the person primarily responsible for the internal audit function— (a) must ensure that any reports they prepare relating to the internal audit function are provided directly to the audit and risk committee; and (b) may report any matters relating to the internal audit function directly to the audit and risk committee.</i></p>

## 6. POLICY STATEMENTS:

**6.1 Legislative Compliance** - In compliance with Sections 99, 125A and 126 of the Local Government Act 1999 (Act), Council should refer to this policy (Policy) when undertaking the internal audit function.

**6.2 Internal Audit Program** - The individual audits proposed for selection within the program will be selected adopting a risk-based approach considering the following:

- **Benchmarking** - Other SA Council policies and internal audit plans.
- **Strategic Risk Rating** - Activities will be selected based on inherent and residual risk rating **and Council's risk appetite (once adopted)**;
- **Status/Strategic Work Plan (SWP)**- Work either currently being undertaken or planned in the current SWP will be considered when including activities in the proposed internal audit program;
- **External Audit** - Reports and management letters;
- **Scheme/LGRS Audits** - Feedback from audits;





- **Internal Financial Controls Action Plan** - Controls/activities as referenced by the "Better Practice Model" and further where action plans have been developed following self-assessment reviews; and
- **Emerging issues** - issues that arise outside the formalised work plan but are considered of high risk or in response to an emerging matter.

#### 6.3 Independence:

- **Independence** - is essential to the effectiveness of the internal audit function.
- **Manager Financial Services (MFS) (or such equivalent position)** - Is responsible, on a day to day basis, for the internal audit function of Council. In achieving operational independence of the internal audit function the CEO has ensured that the MFS has dual reporting lines. These reporting lines require that the MFS must:
  - **Administrative Reporting** - Report administratively to the CEO to facilitate day to day operations of the internal audit function and;
  - **Strategic Direction** - Report to the Audit and Risk Committee for strategic direction and accountability of the internal audit function.
- **Finance Activities** - Where the MFS has responsibility for an activity that is scheduled for review, the Manager Organisational Development will manage the internal audit to ensure that the independence of the function is not compromised.
- **The internal audit function** - Has no direct authority or responsibility for the activities it reviews. The internal audit function has no responsibility for developing or implementing procedures or systems and does not prepare records or engage in original line processing functions or activities (except as noted below).
- **Other Functional Responsibilities** - The work of internal audit does not in any way relieve managers of their responsibilities for the development, implementation and maintenance of management control systems in their areas.
- **External Auditors** - Current external auditors not to be engaged for any internal audit work.

#### 6.4 Authority and Confidentiality:

- **Access To Information** - Subject to compliance with Council's security policies, internal auditors are authorised to have full, free and unrestricted access to all functions, premises, assets, personnel, records, and other documentation or information that the MFS or the CEO considers necessary to enable the internal auditors to undertake the audit assignment.
- **Confidentiality** - All records, documentation and information accessed in the course of undertaking internal audit activities are to be used solely for the conduct of these activities. The MFS is responsible and accountable for maintaining the confidentiality of the information the internal auditors receive during the course of their fieldwork.
- **Consultation/Disclosure** - Where necessary, MFS may consult with and disclose audit matters to other entities (e.g. ICAC, OPI etc.) and the external auditors, normally this will only occur where these matters affect other entities, or as directed by the Audit and Risk Committee or the CEO.

#### 6.5 Standards:





- **Professional Standards** - Internal audit activities will be conducted in accordance with intent of relevant professional standards deemed appropriate and applicable including:
  - **International Professional Practices Framework (IPPF)** - issued by the Institute of Internal Auditors;
  - **Accounting Bodies** - Standards relevant to internal audit issued by the Australian Society of Certified Practising Accountants and the Institute of Chartered Accountants in Australia;
  - **Statement on Information Systems Auditing Standards** - issued by the Information Systems and Control Association; and
  - Standards issued by Standards Australia and the International Standards Organisation.

## 7. RELATIONSHIP TO INTERNAL CONTROLS AND RISK MANAGEMENT FRAMEWORK:

- 7.1 **Risk Management Framework** - This council policy incorporates principles of risk management while application of the policy will occur consistent with the council Risk Management Framework.
- 7.2 **Independent Appraisal** - Internal audit provides an independent appraisal of key internal controls within the organisation. These controls are key mitigations of inherent risk and therefore inform the risk management process and the calculation of residual risk.
- 7.2 **Line of Defence** - Monitoring activities form an important component of Council's lines of defence for managing risk. The Better Practice Model – Internal Financial Controls for South Australian Councils identifies monitoring activities as being within the second line of defence for Councils, with the internal audit function as the third (As shown below).



Source: SALGFMG Better Practice Model –Internal Financial Controls for South Australian Councils published April 2017

## 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 relevant staff as part of the induction process and be refreshed as and when required.

## 9. REPORTING:

**9.1 Executive Leadership Team (ELT Reporting)** - An information report will be provided to ELT on a quarterly basis that details progress compared to the plan and the scope of individual projects.

**9.2 Audit and Risk Committee** - A number of reports will be brought to the Audit and Risk Committee to include the following:

- **Individual Internal Audit Reports** - Will be brought to the Council Executive and Audit and Risk Committee as required to detail the scope of the internal audit prior to commencement of the audit activity, with a further report to be brought to the Council Executive and Audit and Risk Committee to provide the internal audit report that will detail the findings and agreed actions.
- **Quarterly Internal Audit Updates** – A report that will provide an overview of the internal audit function at least on a quarterly basis.
- **CEO Annual Report** - on the council's internal audit processes, reporting as required with regard to the internal audit plan and proposed scope of each internal audit.

## 10. REVIEW & EVALUATION:

This policy will be reviewed:

- every four years; 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.

## 11. AVAILABILITY OF COUCIL 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.

Appendix A

*Electronic version on TRIM is the controlled version.  
Printed copies are considered uncontrolled. Before using a printed copy, verify that it is the current version.*

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File Reference:	AF18/53
Applicable Legislation:	Local Government Act 1999 Sections 99, 125, 126
Reference: Strategic Plan - Beyond 2015	Goal #, Strategic Objective #
Related Policies:	Risk Management Framework Internal Controls Policy



	F225 Fraud, Corruption, Misconduct and Maladministration Prevention Policy
Related Procedures:	Better Practice Model - Financial Internal Control for South Australian Councils (SALGFMG) TBC
Related Documents:	Internal Audit Plan 2024-2026

#### DOCUMENT DETAILS

Responsibility:	General Manager Corporate and Regulatory Services
Version:	1.0
Last revised date:	N/A
Effective date:	## <sup>th</sup> Month, 20##
Minute reference:	
Next review date:	Month, 20##
<u>Document History</u> First Adopted By Council:	## <sup>th</sup> Month, Year
Reviewed/Amended:	INSERT REVIEW DATE(S)



**5.4 POLICY REVIEW - PROCUREMENT AND DISPOSAL OF LAND AND ASSETS  
POLICIES – REPORT NO. AR23/64014**

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>27 November 2023</b>
<b>Report No.:</b>	<b>AR23/64014</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Julie Scoggins, Manager Financial Services</b>
<b>Authoriser:</b>	<b>Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>This policy review has been undertaken in order to separate the existing policies into standalone documents, and to ensure our policies balance ease of doing business with meeting our probity/governance requirements.</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. AR23/64014 titled 'Policy Review - Procurement and Disposal of Land and Assets Policies' as presented on 27 November 2023 be noted.
2. That the P420 Procurement and Disposal of Land and Assets Policy be revoked and replaced by the Procurement Policy and the Disposal of Land and Assets Policy.
3. That the Procurement Policy as attached to Report No. AR23/64014, having been reviewed by the Audit and Risk Committee on 27 November 2023, be adopted.
4. That the Disposal of Land and Assets Policy as attached to Report No. AR23/64014, having been reviewed by the Audit and Risk Committee on 27 November 2023, be adopted.
5. That the Chief Executive Officer or Delegate be authorised to make any necessary changes to the policies arising from this meeting, together with any typographical corrections, amendments to position or organisation titles, and finalisation of the document's formatting that do not materially alter the integrity of the document.



## TYPE OF REPORT

Other

## BACKGROUND

1. **Legislation** – Section 49 of the Local Government Act 1999 requires Council to prepare and adopt policies on contracts and tenders including:
  - the contracting out of services;
  - competitive tendering and the use of other measures to ensure that services are delivered cost effectively; and
  - the use of local goods and services; and
  - the sale or disposal of land or other assets.

2. **Audit Committee Terms of Reference** – The following sections of the Audit Committee Terms of Reference are 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.*

3. **Current Policy** – The current Procurement and Disposal of Land and Assets Policy was endorsed by Council on 19 April 2022 with an expected review date of April 2025.

The April 2022 review of the current policy was undertaken in response to recommendations from the “Internal Controls Letter 2020/21” and the “External Audit Report February 2022”.

Since the adoption of the current policy, the following activities have been undertaken to further address the recommendations from the above:

- **Training** - initial training has been undertaken with Management Group, executive assistants and Depot team leaders;
- **Procedures** – a review has been undertaken of administrative procedures with subsequent development of “Procurement Framework and Administrative Procedure” in July 2022;
- **Exemption from Competitive Process** – A new process, form, register and reporting has been developed and implemented.

## PROPOSAL

1. **Policy Review** – A review of the P420 Procurement and Disposal of Land and Assets Policy was undertaken with two main objectives:
  - **Separation of Policies** - To separate the policy into two standalone policies – the Procurement Policy and Disposal of Land and Assets Policy. This approach is in line with other Councils.
  - **Review/Benchmark** – To compare the policy to other South Australian Councils to ensure that Council has a policy that is easy to understand and apply, whilst aiming for a balance between easy of doing business (for both internal and external customers) and ensuring we meet our probity/governance requirements.
  - **Audit and Risk Committee Feedback**- When developing the draft policies, feedback was requested from members of the Audit and Risk Committee in advance of this meeting and considered.
2. **Policy Changes** – Following are the key changes to the policies:

### Procurement Policy



- **Overall Structure** – The policy has been re-structured in line with the Local Government Association model policy to ensure ease of understanding and clarity for users.
- **Art Gallery Activities** - Acquisition/borrowing of art pieces and curating of exhibitions has been removed from this policy. These activities are quite unique and will be managed separately under a new Art Curatorial and Preservation Policy when this is developed (and will be included within the scope of this policy until that time).
- **Procurement Thresholds** – Following benchmarking with other South Australian councils, changes are proposed for thresholds including the following:
  - **Direct Purchase** – Procurement valued between \$2,000 and \$10,000 requiring one quote, rather than two.
  - **Acquisition Plans** – Formalisation of the requirement to complete Acquisition Plans with the introduction of short form and long form dependent on nature/value of procurement.
  - **Exemptions** – Introduction of exemptions where documented approval is not required for goods and services deemed integral to the day to day running of Council ie. utilities and government statutory charges.

Please note that there are some guidance notes included in the draft policy for ARC members information, these will be removed prior to the policy being finalised.

#### **Disposal of Land and Assets Policy**

- No material changes made beyond reformatting in line with other South Australian Council policies.
3. **New Administrative Procedures and Framework** – A new framework and administrative procedures will be developed to support this policy including “how to” guides for common processes such as requesting exemptions and completing acquisition plans.

#### **LEGAL IMPLICATIONS**

No legal implications.

#### **STRATEGIC PLAN**

The procurement of goods and services directly support the delivery of the Strategic Plan.

#### **COUNCIL POLICY**

[B300 Budget Framework](#)  
[F225 Fraud and Corruption Prevention](#)  
[Risk Management](#)  
[R180 Records Management](#)  
[P415 Prudential Management](#)  
[P420 Procurement and Disposal of Land and Assets](#)  
[Asset Accounting](#)

#### **ECONOMIC IMPLICATIONS**

The procurement of goods and services is an activity that has a direct impact upon the local, regional and South Australian economy.

#### **ENVIRONMENTAL IMPLICATIONS**

Council promotes environmental sustainability through its procurement activities and considers the value of any associated environmental benefits when assessing value for money.

#### **SOCIAL IMPLICATIONS**

This policy includes social inclusion as a procurement principle.





## **CULTURAL IMPLICATIONS**

Not applicable.

## **RESOURCE IMPLICATIONS**

Not applicable.

## **VALUE FOR MONEY**

This policy ensures that Council procures and disposes of land and assets in a manner that ensures that value for money is achieved.

## **RISK IMPLICATIONS**

Risk is a key consideration in all procurement and disposal activities.

## **EQUALITIES AND DIVERSITY IMPLICATIONS**

This procurement policy refers to the intentional generation of social value through procurement processes that can occur through direct or indirect approaches to indigenous suppliers and contractors, people with a disability, women in business and small to medium business.

## **ENGAGEMENT AND COMMUNICATION STRATEGY**

Not applicable.

## **IMPLEMENTATION STRATEGY**

The revised policies will be rolled out across the organisation with sessions to be set up with the Management Team and other key stakeholders. All new staff with financial delegations and or the requirement to procure goods and services as part of their role will be trained as part of the induction process.

## **CONCLUSION AND RECOMMENDATION**

The Procurement Policy and Disposal of Land and Assets Policy are key Council policies that have been reviewed to consider previous external audit findings, benchmarking compared to other South Australian Councils and organisational requirements.

## **ATTACHMENTS**

1. Draft Disposal of Land and Assets Policy [↓](#)
2. Draft Procurement Policy [↓](#)



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## 1. INTRODUCTION

This document sets out the policy of the City of Mount Gambier ("Council") in relation to the disposal of land and assets.

## 2. PURPOSE

This purpose of this policy is to set out the principles and processes which apply when Council is disposing of land and other assets including major and minor plant and equipment.

~~Section 49 of the Local Government Act 1999 (Act) requires Council to develop and maintain policies, practices and procedures directed towards:~~

- ~~• obtaining value in the expenditure of public money; and~~
- ~~• providing for ethical and fair treatment of participants; and~~
- ~~• ensuring probity, accountability and transparency in the procurement process.~~

*Note for Audit & Risk Members Information: This is not related to this policy, but has inadvertently left in when converting from old joint policy P420.*

Section 49 (1) of the Act states that Council must prepare and adopt a policy on the sale or disposal of Land and other assets.

Section 49 (2) provides that the Policy must:

- identify the circumstances where Council will sell or dispose of Land or other assets;
- provide a fair and transparent process for calling tenders and entering into contracts in those circumstances;
- provide for the recording of reasons for entering into contracts other than those resulting from a tender process; and
- be consistent with any requirement prescribed by the regulations.

Section 201 of the Act makes provision for Council to sell or dispose of an interest in Land and sets out the circumstances under which Council can dispose of community Land or Land forming a road or part of a road.

## 3. SCOPE

This policy applies to all Council procedures for the disposal of physical items owned by Council including land, buildings, plant, equipment, furniture and fittings.

This policy does not cover:

- land sold by Council for the non-payment of rates<sup>1</sup>; or
- disposal of goods which are not owned by Council, such as abandoned vehicles and their contents<sup>2</sup>

as these are subject to separate legislative powers and duties pursuant to the Act.

<sup>1</sup> See section 184 of the Act

<sup>2</sup> See section 237 of the Act and the Unclaimed Goods Act 1987

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#### 4. DEFINITIONS

In this Policy, unless the contrary intention appears, these words have the following meanings:

Key Term – Acronym	Definition
<b>Act</b>	Means the Local Government Act 1999
<b>Asset</b>	Means any physical item that the Council owns and that has at any time been treated pursuant to the Australian Accounting Standards as an 'asset' and includes all plant and equipment. It does not include financial investments or finance related activities.
<b>Authorised Officer</b>	Means a Council Officer with formal (sub)delegation and/or financial authorisation granted by written instrument from the Chief Executive Officer to enter into contracts and transactions to a specified value and unless contrary provisions apply includes the Chief Executive Officer and General Managers.
<b>Disposal</b>	Means the sale or other transfer of an asset by Council to another party.
<b>Land</b>	Includes community land, vacant land, operational land, road reserves, any legal interest in land, and any other land-related assets, including all buildings (community and operational) on Land.
<b>Minor Plant, Materials and Equipment</b>	Includes assets other than land and buildings with an original purchase cost of less than \$10,000 (excluding GST). This category may include loose tools, store items, furniture, second hand items removed from other plant and equipment (such as air conditioners, bricks and pavers) and surplus bulk items.

#### 5. ROLES AND RESPONSIBILITIES

##### **Council:**

Council is responsible for approving an appropriate Disposal of Land and Assets policy.

##### **Chief Executive Officer:**

The Chief Executive Officer ensures that:

- There are appropriate resources to fulfil the effective outcomes of this policy; and
- That they comply with this policy; and
- They review the processes and value of this policy.

##### **General Managers:**

The General Managers ensure that:

- There are appropriate resources to fulfil the effective outcomes of this policy; and
- They Comply with this policy.

##### **Council Staff:**

- Council staff will comply with this policy.



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## 6. POLICY OBJECTIVES

The primary objective of this policy is to achieve the principles outlined within section 49 (a1) of the Local Government Act 1999 (SA).

## 7. POLICY PRINCIPLES

Council must have regard to the following principles in its all disposal activities:

### 7.1 Open and Effective Competition

Disposal of assets should be open and result in effective competition. Council must give fair and equitable consideration to all prospective purchasers.

### 7.2 Value for Money

Council must aim to achieve the best value for money in disposing of assets. The concept of value for money is not restricted to price alone. The value for money assessment must include consideration, as applicable, of:

- 7.2.1 the contribution to Council's strategic plan and other priorities;
- 7.2.2 financial considerations, including all relevant direct and indirect benefits both tangible and intangible;
- 7.2.3 the costs associated with various disposal methods; including internal administration costs;
- 7.2.4 risk exposure; and
- 7.2.5 the value of any associated environmental benefits.

### 7.3 Ethical Behaviour and Fair Dealing

Council employees involved in disposal are to:

- 7.3.1 behave with impartiality, fairness, independence, openness, integrity and professionalism in their discussions and negotiations with prospective purchasers and their representatives particularly through open and competitive processes of sale where practical and appropriate;
- 7.3.2 provide all prospective purchasers with equal opportunity to make an offer;
- 7.3.3 use straight forward and user-friendly tender documentation;
- 7.3.4 adopt clear and easy to understand evaluation criteria and methodology;
- 7.3.5 maintain consistent processes and feedback on decisions;
- 7.3.6 offer access to a timely and effective complaints procedure; and
- 7.3.7 ensure effective communication and provision of information to all prospective purchasers.

### 7.4 Probity, Accountability, Transparency and Reporting

Any disposal shall be undertaken in a manner that ensures:

- 7.4.1 clearly established roles and responsibilities;
- 7.4.2 appropriate record keeping and documentation;
- 7.4.3 transparency of decisions made;
- 7.4.4 adherence to all legislation and Council's code of conduct;
- 7.4.5 the identification and management of actual or potential conflicts of interest; and
- 7.4.6 the confidentiality of all commercial information.



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#### 7.5 Environmental Protection

Council promotes environmental protection through its disposal procedures and will encourage environmentally responsible activities when undertaking any disposal activities.

### 8. CONSIDERATIONS PRIOR TO DISPOSAL OF LAND AND ASSETS

Any decision to dispose of land and assets will be made after considering (where applicable):

- 8.1 the usefulness of the land or asset;
- 8.2 the current market value of the land or asset ;
- 8.3 the annual cost of maintenance;
- 8.4 any alternative future use of the land or asset;
- 8.5 any duplication of the land or asset or the service provided by the land or asset ;
- 8.6 any impact the disposal of the land or asset may have on the community;
- 8.7 any cultural or historical significance of the land or asset;
- 8.8 the positive and negative impacts the disposal of the land or asset may have on the operations of the Council;
- 8.9 the long term plans and strategic direction of the Council;
- 8.10 the remaining useful life, particularly of an asset;
- 8.11 a benefit and risk analysis of the proposed disposal;
- 8.12 the results of any community consultation process;
- 8.13 any restrictions on the proposed disposal;
- 8.14 the content of any community land management plan; and
- 8.15 any other relevant policies of the Council.

Consideration given to these matters will be recorded in Council's corporate records management system and in the case of a decision to dispose of land, will be presented in a report at a meeting of Council prior to the disposal decision being made.

### 9. DISPOSAL METHODS AND CONDITIONS

#### 9.1 Land and Buildings

##### 9.1.1 Disposal Conditions

- (a) The Council will not dispose of land to any Council Member or employee of the Council or the immediate family of Council Members or employees who has been involved in any process related to a decision to dispose of the land and/or the establishment of a reserve price.
- (b) If land is to be auctioned or placed on the open market or disposed of by an expression of interest or select tender, then (unless the Council resolves otherwise) an independent valuation must be obtained to establish the reserve price for the land. The independent valuation must be made no more than 6 months prior to the proposed disposal.





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- (c) If land is to be disposed of via direct sale, then (unless the Council resolves otherwise) an independent valuation must be obtained to ensure that an appropriate market value is obtained. The independent valuation must be made no more than 6 months prior to the proposed disposal.
- (d) An independent valuation will not be required for a disposal where ~~the current valuation as per Council's asset register is less than \$25,000~~  
~~a value estimation being for less than \$25,000 has been prepared and documented for the land.~~
- (e) The Council will seek to dispose of land by whichever method is likely to provide the Council with a maximum return at or near current market valuation, unless there are reasons for the Council to accept a lesser return which is consistent with the Council's overall strategic direction. These reasons must be documented in writing.
- (f) If the disposal is not to be on the open market, the disposal amount should have due regard to the value of the land (independent or estimation) and the recovery of associated costs necessary to achieve the transaction.
- (g) Where the land forms or formed a road or part of a road, the Council must ensure that the land is closed under the Roads Opening and Closing Act 1991 (SA) prior to its disposal.
- (h) Where land is classified as community land, the Council must:
  - undertake public consultation in accordance with the Act and the Council's public consultation policy; and
  - ensure that the process for the revocation of the classification of land as community land has been concluded prior to its disposal; and
  - comply with all other requirements under the Act in respect of the disposal of community land.
- (i) Where the Council proposes to dispose of land through the grant of a leasehold interest, the Council must have complied with its obligations under the Act, including its public consultation obligations under Section 202 of the Act.
- (j) No land will be disposed of without a Council resolution relating to the sale.
- (k) Where a public auction fails to realise a sale, the Chief Executive Officer or delegate may dispose of the Land at the best available price, provided that the offer is at or above the reserve sale price of the Land.

