

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

**Date: Monday, 28 March 2022**  
**Time: 5.30 p.m.**  
**Location: Council Chamber**  
**Civic Centre**  
**10 Watson Terrace**  
**Mount Gambier**

# **AGENDA**

## **Audit and Risk Committee Meeting** **28 March 2022**



**Sarah Philpott**  
**Chief Executive Officer**  
**24 March 2022**

## 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)**

Nil

**3 CONFIRMATION OF MINUTES**

[Audit and Risk Committee Meeting - 28 February 2022](#)

**RECOMMENDATION**

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

**4 QUESTIONS WITHOUT NOTICE**



## 5 REPORTS

### 5.1 RISK REPORT – REPORT NO. AR21/74818

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>28 March 2022</b>
<b>Report No.:</b>	<b>AR21/74818</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Ritu Datta, Manager Organisational Development</b>
<b>Authoriser:</b>	<b>Darren Barber, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>This report describes the findings, recommendations and associated action plan following the Risk Evaluation Audit conducted by Local Government Risk Services (LGRS) in November 2021. This report also describes the funding applications that have been made to source funds from the scheme to enhance the risk profile of the organisation.</b>
<b>Strategic Plan Reference:</b>	<b>Goal 1: Our People</b> <b>Goal 2: Our Location</b> <b>Goal 3: Our Diverse Economy</b> <b>Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage</b> <b>Goal 5: Our Commitment</b>

#### REPORT RECOMMENDATION

1. That Audit and Risk Committee Report No. AR21/74818 titled 'Risk Report' as presented on 28 March 2022 be noted.



## TYPE OF REPORT

Other

## BACKGROUND

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

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

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

### Risk Management at the City of Mount Gambier

The Risk Management Evaluation was conducted by the LGRS in November 2021 (9<sup>th</sup> to 11<sup>th</sup> November), with the previous evaluation prior to that being completed in 2018.

The key success area identified from the Risk Management Evaluation included:

1. Tree Management within the City of Mount Gambier was identified by the auditors as a standout area not only for the organisation but within the sector. *“The system is innovative and proactive and supported by resourceful officers that have a passion for the area”*.

Subsequently, the City of Mount Gambier has made a submission for the LGA Mutual Liability Scheme Risk Management Award 2021– Proactive, Planned and Preventative Planting and is awaiting the outcome of the same. Winners will be announced at the 2022 LGRS Risk Management Conference in March 2022.

The key focus areas for improvement identified from the Risk Management Evaluation included:

1. The improvement of documentation in relation to Structure Safety Assessment of Section 221 Permits.
2. The Development of a Playground Compliance strategy that will meet both best practice guidelines and incorporate prioritised playground audit schedules, training package for staff which incorporates legislative requirements and organisational business management systems, and the development of structured reporting processes for corrective and preventative actions.
3. Increasing the Risk profile of the organisation through increased use of Business Management Systems and structured monitoring schedules combined with the identification of training and development opportunities that will enhance overall Organisational Risk Management practices.

A detailed Risk Management Action Plan has been developed and endorsed by the organisation Executive Leadership Team (ELT). This action plan will support and assist key stakeholders across the organisation in completing actions that will address the key focus areas for improvement.

To assist with accountability, line of sight and effective measurement of progress against action plans the organisation has implemented a monitoring tool known as ‘RelianSys’.



RelianSys is a Business Management System that allows the input and replication of Action plans. It provides responsible stakeholders with reminders for actions and timeframes, description of actions required and evidence following completion.

RelianSys can produce progress reports of long-term action plans for Executive Leadership Team which is a critical tool for line of sight and measuring the Organisational progress in achieving agreed outcomes.

### **Risk Incentive Funding Program**

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

The City of Mount Gambier has made the following applications.

1. Satellite Telephones – The organisation was successful in obtaining funding for three (3) satellite telephones that will provide continuous operations during incident management and loss of communications. Valued at \$5,097
2. I-Responda Training – The organisation was successful in obtaining funding to deliver I-Responda Essentials Training to thirty (30) employees and I-Responda Bushfire training to a further thirty (30) employees. This has increased the capacity for the organisation to provide functional support to emergency management services during large incidents and disaster recovery. Valued at \$1,800
3. CNB Safety Speaker – The organisation has engaged a Safety Speaker to deliver two (2) presentations to all staff on Safety Choices in the month of June 2022 within the organisation. Valued at \$5,881

This initiative will support and reinforce the Incident and Hazard Management Training Blitz that occurred between November 2021 until March 2022 where one hundred and twenty-four (124) employees received in-house training in identification and reporting processes of Incident and Hazard Management in Skytrust.

### **Summary**

The City of Mount Gambier is committed to improving Risk Management Practices across the organisation.

By utilising Business Management Systems to gain insight, measurement of progress and accountability of the Risk Management Action Plan combined with leveraging funding available through the LGRS Risk Incentive Scheme the organisation will continue to develop risk awareness amongst staff and increase the Risk Profile and Maturity of the organisation.

### **Next Steps/Outcome**

The 2022 Risk Management Action Planning process has commenced and is underway. This process is completed in conjunction with the LGRS to ensure that the City of Mount Gambier adequately addresses the opportunities for improvement.



## **PROPOSAL**

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

## **LEGAL IMPLICATIONS**

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

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

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

## **STRATEGIC PLAN**

Nil

## **COUNCIL POLICY**

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

## **ECONOMIC IMPLICATIONS**

Nil

## **ENVIRONMENTAL IMPLICATIONS**

Nil

## **SOCIAL IMPLICATIONS**

Nil

## **CULTURAL IMPLICATIONS**

Nil

## **RESOURCE IMPLICATIONS**

Nil

## **VALUE FOR MONEY**

Nil

## **RISK IMPLICATIONS**

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

## **EQUALITIES AND DIVERSITY IMPLICATIONS**

Nil

## **ENGAGEMENT AND COMMUNICATION STRATEGY**

Nil

## **IMPLEMENTATION STRATEGY**

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



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

**CONCLUSION AND RECOMMENDATION**

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

**ATTACHMENTS**

Nil





**5.2 WORK HEALTH, SAFETY AND WELLBEING – REPORT NO. AR21/74819**

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>28 March 2022</b>
<b>Report No.:</b>	<b>AR21/74819</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Ritu Datta, Manager Organisational Development</b>
<b>Authoriser:</b>	<b>Darren Barber, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>This report is a summary of Council's performance in the area of Workplace Health, Safety and Wellbeing. The report also provides an overview of key initiatives underway in this area.</b>
<b>Strategic Plan Reference:</b>	<b>Goal 1: Our People</b>
	<b>Goal 2: Our Location</b>
	<b>Goal 3: Our Diverse Economy</b>
	<b>Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage</b>
	<b>Goal 5: Our Commitment</b>

**REPORT RECOMMENDATION**

1. That Audit and Risk Committee Report No. AR21/74819 titled 'Work Health, Safety and Wellbeing' as presented on 28 March 2022 be noted.



## **TYPE OF REPORT**

Other

## **BACKGROUND**

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

## **PROPOSAL**

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

## **LEGAL IMPLICATIONS**

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

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

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

## **STRATEGIC PLAN**

Nil

## **COUNCIL POLICY**

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

## **ECONOMIC IMPLICATIONS**

Nil

## **ENVIRONMENTAL IMPLICATIONS**

Nil

## **SOCIAL IMPLICATIONS**

Nil



## **CULTURAL IMPLICATIONS**

Nil

## **RESOURCE IMPLICATIONS**

Nil

## **VALUE FOR MONEY**

Nil

## **RISK IMPLICATIONS**

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

## **EQUALITIES AND DIVERSITY IMPLICATIONS**

Nil

## **ENGAGEMENT AND COMMUNICATION STRATEGY**

Nil

## **IMPLEMENTATION STRATEGY**

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

## **CONCLUSION AND RECOMMENDATION**

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

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

## **ATTACHMENTS**

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





**WORK, HEALTH, SAFETY AND WELLBEING MANAGEMENT REPORT**

**Monthly Report – January 2022**

***SAFETY ALWAYS***





## 1. Summary

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

The organisation has commenced specific Hazard and Incident Reporting training within the Organisation's Business Management System Skytrust. A total of four (4) employees have been trained in Skytrust Incident and Hazard Reporting in January 2022.

The decrease in Hazard and Incident reporting for the month of January 2022, may have been an impact from employees being on leave during the Christmas, New Year and January holiday season. We are expecting further employees and people leaders to be trained in coming weeks, which will increase knowledge and awareness of the importance of Hazard and Incident reporting, which we anticipate will increase the Hazard and Incident reports for February 2022.

There were no notifiable incidents for January 2022 to SafeWork.

### Current focus areas for the COMG:

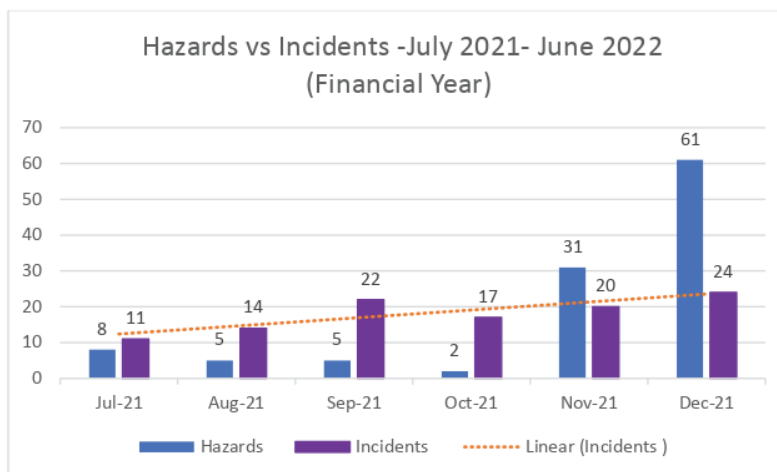
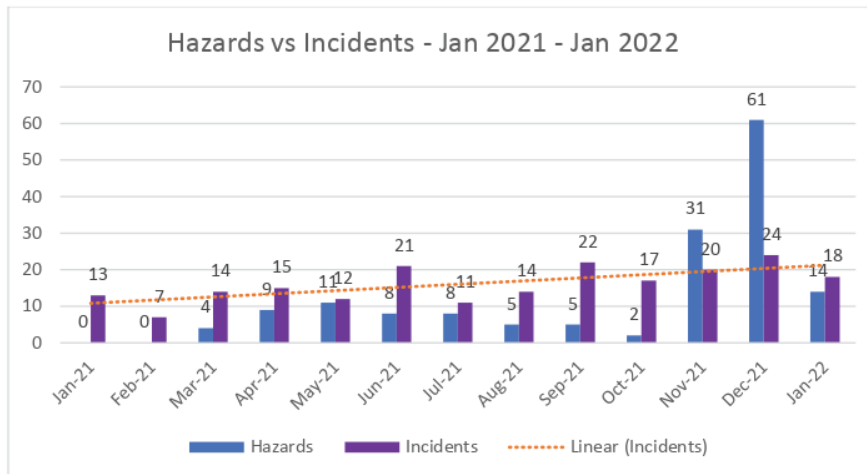
- WHS IM Action Plan Monitoring tool for 2022 following the Risk Evaluation Audit finalised and tasks completed as detailed in the plan in a timely manner.
- Ongoing management of injury management claims with LGWCS.
- Embedding of the new WHS Committee
- Training in Skytrust for hazard identification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





## 2. Correlation between Hazards vs. Incidents

Industry statistics suggest a decrease in the reporting of hazards will ultimately lead to an increase in incidents. A decrease in hazards reported for the month of January 2022 is possibly contributed to employees being on leave during the Christmas, New Year and January holiday season.





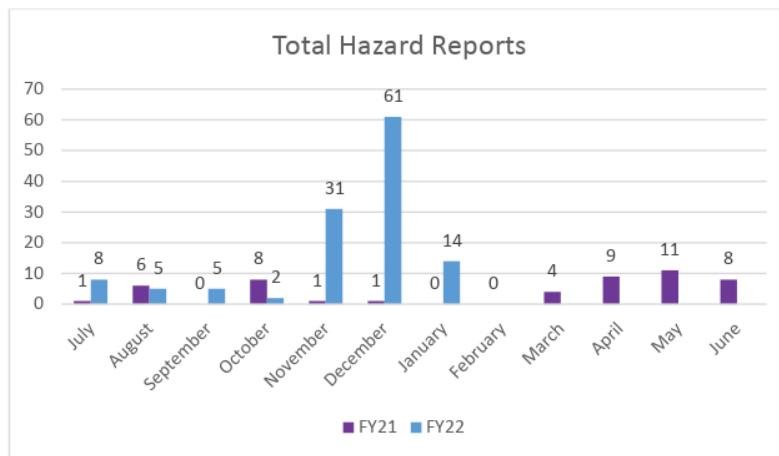
### 3. Hazard Management

#### 3.1 Total Hazard Reports - Yearly Comparison

The yearly comparison aims to provide trend analysis by comparing hazard reports for the month and comparing the data to the same month in the previous year. This allows the organisation to identify and forecast seasonal hazards.

There was a total of fourteen (14) hazards reported for January 2022 compared to zero (0) in January 2020.

