

# AGENDA

## **Audit and Risk Committee** **Wednesday 5 November** **2025**



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

**Time:** 5:30 pm  
**Date:** Wednesday 5 November 2025  
**Location:** Level 1 Committee Room - Civic Centre  
10 Watson Terrace, Mount Gambier



Andrew Aitken  
**INTERIM CHIEF EXECUTIVE OFFICER**  
31 October 2025

## Order of Business

<b>1 Acknowledgement of Country.....</b>	<b>3</b>
<b>2 Apologies .....</b>	<b>3</b>
<b>3 Confirmation of Minutes .....</b>	<b>3</b>
3.1 Confirmation of Minutes .....	3
<b>4 Questions without Notice .....</b>	<b>3</b>
<b>5 Reports .....</b>	<b>3</b>
5.1 Risk Management Framework .....	3
5.2 Quarterly Internal Audit Update.....	70
5.3 Public Interest Disclosure Policy .....	85
5.4 Carry forward budget procedure .....	116
5.5 Accounting for Reserves .....	124
5.6 ICAC 2024 Public Integrity Survey 2024: Local Government Insights .....	136
5.7 Lease and Licence Update .....	213
5.8 Policy Update .....	219
5.9 Audit and Risk Committee Meeting Report .....	227
<b>6 Urgent Motions without Notice.....</b>	<b>229</b>
<b>7 Confidential Items.....</b>	<b>229</b>
<b>8 Meeting Close .....</b>	<b>230</b>
<b>9 Attachment - Previous Committee Minutes .....</b>	<b>230</b>



**1 ACKNOWLEDGEMENT OF COUNTRY**

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

**2 APOLOGIES**

Nil

**3 CONFIRMATION OF MINUTES**

**3.1 CONFIRMATION OF MINUTES**

**RECOMMENDATION**

That the minutes of the Audit and Risk Committee Meeting held on 24 September 2025 be confirmed as an accurate record of the proceedings of the meeting.

**4 QUESTIONS WITHOUT NOTICE**

Nil

**5 REPORTS**

**5.1 RISK MANAGEMENT FRAMEWORK**

Author: Brittany Shelton, Manager Governance and Property

Authoriser: Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services

**RECOMMENDATION**

1. That the Audit and Risk Committee report titled 'Risk Management Framework' as presented on Wednesday 5 November 2025 be noted.
2. That the Audit and Risk Committee review the Administrative Principle – Risk Management Framework, and endorse to the Executive Leadership Team for adoption.

**PURPOSE**

To present to the Audit and Risk Committee the draft Administrative Principle – Risk Management Framework, for review and endorsement to Executive Leadership Team for adoption.

**TERMS OF REFERENCE**

Section 126 (1a) of the *Local Government Act 1999* (the Act) states that the purpose of an audit and risk committee established by a council (the Committee) is to provide independent assurance and advice to the council on accounting, financial management, internal controls, risk management and governance matters.

Part 1.3 of the relevant Terms of Reference sets out the functions of the Committee, in particular:

*“The functions of the Audit and Risk Committee include, per the Local Government Act 1999, Division 2, Section 126 (4):*

*(h) reviewing and evaluating the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis.”*

## **RELEVANT LEGISLATION**

Local Government Act 1999

## **BACKGROUND / OPTIONS**

### **Industry Benchmarking and Maturity Model**

In June 2023, the Local Government Risk Services (LGRS) supported Council to undertake a risk maturity benchmarking activity, resulting in the Risk Maturity Assessment previously presented to the Committee in June 2025.

Based on the results of the maturity benchmarking assessment, the following recommendations were made by LGRS, to assist the City of Mount Gambier to increase its risk maturity:

- Consideration be given to the resourcing required to assist with, and drive a consistent risk management approach across the organisation;
- Providing risk management awareness sessions (elected members, managers and staff);
- Encouraging management and staff participation in identification, evaluation and management of risks within their departments;
- Considering the use of technology to record, monitor and report strategic and operational risks;
- Developing and operationalising formal risk appetite statements by integrating this into the decision making process;
- Enhancing reporting mechanisms to support strategic and operational decision making; and
- Encouraging elected members to interrogate and consider risks when they arise.

From late 2024 / early 2025, the following activities have been undertaken towards actioning these recommendations, generally:

1. Enterprise risk portfolio has been transitioned to the Governance and Property team in recognition of resourcing constraints.
2. Risk assessment built into all Council reports, to improve organisational awareness, staff participation of the identification and evaluation process, consideration of risk in making of strategic decisions, and risk reporting.
3. Education sessions facilitated by LGRS with Elected Members and senior staff.
4. Current investigations into appropriate software options to manage enterprise risk management.
5. Development of clearly articulated risk appetite and tolerances for the City of Mount Gambier.
6. Contemporary Risk Management Framework, supporting embedded enterprise risk management throughout the organisation.



### **Risk Appetite Statement**

As a refresher, in February 2025, Members participated in a survey and subsequent workshop, which resulted in the creation of two new risk categories, as well as informed the development of the Risk Appetite Statement and relevant amendments to the Risk Management Policy.

The City of Mount Gambier (Council) Risk Appetite Statement defines the level and type of risk that Council is willing to pursue or tolerate in order to achieve its strategic objectives. It assists the Council to align its risk management strategy with its vision, mission, values, and culture.

Establishing the Council's risk appetite is fundamental to implementing a systematic approach to identifying, assessing, and managing risk within the organisation. The Council recognises that it is not practical or desirable to avoid all risk. As not all risks are equally important or acceptable, decisions need to be made about how much risk the Council is willing to take or to what extent it is required to avoid. Risk appetite statements are a useful tool in decision making, prioritising opportunities, and resource allocation.

Using a risk appetite statement to manage risk involves applying it to our risk management activities and processes. Risk appetite statements can be used to guide risk identification, assessment, response, and reporting. For example, when undertaking an activity or program, firstly evaluate the likelihood and consequence and compare the risk rating to the risk appetite levels. The risk appetite statement can then be used to decide how to respond to the risks, whether by accepting, sharing, transferring, reducing or avoiding them.

Council's risk appetite statement exists within the hierarchy of our enterprise risk management framework. The risk appetite of Council informs the strategic decision-making process (refer diagram below).



### **Administrative Principle – Risk Management Framework**

Following developing of the Risk Appetite Statement and review of the Risk Management Policy, the **attached** draft Administrative Principle – Risk Management Framework has been developed, which is intended to replace the existing City of Mount Gambier Risk Management Administrative Principle.

Key changes to the documents and processes include:

- Review of Current Risk Ratings – Considering the existing strategic and operational context, as well as the status of treatments and controls.
- Review of Target Risk Ratings – Aligning with the Risk Appetite determined by Council.
- Review of Risk Areas and Consequence Levels – Ensuring alignment with the Risk Appetite and confirming their continued relevance to strategic risk management.
- Updates to Terminology and Presentation – Enhancing consistency and readability of the information presented in regular reporting.
- Expansion of the Framework to Include Opportunities – Promoting a balanced approach that not only mitigates potential threats but also identifies and maximises value-creating opportunities for the organisation and community.

Management Team has had the opportunity to review, consider and contribute to the development of both the new Framework and the supporting processes. A new Strategic Risk Register has also been developed as part of this work, which more comprehensively captures the necessary data to monitor Council's strategic risks, including current controls, effectiveness of controls and planned further treatments.

Moving forward under the new Framework, Managers will review risks they 'responsible' for quarterly directly in the Register, which will inform an annual strategic risk review with Executive Leadership Team and Members, which will then be reported to the Audit and Risk Committee. It is anticipated this new process will have the opportunity to run a full cycle this calendar year, embedding the changes.

The Strategic Risk Register will be presented back to the Committee following the strategic risk review with the Executive Leadership Team and Members later this calendar year, along with the new annual report on risk. This will include observations made in JLT's Public Sector Risk Report, which collates insights from 198 CEOs and General Managers in the local government sector across Australia for the financial year 2024/2025, as well a high level 'environmental scan' for Council, to inform the strategic risk review.

### **DETAILED IMPLICATIONS**

<b>Legal</b>	<p>Whilst there is no prescriptive requirement under the legislation for Council to adopt a Risk Appetite Statement, the below provisions are achieved (or materially contributed to) by doing so:</p> <ul style="list-style-type: none"> <li>• Section 99(1)(ia) of the Local Government Act 1999 ('LG Act') requires the CEO to ensure that effective policies, systems and processes are established and maintained for the identification, assessment, monitoring, management and annual review of strategic, financial and operational risks.</li> <li>• Section 125 of the Local Government Act 1999 ('LG Act') 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.</li> <li>• 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</li> </ul>
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	<p>requirements and achieve and maintain standards of good public administration.</p> <ul style="list-style-type: none"> <li>Section 134(4) (b) of the LG Act requires Council to adopt risk management policies, controls and systems.</li> </ul>
<b>Financial and Budget</b>	N/A
<b>Community Consultation and Engagement</b>	N/A
<b>Other Resources</b>	<p>As noted in the report generated by LGRS, Council does not currently have any resources specifically dedicated to Enterprise Risk Management, and in order to achieve the desired maturity level, this is a relevant consideration of the efficiency and quality of work able to be achieved by the administration.</p> <p>The risk portfolio has recently been transferred to the Governance and Property portfolio, in acknowledgement of resourcing constraints, and subject matter expertise.</p>

## RISK ANALYSIS

The risk identification and categorisation relies on the City of Mount Gambier [Risk Management Policy](#).

Risk	Consequence Rating	Risk Likelihood Rating	Risk Rating	Mitigation
<b>Finance</b> – Council is unable to apply a strategic risk lens to projects / business activities of significance, exposing Council to financial inefficiency or loss	Major (4)	Rare (1)	Moderate	Establishment of a mature risk culture, effective and embedded risk management activities which lead to risk-informed decision-making, supported by a contemporary Risk Management Framework
<b>Reputation</b> – Council is unable to clearly articulate its risk management culture / activities, eroding trust with the community	Moderate (3)	Possible (3)	Moderate	As above
<b>Legal / Regulatory / Policy</b> – Council is not taking a mature approach to cognoscente risk management, leaving is exposed to legislative breach or litigation	Major (4)	Rare (1)	Moderate	As above
<b>Service Delivery</b> - A lack of organisational risk maturity leaves the organisation	Moderate (3)	Rare (1)	Low	As above



exposed to business continuity disruption				
<b>People</b> – A lack of mature risk culture prevents staff from being able to take advantage of opportunities, or perform to their potential	Minor (2)	Unlikely (2)	Low	As above
<b>Infrastructure</b> – Council does not have the necessary tools to make informed decisions as to resource allocation / asset management planning for infrastructure and assets, resulting in deterioration or loss of assets	Moderate (3)	Possible (3)	Moderate	As above
<b>Environmental</b> - Council does not have the necessary tools to make information decisions about the impact of projects and business activities on the environment, resulting in negative environmental impact or harm	Moderate (3)	Rare (1)	Low	As above

#### RELEVANT COUNCIL POLICY

##### [Risk Management](#)

#### IMPLEMENTATION, COMMUNICATION AND ENGAGEMENT

Further work towards organisational integration and increased risk maturity is planned, including:

- Implementation and embedding of the Risk Management Administrative Principle (Framework),
- Staff education workshops,
- Review of the strategic risk reporting and review function,
- Establishment of and Operational Risk Register,
- Establishment of a standard Project Risk process,
- Implication of regular risk reporting processes at Executive Leadership level, and Elected Council level,
- Integration of a contemporary enterprise risk management software,
- Integration of risk management culture throughout the organisation.

## **CONCLUSION**

The draft Administrative Principle – Risk Management Framework is presented to the Committee for their review and feedback in their role of as the assurance and oversight Committee for Council. Whilst the Risk Management Policy and Risk Appetite Statement sit with the Elected Council, as the strategic oversight and directional documents, the Framework is the operational half of this hierarchy. This document sets out how Council administration will achieve the targets set out by Council, and therefore will sit with the Executive Leaderships Team, with advice from the Audit and Risk Committee, for review moving forward.

## **ATTACHMENTS**

1. City-of- Mount- Gambier- Risk- Management- Administrative- Principle [5.1.1 - 10 pages]
2. Council Policy - Risk Management [5.1.2 - 7 pages]
3. Draft - Administrative Principle - Risk Management Framework [5.1.3 - 30 pages]
4. City of Mount Gambier - Risk Appetite Statement - March 2025 [5.1.4 - 13 pages]

 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE</b> <b>Risk Management</b>	Version No:	1
		Issued:	June 2022
		Next Review:	June 2023

## INTRODUCTION

This document sets out the Administrative Principles for the City of Mount Gambier to establish Organisational Risk Management framework and ongoing management of risks faced by the Organisation.

The organisation has a common law duty of care and statutory responsibilities to ensure that Risk Management is incorporated in all aspects of its business. The relevant standard is AS/NZS ISO 31000:2009 Risk management principles and Guidelines.

### Scope

This principle applies to all Employees, Elected Members, Committee members, Contractors and Volunteers of the City of Mount Gambier and provides guidance and assistance to the Organisation in understanding that Risk Management is central to all Organisational decision making, administrative, and operational activities.

### Purpose

1. Increase the likelihood of achieving corporate objectives
2. Encourage proactive management
3. Establish a reliable and consistent basis for decision making and planning
4. Improve operational effectiveness and efficiency and improve organisational resilience
5. Improve the identification of opportunities and threats
6. Improve financial reporting and governance
7. Align with relevant standards and best practice guidelines; and
8. Comply with relevant legal and regulatory requirements.


## RISK MANAGEMENT ROLES and RESPONSIBILITIES

<b>Chief Executive Officer</b>	<ul style="list-style-type: none"> <li>The Chief Executive Officer is responsible for ensuring that risk management is adequately provisioned and implemented across the Organisation</li> </ul>
<b>General Managers</b>	<ul style="list-style-type: none"> <li>Ensuring systems are in place so that risk owners are held responsible for implementing, monitoring, and reporting risks that are within their area of responsibility</li> </ul>
<b>People Leaders</b>	<ul style="list-style-type: none"> <li>Ensuring all employees are aware of and comply with the Organisational Risk Management Framework, Principle, and procedures</li> <li>Ensuring the effective integration of risk management into planning, reviewing and reporting processes,</li> <li>Leading the risk management practice and ensuring resources and systems for managing risks are established and maintained.</li> <li>Managing risks (identifying, assessing, monitoring and reviewing, communicating and reporting) that may impact on their objectives.</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Complying with Organisational Risk Management principles and applying risk management processes within their Business Unit.</li> </ul>

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Page 1 of 10



 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE</b> <b>Risk Management</b>	Version No:	1
		Issued:	June 2022
		Next Review:	June 2023

<b>Organisational Development</b>	<ul style="list-style-type: none"> <li>• Coordinate the development and maintenance of the Organisational Risk registers</li> <li>• Provide risk management training to all areas of the Organisation</li> <li>• Assist Business Units with the risk assessment process.</li> <li>• Monitor and report on adherence to and effectiveness of the Risk Management framework</li> <li>• Monitor the effectiveness of the risk management practices across the Organisation.</li> </ul>
<b>Audit Committee</b>	<ul style="list-style-type: none"> <li>• Monitor the integrity of the financial reporting and management of the Organisation</li> <li>• Monitor the effectiveness of the Organisational Internal Controls and risk management systems</li> <li>• Provide oversight to organisational internal auditing processes. Liaise, with the internal and external auditors including but not limited to overseeing the Organisation's relationship with both the internal and external Auditors</li> </ul>

## RISK CATEGORIES


For the purpose of reporting all risk are qualitatively categorised into two categories each of which requires a different risk management approach. Operational risks are monitored and controlled through mandatory rules, values, and compliance tools. In contrast strategy risks and external risks require distinct processes that encourage management to openly discuss risk and find cost effective ways to reduce the likelihood of risks events or mitigate their consequences.

### Operational Risks

Operational risks are those relating to the day to day operations of the Organisation. These internal risks, arising from within the organisation, that are controllable and ought to be eliminated or avoided. This risk category is best managed through active prevention by monitoring operational processes and guiding people's behaviours and decisions towards desired organisational standards.

### Strategic Risks

Strategic risks are those risks that may affect the Organisations ability to meet strategic objectives. They arise from the Strategy of the organisation. Strategy risks are quite different from preventable operational risks because they are not inherently undesirable. Strategic risks can not be managed through a rules-based control model. Instead, we need a risk management system designed to reduce the probability that the assumed risk will materialise and to improve the organisations ability to manage or contain the risk event should they occur.

 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE Risk Management</b>	Version No:	1
		Issued:	June 2022
		Next Review:	June 2023

### BI-MONTHLY RISK MANAGEMENT REPORTING

The Organisational Development team will provide a Bi-Monthly Risk Management Report to the Executive Leadership Team detailing current organisational risk profile, areas of focus, industry trends and progress towards Risk Management Projects and Action Plan.

A summarised version of the Bi-Monthly Risk Management Report will be provided to the External Risk and Audit Committee for consideration and comment.

### ANNUAL RISK MANAGEMENT REVIEW AND ASSESSMENT

The purpose of an annual risk review and assessment is to highlight additional operational and strategic risks that should be considered on a periodic basis. The key responsibilities as outlined in the annual Risk Management Review and assessment framework are as follows


<b>People Leaders</b>	<ul style="list-style-type: none"> <li>Team Leaders, Coordinators and Managers identify top 5 Operational Risks for their department</li> <li>Submit risks to Risk Coordinator to compile for <b>Annual Risk Review Workshop</b></li> </ul>	Month TBC
<b>General Managers</b>	<ul style="list-style-type: none"> <li>Identify Top 5 Strategic Risks for their Portfolio</li> <li>Submit to Risk Coordinator to compile for <b>Annual Risk Review Workshop</b></li> </ul>	Month TBC



<b>Executive Management Team</b>	<ul style="list-style-type: none"> <li>Workshop and review the risks, make assessments on inherent risk ratings and overall risk residual.</li> <li>Review Controls and set KPI's for performance goals</li> <li>Endorse risks to be added to Organisational Risk Register</li> </ul>	Month TBC
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<b>Organisational Development Team</b>	<ul style="list-style-type: none"> <li>Assist management with aligning performance related goals</li> <li>Ensure KPI's and corrective actions are captured against relevant Risk Management Action Plan</li> <li>Provide quarterly Risk Management reporting to Executive Management Team</li> </ul>	Ongoing  Bi-Monthly
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 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE Risk Management</b>	Version No:	1
		Issued:	June 2022
		Next Review:	June 2023

## REVIEW AND ASSESSMENT RISK REPORTING TEMPLATE

The risk reporting template has been designed to provide a consistent base for assessing key risks across each of the business units within the Organisation.

The current template is designed as a live link distributed by the Organisational Development Team through Microsoft Forms. A copy of the template used is as follows:

### AR21/67157 – Identifying Risk Form

Current template includes the following;

#### Risk Description

The risk description should provide sufficient details about the risk for the user to understand the specific nature of the risk to which the Department is exposed.

#### Risk Impact

The risk impact should describe the potential operational or strategic impact the risk imposes on the organisation if not controlled.

#### Risk Owner

The risk owner is the people leader to who the organisation has assigned specific responsibility to oversee effective mitigation of the risk.

#### Risk Category

For reporting purposes, each Department's risk is categorised into two categories as defined in section 3, being Operational Risk and Strategic Risk.


#### Review Date

The Risk Owner should set the review date in conjunction with the Target Risk Levels and Frequency defined in 4.6.

#### Review Cycle

The review cycle is the periodic review timeframe in which the risk will be required to be reviewed. This cycle is determined by the Risk Acceptance level that the organisation has applied to the risk. The organisation has committed to a minimum quarterly review cycle of all risks.



 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE</b> <b>Risk Management</b>	Version No:	1
		Issued:	June 2022
		Next Review:	June 2023

### Target Risk Level / Risk Tolerance


The Organisational target risk level is the risk tolerance and rating the Organisation is willing to accept after implementing controls.

Risk Level	Acceptance Level	Monitoring Frequency
Low	Acceptable	Quarterly / Yearly
Medium	Acceptable	Monthly / Quarterly
High	Acceptable in Some Circumstances	Weekly / Monthly
Extreme	Unacceptable in most circumstances	Daily/ Weekly

### Risk Likelihood

The Risk Likelihood based on the potential for the risk to occur.

Rating	Potential for Risk to Occur	Likelihood Description
Rare	Extremely low probability. Will only occur in exceptional circumstances	<b>Operations Explanation:</b> May occur in exceptional circumstances. Could be incurred in a 5-10year timeframe <b>Projects / Business Case Explanation:</b> Has not occurred in similar studies or projects, Conceivable but in extreme circumstances
Unlikely	Low probability of an incident	<b>Operations Explanation:</b> Could be incurred in a 2-5 year timeframe <b>Projects / Business Case Explanation:</b> Known to happen but only rarely
Possible	Moderate probability of an incident	<b>Operations Explanation:</b> Could be incurred within a 1-2 year period <b>Projects / Business Case Explanation:</b> Incurred in a minority of similar studies or projects
Likely	Probably will occur	<b>Operations Explanation:</b> Will probably occur in most circumstances - several times a year <b>Project / Business Case Explanation:</b> Could easily be incurred and has generally occurred in similar studies or projects
Almost Certain	Expected to occur in most circumstances	<b>Operations Explanation:</b>

 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE</b> <b>Risk Management</b>	Version No:	1
		Issued:	June 2022
		Next Review:	June 2023

		It is expected to occur again, immediately or within a short period - likely to occur most <b>Project / Business Case Explanation:</b> Could be expected to occur more than once during the study or project delivery
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### Risk Area and Consequence

The Councils risk appetite and consequence level may vary based on the area of risk. The areas are defined as Financial, reputation, Legal / Regulatory / Policy, Service Delivery, People, Infrastructure and Environmental.

#### Finance

Consequence Level	Consequence Description
Insignificant	Financial Low - Financial Loss <\$100,000 impact on operating result
Minor	Financial Medium - Financial Loss >\$100,000 and <\$1,000,000
Moderate	Financial High - Financial Loss >\$1,000,000 and <\$2,500,000 or 2.5% rate revenue
Major	Financial Major - Financial Loss > \$2,500,000 and < \$5,000,000 or 5% rate revenue
Catastrophic	Financial Catastrophic - Financial Loss Exposure >\$5,000,000 or 5% rate revenue

#### Reputation

Consequence Level	Consequence Description
Insignificant	Little community interest, low profile, no news items
Minor	Low impact, some passing interest, low news profile
Moderate	Moderate impact, moderate public interest, public embarrassment, moderate news profile
Major	Sustained public interest, high negative news profile, Premier/Cabinet publicly involved, third party action
Catastrophic	Widespread public agitation, Government censure, high multiple impacts, widespread negative news profile


#### Legal / Regulatory / Policy

Consequence Level	Consequence Description
Insignificant	No noticeable statutory or regulatory impact
Minor	Minor/temporary non-compliance with statutory requirements
Moderate	Short-term non-compliance with moderate statutory requirements
Major	Significant non-compliance with essential statutory requirements
Catastrophic	Long term or indefinite non-compliance with essential statutory requirements and may result in criminal charges

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Page 6 of 10

 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE</b> <b>Risk Management</b>	Version No:	1
		Issued:	June 2022
		Next Review:	June 2023

### Service Delivery

Consequence Level	Consequence Description
Insignificant	Insignificant interruption to a service – no impact to customers/business
Minor	Minor interruption to a service with minimal impact to customers/business
Moderate	Moderate Interruption to service delivery. Customer impact up to 48 hrs. Partial BCP action may be needed
Major	Major interruption to service delivery or production capability, Customer impact > 7 days. Component of BCP action may be needed.
Catastrophic	Major interruption to delivery of all or most services for more than 14 days. Full BCP action required.