#### 9.1.2 Disposal Methods

The Council will, where appropriate, dispose of land through one of the following methods:

- (a) **open market sale** - advertisement for sale of the Land through printed and other accepted media or by procuring the services of a licensed real estate agent in accordance with Council's Procurement Policy.
- (b) **expressions of interest** - seeking expressions of interest for the land;
- (c) **select tender** - seeking tenders from a selected group of persons or companies;
- (d) **open tender** - openly seeking bids through tenders, including public auction;





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- (d) **public auction** - by procuring the services of a suitably qualified auctioneer in accordance with Council's Procurement Policy, with an established reserve price;
- (e) **by negotiation** - with owners of land adjoining the land or others with a pre-existing interest in the land, or where the land is to be used by a purchaser whose purpose for the land is consistent with the Council's strategic objectives for the land. This may include:
  - land that because of its small size, dimensions or irregular shape would not readily support a self contained development outcome;
  - land that has no legal access; or
  - land to be developed by another sphere of government.

#### 9.1.3 Disposal Method Selection

Selection of a suitable disposal method will include consideration of (where appropriate):


- (a) the number of known potential purchasers of the land;
- (b) the original intention for the use of the land;
- (c) the current and possible preferred future use of the land;
- (d) the opportunity to promote local economic growth and development;
- (e) delegation limits, taking into consideration accountability, responsibility, operation efficiency and urgency of the disposal;
- (f) the total estimated value of the disposal; and
- (g) compliance with statutory and other obligations.

## 9.2 **Assets (Other than Land and Buildings)**

### 9.2.1 Disposal Conditions

- (a) Consideration will be given to direct disposal of minor plant and equipment to a community/sporting group(s) where it is considered that such disposal provides a cost/service benefit to Council. Other groups may be provided with opportunity to participate in the disposal where the administrative resources necessary for such participation are not considered to outweigh or exceed the benefit/savings to be achieved or the asset value.
- (b) Elected Members and employees of the Council and the immediate family of Elected Members or employees will not be permitted to purchase assets unless the purchase is at the Re-Use Market for the advertised price or via an open tender process or a public auction, and the tender submitted or bid made is the highest. The Council will not dispose of any asset to any Council Member or employee of the Council or the immediate family of Elected Members or employees who has been involved in the establishment of the sale price at the Re-Use Market.
- (c) Purchasers of assets must be required to agree in writing that before purchasing any asset that no warranty is given by the Council in respect of the suitability and condition of the asset for the purchaser and that the Council will not be responsible for the asset in any respect following the sale.
- (d) The sale of assets will be the responsibility of the relevant General Manager who is responsible for those assets.



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#### 9.2.2 Disposal Methods

The Council will, where appropriate, dispose of assets through one of the following methods:

- (a) **trade-in** – trading in equipment to suppliers;
- (b) **expressions of interest** - seeking expressions of interest from buyers;
- (c) **select tender** - seeking tenders from a selected group of persons or companies;
- (d) **open tender** - openly seeking bids through tenders;
- (e) **public auction** - by procuring the services of a suitably qualified auctioneer in accordance with Council's Procurement Policy; or
- (e) sale through the Re-Use Market.

#### 9.1.3 Disposal Method Selection

Selection of a suitable disposal method will include consideration of (where appropriate):

- (a) the public demand and interest in the asset;
- (b) the method most likely to return the highest revenue;
- (c) the value of the asset;
- (d) the costs of the disposal method compared to the expected returns; and
- (e) compliance with statutory and other obligations.

### 10. **SALE OF ITEMS WHICH ARE NOT ASSETS**

Where Council determines to dispose of items which are not on Council's asset register and are not subject to any alternative statutory procedure, this policy can be used as a guide by estimating the value and following disposal methods with the appropriate level of accountability and transparency.

### 11. **EXEMPTIONS FROM THIS POLICY**

This Policy contains general guidelines to be followed by the Council in its disposal activities. There may be emergencies, or disposals in which a tender process will not necessarily deliver the best outcome for the Council and other market approaches may be more appropriate. In certain circumstances, the Council may, after approval from its elected members, waive application of this Policy and pursue a method which will bring the best outcome for the Council. The Council must record its reasons in writing for waiving application of this Policy.

### 12. **CONSULTATION**

Council must undertake public consultation in respect of its proposed disposals in accordance with the Act and its public consultation policies where applicable.

### 13. **RECORDS**

Council must record reasons for utilising a specific disposal method in each activity and where it uses a disposal method other than a tendering process.

### 14. **RISK MANAGEMENT**

This policy is to be administered with regard to and consistent with Council's Risk Management Framework Policy and risk management practices and procedures.



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#### 15. TRAINING/EDUCATION

Training will be provided to key members of staff, the Executive Leadership Team and Elected Members as required.

#### 16. REVIEW OF POLICY

This Policy will be reviewed:

- every four years; 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.

#### 17. FURTHER INFORMATION

This Policy will be published on the Council's website and will be available for inspection at the principal office of the Council.

A copy of this Policy will be provided to any person upon request following payment of a fee as prescribed in Council's Schedule of Fees and Charges.

File Reference:	AF18/56
Applicable Legislation:	Local Government Act 1999 (s49)
Reference:	
Related Policies:	F225 Fraud, Corruption, Misconduct and Maladministration Prevention Policy R305 Risk Management R180 Records Management Asset Accounting Behavioural Management Policy Procurement Policy B300 Budget Framework
Related Administrative Procedures:	
Related Documents:	Code of Conduct – Employee

#### 18. DOCUMENT DETAILS

Responsibility:	General Manager Corporate and Regulatory Services
Version:	1.0
Last revised date:	
Effective date:	
Minute reference:	
Next review date:	
Document History	
First Adopted By Council:	
Reviewed/Amended:	

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## 1. INTRODUCTION

Council is committed to implementing fair, transparent and competitive purchasing and contracting practices achieving optimum value for money outcomes aligned to the Council's strategic objectives, community expectations and the requirements of any special funding sources.

A procurement administrative framework is maintained to support the application of this policy.

## 2. PURPOSE

In compliance with Section 49 of the *Local Government Act 1999* (Act) and best practice principles in procurement, this Policy seeks to:

- define the methods by which Council can acquire goods and services;
- demonstrate probity, accountability, and responsibility of Council to all stakeholders;
- be fair and equitable to all parties involved;
- enable consistency of approach in the application of procurement processes; and
- ensure that the best possible outcome is achieved for Council.

## 3. SCOPE

This Policy applies to all procurement activities undertaken in the acquisition of goods or services on behalf of Council, whilst giving due regard to financial thresholds outlined in *Procurement Thresholds - Clause 10* below, whether solicited by Council, or the result of an unsolicited proposal from the private or not-for-profit sectors, and whether transacted via a trading account or Council expense card.

The procurement of goods and services must:

- only relate to business of the Council and must not be of a personal nature; and
- be approved in accordance with Council's delegations and any relevant Council policies.

This Policy does not cover:

- non-procurement expenditures such as sponsorships, grants, funding arrangements, donations, and employment agreements;
- real property acquisitions of land, buildings, or structures;
- the disposal of land and other assets;
- the acquisition/borrowing of art pieces and curating of exhibitions (these will be conducted under the Art Curatorial and Preservation Policy *once adopted, however until that time the requirements of this policy will apply*); or
- procurement processes during the Council Caretaker period (these will be conducted under the requirements of the Council Election Caretaker Policy, *however where the policy is silent, the requirements of this Procurement Policy will prevail*).

However, Council's normal budgetary process will consider these and determine authorisation as part of this process.





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#### 4. DEFINITIONS

In this Policy, unless the contrary intention appears, these words have the following meanings:

Key Term – Acronym	Definition
Acquisition Plan	a document that outlines the procurement methodology and sourcing strategy to be undertaken in a proposed procurement.
Agreement	An agreement between two or more authorised persons on behalf of their organisations to perform or not perform a specific act that is enforceable in law. An agreement may be verbal, written or inferred by conduct.
Contractor	Is an individual or organisation that is formally engaged to provide goods or services for or on behalf of an entity. This definition does not apply to casual, fixed-term or temporary employees directly employed by the entity.
Cumulative Spend	The total amount of money spent on goods and services from the same supplier over a period of time.
Delegated Authority	Powers or duties delegated from Council to a Council Officer.
Direct Purchase	Procurement process undertaken by directly approaching and negotiating with one supplier or contractor without testing the market. This method is generally only appropriate for low value and low risk goods and services.
Emergency Situation	A situation where Council is required to remedy or make good damage incurred to Council property from a natural or man-made incident. The Chief Executive Officer has the authority to act in an Emergency Situation: goods and services in these instances may be purchased from a supplier or contractor without reference to the financial limitations provided in this Policy.
Expression of interest (EOI)	Used to identify suppliers and contractors interested in, and capable of, delivering the required goods or services. Potential suppliers and contractors are asked to provide information on their capability and capacity to do the work. It is usually the first stage of a multi-stage procurement process.
Evaluation Criteria	The criteria used to evaluate the compliance of suppliers' offers. The evaluation criteria, either mandatory, weighted or non-weighted, provide a standard against which Council will evaluate the quantitative (financial) and qualitative (non-financial) elements of suppliers' offers to identify the best fit-for-purpose, value for money solution.
Exemption from Competitive Process	The deviation from policy to pursue a method of procurement that will provide the best outcome for the Council.
Goods	A physical or tangible item that does not include a labour component



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Key Term – Acronym	Definition
Lifecycle cost	The total cost of an item or system over its full life. It includes the cost of development, production, ownership (operation, maintenance, support), and disposal, if applicable. Also referred to as whole of life cycle cost or total cost of ownership.
Local Supplier	A supplier or contractor which is beneficially owned by persons who are residents or ratepayers of the Council, or has its principal business within the Council area, or a business that substantially employs persons who are residents or ratepayers.
Market Approach	The process undertaken to inform the market of your requirements to obtain offers to meet your requirements.
Prequalified Contractor	Contractors who have provided details which have been formally assessed against pre-defined criteria. These criteria usually include capability/experience, Work Health and Safety (WHS), quality and environmental certification, financial sustainability, work methods, insurances and licences.
Probity	Uprightness, honesty, proper and ethical conduct and propriety in dealings. It is often also used in government in a general sense to mean good process.
Procurement	A series of activities that are undertaken when purchasing goods and services, based on three key phases: planning, purchasing and contract management
Procurement process	The step-by-step process for the planning, establishment and contract management of small and large acquisitions.
Purchasing	The process by which an organisation contracts with another party to obtain the goods and services required to fulfil its business objectives.
Quotation/quote	An offer to supply goods and/or services, usually in response to an invitation to supply known as a request for quotation. Often used interchangeably with proposal, tender, bid and offer.
Services	An intangible supply or effort. Also referred to as "works".
Value for Money	The optimal combination of financial and non-financial factors through the lifecycle of the goods and services procured.

## 5. ROLES AND RESPONSIBILITIES

### Council:

Council is responsible for approving an appropriate Procurement policy.

### Chief Executive Officer:

The Chief Executive Officer ensures that:

- there are appropriate resources to fulfil the effective outcomes of this policy; and
- that they comply with this policy; and
- they review the processes and value of this policy.





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**General Managers:**

The General Managers ensure that:

- there are appropriate resources to fulfil the effective outcomes of this policy; and
- they comply with this policy.

**Council Staff:**

Council staff with financial delegated authority to procure will be responsible for ensuring appropriate procurement practices and procedures, including the identification of risk are observed.

**6. POLICY STATEMENTS:**

- 6.1 In compliance with Section 49 of the Local Government Act 1999 (Act), Council should refer to this policy (Policy) when acquiring goods or services.
- 6.2 Section 49 of the Act requires Council to prepare and adopt policies on contracts and tenders on:
- the contracting out of services;
  - competitive tendering and the use of other measures to ensure that services are delivered cost effectively; and
  - the use of local goods and services.
- 6.3 Furthermore, Section 49 (a1) of the Act requires Council to develop and maintain policies, practices and procedures directed towards:
- obtaining value in the expenditure of public money;
  - providing for ethical and fair treatment of participants; and
  - ensuring probity, accountability and transparency in all operations.

**7. PROCUREMENT OBJECTIVES:**

Council is committed to achieving a range of objectives through its procurement processes that may be considered alongside achieving value for money outcomes. Such objectives should be supported by appropriate evaluation criteria and weightings and decisions of Council.

Procurement activities undertaken by Council can include the following objectives:

**7.1 Open and Fair Competition**

Open and fair competition will be fostered and maintained by providing suppliers and contractors with appropriate access to Council's procurement opportunities. Council will ensure, where reasonably practicable, that:

- there is reasonable access for all suitable and competitive suppliers and contractors to the Council's business;
- where market circumstances limit competition, procurement activities recognise this, and associated methodology takes account of it; and
- adequate, identical and timely information is provided to all suppliers and contractors to enable them to quote or tender.

**7.2 Value for Money**

Value for money outcomes can be achieved through balanced consideration of financial and non-financial factors relevant to the procurement.

The following factors should be considered:

- the contribution to Council's long-term plan and strategic direction;
- any relevant direct and indirect benefits to Council, both tangible and intangible;
- efficiency and effectiveness of the proposed procurement activity;

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- the performance history, quality and scope of services, and support of each prospective supplier and contractor;
- fit for purpose of the proposed goods or service;
- whole of life costs including acquiring, using, maintaining and disposal;
- Council's internal administration costs;
- technical compliance issues and costs;
- risk exposure and WHS considerations;
- prevailing market forces and trends;
- the value of any associated environmental benefits;
- local economic development and social inclusion;
- trade-in values; and
- other relevant matters identified in specific procurement process documentation.

### 7.3 Probity, Accountability and Transparency

All procurement shall be undertaken in a manner that ensures:

- clearly established roles and responsibilities;
- appropriate record keeping and documentation;
- integrity through transparency of process and documentation of decisions made;
- adherence to relevant legislation, policy and procedure;
- identification and management of actual or potential conflicts of interest; and
- confidentiality of all commercial information.

### 7.4 Ethical Behaviour and Fair Dealing

All staff involved in procurement activities are to:

- behave with impartiality, fairness, openness, integrity, and professionalism
- provide all suppliers and contractors with equal opportunity to supply to Council;
- establish clear and easy to understand documentation requirements, evaluation criteria and methodology;
- provide consistent processes and constructive feedback on decisions upon request from suppliers and contractors; and
- ensure effective communication and provision of information to all suppliers and contractors.

### 7.5 Risk Management

The risk assessment process should consider financial, supply, business, legal, management, reputations, probity, work health and safety, environmental, public safety, political and sensitive risks.

Risks relating to the procurement process may include:

- procurement of unsuitable product or service;
- funding (e.g. internal & external, impact on long term financial plan);
- probity failure;
- inappropriate or inadequate specification;
- negotiation of agreement terms/failure to agree to terms;
- actual or perceived breach of probity/confidentiality;
- lack of responses/limited supplier participation; and
- evaluation processes.

Risks relating to the engagement of the product/service provider may include:



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- supplier capability/capacity/availability;
- agreement management/supervision;
- price variations;
- agreement disputes; and
- unauthorised change in scope of work.

#### Risk Assessment

Council personnel will ensure that appropriate practices and procedures of internal control and risk management are in place for its procurement activities, including risk identification, assessment, and implementation of controls.

Procurement risk assessments will focus on assessing a potential supplier's and contractor's capacity and capability to meet Council's requirements and identify any other factors which might result in goods or services not being successfully delivered.

#### Risk Based Approach to Market

Council's approach to market will be influenced by procurement risk assessments, with high-risk and high-value acquisitions requiring more formal procurement planning methodologies and higher levels of management oversight.

### 7.6 Work Health and Safety

Council is committed to protecting health, safety, and welfare. Council personnel will ensure that its procurement activities protect the health, safety and welfare of its workers, elected members, customers, and community.

If the procurement of services, goods, materials or plant and equipment involves implications for work, health or safety, Council's Work Health & Safety & Risk Management Team should also be consulted prior to such procurement.

Where appropriate, procurement evaluation must ensure an appropriately skilled person confirms all WHS requirements.

### 7.7 Environmental Sustainability

Council promotes environmental sustainability through its procurement activities and will consider the purchase of environmentally sustainable goods and services that satisfy the value for money criteria when all other financial and commercial considerations are equal. This can be by:

- purchasing recycled and environmentally preferred products where possible;
- adopting purchasing practices which conserve natural resources;
- aligning the Council's procurement activities with principles of ecological sustainability;
- selecting products and services which have lower environmental impacts across their life cycle compared with competing products and services;
- integrating relevant principles of waste minimisation and conservation of energy.
- providing leadership to business, industry, and the community in promoting the use of environmentally sensitive goods and services; and
- fostering the development of products and services which have a low environmental impact.



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#### 7.8 Local Economic Benefit and Social Inclusion

Council recognises the significant impact that its operations play in the local economy yet is mindful of its requirement to provide optimum value for money outcomes through its procurement activities and achieve budget expectations.

Council will endeavour to, at its discretion and to the full extent permitted by law, support local businesses by:

- promoting to local and regional businesses opportunities to supply to the Council;
- giving preference to local business when all other commercial considerations are equal;
- encouraging Aboriginal and Torres Strait suppliers and contractors to quote and tender.
- giving preference to Aboriginal and Torres Strait, local and regional businesses when all other commercial conditions are equal to ensure local employment opportunities and economic stability and/or growth; and
- considering economic and social inclusion elements such as employment creation and training opportunities specifically within the Council area.

#### 7.9 Social Impact

Where possible, Council will pursue procurement activities which generate social value ~~This refers to the intentional through procurement processes that can occur~~ through direct or indirect approaches, including but is not limited to:

- indigenous suppliers and contractors;
- people with a disability;
- women in business; and
- small to medium business.

#### 7.10 Effective Management of the End to End Procurement Lifecycle

The procurement lifecycle includes all of the steps and tasks within the procurement process, from needs identification and data gathering to contract management, delivery of goods or services and relationships with suppliers and contractors.

Council personnel will determine appropriate methodology within the various steps of the procurement lifecycle including planning, risk management, tendering, purchasing, contracting and financial control with regard to the scale, complexity and importance of the goods or services being acquired.





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## 8. PROCUREMENT THRESHOLDS

Procurements are to be in accordance with Council's financial thresholds outlined below:

Value of Procurement (\$)	Procurement Method	Policy Clause	Minimum No. of Quotes	Acquisition Plan	Approver
Up to \$2,000	Direct Purchase	10.1	0	Short-Form <sup>4</sup> when a contract for services is required	As per Financial Delegation
\$2,001 to \$10,000	Direct Purchase <sup>1</sup>	10.1	1		
\$10,001 to \$50,000	Request for Quotation (RFQ) <sup>1</sup>	10.2	2		
\$50,001 to \$100,000	Request for Quotation (RFQ) <sup>2</sup>	10.2	3	Long-Form <sup>4</sup>	
\$100,001 to \$500,000	Request for Tender (RFT) <sup>2 3</sup>	10.5	3		
Over \$500,000	Request for Tender (RFT) <sup>2 3</sup>	10.5	3		Council Resolution

Procurement Method	Decision Making Delegations
Direct Purchasing (Formal Supply Contracts)	<ul style="list-style-type: none"> <li>Authorised Officer – up to \$ limit</li> <li>Chief Executive Officer – up to budget</li> </ul>
Panel Contracts	<ul style="list-style-type: none"> <li>Authorised Officer – up to \$ limit</li> <li>Chief Executive Officer – up to budget</li> </ul>
Strategic Alliances	<ul style="list-style-type: none"> <li>Authorised Officer – up to \$ limit</li> <li>Chief Executive Officer – up to budget</li> </ul>

*Note for Audit & Risk Members Information:*

- Acquisition Plans** - This will be included in the Administrative Procedure instead of the Policy. The acquisition plan requirements are currently based on value, however as our processes are further developed it is likely this will move to a risk/complexity basis. By specifying the requirements in the procedure we will have more flexibility to change as our processes are further developed.

The value of the procurement is calculated as follows:

- Single one-off procurement** (e.g. purchase of a mower) – the total amount, or estimated amount, of the procurement (excluding GST);
- Multiple procurements with the same supplier or contractor** (e.g. purchase of two new mowers at the same time) – the combined gross value, or the estimated gross value, of the procurements (excluding GST); or
- Ongoing procurements over time** – ~~the annual gross value, or the estimated annual gross value, of the procurements (excluding GST).~~ – the total is calculated across all elements of the procurement process including any agreement options, extensions, renewals and contingencies (excluding GST) and should be considered in the planning phase of the project (e.g. the provision of a building maintenance service that costs \$25,000 per year on a two year contract that has an option to extend for a further two years, would have a procurement value of \$100,000).

<sup>1</sup> Evidence of cost estimate/s or written quotation/s to be recorded in Council's records management system. Where a schedule of rates has been submitted by a supplier under a panel arrangement, this may be used as evidence of quotation and referenced as required.