This data indicates a significant increase in hazards reported for January 2022 compared to the same period last year.



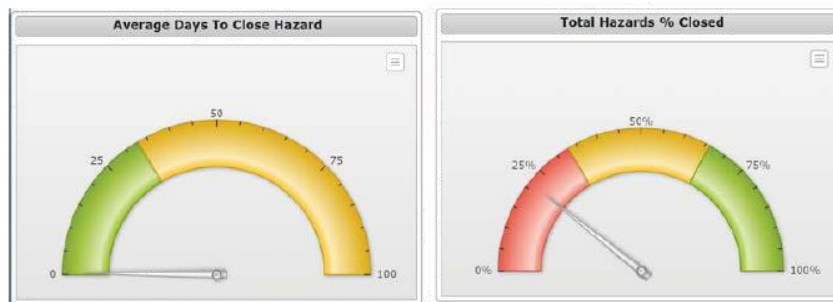
#### 3.2. Effective Hazard Management for the month of January 2022

The total amount of hazards outstanding is seventy-six (76). The percentage of hazards closed for the month of January is 21.43%

The number of open hazards has slightly increased, and this is directly attributed to the increased reporting of hazards.

The average days taken to assess and close a hazard in January was 0.33 days.





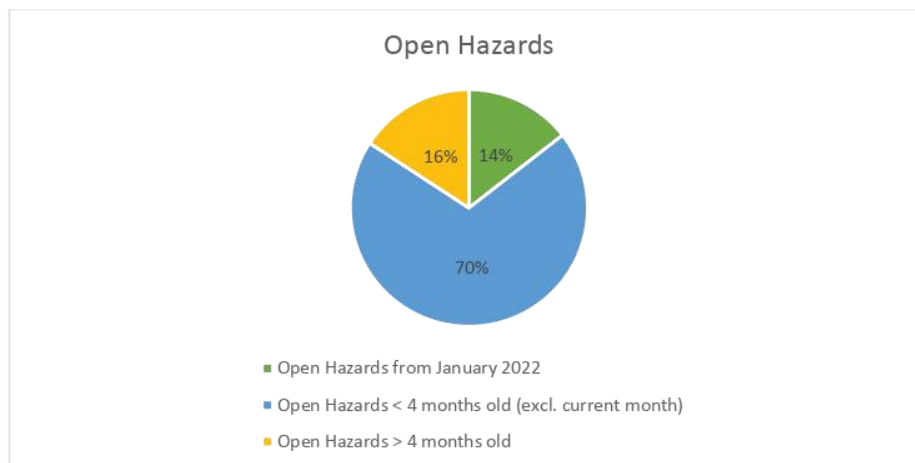
### 3.3 Hazard Management Closure Rate for January 2022

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

The total amount of open hazards within four months has increased from 21% to 70% in January 2022. This is due to the increase of hazards reporting.

The total amount of open hazards that are outstanding greater than four months has increased slightly from 15% to 16%.

Due to the significant increase in hazards reported, the organisation should expect an increase in the length of time taken to close out hazards.



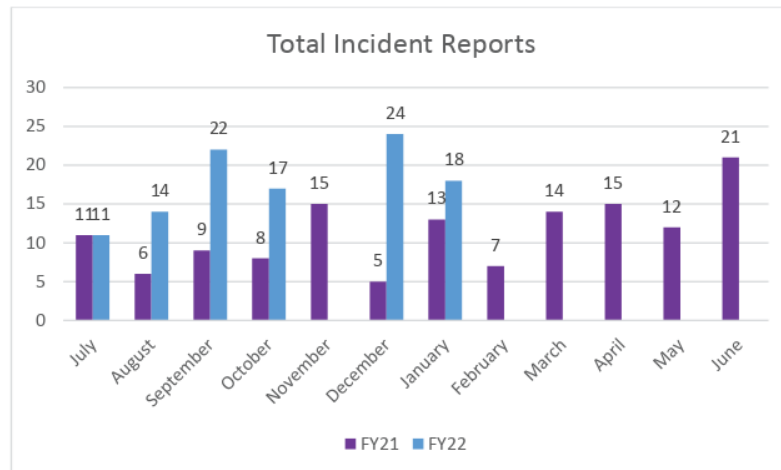




#### 4. Incident and Investigation Management

##### 4.1. Incident Reporting

This report demonstrates the total number of incidents reported across the organisation for the month of January was eighteen (18) which is a decrease of six (6) from December 2021.



##### 4.2 Effective Investigation Management

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

The total amount of open investigations that are outstanding within four months has increased from 11 % to 34%.

The total amount of open investigations that are outstanding greater the four months has decreased from 79% to 53% in January.





#### 4.3. Open and Overdue Investigations by Department

There is a total of one seventy-two (72) open investigations for the organisation, this is an increase from sixty-three (63) in December 2021.

### 5. Inspections and Audits

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

### 6. Corrective Actions Register

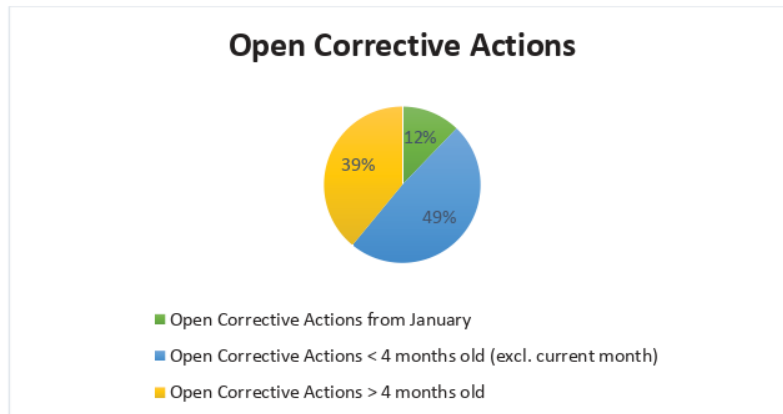
Open corrective actions indicate that an agreed action to rectify an incident or investigation has not been completed to a level that is acceptable by the organisation. The closure rate is based on a four month analysis.

There was a total of five (5) corrective actions issued for January and an overall total of 41 outstanding actions.

The total amount of open corrective actions that are closed within four months has increased from 41% in December to 49% in January 2022.

The total amount of open corrective actions that are outstanding greater the four months has increased from 26% in December to 39% in January 2022.





## 7. Injury Management

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

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

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

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

### 7.2 Injuries by body location details – January 2022

Injury Location	Amount
Head	1
Face	1

## 8. IM WHS Action Plan

### 8.1 WHS IM Action Plan Progress Report– (Yearly action plan – AR21/ 9584)

The IM/WHS Draft plan was endorsed by the Executive Leadership team and provided to LGRS for their “Peer Review”. The Organisational Development team will continue to coordinate the identified actions and will review the plan upon receipt of the “Peer Review”.

Four (4) actions have been completed in January 2022 leaving a total of eighteen (18) actions outstanding, to be completed by September 2022.





## 9. Wellbeing Initiatives

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

Summary and progress update will be provided as part of future reports.

### 9.2 Wellbeing Program

The organisation received approximately \$20k through the Scheme awards in FY21. There has been agreement to invest these funds in a Wellbeing Program commencing in calendar year 2022 with a view to have an ongoing wellbeing program that is tailored for the workforce on an ongoing basis.

The Wellbeing calendar will be drafted and at the next WHS Committee meeting for their feedback and endorsement. Subsequently the wellbeing calendar will be presented to the Executive Management Team for approval prior to implementation.

## 10. Continuous Improvement/ Projects

### 10.1 Principle and Procedure development and review schedule

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

Principle/ Procedure Name	Document number	Responsibility	Review Date	Status
UV and Inclement Weather Procedure	AR17/33093	WHSC	Apr-21	Reviewed by HSC – November 2021, Recommended workgroups review prior to endorsement
Work Zone Traffic Management Procedure	AR17/33133	WHSC	Apr-21	Reviewed by HSC – November 2021, Recommended workgroups review prior to endorsement
Communication and Consultation Principle	AR17/33096	WHSC	May-21	Reviewed by HSC – November 2021, requires endorsement at upcoming HSC meeting
Plant Procedure	AR17/33088	WHSC	Feb-21	Reviewed by HSC – November 2021, Recommended workgroups review prior to endorsement

### 10.2 Skytrust Investigation Training

An organisation specific Skytrust training program for People Leaders is scheduled for development and will be rolled out in the first quarter of 2022.



**5.3 ASSET ACCOUNTING AND ASSET MANAGEMENT POLICIES – REPORT NO. AR22/19830**

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>28 March 2022</b>
<b>Report No.:</b>	<b>AR22/19830</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Julie Scoggins, Manager Financial Services</b>
<b>Authoriser:</b>	<b>Darren Barber, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>This report presents a new Asset Accounting Policy and a replacement Council Policy A900 - Asset Management for adoption as well as a recommendation to revoke Council Policy C375 - Council Vehicles - Provision and Replacement Of.</b>
<b>Strategic Plan Reference:</b>	<b>Goal 1: Our People</b>
	<b>Goal 2: Our Location</b>
	<b>Goal 3: Our Diverse Economy</b>
	<b>Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage</b>
	<b>Goal 5: Our Commitment</b>

**REPORT RECOMMENDATION**

1. That Audit and Risk Committee Report No. AR22/19830 titled 'Asset Accounting and Asset Management Policies' as presented on 28 March 2022 be noted.
2. That the Asset Accounting Policy as attached to Report No. AR22/19830 having been reviewed by the Audit and Risk Committee on 28 March 2022 be adopted with the following changes:
  - (a) .....
3. That Policy A900 - Asset Management as attached to Report No. AR22/19830 having been reviewed by the Audit and Risk Committee on 28 March 2022 be adopted with the following changes:
  - (a) .....
4. That Council Policy C375 Council Vehicles - Provision and Replacement as attached to Report No. AR22/19830 be revoked.



## TYPE OF REPORT

Other

## BACKGROUND

1. **Audit 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.*

### Asset Accounting Policy:

2. In preparation for the interim audit with Dean Newbery the Finance Team have decided to create this policy as it is required for compliance purposes and to ensure alignment with other South Australian councils.
3. This policy is applicable to all Council owned assets and ensures that there is a framework in place to ensure a consistent approach to the following: asset life; depreciation; and revaluations.
4. The Asset Accounting Policy ensures that all Council owned assets are valued and depreciated in accordance with relevant Australian Accounting Standards ("the Standards") pursuant to the Local Government Act 1999 under section 303(4).
5. The main legislative provisions in the Local Government Act 1999 covering asset accounting are:
  - **Section 124** - (1) A council must -
    - (a) keep such accounting records as correctly and adequately record and explain the revenues, expenses, assets and liabilities of the council;
  - **Section 127** - This Policy also underpins how Council's administration treats various categories of transactions recorded on its fixed asset register and fixed asset transactions, culminating in their publication in the annual financial statements required under Section 127 (Financial Statements) of the Act.
  - **Regulation 12** - of the Local Government (Financial Management) Regulations 2011 Local Government Act outlines the requirement for asset revaluations: A council, council subsidiary or regional subsidiary must undertake a revaluation of all material non-current assets in accordance with the requirements of Australian Accounting Standard AASB 116.

### Asset Management Policy:

1. **Legislation** - The preparation of asset management plans is a statutory requirement of the Local Government Act under Section 122.
2. **Function** - The management of Council assets is a key function for Council.
3. **Principles** - The Asset Management Policy sets out the asset management principles by which the Council intends to apply to achieve its organisational objectives.
4. **Review** - The Asset Management Policy was last reviewed in March 2019 and was due for review in March 2021 and is now been updated following a review of the current policy and benchmarking compared to other South Australian councils.

### C375 Council Vehicles - Provision and Replacement of Policy:

1. The current policy was last updated on 20 November 2012. It no longer reflects the current organisation or policy structure. A benchmarking exercise undertaken to look at whether other



South Australian Councils had council vehicle policies established that other councils sampled have this as an internal council policy or procedure rather than a council policy.

## PROPOSAL

### Asset Accounting Policy:

1. The Asset Accounting Policy provides the principles for the following:
  - **Depreciation** - Including recognition of depreciation expense, impairment and depreciation methodology (including asset lives);
  - **Revaluations** - Including methodology, frequency of revaluations, and accumulated depreciation; and
  - **Capitalisation** - Including recognition of assets and thresholds.
2. The Asset Accounting Policy structure is aligned with the following:
  - **Scope** - The scope ensures that Council has a clear view of asset lives, depreciation and revaluations.
  - **Definitions** - This section aims to provide clear definitions of terms used in this policy.
  - **Roles & Responsibilities** - Details the role of Council, Chief Executive Officer, Asset Managers and employees.
  - **Useful Lives and Capital Thresholds** - Tables are included that will be complementary with Asset Management Plans.