### People

Consequence Level	Consequence Description
Insignificant	Insignificant interruption to operational services, short term vacancies, natural attrition
Minor	Minor impact on workforce, skills shortage, lack of training and development.
Moderate	Moderate impact on workforce, inability to recruit and retain core Council roles and regulatory functions, loss of knowledge, ageing workforce, potential union activities, complaints and disputes, staff engagement, workplace culture and satisfaction levels
Major	Major impact on workforce, lack of specialised resourcing to deliver projects and strategic plans.
Catastrophic	Catastrophic impact on organisation, ICAC enquiry, maladministration, leading to legal implications, serious misconduct matters that impact brand reputation


### Infrastructure

Consequence Level	Consequence Description
Insignificant	Financial Low - Financial Loss <\$100,000 impact on operating result
Minor	Financial Medium - Financial Loss >\$100,000 and <\$1,000,000
Moderate	Financial High - Financial Loss >\$1,000,000 and <\$2,500,000 or 2.5% rate revenue
Major	Financial Major - Financial Loss > \$2,500,000 and < \$5,000,000 or 5% rate revenue
Catastrophic	Financial Catastrophic - Financial Loss Exposure >\$5,000,000 or 5% rate revenue

### Environmental

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




 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE</b> <b>Risk Management</b>	Version No:	1
		Issued:	June 2022
		Next Review:	June 2023

Consequence Level	Consequence Description
Insignificant	Minor Instance of environmental damage. Can be reversed immediately
Minor	Minor impact to environment, e.g. on-site chemical release that can be immediately contained. Can be reversed in the short term.
Moderate	Moderate impact to environment. Localised damage or chemical release that has potential to spread but can be contained or reversed with intensive efforts or outside assistance
Major	Off-site chemical release, severe loss of environmental amenity or danger of continuing environmental damage.
Catastrophic	Toxic off-site chemical release with detrimental effect, major loss of environmental amenity or irrecoverable environmental damage

## 5. RISK ASSESSMENT MATRIX

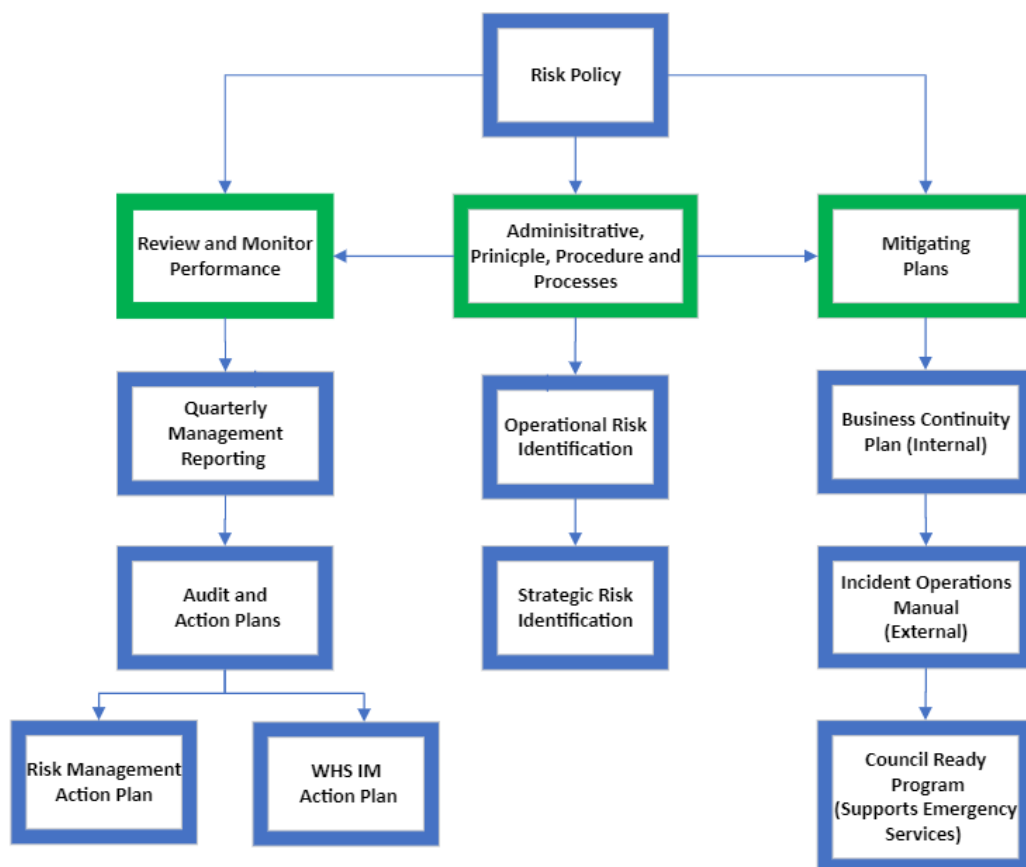
This Risk Assessment Matrix is as follows

	Insignificant	Minor	Moderate	Major	Catastrophic
Rare	Low	Low	Low	Moderate	High
Unlikely	Low	Low	Moderate	Moderate	High
Possible	Low	Moderate	Moderate	High	High
Likely	Moderate	Moderate	High	High	Extreme
Almost Certain	Moderate	High	High	Extreme	Extreme

 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE Risk Management</b>	Version No:	1
		Issued:	June 2022
		Next Review:	June 2023

## 6. RISK MANAGEMENT SUPPORTING DOCUMENTS

The Council documents that support the Risk Management Framework are outlined below;



## 7. REVIEW & EVALUATION

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Page 9 of 10

 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE Risk Management</b>	Version No:	1
		Issued:	June 2022
		Next Review:	June 2023

This Administrative Principle is scheduled for review in June 2022, however, will be reviewed as required by any legislative changes which may occur.


## 8. AVAILABILITY OF POLICY

This Administrative Principle is available in the Organisation's Record Management System RM8.

File Reference:	AR21/57878, AF20/559
Applicable Legislation:	Local Government Act 1999
Reference: Strategic Plan - Beyond 2015	Goal #, Strategic Objective #
Related Policies:	Council Policy – Risk Management
Related Procedures:	Quarterly Risk reporting Review
Related Documents:	Australian Risk Management Standards ISO 31000

## DOCUMENT DETAILS

Responsibility:	Organisational Development and Risk Coordinator
Version:	1.0
Last revised date:	23 <sup>rd</sup> June 2022
Minute reference:	6 <sup>th</sup> July 2022, 2022 Executive Leadership Team
Next review date:	23 <sup>rd</sup> June 2023
<u>Document History</u>	Version 1, 23 <sup>rd</sup> June 2022

	<b>COUNCIL POLICY RISK MANAGEMENT</b>	Version No:	2
		Issued:	18 June 2024
		Next Review:	June 2028

## 1. PURPOSE

1.1. The City of Mount Gambier (Council) recognises that effective risk management policies, systems and processes will inform decision making, resource allocation and risk mitigation, which in turn will support successful achievement of its vision and strategic objectives.

1.2 The purpose of the Risk Management Policy (the Policy) is to enable an integrated approach to risk management through:

- Articulating Council's C commitment to core risk management principles;
- Defining responsibilities for the application of risk identification, assessment, evaluation and treatment programs across Council operations;
- Supporting the implementation and maintenance of a A Risk Management Framework ("the Framework") that provides the tools and programmes to underpin Council's approach to achieving a balance between the costs of managing a risk and the anticipated benefits.

1.3.2 The management of risk will be integrated into Council's governance structures, including decision making. Risk Management leads to the successful achievement of Council's Vision, Strategic Plan Objectives and community expectations.

1.4.3 To achieve the objectives of the Policy, the Framework has been developed.

## 2. POLICY STATEMENT

2.1. Council is committed to maintaining and applying governance and risk management principles to ensure that any impacts to strategic and business objectives are considered and analysed.

2.2. Council will adopt and implement a systematic approach to identify, assess, evaluate and treat (mitigate) risks. The risk management program involves identifying opportunities to ensure Council achieves its strategic goals whilst recording and managing its operational risks.

2.3. Management will lead, actively participate and have complete oversight over all aspects of risk management within their areas of responsibility.

2.4. Council will maintain the Framework consistent with the guidelines and principles of risk management as set out in the International Standard ISO31000:2018 - Risk Management Guidelines, with the goal of providing a consistent approach for dealing with uncertainties likely to impact on the achievement of Councils Vision.

2.5. The risk register(s) will be periodically and consistently reviewed in accordance with set timeframes identified in the Framework.

## 3. PERFORMANCE MEASURES

<i>Electronic version on TRIM is the controlled version. Printed copies are considered uncontrolled. Before using a printed copy, verify that it is the current version.</i>	Page 1 of 7
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	<b>COUNCIL POLICY RISK MANAGEMENT</b>	Version No:	2
		Issued:	18 June 2024
		Next Review:	June 2028

The performance of the risk management program will be measured through three distinct categories:

- Compliance with the Policy and related Risk Management Framework, through internal and external auditing and evaluation.
- Value add to the whole of Council, including achievement of Strategic Objectives.
- Benchmarking, Monitoring and Development of Council's Risk Maturity and -Culture.

**4. LEGISLATIVE REQUIREMENT AND POLICY CONTEXT**

- 4.1 Section 99(1)(ia) of the Local Government Act 1999 ('LG Act') requires the CEO to ensure that effective policies, systems and processes are established and maintained for the identification, assessment, monitoring, management and annual review of strategic, financial and operational risks.
- 4.2 Section 125 of the Local Government Act 1999 ('LG Act') 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.
- 4.32 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.
- 4.43 Section 134(4) (b) of the LG Act requires Council to adopt risk management policies, controls and systems.

**5. DEFINITIONS**

Definitions are outlined within the Framework.

**6 APPETITE AND TOLERANCE**

- Council acknowledges that there is significant risk in taking no risks at all (being unreasonably risk-adverse). Organisations must take calculated risks to release opportunity, but they evaluate and treat risks accordingly to do so successfully.
- ▲ Council has adopted a Risk Appetite Statement which articulates the boundaries within which risks are acceptable to achieve Council's strategic objectives. Council's appetite and tolerances provide guidance on the acceptable risk rating target for any identified risks, to inform how a risk is appropriately managed.

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	<b>COUNCIL POLICY RISK MANAGEMENT</b>	Version No:	2
		Issued:	18 June 2024
		Next Review:	June 2028

**76. ROLES & RESPONSIBILITIES**

**76.1 Council**

Council is responsible for the approval of this Policy and overseeing the systematic approach to managing risk across Council operations, including:-

- Setting the organisation's risk appetite and policy for managing risk;
- Giving adequate consideration to risks when setting objectives and making decisions;
- Fostering a culture that is consistent with the organisation's appetite for risk;
- Ensuring the organisation has the structures and processes in place to support decision making and management of risk;
- Setting an appropriate governance structure for risk and risk management including Audit and Risk Committee and delegations;
- Considering recommendations from the Audit and Risk Committee relating to strategic, financial and operational risks or any other risk matter.

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**76.2. Audit and Risk Committee**

The Audit and Risk Committee is responsible for monitoring and evaluating appropriate internal control and risk management policies, processes and systems are implemented and maintained in order to assist the Council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the Council's assets, and to secure (as far as possible) the accuracy and reliability of Council records. including:

- Reviewing and recommending endorsement of the criteria contained within the Risk Management Framework;
- Monitoring overall responsiveness for improvement based on previous audit and risk assessments, including those raised by Council's auditor;
- Providing oversight of the planning and scoping of the internal audit work plan and reviewing internal audit reports on a regular basis;
- Reviewing and evaluating the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis.

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**76.3 Chief Executive Officer (CEO)**

The CEO has the responsibility for ensuring that:

- Promoting a strong risk management culture by providing firm and visible commitment to risk management including ensuring appropriate accountability for the management of risk;
- Ensuring that a Framework is established and implemented, and
- Ensuring that effective policies, systems and processes are established and maintained for the identification, assessments, monitoring, management and annual review of strategic, financial and operational risks;
- Risk management is integrated into Council's activities and functions.

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	<b>COUNCIL POLICY RISK MANAGEMENT</b>	Version No:	2
		Issued:	18 June 2024
		Next Review:	June 2028

7.4 Executive Team

Members of the Executive Team are responsible for:

- Commitment to promotion of this Policy and the Framework whilst monitoring Council's overall risk profile and controls;
- ~~Contributing to the Reporting the status of Council's risk profile and mitigation strategies of relevant risk activities~~ to the Audit and Risk Committee;
- The implementation, management and evaluation of risk management, in accordance with the Policy and Framework within their areas of responsibility;
- Undertaking the risk management program as per the requirements of the Policy and Framework; and
- Ensuring that risk based information is identified and recorded in Council's Risk Register through the organisations Risk Coordinator.

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7.5 Management Team

The Management Team together with the Risk Coordinator is responsible for:

- Assisting the Executive Team to develop, implement and maintain the risk management framework and program in a systematic and standardised manner;
- Development and maintenance of a Risk Register(s) that records reasonably foreseeable Operational and Strategic risks, including risk mitigation strategies;
- Assisting the Executive Team in development and compilation of reports relating to Council's risk profile and mitigation strategies.

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7.5 Leadership Team

The Leadership Team is responsible for:

- Assisting the Executive and Management Teams to implement, maintain and report on the risk management framework and program in a systematic and standardised manner.

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7.6 Risk Management (Function) Coordinator

The Risk Management (Function) Coordinator is includes responsibility for:

- Coordination of risk management activities, programming and strategy in accordance with Council Policy and Framework;
- ~~Providing guidance and assistance to the Executive Management Team and employees in relation to the application of the Framework;~~
- ~~Maintaining this Risk Management Policy and the Framework to ensure their currency and relevance;~~
- ~~Facilitating reporting of the status of Council's risk profile and mitigation strategies to the Audit and Risk Committee.~~

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	<b>COUNCIL POLICY RISK MANAGEMENT</b>	Version No:	2
		Issued:	18 June 2024
		Next Review:	June 2028

**7.7 Employees, Elected Members, Volunteers and Contractors:**

All Council Employees, Elected Members, Volunteers and Contractors are responsible for:

- Identifying, evaluating and managing risks in their daily activities and projects;
- Adhering to the requirements of Council's Risk Management Policy and Framework.

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**8. AVAILABILITY**

8.1 The Policy will be available on Council's website with hard copies supplied on request.

**9. REVIEW & EVALUATION**

~~This Policy is scheduled for review by Council in June 2028; however, will be reviewed as required by any legislative changes which may occur.~~  
~~Council will review this Policy once during every two (2) year period, or upon significant legislative change as required. The Council may, at any time by resolution, alter, substitute, or revoke this Policy.~~

**10. AVAILABILITY OF POLICY**

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

	<b>COUNCIL POLICY RISK MANAGEMENT</b>	Version No:	2
		Issued:	18 June 2024
		Next Review:	June 2028

File Reference:	AF18/48
Applicable Legislation:	Local Government Act 1999 Work Health and Safety Act 2012 Civil Liabilities Act 1936 Public Interest Disclosure Act 2018
Reference: Strategic Plan 2020-2024	Our People Our Location Our Diverse Economy Our Climate, Natural Resources, Arts, Culture And Heritage Our Commitment
Related Policies:	Prudential Management Policy - P415  Internal Audit Policy  Fraud and Corruption Policy  Emergency Management Policy
Related Procedures:	<a href="#">Risk Management Framework</a>
Related Documents:	AS/NZS ISO31000:2009 Risk Management – Principles and Guidelines  ISO31000:2018 Risk Management - Guidelines  <a href="#">City of Mount Gambier Risk Management Framework</a> <a href="#">City of Mount Gambier Risk Appetite Statement</a>  Audit Committee Terms of Reference (AR11/51413[V6])

	COUNCIL POLICY RISK MANAGEMENT	Version No:	2
		Issued:	18 June 2024
		Next Review:	June 2028

DOCUMENT DETAILS

Responsibility:	General Manager Corporate and Regulatory Services
Version:	23.0
Last revised date:	18 June 2024
Effective date:	18 June 2024
Minute reference:	Council Meeting 18 June 2024 - Item 16.6 - Resolution 2024/119
Next review date:	June 2028
<u>Document History</u>	
First Adopted By Council:	17 November, 2020
Reviewed/Amended:	18 June 2024

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 <p>City of Mount Gambier</p>	<p><b>ADMINISTRATIVE PRINCIPLE</b> <b>Risk Management Framework</b></p>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029

## 1. INTRODUCTION

The City of Mount Gambier (Council) is committed to an integrated approach to risk management to assist in setting appropriate strategies, achieving objectives and making informed decisions, in the best interests of our community.

Council recognises that managing risk is part of governance and leadership, is fundamental to how the organisation is managed at all levels and will contribute to continuous improvement of its management systems.

The City of Mount Gambier has a vision for Mount Gambier as *Erupting with Potential: Embracing Our Past, Enhancing our Strengths and Shaping an Exciting Future*. To bring this vision to life Council has developed six strategic priorities that reflect our community aspirations.

The risk management process is not an isolated function and should be applied to all activities, including decision making, at all levels. Effective identification, analysis, evaluation and treatment of risks is critical to Council achieving its strategic objectives and meeting stakeholder expectations.

## 2. PURPOSE

This Framework outlines the requirements and processes supporting Council's Risk Management Policy to create and protect value by improving performance, encouraging innovation and supporting the achievement of strategic objectives.

This Framework:

- a) Aligns with the objectives of the Risk Management Policy;
- b) Establishes roles and responsibilities for managing risk;
- c) Documents the systems and processes for identification, assessment, evaluation, monitoring and management of identified risks;
- d) Encourages innovation by integrating risk management into the strategic and operational processes throughout the organisation;
- e) Will assist Council in maximising its opportunities, whilst minimising negative impacts identified during the risk management process;
- f) Establishes the process for all risks outside the defined risk appetite to be escalated to the appropriate level and for additional treatment options to be implemented;
- g) Sets out reporting protocols for relevant risk information to be provided to the Elected Council, Audit and Risk Committee, Executive Leadership Team and throughout the organisation; and
- h) Will support the development of a continuous improvement culture by integrating risk management processes throughout the organisation.

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Page 1 of 30

 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE</b> <b>Risk Management Framework</b>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029

### 3. SCOPE

This Framework works in conjunction with the Risk Management Policy and Risk Appetite Statement established by the Elected Members, to achieve Council's risk maturity goals.

Whilst this Framework is the operational counterpart, the operation of it applies to all Elected Members, Committee Members, Employees, Contractors and Volunteers of the City of Mount Gambier. The Framework provides guidance and assistance to the organisation in embedding Enterprise Risk Management into decision-making, administration, and operational functions.

Council has a separate suit of Work Health Safety specific policies and documents, which are not contemplated in this Framework.

### 4. RISK MANAGEMENT PRINCIPLES

The Australian standard for Risk Management Guidelines (AS ISO 31000:2018) describes risk as "...the effect of uncertainty (either positive, negative or both) on objectives...".

The goal is not to eliminate all risks, but rather to manage risks involved in delivering Council's functions and services and to create and protect value for stakeholders and the community.

AS ISO 31000:2018 is based on the following eight principles, which underpin this Framework and guide how risk is managed across the organisation:

<b>Integrated</b>	An integral part of all organisational activities.
<b>Structured and comprehensive</b>	Contributes to consistent and comparable results.
<b>Best available information</b>	Based on historical and current information, as well as on future expectations, taking into account any limitations and uncertainties associated with such information and expectations. Information should be timely, clear and available to relevant stakeholders.
<b>Customised</b>	Customised and proportionate to Council's internal and external context related to its objectives.
<b>Human and cultural factors</b>	Recognises that the behaviour and culture can significantly influence all aspects of risk management at each level and stage.
<b>Inclusive</b>	Requires appropriate and timely involvement of stakeholders to enable their knowledge, views and perceptions to be considered.
<b>Dynamic</b>	Anticipates, detects, acknowledges and responds to changes and events in an appropriate and timely manner as internal and external contexts change and new risks emerge while others change or disappear.

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Printed copies are considered uncontrolled. Before using a printed copy, verify that it is the current version.

Page 2 of 30



 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE</b> <b>Risk Management Framework</b>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029

**Continual improvement**

Learning and experience drives continuous improvement.

### Local Government Risk Services (LGRS)

From the perspective of the Local Government sector in South Australia, certain insurable risks have been transferred to a number of self-managed Schemes managed by Local Government Risk Services (LGRS), via payment of an annual contribution. The Schemes are:

- Local Government Association Mutual Liability Scheme (LGAMLS) for the purposes of civil liability coverage & claims management;
- Local Government Association Workers Compensation Scheme (LGAWCS) for the purposes of workers compensation coverage & claims management; and
- Local Government Association Asset Mutual Fund (LGAAMF) for the purposes of asset and fleet coverage and claims management.

As a Member of the above Schemes, Council is obliged to put adequate risk management and prevention strategies in place, in accordance with the Scheme Rules.

### Organisational Context

Establishing the context requires those involved in risk management and decision making processes to understand factors internal and external to the organisation that may influence Council's ability to achieve its objectives.

Risk management culture, organisational structure, strategy and objectives are examples of factors that define internal context.

The external environment may include a range of factors, however the PESTLE model will be used by Council to consider the application of the following key influencing factors: Political, Economic, Sociological, Technological, Legal, and Environmental when undertaking risk reviews.

## 5. ROLES AND RESPONSIBILITIES

The following roles and responsibilities ensure a transparent approach to managing risk within Council.

Roles	Responsibilities
Elected Council	<ul style="list-style-type: none"> <li>Set the organisation's risk appetite and policy for managing risk;</li> <li>Give adequate consideration to risks when setting objectives and making decisions;</li> </ul>

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Page 3 of 30

 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE</b> <b>Risk Management Framework</b>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029

Roles	Responsibilities
	<ul style="list-style-type: none"> <li>Foster a culture that is consistent with the organisation's appetite for risk;</li> <li>Ensure the organisation has the structures and processes in place to support decision making and management of risk;</li> <li>Set an appropriate governance structure for risk and risk management including establishing an Audit and Risk Committee and supporting delegations;</li> <li>Require the CEO to demonstrate that the framework for managing risk is effective and appropriate;</li> <li>Require the CEO to provide information to allow the Elected Council to understand the risks that may have material impacts on achievement of the organisation's objectives; and</li> <li>Consider recommendations from the Audit and Risk Committee relating to strategic, financial and operational risks or any other risk matter.</li> </ul>
Audit and Risk Committee	<ul style="list-style-type: none"> <li>Review and recommend endorsing the criteria contained within the Risk Management Framework;</li> <li>Monitor Council's responsiveness to recommendations for improvement based on previous audits and risk assessments, including those raised by Council's auditor;</li> <li>Provide oversight of the planning and scoping of the internal audit work plan and review internal audit reports periodically;</li> <li>Review and evaluate the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis; and</li> <li>Monitor strategic risks on an annual basis, or otherwise as required.</li> </ul>
Chief Executive Officer (CEO)	<ul style="list-style-type: none"> <li>Promote a strong risk management culture by providing firm and visible commitment to risk management including ensuring appropriate accountability for the management of risk;</li> <li>Ensure that effective policies, systems and procedures are established and maintained for the identification,</li> </ul>

 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE</b> <b>Risk Management Framework</b>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029

Roles	Responsibilities
	<p>assessment, monitoring, management and annual review of strategic, financial and operational risks and provide a report to the Audit and Risk Committee on a regular basis;</p> <ul style="list-style-type: none"> <li>• Ensure the Executive Leadership Team have the necessary knowledge and skills to effectively fulfil their risk management responsibilities;</li> <li>• Regularly review strategic, financial and operational risks and maintain an understanding of the environment in which the organisation operates, the risks it faces and the effectiveness of its controls;</li> <li>• Ensure compliance with legislative and contractual obligations and policy requirements;</li> <li>• Provide reliable information about risks, controls and their effectiveness to Elected Council;</li> <li>• Report annually to the Audit and Risk Committee on the internal audit processes; and</li> <li>• Escalate all strategic risks that exceed the organisation's risk appetite to the Audit and Risk Committee or Elected Council as required.</li> </ul>
Executive Leadership Team and Management Team	<ul style="list-style-type: none"> <li>• Commitment to, and promotion of, the risk management policy and framework;</li> <li>• Monitor the organisation's overall risk profile and mitigation strategies;</li> <li>• Ensure that risk management is embedded into all functions and activities, including decision making;</li> <li>• Ensure that risks that cannot be treated immediately are recorded on the risk register and that there is ongoing and regular review of the risk register, (including follow up and close out of overdue risk treatments) within their departments and/or business units;</li> <li>• Incorporate risk treatments into departmental and business unit plans;</li> <li>• Ensure that staff, contractors, volunteers and other relevant stakeholders have the appropriate skills to be actively be involved in managing risk;</li> <li>• Provide incentives and performance management arrangements that support the desired approach to managing risk;</li> </ul>

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Page 5 of 30

 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE</b> <b>Risk Management Framework</b>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029

Roles	Responsibilities
	<ul style="list-style-type: none"> <li>Promote a proactive risk culture in accordance with business management initiatives;</li> <li>Collectively review strategic risks and consider emerging risks; and</li> <li>Ensure compliance with legislative and contractual obligations and policy requirements.</li> </ul>
Risk Management Function	<ul style="list-style-type: none"> <li>Provide guidance and assistance to the Elected Council, Audit and Risk Committee, CEO, Executive Leadership Team, Management Team and the organisation in relation to the application of this Framework;</li> <li>Ensure relevant risk information is recorded in the Risk Register and reported and escalated as relevant and appropriate;</li> <li>Maintain the Risk Management Policy and Framework to ensure its currency and relevance; and</li> <li>Maintain the Risk Register and reporting timeframes as required.</li> </ul>
Employees, Volunteers & Contractors (Workers)	<ul style="list-style-type: none"> <li>Understand the risk management processes that apply to their area of work; and</li> <li>Identify, evaluate, report and manage, (or escalate) risks relating to daily activities and projects.</li> </ul>

## 6. RISK MANAGEMENT PROCESS

Having good risk management practices in place provides Council with assurance that measures are in place to maximise the benefits and minimise the negative effect of uncertainties in pursuit of its strategic objectives. Risk management involves both the management of potentially adverse effects as well as the fulfilment of potential opportunities.

The risk management process is an integral part of management and decision-making and is integrated into the organisation's structure, operations and processes.

The dynamic and variable nature of human behaviour and culture should be considered throughout the risk management process.

Although the risk management process is often presented as sequential, in practice it is iterative as illustrated in the AS ISO 31000:2018 Risk management – guidelines:

 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE</b> <b>Risk Management Framework</b>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029

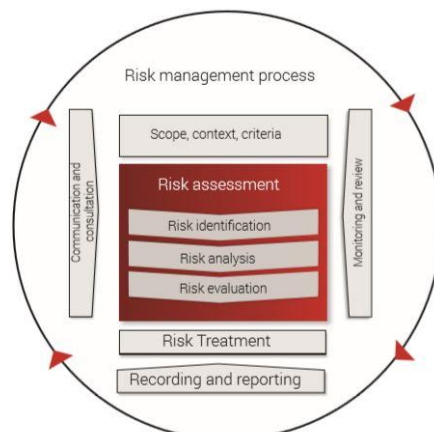


Diagram source: Standards Australia Limited, AS ISO 31000:2018 Risk management – guidelines, SAI Global Limited, Sydney, 2018. © Standards Australia Limited. Copied by JLT Risk Solutions Pty Ltd with permission of Standards Australia and Standards New Zealand under Licence 1811-c079.