<sup>2</sup> Competitive process to be undertaken in consultation with procurement staff

<sup>3</sup> Prior to undertaking a formal tender process Council may invite Expressions of Interest (refer clause 10.3)

<sup>4</sup> ~~Plant Replacement Program Acquisition Plan to be used for all acquisitions of plant/vehicles included in the annual Plant Replacement Program~~

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~~The value of a procurement or transaction is calculated across all elements of the procurement process including any agreement options, extensions, renewals, and contingencies (exclusive of GST) and should be considered in the planning phase of the project. For example, the provision of a building maintenance service that costs \$25,000 per year on a two year contract that has an option to extend for a further two years, would have a procurement value of \$100,000.~~

Splitting the value of the purchase into individual components to meet with lower value of Purchase Thresholds is **not** permitted.

#### 9. CUMULATIVE SPEND

Cumulative spend is identified as the estimated value of the total proposed purchase(s), including any agreement options, extensions and renewals (exclusive of GST), and potential cumulative value of the goods or services supplied over a period of time ie twelve (12) months against a supplier and contractor.

Cumulative Spend shall be monitored annually by Council to determine whether the appropriate procurement process has been undertaken and/or an alternative procurement method is required to be undertaken to comply with this policy.

#### 10. PROCUREMENT METHODS

The method of procurement will be documented in an Acquisition Plan (in accordance with the requirements of clause 8 Procurement Thresholds), with reference to a number of factors including procurement complexity, value, risks, characteristics of the supply market and and Council's strategic objectives. ~~Personnel with financial delegated authority to procure will be responsible for ensuring appropriate procurement practices and procedures, including the identification of risk are observed.~~ *Note for Audit & Risk Members Information: This is now included in Roles and Responsibilities.*

##### 10.1 Direct Purchasing

- Direct purchasing is a procurement method undertaken by directly approaching and negotiating with one (1) supplier or contractor.
- Procurement method may be conducted where transactions are of low value and low risk.
- Prices should be tested for currency prior to awarding supplier or contractor to give consideration to Value for Money.
- ~~Payment options available to the Council for direct purchasing include corporate cards, employee purchase reimbursement and store credit (purchase order) payment via Electronic Funds Transfer (EFT).~~

##### 10.2 Request for Quotations (RFQ)

- This is where Council obtains quotations from prospective suppliers or contractors for the provision of low value, low risk goods and services.
- This method may be suitable for simple, largely price-based purchases.

##### 10.3 Expressions of Interest (EOI)

- Expressions of Interest are useful when the number of suppliers or contractors, market size or the approach to solving a problem is largely unknown.
- Such a process can form the platform for a future Request for Tender for the goods and/or services required.
- Council should attempt to assess the market before conducting an EOI process and refine its requirements as much as possible to ensure responses are targeted appropriately.



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#### 10.4 Request for Proposal (RFP)

Request for Proposals are useful when Council has identified a need for goods or services and wishes to invite qualified suppliers or contractors to propose solutions to meet the need.

#### 10.5 Request for Tender (RFT)

- This is where the Council issues a tender for the goods or services required.
- Council may issue a "Select" Request for Tender where it has already issued an EOI, or where it has reasonable grounds for only dealing with a select group of potential suppliers or contractors.
- Otherwise, Council may issue an "Open" Request for Tender.

#### 10.6 Panel Contracts

Council may establish its own panel arrangements with a select group of suppliers or contractors to increase efficient procurement of goods and services.

- Panels must be established following the principles of this Policy.
- Any panels must operate under an Agreement and managed for performance and on-going value for money opportunities.

#### 10.7 Strategic Alliances

If the Council enters into a strategic alliances procurement process under this policy (Strategic Alliances) then there will be no requirement for the Council to approach the wider market or enter into a separate RFT/RFQ as an open tender process has already been undertaken. Council can meet its procurement requirements through contractual arrangements established and administered by other organisations that demonstrate adherence to the requirements of this policy. The use by the Council of Strategic Alliances means that the methods of procurement set out in this policy will be undertaken pursuant to and in accordance with the arrangements set out under the Strategic Alliances.

These include, but is not limited to:

- LGA Procurement (via VendorPanel);
- a purchasing group of which the Council is a member;
- some State Government contracts; and
- ad hoc alliances created with other Local Government entities.

### 11. **EXEMPTIONS FROM THIS POLICY**

#### 11.1 Exemptions where Documented Approval of Exemption is Required

~~This Policy contains general guidelines to be followed by the Council in its procurement activities.~~ There may be emergencies, or procurements in which a particular process will not necessarily deliver best outcome for the Council, and other market approaches may be more appropriate.

The authority to provide an exemption from using the required method of procurement will be delegated to the Chief Executive Officer or the relevant General Manager in accordance with expenditure sub-delegations as prescribed in Council's Delegations Register. ~~Reasons for any exemption to the procurement method must be documented and registered in Council's Electronic Document Records Management System~~

A request for waiver of a competitive process should not be viewed as a mechanism to remove the need for rigorous procurement planning and an appropriately completed exemption request form must detail the reasons why the

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exemption is necessary and the planning/investigation which has been undertaken. ~~The Chief Executive Officer or General Manager~~. In approving an exemption, the approver will consider the scale, scope and relative risk of the purchase, including the principles defined in this Policy.

Situations where it may be appropriate to waive application of this policy are:

- a) there may be significant public risk if the procurement is delayed by process requirements, such as emergency situations threatening life and property;
- b) there may be a significant risk to Council's operations;
- c) the pressures of time are such that an open tender call is not feasible, such as where there has been an unanticipated Council or Government policy decision;
- d) Council purchases assets or goods at an auction up to \$100,000;
- e) Council purchases second hand assets or goods up to \$100,000;
- f) a supplier or contractor is evidenced to be a "sole supplier or contractor" in the market and effectively a niche specialist or monopoly, rendering the tender process redundant;
- g) a supplier or contractor who has considerable background knowledge and experience, or specialist expertise on that particular Council project or asset e.g. an extension of a previous project. In such circumstances, the procurement of assets, goods, or services on negotiated fees and terms through that supplier or contractor alone may be deemed sound and advantageous to the project. This could include engaging the supplier or contractor on a retainer basis for a specialised period of time;
- h) continuation of services under an existing purchasing arrangement (i.e. variations/ extensions to existing purchase orders or agreements);
- i) goods or services are being provided under an existing purchasing arrangement (i.e. warranty, servicing, maintenance or defects liability);
- j) where knowledge, design and/or intellectual property is being retained to secure continuity of a staged initiative which may be disadvantaged (e.g. time, objective, financially) if subjected to a further competitive engagement process; or
- k) Council has entered into a strategic alliance procurement process in accordance with clause 10.7 of this policy.

#### 11.2 Exemptions where Documented Approval is Not Required

Goods and services which are deemed integral to the day to day running of Council (for example utilities and government statutory charges) are not subject to the requirements of this policy. A list of these goods and services can be found in the [Procure to Pay \(Procurement\) Administrative Procedure—procurement framework documentation](#). Although market engagement is not required, Council Officers must exercise due diligence to ensure value for money for Council.

## 12. DELEGATIONS

- Expenditure sub-delegations, detailing authorised purchases, purchasing limits and the ability to enter an agreement are prescribed in Council's Delegations Register.
- This Policy also applies to any Committee of Council, or other delegated bodies with specific delegated authority to procure good under its Terms of Reference. Where there is a conflict between the Terms of Reference and this Policy for the procurement of goods or services, this Policy will prevail.



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### 13. RECORDS

The Council must maintain records of procurement activities in accordance with the State Records Act 1997 and Council's records management policies and procedures. At a minimum, documentation which details the procurement method, risk, evaluation plan and evaluation result, must be prepared and maintained for each relevant procurement. The preferred method of capturing procurement activity records is through use of established templates available to Council officers.

### 14. PRUDENTIAL REQUIREMENTS

This policy is to be administered with regard to and consistent with Council's Prudential Management Policy, practices and procedures and s48 of the Local Government Act 1999.

### 15. TRAINING/EDUCATION

Training will be provided to key members of staff, the Executive Leadership Team and Elected Members as required.

### 16. REVIEW OF POLICY

This Policy will be reviewed:

- every four years; 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.

### 17. FURTHER INFORMATION

This Policy will be published on the Council's website and will be available for inspection at the principal office of the Council.

A copy of this Policy will be provided to any person upon request following payment of a fee as prescribed in Council's Schedule of Fees and Charges.

File Reference:	AF18/56
Applicable Legislation:	Local Government Act 1999 (s49)
Reference: Strategic Plan 2020-2024	Goal 3 – Our Diverse Economy
Related Policies:	B300 Budget Framework F225 Fraud, Corruption, Misconduct and Maladministration Prevention Policy R305 Risk Management R180 Records Management P415 Prudential Management Disposal of Land and Assets Policy Behavioural Management Policy
Related Administrative Procedures:	<b>Procure to Pay (Procurement) Administrative Procedure</b> Petty Cash Administrative Procedure Corporate Card Administrative Procedure Corporate Expenditure Administrative Procedure (Draft) Raising a Purchase Order Administrative Procedure Receipting a Purchase Order Administrative Procedure
Related Documents:	Procurement Templates (AF17/47) Code of Conduct – Employee

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#### 18. DOCUMENT DETAILS

Responsibility:	General Manager Corporate and Regulatory Services
Version:	
Last revised date:	
Effective date:	
Minute reference:	
Next review date:	
Document History First Adopted By Council: Reviewed/Amended:	

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**5.5 COUNCIL INVESTMENTS AND BORROWINGS – REPORT NO. AR23/70502**

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>27 November 2023</b>
<b>Report No.:</b>	<b>AR23/70502</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Julie Scoggins, Manager Financial Services</b>
<b>Authoriser:</b>	<b>Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>Investments – During the 2022/2023 Financial year Council’s investments earned \$715 of interest and the LGFA paid \$47,276.84 in Special distributions.</b>
	<b>Borrowings - At 30 June 2023 were \$31,397,262 including \$5,545,103 in variable cash advance debentures and \$25,852,159 in fixed credit foncier loans.</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. AR23/70502 titled ‘Council Investments and Borrowings’ as presented on 27 November 2023 be noted.





## TYPE OF REPORT

Legislative

## BACKGROUND

1. **Legislation** - In accordance with Section 140 of the Local Government Act,  
*A council must, at least once in each year, review the performance (individually and as a whole) of its investments.*
2. **Treasury Management Policy Required Reporting** - As detailed in T150 Treasury Management Policy:  
*At least once a year Council shall receive a specific report regarding treasury management performance relative to this policy document. The report shall highlight:*
  - *For each Council borrowing and investment, the quantum of funds, its interest rate and maturity date, interest income/expense and changes in the quantum since the previous report; and,*
  - *The proportion of fixed interest rate (split between interest-only borrowings and credit foncier borrowings) and variable interest rate borrowings at the end date of the reporting period and an estimate of the average of these proportions across the period along with key reasons for significant changes.*
3. **Holistic Management of Funds** - In accordance with Council's Treasury Policy, funds are managed holistically in accordance with its overall financial sustainability strategies and targets. Funds are not quarantined for particular future purposes, unless required by legislation.
4. **Investments** - Any funds that are not immediately required for operational needs and cannot be applied to either reduce existing borrowings or avoid the raising of new borrowings, are invested with the Local Government Finance Authority (LGFA).
5. **Banking Services** - Westpac is the current provider of Council's transactional banking services.
6. **LGFA** - The LGFA is administered by a Board of Trustees, and works for the benefit of Councils and other Local Government Bodies within South Australia. It is not part of the Crown, nor is it an agency or instrumentality of the Crown. All South Australian Councils are automatically members of the LGFA, but use of LGFA services for investments and loans is entirely voluntary. In accordance with Section 24 of the *Local Government Finance Authority Act 1983*, *the Treasurer of South Australia guarantees all of the Authority's liabilities, including monies accepted on deposit from clients.*
7. **Annual Distribution** – The LGFA re-distribute a portion of their profits each year to member Councils. Council's may receive two Special Distributions, one calculated and paid on deposits held and the other on loans held.





8. **Loan Facilities** - Council loan facilities as at 30 June 2023 were as follows (noting the 30 June 2021/22 balances in Attachment 1):

Facility	Expiry Date	Interest Rate	Facility Limit	Drawn Down	Available
Credit Foncier 102 (Library)	15/06/2024	5.97%	\$ 1,719,901	\$ 1,719,901	\$ -
Credit Foncier 109 (WRCC)	16/05/2032	4.75%	\$ 4,598,871	\$ 4,598,871	\$ -
Credit Foncier 110 (WRCC)	16/05/2037	4.85%	\$ 9,533,387	\$ 9,533,387	\$ -
Credit Foncier 111 (WRCC)	15/03/2025	5.07%	\$ 5,000,000	\$ 5,000,000	\$ -
Credit Foncier 112 (WRCC)	15/05/2026	4.95%	\$ 5,000,000	\$ 5,000,000	\$ -
			<b>\$ 25,852,159</b>	<b>\$ 25,852,159</b>	<b>\$ -</b>
CAD 104	17/06/2028	6.05%	\$ 1,000,000	\$ 1,000,000	\$ -
CAD CV19 104	15/12/2023	5.30%	\$ 3,200,000	\$ 3,200,000	\$ -
CAD LGIPP 104	17/05/2024	5.30%	\$ 800,000	\$ 800,000	\$ -
CAD 106	15/04/2026	6.05%	\$ 5,000,000	\$ 545,103	\$ 4,454,897
CAD 107	16/08/2026	6.05%	\$ 10,000,000	\$ -	\$ 10,000,000
CAD 107	15/06/2025	6.05%	\$ 1,500,000	\$ -	\$ 1,500,000
			<b>\$ 21,500,000</b>	<b>\$ 5,545,103</b>	<b>\$ 15,954,897</b>
<b>Total</b>			<b>\$ 47,352,159</b>	<b>\$ 31,397,262</b>	<b>\$ 15,954,897</b>

9. **Accounting Adjustments** – This report provides a summary of the performance of Council's investments and borrowings and as such does not include accounting adjustments for AASB 16 Leases and AASB 9 Financial Instruments.

## PROPOSAL

### Investments:

**Investment Accounts** - Council held funds with both the LGFA and Westpac.

- LGFA Funds** - Funds held are minimised to reduce debt levels and subsequent interest charges. No funds were held in the LGFA General account at 30 June 2023 compared to \$276 at 30 June 2022.
- LGFA Special Distribution** – Council received a total \$47,276.84 in Special Distributions: \$500.63 for Deposits held and \$46,776.21 for Loans held in 2022/2023 compared to \$12,459 for 2021/2022 (loans held \$5,785 and deposits \$6,674).
- Westpac Account** – Funds held are minimised to reduce debt levels and subsequent interest charges. \$66,585 was held with Westpac at 30 June 2023 compared with \$228,527 at 30 June 2022.

### Borrowings:

- Borrowings** - Council borrowings at 30 June 2023 were \$31,397,262, including \$5,545,103 in Cash Advance Debentures at varying rates and five fixed term Credit Fonciers (both detailed in table above) compared to \$23,302,038 as at 30 June 2022.
- Cash Advance** - \$10,000,000 of variable CAD's were converted into two fixed term Credit Fonciers and one new CAD facility was created as follows:
  - **CAD 105** - Closed;
  - **CAD 106** - Available drawdown reduced from \$10,000,000 to \$5,000,000; and
  - **CAD 113** - A new facility of \$1,500,000 was created.
- CAD Interest Rate** - The interest rate applied to CAD's at 30 June 2023 was 6.05%. CAD 104 was split in the 2021 Financial year to take advantage of 0.75% reduction that was available



to Council. The result of this split is \$4,000,000 at 5.3% and \$1,000,000 at 6.05% (detailed in the table above).

4. **Credit Foncier (CF)** - Council had five Credit Foncier (fixed interest) loans at 30 June 2023 (detailed in table above). Two new credit fonciers were taken out in FY 2023 noting that both loans have a balloon option at their expiry date (i.e. Council can choose to either pay back the loan, or refinance with either a credit foncier or CAD facility noting that the loans were established on a 20 year repayment basis):
  - **CF 111** - Conversion of variable CAD to a new fixed interest loan for \$5,000,000 in March 2023 with an interest rate of 5.07%.
  - **CF 112** - Conversion of variable CAD to a new fixed interest loan for \$5,000,000 in May 2023 with an interest rate of 4.95%.
5. **Interest Paid** - Interest paid on the borrowings for the year ending 30 June 2023 was \$1,551,297 compared to \$514,005 in the year ending 30 June 2022, which aligns with an increase in borrowings.

## LEGAL IMPLICATIONS

Local Government Act 1999 Section 140

## STRATEGIC PLAN

Borrowings are required as a source of funding to support the delivery of the strategic plan and specifically the Wulanda Recreation and Convention Centre.

## COUNCIL POLICY

[T150 Treasury Management Policy](#)

## ECONOMIC IMPLICATIONS

Debt modelling was undertaken to inform the debt strategy and associated structure.

## ENVIRONMENTAL IMPLICATIONS

N/A

## SOCIAL IMPLICATIONS

N/A

## CULTURAL IMPLICATIONS

N/A

## RESOURCE IMPLICATIONS

The Annual Business Plan and Budget includes the estimated borrowings as at the end of the financial year.

## VALUE FOR MONEY

Aligned with other SA Councils and previous Council decisions, the LGFA is used as the source of borrowings.

## RISK IMPLICATIONS

Risk has been assessed in the debt structure that has been previously presented to Elected Members and the Audit and Risk Committee.

## EQUALITIES AND DIVERSITY IMPLICATIONS

N/A

## ENGAGEMENT AND COMMUNICATION STRATEGY

N/A



## **IMPLEMENTATION STRATEGY**

N/A

## **CONCLUSION AND RECOMMENDATION**

Aligned with legislation and T150 the Treasury Management Policy it is recommended that this report as presented be noted.

## **ATTACHMENTS**

1. Loans Balance 30 June 2022 [↓](#)



**Attachment 1 – Loan Balances as at 30 June 2022**

Facility	Expiry Date	Interest Rate	Facility Limit	Drawn Down	Available
Credit Foncier 102 (Library)	15/06/2024	5.97%	\$ 1,952,038	\$ 1,952,038	\$ -
Credit Foncier 109 (WRCC)	16/05/2032	4.75%	\$ 5,000,000	\$ 5,000,000	\$ -
Credit Foncier 110 (WRCC)	16/05/2037	4.85%	\$ 10,000,000	\$ 10,000,000	\$ -
			<b>\$ 16,952,038</b>	<b>\$ 16,952,038</b>	<b>\$ -</b>
CAD 104	15/12/2023	2.80%	\$ 1,000,000	\$ -	\$ 1,000,000
CAD CV19 104	17/06/2028	2.05%	\$ 3,200,000	\$ 3,200,000	\$ -
CAD LGIPP 104	17/05/2024	2.05%	\$ 800,000	\$ -	\$ 800,000
CAD 105	17/08/2030	2.80%	\$ 5,000,000	\$ 3,150,000	\$ 1,850,000
CAD 106	15/04/2026	2.80%	\$ 10,000,000	\$ -	\$ 10,000,000
CAD 107	16/08/2026	2.80%	\$ 10,000,000	\$ -	\$ 10,000,000
			<b>\$ 30,000,000</b>	<b>\$ 6,350,000</b>	<b>\$ 23,650,000</b>
<b>Total</b>			<b>\$ 46,952,038</b>	<b>\$ 23,302,038</b>	<b>\$ 23,650,000</b>



**5.6 SELF-ASSESSMENT OF PERFORMANCE AUDIT AND RISK COMMITTEE – REPORT NO. AR23/76967**

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>27 November 2023</b>
<b>Report No.:</b>	<b>AR23/76967</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Julie Scoggins, Manager Finance</b>
<b>Authoriser:</b>	<b>Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>To present for consideration and adoption, the draft Audit and Risk Committee Self-Assessment Annual Report.</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. AR23/76967 titled 'Self-assessment of Performance Audit and Risk Committee' as presented on 27 November 2023 be noted.
2. That the Audit and Risk Committee Self-Assessment Report for 2022/2023 having been reviewed by the Audit and Risk Committee on 27 November 2023 be adopted.



## TYPE OF REPORT

Other

## BACKGROUND

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

*The Committee shall:*

*14.2 Self Assessment Reports - The Committee will at least once a year, review its own performance and provide a Self Assessment Report to the CEO for tabling at the next Council meeting.*

2. **Performance Review** - The Audit and Risk committee Terms of Reference requires the Committee to review its own performance to seek to ensure that it is operating at maximum effectiveness and recommend any desired changes to Council.
3. **The Local Government Act Financial Sustainability Information Paper 3** - On Audit and Risk Committees recommends that the Committee provide an annual report to Council.
4. **New Legislation - Local Government Act 1999 from 30 November 2023: Section 126**  
- (8) A council Audit and Risk Committee must—  
(a) provide a report to the council after each meeting summarising the work of the committee during the period preceding the meeting and the outcomes of the meeting; and  
(b) provide an annual report to the council on the work of the committee during the period to which the report relates.  
(9) A council must ensure that the annual report of its Audit and Risk Committee is included in its annual report
5. **Committee Minutes** - The Minutes of each Committee meeting are provided to each Council Member and Committee Member and recommendations from the Committee are provided to the following Council meeting for consideration/adoption. All Committee recommendations in 2022/2023 have been adopted by Council.
6. **Meetings** - The Committee met 8 times during 2022/23 and considered reports on topics including but not limited to: The Annual Financial Statements, Annual Work Plan, Annual Business Plan, Long Term Financial Plan and Asset Management Plans, Audit Engagement, Policies, Quarterly Budget Reviews, Risk and Work Health and Safety, and the Self-Assessment of the Audit and Risk Committee.