### Asset Management Policy:

1. **Asset Management Planning** - Ensures that the services delivered through infrastructure assets meet community expectations in a cost-effective manner and furthermore that financial sustainability can be achieved equitably across future generations.
2. **Function** - Council recognises that its current infrastructure assets incur ongoing operating costs, require regular maintenance and need periodical component replacement to ensure that they remain serviceable throughout their life.
3. **IPWEA Alignment** - This updated policy has been developed in line with the Institute of Public Works & Engineering Australia (IPWEA).
4. **Strategic Alignment** - Commitment to Asset Management Planning is supported by its Strategic plan. This policy will assist Council to deliver upon the outcomes identified in the plan.
5. **Core Activity** - Council recognises that asset management is a core activity of its business. That is the provision of sustainable assets, and their timely maintenance and renewal, to meet community expectations whilst considering impacts on intergenerational equity.

### C375 Council Vehicles - Provision and Replacement of Policy:

1. Aligned with other South Australian councils and the structure of current Council policies, Council Administration recommend that this policy be revoked and an Administrative Procedure (more detailed internal procedure that supports Council policies) be developed and implemented following the adoption of the following new/revised policies at the Council meeting on 19 April 2022:
  - **Asset Accounting Policy**
  - **A900 Asset Management Policy**
  - **P420 Procurement and Disposal of Land & Assets Policy**

## LEGAL IMPLICATIONS

- **Local Government Act 1999** - Sections 122, 124, 127, 303(4).



- **Local Government (Financial Management) Regulations 2011 - Regulation 12.**

## **STRATEGIC PLAN**

Aids in the delivery of the Strategic Plan.

## **COUNCIL POLICY**

[A900 Asset Management Policy](#)

[P420 Procurement, & Disposal of Land and Assets](#) - This policy is being reviewed in a subsequent report at the 28 March 2022 Audit and Risk Committee meeting.

[C375 Council Vehicles - Provision and Replacement Of](#)

## **ECONOMIC IMPLICATIONS**

Aids in the delivery of economic outcomes.

## **ENVIRONMENTAL IMPLICATIONS**

An objective of asset management (linked to asset accounting) is to ensure that any consequence on the environment is taken into consideration when constructing, renewing or purchasing of any assets, including climate change.

## **SOCIAL IMPLICATIONS**

Aids in the delivery of social outcomes.

## **CULTURAL IMPLICATIONS**

Aids in the delivery of cultural outcomes.

## **RESOURCE IMPLICATIONS**

N/A

## **VALUE FOR MONEY**

The asset accounting policy ensures that value for money is delivered as investment returns are maximised and cost of debt is minimised.

## **RISK IMPLICATIONS**

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

## **EQUALITIES AND DIVERSITY IMPLICATIONS**

N/A

## **ENGAGEMENT AND COMMUNICATION STRATEGY**

N/A

## **IMPLEMENTATION STRATEGY**

This will be rolled out via training to the Executive and Elected Members when communicating details of the Annual Business Plan, Asset Management Plan and the LTFP.

## **CONCLUSION AND RECOMMENDATION**

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

Council Policy A900 - Asset Management Policy was due for review in March 2021, the policy has now been reviewed and replaced with a new version that sets out the principles by which the Council intends applying asset management to achieve its organisational objectives in accordance with Section 122 of the Local Government Act (SA) 1999.






This report recommends that the Asset Accounting Policy and the replacement Council Policy A900 - Asset Management be adopted as well as a recommendation to revoke Council Policy C375 - Council Vehicles - Provision and Replacement Policy.

### **ATTACHMENTS**

1. Draft - Asset Accounting Policy [↓](#)
2. Draft - Council Policy A900 - Asset Management [↓](#)
3. Council Policy C375 - Council Vehicles - Provision and Replacement Of [↓](#)



 City of Mount Gambier	<b>COUNCIL POLICY</b>	
	<b>ASSET ACCOUNTING POLICY</b>	
	Version No:	9.0
	Issued:	
	Next Review:	April, 2025

**1. INTRODUCTION:**

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

**2. PURPOSE:**

The purpose of this policy is to:

- Provide clear direction to management, staff and Council in relation to the Treasury Management function.
- Establish a decision framework (as shown below).

**3. SCOPE:**

The scope of this policy is to ensure:

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

This Policy is applicable to all Council owned assets.

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

**4. DEFINITIONS:**


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

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 City of Mount Gambier	<b>COUNCIL POLICY</b> <b>ASSET ACCOUNTING POLICY</b>	Version No:	9.0
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Key Term - Acronym	Definition
<b>Asset Renewal Funding Ratio</b>	Capital expenditure on renewal or replacement of existing assets as a percentage of asset management plans allocation.  <i>Capital expenditure on renewal or replacement of existing assets / Asset Management Plan.</i>
<b>Asset Register</b>	A register for reliably recording inventory type details of an asset and may incorporate other information such as condition, valuation and location.
<b>Carrying Amount</b>	The amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses.
<b>Cost</b>	The amount of cash or cash equivalents paid, or the fair value to acquire an asset at the time of its acquisition or construction.
<b>Depreciation</b>	The monetary value of an asset decreases over time (useful life) due to use, wear and tear or obsolescence. This decrease is measured as depreciation. Depreciation is the measure of 'using up' or consumption of the asset, in providing that asset to the community and is measured on an annual basis.
<b>Depreciable Amount</b>	The cost of an asset or any other amount substituted for cost, less its residual value.
<b>Fair Value</b>	Is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.
<b>Gifted Assets</b>	Is an asset constructed by a party other than a Council (typically a developer) and transferred to Council to maintain.
<b>Intangible Assets</b>	Are identified as non-monetary assets without physical substance. Some examples of intangible assets include; licences, intellectual property and computer software.
<b>Maintenance</b>	Regular ongoing day-to-day work necessary to keep assets operating, and does not extend the asset's useful life e.g. road patching. This is an operating expense as this does not increase the value of the asset.
<b>New Asset</b>	Is the creation of a new asset to meet additional service level requirements, e.g. a new building.

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Key Term - Acronym	Definition
<b>Non-current assets</b>	Are assets that have an estimated life of greater than one year. They also include some financial assets that are not expected to be recovered within a year of the reporting date.
<b>Operations</b>	Regular activities of the council e.g. street sweeping, grass mowing, street lighting.
<b>Renewal or replacement</b>	Of an asset is where a previously existing asset is replaced, or its service life extended, without enhancement of the service capability except where this is incidental and unavoidable. e.g. gravel re-sheeting, reseal, etc.
<b>Residual value</b>	Of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal at the end of its useful life.
<b>Upgrade</b>	Is the enhancement of an existing asset to provide a higher level of service, e.g. sealing an unsealed road.
<b>Useful life</b>	Is defined as the period over which an asset is expected to be available for use by the entity.

## 5. ROLES & RESPONSIBILITIES:

### 5.1 Council:

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

### 5.2 Chief Executive Officer:

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

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

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

### 5.4 Employees:


Employees are responsible for adhering to the policy.

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## 6. POLICY STATEMENTS:

- 6.1 This Policy applies the provisions of the Local Government Act 1999 (the Act) Section 124 (Accounting Records to be Kept) regarding Council's Fixed Assets and how financial information pertaining to Fixed Asset transactions and reconciliations are undertaken across all Council operations.
- 6.2 This Policy underpins how Council treats various categories of transactions recorded on its fixed asset register and fixed asset transactions, culminating in their publication in the annual financial statements required under Section 127 (Financial Statements) of the Act.

## 7. POLICY PRINCIPLES

### 7.1 Depreciation

#### 7.1.1 Recognition of Depreciation Expense:

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

#### 7.2 Impairment:

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


#### 7.3 Depreciation Methodology:

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

<b>Asset Useful Lives</b>	
<b>Asset Class</b>	<b>(Years )</b>
Infrastructure	10 to 150
Buildings & Other Structures	10 to 100
Waste Management – Landfill Assets	Capacity in use
Recreation and Open Space	10 to 50
Plant & Equipment and IT	3 to 25
Artworks & Historical Collections	Indefinite
Other	7 to 15

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

#### 7.4 Revaluations

##### Revaluation Methodology:

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

##### Frequency of Revaluation:

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

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**Revaluations and Accumulated Depreciation:**

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

**7.5 Capitalisation:**

**Recognition and Thresholds:**

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

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

*(a) it is probable that future economic benefits associated with the item will flow to the entity;*

*and*


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

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➤ Renewal.

- **Threshold** - A capitalisation recognition threshold is applied to each asset type using the concept of materiality. Costs below these thresholds are accordingly treated as an operating expense. No capitalisation threshold will be applied to the acquisition of land, interest in land or the Riddoch art collection.

Asset Class:	Capital Threshold
Infrastructure	\$5,000
Buildings & Structures	\$5,000
Waste Management - Landfill Assets	\$5,000
Park & Playground Furniture & Equipment	\$1,000
Other Recreation and Open Space	\$5,000
Office Furniture & Equipment (including IT)	\$1,000
Other Plant & Equipment	\$5,000

**7.6 Disposal Of Assets:**

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

**8. TRAINING / EDUCATION**

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

**9. REVIEW**

This Policy will be reviewed every three 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 Manager, Financial Services.

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#### 10. ACCESS TO THE POLICY

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

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

#### DOCUMENT DETAILS

Responsibility:	GENERAL MANAGER CORPORATE AND REGULATORY SERVICES
Version:	1.0
Last revised date:	
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<u>Document History</u> First Adopted By Council: Reviewed/Amended:	

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 City of Mount Gambier	<b>COUNCIL POLICY - A900                  ASSET MANAGEMENT</b>		Version No:	2.0
			Issued:	
	Next Review:			

**1. INTRODUCTION:**

This document sets out the policy of the City of Mount Gambier (Council) to:

- 1.1 Ensure adequate provision is made for the long-term management of major Council infrastructure and assets by:
  - 1.1.1 Ensuring that Council’s services and infrastructure are provided in a sustainable manner, with the appropriate levels of service to residents, visitors and the environment.
  - 1.1.2 Safeguarding Council assets including physical assets by implementing appropriate asset management strategies and financial resources for those assets.
  - 1.1.3 Creating awareness amongst employees and elected members of their responsibilities for the creation and management of sustainable assets.
  - 1.1.4 Meeting legislative requirements for asset management.
  - 1.1.5 Ensuring resources and operational capabilities are identified and responsibility for asset management is allocated.
  - 1.1.6 Demonstrating transparent and responsible asset management processes that align with demonstrated best practice.
  - 1.1.7 Ensuring an integrated approach across all business units in asset management service delivery.
- 1.2 Set the guidelines for implementing consistent asset management practice and procedure throughout the City of Mount Gambier.

**2. PURPOSE:**

The Asset Management Policy sets out the principles by which the Council intends applying asset management to achieve its organisational objectives.

**3. SCOPE:**

The Policy applies to Council assets within the City of Mount Gambier that are owned, managed and/or under the care of Council.

**4. DEFINITIONS:**

**Infrastructure Assets** include, but are not limited to, the following asset types:

Asset Category	Asset Types Included
Infrastructure	Roads, Public Access (i.e. Footpaths, Ramps, Stairs, hard surface trails, Tracks), Storm Water Drainage, Car Parks, Public Lighting etc.
Buildings and Structures	Community Buildings/Halls, Public Administration/Corporate, Public Convenience/Facilities, Commercial buildings etc.
Landfill	Caroline Landfill

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Open Space and Recreation	Playgrounds, Sporting Ovals, Recreational/Drainage reserves/Passive Areas, Crater Lakes, Significant Gardens (Umpherston Sink hole Cave Gardens, Railway Land, Vansittart Park garden, Englebrecht Cave), Cemeteries, Trees and Vegetation etc.
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There are additional asset classes governed under their own policy and as such the following asset classes, and the management thereof, are excluded from the scope of this policy:

- Plant and Equipment/Fleet (including Light and Heavy Fleet)
- IT & Systems (including Information Technology hardware and software)

**5. ROLES & RESPONSIBILITIES:**

**5.1 Council:**

Responsible for adopting the policy, allocating resources, and providing high level oversight of the delivery of the Council's asset management strategy and plans. The council is also responsible for ensuring that organisational resources are appropriately funded to ensure sustainable service delivery.

**5.2 Chief Executive Officer:**

Responsible for resourcing the development of an asset management strategy, plans and procedures and reporting on the status and effectiveness of asset management within Council.

**5.3 General Manager City Infrastructure:**

Responsible for developing and implementing an Asset Management Strategy and associated management plans for infrastructure assets, to achieve the strategic objectives within the agreed time frame. Monitor and review the effectiveness of Council's Asset Management Strategy and Plan.

**5.4 Employees:**

Employees are responsible for adhering to the policy.

**6. OBJECTIVES**

1. Manage assets consistently with Council's Strategic Plan, Long Term Financial Plan and other relevant Council policies.
2. Provide Council's services and infrastructure in a sustainable manner, with the appropriate levels of service to the community, cultural needs, visitors and the environment.
3. Develop a Strategic Asset Management Plan that will demonstrate how service delivery needs can be met in the future.
4. Create an environment where all Council employees take an integral part in overall management of Council assets by creating and sustaining asset management awareness throughout the organisation through training and development.