## Scope, Context and Criteria

### Defining the scope

Because the risk management process is applied at different levels throughout the organisation, it is important to define the scope and its alignment with the organisation's objectives. This should include consideration of:

- Goals and objectives of risk management activities;
- Proposed outcomes and timing;
- Responsibilities and accountabilities for the risk management process;
- Risk management methodologies;
- Processes, activities and projects and how they may interact with other processes, activities and projects;
- How effectiveness and/or value will be measured and monitored; and
- Availability of resources to manage risk.

### Defining the context

Defining the context is important because:

- Risk management takes place in the context of achieving objectives and undertaking activities; and
- Organisational factors can be a source of risk.

The context (internal and external) should reflect the specific environment of the activity to which the risk management process is to be applied, and consider the factors such as:

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Page 7 of 30

 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE</b> <b>Risk Management Framework</b>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029

- Internal – risk management culture, organisational structure, strategy and objectives, and
- External – social, cultural, political, technological, economic, natural and built environment, legislative and compliance requirements, funding from State & Federal Government, community expectations etc.

#### Defining risk criteria

Risk criteria are used to evaluate the significance of risk and are reflective of Council's values, objectives and resources and the views of its stakeholders. Agreed risk criteria have been established through consultation with the Audit and Risk Committee, CEO and Executive Leadership Team.

It should be noted that, whilst risk criteria have been documented in this Framework and its appendices, they are dynamic and should be reviewed and amended to reflect the organisation's attitude to risk and risk appetite, as necessary.

### **Risk Assessment**

#### Risk Identification

The aim of risk identification is to develop an inclusive list of reasonably foreseeable events that may occur that - if they do - are likely to have an impact on achievement of objectives.

Council identifies, assesses and treats risk in the following three risk types:

<b>Strategic</b>	<p>Risks associated with high-level strategic objectives that are articulated in the Strategic Plan, Long Term Financial Plan and Asset Management Plans.</p> <p>They are key issues for the Elected Council and Executive Leadership Team and impact the whole organisation rather than a particular department or business unit. These risks can originate from within the organisation or externally.</p> <p>In other words, they may prevent the organisation from achieving its strategic objectives.</p>
<b>Operational</b>	<p>Risks associated with particular department or business unit functions and daily operations to deliver core services. Often the risks relate to cost overruns, supply chain logistic issues, employee issues, WHS, non-compliance to policies and procedures etc.</p>
<b>Project</b>	<p>Risks associated with Project Management that will affect milestones or outcomes connected to delivering a specific project.</p>

Risk identification naturally flows on from the context discussion and is a process of formally documenting the effects of uncertainty on objectives. An effective approach is to engage as many stakeholders as possible in a structured identification process.

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Page 8 of 30



 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE</b> <b>Risk Management Framework</b>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029

After a risk is identified, it may be categorised and captured in the Risk Register in accordance with the following categories:

- Financial
- Reputation
- Legal / Regulatory / Policy
- Service Delivery
- People
- Infrastructure
- Environmental
- Work Health Safety
- Information Technology

The process of risk identification must be comprehensive as risks not identified are by nature excluded from further analysis. Care must be taken to identify and define risks, rather than causes or consequences.

Capturing an additional level of detail with regards to risk areas assists in reporting and analysing trends.

### Risk Analysis

Risk analysis involves developing an understanding of a risk. It provides an input to risk evaluation and to decisions on whether risks need to be treated, and the most appropriate risk treatment strategies and methods. The tables included in the appendices are Council's tools for expressing the consequence, likelihood and level of risk.

### Risk Ratings

A "risk rating" can be determined by combining the estimates of effect (consequence rating) and cause (likelihood rating). The risks are to be assessed against all consequence categories; and the highest consequence rating will be used. The following risk ratings are used:

- a) Inherent risk rating, being the level of risk at time of risk assessment with no controls;
- b) Current risk rating, being the level of risk with the controls that are currently in place, operating as they are; and
- c) Residual risk rating, being the level of risk once further and additional controls are added to reduce the consequence and/or likelihood, (i.e. the forecast level of risk remaining after risk treatment).

 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE</b> <b>Risk Management Framework</b>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029

### Risk Appetite

The Elected Council Members, are responsible for defining Council's risk appetite, taking into consideration the nature and extent of the risks the organisation is willing to take in order to achieve its strategic objectives.

In arriving at its risk appetite, Elected Council Members have given consideration to:

- The degree to which decision makers are permitted to expose Council to the consequences of an event or situation;
- Aggregated and interlinked risks to determine whether the cumulative level of risk is acceptable or not;
- Allowing for flexibility to adapt, given changing environment and circumstances to be built in; and
- Whether decisions are made with full consideration of potential risk and reward.

Council's risk appetite is included in regular monitoring and review of strategic risks and will be updated in line with its risk management policy, framework and supporting documentation.

### Risk Tolerance

Not all risk types for Council are the same in terms of their acceptability. Once a risk appetite has been set, it is useful to define tolerance levels for each category. Risk tolerance can be described as the boundaries of risk taking outside of which the organisation is not willing accept in order to achieve its objectives. While risk appetite is usually expressed in qualitative terms, tolerance is expressed quantitatively, (i.e. a variance).

If the assessed risk level is outside of the risk appetite but within the tolerable level for that category of risk then treatment may be required. If it is equal to, or below, the tolerable level for that category of risk then the risk may be accepted, provided the controls are implemented.

### Risk Evaluation

Risk Evaluation is the process used to assist in making decisions, based on the outcomes of risk analysis, about which risks need treatment and the priority for implementation of controls. Decisions should take account of the wider context of the risk and include consideration of the risks borne by other parties. There are also circumstances whereby, despite the risk level, risks cannot be prevented or reduced and the focus will instead be on recovery and resilience.

When a risk has been identified or reassessed, the following table provides guidance on the action to be taken for each risk rating level, noting that whether or not an assessment rating falls outside the appetite or tolerance of the particular risk category is what will ultimately determine the appropriate action.

 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE</b> <b>Risk Management Framework</b>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029

Risk level	Managing risk – priority rating
Extreme	<p>Add risk to Risk Register</p> <p>Escalate risk issue immediately to CEO and Executive Leadership Team.</p> <p>CEO to:</p> <ul style="list-style-type: none"> <li>Refer risk to risk owner</li> <li>Identify and develop treatment strategies for immediate action</li> <li>Monitor and review actions/strategies</li> <li>Provide direction and information to relevant stakeholders</li> <li>Inform the next meeting of the Audit and Risk Committee of the risk issue, the actions taken to mitigate the risk and the outcome (or current status)</li> <li>Consider cessation/suspension of the activity giving rise to the risk until such time as CEO/Executive Leadership Team authorises its continuation and/or whilst other risk treatment strategies are being developed/implemented</li> <li>Report outcomes to the next available Elected Council meeting</li> </ul> <p>For WHS related risks, the following applies:</p> <ul style="list-style-type: none"> <li>Operation of item or activity shall not be allowed to continue until the risk level has been reduced</li> </ul>
High	<p>Add risk to Risk Register</p> <p>Escalate risk issue to member of the Executive Leadership Team.</p> <p>Member of Executive Leadership Team to:</p> <ul style="list-style-type: none"> <li>Refer to relevant risk owner</li> <li>Identify and develop treatment strategies with appropriate timeframes</li> <li>Monitor and review actions/strategies to manage risk to an acceptable level</li> <li>Provide direction and information to relevant stakeholders</li> <li>Inform the next meeting of the Audit and Risk Committee of the risk issue, the actions taken to mitigate the risk and the outcome (or current status)</li> </ul> <p>For WHS related risks, the following applies:</p> <ul style="list-style-type: none"> <li>Reduce the risk rating so far as is reasonably practicable</li> </ul>
Moderate	<p>Add risk to Risk Register</p> <p>Escalate risk to Business Unit Manager.</p> <p>Relevant Manager to:</p> <ul style="list-style-type: none"> <li>Identify and develop treatment strategies with appropriate timeframes</li> <li>Monitor and review actions/strategies to manage risk to an acceptable level</li> </ul>

 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE</b> <b>Risk Management Framework</b>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029

Risk level	Managing risk – priority rating
	For WHS related risks, the following applies: <ul style="list-style-type: none"> <li>Reduce the risk rating so far as is reasonably practicable (if not acceptable level of risk)</li> </ul>
Low	Add risk to Risk Register <ul style="list-style-type: none"> <li>Staff member to undertake localised risk management &amp; actions (if required)</li> <li>Review within the nosiness unit parameters and routine procedures</li> </ul> For WHS related risks, the following applies: <ul style="list-style-type: none"> <li>Reduce the risk rating so far as is reasonably practicable.</li> <li>Commonly is an acceptable level of risk</li> </ul>

### Risk Treatment

Risk treatment can be conducted using a variety of methods. When looking at negative risks, treatments are aimed at reducing or removing the potential for consequences occurring. However, when looking at positive risks (opportunities) treatments look at ensuring that opportunities are realised.

Risk treatment involves selecting one or more options for modifying the likelihood and/or consequence of risks, and implementing those options. Once implemented, treatments become or modify the controls.

Justification for risk treatment is broader than solely economic considerations and should take into account all of Council's obligations, voluntary commitments and stakeholder expectations. Appropriate risk treatment options should have regard to the organisation's objectives, risk appetite, risk criteria and available resources.

### Risk Treatment Priorities

Recognising that not all risks can, or should, be managed, Council has determined that it will prioritise treatment of risks in the following order:

- Strategic risks that exceed risk appetite
- Strategic risks that exceed risk tolerance
- Operational risks that are rated Extreme or High
- Operational risks that exceed risk appetite

The CEO may make exceptions to this prioritisation where there is an immediate or foreseeable risk to the health or safety of any person.

 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE</b> <b>Risk Management Framework</b>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029

### Risk Treatment Options

Risk treatment options are not necessarily mutually exclusive or appropriate in all circumstances. Options for negative risks may include:

- Eliminate** Remove an asset or discontinue an activity or service completely so as to eliminate the risk altogether
- Share** Allocate risk to a third party, such as through appropriate contractor management, (noting however that s272 of the WHS Act voids any agreement or contract that purports to transfer any duty owed under the Act)
- Mitigate** Implement a type of treatment (which will become a control) to reduce or remove the risk. This may include but is not limited to options such as substitution (swapping), isolation (barricade), engineering (modify by design) or administration (policy/process)
- Accept** Risk can be accepted for a number of reasons including:
  - no extra treatments being available;
  - meets the stated target risk appetite for the type of risk;
  - informed decision has been made about that risk; and
  - the cost of risk treatment significantly outweighs the potential risk exposure.

For positive risks, options may include:

- Exploit** Implement strategies to capitalise on the likelihood of the risk eventuating and ensure that the organisation is able to respond quickly to the opportunities as they arise
- Share** Partnering with another organisation that is able to add skills or value not currently available within Council
- Enhance** Influence the factors that will improve the likelihood of the opportunity arising
- Accept** Maintain status quo by informed decision

In selecting any risk treatment, consideration must be given to new risks that may arise from implementing it and the processes outlined in this framework applied to those new risks.

 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE</b> <b>Risk Management Framework</b>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029

### Control Characteristics

Risk treatments intended to become controls need to be designed in a manner to ensure they are sufficient to mitigate that risk, and have some of the following characteristics if they are to become an adequate control:

- Documented (e.g. policies, procedures, task lists, checklists)
- Systems-oriented (e.g. integrated and/or automated)
- Preventative (e.g. system controls) or detective
- Consistent and regular (including during staff absence)
- Performed by competent and trained individuals
- Clear responsibility and accountability
- Create value (i.e. benefits outweigh costs)
- Achievable for the organisation (based on available resources)
- Evidenced (i.e. documented or electronic audit trail)
- Confirmed independently

### Monitoring and Review

#### Review of Risks and Controls

Monitoring and review involves regular checking or surveillance of the effectiveness and efficiency of the risk management processes implemented.

A monitoring and review process will:

- Ensure that implemented controls are effective and adequate;
- Provide further information to improve risk assessment and treatment plans;
- Allow for the identification of emerging risks;
- Identify any new factors that may influence established strategies to mitigate risks.

It is essential to monitor all activities and processes in order to capture new or emerging risks arising from the changing environment (both internal and external) and the activities undertaken by Council's employees, contractors and volunteers.

### Project Risks

Due to the dynamic nature of most projects, a risk may change over the project lifecycle, triggering the need for reassessment. The monitoring and scheduled review process allows for both validation of risks to ensure that they remain relevant and adaptation of project plans as necessary.

Any changes in risks throughout the project and following completion should be recorded and used for future project planning.

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Page 14 of 30



 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE</b> <b>Risk Management Framework</b>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029

### Internal Audit

The audit process plays an important role in evaluating the internal controls (and risk management processes) currently employed by Council. Our internal audit program is 'risk based' and provides assurance that we are managing our risks appropriately. The Audit and Risk Committee provide oversight of the planning and scoping of the internal audit work plan.

The internal audit process will measure risk by:

- Measuring compliance** – has the organisation met its policy objectives
- Measuring maturity** – measuring against best practice and sector benchmarking
- Measuring value add** – has the framework and risk culture added to the achievement of Council's strategic objectives

Internal controls should be adequate and effective, per the below table.

Rating	Definition
Design adequacy	
Adequate	The control is designed in a manner that it can give reasonable assurance that the risk will be mitigated. In other words, existing systems and procedures cover known circumstances and provide reasonable assurance for majority of risks.
Partially adequate	The control is designed in a way that will partially mitigate the risk and designed in a way to partially meet the design objectives.
Inadequate	The design of the control is not sufficient enough to give reasonable assurance that the risk will be mitigated. There may be no systems and procedures in place, or existing systems and procedures are obsolete and require review.
Operating effectiveness	
Effective	The control operates in a manner that is effective in terms of being consistent, complete, reliable and timely.
Partially effective	The control partially operates in a manner that is effective in terms of being consistent, complete, reliable and timely.
Ineffective	The control does not operate in a manner that is effective in terms of being consistent, complete, reliable and timely.

It is to be noted that the overall combination of the results of design adequacy and operating effectiveness will provide the overall rating of the control based on the table for overall rating. This assists in identifying improvements to existing controls.

*Electronic version on CM9 is the controlled version.*

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

Page 15 of 30

 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE</b> <b>Risk Management Framework</b>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029

	Effective	Partially effective	Ineffective
Adequate	Effective	Partially Effective	Ineffective
Partially adequate	Partially Effective	Partially Effective	Ineffective
Inadequate	Ineffective	Ineffective	Ineffective

## 7. RECORDING AND REPORTING

### General

The risk management process and its outcomes are documented and reported, in order to:

- Communicate risk management activities and outcomes;
- Provide information for decision making;
- Provide opportunities for continuous improvement;
- Assist interaction with stakeholders, including those with responsibility and accountability for risk management activities.

Records will be managed and retained in accordance with State Records General Disposal Schedule for Local Government.

### Risk Register

The risk register enables the organisation to document, manage, monitor and review strategic, operational and project risk information in order to build a risk profile and provide direction on how to improve risk management processes. The risk register can be used to monitor whether, using the approach outlined in this framework, the risk management process is resulting in an increasing trend towards potential for success and less risk with negative consequences.

### Strategic Risks

Strategic level risks are identified by the Executive Leadership Team and the Elected Council as part of an annual review and will be recorded in the risk register. Any risks identified at the strategic level may be reflected in other corporate documents e.g. Strategic Plan, Long Term Financial Plan, and Asset Management Plans and mitigated through actions detailed within these documents, however should still be collated in the risk register for ease of monitoring and review.

Recording and reporting of strategic level risks is the responsibility of any roles with responsibility of the Risk Management Function via Executive Leadership Team and Audit and Risk Committee.

 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE</b> <b>Risk Management Framework</b>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029

#### Operational Risks

Operational risks, where identified, will be recorded in the risk register and be reviewed periodically by Business Unit Managers. Recording operational risks in the risk register and reporting of implementation and effectiveness of controls is the responsibility of all business unit managers and workers.

#### Project Risks

Project level risks may be identified by the project management team at any time prior to, and during, the project management cycle and are initially recorded in the project management plan and may be consolidated in the risk register. Recording and reporting of project risks rest with the project lead.

### **Risk Reporting**

#### Purpose

Risk based reports will draw data from the risk register and provide monitoring and profile information to the Executive Leadership Team and Audit and Risk Committee to assist with:

- Understanding Council's risk exposure;
- Identifying risks that require increased attention and action;
- Providing relevant information to the Elected Council as required about risks likely to impact upon achievement of strategic objectives;
- Dissemination of information to workers as required to support them in making risk informed decisions;
- Reviewing and evaluating the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis; and
- Improving the risk culture and awareness throughout the organisation.

#### Content

Risk reporting will include:

Report content	Reported to	Frequency
Outcomes of strategic risk review	Executive Leadership Team, Audit and Risk Committee and Elected Council	Annually
Operational risk reviews	Management Team (escalated to Executive Leadership Team)	As required

 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE</b> <b>Risk Management Framework</b>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029

Report content	Reported to	Frequency
Project risk reviews	Executive Leadership Team	As required
Report by person primarily responsible for internal audit function relating to the internal audit work plan – informed by Quarterly reviews completed by Managers	Audit and Risk Committee	Quarterly
Risk-based decision making embedded into Council reports	Elected Council	Monthly

## 8. TRAINING

### Workers

The Risk Management Policy and Framework, together with supporting tools will be made available to all workers through the website (Policy) and intranet (Framework).

Risk management is an overarching skill that sits across all functions and, as such, Council considers it to be a necessary competency that workers need in order to perform their day-to-day activities effectively. Risk Management training will be provided to workers as required and will take into consideration the worker's role and level of past risk management experience and knowledge.

Risk management awareness training can be captured via the training needs analysis (TNA) as part of the annual performance review process, to ensure the effective implementation of this Framework.

### Elected Members

Elected Council members are key strategic decision makers and it is therefore imperative that they have an understanding of Council's Risk Management Policy and their role in informed planning and decision making, based on sound risk management principles.

Risk management awareness training is scheduled within 12 months of Local Government periodic elections, as part of the overarching mandatory training obligations.

### Audit and Risk Committee

Audit and Risk Committee members should, at a minimum, have an understanding of their roles and responsibilities as outlined in Council's Risk Management Policy and Framework, including the monitoring and review of reports and outcomes from management reviews and external audits.

 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE</b> <b>Risk Management Framework</b>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029

## 9. REVIEW

The Audit and Risk Committee will review this Framework once during every four (4) year period, or upon significant legislative or operational change as required. The Audit and Risk Committee may, at any time by resolution, alter, substitute, or revoke this Framework.

File Reference:	AFXX/XXXX
Applicable Legislation:	Local Government Act 1999 Work Health and Safety Act 2012 Civil Liabilities Act 1936 Public Interest Disclosure Act 2018
Reference: Strategic Plan 2024-2028	
Related Policies:	Prudential Management Policy - P415 Internal Audit Policy Fraud and Corruption Policy Emergency Management Policy
Related Procedures:	Business Continuity Plan
Related Documents:	AS ISO31000:2018 Risk Management Guidelines City of Mount Gambier Risk Appetite Statement Audit Committee Terms of Reference

 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE Risk Management Framework</b>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029

#### DOCUMENT DETAILS

Responsibility:	General Manager Corporate and Regulatory Services
Version:	3.0
Last revised date:	18 June 2024
Effective date:	18 June 2024
Minute reference:	Council Meeting 18 June 2024 - Item 16.6 - Resolution 2024/119
Next review date:	June 2028
<u>Document History</u> First Adopted By Audit and Risk Committee: Reviewed/Amended:	17 November, 2020 18 June 2024

 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE</b> <b>Risk Management Framework</b>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029

## APPENDIX A: DEFINITIONS

<b>Assurance</b>	A process that provides a level of confidence that objectives will be achieved within an acceptable level of risk
<b>Consequence</b>	The outcome of an event expressed qualitatively or quantitatively, being a loss, injury, disadvantage or gain. There may be a range of possible outcomes associated with an event.
<b>Control</b>	An action that modifies risks and increases the likelihood that objectives and goals of an organisation will be achieved.
<b>Enterprise Risk Management</b>	The process that is applied in strategy setting and decision making throughout the organisation to identify, evaluate and manage potential risks that are likely to impact on achievement of objectives, set risk appetite and tolerance and manage risk within those parameters, and to provide reasonable assurance regarding the achievement of the organisation's objectives.
<b>Event</b>	Occurrence of a particular set of circumstances
<b>Exposure/Rating</b>	The risk exposure (also referred to as risk rating) is a qualitative value of the sum of the consequence of an event multiplied by the likelihood of that event occurring
<b>External Context</b>	External environment in which the organisation seeks to achieve its objectives
<b>Frequency</b>	A measure of the rate of occurrence of an event expressed as the number of occurrences of their event in a given time.
<b>Internal Audit</b>	An independent, objective assurance activity that uses a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
<b>Internal Context</b>	Internal environment in which the organisation seeks to achieve its objectives
<b>Likelihood</b>	Chance of something happening
<b>Monitor</b>	To check, supervise, observe critically or record the progress of an activity, action or system on a regular basis in order to identify change.
<b>Reasonable assurance</b>	The concept that enterprise risk management, no matter how well designed and operated, cannot guarantee that an entity's objectives will be met. This is because of inherent limitations in all Risk Management Frameworks.
<b>Risk Analysis</b>	A systematic use of available information to determine how often specified events may occur and the magnitude of their consequences.
<b>Risk Appetite</b>	Is the amount of risk an organisation is prepared to accept in pursuit of its objectives

 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE</b> <b>Risk Management Framework</b>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029

<b>Risk Assessment</b>	An overall process of risk identification, risk analysis and risk evaluation
<b>Risk Culture</b>	Risk culture refers to the behaviours that lead to how every person thinks about and manages risks,
<b>Risk Evaluation</b>	The process used to determine risk management priorities by comparing the level of risk against predetermined standards, target risk levels or other criteria.
<b>Risk Management</b>	Coordinated activities to direct and control an organisation with regard to risk.
<b>Risk Management Framework</b>	Set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.
<b>Risk Owner</b>	Staff member with the accountability and authority to manage a risk
<b>Risk Tolerance</b>	The acceptable variation in outcomes related to specific performance measures linked to objectives the organisation seeks to achieve
<b>Risk</b>	The effect of uncertainty on objectives
<b>Stakeholder</b>	Person or organisation that can affect, be affected by, or perceive themselves to be affected by, a decision or activity



 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE Risk Management Framework</b>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029

## APPENDIX B: CONSEQUENCE TABLES

Rank	People and WHS	Financial and Infrastructure	Service Delivery	Reputation	Environmental	Legal/ Regulatory/ Policy	Information Technology	Positive Risk (Opportunity)
Insignificant	No or minor injuries not requiring first aid treatment, or near miss  Annual staff turnover of <10%	Financial – low financial loss <\$100,000 impact on operating result  Minor failure of infrastructure – no inconvenience to stakeholders	Insignificant interruption to a service – no impact to customers/business	Little community interest, low profile, no media items	Minor instance of environmental (e.g. soil, vegetation, coastal) damage. can be reversed immediately  Minimal (but discernible) disruption to Aboriginal site.  Minimal spill or litter able to be removed immediately	No noticeable statutory or regulatory impact  Fines < \$10,000	No or minimal hardware or software failures  No or minor malware, virus or scam	Less than 100 people benefit from improved health, wellbeing, acceptance or economic prosperity  Revenue growth or cost savings of less than \$10,000  Improved services delivered to less than 100 people (reduced timeframes/improved value)  Word-of-mouth recommendation(s)  Diversion of 5% waste to landfill  Improved cultural or environmental values or visual amenity for less than 5% of population

 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE Risk Management Framework</b>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029

Rank	People and WHS	Financial and Infrastructure	Service Delivery	Reputation	Environmental	Legal/ Regulatory/ Policy	Information Technology	Positive Risk (Opportunity)
Minor	First aid treatment. Negligible impact on morale  Annual staff turnover of <20%	Financial – medium financial loss >\$100,000 and <\$1,000,000 or 1% of rate revenue  Minor failure that cannot be rectified immediately – minor inconvenience to stakeholders	Minor interruption to a service with minimal impact to customers/business	Low impact, some passing interest, low media profile	Minor impact to environment, e.g. on-site chemical release, spill or sand/soil movement that can be immediately contained. Can be reversed in the short term  Minor disruption to Aboriginal site  Litter able to be removed in a short time frame, (e.g. same day)	Minor/temporary non-compliance with statutory requirements  Fines less than \$250,000 for the organisation	Hardware or software failures impacting <10% of staff  Malware, virus or scam with minor impact >\$50,000, not pervasive	Up to 5% of community benefit from improved health, wellbeing, acceptance or economic prosperity  Revenue growth or cost savings of up to \$50,000  Improved services delivered to up to 5% of community (reduced timeframes/improved value)  Positive recognition in local media  Diversion of 10% waste to landfill  Improved cultural or environmental values or visual amenity for up to 5% of population