## PROPOSAL

### Self-assessment:

1. **Summary** - The Audit and Risk Committee's self-assessment is drafted in Table 1. This table is consistent with the review table included in the 6 December 2022 Audit and Risk Committee report.
2. **Feedback** - Has been sought from Audit and Risk Committee members and included in this report.
3. **Performance Compared To New Legislation (from 30 November 2023)** – As shown below by the green text, the Audit and Risk Committee meetings have covered the functions with the exception of the Internal Audit Program, (where a report outlining the program and approach is presented at this meeting) and investigations and prudential reporting, and is aligned with





Section 126 (4) and (5) of the Local Government Act (effective from 30 November 2023) as shown below:

- (4) *The functions of a council audit and risk committee include—*
- (a) *reviewing annual financial statements to ensure that they present fairly the state of affairs of the council; and*
  - (b) *proposing, and providing information relevant to, a review of the council's strategic management plans or annual business plan; and*
  - (c) *monitoring the responsiveness of the council to recommendations for improvement based on previous audits and risk assessments, including those raised by a council's auditor; and*
  - (d) *proposing, and reviewing, the exercise of powers under section 130A; and*
  - (e) *liaising with the council's auditor in accordance with any requirements prescribed by the regulations; and*
  - (f) *reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the council on a regular basis; and*
  - (g) —
    - (i) *if the council has an internal audit function—*
      - (A) *providing oversight of planning and scoping of the internal audit work plan; and*
      - (B) *reviewing and commenting on reports provided by the person primarily responsible for the internal audit function at least on a quarterly basis; or*
  - (h) *reviewing and evaluating the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis; and*
  - (i) *reviewing any report obtained by the council under section 48(1); and*
  - (j) *performing any other function determined by the council or prescribed by the regulations.*
- (5) *There must be at least 1 meeting of a council audit and risk committee in each quarter.*

Table 1: Self performance considerations

AREA	COMMENT
<b>Role &amp; Terms of Reference</b>	The Audit and Risk Committee is of the view that functions and extent of authority as defined under S126 (4) local government act are adequately defined in the <i>Terms of Reference</i> established by Council. The last review of the Terms of Reference was performed on 6 December 2022.
	The Audit and Risk Committee is of the view that its role and function includes the monitoring of financial reporting and management, internal controls and risk management systems, the effectiveness of internal audit functions and the external audit arrangements.
<b>Independence</b>	<b>Independent Opinions/Views</b> - The Audit and Risk Committee is of the view that it is able to form opinions and express views independently without perceiving a conflict of interest based on their current position within or outside Council.
	<b>Council Staff Attendance</b> - The Audit and Risk Committee believes that the invited attendance of the CEO, a General Manager, the Manager Financial Services, or other Council staff at times, provides direction without influence. Continued attendance is desirable.



AREA	COMMENT
<b>Committee Skills/Training</b>	<b>Selection</b> - The Audit and Risk Committee is of the view that its members have been selected due to their qualifications and expertise and their combined qualifications and experience allow it to perform its role appropriately.
	<b>Skills/Experience</b> - Members' backgrounds include a combination of accounting, risk management, internal control and/or external audit experience and exposure. Members have access to relevant and ongoing professional training.
<b>Work Program</b>	<p><b>2023 Program</b> - The Audit and Risk Committee's work program for 2023 met its areas of focus and the Audit and Risk Committee recognises that its work program can be updated based on changing expectations and/or to address topical issues and emerging trends.</p> <ul style="list-style-type: none"> <li>• <b>Attachment 1</b> - Is a summary of reports presented at the Audit and Risk Committee meetings during 2023.</li> <li>• <b>Attachment 2</b> - Is a summary of items presented at Audit and Risk Committee workshops during 2023.</li> <li>• <b>Attachment 3</b> - Is a summary of performance against the works program. This shows that the majority of items were presented in terms of either the timing or frequency of reporting (and in some cases exceeded) during 2023.</li> </ul>
<b>Council Structure and Decision Making</b>	<b>Council</b> - The Audit and Risk Committee are aware of the processes of Council, Council's organisational structure and decision-making processes.
	<b>Documentation</b> - Audit and Risk Committee members are provided with copies of financial statements, policies and reports of Council if and when relevant. In the 2023/2024 Financial Year Council staff will continue to present and discuss relevant financial processes to promote transparency and understanding.
<b>Meeting Operation and Frequency</b>	<p><b>Frequency</b> - 8 Audit and Risk Committee meetings were held in 2022/23 with 7 ordinary meetings and 1 special meeting which has exceeded the Terms of Reference requirement to meet at a minimum of four times a year.</p> <p><b>Local Government Act 1999 Section 126 (5)</b> (from 30 November 2023) - There must be at least 1 meeting of a council audit and risk committee in each quarter.</p>
<b>Resources available to the Audit and Risk Committee</b>	<b>Staff Resources</b> - The Audit and Risk Committee utilises the resources of Council through the attendance of the external audit service provider, the CEO, the General Manager Corporate and Regulatory Services, the Manager Financial Services and other employees as requested.
	<b>External Auditors</b> - The Audit and Risk Committee has liaised with external auditors and Council employees as required in order to meet its role and terms of reference. The Audit and Risk Committee has met with the auditor once during the last financial year (noting that they did not think it necessary to attend further to the interim audit).
<b>Audit and Risk Committee's working</b>	<b>Role &amp; Function</b> - Council appears to be aware of role and function of Audit and Risk Committee. Presence of CEO, the Manager



AREA	COMMENT
<b>relationship with Council and the senior management team</b>	Financial Services and the General Manager Corporate and Regulatory Services assists the Audit and Risk Committee in decision achievement.
	<b>Support</b> - No issues of conflict have arisen. The Audit and Risk Committee recognises the significant role played by Council employees to address and advise the Committee.
<b>The Audit and Risk Committee's access to appropriate Council information</b>	<b>Oversight</b> - The Audit and Risk Committee notes its oversighting role regarding financial and risk management within Council. Although it has no operational responsibility it has access to necessary information to perform its review role around the policies, procedures and compliance related to policies and procedures guiding decisions with major financial or risk implications.
	<b>Works Program</b> - The Audit and Risk Committee is able to contribute to the Annual Works Program incorporating any subjects it determines to be either topical or of consistent interest to the committee.
<b>The extent to which the Audit and Risk Committee's advice is contributing to the effective operation of the Council</b>	<b>Terms of Reference</b> - The Audit and Risk Committee recognises that its role and terms of reference are a requirement of the local government act. Members are cognisant of their requirements, roles and responsibilities.
	<b>Function and Role</b> - The Audit and Risk Committee holds the view that its function and role will be increasingly viewed as complimentary to Council in its activities for ratepayers.
	<b>Policies</b> – The Asset Accounting Policy was reviewed and the Internal Controls Policy was reinstated during the 2022/2023 financial year.
	<b>Annual Report</b> – Council's Annual Report includes a summary of the annual works program undertaken for the year, the number of meetings held and meeting attendance.

## LEGAL IMPLICATIONS

Local Government Act Sections 126 and 41.

Local Government (Financial Management) Regulations 2011

Terms of Reference – Audit and risk committee

## STRATEGIC PLAN

N/A

## COUNCIL POLICY

N/A

## 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 recommendation to Council is that they adopt the Audit and Risk committee's Self-Assessment Report based on the information contained in this report.

**ATTACHMENTS**

1. Reports presented at the Audit and Risk Committee meetings [↓](#)
2. Audit and Risk Committee Workshops Summary [↓](#)
3. Audit and Risk Committee - Performance against the work program [↓](#)



### Attachment 1 - Reports Presented

Meeting Date	Reports Presented
9/02/2023	Council Investments and Borrowings External Audit Management Report
27/03/2023	Budget Review 1 and 2 2022/2023 Work Health Safety and Wellbeing Management Risk Management Report March 2023
8/05/2023	External Audit Management Report Work Health Safety and Wellbeing Management
5/06/2023	External Audit Management Report Internal Financial Controls 2022-2023 - Self Assessment 2023/2024 Draft Annual Business Plan and Budget Draft Long Term Financial Plan 2024-2033 Draft Interim Asset Management Summary 2024-2033
31/07/2023	Work Health Safety and Wellbeing Management Risk Management Report June 2023 Review of Council Policies - Update Phriendly Phishing Report
11/09/2023	Review of Council Policies - Update Infrastructure Valuation
30/10/2023	Draft 2022/2023 Financial Statements Comparison of Actual to Budget for the year ending 30 June 2023
27/11/2023	Audit and Risk Committee Meeting Report 27/11/2023 Policy Review - F225 Fraud and Corruption Prevention Policy and Internal Audit Policy Policy Review - Procurement and Disposal of Land and Assets Policies External Audit Management Report Council Investments and Borrowings Self-assessment of Performance Audit and Risk Committee Internal Audit Program Risk Management Report Work Health Safety and Wellbeing Management Review of Council Policies and Leases/Licences - Update Audit and Risk Committee Work Program & Meeting Schedule 2024





**Attachment 2 - Audit and Risk Committee Workshops Summary**

Workshop Date	Items Presented
9/02/2023	Finance Activities Audit and Risk Program Update LTFP, Asset Management Plans and ABP process overview and approach LTFP - Considerations and Parameters Internal Financial Controls 2022-2023 - Self Assessment Approach and Timelines Financial Services Vision
27/03/2023	Finance Activities Audit and Risk Program LTFP, Asset Management Plans and ABP process overview and approach Financial Levers - Update in progress made Procurement Update - Update on reporting and planning
8/05/2023	Finance Activities LTFP, Asset Management Plans and ABP – Overview of process/approach, numbers and key messaging.
30/10/2023	Draft Audit & Risk Committee Work Program Audit and Risk Committee Self Assessment Audit and Risk Committee - Draft Internal Audit Program Policies update Budget Review 1 overview



### Attachment 3 - Performance Against Work Program

Program	Target	Actual	Achieved
<b>Financial Reporting &amp; Management:</b>			
Review statutory financial statements	October	October	Yes
Comparison of actual performance to budget as at year-end	October	October	Yes
Review performance of investments and borrowings	November	November	Yes
External Audit Attendance Letter	July	N/A	N/A
Audit & Risk Committee self-assessment and annual report	November	November	Yes
<b>Internal Controls and Risk Management Systems:</b>			
Monitor effectiveness of Council's internal controls & risk mgt systems.	May	June	Yes
Strategic Risk Register	3 Reports	4 Reports	Yes
Review of insurances	October	Deferred	No
Local Government Act Reform	3 Reports	N/A	N/A
Work Health Safety Update	3 Reports	4 Reports	Yes
<b>Internal Audit (TBC):</b>			
Internal Audit - Oversight of program planning and scope.		Nov	Yes
Progress on internal audits		N/A	N/A
<b>External Audit:</b>			
Review annual audit plan	February	February	Yes
Meeting with auditors to review audit findings	October	October	Yes
Review audit management report and management's response	4 Reports	4 Reports	Yes
Review any Mgt Representation Letter before they are signed by management.	October	October	Yes
<b>Review of Strategic Management and Business Plans:</b>			
Review Asset Management Plans (Forward Works Program)	May	June	Yes
Review Long Term Financial Plan	May	June	Yes
Review Annual Business Plan	May	June	Yes
Budget Reviews (BR1, BR2, BR3)	3 Reports	2 Combined Reports	Yes
<b>Policy Reviews:</b>			
Asset Accounting Policy (Annual review)	March	September	Yes
Any other policies as required		As provided	Yes
<b>Other:</b>			
Review annual work plan	November	November	Yes



**5.7 AUDIT AND RISK COMMITTEE WORK PROGRAM & MEETING SCHEDULE 2024 –  
REPORT NO. AR23/76965**

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>27 November 2023</b>
<b>Report No.:</b>	<b>AR23/76965</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Julie Scoggins, Manager Financial Services</b>
<b>Authoriser:</b>	<b>Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>This report provides details of the proposed Audit and Risk Committee work program and meeting schedule.</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. AR23/76965 titled 'Audit and Risk Committee Work Program & Meeting Schedule 2024' as presented on 27 November 2023 be noted.
2. That having been reviewed by the Audit and Risk Committee on 27 November 2023, the below meeting dates for 2024 be adopted, noting that the meeting dates are subject to change, including if an additional meeting is required:
  - (a) 29 January 2024
  - (b) 26 February 2024;
  - (c) 25 March 2024;
  - (d) 27 May 2024;
  - (e) 29 July 2024;
  - (f) 28 October 2024; and
  - (g) 25 November 2024.
3. That the draft work program as reviewed by the Audit and Risk Committee for the calendar year 2024 (attached) be adopted, noting the meeting dates, months and schedule are subject to change, including if an additional meeting is required.



## TYPE OF REPORT

Corporate

## BACKGROUND

1. **Terms of Reference** - The Audit and Risk Committee (ARC) Terms of Reference was adopted by Council in December 2022, the following sections of the terms of reference are relevant to this report:

- 9.1 **Number of Meetings** - *The Committee have an ordinary meeting at least four times a year at appropriate times in the reporting and audit cycle and otherwise as required.*
- 9.2 **Additional Meetings** - *Shall be convened at the discretion of the Chairperson or at the written request of a Committee member, the CEO or the internal or external auditors.*

The Committee:

- 13.1 **Annual Work Program** - *The Committee must adopt an annual work program.*
2. **Purpose of the Work Program** - The Audit and Risk Committee has a work program that enables responsibilities from the Terms of Reference to be scheduled across the various committee dates.
3. **Legislation** - The attached work program is aligned with Section 126 (4) and (5) of the Local Government Act as shown below effective from 30 November 2023:
  - (4) *The functions of a council audit and risk committee include—*
    - (a) *reviewing annual financial statements to ensure that they present fairly the state of affairs of the council; and*
    - (b) *proposing, and providing information relevant to, a review of the council's strategic management plans or annual business plan; and*
    - (c) *monitoring the responsiveness of the council to recommendations for improvement based on previous audits and risk assessments, including those raised by a council's auditor; and*
    - (d) *proposing, and reviewing, the exercise of powers under section 130A; and*
    - (e) *liaising with the council's auditor in accordance with any requirements prescribed by the regulations; and*
    - (f) *reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the council on a regular basis; and*
    - (g) —
      - (i) *if the council has an internal audit function—*
        - (A) *providing oversight of planning and scoping of the internal audit work plan; and*
        - (B) *reviewing and commenting on reports provided by the person primarily responsible for the internal audit function at least on a quarterly basis; or*
    - (h) *reviewing and evaluating the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis; and*
    - (i) *reviewing any report obtained by the council under section 48(1); and*
    - (j) *performing any other function determined by the council or prescribed by the regulations.*
  - (5) *There must be at least 1 meeting of a council audit and risk committee in each quarter.*

## PROPOSAL

1. **Number of Meetings** - The meetings scheduled in this report ensure that there are a minimum of four meetings per financial year aligned with the Audit and Risk Committee Terms of Reference.



2. **Meetings Schedule** - The meetings for 2024 are scheduled to occur on a Monday, the timing of which accommodates the forwarding of ARC recommendations to the next Council meeting which is held on the third Tuesday of each calendar month, except for December and January:
  - 29 January 2024
  - 26 February 2024;
  - 25 March 2024;
  - 27 May 2024;
  - 29 July 2024;
  - 28 October 2024; and
  - 25 November 2024.
3. **Changes to Schedule** - The meeting dates and schedule are subject to change, including if an additional meeting is required.
4. **Summary of Work Program** – In summary the program is aligned with the terms of reference and will include the following reporting as detailed below:
  - **Financial Reporting** - Includes standard reporting aligned with current year.
  - **Internal Controls** - The Strategic Risk Register and WHS reporting will now be completed quarterly rather than bi-monthly. Policies and leases/licenses update report will be included twice yearly as requested by the Audit and Risk Committee.
  - **Internal Audit** – This will include reporting based on a three year program based on the draft presented at this meeting..
  - **External Audit** - Year-end audit reporting and regular reporting against management reports.
  - **Strategic Management and Business Plans** - For this financial year this will include two versions of the LTFP and Asset Management Plans.
  - **Policy Reviews** – Incorporates an annual review of asset accounting policy plus others as required.
  - **Annual Work Plan** - To be reviewed at the November meeting.
5. **Publication of Work Program** - The program will be published on the Audit and Risk Committee's page of Council's website.

## LEGAL IMPLICATIONS

The Audit and Risk Committee is required under S126 of the Local Government Act 1999.

## STRATEGIC PLAN

N/A

## COUNCIL POLICY

N/A

## ECONOMIC IMPLICATIONS

N/A

## ENVIRONMENTAL IMPLICATIONS

N/A

## SOCIAL IMPLICATIONS

N/A

## CULTURAL IMPLICATIONS

N/A





## **RESOURCE IMPLICATIONS**

Sitting fees are included in the annual budget.

Reports for the Audit and Risk Committee are incorporated into staff work plans.

## **VALUE FOR MONEY**

N/A

## **RISK IMPLICATIONS**

There is a risk that some reports identified in the work program may be delay to a different meeting.

## **EQUALITIES AND DIVERSITY IMPLICATIONS**

N/A

## **ENGAGEMENT AND COMMUNICATION STRATEGY**

N/A

## **IMPLEMENTATION STRATEGY**

## **CONCLUSION AND RECOMMENDATION**

The Audit and Risk Committee draft Work Program 2024 is sufficiently detailed and flexible to enable the Committee to fulfill its Terms of Reference.

## **ATTACHMENTS**

1. Draft Audit and Risk Committee Work Program [↓](#)



**Audit & Risk Committee - Draft Work Program**

Month Date	January 29-Jan	February 26-Feb	March 25-Mar	May 27-May	July 29-Jul	October 28-Oct	November 25-Nov
<b>Recommendations To Council Meeting Dates</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>August</b>	<b>November</b>	<b>December</b>
<b>Financial Reporting &amp; Management:</b>							
Review statutory financial statements							
Comparison of actual performance to budget as at year-end							
Review performance of investments and borrowings							
Audit & Risk Committee self-assessment and annual report							
<b>Internal Controls and Risk Management Systems:</b>							
Monitor effectiveness of Council's internal controls & risk mgt systems.							
Strategic Risk Register							
Review of insurances							
Work Health Safety Update							
Policies and Leases/Licenses Update							
<b>Internal Audit:</b>							
Internal Audit - Oversight of program planning and scope.							
Progress on internal audits							
<b>External Audit:</b>							
Review annual audit plan							
Meeting with auditors to review audit findings							
Review audit management report and management's response							
Review any Mgt Representation Letter before they are signed by management.							
<b>Review of Strategic Management and Business Plans:</b>							
Review Asset Management Plans (Forward Works Program)							
Review Long Term Financial Plan							
Review Annual Business Plan							
Budget Reviews (BR1, BR2, BR3)							
<b>Policy Reviews:</b>							
Asset Accounting Policy (Annual review)							
Any other policies as required							
<b>Other:</b>							
Review annual work plan							
Review Terms of Reference							



**5.8 INTERNAL AUDIT PROGRAM – REPORT NO. AR23/78717**

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>27 November 2023</b>
<b>Report No.:</b>	<b>AR23/78717</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Julie Scoggins, Manager Financial Services</b>
<b>Authoriser:</b>	<b>Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>To provide a draft Internal Audit Plan for review by the Audit and Risk Committee prior to review and adoption by Council.</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. AR23/78717 titled 'Internal Audit Program' as presented on 27 November 2023 be noted.
2. That the Draft Internal Audit Plan as attached to Report No. AR23/78717, having been reviewed by the Audit and Risk Committee on 27 November 2023, be adopted.
3. That the Chief Executive Officer or Delegate be authorised to make any necessary changes to the Draft Internal Audit Plan arising from this meeting, together with any typographical corrections, amendments to position or organisation titles, and finalisation of the document's formatting that do not materially alter the integrity of the document.



## TYPE OF REPORT

Legislative

## BACKGROUND

1. **Section 84** - of the Statutes Amendment (Local Government Review) Act 2021 includes subsection (3) which results in a greater emphasis on internal audit and risk management.
2. **Section 82** - of the Act amends Section 125 of the Local Government Act and in particular, Section 125(3) to include that 'a Council must ensure that appropriate policies, systems and procedures relating to risk management 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;
  - inform appropriate decision making;
  - facilitate appropriate prioritisation of finite resources;
  - promote appropriate mitigation of strategic, financial and operational risks relevant to the Council.
3. **Section 125 (4)** - *The functions of a council audit and risk committee include—*  
  
*(g) —*  
*(i) if the council has an internal audit function—*  
*(A) providing oversight of planning and scoping of the internal audit work plan; and*  
*(B) reviewing and commenting on reports provided by the person primarily responsible for the internal audit function at least on a quarterly basis;*
4. **Internal Audit Approach** - Council has historically not had an internal audit function or undertaken internal audits. An approach was agreed with Dean Newbery and Partners further to their appointment as Council's external auditor in 2021 as follows:
  - **Internal Financial Controls Self-Assessment** - The internal financial controls that had not been assessed since 2018 would be assessed in FY 2023;
  - **Internal Audit** - A risk based would be undertaken to build an internal audit program starting with one internal audit in FY 2024.
5. **Line of Defence** - Monitoring activities form an important component of Council's lines of defence for managing risk. The Better Practice Model – Internal Financial Controls for South Australian Councils identifies monitoring activities as being within the second line of defence for Councils, with the internal audit function as the third (As shown below).





*Source: SALGFMG Better Practice Model –Internal Financial Controls for South Australian Councils published April 2017*

6. **Audit and Risk Committee Workshop** – A draft three year Internal Audit Program was presented to the Audit and Risk Committee on 30 October 2023 with feedback provided by members.