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**7. POLICY PRINCIPLES**

In accordance with Section 122 of the Local Government Act (SA) 1999 Council is required to have in place a consistent Asset Management Strategy enacted through the existence of regularly reviewed Infrastructure and Asset Management plan(s). The following points describe the key policy principles:

1. Asset Management plans will be completed for all major Asset Classes.
2. Council will prepare a risk management plan (in accordance with Council's risk management framework) for each major infrastructure asset class and use this information in their decision making processes in regard to the management of assets.
3. Expenditure projections from Asset Management Plans will be incorporated into the Council's Long Term Financial Plan.
4. Asset renewals required to meet agreed service levels as identified in the Asset Management Plans and Long Term Financial Plan will be funded as a matter of priority in the annual budget estimates.
5. Regular and systematic reviews will be applied to all Asset Management Plans to ensure that assets are managed, valued, and depreciated in accordance with Australian Accounting Standards.
6. Asset renewals will only be brought forward if they are included in the forecast ten year program approved in the relevant Asset Management Plan. The only exception is where there is a clearly documented and approved strategic and economic justification via a business case, annual project budget Summary On A Page (SOAP) and/or by Council recommendation.
7. Targeted inspections on assets that are believed to be critical or identified as having a key focus (i.e. through customer queries or risk assessment) will be undertaken to ensure levels of service are maintained and/or corrective actions identified.
8. Whole of life costs will be considered in all decisions relating to new services and upgrading of existing services and assets.
9. Changes in and/or new service levels with associated delivery costs will be determined in consultation with the community.
10. Ensure the corporate culture is such that all employees play a part in the overall care for the Council's assets by providing necessary awareness, training and professional development.
11. Provide Council's customers and stakeholders with assets which meet their expectation of a reasonable level of service and affordability.

**8. TRAINING / EDUCATION**

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

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#### 9. REVIEW

This Policy will be reviewed every three 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 City Infrastructure.

#### 10. ACCESS TO THE POLICY

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

File Reference:	AF11/1786
Applicable Legislation:	Local Government Act 1999 Section 122
Reference: Strategic Plan - Beyond 2015	Goal 2: Our Location
Related Policies:	Asset Accounting Policy  E500 - Provision of Council Resources to Support the Emergency Services in Emergencies
Related Procedures:	Nil
Related Documents:	

#### DOCUMENT DETAILS

Responsibility:	General Manager Corporate and Regulatory Services
Version:	2.0
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First Adopted By Council:	March 2019
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## City of Mount Gambier

### **C375** COUNCIL VEHICLES - Provision and Replacement of

#### 1. Provision of Council Vehicles

##### 1.1 Vehicles will be provided to the following positions:

- Mayor
- Chief Executive Officer
- Directors

The condition of use will be full and unrestricted private use and at the entire cost of Council. Staff employment contracts identify conditions of service and employment packages that relate to the use of a Council vehicle.

The Chief Executive Officer and Directors vehicles will be available as part of the Council vehicle fleet for use by staff requiring a vehicle for work duties during normal work hours. The Mayoral vehicle may be used as a pool vehicle for Elected Members for extended travel purposes.

##### 1.2 Vehicles may be provided to senior staff within the Council as a component of their total remuneration package. Generally vehicles will be restricted to manager level and particular specialised/technical staff and may be used to offset other employment conditions identified in relevant industrial awards, the City of Mount Gambier Workplace Agreement and/or identified employment contracts.

Vehicles will be provided for private use limited to 500 kilometres from the Council area. Council will bear responsibility for all costs associated with such use excepting for travel outside of the above range whereby the Council staff member will be financially responsible for all fuel use.

The Council vehicle is not available when the employee is on leave excepting with the written permission of the Chief Executive Officer. In respect of all Council vehicles used for private use, the use is restricted to that employees immediate family.

(The private use conditions do not apply to the Engineering Manager whose employment contract stipulates that he has full and unrestricted use of a Council vehicle at all times with all fuel costs for personal use being paid by the Engineering Manager).

##### 1.3 Commuting - general pool vehicles will be allocated to various Council divisional areas for work use and some employees may be assigned a vehicle for commuting use to and from Council. Employees allocated a vehicle for commuting use may be provided limited City wide only private use where there is offset against employment conditions and negotiated and agreed by the employee and Chief Executive Officer. The allocation of commuting use vehicles will be based upon work demands with allocation of vehicles solely at the discretion of the Chief Executive Officer and may be reassigned by providing one (1) months notice. Employees with the above use must maintain the vehicle to ensure its suitability as a pool vehicle including fuel and general vehicle appearance. The employee must ensure adequate garaging overnight and weekends.





**City of Mount Gambier**

C375 COUNCIL VEHICLES - Provision and Replacement of cont'd...

When on any form of leave such vehicle will be returned to Council for pool use and garaging overnight. All pool vehicles must be available for fleet use at all times during the standard working day.

- 1.4 To maintain appropriate records Council may from time to time require any employee that has use of a Council vehicle to keep records of such and provide this information to the relevant Director.

2. Replacement of Council Vehicles

2.1 Council to replace:

2.1.1 Mayoral and administration pool vehicles generally after two (2) years of age, or 40,000 kilometres of travel, whichever occurs first (refer Appendix A), but Council may consider proposals that have been subjected to a competitive quotation process prior to two (2) years or 40,000 kilometres.

2.1.2 All other equipment be considered by way of a rolling review on an annual basis for condition, workload, etc. and as a general principle, be considered for replacement as follows or unless otherwise authorised for replacement by Council:

<u>Operational Plant</u>		<u>Anticipated Change-Over</u>
1.	Trucks and commercial type vehicles up to three (3) tonne capacity	120,000 kms of travel or eight (8) years of age, whichever occurs first
2.	Trucks in the range of three (3) to five (5) tonne capacity	100,000 kms of travel or ten (10) years of age, whichever occurs first
3.	Trucks over five (5) tonne capacity	Ten (10) years of age
4.	Tractors	Ten (10) years of age
5.	Rollers	Twelve (12) years of age
6.	Loaders	Ten (10) years of age or 10,000 hours, whichever occurs first
7.	Street sweeper Garbage Compactor (MGB Collection Vehicles)	Five (5) years of age
8.	Graders Landfill Compactor	Fifteen (15) years of age or 10,000 hours, whichever occurs first
9.	Large Lawn mowers	Five (5) years of age





**City of Mount Gambier**

3

C375 COUNCIL VEHICLES - Provision and Replacement of cont'd...

- 2.2 The type and standard of vehicles to be provided by Council for various administrative functions be similar to and as per Appendix "A".
- 2.3 Notwithstanding (a) above, there is NO FIXED or set policy in determining the minimum and maximum operational life of plant and machinery used by Council. However, in determining future plant replacements, regard will be given to the variables of age - years - hours used/ kilometres.
- 2.4 Approval be granted for the Director - Operational Services, in consultation with the Presiding Member of the Operational Services Committee and the Chief Executive Officer, from time to time, to transfer existing older cab/chassis from other plant as the prime movers for water carts. At the time of replacing the existing steel water tanks, consideration be given to obtaining stainless steel units.
- 2.5 The Chief Executive Officer and/or Director - Operational Services shall have authority to determine and set hire rates for Council machinery. Such hire rates should reflect the commercial usage/hire of plant.
- 2.6 The Chief Executive Officer and/or Director - Operational Services be authorised to fix the 'depreciation' rate on each item of plant, with such rate to amortise the capital cost at purchase, over the anticipated life of the plant.
- 2.7 Wherever possible loan borrowing for the purchase of plant and equipment be limited to major items of plant, i.e. graders, street sweepers, refuse compactor, etc.
- 2.8 When seeking to replace or purchase any plant or equipment referred to as "Capital Plant or Machinery" in the Annual Budget of Council, quotations/tenders be obtained in accordance with Policy Q110.
- 2.9 When seeking to replace passenger vehicles Council shall call for alternative fuel options in vehicles i.e. diesel, hybrid (or any other such technology that may emerge) in addition to petrol fuelled vehicles, for consideration in the tender process.

Adopted by Council: 18 <sup>th</sup> February 1999	Reviewed: 15 <sup>th</sup> April 2003	Amended: 17 <sup>th</sup> June 2003
Amended: 16 <sup>th</sup> November 2004	Reviewed: 19 <sup>th</sup> September 2006	Amended: 19 <sup>th</sup> June 2007
Reviewed: 21 <sup>st</sup> April 2009	Amended: 15 <sup>th</sup> December 2009	Amended: 16 <sup>th</sup> August, 2011
Amended: 20 <sup>th</sup> November 2012	Amended:	Amended:





APPENDIX A

CITY OF MOUNT GAMBIER

VEHICLES (ADMINISTRATIVE) - TYPE AND STANDARD

	<u>Officer</u>	<u>Vehicle Type and Standard</u>
1.	Mayor  Chief Executive Officer	Up to the value of the vehicle allocated to the Chief Executive Officer, but with the discretion of the Mayor to select the type/style of vehicle  Up to the value of a large luxury passenger vehicle but with the discretion of the Chief Executive Officer to select type/style of vehicle
2.	Directors	Up to the value of a large deluxe standard passenger vehicle but with the discretion of the Director to select type/style of vehicle
3.	Managers and/or Senior Specialists/Technical Staff  Works Manager/Assistant Works Manager	Large or medium passenger vehicle  4WD Utility
4.	General Inspectors	Utility or Van
5.	Pool Vehicles	Medium passenger vehicle suitable for the work function

Vehicles for that function specified in 3 to 5 above, are to be traded at 40,000 kms of travel or two (2) years of age, whichever occurs first and that where a vehicle is part of a specific work function of Council the vehicle needs to be suitable for that specific work function.



**5.4 BUDGET REVIEW 1 & 2 - 2021/2022 – REPORT NO. AR22/19869**

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>28 March 2022</b>
<b>Report No.:</b>	<b>AR22/19869</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Julie Scoggins, Manager Financial Services</b>
<b>Authoriser:</b>	<b>Darren Barber, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>The purpose of this report is to provide an overview to the Audit and Risk Committee of Budget Review 1 and Budget Review 2 as adopted by Council in this financial year.</b>
<b>Strategic Plan Reference:</b>	<b>Goal 1: Our People</b>
	<b>Goal 2: Our Location</b>
	<b>Goal 3: Our Diverse Economy</b>
	<b>Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage</b>
	<b>Goal 5: Our Commitment</b>

**REPORT RECOMMENDATION**

1. That Audit and Risk Committee Report No. AR22/19869 titled 'Budget Review 1 & 2 - 2021/2022' as presented on 28 March 2022 be noted.



**TYPE OF REPORT**

Other

**BACKGROUND**

**Budget Reviews** - The *Local Government Financial Regulations 2011* Part 2 Section 9 requires Council to reconsider its budget at least three times between 30 September and the 31 May. Aligned with this legislation the following budget reviews were adopted by Council:

- **Budget Review 1** - The revised forecast as at 30 September 2021 for the year ending June 2022 was taken to the Council meeting in November 2021 compared to the Adopted Budget and the Restated Budget; and
- **Budget Review 2** - The revised forecast as at 31 December 2021 for the year ending June 2022 was taken to the Council meeting in February 2022 compared to the Budget Review 1.

**PROPOSAL**

**Budget Review 1** - The proposed Budget Review 1 forecast operating surplus/(deficit), capital expenditure and capital revenue for new/upgrade numbers were presented to Elected Members at a session on 2 November 2021 and to the Audit Committee members on 8 November 2021. Budget Review 1 was adopted by Council at the meeting in November 2021, with the highlights as shown below:

- **Operating Result** - The Budget Review 1 operating surplus of \$183k is \$754k favourable to the (\$571k) operating deficit included in the Adopted Budget, driven by additional grant revenue (including grants relating to the delivery of capital projects (Local Roads and Community Infrastructure (LRCI)) and the reinstatement of the Special Local Roads Fund in 2021/22), offset by additional pressures identified during the first quarter of FY 2022.
- **Capital Revenue** - The Budget Review 1 capital revenue of \$21,249k is \$2,894k favourable mainly due to grant timing (\$3.0m for Wulanda).
- **Capital Expenditure** - The increase from \$55.8m in the Restated Adopted Budget to \$61.8m at BR1 was mainly due to Wulanda timing, carry forwards from 2020/21, LRCI Projects, and carry forwards to 2022/23.

\$'k	Adopted Budget	Restated Budget	Budget Review 1	Variance to Restated Budget
Budget Adopted/Presented at the Council Meeting	Jun-21	Nov-21	Nov-21	N/A
Operating Deficit	(571)	(571)	183	754
Capital Revenue for New/Upgrade	18,355	18,355	21,249	2,894
Capital Expenditure	55,787	55,787	61,774	(5,987)
Net (Borrowing)	(11,398)	(29,866)	(32,313)	(2,447)

**Budget Review 2** - The draft Budget Review 2 forecast operating surplus/(deficit), and capital expenditure were presented to Elected Members at a session on 8 February 2022. Budget Review 2 was adopted by Council in February 2022 with the highlights shown below:

- **Operating Result** - The Budget Review 2 operating surplus of \$218k is \$35k favourable to the \$183k operating surplus included in Budget Review 1, driven by the following significant variances: insurance claims revenue and training/trainee revenue/expenditure, offset by additional pressures identified during the second quarter of FY 2022.
- **Capital Revenue** - The Budget Review 2 capital revenue of \$21,249k was unchanged.
- **Capital Expenditure** - The Budget Review 2 capital expenditure of \$61.8m is (\$54k) unfavourable to Budget Review 1, where carry forwards, savings and a project cancellation have been more than offset by additional projects (including insurance claims)



\$'k	Adopted Budget	Restated Budget	Budget Review 1	Budget Review 2	Variance to Budget Review 1
Budget Adopted/Presented at the Council Meeting	Jun-21	Nov-21	Nov-21	Feb-22	N/A
Operating Deficit	(571)	(571)	183	218	35
Capital Revenue for New/Upgrade	18,355	18,355	21,249	21,249	0
Capital Expenditure	55,787	55,787	61,774	61,828	(54)
Net (Borrowing)	(11,398)	(29,866)	(32,313)	(32,213)	100

**LEGAL IMPLICATIONS**

The Local Government Financial Regulations 2011 Part 2 Section 9 requires Council to reconsider its budget at least three times between 30 September and the 31 May.