 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE Risk Management Framework</b>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029

Rank	People and WHS	Financial and Infrastructure	Service Delivery	Reputation	Environmental	Legal/ Regulatory/ Policy	Information Technology	Positive Risk (Opportunity)
Moderate	<p>Medical attention required. Short Term effect on morale and business</p> <p>Annual staff turnover of &gt;20% of entire workforce or 30% of a work group</p> <p>Loss of member of Executive Leadership Team</p> <p>Loss of up to 4 Elected Council Members more than 12 months out from LG Elections</p>	<p>Financial – high financial loss &gt;\$1,000,000 and &lt;\$2,500,000 or 2.5% of rate revenue</p> <p>Significant failure of infrastructure that will require work-arounds - moderate inconvenience to stakeholders</p>	<p>Moderate Interruption to service delivery. Customer impact up to 48 hrs. Partial BCP action may be needed</p>	<p>Moderate impact, moderate public interest, public embarrassment, moderate media profile</p>	<p>Moderate impact to environment. Localised damage or chemical release that has potential to spread but can be contained or reversed with intensive efforts or outside assistance</p> <p>Noticeable disruption to Aboriginal site</p> <p>Litter removal requires outside assistance, (e.g. contractor or government agency)</p>	<p>Short-term non-compliance with moderate statutory requirements</p> <p>Fines &lt; \$50,000 for an individual or &lt; \$500,000 for the organisation</p>	<p>Hardware or software failures impacting &gt;10% but &lt;30% of staff</p> <p>Malware, virus or scam with moderate impact &lt;\$50,000 but &gt;\$500,000, not pervasive</p>	<p>Up to 10% of community benefit from improved health, wellbeing, acceptance or economic prosperity</p> <p>Revenue growth or cost savings of up to \$100,000</p> <p>Improved services delivered to up to 10% of community (reduced timeframes/improved value)</p> <p>Positive recognition in statewide media</p> <p>Diversion of 15% waste to landfill</p> <p>Improved cultural or environmental values or visual amenity for up to 10% of population</p>

 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE Risk Management Framework</b>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029

Rank	People and WHS	Financial and Infrastructure	Service Delivery	Reputation	Environmental	Legal/ Regulatory/ Policy	Information Technology	Positive Risk (Opportunity)
Major	<p>Extensive injuries - serious long term injury. Temporary disablement.</p> <p>Annual staff turnover of 30% - &lt;75%</p> <p>Significant impact on morale and business</p> <p>Loss of 2 members of Executive Leadership Team</p> <p>Temporary loss of 6 or more Elected Council Members</p>	<p>Financial – major financial loss &gt;\$2,500,000 and &lt;\$5,000,000 or 5% of rate revenue</p> <p>Major failure of infrastructure that severely limits functionality – significant inconvenience to stakeholders</p>	<p>Major interruption to service delivery or production capability, Customer impact &gt; 7 days. Component of BCP action may be needed.</p>	<p>Sustained public interest, high negative media profile, Premier/Cabinet publicly involved, third party action</p>	<p>Off-site chemical release, severe loss of environmental amenity or danger of continuing environmental damage.</p> <p>Significant disruption to Aboriginal site(s)</p>	<p>Significant non-compliance with essential statutory requirements</p> <p>Fines &lt;\$300,000 for an individual or &lt; \$1,500,000 for the organisation</p>	<p>Hardware or software failures impacting &lt;30% but &gt;60% of staff</p> <p>Malware, virus or scam with major impact &lt;\$500,000 but &gt;\$1,000,000, pervasive</p>	<p>Up to 25% of community benefit from improved health, wellbeing, acceptance or economic prosperity</p> <p>Revenue growth or cost savings of up to \$250,000</p> <p>Improved services delivered to up to 25% of community (reduced timeframes/improved value)</p> <p>Positive recognition in national media</p> <p>Diversion of 25% waste to landfill</p> <p>Improved cultural or environmental values or visual amenity for up to 25% of population</p>

 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE Risk Management Framework</b>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029

Rank	People and WHS	Financial and Infrastructure	Service Delivery	Reputation	Environmental	Legal/ Regulatory/ Policy	Information Technology	Positive Risk (Opportunity)
Significant	Death. Long term effect on morale and performance of business Annual staff turnover of > 75%  Loss of entire/majority of Executive Leadership Team  Permanent loss of 6 or more Elected Council Members	Financial – huge/ significant financial loss/exposure >\$5,000,000 or 5% of rate revenue  Total failure of infrastructure	Major interruption to delivery of all or most services for more than 14 days. Full BCP action required.	Widespread public agitation, Government censure, high multiple impacts, widespread negative media profile	Toxic off-site chemical release with detrimental effect, major loss of environmental amenity or irrecoverable environmental damage  Irreversible disruption to Aboriginal site	Long term or indefinite non-compliance with essential statutory requirements and may result in criminal charges  Fines > \$300,000 for an individual or > \$1,500,000 for the organisation	Hardware or software failures impacting >60% of staff  Malware, virus or scam with significant impact <\$1,000,000, pervasive	Greater than 25% of community benefit from improved health, wellbeing, acceptance or economic prosperity  Revenue growth or cost savings of greater than \$100,000  Improved services delivered to greater than 25% of community (reduced timeframes/improved value)  Positive recognition in international media  Diversion of greater than 25% waste to landfill  Improved cultural or environmental values or visual amenity for greater than 25% of population

 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE Risk Management Framework</b>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029

## APPENDIX C: LIKELIHOOD TABLE

Likelihood	Probability
Almost Certain	<p>It is <b>expected to occur</b> in most circumstances, immediately or within a short period – at least once a year, possibly multiple times.</p> <p>Could be expected to occur more than once during the study or project delivery</p> <p>Expected to occur in most circumstances.</p>
Likely	<p><b>Will probably occur</b> in most circumstances – Around 1 – 2 years.</p> <p>Could easily be incurred and has generally occurred in similar studies or projects.</p> <p>Probably will occur.</p>
Possible	<p><b>Might occur at some time</b> - within a 2 - 5 year period.</p> <p>Incurred in a minority of similar studies or projects.</p> <p>Moderate probability of an incident.</p>
Unlikely	<p><b>Could occur at some time</b> - in a 5 – 10 year time frame.</p> <p>Known to happen, but only rarely.</p> <p>Low probability of an incident.</p>
Rare	<p><b>May occur only in exceptional circumstances.</b> Could be incurred in a greater than 10 year timeframe.</p> <p>Has not occurred in similar studies or projects. Conceivable but in extreme circumstances.</p> <p>Extremely low probability. Will only occur in exceptional circumstances.</p>

	<b>ADMINISTRATIVE PRINCIPLE Risk Management Framework</b>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029

#### APPENDIX D: RISK MATRIX

Negative						Positive					
Consequence Likelihood	Insignificant	Minor	Moderate	Major	Significant	Significant	Major	Moderate	Minor	Insignificant	Consequence Likelihood
Almost Certain	High	High	Extreme	Extreme	Extreme	Extreme	Extreme	Extreme	High	High	Almost Certain
Likely	Medium	High	High	Extreme	Extreme	Extreme	Extreme	High	High	Medium	Likely
Possible	Low	Medium	High	Extreme	Extreme	Extreme	Extreme	High	Medium	Low	Possible
Unlikely	Low	Low	Medium	High	Extreme	Extreme	High	Medium	Low	Low	Unlikely
Rare	Low	Low	Medium	High	High	High	High	Medium	Low	Low	Rare

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Page 29 of 30

 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE Risk Management Framework</b>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029





# Risk Appetite Statement

March 2025

Version 1.0

### **Introduction**

The City of Mount Gambier (Council) Risk Appetite Statement defines the level and type of risk that Council is willing to pursue or tolerate in order to achieve its strategic objectives. It assists the Council to align its risk management strategy with its vision, mission, values, and culture.

Establishing the Council's risk appetite is fundamental to implementing a systematic approach to identifying, assessing, and managing risk within the organisation. The Council recognises that it is not practical or desirable to avoid all risk. As not all risks are equally important or acceptable, decisions need to be made about how much risk the Council is willing to take or to what extent it is required to avoid. Risk appetite statements are a useful tool in decision making, prioritising opportunities, and resource allocation.

Using a risk appetite statement to manage risk involves applying it to our risk management activities and processes. Risk appetite statements can be used to guide risk identification, assessment, response, and reporting. For example, when undertaking an activity or program, firstly evaluate the likelihood and consequence and compare the risk rating to the risk appetite levels. The risk appetite statement can then be used to decide how to respond to the risks, whether by accepting, sharing, transferring, reducing or avoiding them.

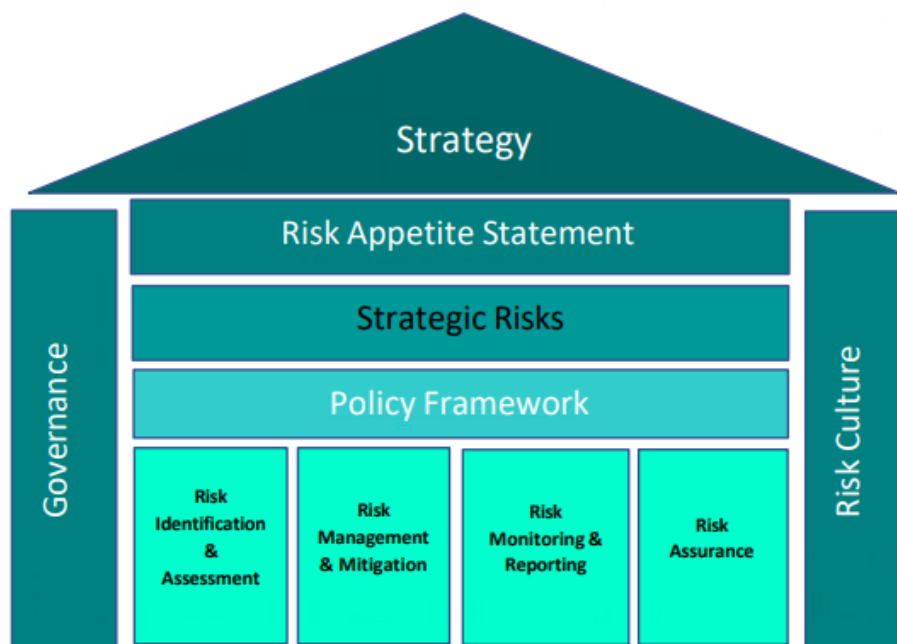
### **Definitions**

**Risk appetite** - The amount of risk an organisation is willing to accept or retain in order to achieve its objectives. It is a statement or series of statements that describes the organisation's attitude towards risk taking. Appetite is typically aligned to categories of risk such as financial, people or reputation.

**Risk tolerance** - The levels of risk taking acceptable to achieve a specific objective or manage a particular category of risk. Risk tolerance represents the practical application of risk appetite and in effect is the boundaries the organisation is willing to push and in what circumstances to achieve specific objectives.

### Enterprise Risk Management Framework

Council's risk appetite statement exists within the hierarchy of our enterprise risk management framework. The risk appetite of Council informs the strategic decision-making process. The diagram below reflect how the risk appetite statement fits into the organisation and informs risk management activities.



### Risk Appetite Ratings

Council categorises its level of risk appetite into five (5) categories as set out below.

AVOID	RESISTANT	NEUTRAL	ACCEPT	RECEPTIVE
<p><b>Little to no appetite</b> Avoidance of adverse exposure to risks even when outcome benefits are higher</p>	<p><b>Small appetite</b> A general preference for safer options with only small amounts of adverse exposure</p>	<p><b>Medium appetite</b> The approach taken balances outcome delivery with degree of protection</p>	<p><b>Moderate appetite</b> Options selected based on outcome delivery with a reasonable degree of protection</p>	<p><b>Larger appetite</b> Engagement with risks based more on outcome benefits than potential exposure</p>

### **Risk Appetite Statements**

Below are the risk appetites and tolerance levels determined for City of Mount Gambier Council's strategic risks. Our risk appetite, alongside our risk management policy and framework, support our decision making and ensures Council makes appropriate and informed decisions.

Risk Category	Risk Appetite	Risk Tolerance	
		Will Pursue	Won't Pursue
<b><u>Financial</u></b> As a general position Council will be Resistant to taking risks in its financial and accounting activities to achieve its objectives and will seek to operate within the parameters of its long term financial plan. Council will, however, increase its risk appetite to Neutral potential risks, in order to ensure achievement of its strategic objectives.	<b>Resistant</b>	<b><u>Neutral</u></b> <u>Will pursue</u> <ul style="list-style-type: none"> <li>When financial risk taking leads Council to higher long-term returns, which are community centric, or of benefit to the community (whether socially or financially)</li> <li>When leveraging debt or alternative funding is necessary to sustain growth in population</li> <li>For innovative projects or business activities, when there is a robust financial safety net to absorb potential losses</li> <li>To enable working with contracted third parties, favourable procurement arrangements, or pursue shared services for core business activities, or major regional projects which will result in value for money</li> <li>To maximise opportunities for external grant funding, for business activities and projects where the</li> </ul>	<u>Won't pursue</u> <ul style="list-style-type: none"> <li>Business activities or projects which do not meaningfully contribute to Council's strategic plan, or are unaccounted for in the long term financial plan</li> <li>Activity which does not align with responsible use of public funds principles, or legislative requirements</li> <li>Expenditure which is likely to result in sustained operating deficit which has potential to impact the organisation as a going concern</li> <li>Any activity which would compromise Council's ability to meet the requisite LGFA performance targets</li> <li>Any activity whatsoever which is fraudulent or correct</li> </ul>

		<p>budget impact is known and acceptable</p> <ul style="list-style-type: none"> <li>• To facilitate significant renewable infrastructure which contributes towards Council's environmental objectives, essential infrastructure, or infrastructure required to facilitate growth which will not compromise Council's ability to deliver on its Long Term Financial Plan or Asset Management Plan</li> <li>• Where Asset Management Plans have identified areas for capital investment in infrastructure</li> <li>• For unique, high-scale opportunities to significantly boost or transform our city or region's tourist economy</li> <li>• In order to meet requisite legislated standards</li> <li>• In order to materially improve service delivery</li> </ul>	
<p><b>Reputation</b></p> <p>As a general position Council will be Neutral to taking risks in its reputation and brand activities to achieve its objectives and will seek to maintain and build confidence within the community. Council will, however, increase its risk appetite to Accept for potential risks, in order to ensure achievement of its strategic objectives which are deemed to</p>	Neutral	<p><b>Accept</b></p> <p><u>Will pursue</u></p> <ul style="list-style-type: none"> <li>• When a controversial decision aligns with Council's vision and Strategic Plan</li> <li>• When stakeholder concerns must be balanced with long-term benefit to the community wholistically</li> <li>• When public opinion is divided, but evidence supports the decision</li> </ul>	<p><u>Won't pursue</u></p> <ul style="list-style-type: none"> <li>• Business activity or projects which materially erode sustained community trust in Council</li> <li>• Activity which impedes Council's service delivery or standards</li> <li>• Activity which has the potential to negatively impact on safety, wellbeing or social cohesion of the community</li> </ul>

be in the best interest of the community.		<ul style="list-style-type: none"> <li>To correct or maintain legislative / financial management requirements</li> <li>To pursue beneficial art and cultural, social or economic development projects which contribute to the social fabric of the region</li> <li>To facilitate infrastructure or initiatives which contribute towards Council's environmental objectives</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring or correction of negative public sentiment or misinformation on external or uncontrolled social media sites, excluding regulated published news media and Council's own social and other media</li> </ul>
<b><u>Legal / Regulatory / Policy</u></b> As a general position Council will Avoid taking risks in its legal, regulatory and policy activities to achieve its objectives and will seek to maintain the highest standards of governance and compliance. Council will, however, increase its risk appetite to Resistant for potential risks, which are legal, transparent and in the best interest of the community in order to achieve its strategic objectives.	<b>Avoid</b>	<b>Resistant</b>	
		<u>Will pursue</u> <ul style="list-style-type: none"> <li>When new regulatory changes are flexible, and early adoption could provide an advantage in achieving strategic objectives</li> <li>When taking a position contrary to a discretionary policy could lead to beneficial flexibility or progress in service delivery</li> <li>To facilitate population growth or progress in the community, where Council is the compliance agency and safety is not a concern</li> <li>To pursue innovative solutions to complex problems, where legal advice has been obtained</li> <li>To improve efficiency where regulatory compliance is not mandatory and to strictly comply would be onerous or cause business continuity concerns</li> </ul>	<u>Won't pursue</u> <ul style="list-style-type: none"> <li>When taking a calculated compliance risk may enable service or policy improvements, but positive results are not certain</li> <li>Business activity or projects which breach mandatory legislative requirements, are fraudulent, corrupt or unethical</li> <li>Activity which erodes relationships of trust with the community, stakeholders, or other government agencies</li> <li>Activity which may result in confidentiality or privacy breach</li> <li>Business activity which has potential to expose Council to litigation or indictable offence repercussions</li> </ul>

<b><u>Service Delivery</u></b> As a general position Council will Accept taking risks in its service delivery activities, provided that the focus remains on our organisational values and that delivery of critical services as identified in our business continuity plan are maintained. Council will, however, increase its risk appetite to Receptive for potential risks, in order to accommodate innovation and where long-term benefits are likely to be realised.	<b>Accept</b>	<b><u>Receptive</u></b>	
		<b><u>Will pursue</u></b> <ul style="list-style-type: none"><li>When short-term service disruptions may lead to long-term efficiencies or improvements</li><li>When new technologies or process changes introduce temporary uncertainty to service delivery</li><li>When maintaining the status quo carries a higher risk than change</li><li>To facilitate projects which are likely to improve Council's service delivery, standards, or achieve efficiencies in the medium to long term</li><li>In order to meaningfully upgrade, improve or replace capital assets</li><li>In order to implement the use of new and innovative technologies or shared service arrangements</li></ul>	<b><u>Won't pursue</u></b> <ul style="list-style-type: none"><li>Business activity or projects which would pose a business continuity concern for critical services</li><li>Activity which erodes relationships of trust with the community, stakeholders, or other government agencies</li><li>Business activity which would be unduly onerous on resourcing or staff to undertake or maintain</li></ul>
<b><u>People</u></b> As a general position Council is Resistant to taking risks in its people and human resourcing activities, ensuring that the commitment to positive culture, succession planning and wellbeing of staff are maintained. Council will, however, increase its risk appetite to Neutral for potential risks, in order to improve organisational resilience, build leadership capacity or invest in skill	<b>Resistant</b>	<b><u>Neutral</u></b>	
		<b><u>Will pursue</u></b> <ul style="list-style-type: none"><li>When significant workforce changes (e.g. restructuring or automation) are required to ensure long-term sustainability of Council and alignment with workforce planning strategies</li><li>When leadership succession planning involves appointing individuals with non-traditional backgrounds or limited conventional experience</li></ul>	<b><u>Won't pursue</u></b> <ul style="list-style-type: none"><li>Business activity or projects which would pose a business continuity concern for critical services</li><li>Activity which erodes relationships of trust with staff, diminishes workplace culture or morale, or is not aligned to Council's values</li></ul>

attraction and retention initiatives.		<ul style="list-style-type: none"> <li>• Recognising the benefits associated with internally developing our workforce (“growing our own”) by ensuring there are adequate frameworks in place to support those individuals to succeed</li> <li>• When investing in new workforce initiatives (e.g. upskilling and well-being programs) which are anticipated to have a positive impact on culture, without immediate or guaranteed returns</li> <li>• Innovative, flexible or adaptable recruitment and resourcing approaches to ensure the most appropriate candidate is appointed to roles requiring subject matter expertise, significant experience or technical skills</li> <li>• In order to ensure Council is an employer of choice, offering competitive working arrangements, opportunities and conditions</li> <li>• Initiatives to improve workplace performance or productivity</li> <li>• To enable working with contracted third parties or pursue shared services for core business activities, or major regional projects</li> </ul>	
<b>Infrastructure</b> As a general position Council is Neutral to taking risks in its infrastructure and asset	<b>Neutral</b>	<b>Accept</b>	
		<u>Will pursue</u> <ul style="list-style-type: none"> <li>• When investing in new or innovative infrastructure projects,</li> </ul>	<u>Won't pursue</u> <ul style="list-style-type: none"> <li>• When deferring maintenance or upgrades to critical assets to</li> </ul>



activities, ensuring that Australian or relevant industry standards are maintained. Council will, however, increase its risk appetite to Accept for potential risks, in order to utilise new technologies, innovative materials or methods which further Council's strategic objectives or improve longevity or standard of assets, providing long term benefits.		<p>even if the long-term financial benefits are uncertain</p> <ul style="list-style-type: none"> <li>• When disposing of underutilised assets to reinvest in higher priority infrastructure, recognising potential public or stakeholder concerns, but balancing these with long-term benefits</li> <li>• To facilitate significant renewable infrastructure which contributes towards Council's environmental objectives, essential infrastructure, or infrastructure required to facilitate population growth</li> <li>• High value infrastructure or assets which provide better longevity, impact or gains in the long term</li> <li>• Projects which will improve community resilience</li> <li>• Where Asset Management Plans have identified areas for capital investment in infrastructure</li> </ul>	<p>allocate resources elsewhere in the short-term</p> <ul style="list-style-type: none"> <li>• Business activity or projects which would pose a business continuity concern for critical infrastructure or services</li> <li>• Activity or infrastructure which has the potential to impact on the safety, wellbeing and utility of the community, stakeholders or staff</li> <li>• Infrastructure or assets which cannot demonstrate a long term benefit which outweighs or justifies the investment</li> <li>• Infrastructure or assets which do not meet Australian or relevant industry standards, or prove to be an insurance concern</li> </ul>
<b>Environmental</b> As a general position Council will Avoid taking risks in its environmental activities, ensuring that safety, amenity, preservation of natural and cultural environments and sustainable practices are at the forefront of consideration. Council will, however, increase its risk appetite to Resistant for potential risks, in order to explore	<b>Avoid</b>	<b>Resistant</b>	
		<p><u>Will pursue</u></p> <ul style="list-style-type: none"> <li>• When sustainability investments require risk but offer long-term benefits to the environment</li> <li>• When balancing economic growth with environmental or social responsibilities</li> <li>• When regulatory and public expectations for sustainability require bold action</li> </ul>	<p><u>Won't pursue</u></p> <ul style="list-style-type: none"> <li>• Decisions, activities and practices that result in long-term or irrevocable environmental damage or negative climate impacts, threatens biodiversity, including extinction of flora and fauna, or is hazardous to the community</li> <li>• Activity or infrastructure which has the potential to impact on the</li> </ul>

innovative environmental sustainability initiatives, or activities which contribute to Council's environmental objectives.		<ul style="list-style-type: none"> <li>Business activities or projects which are likely to improve the sustainability of the way Council operates, and reduce Council's emission footprint</li> <li>In order to be a leader and educator of the community in matters of environmental and cultural resilience</li> <li>To facilitate or implement innovative solutions to waste reduction, recycling and reuse</li> </ul>	<p>safety, wellbeing and utility of the community, stakeholders or staff</p> <ul style="list-style-type: none"> <li>Failure to meet environmental commitments, EPA regulations or legal requirements</li> </ul>
<p><b>Work Health Safety</b></p> <p>As a general position Council will Avoid taking risks in its work health and safety activities, ensuring that safety, wellbeing and adherence to industry standards and regulations are given paramount priority. Council will, however, increase its risk appetite to Resistant for potential risks, in order to ensure that morale is not unduly impacted by compliance requirements, tasks do not become onerous or cost prohibitive, and risk averse culture does not stifle creativity or innovation.</p>	<b>Avoid</b>	<p><b>Resistant</b></p> <p><u>Will pursue</u></p> <ul style="list-style-type: none"> <li>When pursuing innovation or efficiency improvements that introduce new minor safety risks, provided they offer substantial operational benefits and adequate systems are in place to mitigate those risks</li> <li>When implementing significant organisational changes (e.g. new technologies or automation) that carry unknown WHS risks provided our safety management systems are sufficient to identify and mitigate potential hazards and incidents</li> <li>Activities with inherently higher risk, such as construction, which are required in order to maintain or improve assets, where robust risk assessment and risk control</li> </ul>	<p><u>Won't pursue</u></p> <ul style="list-style-type: none"> <li>When emergency circumstances (e.g. emergency response, business continuity) require temporarily relaxing safety protocols unless any adjustments are strictly controlled, proportionate to the situation, and reinstated as soon as practicable to protect people and operations</li> <li>Unmitigated risk that could result in significant injury (whether physical or psychological) or loss of life under any circumstances</li> <li>Work practices, actions or inactions that compromise the wellbeing and safety of people including staff, councillors, contractors, consultants or volunteers</li> </ul>

		<p>mitigation are in place and demonstrated to be effective</p> <ul style="list-style-type: none"> <li>Activities with low risk of minor injury to deliver projects of significance, innovative services, or trialling new technologies where effective controls are in situ</li> <li>Terminating a customer interaction if their safety or wellbeing is placed at risk</li> </ul>	<ul style="list-style-type: none"> <li>Any activity which gives rise to all forms of bullying and harassment, is disrespectful, un-inclusive, or includes any forms of intimidation or harassment (whether directly or indirectly)</li> <li>Events that occur arising from untrained (or uncertified) employees or failed internal safety processes</li> </ul>
<p><b><u>Information Technology</u></b></p> <p>As a general position Council has a Resistant appetite for risks relating to Information Technology, and seeks to ensure security of its corporate information, ICT infrastructure, support systems and cyber security. Council will, however, increase its risk appetite to Neutral to facilitate adopting and adapting to new technologies and innovations, particularly in improving efficiencies, service delivery and engaging with its stakeholders via contemporary, user-friendly modes.</p>	<b>Resistant</b>	<p><b>Neutral</b></p> <p><u>Will pursue</u></p> <ul style="list-style-type: none"> <li>Business activities or projects which are likely to optimise capability and efficiency, including shared capability arrangements, cloud and virtual hosting or new technologies where their 'efficiency or security' payback can be demonstrated in the short-term</li> <li>New systems or practices which may improve the security of our digital assets (including information), business practices or safeguarding from both external and internal threats, misuse, modification and unintended damage</li> <li>Activities or systems which strengthen or improve internal controls, a cyber aware workforce, effective governance, timely remediation of identified control weaknesses, persistent review of</li> </ul>	<p><u>Won't pursue</u></p> <ul style="list-style-type: none"> <li>Decisions, activities and practices that result in compromising the integrity and confidentiality, misuse or inappropriate distribution of information, or breaches trust with our stakeholders</li> <li>Any activity with a risk of any serious breach of privacy or confidentiality and in particular sensitive information</li> <li>Prolonged unplanned outages (caused by cyber security control issues) of critical Council systems and services</li> <li>Lack of diligence in relation to procurement and implementation of cyber systems and services</li> <li>Data loss due to inappropriate data loss protection practices and processes</li> <li>Inactivity, or inability to adapt to technological change, resulting in</li> </ul>

		<p>the external threat landscape and consistent management of our third-party providers</p> <ul style="list-style-type: none"><li>• Scheduled outages that are regarded as part of normal business activities and do not impact business continuity</li><li>• Taking systems off-line temporarily to prevent imminent or current cyber attacks</li></ul>	<p>increased risk exposure, or impacted service delivery</p>
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**DOCUMENT DETAILS**

File Reference:	AR25/19496
Related Documents:	Risk Management Policy Risk Management Framework (Administrative Principle)

Responsibility:	People and Culture Coordinator
Version:	1.0
Last revised date:	
Effective date:	
Minute reference:	
Next review date:	

## 5.2 QUARTERLY INTERNAL AUDIT UPDATE

Author: Kahli Rolton, Manager Financial Services  
Authoriser: Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services

### RECOMMENDATION

1. That Audit and Risk Committee report titled 'Quarterly Internal Audit Update' as presented on Wednesday 5 November 2025 be noted.
2. That Audit and Risk Committee note the progress made in implementing the actions arising from the completed internal audits.