## PROPOSAL

1. **Overall Approach** - The following approach has been taken in the development of the Draft Internal Audit Plan as shown below:
  - **Internal Audit Function** - This new function for Council will be undertaken by Council starting in FY 2024 using internal and external resource.
  - **Risk Based Approach** - This approach has been undertaken as detailed in the draft Plan.
  - **Responsibility** - The responsibility is proposed to sit with the Manager Financial Services (to be approved by ARC), unless the audit is within Financial Services function. If that is the case the audit will be undertaken by Manager Organisational Development.
  - **Work Program** - A three year draft program has been developed.
  - **Direct Reporting** – Reporting will be provided to the Audit and Risk Committee aligned with new legislation.
  - **Stakeholders** – The internal audit function will be undertaken working with the following key stakeholder groups:
    - **Internal Audit Subject Matter Experts (SMEs)** - Lead the provision of data and work with internal audit function.
    - **Internal Audit Leaders** - Will be either the Manager Financial Services (Internal lead, Manager Organisational Development where the internal audit incorporates financial services activities).
    - **Internal Stakeholders** - The CEO, Executive Leadership Team and Management Team.
    - **External Stakeholders** - Audit and Risk Committee (ARC)
    - **The Internal Auditor** - Insourced Council staff and outsourced Internal Audit Service Provider.
  - **Draft Council Policy** - Has been developed, reviewed by the Executive Leadership Team and has been presented to the Audit and Risk Committee (with feedback provided prior to this meeting).
2. **Risk Based Approach** - A risk based approach has been adopted to select initial internal audits as part of a draft proposed 3 year program considering the following:



- **Benchmarking** - Has been undertaken looking at internal audit plans from other SA Councils.
- **Strategic Risk Inherent Risk Extreme** - Audits have been proposed that have an inherent risk rating of extreme and current risk rating of high.
- **Activities Status/Strategic Work Plan (SWP)** - Work either currently being undertaken or planned in the current SWP has been considered when including activities in the proposed internal audit program (i.e. workforce planning and asset management have not been included at this stage).
- **External Audit** - Reports and management letters.
- **Scheme/LGRS Audits** - Feedback from audits
- **Internal Financial Controls Action Plan** - Controls/activities where action plans have been developed have also been considered.
- **Resourcing** - Further to feedback from Council's Executive Leadership Team a program has been developed that will utilise both internal and external resource.

3. **Draft Internal Audit Plan**- The attached draft Internal Audit Plan picks up on the following strategic risk areas including the following:

Ranking Strategic Risk Area		2024	2025	2026
1	Cyber Security	Penetration Testing	Penetration Testing Data Protection and Privacy	Penetration Testing
		Incident Response Plan	Incident Response Plan	Incident Response Plan
2	Financial Sustainability	Payroll & Remuneration		Grants Management
3	People Workforce and Compliance	Position Description and Accreditation.	Management of Leave Entitlements	
6	Safety Compliance and WHS Management		Legislated Training Workers Compensation Process	Investigations
8	Major Infrastructure			Project Health Check
9	Governance Compliance and Legislative Obligations	Legislative Compliance PDI Act 2016 - Post implementation audit	Fraud Prevention	Legislative Compliance
			Council Policies	

**Key:**

- **Green wording** – Internal resource
- **Blue wording** – External resource
- **Cyber Security** - Penetration testing/data protection and incident response plan.
- **Financial Sustainability** – Includes payroll and grants management. It has not, however, looked to review Council's Long Term Financial Plan (LTFP) as will be covered by the ESCOSA review in 2024/2025.
- **People Workforce & Compliance** - Based on priorities as provided by Acting Manager Organisational Development and benchmarking.
- **Safety Compliance** - Audits have been selected based on scheme audit feedback and Acting Manager Organisational Development.
- **Major Infrastructure** - No audits have been scheduled until year 3 recognising the SWP work being undertaken.
- **Governance Compliance** - Audits have been selected based on benchmarking.

4. **Internal Audit Plan** - The projects included in the Draft Internal Audit Plan include the following further information:





- **Description** - An initial high-level description has been included, noting that the scope may differ once worked through in more detail. It should also be noted that the scope will be brought back to the Audit and Risk Committee prior to the commencement of the internal audit.
  - **Audit Type** - Each project has been aligned with the audit type i.e. Operational, Strategic, Compliance/Legislative.
  - **Resource** - Based on skills and expertise required the resourcing has been defined as either in-house or external.
5. **Council Maturity** - As Council becomes more mature in its measure of risk or as new risks arise, the Internal Audit Program will be updated to accommodate any new priorities for audits to be undertaken.
6. **Annual Review** - The Internal Audit Program will be reported upon in line with legislation and a review of the program will be undertaken annually with changes made if required.
7. **Next Steps** - Further to the adoption of the Draft Internal Audit Plan by Council procurement activity will be undertaken for the first year of audits. Following a review of initial internal audits the intent is to go to market to secure an external provider or providers for a number of years.

## LEGAL IMPLICATIONS

Local Government Act

## STRATEGIC PLAN

N/A

## COUNCIL POLICY

Internal Audit Policy

[F225 Fraud and Corruption Prevention Policy](#)

[Internal Controls Policy](#)

[Risk Management Policy](#)

## ECONOMIC IMPLICATIONS

N/A

## ENVIRONMENTAL IMPLICATIONS

N/A

## SOCIAL IMPLICATIONS

N/A

## CULTURAL IMPLICATIONS

N/A

## RESOURCE IMPLICATIONS

**Budget Allocation** - The attached Plan (Draft Internal Audit Plan 2024-2026) has been created audits to be conducted within the current available budget (pending a procurement process). \$20k has been included in the 2023/2024 budget.

## VALUE FOR MONEY

Some internal audits will improve Council's efficiency and effectiveness.

## RISK IMPLICATIONS

Improved Internal Audit processes is in keeping with the Audit and Risk responsibilities and legislation and will result in improved risk management processes.



## **EQUALITIES AND DIVERSITY IMPLICATIONS**

N/A

## **ENGAGEMENT AND COMMUNICATION STRATEGY**

N/A

## **IMPLEMENTATION STRATEGY**

The internal audit program once adopted by Council will be implemented as follows:

- **Procurement Activities** - Will be undertaken to select external provider(s) that will lead the internal audits where external resource is required.
- **Management Team Roll Out** - The program will be communicated at the Management Team meeting with further meetings to agree provisional dates across the organisation prior to bringing back to the Audit and Risk Committee.

## **CONCLUSION AND RECOMMENDATION**

It is recommended that the Draft Internal Audit Plan be adopted.

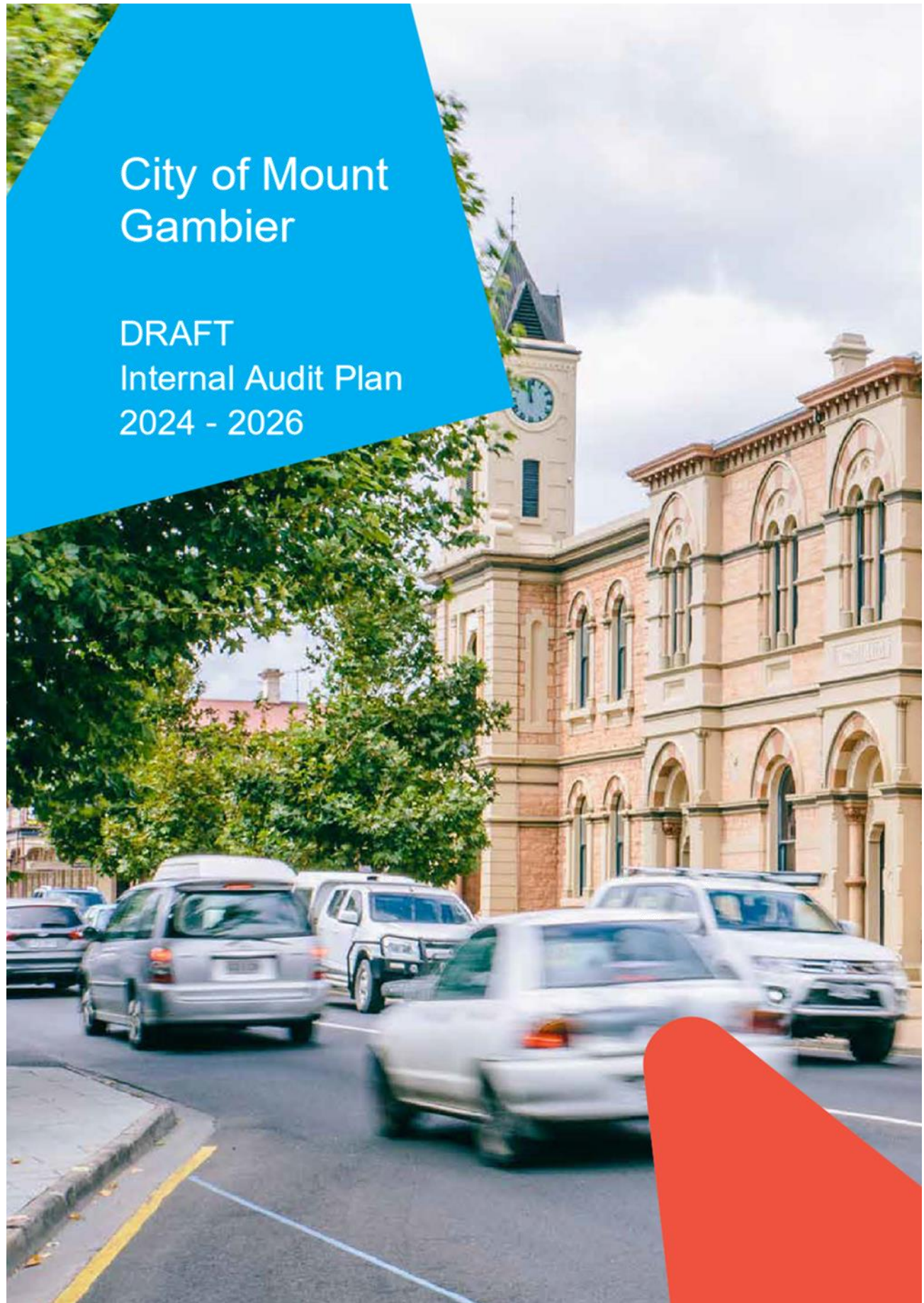
## **ATTACHMENTS**

1. Draft Internal Audit Plan 2024-2026 [↓](#)



# City of Mount Gambier

## DRAFT Internal Audit Plan 2024 - 2026









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## Objective:

- **Proposed Internal Audit Projects** - The City of Mount Gambier's Internal Audit Plan presents the proposed internal audit projects for the 2024 – 2026 financial years.
- **Key Objective** - The objective of these internal audit projects is to ensure that key strategic risks are being effectively managed and to enhance the business performance of City of Mount Gambier by reviewing existing business processes and recommending improvements to process effectiveness, efficiency and economy.
- **Organisational Performance** - These audit projects are expected to strengthen the effectiveness of risk management, governance and internal controls.

## Methodology:

- **Risk Based Approach** - To ensure that the City of Mount Gambier is able to obtain the most value from its internal audit projects, projects have been selected and resources have been allocated to the most significant auditable risks faced by Council.
- **Strategic Risk Register** - This defined focus of internal audit projects assumes that the Internal Audit Plan should be primarily based on City of Mount Gambier's risk profile. Council Administration has reviewed its strategic risk register, and as such this register is the primary source in the determination of the Internal Audit Plan (Appendix 1).
- **Strategic Risk Inherent Risk Extreme** - For the first three year Internal Audit Plan for COMG internal audits have been proposed that have an inherent risk rating of extreme and current risk rating of high as per the Strategic Risk Register summary below:

	Strategic Risk Description	Inherent Risk Rating (without controls)	Current Risk Rating
1	Cyber Security	Extreme	High
2	Financial Stability	Extreme	High
3	People Workforce and Compliance	Extreme	High
4	Climate and Future Vulnerability	High	High
5	People Culture and Workforce Planning	Extreme	High
6	Safety Compliance and WHS Management	Extreme	High
7	Environment Compliance	High	High
8	Major Infrastructure	Extreme	High
9	Governance, Compliance and Legislative Obligations - Council operate in accordance with relevant legislation, policies, governance, and business practice and ensure professional and ethical standards.	Extreme	High
10	Political Risk and Stability	Medium	Medium
11	Economic Development	Medium	Medium
12	Contract Management, Procurement and Project Management	Medium	Medium
13	Relationship, Connection and Engagement with Community	High	Low



## Methodology(Continued):

- **Secondary Sources** - Have been considered in the development of the Internal Audit Plan:
  - **External Auditor's Recommendations** - Recommendations made as part of Council's previous interim and balance date audits.
  - **Benchmarking** - A review of internal audits being undertaken by other South Australian Councils.
  - **Internal Financial Controls Self-Assessment** - Controls/activities where action plans have been developed have also been considered.
  - **Scheme/LGRS Audits** – Feedback from audits.
- **Strategic Work Plan** – Council has a number of strategic priorities that Administration will be delivering over the next three years. These include a number of projects such as the workforce plan that are aligned with the strategic risk of People Workforce and Compliance. Where projects are being delivered across the three years either internal audits are not proposed in this plan or are included in the final year.
- **The Internal Audit Plan Categorisation** – The internal audit plan has been categorised principally under three headings as shown below:

Three Types of Audit	
Operational	To review the robustness of systems, policies and processes.
Strategic	To provide an independent examination of the strategic objective, a program, function, operation or the management systems and procedures of council to assess whether the administration is achieving value for money, efficiency, and effectiveness.
Compliance/Legislative	To provide comfort that contractual or legislative/regulatory obligations are being met.

## Approval and Revision:

- **Approval** - The City of Mount Gambier's Internal Audit Plan requires approval from the following authorities:
  - Council Executive Leadership Team (ELT);
  - Audit and Risk Committee; and
  - Council.
- **Annual Review** - Subsequent to its adoption the 2024 -2026 Internal Audit Plan should be reviewed at the end of each financial year against the City of Mount Gambier's risk register which is also revised annually. This ensures that the coming year's audit projects continue to focus on critical business risks impacting the organization. This revision may result in the introduction of new audit projects, removal of some audit projects and re-prioritisation of some existing audit projects.
- **Emerging Issues** - Issues that arise outside the formalised work plan but are considered of high risk or in response to an emerging matter may also drive changes to the program. As Council becomes more mature in its measure of risk or as new risks arise, the Internal Audit Plan will be updated to accommodate any new priorities for audits to be undertaken.

## Internal Audit Process:

- **Process Steps** – The steps to be followed in an internal audit are as follows:



## Resourcing:

- The City of Mount Gambier's 2024-2026 Internal Audit Plan will be delivered utilising the following resource:
  - **Manager Financial Services (MFS) (or such equivalent position)** - Is responsible, on a day to day basis, for the internal audit function of Council. In achieving operational independence of the internal audit function the CEO has ensured that the MFS has dual reporting lines. These reporting lines require that the MFS must:
    - **Administrative Reporting** - Report administratively to the CEO to facilitate day to day operations of the internal audit function and;
    - **Strategic Direction** - Report to the Audit and Risk Committee for strategic direction and accountability of the internal audit function.
  - **Finance Activities** - Where the MFS has responsibility for an activity that is scheduled for review, the Manager Organisational Development will manage the internal audit to ensure that the independence of the function is not compromised.
  - **Internal Resource** – Where appropriate controls are in place to maintain independence and the skills and capacity are available within the organisation audits will be completed using existing in-house resource.
  - **External Resource** – External providers will be utilised for strategic and compliance audits where specialised skills and experience are required.

## Reporting:

- **Individual Internal Audit Reports** - Will be brought to the Council Executive and Audit and Risk Committee as required to detail the scope of the internal audit prior to commencement of the audit activity, with a further report to be brought to the Council Executive and Audit and Risk Committee to provide the internal audit report that will detail the findings and agreed actions.
- **Legislated Reporting:**

Aligned with **Section 126 (4)** of the Local Government Act one of the functions of the Audit and Risk Committee will be as follows:

*(i) if the council has an internal audit function—*

  - (A) providing oversight of planning and scoping of the internal audit work plan; and*
  - (B) reviewing and commenting on reports provided by the person primarily responsible for the internal audit function at least on a quarterly basis;*

## Reporting (Continued):

Aligned with **Section 125A** of the Local Government Act as follows:

- (1) *Despite any other law or instrument to the contrary, the person primarily responsible for the internal audit function - (a) must ensure that any reports they prepare relating to the internal audit function are provided directly to the audit and risk committee; and (b) may report any matters relating to the internal audit function directly to the audit and risk committee.*

As such quarterly reporting will be provided to the Council Executive and the Audit and Risk Committee.

Aligned with **Section 99** of the Local Government Act the CEO will:

- (ib) *to report annually to the relevant audit and risk committee on the council's internal audit processes;*

## Internal Audit Plan:

Internal Audit Project	Description	Strategic Risk	Category	Resource	2024	2025	2026
<b>Internal Audit Plan Development</b>	Development of the Internal Audit Plan following review in 2024. This will include indicative audit scopes and links to Council's Strategic Risk Register.	All Risks	All	Internal	✓		
<b>Penetration Testing</b>	The objective of this testing is to identify weaknesses within the COMG internal network on an ongoing basis.	Cyber Security	Operational	External	✓	✓	✓
<b>Incident Response Plan</b>	Review the adequacy of the incident response plan.	Cyber Security	Operational	Internal	✓	✓	✓
<b>Payroll &amp; Remuneration</b>	Review onboarding, changes to staff employment terms and exit of staff.	Financial Sustainability	Operational	External	✓		
<b>Position Description &amp; Accreditation</b>	Review of position descriptions across the organisation to ensure that they are in date, accurate and that accreditation has been maintained by staff.	People, Workforce and Compliance	Compliance/ Legislation	Internal	✓		
<b>PDI Act 2016 - Post Implementation Audit</b>	Review of processes and organizational compliance further to the implementation of the PDI Act 2016.	Governance, Compliance, and Legislative Obligations	Compliance/ Legislation	External	✓		
<b>Data Protection &amp; Privacy</b>	The review will assess the design of Council's process for compliance with relevant privacy legislation and testing the operating effectiveness of key controls such as data management, data storage, privacy breach response and management.	Cyber Security	Compliance/ Legislation	Internal		✓	
<b>Management of Leave Entitlements</b>	Review of staff leave entitlements focusing liabilities, and effectiveness of administrative principles and procedures.	People, Workforce and Compliance	Compliance/ Legislation	Internal		✓	
<b>Legislated Training</b>	Review of completion of legislated training across the organisation.	Safety Compliance and WHS Management	Compliance/ Legislation	Internal		✓	

Internal Audit Project	Description	Strategic Risk	Category	Resource	2024	2025	2026
<b>Workers Compensation Process</b>	Review of effectiveness of administrative principles and procedures.	Safety Compliance and WHS Management	Compliance/ Legislation	External		✓	
<b>Fraud Prevention</b>	Review the effectiveness and completeness of Council's framework (gap analysis vs standard, roles, responsibilities, policies and procedures and internal training and awareness).	Governance, Compliance, and Legislative Obligations	Compliance/ Legislation	External		✓	
<b>Council Policies</b>	Review of Council policies ensuring alignment with the "Better Practice model" and legislation.	Governance, Compliance, and Legislative Obligations	Compliance/ Legislation	Internal		✓	
<b>Grants Management</b>	Review of Council's 'Cradle to Grave' grants process from strategy to acquittal.	Financial Sustainability	Strategic	External			✓
<b>Investigations</b>	Review of investigation procedures.	Safety Compliance and WHS Management	Compliance/ Legislation	External			✓
<b>Project Health Check</b>	This review will include an assessment of a project's management mechanisms, governance structure, project team roles and responsibilities, and project status reporting mechanisms.	Major Infrastructure	Strategic	External			✓
<b>Legislative Compliance</b>	Assessment of COMG's legislative compliance work plan, auditing one act at a time with actions monitored and managed by Council Staff.	Governance, Compliance, and Legislative Obligations	Compliance/ Legislation	External			✓

It is acknowledged that the Internal Audit Plan may be subject to variations the risk profile or business objectives for Council mature further. Any proposed variations will be presented to the Audit and Risk Committee for consideration prior to any amendments being made to the endorsed Internal Audit Plan.

As required Council's ELT, the Audit and Risk Committee or Council Members may also request for additional audit projects that were not originally included in the Internal Audit Plan.





## Appendix 1 - Strategic Risk Register:

Risk ID #	Risk Description	Inherent Risk Rating (If Controls Fail)	Current Risk Rating (Controls in Place)
S1	Inability to maintain connected relationship with community may result in strategic targets and objectives not being aligned to community expectation	High	Low
S2	Non compliance with legislation requirements can result in legal implications and inability to deliver on decision making and critical council services.	Extreme	High
S3	Adequate resource and planning to maintain and current major infrastructure and delivery of new infrastructure	Extreme	High
S4	Inability to meet environmental targets and legislative requirements could impact ability to deliver on core services such as waste management, cemetery operations, conservation and water management, heritage requirements.	High	High
S5	Management of the political environment including relationships with Elected body, State, Federal and Regional Local Governments	Medium	Medium
S6	Access, Connectivity and positioning of the City to ensure ongoing economic viability	Medium	Medium
S7	Effective Contract Management that demonstrates transparency, value and quality of projects	Medium	Medium
S8	Effective management of Rates Revenue, Level of Funding, Revenue Growth, Ineffective Debt, Liability and Expenditure Management	High	High
S9	Organisational preparedness for climate change events, emergency management planning and capability within organisation, community and other councils	High	High
S10	Providing a safe and compliant environment and systems to manage WHS in the workplace, and keep people safe from risk, injury and harm	Extreme	High
S11	Strategic, Planned and Effective workforce planning, including recruitment and retention, creating a positive culture where people with capacity to innovate and grow	Extreme	High
S12	Ineffective Systems can leave the organisation exposed to cyberattacks resulting in possibility of ransom, loss of organisation and community data and reputational damage	Extreme	High
S13	Prevention of Risk or harm to children, young people and vulnerable people, inability to maintain Child Safe Organisational Standard with Department of Human Services	Extreme	High





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**5.9 RISK MANAGEMENT REPORT SEPTEMBER 2023 – REPORT NO. AR23/76980**

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>27 November 2023</b>
<b>Report No.:</b>	<b>AR23/76980</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Leanne Little, Acting Manager Organisational Development</b>
<b>Authoriser:</b>	<b>Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>This report provides a summary of work undertake towards strategic risk management within the City of Mount Gambier.</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. AR23/76980 titled 'Risk Management Report September 2023' as presented on 27 November 2023 be noted.