**STRATEGIC PLAN**

The Annual Business plan and subsequent Budget Reviews are aligned with Council's Strategic Plan.

**COUNCIL POLICY**

The Annual Business Plan assesses the financial requirements of the Council for the financial year and sets out a summary of its proposed operating expenditure, capital expenditure and sources of revenue and takes into account Council's long-term financial plan.

[B300 Budget Framework Policy](#)

**ECONOMIC IMPLICATIONS**

As per budget/strategic plan - no comment applicable to this report.

**ENVIRONMENTAL IMPLICATIONS**

As per budget/strategic plan - no comment applicable to this report.

**SOCIAL IMPLICATIONS**

As per budget/strategic plan - no comment applicable to this report.

**CULTURAL IMPLICATIONS**

As per budget/strategic plan - no comment applicable to this report.

**RESOURCE IMPLICATIONS**

The Annual Business Plan assesses the financial requirements of the Council for the financial year and sets out a summary of its proposed operating expenditure, capital expenditure and sources of revenue and takes into account Council's long-term financial plan.

**VALUE FOR MONEY**

As per budget/strategic plan - no comment applicable to this report.

**RISK IMPLICATIONS**

The *Local Government Act 1999* requires that Council assesses the financial requirements of the Council for the financial year and sets out a summary of its proposed operating expenditure, capital expenditure and sources of revenue and takes into account the Council's long-term financial plan and relevant issues relating to the management and development of infrastructure and major assets by the Council.

**EQUALITIES AND DIVERSITY IMPLICATIONS**

N/A

**ENGAGEMENT AND COMMUNICATION STRATEGY**

N/A



### **IMPLEMENTATION STRATEGY**

Once adopted, the Budget Review numbers will be distributed to budget holders.

### **CONCLUSION AND RECOMMENDATION**

**Budget Review 1 and 2 2021/22** - It is a legislative requirement that Council reconsiders its budget at regular intervals during the year. The budget assesses the financial requirements of Council for the financial year, it provides stability and certainty of financial outcomes and ensures continuation of delivery of essential community services and the efficient operation of infrastructure while maintaining a sound financial position

### **ATTACHMENTS**

Nil



**5.5 LOCAL GOVERNMENT REFORM UPDATE – REPORT NO. AR22/20118**

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>28 March 2022</b>
<b>Report No.:</b>	<b>AR22/20118</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Michael McCarthy, Manager Governance and Property</b>
<b>Authoriser:</b>	<b>Darren Barber, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>This report re-presents a February 2022 Council Report providing a brief summary of the Local Government Reform commencement dates and actions.</b>
<b>Strategic Plan Reference:</b>	<b>Goal 5: Our Commitment</b>

**REPORT RECOMMENDATION**

1. That Audit and Risk Committee Report No. AR22/20118 titled 'Local Government Reform Update' as presented on 28 March 2022 be noted.



## **TYPE OF REPORT**

Legislative

## **BACKGROUND**

In February 2022 Council received report No. AR22/5937 providing an update on the commencement dates of Local Government Reform changes associated with the Statutes Amendment (Local Government Review) Act 2021.

This report re-presents the content of that report for noting by the Audit and Risk Committee.

## **EXTRACT FROM FEBRUARY 2022 COUNCIL REPORT NO. AR22/5937**

In September 2021 Report No. AR21/55283 titled 'Local Government Reform - Update' presented initial changes arising from the which commenced on 20 September and 10 November 2021, based on proclamations gazetted on 16 September 2021.

The following link provided secure access to Local Government Association reform resources:

<https://www.lga.sa.gov.au/member-services/lg-sector/local-government-reform>

On 23 December 2021 a further reform commencement date proclamations were gazetted, for changes effective from several dates from 6 January 2022 through to 30 November 2023.

## **PROPOSAL**

This report includes an attached table (Attachment 1) listing the reforms and their commencement date and any necessary actions.

Some changes are relatively minor, only apply in specific circumstances, or affirm existing administrative practices, and so require little or no action to occur.

Some other changes, such as those associated with the new community engagement charter, member behavioural framework or changes to election processes, rely on state government to first develop necessary documentation or processes before Council can then act further to comply.

## **LEGAL IMPLICATIONS**

Changes to Council's governing legislation require various changes to administrative practices to ensure continued compliance. In some cases the changes merely affirm pre-existing discretionary practices which are now legislatively mandated.

Several changes are relatively minor, or require other preparatory work to comply, or are reliant on further bodies of work being prepared by others, such as to support replacement community engagement and member behavioural frameworks or the establishment of oversight provisions by the Essential Services Commission of South Australia (ESCOSA).

The amended provisions will be incorporated in a review of Councils legislative compliance monitoring.

## **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**

The resource implications for changes that have commenced to-date are nominal in regard to administrative activities that have required some alteration.

Changes associated with the community engagement and member behavioural framework changes (if any) are as yet unable to be quantified.

## **VALUE FOR MONEY**

N/A

## **RISK IMPLICATIONS**

Council runs the risk of not complying with its governing legislation if changes arising from the local government reform are not implemented.

## **EQUALITIES AND DIVERSITY IMPLICATIONS**

N/A

## **ENGAGEMENT AND COMMUNICATION STRATEGY**

Whilst most of the local government reform changes are nominal and in many cases merely affirming a requirement to perform matters already undertaken by Council, others will require a broader engagement with the community. Further reports will be presented to address such matters as they arise.

## **IMPLEMENTATION STRATEGY**

To-date, the implementation of the local government reform changes has been substantially administrative in nature. Further changes to commence in the come 12-18 months will likely require more significant implementation including engagement with the community and with the elected member body. Further reports will be presented to address such matters as they arise.

## **CONCLUSION AND RECOMMENDATION**

Having noted the commencement dates and actions associated with local government reform changes, this report recommends that the Audit and Risk Committee note this report.

## **ATTACHMENTS**

1. List of LG Reform Commencement Dates [↓](#)





### Legislative amendment commenced 20 September 2021

Amendment Act provision	Section of Local Government Act 1999 inserted, deleted, altered	Action Required
section 4, 6, and 7	section 3, 7, and 8 - Objects of the Local Government Act, functions of council, principles to be observed	No Action Required
section 5(2) and 11	section 4(1) and 26 - References to SA Boundaries Commission	No Action Required
section 12(1)	new section 44(2)(ba) - Delegations to Joint Planning Boards	No Action Required
section 18(2)	section 54(1)(k) - Updating reference to SACAT – Casual vacancies	No Action Required
section 20	new section 55A - Leave of absence - council member contesting election	Notify Members
section 21 and 22	section 58 and 59 - Role of principal member and council member	No Action Required
section 39	section 76 - Allowances – council member	No Action Required
section 41	repealing section 78A - Obtaining legal advice	No Action Required
Numerous sections	Numerous sections - Removing references to older technology	No Action Required
section 47	section 85 - Quorum	No Action Required
section 51	new section 90(3)(o) - Meeting in confidence – new ground – award recipient	Update InfoCouncil
section 51(2) and 52	section 90(8) to (8e) and inserting the new section 90A - Information or briefing sessions	Update templates and procedures and notify Members
section 60	new section 99A - CEO Remuneration	Notify CEO
section 88(1) and (2)	section 129(1) and (1a) - Conduct of audit (Auditor-General)	No Action Required
section 90(2)	section 131(5) - Annual reports – removal of requirement to table in Parliament	Update Annual Report procedures
section 91	new section 131A - Annual reports – provision of information to Minister	Update Annual Report procedures
section 99(1), 99(3), and 99(4)	section 184 - Sale of land for non-payment of rates	No Action Required
section 108(1) and section 110 to 114	section 222(1a), 224 and 225 and repealing section 224A, 225A and 225B - Mobile food vendors (food trucks)	Revoke Council Policy
section 119	section 234A - Prohibition of traffic or closure of streets or roads	Review road management processes



### Legislative amendment commenced 20 September 2021

section 134	repealing section 269 – Report on Conduct of Members	No Action Require
section 139	amending section 303(8a) – transitional (regulations) provisions	No Action Required
section 144(4)	Schedule 5 – documents to be made available – information and briefing sessions	Orders to close information/briefing sessions to be made available. Council publishes notices containing relevant information. Practice to continue
section 145	Schedule 8 - provisions relating to specific land (Town of Gawler)	No Action Required
Section 173	Local Government (Elections) Act – method of counting and provisional declarations	No Action Required
Section 192-193	City of Adelaide Act	No Action Required
Sections 197-198, 200-207	Various Acts	No Action Required
regulation 4 (General)	regulation 8AB of the Local Government (General) Regulations 2013 – information or briefing sessions	Continue to publish Record of Proceedings containing required information
regulation 5 (General)	regulation 10 of the Local Government (General) Regulations 2013 – annual reports	Amend Annual Report procedures
regulation 6 (General)	repealing regulation 25A to 25C of the Local Government (General) Regulations 2013 – mobile food vendors	Repeal Council Policy
regulation 7 (General)	regulation 35(1)(a)(iii) of the Local Government (General) Regulations 2013 – annual report	Amend Annual Report procedures
regulation 4 (Members Allowances and Benefits)	regulation 4 of the Local Government (Members Allowances and Benefits) Regulations 2013	No Action Required
City of Adelaide regulations	amend the City of Adelaide (Members Allowances and Benefits) Regulations 2010	No Action Required



### Legislative amendment commenced 10 November 2021

Amendment Act provision	Section of Local Government Act 1999 inserted, deleted, altered	Action Required
(a) section 12(2);	section 44(7) and (8)—Delegations Section 44(7) and (8)	Continue practice of publishing delegations on website
(b) sections 14 and 15;	section 48(5) and (6)—Prudential requirements for certain activities section 49(4) and (5)—Contracts and tenders policies	No Action Required Continue practice of publishing policy on website
(c) section 18(3);	section 54(2a)(b)(ii)—Casual vacancies	No Action Required
(d) section 34;	section 70 (a1), (a2), (1) and (2)—Publication of (Member) Register (of Interests)	Publish Register (except residential or suppressed address) on website
(e) section 40;	section 77(3) and (4)—Reimbursement of expenses	Continue practice of publishing policy on website
(f) section 42;	section 79(3) and (4)—Register of allowances and benefits	Publish Register on website
(g) section 43(2);	section 80A(4) and (5)—(Member) Training and development	Continue practice of publishing policy on website
(h) section 45(2);	section 83(8)—Notice of ordinary or special meetings	No Action Required
(i) section 46;	section 84(1a), (3), (4) and (5)(a)—Public notice of council meetings	Continue practice of displaying and publishing notices
(j) section 50;	section 88(1a), (3), (4) and (5)—Public notice of committee meetings	Continue practice of displaying and publishing notices at office and website
(k) sections 53 and 54;	section 91(4) to (6)—Minutes and release of documents section 92(5) to (7)—Access to meetings and documents—code of practice	Continue practice of publishing minutes on website Continue practice of publishing policy on website
(l) sections 56 to 58 (inclusive);	section 93(2) and (6)(a)—Meetings of electors Repeal of section 94A section 97(1)(a)(i), (3a) and (6)—CEO Vacancy in office	No Action Required No Action Required No Action Required
(m) sections 61 and 62;	Section 102A—Chief executive officer—performance review section 105(3) and (4)—Register of remuneration, salaries and benefits	Amend CEO Review processes Publish Register on website
(n) section 79(7);	section 122(7)—Strategic management plans	Continue practice of publishing strategic management plan on website
(o) section 80(6);	section 123(9)(b) and (c)—Annual business plans and budgets	Continue practice of publishing annual business plan and budget on website
(p) section 86;	section 127(5) and (6)—Financial statements	Continue practice of publishing financial statements on website