### PURPOSE

To provide a quarterly update on the progress of the Internal Audit Plan including actions and recommendations arising from work undertaken.

### TERMS OF REFERENCE

The role of the Audit and Risk Committee specifically details Internal Audit, where Council has a separate internal audit function.

**12.4 Internal Audit** (where Council has a separate internal audit function) The Committee shall:

**12.4.1 Monitor and Review** - The effectiveness of the Council's internal audit function in the context of the Council's overall risk management system.

**12.4.2 Program** - Consider and make recommendation on the program of the internal audit function and the adequacy of its resources and access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.

**12.4.3 Reports** - Review all reports on the Council's operations from the internal auditors.

Aligned with Sections 125A and 126(4) of the Local Government Act.

**12.4.4 Findings and Recommendations** - Review and monitor management's responsiveness to the findings and recommendations of the Internal Auditor.

**12.4.5 Direct Access** - Provide the internal Auditor with the right of direct access to the Mayor of the Council and to the Presiding Member of the Committee.

**12.4.6 Consult** - Consult with the CEO prior to appointing a person primarily responsible for the internal audit functions in accordance with section 125A (Internal Auditor).

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

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

- **Quarterly Internal Audit Updates** – A report that will provide an overview of the internal audit function at least on a quarterly basis.
- **CEO Annual Report** - on the council's internal audit processes, reporting as required with regard to the internal audit plan and proposed scope of each internal audit.

## RELEVANT LEGISLATION

**Statutes Amendment (Local Government Review) Act 2021** – Item 83 Amendment of section 125 - Internal control policies and item 84 Amendment of section 126 – Audit and Risk committee applies greater emphasis on internal audit and risk management.

### **Local Government Act 1999 Section 125A - Internal audit functions:**

- (1) The chief executive officer of a council that has an internal audit function must, before appointing a person to be primarily responsible for the internal audit function, or assigning such responsibility to an employee of the council, consult with the relevant audit and risk committee on the appointment or assignment of responsibility.
- (2) Despite any other law or instrument to the contrary, the person primarily responsible for the internal audit function—
- (a) must ensure that any reports they prepare relating to the internal audit function are provided directly to the audit and risk committee; and
  - (b) may report any matters relating to the internal audit function directly to the audit and risk committee.

### **Local Government Act 1999 section 126(4) – Audit and risk committee:**

The functions of a council audit and risk committee include—

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

## BACKGROUND / OPTIONS

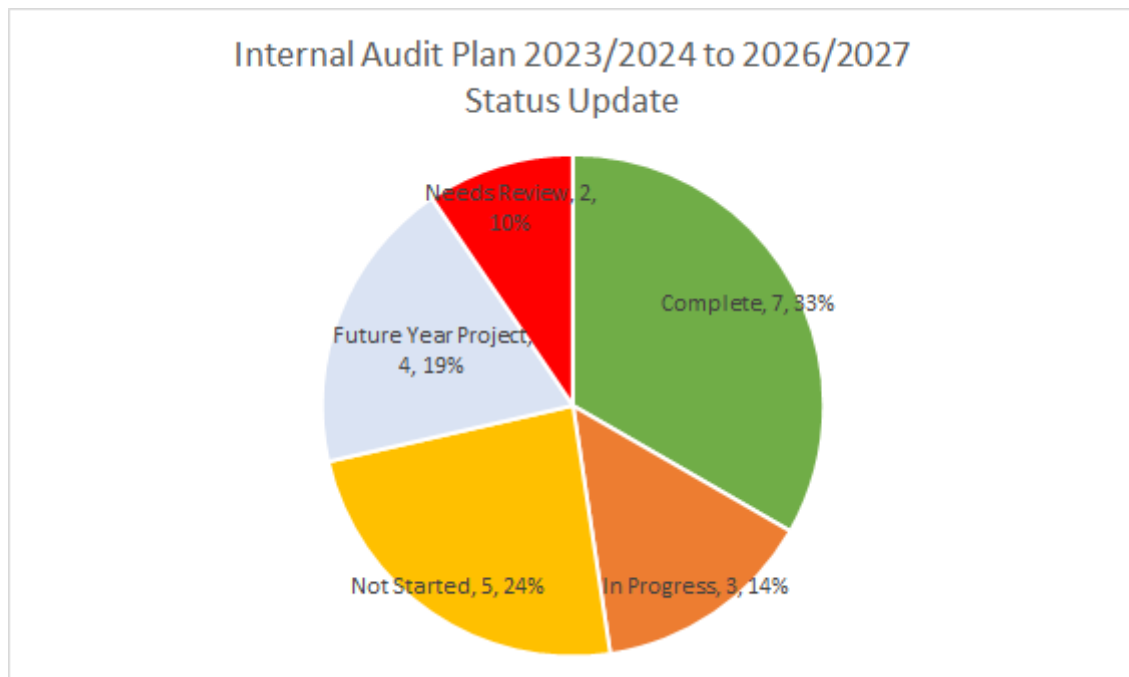
An approach was agreed with Dean Newbery and Partners following their appointment as Council's external auditor in 2021, whereby the internal control self-assessment function is to be assessed at least every 2 years:

- Internal controls were assessed and presented to Audit and Risk Committee at their June 2023 meeting and a further update provided October 2024.
- In line with the biennial review requirement a further assessment of internal controls was workshopped and presented to the Committee in April 2025, prior to the external auditors arriving onsite to complete the interim audit for the 2024/2025 financial year. The latest internal controls assessments have now been included as part of this report to ensure continuous improvements identified are regularly monitored and reported on.
- Internal Audit - A risk-based approach would be undertaken to build an internal audit program starting with one internal audit in 2024/2025.

## PROGRESS TOWARD INTERNAL AUDIT PLAN

**Quarterly progress update** – Attachment 1 to this report tables in detail the 2023/2024-2026/2027 revised internal audit plan and progress against this plan. The graph below provides a high-level status update. There are 21 documented internal audit projects in total over the 4 year period, with 7 completed, 2 requiring review, 3 in progress, 5 not started and 4 planned for future years. Noting that a new internal audit plan is to be developed with the

Audit and Risk Committee and may result in amendments to the 5 internal audits that are scheduled to commence this year amending.



**Completed Projects** - 3 completed projects were relevant to the 2023/2024 financial year and 4 completed projects are from the current financial year. An update on outstanding actions and recommendations resulting from these completed audits is detailed below and attached.

**In Progress** – 3 internal audit projects are listed as in progress, Data Protection and Privacy, Council Policies and Rating Review.

- Due to staffing changes the Data Protection and Privacy project has not yet been completed. It is anticipated that this will be completed by end of the calendar year.
- The Rating Review is currently out for public consultation. It is anticipated that Council will consider options following feedback and adoption of an appropriate rating strategy at the December 2025 Meeting. This project is almost complete.
- The Council Policies project is well underway with 4 of 78 Policies remaining to be reviewed and estimated to be completed prior to the conclusion of the current council term and pending legislative changes.

**Not Started** – As the new financial year has passed, 5 projects are now recorded as not started. For noting no internal plan projects relevant to 2024/2025 had been assigned as not started.

**Needs Review** – The penetration testing project is currently off track. Council's managed host provider completes this as part of their regular security plan. It is anticipated that this will be completed this financial year and a report will be provided. The Incident Response Plan is also off track, with external providers originally estimated to complete review by February 2025. Despite these delays, robust cyber security controls remain in place through Council's managed services, including ongoing monitoring threat detection and preventative measures.

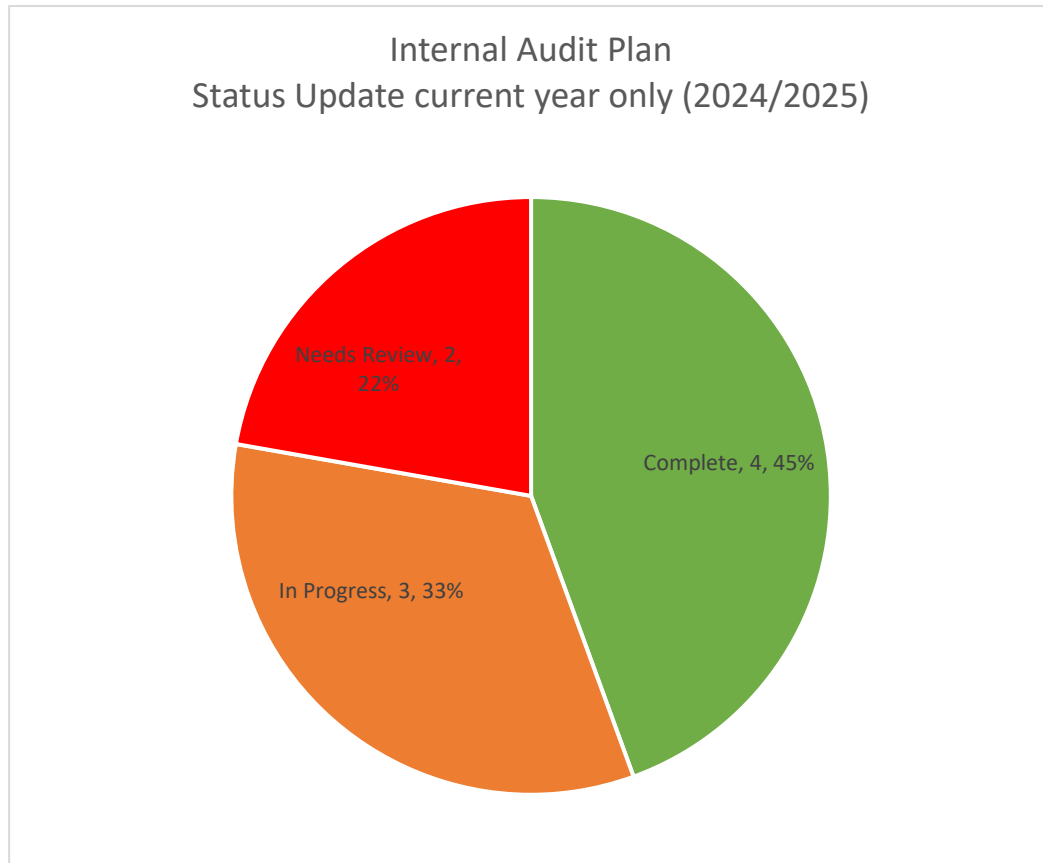
**Future Year Project** – 4 projects have been included for future years, with 4 planned for 2026/2027 financial year (with an extra 1 project being a recurring item every 2 years). This plan will be reviewed and updated annually to incorporate any required updates for projects



off track or unlikely to be completed within the relevant financial year. A new internal audit plan is to be developed with the Audit and Risk Committee which may alter these projects.

### 2024/2025 Financial Year

Of the progress detailed above, 9 internal audit projects were identified for 2024/2025 financial year, with 3 in progress and 2 off track and 4 completed. Of the 3 in progress, work is well underway for the Rating Review. The Data Protection and Privacy project is underway with initial data cleanse completed to minimise exposure of personal data risks and an Administration Principle being drafted. Council Policies project is also well underway with only 4 out of 78 Policies remaining for review.



**Recommendations and Actions** – From the internal audits completed, Attachment 2 to this report provides a detailed table of recommendations, actions and completion dates with management commentary.

Internal Audit Project	Date Internal Audit Completed	Recommendations & Actions	Actions Complete	Actions Pending
Payroll and Remuneration	July 2024	3	2 (previously 2)	1
PDI Act	July 2024	16	9 (previously 6)	7 (previously 10)
* Internal Financial Controls Assessment 2025	April 2025	21	2 (previously 1)	19 (previously 20)
*Procurement	June 2025	12	1	11 (previously 12)
*Contract Management	June 2025	15	2	13 (previously 15)

*\*note - none of these are overdue*

## DETAILED IMPLICATIONS

<b>Financial and Budget</b>	<p>The Internal Audit Plan 2024-2026 was created to be conducted within the current available budget (pending a procurement process). \$20k was included in 2024/2025 plus \$20k for a rating review. The rating review has since continued to the 2025/2026 of which amounts were included as part of the 2025/2026 budget process.</p> <p>Improvements have been made to the plan to estimate costs associated with internal audits to be completed by external parties in future years as follows:</p> <p>FY2025/2026 \$25k, \$20k included in budget FY2026/2027 \$35k</p> <p>These amounts are estimates only and subject to change.</p>
<b>Other Resources</b>	<p>The administration and implementation of the internal audit plan requires dedicated time from members of staff throughout Council. Where possible, the plan has been reduced to take this into consideration and deliver meaningful, value adding audits within current resourcing levels.</p>

## RISK ANALYSIS

Consequence	Consequence Rating:	Risk Likelihood Rating:	Risk Rating	Risk Controls and effectiveness	Risk Mitigation Plan
<b>Finance</b>	Minor (2)	Possible (3)	Moderate	Council has adequate systems in place to ensure value for money for its community	Procurement Policy, Procedures and internal audit.
<b>Reputation</b>	Moderate (3)	Unlikely (2)	Moderate	Council has robust procurement procedures in place to uphold the highest operating standards	Continue to ensure openness and transparency and report to the public regarding internal audit recommendations
<b>Legal / Regulatory / Policy</b>	Moderate (3)	Possible (3)	Moderate	Identification of non-compliance in certain area.	Internal Audit Plan has been amended to include areas for concern as a means to value add and improve
<b>People</b>	Moderate (3)	Possible (3)	Moderate	In some areas recruiting and retaining qualified staff has been identified as an issue.	Work on recruitment strategies and culture

### **RELEVANT COUNCIL POLICY**

[Internal Audit](#) Policy – As adopted by Council in December 2023 includes the following reporting requirements:

### **IMPLEMENTATION, COMMUNICATION AND ENGAGEMENT**

Individual Internal Audit Reports will be brought to the Audit and Risk Committee for review as they are completed. The next quarterly Internal Audit report will be brought to the Audit and Risk Committee February 2026.

### **CONCLUSION**

Progress towards the Internal Audit Plan has been included and provides an update on the status of internal audit projects. Actions and recommendations from completed internal audits are also enclosed including updates towards their progress.

### **ATTACHMENTS**

1. Internal Audit Plan (detail) F Y 2024-2027 October 2025 [5.2.1 - 3 pages]
2. Actions and Recommendations tracking - completed internal audits October 2025 [5.2.2 - 6 pages]

# City of Mount Gambier Audit and Risk Committee Meeting Agenda

5 November 2025

## Internal Audit Plan 2023/2024-2026/2027 (October 2025 update)

No.	Internal Audit Project	Description	Strategic Risk	Category	Resource	Status	Lead	2023/ 2024	2024/ 2025	2025/ 2026	2026/ 2027	Latest Progress update
1	Internal Audit Plan Development	Development of the Internal Audit Plan following review in 2024. This will include indicative audit scopes and links to Council's Strategic Risk Register.	All Risks	All	Internal	Complete	Manager Financial Services	\$0				Reviewed and Updated by Audit and Risk Committee June 2024
2	Penetration Testing	The objective of this testing is to identify weaknesses within the COMG internal network on an ongoing basis.	Cyber Security	Operational	External	Needs Review	Manager Performance and Capability		\$0			Council's managed host provider completed this as part of their regular cyber security plan. An update will be brought to a future Audit and Risk Committee meeting, but will exclude specific details on vulnerabilities to avoid exposing the provider to unnecessary risk.
3	Incident Response Plan	Review the adequacy of the incident response plan.	Cyber Security	Operational	External	Needs Review	Manager Performance and Capability		\$0			Confirmed desktop review will be undertaken by Local Government Risk Services (LGRS) with reporting to be brought to Audit and Risk Committee Meeting in June 2025. Administrative Procedure Cyber Security Incidence Plan has been drafted based on LGITSA template with some underpinning templates and resources to be developed.
4	Payroll & Remuneration	Review onboarding, changes to staff employment terms and exit of staff.	Financial Sustainability	Operational	External	Complete	Manager Financial Services	\$10,000				This is now complete. Report tabled at Audit and Risk Committee meeting July 2024.
5	Payroll & Remuneration	Broader organisation wide internal audit testing a range of current employees (excluding the employees within the scope of the above audit) against the terms and conditions of the relevant EBs, Awards and Contracts	Financial Sustainability	Operational	External	Future Year Project	Manager Financial Services				\$8,000	
6	Position Description & Accreditation	Review of position descriptions across the organisation to ensure that they are in date, accurate and that accreditation has been maintained by staff.	People, Workforce and Compliance	Compliance/ Legislation	Internal	Complete	Manager Performance and Capability		\$0			Key roles have been reviewed that have specific professional accreditation requirements and PD's reviewed and updated and compliance checked. All other PD's are on a regular review cycle.
7	PDI Act 2016 - Post Implementation Audit	Review of processes and organisational compliance further to the implementation of the PDI Act 2016.	Governance, Compliance, and Legislative Obligations	Compliance/ Legislation	External	Complete	Manager Financial Services	\$10,000				This is now complete. Report tabled at Audit and Risk Committee meeting July 2024. 16 recommendations tabled.
8	Data Protection & Privacy	The review will assess the design of Council's process for compliance with relevant privacy legislation and testing the operating effectiveness of key controls such as data management, data storage, privacy breach response and management.	Cyber Security	Compliance/ Legislation	Internal	In Progress	Manager Performance and Capability		\$0			Data clean up has been completed to minimise exposure of personal data. An Administrative Principle is in draft format, due to be reported back to Audit and Risk Committee at the June 2025 meeting.
9	Management of Leave Entitlements	Review of staff leave entitlements focusing liabilities, and effectiveness of administrative principles and procedures.	People, Workforce and Compliance	Compliance/ Legislation	Internal	Future Year Project	Manager Performance and Capability				\$0	Principle in draft format expected completion December 2024. Will commence regular reporting in 2025 (currently adhoc).
10	Legislated Training	Review of completion of legislated training across the organisation.	Safety Compliance and WHS Management	Compliance/ Legislation	Internal	Not Started	Manager Performance and Capability			\$0		
11	Workers Compensation Process	Review of effectiveness of administrative principles and procedures.	Safety Compliance and WHS Management	Compliance/ Legislation	External	Not Started	Manager Performance and Capability			\$0		
12	Fraud Prevention	Review the effectiveness and completeness of Council's framework (gap analysis vs standard, roles, responsibilities, policies and procedures and internal training and awareness).	Governance, Compliance, and Legislative Obligations	Compliance/ Legislation	External	Not Started	Manager Financial Services			\$9,000		

City of Mount Gambier  
Audit and Risk Committee Meeting Agenda

5 November 2025

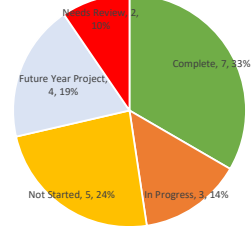
13	Council Policies	Review of Council policies ensuring alignment with accepted industry best practice standards and legislation.	Governance, Compliance, and Legislative Obligations	Compliance/ Legislation	Internal	In Progress	Manager Governance and Property		\$0		Council undertakes a review of all policies and procedures at least once per council term (four yearly) unless otherwise stipulated by legislation. Reviews require consideration of relevance, accuracy against current practice, compliance with industry 'best practice' and relevant legislation / reform. As at 20/05/2025, council had 4 out of 78 policies remaining for review. A register is being created on RelianSys to manage oversight of such reviews, providing up-to-date data and automated reminders, for the relevant managers.	
14	Investigations	Review of investigation procedures.	Safety Compliance and WHS Management	Compliance/ Legislation	External	Not Started	Manager Performance and Capability		\$6,000			
15	Project Health Check	This review will include an assessment of a project's management mechanisms, governance structure, project team roles and responsibilities, and project status reporting mechanisms.	Major Infrastructure	Strategic	External	Future Year Project	Manager Financial Services			\$10,000		
16	Procurement	Review the adequacy of procurement policies, procedures and compliance herewith including exemptions.	Financial Sustainability	Compliance/ Legislation	External	Complete	Manager Financial Services	\$8000 + travel			UHY appointed, consultant onsite in February with presentation of findings due to Audit and Risk Committee June 2025 recommendations and observations. Actions and recommendations updated to incorporate.	
17	Contract Management	Overarching review of adequacy of Policies, Procedures and Compliance including roles and responsibilities across Council and tools to record and access required information and report against.	Financial Sustainability	Compliance/ Legislation	External	Complete	Manager Financial Services	\$8000 + travel			UHY appointed, consultant onsite in February with presentation of findings due to Audit and Risk Committee June 2025 recommendations and observations. Actions and recommendations updated to incorporate, noting they are mostly centred around systems and automation.	
18	Plant and Fleet	Review Plant utilisation and purchasing strategies. Eg lease v's buy v's hire and the most efficient use of resources with consideration to the local economy.	Financial Sustainability	Strategic	External	Future Year Project	Manager Financial Services			\$10,000	Per ARC Resolution 5.10 Draft Revised Internal Audit Program COMMITTEE RESOLUTION Moved:Alexander Brown Seconded:Mayor Lynette Martin 3.That plant and fleet be subject to a future internal audit in a later iteration of the Internal Audit program.	
19	Rating Review	To review and improve the fairness and equity of the current system of rating.	Financial Sustainability	Strategic	External	In Progress	Manager Financial Services	\$12000+ travel			LGIQ has been appointed to undertake the rating review and has begun working with Elected Members and Council Administration in December 2024. Elected members have requested public consultation does not take place prior to the Annual Business Plan and Budget Process, ETA July 2025. Audit and Risk Committee has been provided an informal briefing on the progress to date.	
20	General Inspectorate	Review and assess procedures and record keeping in relation to enforcements. Risk that Council is exposed to unnecessary litigation and ineffective use of resources if inadequate documentation and process.	Governance, Compliance, and Legislative Obligations	Compliance/ Legislation	External	Not Started	Manager Governance and Property		\$10,000			
21	Internal Financial Controls	In accordance with the LG Act and external auditors, a biennial review of financial internal controls in alignment with the better practice model is required.	Governance, Compliance, and Legislative Obligations	Compliance/ Legislation	Internal	Complete	Manager Financial Services	\$0		\$7,000	Biennial review since completed for FY24/25, workshopped and reported back to Audit and Risk Committee in April 2025. This was completed prior to the external auditors being onsite to conduct the interim audit.	
									\$20,000	\$0	\$25,000	\$35,000
Future Iterations												
24	Cash Handling											

City of Mount Gambier  
Audit and Risk Committee Meeting Agenda

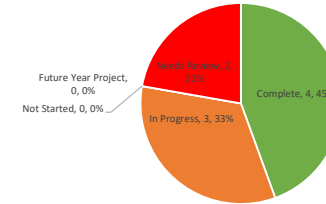
5 November 2025

Legend		2024/2025		2025/2026	
		21	9	5	
Complete	Internal audit complete. Actions and recommendations arising from the audit may not yet be complete. These will be monitored separately.	7	4	0	
In Progress	progress has been made towards the internal audit. This could include a number of stages including scoping of works, select RFQ, appointment of an external consultant or that the internal audit itself is currently being undertaken.	3	3	0	
Not Started	Planned internal audit not yet started, but still within anticipated time frames for the current financial year.	5	0	5	
Future Year Project	Internal audit is planned for a future financial year.	4	0	0	
Needs Review	Internal audit requires review and is currently off track. Plan may require updating pending review. Elements of the internal audit could be on track and some elements may be off track or require updating.	2	2	0	

Internal Audit Plan 2023/2024 to 2026/2027  
Status Update



Internal Audit Plan  
Status Update current year only (2024/2025)



items removed

ex 14	Grants Management	Review of Council's 'Cradle to Grave' grants process from strategy to acquittal.	Financial Sustainability	Strategic	External	Needs Review	Manager Financial Services						This has been identified as a strategic work plan project.
ex 17	Legislative Compliance	Assessment of COMG's legislative compliance work plan, auditing one act at a time with actions monitored and managed by Council Staff.	Governance, Compliance, and Legislative Obligations	Compliance/ Legislation	External	Needs Review	Manager Governance and Property						This has been identified as a strategic work plan project and is ongoing as part of Council operations.