## **TYPE OF REPORT**

Other

## **BACKGROUND**

The purpose of this report is to provide a detailed summary of Risk Management Practices across the City of Mount Gambier that provide control measures to manage risk and assist in raising the profile of risk awareness within the organisation.

This report will highlight the work being undertaken to manage the Strategic Risks identified by the Executive Leadership Team 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 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 the [Risk Management Policy](#).

## **ECONOMIC IMPLICATIONS**

Nil

## **ENVIRONMENTAL IMPLICATIONS**

Nil

## **SOCIAL IMPLICATIONS**

Nil

## **CULTURAL IMPLICATIONS**

Nil

## **RESOURCE IMPLICATIONS**

Nil

## **VALUE FOR MONEY**

Nil

## **RISK IMPLICATIONS**

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**

The 2022 Risk Management Action Plan has been completed with the 2023 planning process underway.

This process will be completed 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**

1. Risk Management Report July-Sept 2023 [↓](#)



## Risk Management Report



Detailed Quarterly Report

July 2023 – September 2023



City of  
Mount Gambier





## SUMMARY

The purpose of this report is to provide the Audit and Risk Committee a detailed summary of Risk Management Practices across the City of Mount Gambier that provide control measures to manage strategic risk.

In addition to this, this report contains a DRAFT policy for consultation in the management of Information Security for the City of Mount Gambier, together with documented Information Security Framework.

This report will highlight the continuous work being undertaken across the entire organisation which collaboratively manages the strategic risk the organisation is facing as well as continues the commitment to raising the Strategic Risk maturity level of the City of Mount Gambier organisation.

## CONTENTS

- Strategic Risks and Ratings
- Cyber Security Risk Summary
- Financial Stability Risk Summary
- People Workforce and Compliance Risk Summary
- Climate and Future Vulnerability Risk Summary
- People Culture and Workforce Planning Risk Summary
- Safety Compliance and & WHS Management Risk Summary
- Environmental Compliance Risk Summary
- Major Infrastructure Risk Summary
- Governance Compliance and Legislation Risk Summary
- Political Risk Stability Risk Summary
- Economic Development Risk Summary
- Contractor, Procurement and Project Management Risk Summary
- Relationship Connection and Engagement with Community Risk Summary



## STRATEGIC RISKS AND RATINGS - COMG

**NEW**



This table outlines the Strategic Risks and the risk ratings as identified by the City of Mount Gambier. Detailed risk description and summary of treatment actions are outlined through the report.

### Inherent Risk Rating

The rating applied if no treatment is undertaken to manage the risk.

### Current Risk Rating

The rating applied to the strategic risk in view of what work has been undertaken to manage the risk.

### Target Risk Rating **NEW**

The rating applied to the Strategic Risk which the organisation is aiming for based on work that has been identified to be completed.

	Description	Inherent	Current	Target
1	Cyber Security	Extreme	High	Medium
2	Financial Sustainability	Extreme	High	Medium
3	People Workforce and Compliance	Extreme	High	Medium
4	Climate and Future Vulnerability	High	High	Medium
5	People Culture and Workforce Planning	Extreme	High	Medium
6	Safety Compliance and WHS Management	Extreme	High	Medium
7	Environmental Compliance	High	High	Medium
8	Major Infrastructure	Extreme	High	Medium
9	Governance, Compliance and Legislative Obligations	Extreme	High	Medium
10	Political Risk and Stability	Medium	Medium	Low
11	Economic Development	Medium	Medium	Low
12	Contract Management, Procurement and Project Management	Medium	Medium	Low
13	Relationship, Connection and Engagement with Community	High	Low	Low

03



# 1. Cyber Security - Ineffective Systems can leave the organisation exposed to cyberattacks resulting in possibility of ransom, loss of organisation and community data and reputational damage.



Inherent	Current	Target
Extreme	High	Medium

**Cause of Risk -** Lack of technical staff, and software investment resourcing, inadequate training for staff to prevent attacks, inadequate information management and response processes.

## Treatment Actions

- Building of knowledge and capability through LGRS partnerships, external specialists,
- Increasing staff capability through training and development.
- Review and development of adequate framework to manage information security and response processes
- Review of business systems purchasing process to ensure process is centralised, cyber risk and information can be managed in accordance with organisations Information Management Policy.
- Development of a formalised Cyber Risk Action Plan 2024/2025

## Actions Undertaken or Planned

- Implementation and deployment of Phishing software **COMPLETE** now in monitor and reporting phase
- Development of an Incident Response Plan that will assist the organisation in responding efficiently to a Cyber Attack Expected **COMPLETE** To be submitted to ELT for endorsement
- Development of Business Continuity Plan specific to the Cyber Attack and separate from the organisational Business Continuity Plan **Expected Completion February 2024**
- Development and subsequent Information Management Policy **COMPLETE** submitted to ELT for approval and then to Council for endorsement. **Expected Completion February 2024**
- Development of an overall Cyber Action Plan which identifies all work undertaken so far, vulnerabilities known and possible solutions and costing with a risk-based approach to allow educated decision making in risk mitigation. **Expected Completion February 2024**
- Development of Information Security Framework document **COMPLETE**



## 2. Financial Sustainability - Effective management of Rates Revenue, Level of Funding, Revenue Growth, Ineffective Debt, Liability and Expenditure Management

Inherent	Current	Target
Extreme	High	Medium

**Cause of Risk -** Inadequate forecasting and management of revenue, including rates, grant funding, loans and debt, Commercial Acumen and Staff Capability, financial relationships with external partners



### Treatment Actions

- **LTFP** - Long Term Financial Plan and supporting Asset Management Plans are reviewed and adopted annually aligned with the Annual Business Plan.
- **Quarterly Budget Review Process** - Quarterly forecasts are delivered in line with legislation.
- **Financial Performance Reporting** - Monthly reporting prepared with a focus on hindsight, insight and foresight for the Executive, General Managers and Managers. Supported by a comprehensive budgeting and financial reporting tool.

### Actions Undertaken or Planned

- **Grants** - Development of performance reporting on external grants for the Executive and Council underway. Council policy adopted by Council in September 2023, Administrative principles/procedures under development **UNDERWAY**
- **LTFP** - An interim LTFP with supporting IAMPs currently being developed . **Expected completion March 2024 UNDERWAY.**
- **Budget Development Process** - Comprehensive process that builds the budget with the budget holders, reviews with the Executive and Elected Members and meets legislative requirements has been rolled out to Budget Holders and key stakeholders. Process will start in the new calendar year **UNDERWAY.**
- **Better Practice Model** - Adopted with a review of key internal financial controls undertaken at least bi-annually with half yearly reporting to the Audit and Risk Committee. **COMPLETE June 2023.**
- **Treasury Management** - Regular reporting to Executive members on borrowings/cash flow. Debt structuring approach developed and implemented during 2021/22 and 2022/2023. Annual report to the Audit and Risk Committee November 2023. **COMPLETE November 2023.**
- **Legislated Policies** - Draft Prudential Management Policy adopted at September Council Meeting. Ongoing regular review at Executive Leadership Team meetings. **ONGOING.**
- **Budget Reviews** - Internal review of Budget Review in the context of the LTFP to be undertaken. **UNDERWAY Expected completion February 2024.**
- **Business Process Improvement** - Further to a post implementation review to be undertaken in July 2023, the Annual Business Plan, Budget and LTFP process will be developed. **COMPLETE August 2023.**
- **Internal Audit Plan** - Draft plan developed for review at Audit and Risk Committee meeting. **ONGOING.**



### 3. People Workforce & Compliance

Inherent	Current	Target
Extreme	High	Medium

#### Cause of Risk -

Prevention of Risk or harm to children, young people and vulnerable people, inability to maintain Child Safe Organisational Standard with Department of Human Services

Poor recruitment practices, failure to undertake staff checks/screening, inadequate training, lack of compliance reporting systems.



#### Treatment Actions

- Child Safe Policy is currently endorsed, standards and competencies have been identified. Compliance reporting has improved, recruitment processes have been improved.
- Monitoring and maintenance of relationship with Department of Human Services is critical in treating risk.
- Commitment at Executive Leadership Team level to Recruitment and Onboarding strategic project within 2023/2024
- Development of Internal Audit Plan 2024-2026
- Development of Human Resource Management Framework

#### Actions Undertaken or Planned

- Ongoing monitoring of screening compliance at prescribed sites **ONGOING**
- Increasing compliance and screening across the entire organisation to allow staff to work freely across sites and locations without compromising compliance requirements. Compliance Rates for National Police Clearance currently sixty percent (60) **ONGOING**
- Development of monthly compliance reporting for Management Team Level and quarterly compliance reporting to be submitted to Executive Leadership Team. **PLANNED Expected Completion February 2024**
- Implementation of Volunteer Management Principle **COMPLETE**
- Increased rate of compliance checks for Volunteer Management **COMPLETE**





## 4. Climate & Future- Vulnerability

Inherent	Current	Target
High	High	Medium

Organisational preparedness for climate change events, emergency management planning and capability within organisation, community and other councils



**Cause of Risk -** Inadequate understanding of organisational capacity, training, resourcing or planning or organisational vulnerabilities

### Treatment Actions

- The organisation continues to work towards an increased capacity of resources trained within Local Government approved support being iResponda, through the Local Government Functional Support Group.
- Maintaining relationships with neighbouring Councils and training competencies that support emergency response preparedness.
- Leveraging Partnerships with Strategic Risk Consultants through the National Local Government Vulnerability project.
- Utilising data obtained and benchmarking nationally to identify areas of opportunity for funding through state and federal partnerships that can support Emergency Management preparedness
- Maintaining partnerships with local emergency management services and supporting training exercises

### Actions Undertaken or Planned

- Participation within LGRS Vulnerability Project **COMPLETED August 2023**
- Review of Report and findings of Vulnerability Assessment from NLGVP, **UNDERWAY**
- Completion of Insurance Renewal Process, review of Insurance responsibilities following successful Finance Business Partner recruitment **COMPLETED**
- iResponda IM3 incident management training for staff **UNDERWAY**
- Review of Emergency Management Documents **UNDERWAY**





## 5. People Culture & Workforce Planning

Inherent	Current	Target
Extreme	High	Medium

Strategic, Planned and Effective workforce planning, including recruitment and retention, creating a positive culture where people with capacity to innovate and grow



**Cause of Risk -** Poor or ineffective workforce planning, including recruitment, retention and succession planning. Negative Culture affects performance, inability to fill key strategic roles.

### Treatment Actions

- Development of workforce planning **Scheduled for 2024-2025**
- Development of HR Framework **Expected Completion March 2024**
- Employee Satisfaction and Culture surveys to be assessed against current data and benchmarked **Deployment in January 2024**
- Development and Maintenance of partnerships with Councils identified as leaders within the employee culture space (City of Port Adelaide)
- Development of communication mechanisms that are supportive and represent greater employee engagement
- Ongoing promotion, development and greater establishment of Employee Consultative Committees.
- Re-Launch of Organisational Values

### Actions Undertaken or Planned

- Development of Strategic initiatives for ALL people leaders across the organisation that provide solutions for concerns raised within pulse survey. **Action Plan being monitored**
- Successful implementation of improved Enterprise Bargaining Agreement that meets organisational budgetary commitments and provides meaningful value for employees. **COMPLETE**
- Revised Employee Recognition Principle (in line with Local Government & ombudsman recommendations) **UNDERWAY**
- Review and Development of current Study administrative principles and professional development agreements **UNDERWAY**
- Review of current recruitment end to end process **UNDERWAY expected completion June 2024**
- Review of current onboarding process **UNDERWAY expected completion June 2024**



## 6. Safety Compliance & WHS Management

Inherent	Current	Target
Extreme	High	Medium

Providing a safe and compliant environment and systems to manage WHS in the workplace, and keep people safe from risk, injury and harm

**Cause of Risk -** Inadequate systems to manage and support a safety culture within the workplace, can result in physical and psychological harm



### Treatment Actions

- Increased compliance reporting is required to accurately identify trends, education, engagement and effective implementation.
- Monitor of statistical and actual data which identifies improvements and areas of opportunity for increased Safety awareness.
- Implementation of a Depot Sub Committee to focus in high risk areas
- Participation in Local Government Workers Compensation independent auditing and observation reviews.

### Actions Undertaken or Planned

- Successful recruitment of a Work Health safety Field Partner **COMPLETE**
- Identification of key training requirements and subsequent training plan for all employees with a focus on infrastructure workforce as the priority. **COMPLETE**
- Continue participation within LG Safe project which is one system approach to WHS document management for all Councils. **UNDERWAY**
- Reviewed current WHS & IM Reporting and found opportunities for improved report content. **UNDERWAY**
- Increase of accountability measures of Corrective Action and Preventative Action through management Team reporting. **UNDERWAY**
- Participation in Local Government Risk Services Planned Program Review for WHS **Expected Completion March 2024**
- Implementation of self audit schedule **Expected Completion March 2024**



## 7. Environmental Compliance

Inherent	Current	Target
High	High	Medium

### Treatment Actions

- Review all sites for compliance and licence requirements, development of compliance register, adequate monitoring systems, maintaining relationships with external stakeholders and regulatory authorities. EPA, CASA, SA Water, DENR – **Ongoing**
- Current vacancy for Co-ordinator Waste and Reuse, continue with recruitment. **Currently reassessing structure**

Inability to meet environmental targets and legislative requirements could impact ability to deliver on core services such as waste management, cemetery operations, conservation and water management, heritage requirements.

### Cause of Risk -

Undocumented or lack of understanding and inefficient monitoring of compliance and licence requirements with regulatory stakeholders and business partners.

### Actions Undertaken or Planned

- Development of Waste , Reuse and Environmental Master plan ( Internal ) Due 31 Oct 2023**
  - Ongoing below forms the basis of this work
- Development of Waste , Reuse and Environmental Strategy ( State Government ) Due 31st December 2023**
  - Has been submitted to Elected Members for review and Feed back
  - Have provided a reply to the feedback given from elected members awaiting response
- Completed Caroline Landfill Environmental Management Plan Submitted to EPA feedback receive corrections underway**
  - Caroline Landfill Environmental Management Plan has been approved by the EPA as of the 16<sup>th</sup> of November
- Service reviews (Currently Underway completion June 24 )**
  - Ongoing currently completing People Change plan for the entire waste management area
- Development Waste Asset Management plan**
  - Working with Finance to plant complete the Longterm asset management plan for Caroline
  - Working on long term plant asset management plan with Karl
- Engagement of External Engineering Consultants ( Contracted to Waste Management ) Start July 3, 2023, Set KPIs for contract period**
  - Tonkin's were engaged for the engineering services contract to provide consultancy services to Waste Management currently working on the following
    - Cell 4A Construction as independent engineers and in a project supervisory roll
    - Caroline Landfill Groundwater and Gas annual Monitoring plan Due 31<sup>st</sup> January 2023
    - Orchard Road biennial Ground Water monitoring plan Due 31<sup>st</sup> January 2023
    - Cell 3C Life Expectancy / Overfill plan for EPA . Due December 3<sup>rd</sup>
- EPA Engagement**
  - Ongoing monthly meeting to discuss all things Caroline including leachate management options and discussions around Cell 3C Life Expectancy an overfill awaiting Construction Cell 4A completion
  - Have now approved Landfill Gas Management plan 16<sup>th</sup> of November
  - Caroline EPA licence conditions updated to now reflect completion of LEMP and LG plan
  - Orchard Road post closure requirements as it reaches 25 years since it was closed
- Carinya Gardens Cemetery**
  - Appointment of a fulltime Curator

## 8. Major Infrastructure

Inherent	Current	Target
Extreme	High	Medium

Adequate resource and planning to maintain and current major infrastructure and delivery of new infrastructure

**Cause of Risk -** Lack of understanding and planning towards asset management and budget resourcing, inadequate resourcing and planning to manage new infrastructure.



### Treatment Actions

- Development of Comprehensive Asset Management Strategies
- Asset Valuations - To be undertaken for Infrastructure, Land and Artwork assets as agreed with the external auditors to be incorporated in the year-end financial statements and revised IAMPs and Asset Management Plans.
- Strategic Work Plan - Strategic Review of Asset Management (Planning Approach) project has commenced as part of a three year project in support of Council's Strategic Work Plan.

### Actions Undertaken or Planned

- **Asset Assessment:** Conduct a thorough assessment of existing major infrastructure to understand their condition, lifecycle, and maintenance needs.
- **Strategic Planning:** Develop a long-term asset management plan outlining maintenance schedules, upgrade cycles, and budget allocation for each infrastructure component.
- **Integration of Technology:** Implement asset management software or systems for efficient tracking, maintenance scheduling, and performance monitoring of infrastructure assets.
- **Skilled Workforce:** Invest in training and hiring skilled personnel specifically dedicated to asset management to ensure proper care and maintenance.
- **Regular Evaluations:** Establish a system for periodic reviews and evaluations of asset management strategies to adapt to changing conditions and technological advancements.
- **Integrated Planning:** Ensure coordination between different departments or agencies involved in new infrastructure projects to streamline planning and implementation processes.
- **Resource Allocation:** Allocate adequate funds specifically earmarked for infrastructure maintenance, ensuring a balanced allocation between maintenance and new project delivery.
- **Financial Forecasting:** Develop forecasting models that anticipate future infrastructure needs, allowing for proactive budget planning and resource allocation.



## 9. Governance Compliance & Legislation

Inherent	Current	Target
Extreme	High	Medium

(Council operate in accordance with relevant legislation, policies, governance and business practice and ensure professional and ethical standards). Non compliance with legislation requirements can result in legal implications and inability to deliver on decision making and critical council services.



**Cause of Risk -** New Election Period, ineffective education on Council Responsibilities. Change in government can affect future funding opportunities and decision making, Frequency of Legislative Change, Organisational Maturity in Systems.

### Treatment Actions

- Full Review of Council Delegations conducted, presented to Council June 2023.
- Administrative involvement with LG sector legislative compliance working group.
- Statutory Registers periodically reviewed, updated and published.
- Policy Register maintained, overdue policies reported to relevant Managers, ELT.
- Implementation of a Legislative Compliance Register for Organisational and departments, Internal Auditing Function, Training and Competency Plan.

### Actions Undertaken or Planned

- Council Member Mandatory Training Completed November 2023.
- Initial Legislative Compliance tables anticipated early in 2023-24 financial year together with procurement of software module. Pending release by Local Government Association as at November 2023.
- Commencement of Local Government Reform legislative changes continuing as at November 2023 with new Audit and Risk Committee provisions.
- Further information to be obtained from General Manager Corporate and Regulatory, Manager Finance and Manager Organisational Development.





## 10. Political Risk & Stability

Inherent	Current	Target
Medium	Medium	Low

Management of the political environment including relationships with Elected body, State, Federal and Regional Local Governments

**Cause of Risk -** Inability to manage relationships with Elected Members, State and Federal Government can create uncertainty within the Council environment and affect decision making or result in funding and reputational loss



### Treatment Actions

Initial Member Policies reviewed and presented to Council post-election.  
Initial post-election Member Induction and Mandatory training commenced in Nov 2022-January 2023, completed in Nov 2023.  
Strategic Planning Day for Members held with Executive in March 2023.

- Review policies, procedures and prior to new election period. Induction to Political Environment, including intro to Local Government, attendance at Council meetings, review currency and detail of partnerships advocacy and priorities document.

### Actions Undertaken or Planned

- Mandatory Member training sessions completed as at November 2023.
- Further Member / Council Policies scheduled for review in 2nd half 2023.
- Ongoing monitoring of the Elected Body Relationship with the organisation.
- Political Neutrality and Government Relations, adopted 19 September 2023





# 11. Economic Development

Inherent	Current	Target
Medium	Medium	Low

Access, Connectivity and positioning of the City to ensure ongoing economic viability

**Cause of Risk -** Inability to position City as a leading destination for visitors, economic development and relocation of skilled labour



## Treatment Actions

- Review Limestone Coast economic growth strategy,
- Develop Investment and Attraction platform,
- Contribute to the development of the Regional Plan and commit to its local implementation.
- Supporting community events and business with funding and guidance and advocacy to attract investment.
- Evolving the opportunity to meet the expectation of the traveller experience.
- Develop an Affordable Housing Plan
- Resourcing aligned internally to optimise economic priorities

## Actions Undertaken or Planned

- Commitment to continue funding and support through councils’ various programs and monitoring impact of this investment – social and economic.
- Leveraging the opportunity of Wulanda Recreation & Convention Centre to attract large scale events that has broad economic benefit for our community.
- Progressed the development of Investment & Attraction Website
- Conducted Visitor Satisfaction Survey
- Progressed the development of an Affordable Housing Plan
- Improved relationships with industry sectors to gain insight for economic considerations.



## 13. Relationship Connection & Engagement with Community

Inherent	Current	Target
Medium	Low	Low

Inability to maintain connected relationship with community may result in strategic targets and objectives not being aligned to community expectation

### Cause of Risk -

Inadequate community engagement can result in only minority represented, engagement not accessible to all stakeholders, creates disconnection with community.



### Treatment Actions

- Prioritise and quantify expectations for effective stakeholder engagement, community relations management and client experience.
- Quantify expectations and effectiveness of engagement, Training in Community Engagement.
- Community Customer Satisfaction Survey.
- Effectively engage on future Strategic Plans through a community led process

### Actions Undertaken or Planned

- Participation in the LGASA Community Engagement Policy Charter as per the upcoming local government Act reform.
- Improving councils' touchpoints for community to access information and provide feedback or participate in consultation and services.
- Introduced a new methods of capturing feedback online, manually and locations.
- Commitment to regular reviewing of processes and procedures with a focus on positive customer experience and increased community outcomes.
- Broad Community engagement process currently underway for Strategic Plan 2035



## 12. Contractor Management, Procurement & Project Mngt

Inherent	Current	Target
Medium	Medium	Low

Effective Contract Management that demonstrates transparency, value and quality of projects

**Cause of Risk -** Inability to manage significant contracts and projects due to under skilled staff, financial resources and inadequate procurement processes, increase in funding has created overstimulated market.