### Legislative amendment commenced 10 November 2021

(q) section 90(3);	section 131(8)—Annual report to be prepared and adopted	Continue practice of publishing annual report on website
(r) section 92;	section 132(1) to (3a) and (4a)—Access to documents	Publish documents, and continue publishing existing documents on website
(s) section 100;	section 188(6) and (7)—Fees and charges	Continue practice of publishing fees and charges schedule on website
(t) section 105;	section 207(3) and (4)—Register (of Community Land)	Publish Register on website
(u) sections 115 and 116;	section 226(2a), (3)(ca) and (5)—Moveable signs section 231(3) and (4)—Register	Amend Local Government Election template letters Publish Register on website
(v) section 121(1);	section 246(3)(g)—Power to make by-laws	Amend expiation notices
(w) section 122(1);	section 249(1)—Passing by-laws	No Action Required
(x) section 124;	section 252(3) and (4)—Register of by-laws and certified copies	Continue practice of publishing by-laws on website
(y) section 125(3);	section 259(6) and (7)—Councils to develop policies	Continue practice of publishing policy on website
(z) section 135;	section 270—Procedures for review of decisions and requests for services	Amend internal review process, continue publishing policy on website
(za) section 144(2) and (3);	Schedule 5— Documents to be made available by councils (Meeting Papers)	Continue practice of publishing agenda/minutes on website
Section 148=189	Local Government (Elections) Act – various provisions	Amend election procedures and caretaker policy
Section 191, 196	City of Adelaide Act	No Action Required
Regulation 4-6 (Elections)	regulation 5, 11, 11A, Schedule 1 of the Local Government (Elections) Regulations 2010	Amend Election procedures
Regulation 8 (General)	regulation 36 of the Local Government (General) Regulations 2013 – Schedule 5	Publish documents in Schedule 5, continue to publish existing on website
Regulation 4-7 (Procedures at Meetings)	Regulation 6, 9, 12 and 24 of the LG(Procedures at Meetings) Regulations 2013	Continue publishing documents, note change to question/motion notice
Regulation 12 (transitional)	regulation 12 of the Local Government (Transitional Provisions) Regulations 2021.	No Action Required



### Legislative amendments commenced 6 January 2022

Amendment Act provision	Section of Local Government Act 1999 inserted, deleted, altered	Action Required
Section 79(3)-(5)	s.122(3a), (4)(a) and (b)—Strategic management plans	—review current LTFP preparation processes to ensure requirements are actioned
section 80(3)-(5), (7)	s.123(6a), (7a), (8), (10a)—Annual business plans and budgets	— review existing processes to ensure the earlier date is reflected.
section 82	s.125—Internal control policies	—review existing internal control policies, practices and procedures to ensure alignment with Better Practice Model
section 87(3)	s.128(3)—The Auditor	—ensure this obligation is complied with as part procurement process for appointment of external auditor
section 90(1)	s.131(1a)—Annual report (legal costs)	report this amount in their 2021/22 Annual Report
section 95	s. 153 / 181 Rates	—review existing process relating to rates declaration to ensure the changed date is reflected
section 98	section 181(3) – payment of rates (general principles)	review existing processes to ensure reflect the earlier date, manner, form
section 126	s.262F—Establishment and constitution (Behavioural Standards Panel)	—No action required
regulation 4 (Transitional)	regulation 8 of the Local Government (Transitional Provisions) Regulations 2021	No Action Required
regulation 6 (Transitional)	regulation 13 to the Local Government (Transitional Provisions) Regulations 2021 (Financial Accountability) regulation 14 – Audit and risk Committees membership	Review LGA, ESCOSA and SALGFMG information when available No Action Required
regulation 4(1) (Financial Management)	regulation 5(2)(b) of the Local Government (Financial Management) Regulations 2011.	review processes to ensure the required information within the LTFP.
Regulation 5 (Financial Management)	regulation 6 of the Local Government (Financial Management) Regulations 2011	Include SALGFMG template information in annual business plan
regulation 6 (Financial Management)	regulation 10A to the Local Government (Financial Management) Regulations 2011	review existing practices and procedures to ensure they align with the Better Practice Model—Internal Financial Controls.
regulation 4 (Schedule 4)	Schedule 4 of the Local Government Act (Annual Reports)	Review annual report processes for redundant provisions
regulation 4 (General – Annual Reports)	regulation 35 of the Local Government (General) Regulations 2013 – interstate travel	consideration will need to be given to how interstate/international travel information is collected for inclusion in 2021-2022 annual report



### Legislative amendment – future commencement dates

Amendment Act provision	Section of Local Government Act 1999 inserted, deleted, altered	Action Required
<b>Commencing 30 April 2022</b>		
Section 79	Section 122 designated authority provisions and definition	No Action Required
<b>Commencing 30 June 2022</b>		
Section 79(2)	Section 11A (cap on Membership)	No Action Required
Section 9	Section 12 – Composition/Wards	No Action Required
Section 17	Section 51 – Mayoral provisions	No Action Required
Section 55	Section 93 – meeting of electors	No Action Required
<b>Commencing 30 June 2023</b>		
Section 79(1)	Section 122(1a)(a) funding approach and revenues in strategic management plan	For strategic management plan post November 2022 Election
<b>Commencing 31 August 2023</b>		
Section 5(9), 93, 94(i)	Section 4(1), 147(7), 151(3) - rating - delete 'site value'	Review in preparation for 2023/2024 rating
<b>Commencing 30 November 2023</b>		
Section 5(8)	Section 4(1) – insert relevant audit and risk committee definition	No Action Required
Section 59	Section 99(1)- role of Chief Executive Officer	Annual audit report
Section 81	Chapter 8 Heading – audit and risk committee	No Action Required
Section 82	Section 120(3) – risk management policies	Continue to implement risk policies, systems and procedures
Section 83	Section 125A – internal audit function	No Action Required
Section 84-141	Section 126-130A, Schedule 2 (various provisions) – audit and risk committee	No Action Required
Section 195	Section 27 City of Adelaide – role of CEO	No Action Required



**5.6 POLICY REVIEW - P420 PROCUREMENT & DISPOSAL OF LAND AND ASSETS –  
REPORT NO. AR22/20210**

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>28 March 2022</b>
<b>Report No.:</b>	<b>AR22/20210</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Julie Scoggins, Manager Financial Services</b>
<b>Authoriser:</b>	<b>Darren Barber, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>This policy review has been undertaken in response to interim audit recommendations and benchmarking of other South Australian Councils.</b>
<b>Strategic Plan Reference:</b>	<b>Goal 1: Our People</b>
	<b>Goal 2: Our Location</b>
	<b>Goal 3: Our Diverse Economy</b>
	<b>Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage</b>
	<b>Goal 5: Our Commitment</b>

**REPORT RECOMMENDATION**

1. That Audit and Risk Committee Report No. AR22/20210 titled 'Policy Review - P420 Procurement & Disposal of Land and Assets' as presented on 28 March 2022 be noted.
2. That the revised P420 Procurement & Disposal of Land and Assets Policy as attached to Report No. AR22/20210 having been reviewed by the Audit and Risk Committee on 28 March 2022 be adopted with the following changes:
  - (a) .....



## TYPE OF REPORT

Other

## BACKGROUND

1. **Legislation** - Under Section 49 of the Local Government Act 1999 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.
2. **Audit Committee Terms of Reference** - The following sections of the Audit Committee Terms of Reference are relevant to this report:
  1. *The Committee shall:*
  2. 12.1.2 *Review and challenge - where necessary:*
  3. • *The consistency of, and/or any changes to accounting policies.*
3. **Current Policy** - The current procurement policy was endorsed by Council on 19 May 2020 with an expected review date of November 2023.
4. **Internal Controls Letter 2020/21** - In the report provided to the Audit Committee at the September 2021 meeting a number of recommendations were put forward by Galpins Accountants, Auditors and Business Consultants. This report included recommendations with regard to purchasing and procurement as shown below:

*Management investigates non-compliance with purchase order usage. This could include reviewing system reports comparing purchase order dates to invoice dates, analysing the nature of non-compliances and speaking to any repeat offenders to understand the reasons for non-compliance.*

*Depending on the outcome of this review, Council may determine that:*

  - *additional education and training is warranted to improve compliance; and/or*
  - *there is an opportunity to amend the policy on purchase order use to better reflect the desired use of purchase orders by staff. This could, for example, include:*
  - *introducing a low-value item threshold, below which a purchase order is not required*
  - *guidance on expected use (or otherwise) of purchase orders for contracted works including a list of exemptions for purchase order use within the policy.*
5. **External Audit Report February 2022** - In the report provided to the Audit and Risk Committee on 28 February 2022, an update on the progress of actions arising from the Internal Controls Letter was provided. This detailed the following:
  - **Procurement Policy** - The procurement policy was being reviewed with a draft policy presented to the Executive Leadership Team.
  - **Key Staff Members** - Contact has been made with key staff members to provide education and support.
  - **Procurement Compliance Reporting** - Has been developed and provided to the Executive Leadership Team.
  - **Purchase Order Use** - A review has been undertaken of transaction types and the application of purchase orders which has been presented to the Executive Leadership





Team with recommendations for future treatment. It should also be noted that the treatment of these items will be included in a new use of purchase orders administrative procedure that will support this policy once adopted.

## PROPOSAL

1. **Policy Review** - A review of the P420 Procurement & Disposal of Land and Assets policy was undertaken to strengthen and clarify key elements of the policy. Benchmarking was also completed comparing the policy to other South Australian Councils to ensure that Council has a policy is easy to understand and apply.
2. **Policy and Procedures Structure** - In reviewing the policy the review has focused on the following:
  - **Clarity** - The structure of and information included in the policy has been reviewed to ensure clarity for a wider audience including for example: roles and responsibilities and clearer definitions.
  - **Exemption from Tender** - The policy now includes specific reasons for exemptions, with a new supporting process, template and reporting to be implemented across the organisation.
  - **Thresholds** - Following benchmarking with other South Australian councils, changes are proposed for thresholds including the following:
    - **Request for Quote** – Increasing the upper limit from \$50,000 to \$100,000;
    - **Request for Tender** – Increasing the lower limit from in excess of \$50,000 to in excess of \$100,000; and
    - **Award of Contract following Completion of the Tender Process** - Increasing the threshold for the award of contract that the CEO may authorise from \$100,000 to \$500,000 with Council approval required for above that amount.
  - **High Level Policy** - Council's policy has been amended to become high level policy that will be underpinned by administration procedures rather than including low level procedural information in the policy (references to petty cash and corporate card limits have been removed).
  - **Current Administrative Procedures** - Current administrative procedures including the Procurement Framework and Administrative Procedure, and Administrative Procedure Corporate Card Procedure will be reviewed following the adoption of this policy.
  - **New Administrative Procedures** - New administrative procedures will be developed following the adoption of this policy including petty cash, use of purchase orders and corporate expenditure administrative procedures.

## LEGAL IMPLICATIONS

### STRATEGIC PLAN

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

### COUNCIL POLICY

[T150 Treasury Management Policy](#)

[B300 Budget Framework Policy](#)

[U900 Unsolicited Proposals](#)

### 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**

The policy includes “Environmental Protection” as a procurement principle.

## **SOCIAL IMPLICATIONS**

The policy includes an objective for: providing reasonable opportunity for competitive local businesses to supply to Council.

## **CULTURAL IMPLICATIONS**

N/A

## **RESOURCE IMPLICATIONS**

N/A

## **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**

The policy includes an objective for providing reasonable opportunity for Australian organisations providing services performed by people with a disability.

## **ENGAGEMENT AND COMMUNICATION STRATEGY**

N/A

## **IMPLEMENTATION STRATEGY**

The revised policy 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 P420 Procurement, and Disposal of Land and Assets Policy is a key Council policy that has been reviewed to consider previous external audit findings, benchmarking compared to other South Australian councils, and organisational requirements.

## **ATTACHMENTS**

1. Council Policy P420 - Procurement and Disposal of Land and Assets [↓](#)



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**1. INTRODUCTION:**

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

This Policy provides comprehensive guidance and authority to the Chief Executive Officer with respect to procurement and disposal processes.

**2. PURPOSE:**

This purpose of this policy is to ensure that the procurement of all Goods and Services is conducted in an honest, competitive, fair, and transparent manner that demonstrates a fit for purpose solution and the delivery of value for money outcomes, whilst protecting the reputation of the Council.

**3. SCOPE:**

This policy applies to the acquisition of all Goods, and Services, and disposals by Council staff, either purchased or leased from Contractors, for and on behalf of the Council within Council's endorsed budget and/or a specific resolution of Council. The procurement of Goods and Services must:

- (a) Only relate to business of the Council and must not be of a personal nature; and
- (b) Be approved in accordance with the Council's Delegations and any relevant Council policies.

**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 <b>does not include</b> 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>Contractor</b>	Shall mean a company, organisation or personnel engaged by Council to provide assets, goods, works or services.

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Key Term – Acronym	Definition
<b>Disposal</b>	Means the sale or other transfer of an asset by Council to another party.
<b>Direct Sourcing</b>	Going directly to the supplier of the good/service.
<b>Evaluation Criteria</b>	The individual points against which all received quotes, tenders or expressions of interest will be measured. The criteria are based on the specifications and weightings provided to potential suppliers and which, in turn, suppliers have used to prepare their response.
<b>Goods or Services</b>	Shall mean assets, goods, works or services.
<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>Local Businesses</b>	The term "local or "regional" means contractors with their head office located within the boundaries of the Limestone Coast Region.
<b>Minor Plant, Materials and Equipment</b>	Includes all minor plant and equipment owned by Council with an original value of less than \$5,000. It includes all 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.
<b>Request for Expressions of Interest (REOI)</b>	A document that is typically used in the pre-project development phase to assess interest in a project.
<b>Request for Proposal (RFP)</b>	A business document that announces and provides details about a project, as well as solicits bids from contractors who will help complete the project.
<b>Request for Quote (RFQ)</b>	A process for inviting quotes to achieve a stated outcome.
<b>Request for Tender (RFT)</b>	A process in which an invitation to submit offers for clearly described goods or services is publicly advertised. Open tenders will be advertised via SA Tenders and Contracts website, or the Vendor Panel platform and on Council's website. Expressions of interest may be publicly advertised or directly provided to a range of suppliers, similar to selected tenders. In all instances, Council will utilise a process seeking to achieve the best procurement outcome.