# City of Mount Gambier Audit and Risk Committee Meeting Agenda

5 November 2025

## Recommendations and Actions

Payroll and remuneration processes	Risk Rating	Lead	Status	Completion Date	Revised Completion Date	Comments
<b>1a</b> The Council's Administrative Principle Risk Management was issued in June 2022 and is noted on the document as due for review in June 2023. This document is overdue for review.  We note that the Council adopted a reviewed Risk Management Policy in June 2024	Moderate	General Manager Corporate and Regulatory Services	Completed	Jun-24	n/a	The Risk Management Policy was reviewed by the Audit and Risk Committee and adopted by Council in June 2024.
<b>1b</b> The Administration Procedure – Acting Arrangements and Higher Duties Allowance, provides guidance on the processes for higher duties but also extracts from EBs and Awards. It does not include Mixed Functions for field staff which has different provisions for payment at higher classifications. A procedure should extract all components from a Relevant Award or EB but be kept updated whenever those change or instead refer to the relevant Clause Numbers of the Award or EB.	Moderate	Manager Performance and Capability	In Progress	Dec-24	Jun-26	Administration Principle is being reviewed and is scheduled to be updated by the end of the calendar year.
<b>2</b> One contract was signed manually by the employee and not signed by a witness. Two contracts were not signed by the CEO. One contract was signed by the CEO and employee via Adobe Sign; the witness box remains on the document and is unsigned. An employment contract does not need a witness when signed securely, such as using Adobe Esign, but if the Council is not going to use a witness, the witness box should be removed. We note that the latest contracts did not have a witness box. The Council also now uses Adobe Esign to electronically sign their employment contracts. This process ensures that all parties sign the contract and initial each page.  The Contract with the missing CEO signature should be addressed.	Low to Moderate	Manager Performance and Capability	Completed	Jul-24	n/a	The contracts with the missing CEO signature had a letter of offer which is issued by the CEO. The organisation has adopted esigning processes to ensure a streamlined approach for the perspective employee. This was identified and implemented prior to the audit being undertaken. The areas of improvement have been rectified accordingly.  One of the contracts that was not signed by the CEO covers terms and conditions within the EB.  The other contract that was not signed by the CEO will be addressed as the terms and conditions fall outside of the EB

PDI Act	Risk Rating	Lead	Status	Completion Date	Revised Date	Comments
<b>1</b> Consider and confirm the Council's short-term intent in relation to city planning and the use of code amendments.	Moderate	Manager Development Services	Needs Review	Mar-25		Council intends to wait for the finalisation of the Limestone Coast Regional Plan before commencing code amendment work. Completion date: First Qtr of 2025 - Noting Council's Budgetary Restraints - No Budget allocation for 24/25 FY Awaiting finalisation of Regional Plan to guide future code amendments. Draft Plan currently out for consultation.
<b>2</b> Review whether the Planning Team have sufficient capacity and resources to lead Council-initiated code amendments, and/or respond to externally driven code amendments.	Moderate	General Manager Corporate and Regulatory Services	In Progress	Jul-25	Jun-26	Service reviews and workforce planning project has commenced. Summary findings will be presented to the Audit and Risk Committee upon completion.  - Created info sheets so Customer Service can quickly answer common planning questions from the public.
<b>3</b> Prioritising human resourcing for the Planning Team.	High	Manager Development Services	Completed	Jul-24		Addressing via para planner / additional administration support. Para Planner position filled in mid-June 2024. Council has successfully recruited a Planning Officer to replace the Senior Planning Officer, with the incumbent starting 03/03/2025. All vacant positions in the Planning and Building Teams have been filled.
<b>4</b> Consider ways to reduce the workload associated with lower-level customer requests on the Development Services team.	High	Manager Development Services	In Progress	Sep-24		Para Planner commenced June 2024, Admin assistance currently being finalised, Para planner has completed work on FAQ's in conjunction with other officers in August 2024. Work with the Customer Service Team to re-implement scripts for general development related enquiries.
<b>5</b> Re-introduce regular, recurrent scheduled meetings between Development Services and Operations & Engineering teams and other stakeholders.	Moderate	Manager Engineering Design & Assets	Completed	Oct-24		Fortnightly meetings with the Engineering Team have been reimplemented.
<b>6</b> Conduct a mapping exercise to document/confirm roles and responsibilities between the Development Services and City Infrastructure teams.	Moderate	Manager Engineering Design & Assets	In Progress	Oct-24	Jun-26	Will be impacted by proposed legislative changes. Being addressed at the reintroduced meetings between Development Services and City Infrastructure.

## Audit and Risk Committee Meeting Agenda

	Ensure that CoMG can influence planning and development outcomes by proactively engaging with external stakeholders at the pre-planning stage, where applicable.	Moderate	ELT to determine	In Progress	Dec-24	Jun-26	<p>Guidance Development: Develop comprehensive guidance documents outlining CoMG's preferred positions on key elements of development plans. This should include clear explanations of requirements under relevant legislation like the Planning and Development Infrastructure (PDI) Act.</p> <p>- Return brief received from Elinor Walker (EGIS), former Director of Housing, Infrastructure, Planning &amp; Development—supports early stakeholder engagement and future strategic planning.</p> <p>Best Practice Outcomes: Define CoMG's views on best practice outcomes for holistic planning considerations such as stormwater management, established tree retention, streetscape enhancement, and heritage character preservation. This can be communicated through guidelines, policy statements, or informational materials provided to developers.</p> <p>- The CBD Masterplan will provide foundational input and momentum for emerging urban design and structure planning efforts.</p> <p>Subject Matter Expert Availability: Identify and designate CoMG subject matter experts who can assist developers with inquiries at the pre-planning stage. Ensure that these experts are accessible and responsive to developers' needs, providing guidance and expertise to help align projects with CoMG's objectives and regulatory requirements.</p> <p>- An Advocacy Plan is currently in progress with a focus on aligning with the Regional Plan to enhance strategic influence and cross-agency engagement.</p> <p>Stakeholder Engagement Platforms: Establish platforms or forums for regular engagement between CoMG representatives and external stakeholders, including developers, community groups, and industry associations. These platforms can facilitate dialogue, exchange of ideas, and collaboration on planning and development initiatives.</p> <p>- ELT are meeting with Elinor Walker from EGIS (ex HIPDO) to explore options for structure planning and funding pathways.</p> <p>Education and Awareness Programs: Conduct educational programs and outreach activities to raise awareness among developers and other stakeholders about CoMG's priorities, policies, and expectations regarding planning.</p>
8	Increase capacity to perform important higher-risk compliance and enforcement actions.	Moderate	Manager Development Services	In Progress	Jun-25	Jun-26	<p>Prioritise Compliance Actions: Evaluate the current workload of Class 1 building inspections and identify areas where resources can be reallocated. Prioritize higher-risk compliance and enforcement actions over routine inspections to focus efforts on addressing outstanding issues.</p> <p>Planning Inspections are being undertaken to identify areas of non compliance.</p> <p>Training and Delegation: Provide comprehensive training to select administrative support staff to handle lower-level tasks typically performed by Building Officers. Assign responsibility for tasks such as following up with developers/building owners, data reporting, and customer service provision</p> <p>Streamlining Processes: Identify opportunities to streamline compliance and enforcement processes to improve efficiency. This may include leveraging technology for streamlined communication with stakeholders.</p>
9	Consider engaging external consultants to assist with backlogs in class 2-9 building inspections.	Moderate	Manager Development Services	Completed			Backlog of inspections have been completed.
10	Ensure that Council's latest/updated published Delegations Register as available on the public website.	Low	Manager Governance and Property	Completed	Jul-24		This is an ongoing obligation, and is consistently updated in accordance with any updates in head/sub-delegations. We are currently working to include Instrument C & D in this register.
11	Work to ensure that members of the Limestone Coast Southern Regional Assessment Panel have clarity around responsibility for maintaining/updating relevant delegations.	Low	Manager Governance and Property	Completed	Nov-24		COMG is currently the council responsible for 'administering' the LCSRAP. Therefore, when updates come through in RelianSys which relate to Instrument C or D under the PDI Act, Tracy Tzioutziouklaris (as Assessment Manager) is notified and makes the necessary arrangements to update affected sub-delegations (whether that is directly in her capacity as AM, or organises for the requisite report to be tabled with the LCSRAP). Given this recommendation relates more specifically to the role/responsibilities of individual councils in their administration of those sub-delegations to their staff, an item included on the March 2025 Regional Governance Network (including governance officers from all 7 LCLGA councils) agenda to share the way COMG currently manages this and recommend that governance officers ensure a similar robust process is in place at any councils who are also a member council of the LCSRAP.
12	Develop a pragmatic approach to periodically confirming that Development Services officers' delegations are up to date, correct and that officers have signed acceptance of these delegations.	Low	Manager Governance and Property	Completed	Nov-24		The way this is currently done in practice is that Development Services staff keep track of their current delegations via the 'live' link to RelianSys on our website. We are currently working to include Instrument C & D in this register. We already receive queries from Development Services staff periodically querying their delegations, so we are confident this is occurring in real time.
13	The BFSC consider developing a proactive approach to inspecting higher-risk buildings.	Low	Manager Development Services	Completed	Dec-24		Ways of matters being directed to the Building Fire Safety Committee have been confirmed. High risk buildings have been identified.
14	Review and update CoMG's complaint handling policy with respect to PDI Act obligations.	Low	Manager Governance and Property	Completed	Nov-24		The Request for Service and Complaints Policy has been reviewed and the relevant inclusions under the PDI Act complains processes added. This is set to be presented to the A&RC in November, and Council in December.



# City of Mount Gambier Audit and Risk Committee Meeting Agenda

5 November 2025

15	Review and refresh the use of community feedback complaints to assist ongoing improvement.	Low	Manager Performance and Capability		Completed	Dec-24	Jun-25	Set up a regular schedule for analysing community feedback and complaints data. This could be done monthly, quarterly, or annually, depending on the volume of feedback received. Analyse the data to identify recurring issues, trends, and areas for improvement. Based on the analysis of feedback and complaints data, identify specific areas within development services that require improvement. Look for patterns or common themes in the feedback to pinpoint areas where changes or adjustments may be needed. Develop action plans to address the identified improvement opportunities. Complaints Policy has been updated to include information under the Planning, Development and Infrastructure Act 2016. An update has been made to the Council websites to consolidate complaints, feedback and requests for services/ products under one form which will assist on our capacity to report and monitor trends. Reporting is being developed for customer feedback/ complaints across the organisation with a view of feeding this into our program of continuous improvement. This is due to be finalised with a reporting cycle through ELT and Council by the end of the financial year.
16	Reconsider the need to continue maintaining the Land Division and Building and Swimming Pool Inspection policies, and either revoke them or update them to ensure consistency with legislation.	Low	Manager Engineering Design & Assets		In Progress	Sep-24		The Land Division Policy L130 has been drafted, however is on hold to consider the regional plan process outcome. The Building and Swimming Pool Inspection can be revoked - The regional plan for the Limestone Coast is currently being finalised by the State Government, so the update to the L130 policy remains on hold.

Internal Financial Controls Assessment 2025		Risk Rating	Lead		Status	Completion Date	Revised Date	Comments
1	There is a process in place to review and approve all credit notes for sundry debtors in accordance with delegations of authority.	Moderate	Manager Financial Services	Financial Accounting Coordinator	In Progress	Dec-25		Finance to undertake a review of Bookable and implement automatic controls within administration settings. 20/10/2025 - Senior Finance Officer has commenced a review of Bookable processes including fees and charges. A meeting is to be held with key stakeholders to implement a consistent approach across all debtor platforms. A delay in the process is related to hierarchy changes at RACC with no succession plan for who will manage Bookable moving forward.
2	Asset Management Plans are prepared and renewal expenditure and programmed maintenance required is reviewed periodically to reflect changing priorities, additional asset data and other relevant factors.	High	Manager Engineering Design & Assets		In Progress	Jun-27		AMP are to be reviewed annually in line with ABPB. Forward works plans are to be in line with AMPs. The unlocking project for asset management is currently in progress. Select detailed condition audits are currently occurring with the intention of identifying maintenance schedules. This is planned to progress each year. - A comprehensive 5 year Building Maintenances and Management Plan is underway and to be finalised this year.
3	Asset Management Plans for all major asset classes are adopted and reviewed by Council as required by the Local Government Act 1999.	High	Manager Engineering Design & Assets		Completed	May-25		Council have identified as a key strategic 'Unlocking Project' to improve Councils Asset Management Planning, Maintenance and Financial approach. Asset Management Plans incurred minor updates this year. No public consultation this year, as were consulted on last year.
4	Maintenance of the fixed asset register is limited to appropriate staff with consideration to segregation of duties.	Low	Manager Financial Services	Financial Accounting Coordinator	In Progress	Dec-25		Controls are currently in place to restrict user access however requires review. Internal Financial Controls documentation currently under review and will reference a register of positions with master level access for the IT team to administer. 20/10/2025 - A draft Internal Financial controls procedure been started detailing access restrictions, with these now actioned to IT to review and implement.
5	Where appropriate, fixed assets are insured.	Low	Manager Financial Services	Finance Business Partner	In Progress	Dec-25		Controls are currently in place however there is a gap in buildings and structures insurance for new construction. Finance Business Partner to map out the process and ensure controls are in place. Note that new/upgraded buildings are far less frequent than motor vehicles and are picked up every year as part of the renewal process.
6	Processes are in place for establishing and changing project scope and budgets with approvals in accordance with Delegations of Authority.	Moderate	Manager Financial Services		In Progress	Jun-27		Council is currently reviewing the capital inputs of project budgets as part of the unlocking project. New procedure developed for carryforward budgeting which refers to scope creep.
7	There is a contract management process in place throughout the term of the contract to ensure that supplier/contractor meet their obligations.	Moderate	Manager Financial Services	Procurement Business Partner	In Progress	Jun-26		Internal audit on contract management since completed. Policies, procedures, roles and responsibilities and training to be implemented and rolled out.
8	There is a process in place for staff to be made aware of the Code of Conduct and Conflict of Interest.	Moderate	Manager Performance and Capability		Not Started	Dec-25		While code of conduct forms part of the induction process, introducing periodical training and/or reminders would benefit staff understanding.
9	Access to the supplier Masterfile is restricted to authorised staff	Moderate	Manager Financial Services	Financial Accounting Coordinator	In Progress	Dec-25		Controls are currently in place to restrict user access however requires review. Internal Financial Controls documentation currently under review and will reference a register of positions with master level access for the IT team to administer. 20/10/2025 - A draft Internal Financial controls procedure been started detailing access restrictions, with these now actioned to IT to review and implement.
10	Management and/or Council to approve all tied grants (prior to funds being received by Council) to ensure that Council will be able to meet the terms and obligations of the grant.	Moderate	Manager Financial Services		Not Started	Dec-25		There is no formal process at this stage. This has been identified as an area for improvement and the following item has been included on the strategic plan 2024-2028 which will have KPI and regular reporting updates: "Develop and implement policies and procedures that support the organisation to attract grant funding and ensure appropriate accountability in acquitting those funds."
11	Access to the Property master file is restricted to appropriately designated personnel, with a process in place to ensure changes are in line with policies and procedures.	Low	Manager Financial Services	Financial Accounting Coordinator	In Progress	Dec-25		Controls are currently in place to restrict user access however requires review. Internal Financial Controls documentation currently under review and will reference a register of positions with master level access for the IT team to administer. 20/10/2025 - A draft Internal Financial controls procedure been started detailing access restrictions, with these now actioned to IT to review and implement.

# City of Mount Gambier

## Audit and Risk Committee Meeting Agenda

5 November 2025

12	There is a process in place to ensure standard billing codes are reviewed annually and adopted by Council.	Low	Manager Financial Services	Financial Accounting Coordinator	In Progress	Dec-25		Controls are currently in place with an update to the procedure required. Ensure review links directly back to Accounts Receivable standard billing codes. Where standard billing codes are not established, create and update fees and charges. 20/10/2025 - Fees and charges process completed and adopted by Council in FY2025. 1/7/2025 Senior Finance Officer reviewed all standard billing codes for AR module, CSX implemented new fees and charges to Receipt types, RACC and VS implemented new fees into bookable. Senior Finance Officer commenced initial review, waiting on info from WTS aim to have this completed before time.
13	Access to edit Budget information and master file is restricted/limited to appropriately authorised personnel.	Low	Manager Financial Services		In Progress	Dec-25		Controls are currently in place to restrict user access however requires review. Internal Financial Controls documentation currently under review and will reference a register of positions with master level access for the IT team to administer. Budgets are managed within Magiq which is restricted to the Finance Team. Investigating BIS budgeting which has improved workflows and lock downs.
14	There is a process in place to review actual compared to budget and significant variances investigated.	Low	Manager Financial Services		Completed	Oct-25		Now that finance team are fully staffed, monthly reports are provided to ELT which include high level actual versus budget. Meetings are held with managers quarterly to review line by line budgets. Managers are required to input comments for their budget versus actual variance on a monthly basis.
15	Access to General Ledger maintenance is restricted to appropriately authorised personnel.	Low	Manager Financial Services	Financial Accounting Coordinator	In Progress	Dec-25		Controls are currently in place to restrict user access however requires review. Internal Financial Controls documentation currently under review and will reference a register of positions with master level access for the IT team to administer. 20/10/2025 - A draft Internal Financial controls procedure been started detailing access restrictions, with these now actioned to IT to review and implement.
16	Journal entry access is restricted to appropriately authorised personnel.	Low	Manager Financial Services	Financial Accounting Coordinator	In Progress	Dec-25		Controls are currently in place to restrict user access however requires review. Internal Financial Controls documentation currently under review and will reference a register of positions with master level access for the IT team to administer. 20/10/2025 - A draft Internal Financial controls procedure been started detailing access restrictions, with these now actioned to IT to review and implement.
17	Asset maintenance is planned and monitored with relevant staff in accordance with the Asset Management Plans	High	Manager Engineering Design & Assets		In Progress	Jun-26		Robust review of AMP for inclusion of relevant maintenance scheduling combined with detailed condition assessments on critical assets. - Asset hierarchy has been established. GIS tools are in place to capture and collect asset current condition data for monitoring. Data integration with the AM system will be completed after Business system upgrade works.
18	There is a process in place to review purchasing patterns and ensure maximum use of preferred suppliers.	Moderate	Manager Financial Services	Procurement Business Partner	In Progress	Feb-26		Controls are currently in place, however aim to implement and review of cumulative spend and in order to implement this, contractor module needs to be fully operational to allow payments to be easily identified and reported. A manual process can be undertaken until this time.
19	There is an ongoing management in place that identifies and manages deliverables, key contact clauses, responsibilities, milestones and includes dispute resolution procedures.	Moderate	Manager Financial Services	Procurement Business Partner	Not Started	Jun-26		This is currently in place via a manual spreadsheet for overarching contract end dates etc. Recommend implementing Contract Management Program to capture key contract details for monitoring (basic details currently captured on contract management checklist) to ensure more automated monitoring by contract managers.
20	Formal disaster recovery plan is in place and communicated to relevant staff.	Low	Manager Performance and Capability		In Progress	Dec-25		Controls are in place with Civica having a Disaster Recovery Plan for financial data. Council is currently developing an Incident Response Plan and is identified in the internal audit plan.
21	There is a process in place to ensure relevant staff are clearly informed of their duties and responsibilities in relation to financial management reporting.	Low	Manager Financial Services		In Progress	Dec-25		Recently reviewed the budget policy where further definition of roles and responsibilities was included, training to follow up on this policy change and a review of procedures and position descriptions required. Meeting with Managers quarterly. Further training needs to be considered along HR organisational training and refreshers.

Procurement	Risk Rating	Lead		Status	Completion Date	Revised Date	Comments
1.1 Review the potential for exception reports/system reconciliations checks to support the provision of ongoing fraud checks, system probity and enhance the efficiency of financial reporting to management.	Moderate	Manager Financial Services		In Progress	Jun-26		Investigate exception reporting within Authority to regularly report on: <ul style="list-style-type: none"> <li>Purchase orders raised after invoice date (retrospectively)</li> <li>Cumulative spend where expenses not related to a contract. Noting this will require investment in the use of the contracts module within Authority and has the potential to reduce manual calculations and reporting.</li> </ul>
2.1 Consideration should be given to generating a regular, detailed summary report for senior management, which would replace the current administrative burden relating to reviewing purchase orders, whilst still providing granular expenditure and commitment details in a specific and timely manner.	Moderate	Manager Financial Services		In Progress	Jun-26		Table report for consideration of Management Team and ELT to increase Manager ability to approve expenditure to a level they are comfortable with. This decision ultimately lies with the executive team. If required, investigate development of exception reporting as part of monthly financial report for purchase orders raised and approved above the current delegations of \$10k. However regular budget versus actual monitoring should provide a level of oversight. Lastly, investigate ability of Authority to "lock-down" or have constraints on spending money outside budget parameters, noting that if this is only available at a line by line level it may not be appropriate.
2.2 Consideration should be given to instigating Financial Delegation levels of e.g., \$25,000 and \$50,000 to distribute the approval workload vertically down through the management lines and onto the relevant individual business units or budget holders.	Moderate	Manager Financial Services		Completed	Sep-25		Tabled at Management Team and following this at ELT. ELT do not want the threshold to change.
3.1 Instigate a formal process for the Finance Officer to assist on procurement process matters; however, if or when extended support is required, consider an escalation process (i.e., suggest referral to the Procurement Business Partner) in order to limit business disruption.	Moderate	Manager Financial Services	Procurement Business Partner	In Progress	Jun-26		Expand procedure in relation to roles and responsibilities and support for Finance Officer with escalation. Investigate videoing of instructions made available on intranet to help staff self-service where members of the finance team competing interests may result in business disruption.
4.1 Investigate the current interface set up between Authority and Magiq and identify adjustments that, when implemented, will optimise the integrity of financial data updates between these two systems. (Longer term)	High	Manager Financial Services		In Progress	Jun-26		Council is currently undertaking an unlocking project for its Business Systems. Part of this project will include data warehousing, updating the Authority system and improved end user reporting. This is a 3 year project and is currently in year 2 of 3. Magiq will be investigated as part of this.

## Audit and Risk Committee Meeting Agenda

4.2	Review the effectiveness of the suite of exception reports and financial system reconciliations to support the finance team in providing timely and efficient financial reporting to the business and Elected Members. (Shorter term)	High	Manager Financial Services		Not Started	Jun-27		Council is currently undertaking an unlocking project for its Business Systems. Part of this project will include data warehousing, updating the Authority system and improved end user reporting. This is a 3 year project and is currently in year 2 of 3. Magiq will be investigated as part of this.
4.3	Review whether exception reporting can be integrated into the Finance Team workload(s) to provide data integrity checks for the budget monitoring and management process.	High	Manager Financial Services		Not Started	Jun-27		Council is currently undertaking an unlocking project for its Business Systems. Part of this project will include data warehousing, updating the Authority system and improved end user reporting. This is a 3 year project and is currently in year 2 of 3. Magiq will be investigated as part of this.
7.1	A report is generated, identifying circumstances where purchase orders are raised retrospectively. The business areas/work teams identified, can then receive additional training and/or support to ensure controls are fully embedded.	Low	Manager Financial Services	Procurement Business Partner	In Progress	Jun-26		Investigate Authority Procure to Pay (already underway), there may be instances where a goods receipt is not actually required and approval direct to invoice can take place. This will only be considered where workflows and audit trails are available in the system. This may streamline processes across the organisation, but will require policies, procedures to be updated and review of internal financial controls to make sure remain pertinent.
9.1	Consider opportunities for cross-skilling and/or providing additional cover across the procurement function to ensure continuity in the event of long-term absence or loss of a key worker.	Moderate	Manager Financial Services	Procurement Business Partner	In Progress	Dec-25		Strategic review of finance team in consideration of restructuring to a multi-disciplinary team approach to start reducing key person risk. Noting procurement is not the only identified area for succession/key person risk. Consider further incorporating clearer risk ratings to financial reporting, with a focus on automation and leveraging current system ability.
9.2	Consider incorporating a risk rating into the financial reporting to provide a more strategic focus and to aid the decision-making process.	Moderate	Manager Financial Services		Not Started	Jun-27		Strategic review of finance team in consideration of restructuring to a multi-disciplinary team approach to start reducing key person risk. Noting procurement is not the only identified area for succession/key person risk. Consider further incorporating clearer risk ratings to financial reporting, with a focus on automation and leveraging current system ability.
10.1	Consideration should be given to training and raising awareness through regular updates on the intranet or by providing other opportunities, such as 'lunch and learn' sessions, if there is an identified need across the organisation.	Moderate	Manager Financial Services	Procurement Business Partner	Not Started	Jun-27		A targeted approach as required has been identified as a better approach due to lack of participation at previous 'drop-in' sessions provided. For example, 2-3 members of the finance team attending the depot at a convenient time will have better uptake and build relationships. Discussion required with HR regarding inclusion in the training and capability framework and for staff members at certain levels, specific inclusion in PDs.
10.2	Ensure the organisational Training Needs Analysis captures all positions needing Procurement training so that it can be scheduled in a proactive manner.	Moderate	Manager Performance and Capability		Not Started	Jun-27		A targeted approach as required has been identified as a better approach due to lack of participation at previous 'drop-in' sessions provided. For example, 2-3 members of the finance team attending the depot at a convenient time will have better uptake and build relationships. Discussion required with HR regarding inclusion in the training and capability framework and for staff members at certain levels, specific inclusion in PDs.