### Treatment Actions

- **Current Risk Rating** - Has been rated as medium based on the Procurement policy, supporting framework and reporting currently in place. The interim external audit made recommendations re. the process for the award of open tenders and link to the exemption from competitive process. Improvements have been identified and will be delivered in the first half of the 2023/2024 financial year.
- **Recruitment of Procurement Business Partner** - This role has been successfully recruited with a suitably qualified candidate.

### Actions Undertaken or Planned

- **Regular Procurement Reporting** - Monthly Executive reporting designed and implemented in the previous financial year. Further development of cumulative spend and other reporting expected further to the internal financial controls self-assessment undertaken in 2022/2023. [UNDERWAY Estimated completion December 2023.](#)
- **Procurement Training** - Now a part of the combined induction training. Further refresher training to be rolled out across the organisation following the adoption of the new Procurement Policy to be taken to Council in December 2023. [UNDERWAY Estimated Completion March 2024](#)
- **Procure To Pay** - The project has delivered a draft procurement policy, and new forms and processes. The framework, and procedures are currently under development. [UNDERWAY Estimated completion January 2024](#)



**5.10 WORK HEALTH SAFETY AND WELLBEING MANAGEMENT – REPORT NO. AR23/76978**

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>27 November 2023</b>
<b>Report No.:</b>	<b>AR23/76978</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Leanne Little, Human Resources &amp; Risk Coordinator</b>
<b>Authoriser:</b>	<b>Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>This report is a summary of Councils 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. AR23/76978 titled 'Work Health Safety and Wellbeing Management ' as presented on 27 November 2023 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 the [Risk Management Policy](#).

## **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 which will continue to 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 Quarterly Report July -Sept 2023 [📄](#)





Corporate & Regulatory Services – Organisational  
Development Team



## Work Health Safety, Injury Management & Wellbeing

Detailed Quarterly Report

July 2023 – September 2023



City of  
Mount Gambier



## SUMMARY

This report provides a detailed assessment of current state for safety compliance and performance at City of Mount Gambier (COMG).

As the organisation continues to show signs of improvement towards increased maturity within hazard identification, incident investigation and injury management the focus on training for our People will continue to be forefront.

Increased capability of use within the Skytrust Safety Management Systems through the WHS Field Partner project will be critical in driving continuous improvement within this space.

Improved reporting, monitoring and accountability processes have been identified and will commence implementation in late 2023 early 2024.

Assessment against industry trends, partnerships with external advisors, and identification of internal capability opportunities will also form part of shared Work Health Safety responsibility across the organisation.

## CURRENT FOCUS AREAS:

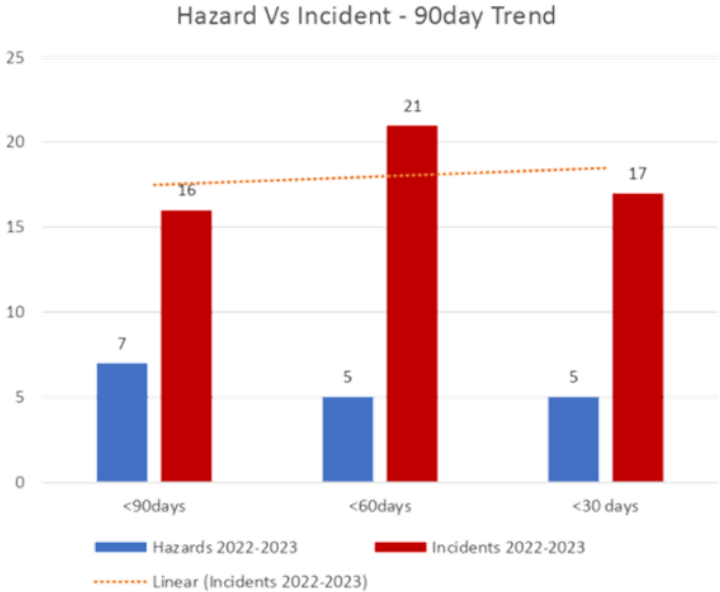
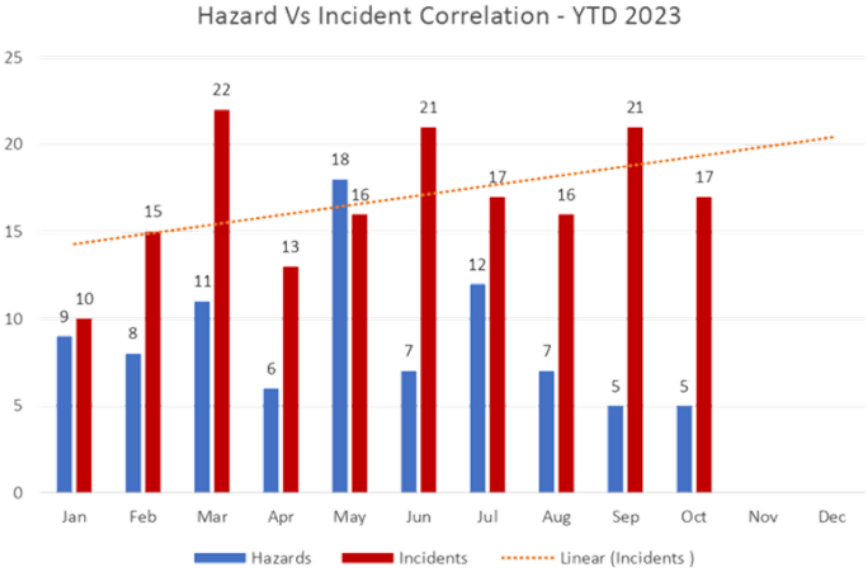
- Completion of Return To Work SA Observation by LGAWCS
- Development of 2024 WHS / IM Action Plan
- WHS Field Partner Project - Ongoing training and development of Infrastructure Team
- Training Needs Analysis - Infrastructure Team
- Implementation of Training Plan – Infrastructure Team
- Return To Work Training – People Leaders
- Improved Accountability Reporting
- Development of CAPA Reporting
- Industry Trends Analysis

## NOTIFIABLE INCIDENTS

There were ‘\*\*\*’ Notifiable Incidents reported to Safework SA for the period of July 2023 – September 2023



# Hazard and Incident Correlation



# Hazard Management

## Total Hazard Reports – Yearly Comparison

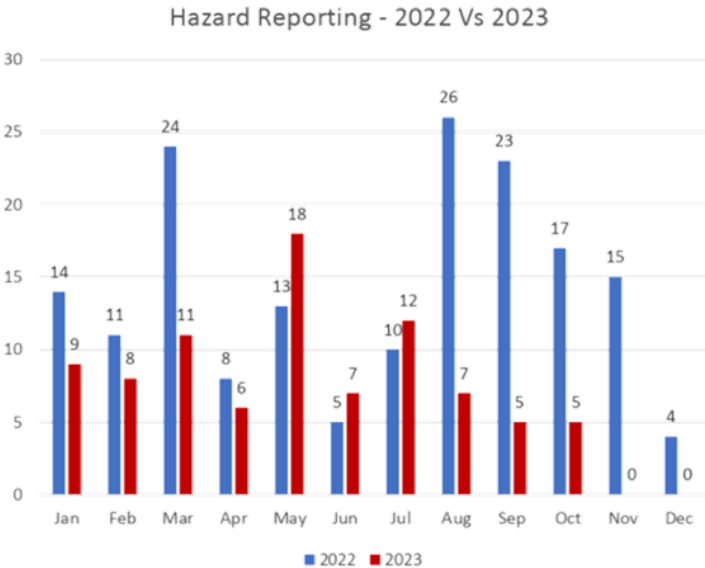
This graph demonstrates the yearly comparison of the Organisational hazard reporting for each month compared to the same month in the previous year.

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

- There was a total of twenty-four (24) hazards reported for the July 2023 –Sept 2023 period.
- This compares to fifty-nine (59) hazards reported for the same period in 2022.

This data indicates a decrease in reporting trends for the July 2023 – September 2023 period compared to the same period last year.

This may be attributed to a hazard reporting drive in 2022 however this will communicated through tool box meetings for follow up throughout the organisation to ensure hazard reporting continues to be effective.



# Hazard Management



## Hazards by Type

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

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

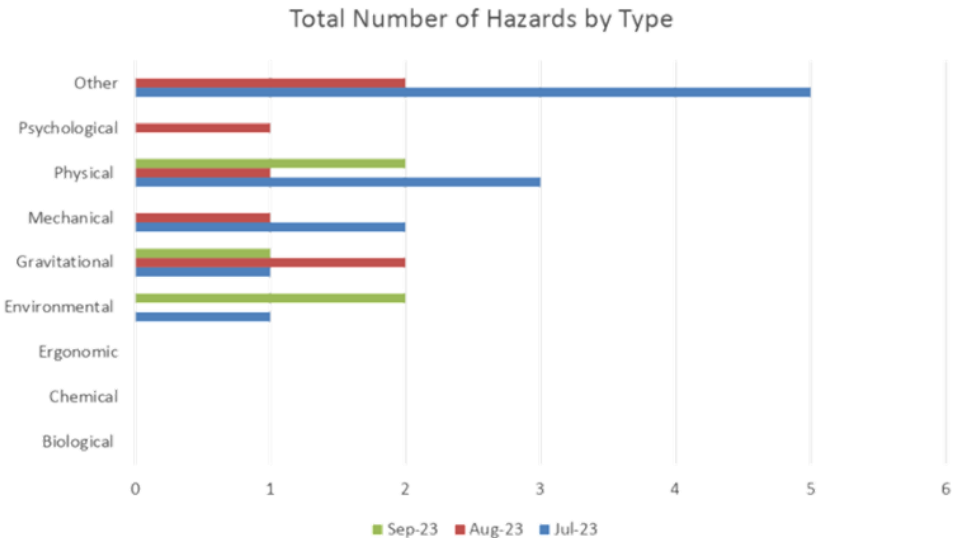
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- This compares to fifty-nine (59) hazards reported for the same period in 2022.

This data indicates a decrease in reporting trends for the July 2023 – September 2023 period compared to the same period last year.

This may be attributed to a hazard reporting drive in 2022 however this will communicated through tool box meetings for follow up throughout the organisation to ensure hazard reporting continues to be effective.

### ‘Other’ Hazards (New)

- Leaking water inside storage shed near electrical outlets.
- Structure for Diesel Tanks at pump shed unstable and require replacement.
- Visitor Service Building – automatic doors failed after lighting strike caused loss of power
- RACC – Southlink room has water leak and water damage
- Library – Glass display shelving requires repairs
- Hire Bikes – Yellow tricycle identified as damaged and requires repairs



## Hazard Management



### Detailed Hazards by Department

Detailed reporting of Hazards by Department and type for the period of July 2023 until September 2023.

Business Unit	ID	Originate Date	Department	Type
City & Community Growth	435	2/07/2023	Riddoch Arts & Cultural Centre Team	Other
City & Community Growth	436	4/07/2023	Library Team- All Library Staff	Physical - Housekeeping
City Infrastructure	437	4/07/2023	Waste Transfer Station/ ReUse Market	Gravitational - Slip / Trip / Fall
City & Community Growth	439	5/07/2023	Riddoch Arts & Cultural Centre Team	Physical - Electrical
City & Community Growth	438	5/07/2023	Visitor Services Team	Physical - Housekeeping
City & Community Growth	440	8/07/2023	Visitor Services Team	Mechanical - Crushing
City & Community Growth	441	9/07/2023	Riddoch Arts & Cultural Centre Team	Other
City Infrastructure	442	13/07/2023	Parks and Gardens	Other
City & Community Growth	443	16/07/2023	Community & Events Team	Other
City of Mount Gambier	444	20/07/2023	Organisational Development	Other
City & Community Growth	445	25/07/2023	Visitor Services Team	Environmental - Workplace Terrain
City Infrastructure	114	31/07/2023	Construction & Maintenance	Mechanical - Mobile Plant/Vehicles/Pedestrians
City Infrastructure	446	4/08/2023	Asset Maintenance	Other
City Infrastructure	447	8/08/2023	Construction & Maintenance	Mechanical - Crushing
City Infrastructure	448	11/08/2023	Waste Transfer Station/ ReUse Market	Other
City & Community Growth	449	14/08/2023	Library Team- All Library Staff	Psychological – Threatening Behaviours
City & Community Growth	450	16/08/2023	Visitor Services Team	Gravitational - Slip / Trip / Fall
City & Community Growth	451	17/08/2023	Visitor Services Team	Gravitational - Slip / Trip / Fall
City & Community Growth	452	26/08/2023	Visitor Services Team	Physical - Lighting
City Infrastructure	453	12/09/2023	Parks and Gardens	Gravitational - Collapse
City & Community Growth	454	18/09/2023	Riddoch Arts & Cultural Centre Team	Physical - Electrical
City & Community Growth	456	27/09/2023	Community & Events Team	Environmental - Sun & UV Exposure
City & Community Growth	455	27/09/2023	Library Team- All Library Staff	Physical - Electrical
City & Community Growth	457	29/09/2023	Community & Events Team	Environmental - Sun & UV Exposure





## Hazard Management

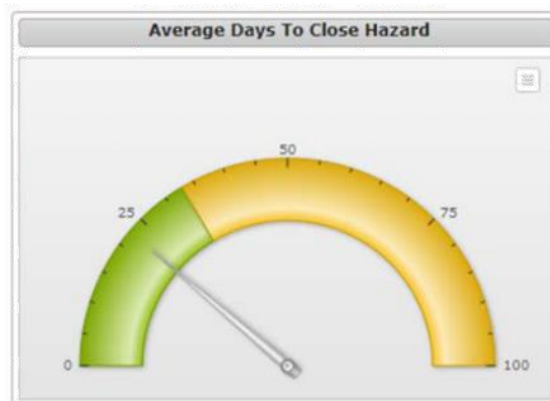


### Effective Hazard Management

The total amount of hazards outstanding as at the 30 September 2023 is eighty-four (84). This has **reduced** from one hundred and twelve (112) in the previous reporting period.

The total percentage of hazards closed for the period of July 2023 to September 2023 is 50%. This represents an **increase** in closure rate of previous period being 42.11%.

The average days taken to assess and close a hazard in the months of July 2023 to September 2023 period is 22.42 days. This is a slight **increase** from the previous reporting period which was 18.66 days.



### Hazard Trending (New)

This table assists with identifying hazard management trends

- Total Outstanding Hazards is reducing
- % of Hazards Closed out is improving
- The organisation is taking longer to close hazards

Reporting Quarter	Number Hazards Outstanding	% of Hazards Closed Out	Average Days to Close Hazard
January 2023 – March 2023	129	37.50%	6.22 Days
April 2023 – June 2023	112	42.11%	18.66 Days
July 2023 – September 2023	84	50.00%	22.42 Days
October 2023 – December 2023			



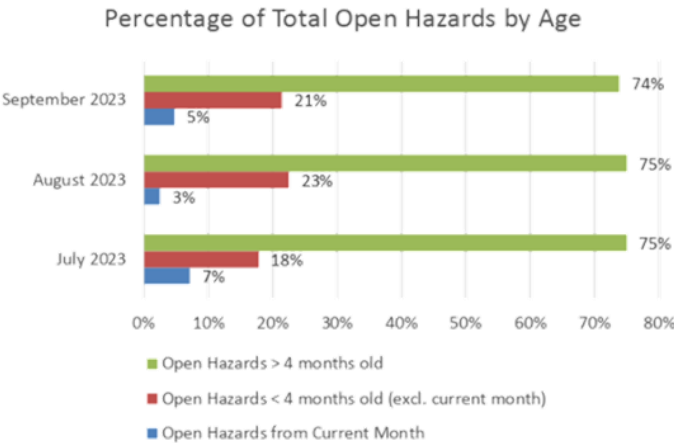
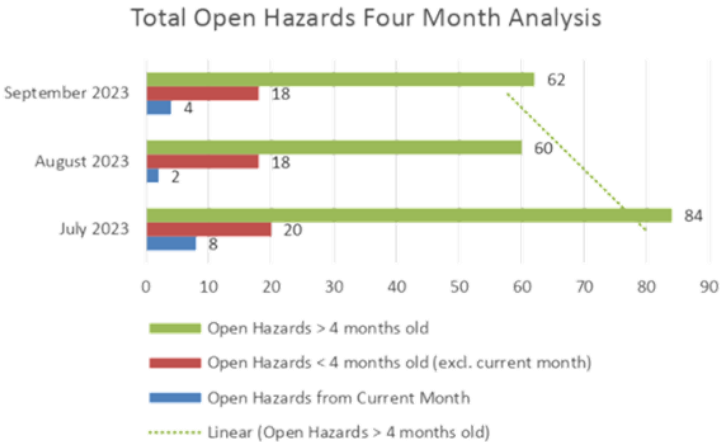
# Hazard Management



## Closure Rate by Four Month Analysis

- The total amount of closed hazards that were greater then four (4) months age is **sixty-two (62)**, which **represents seventy-four percent (74)** of the total closed hazards.
- The total number of closed hazards that are less then four (4) months old is **eighteen (18)** which represents **twenty-one (21)** percent of the total closed hazards
- The total number of hazards closed out within the current month is **four (4)** which represents **five (5)** percent of the total hazards closed.

The linear trend is downward which indicates an **improvement** on the four-month analysis indicates the total number of hazards open greater than four (4) months has reduced with the number currently **sixty-two (62)** compared to **eighty-four (84)** at the end of the last reporting period.



# Incident and Investigation Management



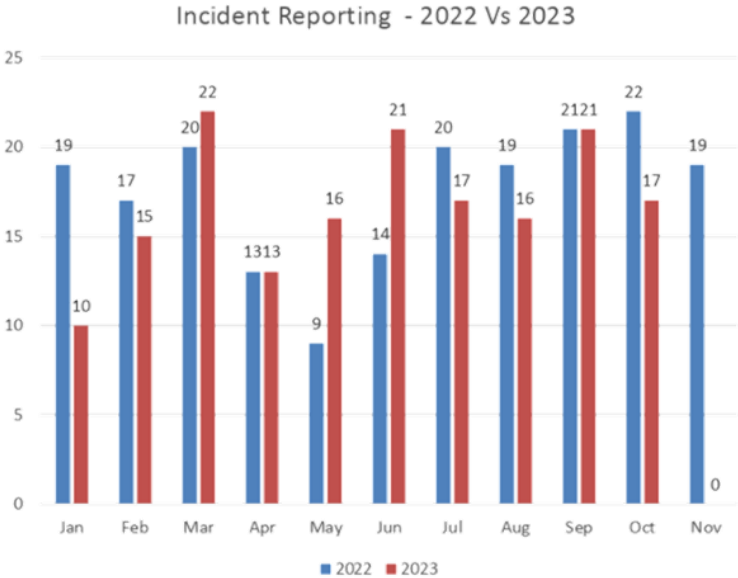
## Incident Reporting

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

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

- There was a total of fifty-four (54) incidents reported during the July 2023 – September 2023 period.
- This compares to sixty (60) incidents for the same period in the year 2022.

This indicates a slight improvement in the number of incidents occurring.

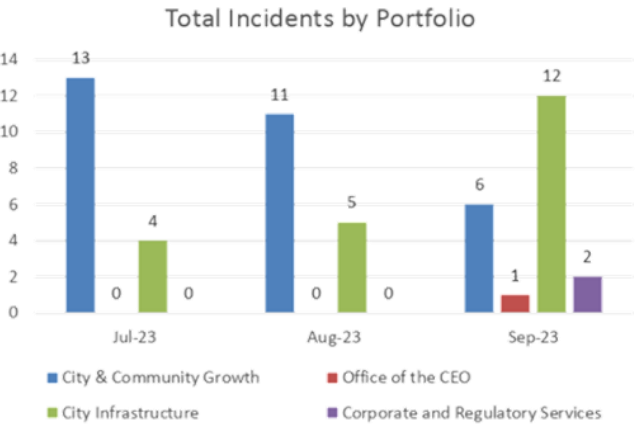


# Incident and Investigation Management



## Incidents By Portfolio

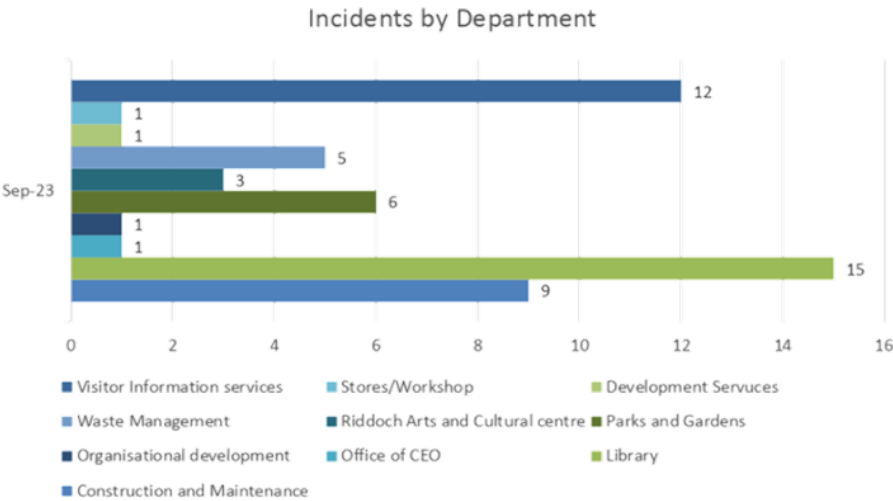
This graph demonstrates the incidents by portfolio for the reporting period July 2023 – September 2023.