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Key Term – Acronym	Definition
<b>Whole of Life Cost</b>	The total net cost incurred when acquiring goods or services and is made up of all initial procurement costs, operating and maintenance costs, disposal costs and termination costs, less the residual value and sale proceeds (if relevant).

**5. ROLES AND RESPONSIBILITIES:**

**Council:**

Council is responsible for approving an appropriate Procurement and 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.

**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:
- 6.2.1 the contracting out of services; and
  - 6.2.2 competitive tendering and the use of other measures to ensure that services are delivered cost-effectively; and
  - 6.2.3 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:
- 6.3.1 obtaining value in the expenditure of public money; and
  - 6.3.2 providing for ethical and fair treatment of participants; an
  - 6.3.3 ensuring probity, accountability and transparency in all operations.

~~Section 49 of the Local Government Act 1999 requires Council to prepare and adopt policies on the contracting out of services, competitive tendering and the use of other measures to ensure that services are delivered cost-effectively, the use of local goods and services, and the sale or disposal of land or other assets.~~

~~Further, 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~~

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~~for ethical and fair treatment of participants, and ensuring probity, accountability and transparency in all disposal processes.~~

- 6.4 This Policy seeks to:
- 6.4.1 defines the methods by which Council can acquire goods and services;
  - 6.4.2 defines the methods by which land and assets are disposed of;
  - 6.4.3 demonstrates accountability and responsibility of Council to ratepayers;
  - 6.4.4 provides fairness and equity to all parties involved;
  - 6.4.5 enables all processes to be monitored and recorded; and
  - 6.4.6 ensures that the best possible outcome is achieved for the Council.
- 6.5 However, this Policy does not cover:
- 6.5.1 non-procurement expenditure such as sponsorships, grants, funding arrangements, donations and employment contracts; or
  - 6.5.2 the purchase of land by the Council.
- 6.6 This Policy also does not cover:
- 6.6.1 land sold by Council for the non-payment of rates; or
  - 6.6.2 disposal of goods which are not owned by the Council, such as abandoned vehicles; as these are dealt with in the Act.

**7. 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).

This policy also aims to achieve the objectives of Council's strategic plan through the expenditure of Council funds on goods and services whilst achieving advantageous procurement outcomes by:

- 7.1 enhancing value for money through fair, competitive, non-discriminatory procurement;
- 7.2 promoting the use of resources in an efficient, effective and ethical manner;
- 7.3 making decisions with probity, accountability and transparency;
- 7.4 advancing and/or working within Council's economic, social and environmental policies;
- 7.5 providing reasonable opportunity for competitive local businesses to supply to Council;
- 7.6 providing reasonable opportunity for Australian organisations providing services performed by people with a disability;
- 7.7 appropriately managing risk; and
- 7.8 ensuring compliance with all relevant legislation.

**8. POLICY PRINCIPLES:**

Council must have regard to the following principles in its Procurement and Disposal of Land and Assets:

- 8.1 Encouragement of open and effective competition
- 8.2 Obtaining Value for Money

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- 8.2.1 Consideration of both financial (i.e. whole of life costs) and non-financial (including risks) associated with the purchase of Goods or Services in a timely and efficient manner, commensurate with the nature of the purchase.
- 8.2.2 Value for money is not restricted to price alone, assessment must include consideration of (where applicable):
  - **Alignment with strategic management plans** - the contribution to Council's long term financial plan and strategic management plans;
  - **Benefits** - any relevant direct and indirect benefits to Council, both tangible and intangible;
  - **Efficiency and effectiveness** - of the proposed activity;
  - **Supplier assessment** - the performance history, and quality, **financial capacity**, scope of services and support of each prospective **supplier to deliver the goods or services**;
  - Fitness for purpose of the proposed goods or service;
  - Whole of life costs;
  - The costs of various disposal methods;
  - **Council's** internal administration costs;
  - Technical compliance **& and** knowledge issues;
  - Risk exposure; and
  - The value of any associated environmental benefits.
- 8.2.3 **Probity, ethical behaviour and fair dealing** - Council is to behave with impartiality, fairness, independence, openness and integrity in all discussions and negotiations.
- 8.2.4 **Accountability, transparency and reporting** - Ensuring that appropriate processes are followed and favourably auditable.
- 8.2.5 **Delegated Authority** - Prior to the commencement of a procurement or disposal activity, with the exception of requests for quotation, expressions of interest or proposals, the department must ensure that there is sufficient budget for the goods/services, or have secured appropriate and committed funding through another source (e.g. grant funding and/or specific resolution of Council).
- 8.2.6 Ensuring compliance with all relevant legislation.
- 8.2.7 **Encouragement of the development of competitive local business and industry** - Where appropriate, local economic development including the engagement of local and/or regional Contractors may be advised in market procurement documents to reflect Council's desire to promote economic development within the district or region.

Where other evaluation criteria are comparable, Council will also give consideration/weighting to the following:

- the creation of local employment opportunities;
- increased availability of local servicing support;
- increased convenience with communications with the supplier for contract management;
- economic growth within the local area;
- benefit to Council of associated local commercial transaction; and/or
- the short and long term impact of the procurement on local business.

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- 8.2.8 Environmental protection** - Council will seek to:
- adopt purchasing practices which conserve natural resources;
  - align the Council's procurement activities with principles of ecological / environmental sustainability and the natural step framework;
  - purchase recycled and environmentally preferred products where fit for purposes and it is possible and reasonable to do so;
  - integrate relevant principles of waste minimisation and energy;
  - foster the development of fit for purpose products and services which have a low environmental impact;
  - provide leadership to business, industry and the community in promoting the use of environmentally sensitive goods and services.

**8.2.9 Work health and safety:**

Compliance with adopted Work, health & safety policies, procedures and practices, in particular:

- Council will only consider contractors who have appropriate systems to manage work health and safety or who can demonstrate a capability to establish adequate systems relevant to a contract prior to the commencement of a contract.
- A condition of each works contract will be a requirement of a contractor, before the commencement of the works, to prepare and submit proposed specific work health and Safety management guidelines based on hazard identification and risk assessment.

~~8.2.10 Procurement and Disposals are undertaken within the parameters of and authority granted by Council's endorsed Budget and/or a specific resolution of Council.~~

**9. PROCUREMENT METHODS**

Generally, open and fair competition is best achieved by undertaking a tender process so that all interested parties have an opportunity to bid. However, there may be procurements in which a tender process will not necessarily deliver the most advantageous outcome for the Council – in such instances, other market approaches may be more appropriate.

The Council may, having regard to its **financial delegations**, procurement principles and any other factors considered relevant by the Council, in its absolute discretion determine to utilise one or more of the following procurement methods:

**9.1 Direct Purchasing:**

- 9.1.1 This is where Council purchases from a single source, without first obtaining competing bids.
- 9.1.2 This method may be suitable for low value, low risk goods and services, and where the supplier already has a successful service history with the Council.
- 9.1.3 Where Direct Purchasing is utilised as a procurement method for items obtained with relative frequency and volume, a supplier is to be requested to submit to Council and keep current a list of unit prices / rates for such items purchased under this purchasing method.

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~~Direct Purchasing may be utilised by an Authorised Officer using petty cash (up to \$150) or credit card (in addition to Council's formal online requisitioning system) up to the value of \$2,000.~~

9.1.4 Direct Purchasing may also be utilised for routine purchases of any value from any single or group of suppliers under a supply contract with a fixed pricing regime established under a tender, panel contract or strategic alliance arrangement.

**9.2 Quotations:**

9.2.1 This is where Council obtains quotations from prospective suppliers.

9.2.2 Generally, a minimum of two written quotations should be sought. If a written quote cannot be obtained, the Council must keep detailed written records of the oral quote obtained, including details of the commercial terms of the quote.

9.2.3 This method may be suitable for an authorised officer to purchase low value, low risk goods and services with an estimated value not exceeding \$10,000.

**9.3 Request for Quotations (RFQ):**

9.3.1 This is where Council obtains written quotations from prospective suppliers.

9.3.2 Generally, a minimum of three written quotations are sought.

9.3.3 This method may be suitable for simple, largely price-based purchases with an estimated value not exceeding ~~\$50,000~~ \$100,000.

**9.4 Requests for Expressions of Interest (REOI):**

9.4.1 This is where Council issues an open invitation for a proposed good(s) and/or service(s) of any value.

9.4.2 This method may be used by an authorised officer where there is potentially a large market for the proposed goods and/or service, and the Council would like to be able to prepare a short list of suppliers to invite to participate in a tender or request for quotation process.

**9.5 Request for Tenders (RFT):**

9.5.1 This is where the Council issues a formal tender for the supply of goods and/or service where the estimated value is in excess of ~~\$50,000~~ \$100,000.

9.5.2 Council may issue a "select" request for tender where it has already issued a REOI, or where it has documented reasonable grounds for only dealing with a select group of potential suppliers.

9.5.2 Otherwise, Council may issue an "open" request for tender.

9.5.3 Prior to any procurement decision arising from a request for tender process each tender is to be assessed against a pre-determined and documented set of criteria. Assessment is to be undertaken individually by a panel comprising at least 3 Council officers of which at least one is not to have been involved in the development of the tender specification or to be involved in the management of the tender contract.

**9.6 Panel Contracts:**

9.6.1 This is where the Council establishes panel arrangements with a select group of suppliers - generally, this occurs once the Council has completed its appointment of such suppliers in accordance with this policy, and can include either:

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- a standing offer from a pool of suppliers for the provision of goods and services on agreed terms; or
- the prequalification of certain suppliers who may or may not be engaged on terms to be agreed.

9.6.2 Once a panel has been established, the Council may purchase the particular goods and/or service through such panel arrangements.

9.6.3 A panel contract must be first endorsed by Council including the extent of goods and services and any value limit or conditions applicable to any particular contract, purchase or group/category of purchase.

9.6.4 An authorised officer may utilise a panel contract for direct purchasing of goods and services of any value within approved budget and authorisation limits.

**9.7 Strategic Alliances:**

9.7.1 This is where the Council undertakes procurement through contract arrangements already established and administered by other organisations, including:

- LGA Procurement;
- a purchasing group of which the Council is (or becomes) a member;
- Procurement Australia;
- State Government contracts.

9.7.2 A Strategic alliance must first be endorsed by Council including the extent of goods and services and any value limit or conditions applicable to any particular alliance, purchase or group/category of purchase.

9.7.3 An authorised officer may utilise a strategic alliance for direct purchasing goods and services of any value within approved budget and authorisation limits.

9.7.4 A panel contract or strategic alliance will not require endorsement by Council where the panel or alliance is administered by the Local Government Association or under an arrangement between the constituent councils of a s43 subsidiary with which Council is associated (i.e. Limestone Coast Local Government Association).

**10 PROCUREMENT STRUCTURE:**

The appropriate method of procurement will be determined by reference to a number of factors, including:

**10.1 Value of the purchase (all values exclusive of gst):**

<b>Value of Purchase (\$)</b>	<b>Possible Method of Procurement</b>	<b>Assessment/Purchasing Decision Making Delegations</b>
<b>Not exceeding \$2,000</b>	Direct Purchasing	Authorised Officer – up to \$ limit
<b>Not exceeding \$10,000</b>	Obtain at least 2 Quotations (3 written quotes over \$5,000)	Authorised Officer – up to \$ limit
<b>Not exceeding \$50,000</b>	Request for Quotation (RFQ)	Authorised Officer – up to \$ limit
<b>In excess of \$20,000</b>	Request for Expression of Interest (REOI)	N/A – refer RFQ/RFT limits
<b>In excess of \$50,000</b>	Request for Tender (RFT)	CEO up to \$100,000

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<b>Budget</b>	Direct Purchasing (Formal Supply Contract)	Council – above \$100,000 Authorised Officer – up to \$ limit CEO – up to Budget
	Panel Contracts	Authorised Officer – up to \$ limit CEO – up to Budget
	Strategic Alliances	Authorised Officer – up to \$ limit CEO – up to Budget

**In accordance with Clause 4 Definitions:**

~~Authorised Officer 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.~~

Proposed Value of Purchase (\$)	Method of Procurement
Not exceeding \$2,000	<b>Direct Sourcing</b> - of low value purchases supported by a purchase order (unless exempt).
Not exceeding \$10,000	<b>Direct Purchase</b> - with appropriate documentation for a purchase order (unless exempt) to be raised for example at least two (2) cost estimates or written quotations.
\$10,001 - \$100,000	<b>Request for Quotation (RFQ)</b> - with at least three (3) written quotations sought.
Over \$100,000	<b>Request For Tender (Open/Select)</b> - with at least three (3) written quotations sought. Alternatively, prior to undertaking a formal tender process Council may invite expressions of interest or request for proposals.  <b>Approval</b> - CEO may authorise up \$500,000 for the award of contract following completion of the tender process with Council approval required for above that amount.