Contract Management		Risk Rating	Lead		Status	Completion Date	Revised Date	Comments
1.1	Consideration should be given to implementing a contract management software system in order to migrate the current contract management process away from Excel spreadsheets – a new initiative bid has already been drafted.	Moderate	Manager Financial Services		Not Started	Jun-27		As part of the unlocking projects strategic work plan, Council is focussing first on the upgrade of its current system ,Authority. Following this we will determine whether Authority is fit for purpose. A new investment bid has been reviewed for Vendor Panel and product demonstrations viewed. Pending the progress of the Authority upgrade and suitability of contract management integration and usability, a broader scope may be required to test various market products and determine fit for purpose. This will avoid double handing of information, streamline processes and hopefully improve communication.
1.2	Develop local procurement networking group to maximise efficiencies from wider collective knowledge and more diverse contacts.	Moderate	Manager Financial Services	Procurement Business Partner	Completed	May-25		Local Procurement Networking Group has been established with meetings to started May 2025.
2.1	In the event of new contract management software being implemented, investigate integration of a contract register with full reporting functionality, to generate a range of executive reports for use by any working group and/or senior management.	Moderate	Manager Financial Services		Not Started	Jun-27		Refer previous response
3.1	Review cumulative expenditure as a priority for reporting to allow review of the most appropriate procurement method.	Moderate	Manager Financial Services	Procurement Business Partner	In progress	Feb-26		Stage 1 – contract tracking established in Authority and capturing costs (refer previous response). Stage 2 – Review BIS and other reporting available in Authority already to provide work around while investigating if current system is actually fit for purpose.
4.1	In the event of new contract management software being implemented, investigate options for effectively managing key milestones and related reportable deadlines.	Low	Manager Financial Services	Procurement Business Partner	Not Started	Jun-27		Refer previous comments. Investigate Authority fit for purpose as part of unlocking project, then potentially market approach for other bespoke products that fully integrate if not suitable.
4.2	Develop dashboards to relay key contract data to senior management	Low	Manager Financial Services		Not Started	Jun-27		Refer previous comments. Investigate Authority fit for purpose as part of unlocking project, then potentially market approach for other bespoke products that fully integrate if not suitable.
5.2	Investigate positives to be gained from a designated Project Management Working Group to provide rigour and oversight for the management of contracts post award phase to being finalised.	High	Manager Financial Services	Procurement Business Partner	Not Started	Jun-27		While software is being reviewed (and not in place) there may be benefits in a project management working group meeting monthly to tick off milestones, discuss concerns and ensure documentation is standardised. Exception reporting of risks, timelines, budget could flow from this, albeit manually at the outset. Depending on the size and complexity of the project, it may require its own steering group. An Administration Principle to be prepared that outlines roles and responsibilities and purpose of such groups is required. Exception reporting to be developed overtime and semi-dependent on software considerations.
5.2	A standardised reporting template is implemented to ensure accurate and timely reporting of progress on all contracts, with early alerts to any variations/deviations.	High	Manager Financial Services	Procurement Business Partner	Completed	May-25		High level excel spreadsheet created and monitored. This will be further expanded upon appropriate software.

# City of Mount Gambier Audit and Risk Committee Meeting Agenda

5 November 2025

6.1	Ensure the contract with the response user in contract management includes training and system updates in the event of a new contract management system being implemented.	Low	Manager Financial Services		Not Started	Jun-27		Consider offering internal training alongside the procurement training identified and offer onsite as require at the depot etc. As relevant information arises from the procurement networking group, incorporate to procedures and practices and disseminate knowledge, noting that much of this may be relevant to procurement and contract management administration rather than contractor management. Consider inviting key contract managers to the networking group when agenda is topical. Ensure HR maintain training needs analysis and capability requirements in relation to contract management and that it is reflected in relevant PDs.
6.2	Ensure all relevant information from the procurement support network is recorded and disseminated in a timely manner to all staff with recognised roles in contract management.	Low	Manager Financial Services	Procurement Business Partner	In progress	Feb-26		as appropriate. Consideration of taking key project managers to the netwroking group when discussion relevant topics.
7.1	In the event of new contract management software being implemented, investigate integrated workflow functionality for variations, final certifications and other related contract-specific documentation.	Low	Manager Financial Services	Procurement Business Partner	Not Started	Jun-27		Refer previous comments about systems review and assessment of fit for purpose. Removing manual processes is required, however needs to be considered alongside the unlocking projects already underway.
8.1	Strategic and operational risk ratings to be integrated into the contract management processes and systems in order to align them with the corporate risk environment and provide relevant risk references to aid decision-making.	High	Manager Financial Services	Procurement Business Partner	In progress	Feb-26		Review risk based approach to contract management and integration with systems following on from previous responses. Risk has since been incorporated to acquisition plans.
8.2	Ensure the new contract management software has fully integrated risk management functionality.	High	Manager Financial Services		Not Started	Jun-27		Review risk based approach to contract management and integration with systems following on from previous responses.
9.1	In the event of new contract management software being implemented, ensure appropriate training is scheduled and rolled out in order to maximise system functionality.	Low	Manager Financial	Procurement Business	Not Started	Jun-27		Ensure training notes and videos are updated as required and easily accessible.
9.2	Ensure updated training notes are accessible via intranet/system links to those working on the contract management system to ensure standardisation of approach and consistency of processing.	Low	Manager Financial Services	Procurement Business Partner	Not Started	Jun-27		Ensure training notes and videos are updated as required and easily accessible.

### 5.3 PUBLIC INTEREST DISCLOSURE POLICY

Author: Brittany Shelton, Manager Governance and Property  
Authoriser: Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services

#### RECOMMENDATION

1. That the Audit and Risk Committee report titled 'Public Interest Disclosure Policy' as presented on Wednesday 5 November 2025 be noted.
2. That having been reviewed by the Audit and Risk Committee, the reviewed and amended Public Interest Disclosure Policy be endorsed and recommended to Council for adoption.

#### PURPOSE

To present policies or procedures which have been amended for the Audit and Risk Committee's endorsement prior to presenting to Council for adoption.

#### TERMS OF REFERENCE

Section 126 (1a) of the Local Government Act 1999 (the Act) states that the purpose of an audit and risk committee established by a council (the Committee) is to provide independent assurance and advice to the council on accounting, financial management, internal controls, risk management and governance matters.

Part 1.3 of the relevant Terms of Reference sets out the functions of the Committee, in particular:

*"The functions of the Audit and Risk Committee include, per the Local Government Act 1999, Division 2, Section 126 (4):*

*(h) reviewing and evaluating the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis."*

Any policies or procedures falling within the ambit of the above provision, or as otherwise required, are presented to the Committee for endorsement and information prior to being presented to Council for adoption.

#### RELEVANT LEGISLATION

Public Interest Disclosure Act 2018

#### BACKGROUND / OPTIONS

Council periodically reviews its policies and procedures during each Council term, unless legislative provisions require otherwise, to ensure they remain up to date with legislative, administrative or civic requirements, Council and community expectation and emerging practices in the sector.

Following the Interim Audit carried out in May 2023, the review of all policies and procedures continues with progress tracked against an action plan and regular reporting to the Executive Leadership Team and Audit and Risk Committee.

Eight (8) of Council's suite of 78 policies and procedures need to be reviewed or updated. This includes two (2) policies that are currently temporarily suspended. The following policies and procedures have been reviewed by the relevant departments and are now presented for endorsement / review:

Policy / Procedure	Proposed Changes
Public Interest Disclosure Policy	The Policy has been reviewed and amended in line with the changes to structure and roles of the ICAC, OPI and SA Ombudsman, resulting from legislative reform in 2021. Materially the LGA template has been utilised, and as a result of the significant changes, it was preferable to simply create an entirely new document, rather than make marked up changes to the existing policy, which would have been difficult to understand. The previous version is also <b>attached</b> for comparison and information. Because the content / procedure under this policy is largely dictated by legislation, there is minimal discretion in how council applies those obligations under the policy.

## CONCLUSION


The Public Interest Disclosure Policy has been rewritten materially using the LGA template following changes to structure and roles of the ICAC, OPI and SA Ombudsman resulting from legislative reform in 2021.

The updated policy is intended to be managed in accordance with the review schedule framework already in place / operation.

It is recommended that, having been reviewed by the Audit and Risk Committee, the reviewed and amended Public Interest Disclosure Policy be endorsed and recommended to Council for adoption.

## ATTACHMENTS

1. DRAFT Council Policy P900 Public Interest Disclosure - August 2025 [5.3.1 - 17 pages]
2. Council Policy P 900 - Public Interest Disclosure [5.3.2 - 12 pages]

 City of Mount Gambier	PUBLIC INTEREST DISCLOSURE POLICY	Version No:	4
		Issued:	September 2025
		Next Review:	July 2026

## 1. Introduction

The City of Mount Gambier (Council) is committed to encouraging the making of appropriate Disclosures of public interest information in accordance with this Policy including:

- The protection of informants who make public interest Disclosures.
- The genuine and efficient consideration and action in relation to information provided in a public interest Disclosure.
- Referring, as necessary, appropriate Disclosures to another Relevant Authority.
- Where the Disclosure relates to Corruption, reporting the Disclosure directly to the Office for Public Integrity (OPI) in accordance with the OPI Directions and Guidelines and the requirements of the ICAC Act.
- Where the Disclosure relates to Misconduct or Maladministration in public administration, reporting the Disclosure directly to the Ombudsman in accordance with the Ombudsman Directions and Guidelines.


The Chief Executive Officer will review the operation of this Policy as needed.

This Policy will be available free of charge for inspection at the Council's Offices during ordinary business hours and via the Council's website. Copies will also be provided to the public upon request and upon payment of a fee in accordance with the Council's Schedule of Fees and Charges.

## 2. Purpose

This document explains the applicable procedures and processes that Council has in place for when a person makes an appropriate Disclosure of public interest information, to ensure that Council:

- Properly fulfils its responsibilities under the *Public Interest Disclosure Act 2018* (PID Act) and the *Independent Commission Against Corruption Act 2012* (ICAC Act), including the PID Guidelines.
- Appropriately encourages and facilitates Disclosures of public interest information, including environmental and health information regarding a location within the area of the Council.
- Provides a process by which Disclosures may be made so that they are properly dealt with.
- Provides appropriate protection for those who make Disclosures in accordance with the PID Act.
- Recognises the need to appropriately support Informants, the Responsible Officer and, as appropriate, those public officers affected by any appropriate Disclosure.

 City of Mount Gambier	PUBLIC INTEREST DISCLOSURE POLICY		Version No:	4
			Issued:	September 2025
			Next Review:	July 2026

### 3. Scope

This Policy applies to appropriate Disclosures of public interest information, that are made in accordance with the PID Act, by public officers including council members, officers and employees of the Council, and by members of the public.

This Policy is intended to support the legislatively required reporting framework under the ICAC Act and Ombudsman Act, and to operate in conjunction with existing policies, including the:


- Behavioural Standards for Council Employees
- Behavioural Standards for Council Members

### 4. Definitions

For the purposes of this Policy the following definitions apply:

<b>Commission</b>	Means the Independent Commission Against Corruption
<b>Commissioner</b>	Means the person holding or acting in the office of the Independent Commissioner Against Corruption
<b>Corruption in public administration</b>	<p>Is defined in section 5(1) of the ICAC Act and means conduct that constitutes:</p> <p><i>an offence against Part 7 Division 4 (Offences relating to public officers) of the Criminal Law Consolidation Act 1935, which includes the following offences:</i></p> <p><i>bribery or corruption of public officers;</i></p> <p><i>threats or reprisals against public officers;</i></p> <p><i>abuse of public office;</i></p> <p><i>demanding or requiring benefit on basis of public office;</i></p> <p><i>offences relating to appointment to public office; or</i></p> <p><i>an offence against the Public Sector (Honesty and Accountability) Act 1995 or the Public Corporations Act 1993, or an attempt to commit such an offence; or</i></p> <p><i>an offence against the Lobbyists Act 2015, or an attempt to commit such an offence; or</i></p> <p><i>any of the following in relation to an offence referred to in a preceding paragraph:</i></p> <p><i>aiding, abetting, counselling or procuring the commission of the offence;</i></p> <p><i>inducing, whether by threats or promises or otherwise, the commission of the offence;</i></p>



 City of Mount Gambier	PUBLIC INTEREST DISCLOSURE POLICY		Version No:	4
			Issued:	September 2025
			Next Review:	July 2026

*being in any way, directly or indirectly, knowingly concerned in, or party to, the commission of the offence;*

*conspiring with others to effect the commission of the offence.*

**Detriment**

As per section 9(7) of the PID Act detriment includes:

*loss or damage (including damage to reputation); or*

*injury or harm (including psychological harm); or*

*intimidation or harassment; or*

*discrimination, disadvantage or adverse treatment in relation to a person's employment; or*

*threats of reprisal.*

**Disclosure**

For the purposes of the PID Act means an appropriate Disclosure of public interest information made by an Informant to a Relevant Authority.<sup>1</sup>

**Appropriate Disclosure of environmental and health information**

As per section 5(3) of the PID Act, a person makes an appropriate Disclosure of environmental and health information if the disclosure is made to a relevant authority and the person:

- believes on reasonable grounds that the information is true; or
- is not in a position to form a belief on reasonable grounds about the truth of the information, but believes on reasonable grounds that the information may be true and is of sufficient significance to justify its Disclosure so that its truth may be investigated.

**Appropriate Disclosure of public administration information**

As per section 5(4) of the PID Act, a person makes an appropriate Disclosure of public administration information if the disclosure is made to a relevant authority and the public officer reasonably suspects that the information raises a potential issue of corruption, misconduct or maladministration in public administration.

**Environmental and health information**

Means information that raises a potential issue of a substantial risk to the environment or to the health or safety of the public generally or a significant section of the public.<sup>2</sup>

**Informant**

Means a person who makes an appropriate Disclosure of public interest information to a Relevant Authority.<sup>3</sup>

**Maladministration in public administration**

As per section 4(2) of the *Ombudsman Act 1972* (the Ombudsman Act):


*Means:*

*conduct of a public officer, or a practice, policy or procedure of a public authority, that results in an irregular and unauthorised use of public money or substantial mismanagement of public resources; or*

<sup>1</sup> PID Act, section 4

<sup>2</sup> PID Act, section 4

<sup>3</sup> PID Act, section 4

 City of Mount Gambier	PUBLIC INTEREST DISCLOSURE POLICY		Version No:	4
			Issued:	September 2025
			Next Review:	July 2026

*conduct of a public officer involving substantial mismanagement in or in relation to the performance of official functions; and*

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

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

**Misconduct in public administration**

As per section 4(1) of the Ombudsman Act means an intentional and serious contravention of a code of conduct by a public officer while acting in their capacity as a public officer that constitutes a ground for disciplinary action against the officer.

**Ombudsman Directions and Guidelines**

Means the directions and guidelines issued pursuant to section 12D(1) of the Ombudsman Act relating to reporting matters of suspected misconduct or maladministration in public administration.

**Office for Public Integrity (OPI)**

Established by the ICAC Act to manage complaints about public administration with a view to—

*the identification of corruption, misconduct and maladministration in public administration; and*

*ensuring that complaints about public administration are dealt with by the most appropriate person or body.<sup>4</sup>*

The functions of OPI are:

*(a) to receive and assess complaints about public administration from members of the public;*

*(b) to receive and assess reports about corruption, misconduct and maladministration in public administration from inquiry agencies, public authorities and public officers;*

*(c) to refer complaints and reports to inquiry agencies, public authorities and public officers or to determine to take no action in accordance with this section.<sup>5</sup>*

**OPI Directions and Guidelines**

Is a reference to the directions and guidelines issued by OPI pursuant to section 18B of the ICAC Act in relation to reporting matters of suspected corruption in public administration.


**Public administration**

As per section 4(1) of the ICAC Act - an administrative act carried out in the course of public administration.

An **administrative act** is as per the definition in the Ombudsman Act 1972 and means:

<sup>4</sup> ICAC Act, section 3(1)(b)

<sup>5</sup> ICAC Act, section 17(1)

 City of Mount Gambier	PUBLIC INTEREST DISCLOSURE POLICY		Version No:	4
			Issued:	September 2025
			Next Review:	July 2026

*(a) an act relating to a matter of administration on the part of an agency to which this Act applies or a person engaged in the work of such an agency; or*

*(b) an act done in the performance of functions conferred under a contract for services with the Crown or an agency to which this Act applies,*

*but does not include—*

*(c) an act done in the discharge of a judicial authority; or*

*(d) an act done by a person in the capacity of legal adviser to the Crown or an agency to which this Act applies; or*

*(e) an act of a class declared by the regulations not to be an administrative act for the purposes of this definition.*

**Public administration information**

Means information that raises a potential issue of corruption, misconduct or maladministration in public administration.<sup>6</sup>

**PID Guidelines**

Is a reference to the Guidelines issued by ICAC pursuant to section 14 of the PID Act.

**Principal Officer**

For the purposes of the PID Act means the Chief Executive Officer of the Council.<sup>7</sup>

**Public Officer**

Has the meaning given by section 4 and Schedule 1 of the ICAC Act and includes council members and an employee or officer of the Council.

**Relevant Authority**

Means the person or entity that receives an appropriate Disclosure of public interest information in accordance with the PID Act.<sup>8</sup>

**Responsible Officer**

Is a person who has completed any training courses approved by the Commissioner for the purposes of the *Public Interest Disclosure Regulations 2019* and has been designated by the Chief Executive Officer as the responsible officer under section 12 of the PID Act.


Designated to undertake the duties as per section 13 of the PID Act.

**Victimisation**

As per section 9(1) of the PID Act, occurs when a person causes detriment to another on the ground, or substantially on the ground, that the other person (or a third person) has made or intends to make an appropriate Disclosure of public interest information.

Refer to definition of 'detriment' in this table and section 9(7) of the PID Act.

<sup>6</sup> PID Act, section 4  
<sup>7</sup> PID Act, section 4  
<sup>8</sup> PID Act, section 5(5)

 City of Mount Gambier	PUBLIC INTEREST DISCLOSURE POLICY	Version No:	4
		Issued:	September 2025
		Next Review:	July 2026

## 5. Responsibilities

### Chief Executive Officer

Council's Chief Executive Officer is the principal officer for the purposes of the PID Act and is responsible for:

- Ensuring that one or more appropriately qualified officers or employees of the Council are designated as responsible officers of the Council for the purposes of the PID Act, and they undertake any training required by the Public Interest Disclosure Regulations 2019.
- Ensuring that the name and contact details of each responsible officer of the Council are made available to officers or employees of the Council.
- The preparation and maintenance of this Policy in accordance with the requirements of the PID Act and the PID Guidelines.


The Chief Executive Officer will support the Responsible Officer including by ensuring there is a system in place to securely receive and store Disclosures.

### Responsible Officer(s)

Council's Responsible Officer may be contacted in person, by telephone or in writing. The relevant contact details are provided in Item 7 of this Policy.

A person designated as a **Responsible Officer** for the Council has the following responsibilities:

- Receiving and securely storing appropriate Disclosures relating to council and ensuring compliance with the PID Act, and this Policy, in relation to any such Disclosures.
- Upon receipt of a Disclosure, the Responsible Officer will deal with the Disclosure in accordance with the processes described in this Policy, and the PID Act. This includes being responsible for the procedures set out in section 4.2.3 of this Policy.
- Liaising as required with the Informant and ensuring that the Informant is provided with support and protection as necessary and appropriate in the circumstances of the Disclosure.
- Making appropriate recommendations to the Chief Executive Officer (principal officer) of the Council in relation to dealing with Disclosures, including any suggested changes to this Policy.
- Providing advice to Council Members, officers and employees of the Council in relation to the administration of the PID Act.
- Completing any training courses approved by the Commissioner for the purposes of the PID Regulations.
- Carrying out any other functions relating to the PID Act as appropriate to their role.

 City of Mount Gambier	<b>PUBLIC INTEREST DISCLOSURE POLICY</b>		Version No:	4
			Issued:	September 2025
			Next Review:	July 2026

### Council Member, officer or employee of the Council (public officers)

A Council Member, officer or employee of the Council is responsible for:

- Ensuring they comply with this Policy and the Public Interest Disclosure Policy when dealing with any Disclosure.
- Immediately referring any Disclosure of environmental and health information made to them by a member of the public, or any Disclosure of public interest information made to them by a public officer, to the Responsible Officer.

## 6. Disclosure protection information

### Immunity

Section 5 of the PID Act provides for protection for Informants where appropriate public interest Disclosures are made:

- By a member of the public or a public officer about environmental and health information which the Informant reasonably believes to be true or which the Informant believes may be true and is of sufficient significance to warrant Disclosure, regarding a location within the Council area.
- By a public officer about information that the public officer reasonably suspects raises a potential issue of corruption, misconduct or maladministration in public administration.

### Confidentiality and protections


#### Confidentiality and security of information

The identity of an Informant will be maintained as confidential in accordance with the PID Act.

The recipient of an appropriate Disclosure may only divulge the identity of an Informant where:

- The recipient believes on reasonable grounds that it is necessary to divulge the identity of the Informant in order to prevent or minimise an imminent risk of serious physical injury or death to any person, and the identity of the Informant is then divulged to a person or authority that the recipient believes on reasonable grounds is the most appropriate authority or person to be able to take action to prevent or minimise the imminent risk of serious physical injury or death to any person.
- Doing so is necessary for the matter to be properly investigated (but only to the extent necessary to ensure proper investigation).
- The Informant consents to their identity being disclosed.

The PID Act does not expressly require any other information relating to a Disclosure (including, for example, the nature of the allegations and information provided) to be maintained as confidential. In considering whether to further disclose other information provided as part of an appropriate Disclosure consideration should be given to whether it is necessary and appropriate to do so.

 City of Mount Gambier	PUBLIC INTEREST DISCLOSURE POLICY		Version No:	4
			Issued:	September 2025
			Next Review:	July 2026

The Responsible Officer will ensure the steps listed below are followed for the secure receipt and storage of a Disclosure received.

#### Protection of informants

The PID Act provides for protection for Informants where public interest Disclosures are made<sup>9</sup>:

- By a member of the public or a public officer about environmental and health information which the Informant reasonably believes to be true or which the Informant believes may be true and is of sufficient significance to warrant Disclosure, regarding a location within the Council area; and/or
- By a public officer about information that the public officer reasonably suspects raises a potential issue of corruption, misconduct or maladministration in public administration.

Victimisation of informants is a criminal offence in accordance with the provisions of section 9 of the PID Act. A person who causes detriment to another on the ground, or substantially on the ground, that the other person or a third person has made or intends to make an appropriate disclosure of public interest information commits an act of victimisation. Detriment includes:

- (a) loss or damage (including damage to reputation); or
- (b) injury or harm (including psychological opi
- (c) ); or
- (d) intimidation or harassment; or
- (e) discrimination, disadvantage or adverse treatment in relation to a person's employment; or
- (f) threats of reprisal – which may be express or implied, or conditional or unconditional.


A person must not prevent another person from making an appropriate disclosure of public interest information or hinder or obstruct another person in making such a disclosure.

#### Risk management steps and processes – confidentiality and protection

To ensure confidentiality is maintained and to minimise the likelihood of any victimisation associated with public interest disclosures, Council has the following steps in place to assess and minimise detrimental action in relation to public interest disclosures:

- Ensuring accurate records of an appropriate Disclosure are securely and confidentially maintained including notes of all discussions, phone calls, and interviews.
- Ensuring all information relating to an appropriate Disclosure is maintained as confidential and securely stored such that access to the records is limited to the Responsible Officer and such other persons as is necessary to ensure compliance with the PID Act and to ensure the matters to which the disclosure relates may be properly investigated.
- Ensuring any other person involved in investigating the Disclosure is aware of the confidentiality and security requirements, and is provided with the access to support the confidentiality and security steps put in place by council.

<sup>9</sup> PID Act – section5(1)

 City of Mount Gambier	PUBLIC INTEREST DISCLOSURE POLICY		Version No:	4
			Issued:	September 2025
			Next Review:	July 2026

- Ensuring that in the event that a person's appointment as a Responsible Officer is terminated, the person must provide access to the information to the newly-appointed Responsible Officer and having done so will continue to be bound by a duty of confidentiality in respect of an Informant's identity and the information received as a result of the Disclosure.