## Incidents By Department **NEW**

This graph demonstrates the incidents by department for the reporting period July 2023 – September 2023.

- Library and Visitor Information Services currently have the highest rat of incident.



## Incident and Investigation Management



### Incidents By Type

This graph demonstrates the incidents by type for the reporting period July 2023 – September 2023.

Behavioural incidents at community facing departments continue to be cause of concern. The number of incidents does rise during holiday periods where areas such as the Library see more school children and the Visitor Information continues to report incidents with most attributed to behavioural in particular around dissatisfaction with bus ticketing arrangements,

Incident Type	Jul	Aug	Sep
Near Miss	0	2	0
Notifiable	0	0	0
Injury Employee or Volunteer	3	1	5
Injury Member of Public	0	1	0
Communication	1	0	0
Property Damage	1	2	9
Environmental Impact	0	0	0
Other (inc Behavioural)	9	6	5
Report only	0	3	2
Security	3	1	0
Hazard Raised from Incident	0	0	0



# Investigation Management

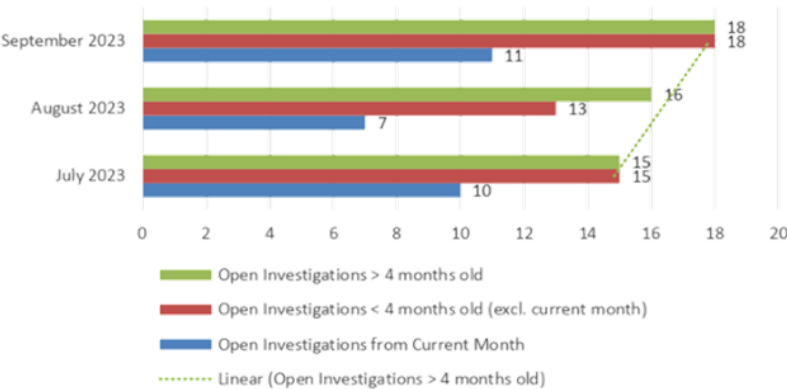


## Closure Rate by Four Month Analysis

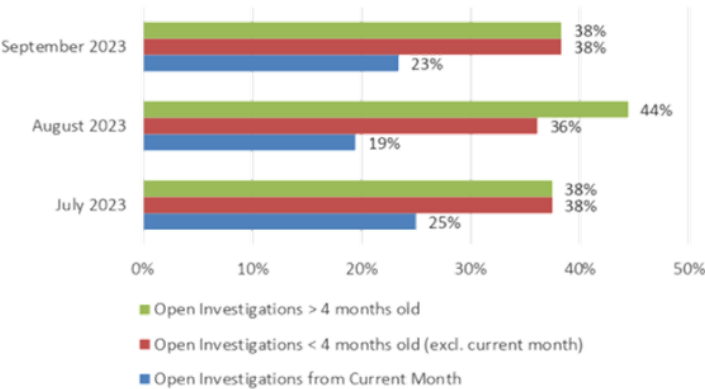
- The total amount of open investigations that are greater then four (4) months age is **eighteen (18)** which **represents thirty-eight percent (38)** of the total open investigations.
- The total number of open investigations that are less then four (4) months old is **eighteen (18)** which represents **thirty-eight percent (38)** p of the total open investigations.
- The total number of open investigations for the current month is **eleven (11)** which represents **twenty-three percent (23)** of the total open investigations.

The linear trend is upward which indicates the investigations are taking longer to close out and the amount of investigations open greater the four months is increasing. The four-month analysis indicates the total number of investigations open greater than four (4) months has increased and is currently **forty-seven (47)** compared to **thirty (30)** at the end of the previous reporting period.

Total Open Investigations Four Month Analysis



Percentage of Total Open Investigations by Age





## Investigation Management



### Open and Overdue Investigations by Department **NEW**

This graph demonstrates the overdue investigations by department which is a drilled down level from portfolio.

The aim of this level in reporting is to identify any training opportunities for investigation management, OR to highlight where there is a long term investigation that may require additional assistance by collaborating with other departments or industry experts in the relevant field.

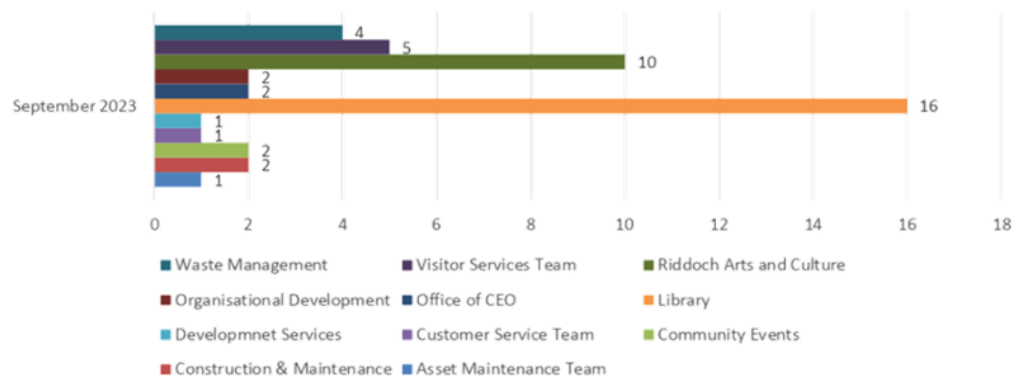
This level of reporting will now be a standing agenda item at the Monthly Management Team meeting to ensure departments are focusing on WHS management and to demonstrate accountability of people Leaders as recommended by external audit and observation reviews by Local Government Workers Compensation Scheme.

- The Manager of Organisational Development has reviewed the content of the overdue investigations to determine if these items are lack of training within skytrust systems or genuine outstanding investigations

#### Recommendations **NEW**

- Immediate training within Skytrust for Visitor Services, Riddoch and Library Teams. **Expected Completion December 2023**

Open Investigations by Department



### Top Ten Oldest Open Investigations by Department **NEW**

Business Unit	ID	Incident Date	Department
City & Community Growth	775	25/03/2022	Visitor Services Team
City & Community Growth	892	30/09/2022	Community & Events Team
City of Mount Gambier	908	21/10/2022	Office of the CEO
City & Community Growth	907	22/10/2022	Visitor Services Team
City & Community Growth	909	24/10/2022	Visitor Services Team
City & Community Growth	916	5/11/2022	Riddoch Arts & Cultural Centre Team
City & Community Growth	921	14/11/2022	Riddoch Arts & Cultural Centre Team
City & Community Growth	935	6/12/2022	Library Team- All Library Staff
City & Community Growth	945	17/12/2022	Riddoch Arts & Cultural Centre Team
City & Community Growth	950	5/01/2023	Riddoch Arts & Cultural Centre Team
City & Community Growth	949	5/01/2023	Riddoch Arts & Cultural Centre Team
City & Community Growth	962	6/02/2023	Library Team- All Library Staff

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## Corrective & Preventative Action Management **NEW**



**Coming Soon...**



## Injury Management

### Lost Time Injury Frequency Rate (LTIFR)

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.

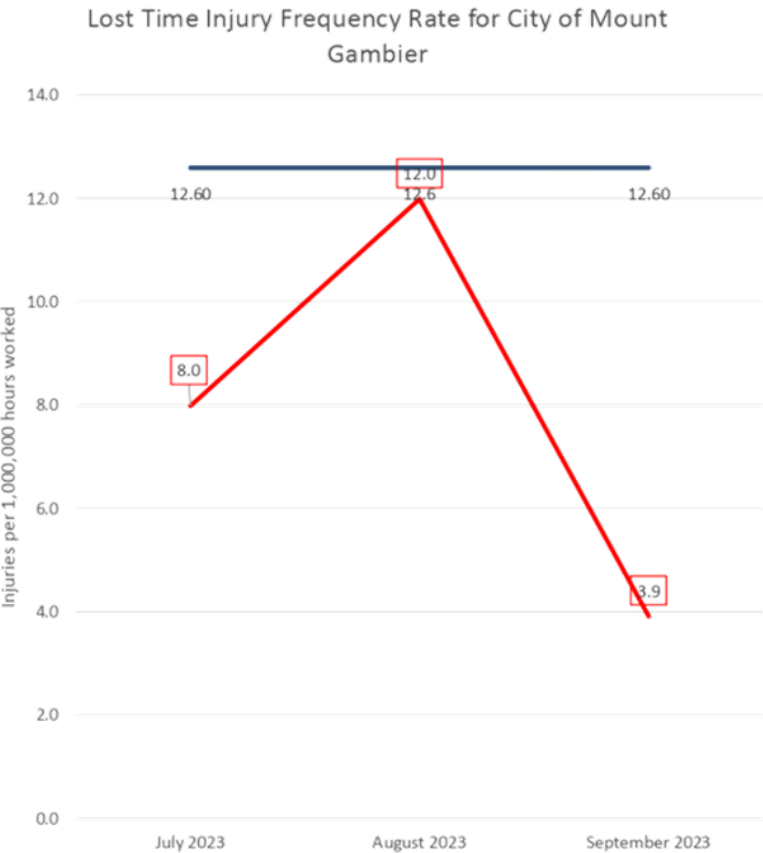
[LTIFR](#) is a proxy measurement for safety performance.

[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 Lost Time Injury Frequency Rate (LTIFR) industry benchmark determined by Safework SA for Local Government Administration is 12.0 and for Local Government Field Staff is 12.6.

The graph provides a comparison for the City of Mount Gambier against the industry benchmark for the last four months using the Field Staff benchmark.

For the months of July, August and September 2023 the City of Mount Gambier significantly reduced its lost time injury rates, which put us further below the industry standard. This is directly attributed to employees increasing capacity, returning to the workplace from injury and the reduction in workplace injuries.



## Injury Management



### Active Return to Work Cases

The internal Return To Work Coordinators (RTWC) have managed **seven (7)** Return to Work cases during the period of July 2023 – September 2023. **Six (6)** of these cases have been active cases and **one (1)** case was rejected by LGRS workers compensation Scheme. All **seven (7)** cases have been within the City Infrastructure Department. Two (2) active cases were closed in August 2023 with a successful return to employee's substantive roles. One (1) active case was closed by LGRS in September 2023 due to the claim being over the claim period and rehabilitation services ceasing, pending treatment has been determined as degenerative non-work-related matters, the organisation is currently supporting the employee in temporary restricted duties.

Injury Details	Department	Status	Action
Right knee/foot injury – March 2021	City Infrastructure	Employee currently at work on restricted duties managing injury	Medical expenses have ceased, employee has submitted request for surgery in relation to foot injury. Foot surgery has been rejected by LGRS are determined non work related. Doctor has not provided full clearance, LGRS have advised employee they are no longer providing rehabilitation support as the workplace injury has recovered and foot surgery has been determined as non work related. The organisation is supporting the employee with temporary restricted duties.
Shoulder Injury month – July 2022	City Infrastructure	Employee currently at work on restricted duties managing injury	Employee has returned to work on a gradual return to work plan on modified duties and hours as of the 20/05/2023. Employee hours increasing gradually.
Back & sciatica – Injury month July 2022	City Infrastructure	Employee currently at work on restricted duties managing injury	Employee has returned to work on a gradual return to work plan on modified duties at full-time hours. Medical expenses ceased, employee is continuing treatment utilizing their private health cover, full clearance anticipated in early 2024.
Wrists and elbows – Injury month September 2022	City Infrastructure	Employee currently at work on restricted duties managing injury	Employee returned to full duties in August 2023 and injury management case has been closed.
Shoulder Injury	City Infrastructure	Claim currently under determination. Employee currently at work on restricted duties due to previous shoulder claim	Claim rejected by LGRS as independent medical report identified this as non work related.
Back Injury – Strain – July 2023	City Infrastructure	Employee recovered well after resting injury	Claim approved for medical treatment and lost time, employee returned to full duties after rest and case closed in August 2023.
Back Injury – March 2023`	City Infrastructure	Claim lodged with LGRS in September 2023 – Claim approved for medical expenses and lost time	Employee currently working full time hours on modified duties. Employee is attended a medical appointment with a back surgeon Friday 24/11/2023 to determine if surgery is a injury management option.

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## Injury Management



### Active Non-Work Related Cases

The organisation does not have a legal obligation to support employees who have experienced injuries that are not work related, however in the interest of employee wellbeing and being an 'Employer of Choice' the organisation supports where possible a return to employment on restricted duties until full capacity can be achieved.

The Human Resources Team is continuing to work with People Leaders to improve the communication and management process for non-work-related injuries. People Leaders will be required to complete 'Return To work Training for People Leaders' with Local Government Risk Services which will assist with their understanding of WHS requirements, until then they are supported by the Human Resource Team to complete this function.

#### Corporate and Regulatory Services

There are **two (2) employees** within the Corporate and Regulatory Services portfolio currently on leave due to a non-work-related illness. Both employees have submitted income protection claims, one of these claims have been accepted and the employee has returned to work one (1) day per week. The other one (1) has recently been rejected by LGRS income protection scheme and currently remains unfit for work .

#### City and Community Growth

There are **two (2) employees** within the City and Community Growth portfolio currently on leave due to a non-work-related illness. One (1) has recently received an acceptance from LGRS income protection scheme. One (1) is currently being managed by the Manager Organisational Development.

#### City Infrastructure

There is **one (1) employee** within the City Infrastructure team is on leave unfit for work due to non work-related surgery. The employee recently submitted an Income protection claim that was subsequently rejected due the general practitioners advise that repetitive moments at the workplace has contributed to the aggravation. The employee is preparing to lodge a work compensation claim with support from the HR Team.





## Workplace Emergency and Evacuation Program **NEW**



Legislative requirements for employers or a person conducting a business or undertaking (PCBU) to prepare and maintain a workplace emergency plan.

The organisation through regular audits, hazard reporting and through the Work health Safety and Risk Management Action Plan, audit and evaluation process, has identified Workplace Emergency Plans to be modified, reviewed and or new plans developed.

Some of these tasks can be completed in house whilst other tasks require the engagement of specialised strategic risk consultants available to the organisation through Local Government Risk Services (LGRS)

The following work has been identified to be completed.

Plans must comply with Australian quality standards AS3745:2010

Site	Detail	Support	Expected Completion
Welcome Centre, Riddoch Arts and Cultural Centre (Additional Areas)	Development of NEW Evacuation diagrams	Local Government Risk Services	February 12-13 2024
Works Depot, Visitor Information centre, Library, Riddoch Arts and Cultural centre, Civic Centre, Carinya, Caroline Landfill, Waste Transfer Station, Reuse Market	Review, amend and print current plans	Internal Staff (EACG)	December 2023
Riddoch Arts and Cultural centre	Review and update existing WEEP including assessment against incidents against code AS1851:2012	Local Government risk Services	February 12-13 2024
Welcome Centre	Review and develop new WEEP including assessment of potential incidents against code AS1851:2012	Local Government risk Services	February 12-13 2024
Works Depot, Visitor Information Centre, Library, Riddoch Arts and Cultural centre, Civic centre, Carinya, Caroline Landfill, Waste Transfer Station, Reuse Station, Welcome Centre	Develop Emergency Warden Induction program for individual sites based on specific WEEP documents	Internal Staff (WHS Team)	December 2023





## Continuous Improvement, Projects and Plans



### Work Health Safety & Injury Management Action Plan

The Final Report for September and year 2022-2023 was assessed by the Local Government Risk Service's Regional Risk Coordinator.

- As at end of September **93%** (September) of planned actions have been closed out
- A total of 30 actions were identified to be closed out by end of September 2023
- Achievement to date is 28 actions closed with 2 outstanding

The 2 actions outstanding relate to the Facilitated Plan and Program which has been booked for **February 2024** commencement.

The Human Resource & Work Health and Safety Team will submit a draft plan to the Executive Leadership for endorsement which will identify opportunities for actions to be undertaken prior to the Facilitated Plan and Program review in February 2024. **Expected endorsement December 2023**

### Communication and Key Focus Areas

- Remind People Leaders to reiterate to their teams the overall importance of reporting safety matters from a preventative and continuous improvement point of view.
- Focus on hazard reporting in high-risk areas
- Remind People Leader of their responsibility to review or investigate hazard and incident reports in a timely manner and tidy up those that are still open and provide feedback to those who have reported. Using the toolbox meeting platforms is a great way to provide this structured feedback.
- Focus on development of Management Team reporting to assist with accountability.
- To continue with contributing to the improved "**Safety Always**" culture



**5.11 AUDIT AND RISK COMMITTEE MEETING REPORT 27/11/23 – REPORT NO. AR23/81356**

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>27 November 2023</b>
<b>Report No.:</b>	<b>AR23/81356</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Julie Scoggins, Manager Financial Services</b>
<b>Authoriser:</b>	<b>Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>Further to legislative changes this report provides a report to Council after the Audit and Risk Committee meeting, summarising the work of the committee preceding the meeting and the outcomes of the meeting.</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. AR23/81356 titled 'Audit and Risk Committee Meeting Report 27/11/23' as presented on 27 November 2023 be noted.



## TYPE OF REPORT

Legislative

## BACKGROUND

1. **Legislation** – Section 126 (4) of the Local Government Act effective from 30 November 2023 requires that the following report is prepared as shown below:

*(8) A council audit and risk committee must— (a) provide a report to the council after each meeting summarising the work of the committee during the period preceding the meeting and the outcomes of the meeting;*

## PROPOSAL

### ***Period Preceding The Meeting:***

2. **Policy Reviews** - Memos were sent to Audit and Risk Committee members providing an overview of the background and proposal for either changes to current policies or key points for the new policy, requesting feedback. Feedback was received and incorporated into the following policies included as attachments for reports included in this agenda:
  - Procurement Policy;
  - Disposal of Land and Assets Policy;
  - F225 Fraud and Corruption and Prevention Policy; and
  - Internal Control Policy.
3. **Audit and Risk Committee Self-Assessment** - A memo was sent to Audit and Risk Committee requesting feedback on the draft assessment. Feedback was received and incorporated into the report and attachments included in this agenda.
4. **Council Member Briefing** - A meeting was held between the Council Member Audit and Risk Committee representative, the General Manager Corporate and Regulatory Services and Manager Financial Services to provide a briefing on the reports included in the agenda prior to the meeting.
5. **Presiding Member Pre-Meeting** - A meeting was held between the Manager Financial Services and the Presiding Member to discuss the agenda prior to the meeting.

### ***Outcomes of The Meeting:***

6. The outcomes of this meeting will be summarised in the minutes to be adopted by Council.

## LEGAL IMPLICATIONS

Local Government Act Sections 126 and 41.

Local Government (Financial Management) Regulations 2011

Terms of Reference – Audit and Risk Committee

## STRATEGIC PLAN

N/A

## COUNCIL POLICY

N/A



**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 recommendation to Council is that they note the report as presented (in conjunction with the minutes of the meeting).

**ATTACHMENTS**

Nil



**6 MOTIONS WITHOUT NOTICE**

**7 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, 30 OCTOBER 2023 AT 5.35 P.M.**

**PRESENT:** Mr Paul Duka (Presiding Member), Mayor Lynette Martin (OAM), Cr Paul Jenner (virtual, joined the meeting at 5:38 pm), Mr Alexander Brown, Ms Belinda Johnson

**IN ATTENDANCE:** Samantha Creten (virtual), Kyle Harrison (virtual), John Jovicevic (virtual)

<b>OFFICERS IN ATTENDANCE:</b>	Chief Executive Officer	- Mrs S Philpott
	General Manager Corporate and Regulatory Services	- Mrs J Fetherstonhaugh
	Manager Financial Services	- Mrs J Scoggins
	Financial Planning and Analysis Coordinator	- Ms K Rolton
	Financial Accounting Coordinator	- Mrs K Harradine
	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 FIRST NATIONS PEOPLES HAVE WITH THE LAND.**

**2 APOLOGY(IES)**

Nil

**3 CONFIRMATION OF MINUTES**

**COMMITTEE RESOLUTION**

Moved: Alexander Brown

Seconded: Belinda Johnson

That the minutes of the Audit and Risk Committee meeting held on 31 July 2023 and the Special Audit and Risk Committee meeting held on 11 September 2023 be confirmed as an accurate record of the proceedings of the meeting.

**CARRIED**

**4 QUESTIONS WITHOUT NOTICE**

Nil resolved

**5 REPORTS**

Cr Paul Jenner joined the meeting at 5:38 pm





## 5.1 DRAFT 2022/2023 FINANCIAL STATEMENTS

### COMMITTEE RESOLUTION

Moved: Paul Duka

Seconded: Alexander Brown

1. That Audit and Risk Committee Report No. AR23/37466 titled 'Draft 2022/2023 Financial Statements' as presented on 30 October 2023 be noted.
2. That the Audit and Risk Committee advises Council that in accordance with Section 126 (4) (a) of the Local Government Act 1999, it has reviewed the draft annual financial statements of Council for the financial year 2023 and 'they present fairly the state of affairs of the council'.
3. That having been reviewed by the Audit and Risk Committee on 30 October 2023, the Audit Completion Report and Management Representations Letter as attached to Report No. AR23/37466 be noted.

**CARRIED**

## 5.2 COMPARISON OF ACTUAL TO BUDGET FOR THE YEAR ENDING 30 JUNE 2023

### COMMITTEE RESOLUTION

Moved: Belinda Johnson

Seconded: Mayor Lynette Martin

1. That Audit and Risk Committee Report No. AR23/37476 titled 'Comparison of Actual to Budget for the year ending 30 June 2023' as presented on 30 October 2023 be noted.
2. That the estimates comparison for the financial year ending 30 June 2023 as contained in Attachment 1 to Report No. AR23/37476 be adopted.

**CARRIED**

## 6 MOTIONS WITHOUT NOTICE

Nil

## 7 MEETING CLOSE

The Meeting closed at 6:11 pm.

The minutes of this meeting were confirmed at the Audit and Risk Committee held on 27 November 2023.

.....  
**PRESIDING MEMBER**