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

The value of the purchase will be calculated as follows:

- **single one-off purchase** – the total amount, or estimated amount, of the purchase (excluding GST);
- **multiple purchases** – the gross value, or the estimated gross value, of the purchases (excluding GST); or
- **ongoing purchases over a period of time** – the annual gross value, or the estimated annual gross value, of the purchases (excluding GST).

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- **purchase including a trade-in/changeover** - the net changeover value being the gross value of the item being purchased minus the value of the traded-in/changed-over asset.

The principle to be considered when determining which threshold is applicable is to be based on a reasonable belief for example deliberately splitting amounts to deliberately bring expenditure to within lower limits is not permitted for the financial year or a single activity/service. If there is any uncertainty the Chief Executive Officer will determine which threshold to apply.

Noting always that all procurements and disposals are undertaken to give effect to and implement Council's plans and objectives within the parameters of Council's endorsed budget and/or a specific resolution of Council.

- 10.2 cost of an open market approach versus the value of the acquisition and the potential benefits;
- 10.3 the particular circumstances of the procurement activity;
- 10.4 the objectives of the procurement;
- 10.5 the size of the market and the number of competent suppliers;
- 10.6 the Council's leverage in the marketplace;
- 10.7 time constraints;
- 10.8 a holistic assessment of the risks associated with the relevant activity and /or project, including the risk profile of the procurement and any risks associated with the preferred procurement method.

For the purpose of this clause 10, any variation in determining the procurement method in accordance with the values prescribed in the above table must be endorsed by the Chief Executive Officer and be accompanied by detailed written reasons of the relevant factors (as per clause 15).

## 11 CONSIDERATIONS PRIOR TO DISPOSAL OF LAND AND ASSETS

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

- 11.1.1 the usefulness of the land or asset;
- 11.1.2 the current market value of the land or asset;
- 11.1.3 the annual cost of maintenance;
- 11.1.4 any alternative future use of the land or asset;
- 11.1.5 any duplication of the land or asset or the service provided by the land or asset;
- 11.1.6 any impact the disposal of the land or asset may have on the community;
- 11.1.7 any cultural or historical significance of the land or asset;
- 11.1.8 the positive and negative impacts the disposal of the land or asset may have on the operations of the Council;
- 11.1.9 the long term plans and strategic direction of the Council;
- 11.1.10 the remaining useful life, particularly of an asset;

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- 11.1.11 a benefit and risk analysis of the proposed disposal;
- 11.1.12 the results of any community consultation process;
- 11.1.13 any restrictions on the proposed disposal;
- 11.1.14 the content of any community land management plan; and
- 11.1.15 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.

## 12 DISPOSAL METHODS:

### Land Disposal

The Council may resolve to dispose of land.

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.

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.

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.

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

- **open market sale** - advertisement for disposal of the land through the local paper and where appropriate, a paper circulating in the State, or by procuring the services of a licensed real estate agent and/or auctioneer (following compliance with this policy);
- **expressions of interest** - seeking expressions of interest for the land;
- **select tender** - seeking tenders from a selected group of persons or companies;
- **open tender** - openly seeking bids through tenders, including public auction;
- **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.

**Disposal method selection** - Selection of a suitable disposal method will include consideration of (where appropriate):

- the number of known potential purchasers of the land;
- the original intention for the use of the land;
- the current and possible preferred future use of the land;

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- the opportunity to promote local economic growth and development;
- delegation limits, taking into consideration accountability, responsibility, operation efficiency and urgency of the disposal;
- the total estimated value of the disposal; and
- compliance with statutory and other obligations.

**Process Involvement** - The Council will not dispose of land to any Council Member or employee of the Council who has been involved in any process related to a decision to dispose of the land and/or the establishment of a reserve price.

**Independent Valuation** - 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.

**Direct Sale Independent Valuation** - 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.

**Exception** - An independent valuation will not be required for a disposal where a value estimation being for less than \$25,000 has been prepared and documented for the land.

**Return** - 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.

**Valuation** - 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.

**Assets Disposal**

**Responsibility** - The sale of assets will be the responsibility of the relevant General Manager who is responsible for those assets.

**Disposal Methods** - The Council will, where appropriate, dispose of assets through one of the following methods:

- **trade-in** – trading in equipment to suppliers
- **expressions of interest** – seeking expressions of interest from buyers;
- **select tender** – seeking tenders from a selected group of persons or companies;
- **open tender** – openly seeking bids through tenders;
- **public auction** – advertisement for auction in a paper circulating in the area, or procuring the services of an auctioneer (following compliance with this policy).
- sale through the ReUse Market.

**Considerations** - Selection of a suitable method will include consideration of (where appropriate):

- the public demand and interest in the asset;

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- the method most likely to return the highest revenue;
- the value of the asset;
- the costs of the disposal method compared to the expected returns; and
- compliance with statutory and other obligations.

**Minor Plant and Equipment** - 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.

**Elected Members and Employees** - Elected Members and employees of the Council will not be permitted to purchase assets unless the purchase is at the ReUse 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 who has been involved in the establishment of the sale price at the ReUse Market.

**Warranty** - 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.

**13 CONSULTATION:**

The Council must undertake public consultation in respect of its proposed disposals in accordance with the requirements of the Act and its public consultation policies at all times.

**14 RECORDS:**

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

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.

**15 EXEMPTIONS FROM EXCEPTIONS TO THIS POLICY:**

This Policy contains general guidelines to be followed by the Council in its procurement and disposal activities. There may be emergencies, or procurements 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.

**Exemptions from tender** - In certain circumstances, the Council administration may, after approval from Council, the Chief Executive Officer or a General Manager with the appropriate delegation pursuant to Council's financial delegations, waive application of this policy and pursue a method which will bring the best outcome for the Council. Council may choose exemption from the requirement to seek tenders or quotations, if:

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- (a) There may be significant public risk if the procurement is delayed by process requirements, such as emergency situations threatening life and property, or
  - (b) There may be a significant risk to Council's operations; or
  - (c) The pressures of time are such that an open call is not feasible, for example, where there has been an unanticipated Council or Government policy decision; or
  - (d) Council purchases assets or Goods at an auction up to \$100,000\*; or
  - (e) Council purchases second-hand assets or Goods up to \$100,000\* ; or
  - (f) The contract is made with, or under an arrangement with, or made through a strategic alliance pursuant to 9.7 of this policy; or
  - (g) A situation presents itself where in a contractor or consultant 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 situations the procurement of assets, goods, works or services on negotiated fees and terms through a consultant or contractor alone may be deemed sound and advantageous to the project. This could include engaging the contractor or consultant on a retainer basis for a specified period of time.
- ~~In certain extenuating circumstances, the Chief Executive Officer may waive application of this Policy and pursue a method which will bring the best outcome for the Council.~~

~~Such circumstances might include, but not be limited to:~~

- ~~• emergency situations threatening life and property; or~~
- ~~• where the supply market is known; or~~
- ~~• timing constraints~~

~~\* This would be expected to occur on very rare occasions e.g. gallery items or items of historical significance.~~

The Chief Executive Officer must record in writing reasons for waiving application of this policy.

This clause is not intended to override or avoid any other restrictive/prohibitive policy, delegation or other statutory or documented provisions or requirements.





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**16 DELEGATIONS**

~~This policy is to be administered with regard to and consistent with duly made delegations, sub-delegations and financial authorisations of the Council and Chief Executive Officer. Purchases shall only be approved by Officers with appropriate financial delegation and/or in accordance with any other Council policy or procedure.~~

**17 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.

**18 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.

**19 REVIEW OF POLICY**

~~This Policy shall be reviewed at least once during each term of Council, and shall be reviewed and presented to Council following its first 12 months of operation. Council may revise or review this Policy at any time (but not so as to affect any process that has already commenced).~~

This Policy will be reviewed:

- every three 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 Manager Financial Services.

**20 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.

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File Reference:	AF18/56
Applicable Legislation:	Local Government Act 1999 (s49)
Reference: Community Plan	
Related Policies:	B300 Budget Framework Policy C375 Provision and Replacement of Council Vehicles F225 Fraud and Corruption Prevention R305 Risk Management Policy R180 Records Management Policy Code of Conduct – Employee Code of Conduct – Council Members
Related Administrative Procedures:	Procurement Framework and Administrative Procedure. Petty Cash Administrative Procedure Corporate Card Administrative Procedure Corporate Expenditure Administrative Procedure
Related Documents:	<a href="#">LGA Procurement Handbook</a> Procurement Contracting Document Templates (AF11/1901) WHS Policies/Document Templates (AF13/175)

## 21 DOCUMENT DETAILS

Responsibility:	Manager Financial Services
Version:	6.0
Last revised date:	
Effective date:	
Minute reference:	
Next review date:	
<u>Document History</u> First Adopted By Council: Reviewed/Amended:	25 November 2014, 15 March 2016 18/2/1999 Superseded Policy Q110, C250 20/7/2000 Superseded Policy Q115, 15 March 2016, 21 February 2017, 21 August 2018, 19 May 2020

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**6 MEETING CLOSE**



**MINUTES OF CITY OF MOUNT GAMBIER  
AUDIT AND RISK COMMITTEE MEETING  
HELD AT THE COMMITTEE ROOM, CIVIC CENTRE, 10 WATSON TERRACE, MOUNT  
GAMBIER  
ON MONDAY, 28 FEBRUARY 2022 AT 5.30 P.M.**

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

<b>OFFICERS IN ATTENDANCE:</b>	Chief Executive Officer	- Mrs S Philpott
	General Manager Corporate and Regulatory Services	- Mr D Barber
	Manager Financial Services	- Mrs J Scoggins
	Executive Administrator	- Ms S Wilson

**1 ACKNOWLEDGEMENT OF COUNTRY**

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

**2 APOLOGY(IES)**

Nil

**3 CONFIRMATION OF MINUTES**

**COMMITTEE RESOLUTION**

Moved: Paul Duka

Seconded: Belinda Johnson

That the minutes of the Audit and Risk Committee meeting held on 8 November 2021 be confirmed as an accurate record of the proceedings of the meeting.

**CARRIED**

**4 QUESTIONS WITHOUT NOTICE**

Nil



## 5 REPORTS

### 5.1 CORRESPONDENCE RECEIVED

#### COMMITTEE RESOLUTION

Moved: Paul Duka  
Seconded: Mayor Lynette Martin

1. That Audit and Risk Committee Report No. AR21/74812 titled 'Correspondence Received' as presented on 28 February 2022 be noted.

**CARRIED**

### 5.2 EXTERNAL AUDIT MANAGEMENT REPORT

#### COMMITTEE RESOLUTION

Moved: Alexander Brown  
Seconded: Belinda Johnson

1. That Audit and Risk Committee Report No. AR21/69921 titled 'External Audit Management Report' as presented on 28 February 2022 be noted.
2. The Audit and Risk Committee recommends to Council that:
  - (a) 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.

**CARRIED**

### 5.3 AUDIT AND RISK COMMITTEE WORK PROGRAM & MEETING SCHEDULE 2022

#### COMMITTEE RESOLUTION

Moved: Paul Duka  
Seconded: Mayor Lynette Martin

1. That Audit and Risk Committee Report No. AR21/85164 titled 'Audit and Risk Committee Work Program & Meeting Schedule 2022' as presented on 28 February 2022 be noted.
2. That the Audit and Risk Committee recommends to Council that the Audit and Risk Committee meet on the following dates in 2022 noting that the meeting dates are subject to change, including if an additional meeting is required:
  - (a) Monday 28 February 2022;
  - (b) Monday 28 March 2022;
  - (c) Monday 2 May 2022
  - (d) Monday 25 July 2022
  - (e) Monday 19 September 2022
  - (f) Monday 28 November 2022



3. That the Audit and Risk Committee recommends to Council that the draft work program for the Audit and Risk Committee for calendar year 2022 (attached) be adopted, noting the meeting dates and schedule are subject to change, including if an additional meeting is required.

**CARRIED**

#### **5.4 PRESIDING MEMBER NOMINATION**

##### **COMMITTEE RESOLUTION**

Moved: Belinda Johnson

Seconded: Alexander Brown

1. That Audit and Risk Committee Report No. AR22/12567 titled 'Presiding Member Nomination' as presented on 28 February 2022 be noted.
2. The term of office for the position of Audit and Risk Committee Presiding Member be 2 year(s).
3. That Mr Paul Duka be the Presiding Member of the Audit and Risk Committee on and from 15 March 2022 subject to endorsement by Council.

**CARRIED**

#### **6 MOTIONS WITHOUT NOTICE**

Nil

#### **7 MEETING CLOSE**

**The Meeting closed at 5:47 pm.**

**The minutes of this meeting were confirmed at the Audit and Risk Committee held on 28 March 2022.**

.....  
**PRESIDING MEMBER**