## 7. Disclosure process information

### Who can make a disclosure?

Refer to the definitions within the PID Act (section 4 and 5) and as included in this Policy for what is an 'appropriate disclosure'.

Any person can make an appropriate disclosure of environmental and health information and will be protected from liability because of that disclosure.


Any person can make an appropriate disclosure of public administration information in accordance with the PID Act, however only public officers are protected from liability because of that disclosure<sup>10</sup>.

### How to submit Disclosure – Informant considerations

Appropriate Disclosures of public administration information should generally, and wherever possible, be directed in the first instance to the Responsible Officer in person or via email or telephone using the details below:

<b>Name</b>	Brittany Shelton	Kate Gilmore
<b>Telephone</b>	(08) 8721 2552	(08) 8721 2598
<b>Email</b>	<a href="mailto:bshelton@mountgambier.sa.gov.au">bshelton@mountgambier.sa.gov.au</a> OR <a href="mailto:disclosure@mountgambier.sa.gov.au">disclosure@mountgambier.sa.gov.au</a>	<a href="mailto:kgilmore@mountgambier.sa.gov.au">kgilmore@mountgambier.sa.gov.au</a> OR <a href="mailto:disclosure@mountgambier.sa.gov.au">disclosure@mountgambier.sa.gov.au</a>
<b>Address</b>	<u>Postal:</u> PO Box 56, MOUNT GAMBIER SA 5290  <u>In-person:</u> Civic Centre, 10 Watson Terrace, MOUNT GAMBIER  Monday to Friday 9:00am – 5:00pm  <i>Note – Disclosures provided via mail or in person should be in an envelope marked:</i>	<u>Postal:</u> PO Box 56, MOUNT GAMBIER SA 5290  <u>In-person:</u> Civic Centre, 10 Watson Terrace, MOUNT GAMBIER  Monday to Friday 9:00am – 5:00pm  <i>Note – Disclosures provided via mail or in person should be in an envelope marked:</i>

<sup>10</sup> PID Act – section 5

 City of Mount Gambier	PUBLIC INTEREST DISCLOSURE POLICY		Version No:	4
			Issued:	September 2025
			Next Review:	July 2026

	CONFIDENTIAL – Responsible Officer, Public Interest Disclosure	CONFIDENTIAL – Responsible Officer, Public Interest Disclosure
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Following the above steps will ensure public interest information is securely received.

The above email and address

However, nothing in this Policy prevents a person from making an appropriate Disclosure to another Relevant Authority, including a Relevant Authority external to the Council<sup>11</sup>. This is a choice to be made by the Informant at their discretion.

The following are further relevant considerations for an Informant in determining where to direct a Disclosure:

- When choosing to make a Disclosure internally, Disclosures relating to a Council Member or employee, including the Chief Executive Officer, should be made to a Responsible Officer.
- Any Disclosure relating to a person appointed as a Responsible Officer should be made to the other person appointed as a Responsible Officer or failing this, to a Relevant Authority external to the Council (such as the OPI).
- Any Disclosure relating to public administration information about a public officer who is a Council Member or employee of the Council may be made to a Responsible Officer, or to the person responsible (either in fact, or as may be designated by the PID Act) for the management or supervision of the public officer the subject of the Disclosure.
- If there is a reasonable suspicion of corruption, it must be reported to the OPI in accordance with the OPI Directions and Guidelines.
- Any Disclosure relating to maladministration or misconduct in public administration should be reported to the Ombudsman in accordance with the Ombudsman Directions and Guidelines. Note such disclosures may also be made to the OPI in accordance with the ICAC Act.

### Receipt of Disclosure

A flowchart outlining the Disclosure Process is at **Appendix B** to this Policy.

Where a Disclosure is made by telephone, the recipient (noting this is ideally, but not always the Responsible Officer) must take notes of the conversation.


If a Council Member, officer or employee receives a Disclosure of public interest information regarding a location within the Council area, the recipient of that Disclosure will:

- Ask the Informant whether they consent to the details of their identity being provided to the Responsible Officer, and in doing so advise the Informant that:
  - a failure to provide that consent may mean that the Disclosure cannot be properly investigated; and
  - notwithstanding that the informant may not consent to their identity being disclosed, it may nonetheless be disclosed if it is necessary to do so to ensure the matters to which the information relates may be properly investigated;

<sup>11</sup> PID Act – section 5(5)

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 City of Mount Gambier	PUBLIC INTEREST DISCLOSURE POLICY			Version No:	4
				Issued:	September 2025
				Next Review:	July 2026

- Refer the Disclosure to the Responsible Officer and, in doing so, comply with the wishes of the Informant with respect to whether details of their identity may be divulged unless it is necessary to disclose their identity contrary to their wishes to ensure the matters to which the information relates may be properly investigated.

Where the identity of the Informant is known to the Responsible Officer or is reasonably ascertainable, the Responsible Officer will acknowledge receipt of the Disclosure within 7 days and in doing so, will provide a copy of this Policy to the Informant.


To ensure the secure receipt and storage of the Disclosure, upon the receipt of a Disclosure (whether directly, or by referral from a Council Member, officer or employee), the Responsible Officer will ensure that a Disclosure is stored securely in accordance with Council's record management system and confidentiality requirements.

## 8. Assessment and actions

### Preliminary assessment and action

Upon receipt of a Disclosure, the Responsible Officer will undertake a preliminary assessment to determine the below and what (if any) actions need to be taken:

- If the content of the Disclosure suggests there is an imminent risk of serious physical injury or death to any person or the public generally. If it does, the Responsible Officer must immediately communicate such information as may be necessary to mitigate that risk to the most appropriate agency (for example to, South Australia Police, SafeWork SA, SA Ambulance, Environment Protection Authority). In doing so, the Responsible Officer must also have regard to applicable parts of this Policy.
- If the matter/s the subject of the Disclosure result in the Responsible Officer forming a reasonable suspicion that they involve corruption in public administration, or misconduct or maladministration in public administration; the Responsible Officer must comply with his/her reporting obligations under the ICAC Act in accordance with the OPI Directions and Guidelines and reporting expectations under the Ombudsman Act in accordance with the Ombudsman Directions and Guidelines.
- If the Responsible Officer determines the Disclosure warrants referral to an external body or another Relevant Authority (listed at **Appendix A** to this Policy), the Responsible Officer will undertake the referral, including ensuring that such information as is necessary to enable action to be taken is communicated to the most appropriate person or relevant authority to take that action.
- If the Disclosure is frivolous, vexatious or trivial, the Responsible Officer may determine no further action will be taken in relation to the Disclosure.
- If the information disclosed involves a matter which has already been investigated or acted upon by a Relevant Authority and there is no reason to re-examine the matter or there is other good reason why no action should be taken in respect of the matter, the Responsible Officer can determine no further action will be taken in relation to the Disclosure.

 City of Mount Gambier	PUBLIC INTEREST DISCLOSURE POLICY		Version No:	4
			Issued:	September 2025
			Next Review:	July 2026

Having considered the above, the Responsible Officer can initiate council's usual investigation process noting the requirements of the PID Act around confidentiality and security of information.

If an Informant believes that their Disclosure is not being dealt with appropriately or in accordance with this Policy they should contact the Responsible Officer in the first instance.

#### Notification of Preliminary Assessment

So long as the identity of the Informant is known to the Responsible Officer or is reasonably ascertainable, the Responsible Officer will notify the Informant of the outcome of their determination in writing as soon as is reasonably practicable after the Preliminary Assessment has been made, and in any event within 30 days of receipt of the Disclosure. In doing so, the Responsible Officer must advise the Informant of:

- any action that has been, or will be, taken in relation to the Disclosure; or
- if no action is being taken in relation to the Disclosure, the reason/s why.

If the Responsible Officer fails to notify the Informant in accordance with the above, the Informant may be entitled to protection in relation to any subsequent Disclosure of that information to a journalist or member of Parliament in accordance with the PID Act.

If the Informant is dissatisfied with the Responsible Officer's determination, it is open to him/her to report the Disclosure to another Relevant Authority external to the Council.

As soon as reasonably practicable following the Preliminary Assessment and notification to the Informant, the Responsible Officer must use the dedicated online notification form at <https://www.icac.sa.gov.au> to notify OPI of the Disclosure (Initial Notification), and in doing so must ensure that the details required by Guideline 1.4 of the Public Interest Disclosure Guidelines are included in the Initial Notification.

The Responsible Officer will retain the unique reference number issued by the OPI upon making the Initial Notification, and will ensure that reference number is provided to any other person or authority to whom the Disclosure is referred.

#### Notification of Further Action

So long as the identity of the Informant is known to the Responsible Officer or is reasonably ascertainable, the Responsible Officer will notify the Informant of the outcome of their determination in writing as soon as is reasonably practicable after the Further Action has been taken and, in any event, within either:

- 90 days of receipt of the Disclosure; or
- such longer period as may be specified by written notice given by the Responsible Officer within that 90 day period.


In doing so the Responsible Officer must advise the Informant of:

- any action that has been, or will be, taken in relation to the Disclosure; or
- if no action is being taken in relation to the Disclosure, the reason/s why.

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Page 12 of 17

 City of Mount Gambier	PUBLIC INTEREST DISCLOSURE POLICY		Version No:	4
			Issued:	September 2025
			Next Review:	July 2026

If the Responsible Officer fails to notify the Informant in accordance with clauses above, the Informant may be entitled to protection in relation to any subsequent Disclosure of that information to a journalist or member of Parliament in accordance with the PID Act.


If the Informant is dissatisfied with the Responsible Officer's determination or the action taken it is open to him/her to report the Disclosure to another Relevant Authority external to the Council.

As soon as reasonably practicable following the Preliminary Assessment and notification to the Informant, the Responsible Officer must use the dedicated online notification form at <https://www.icac.sa.gov.au> to notify OPI of the action taken in relation to the Disclosure (Further Notification) and, in doing so, must ensure that the details required by Guideline 2 of the Public Interest Disclosure Guidelines are included in the Further Notification.

If the Disclosure came to the Council by way of a referral from a Minister, the Responsible Officer must ensure that the Minister is also notified of the action taken in relation to the Disclosure, and the outcome of any such action. The Minister should be notified in accordance with this clause following the Preliminary Assessment if the Responsible Officer determines that no action is to be taken.

## 9. Review

Council will review this Policy at least once per year, or upon significant legislative change as required. This Policy may, at any time, be altered, substituted, or revoked.


 City of Mount Gambier	PUBLIC INTEREST DISCLOSURE POLICY		Version No:	4
			Issued:	September 2025
			Next Review:	July 2026

## Appendix A

### Relevant Authorities


Where the information relates to...	the relevant authority is...
a public officer*  <small>*as defined and set out in Schedule 1 of the <i>Independent Commissioner Against Corruption Act 2012</i> - relevantly, this includes council members, officers and employees of local government bodies</small>	either:  the person who is designated by the Guidelines as being taken to be responsible for management or supervision of the public officer; or  the person who is in fact responsible for the management or supervision of the public officer; or  the relevant responsible officer (as designated by the Council in accordance with section 12 of the PID Act)
a public sector agency or public sector employee	either:  the Commissioner for Public Sector Employment; or  the responsible officer for the relevant public sector agency
an agency to which the <i>Ombudsman Act 1972</i> applies	the Ombudsman
a location within the area of a particular council established under the <i>Local Government Act 1999</i>	a member, officer or employee of that Council
a risk to the environment	the Environment Protection Authority
an irregular and unauthorised use of public money or substantial	the Auditor-General
the commission, or suspected commission, of any offence	a member of the police force
a judicial officer	the Judicial Conduct Commissioner
a member of Parliament	the Presiding Officer of the House of Parliament to which the member belongs
a person or a matter of a prescribed class <sup>12</sup>	an authority declared by the regulations to be a relevant authority in relation to such information

<sup>12</sup> Presently, no prescribed persons or classes have been identified

 City of Mount Gambier	<b>PUBLIC INTEREST DISCLOSURE POLICY</b>		Version No:	4
			Issued:	September 2025
			Next Review:	July 2026

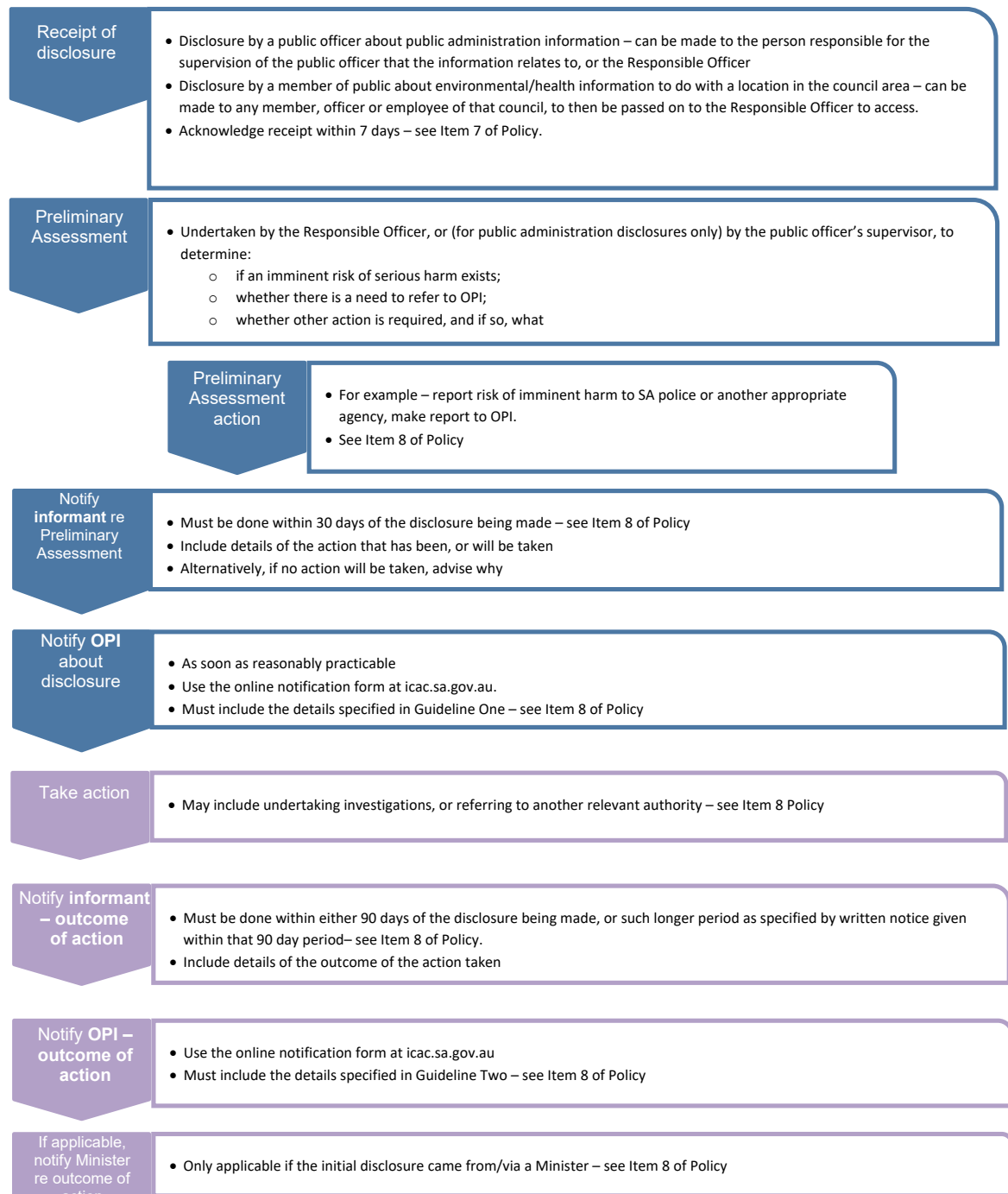
Where the information relates to...	the relevant authority is...
<p>public interest information - being:</p> <p>environmental and health information (information that raises a potential issue of a substantial risk to the environment or to the health or safety of the public generally or a significant section of the public); or</p> <p>public administration information (information that raises a potential issue of corruption, misconduct or maladministration in public administration)</p>	<p>the OPI;</p> <p>a Minister of the Crown; or</p> <p>any other prescribed person or person of a prescribed class</p>


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

 City of Mount Gambier	<b>PUBLIC INTEREST DISCLOSURE POLICY</b>		Version No:	4
			Issued:	September 2025
			Next Review:	July 2026

## Appendix B

### Notification Process Flowchart




 City of Mount Gambier	<b>PUBLIC INTEREST DISCLOSURE POLICY</b>		Version No:	4
			Issued:	September 2025
			Next Review:	July 2026

File Reference:	AF18/48; AF19/333
Applicable Legislation:	Public Interest Disclosure Act 2018 Independent Commission Against Corruption Act 2012 Ombudsman Act 1972 Local Government Act 1999
Reference: Community Plan – The Futures Paper	Goal 6, Excellence in Leadership and Governance
Related Policies:	Behavioural Management Policy Fraud, Corruption, Misconduct and Maladministration Prevention Policy - F225 Internal Audit Policy Internal Controls Policy Privacy Policy - P155 Risk Management Policy
Related Procedures:	
Related Documents:	<a href="#">ICAC Public Interest Disclosure Guidelines</a>

#### DOCUMENT DETAILS

Responsibility:	General Manager Corporate and Regulatory Services
Version:	4.0
Last revised date:	16 September 2025
Effective date:	16 September 2025
Minute reference:	Council Meeting 16 September 2025, <b>Item X Resolution X</b>
Next review date:	July 2026
<u>Document History</u>	
First Adopted By Council:	16 July 2019
Reviewed/Amended:	12 December 2023, 16 July 2024, 16 September 2025

<i>Electronic version on CRIM is the controlled version. Printed copies are considered uncontrolled. Before using a printed copy, verify that it is the current version.</i>	Page 17 of 17
--	---------------

 <p>City of Mount Gambier</p>	<p><b>P900 PUBLIC INTEREST DISCLOSURE</b></p>	Version No:	3
		Issued:	16 July 2024
		Next Review:	July 2025

## 1. INTRODUCTION

- 1.1. The City of Mount Gambier is committed to upholding the principles of transparency and accountability in its administrative and management practices and, therefore, encourages the making of disclosures that reveal public interest information.
- 1.2. The purpose of this Policy is to ensure that the City of Mount Gambier:
  - properly fulfils its responsibilities under the Public Interest Disclosure Act 2018;
  - encourages and facilitates Disclosures of Public Interest Information in accordance with the objects and requirements of the PID Act ;
  - ensures there is appropriate oversight of public interest disclosures about corruption, misconduct and maladministration in public administration;
  - provides appropriate protection for those who make Disclosures in accordance with the Act; and
  - acknowledges the need to appropriately support Informants, the Responsible Officer and, as appropriate, those Public Officers affected by any appropriate Disclosure.
- 1.3 The Council will review and update this Policy each year as part of its annual policy review.

## 2. SCOPE


- 2.1. This Policy applies to appropriate Disclosures of Public Interest Information that are made in accordance with the PID Act by public officers including Council Members, Officers and Employees of the Council, and by members of the public, and is intended to complement the reporting framework under the ICAC Act.
- 2.2. This Policy is also designed to complement the existing communication channels within Council, and operate in conjunction with other existing policies, including:
  - Fraud & Corruption Prevention Policy;
  - Code of Conduct for Council Employees;
  - Code of Conduct for Council Members; and
  - Internal Review of Council Decisions Policy under section 270 of the *Local Government Act 1999*.
- 2.3. The Council is committed to:
  - referring, as necessary, appropriate Disclosures to another Relevant Authority;
  - where the Disclosure relates to Corruption, or serious or systemic Misconduct or Maladministration in public administration, reporting the Disclosure directly to the OPI in accordance with the Guidelines and the requirements of the ICAC Act;
  - otherwise facilitating the investigation of appropriate Disclosures in a manner which promotes fair and objective treatment of those involved; and
  - rectifying any substantiated wrongdoing to the extent practicable in all the circumstances.

## 3. DEFINITIONS

For the purposes of this Policy the following definitions apply.

- 3.1. **Commissioner** means the person holding or acting in the office of the Independent Commissioner Against Corruption.



 City of Mount Gambier	<b>P900 PUBLIC INTEREST DISCLOSURE</b>		Version No:	3
			Issued:	16 July 2024
			Next Review:	July 2025

3.2. **Corruption in public administration** is defined in section 5(1) of the ICAC Act and means:

- 3.2.1. an offence against Part 7 Division 4 (Offences relating to public officers) of the *Criminal Law Consolidation Act 1935*, which includes the following offences:
  - (i) bribery or corruption of public officers;
  - (ii) threats or reprisals against public officers;
  - (iii) abuse of public office;
  - (iv) demanding or requiring benefit on basis of public office;
  - (v) offences relating to appointment to public office; or
- 3.2.2. an offence against the *Public Sector (Honesty and Accountability) Act 1995* or the *Public Corporations Act 1993*, or an attempt to commit such an offence; or
- 3.2.3. an offence against the *Lobbyists Act 2015*, or an attempt to commit such an offence; or
- 3.2.4. any other offence (including an offence against Part 5 (Offences of dishonesty) of the *Criminal Law Consolidation Act 1935*) committed by a public officer while acting in his or her capacity as a public officer or by a former public officer and related to his or her former capacity as a public officer, or by a person before becoming a public officer and related to his or her capacity as a public officer, or an attempt to commit such an offence; or
- 3.2.5. any of the following in relation to an offence referred to in a preceding paragraph:
  - (i) aiding, abetting, counselling or procuring the commission of the offence;
  - (ii) inducing, whether by threats or promises or otherwise, the commission of the offence;
  - (iii) being in any way, directly or indirectly, knowingly concerned in, or party to, the commission of the offence;
  - (iv) conspiring with others to effect the commission of the offence

3.3. **Council** means the City of Mount Gambier.

3.4. **Detriment** includes:


- injury, harm (including psychological harm), damage (including damage to reputation) or loss;
- intimidation or harassment;
- discrimination, disadvantage or adverse treatment in relation to a person's employment; and/or
- threats of reprisal (which may be express or implied, and/or conditional or unconditional).

3.5. **Directions and Guidelines** is a reference to the Directions and Guidelines issued pursuant to section 20 of the ICAC Act and/or section 14 of the PID Act, which are available on the Commissioner's website ([www.icac.sa.gov.au](http://www.icac.sa.gov.au)).

3.6. **Disclosure** means an appropriate disclosure of public interest information made by an Informant to a Relevant Authority.

A person makes an **appropriate disclosure of environmental and health information** if:

- (a) the person:
  - i. believes on reasonable grounds that the information is true; or
  - ii. is not in a position to form a belief on reasonable grounds about the truth of the information, but believes on reasonable grounds that the information may be true and is of sufficient significance to justify its disclosure so that its truth may be investigated; and

 City of Mount Gambier	<b>P900 PUBLIC INTEREST DISCLOSURE</b>		Version No:	3
			Issued:	16 July 2024
			Next Review:	July 2025

(b) the disclosure is made to a Relevant Authority.

A person makes an **appropriate disclosure of public administration information** if:

(a) the person:

- i. is a public officer;
- ii. reasonably suspects that the information raises a potential issue of corruption, misconduct or maladministration in public administration; and

(b) the disclosure is made to a Relevant Authority.

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

3.8. **Environmental and health information** means information that raises a potential issue of a substantial risk to the environment or to the health or safety of the public generally or a significant section of the public.

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

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

3.11. **Independent Assessor** means the person designated by the Responsible Officer as being responsible for investigating a disclosure made to City of Mount Gambier in accordance with the Public Interest Disclosure Procedure.

3.12. **Informant** means a person who makes an appropriate disclosure of public interest information to a Relevant Authority.

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

3.13.1. means:

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


3.13.2. includes conduct resulting from impropriety, incompetence or negligence; and

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


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

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

3.14.2. other misconduct of a public officer while acting in his or her capacity as a public officer.

 <p>City of Mount Gambier</p>	<p><b>P900 PUBLIC INTEREST DISCLOSURE</b></p>		Version No:	3
			Issued:	16 July 2024
			Next Review:	July 2025

- 3.15. **Office for Public Integrity (OPI)** is the office established under the *ICAC Act* that has the function to:
- 3.15.1. receive and assess complaints about public administration from members of the public;
  - 3.15.2. receive and assess reports about corruption, misconduct and maladministration in public administration from the Ombudsman, the Council and public officers;
  - 3.15.3. refer complaints and reports to inquiry agencies, public authorities and public officers in circumstances approved by the Commissioner or make recommendations as to whether and by whom complaints and reports should be investigated;
  - 3.15.4. give directions or guidance to public authorities in circumstances approved by the Commissioner;
  - 3.15.5. perform other functions assigned to the Office by the Commissioner.
- 3.16. **Public administration** defined at section 4 of the *ICAC Act* and, without limiting the acts that may comprise public administration, an administrative act within the meaning of the *Ombudsman Act 1972* will be taken to be carried out in the course of public administration.
- 3.17. **Public administration information** means information that raises a potential issue of corruption, misconduct or maladministration in public administration.
- 3.18. **Public interest information** means environmental or health information, or public administration information.
- 3.19. **PID Act** means the *Public Interest Disclosure Act 2018*.
- 3.20. **Principal Officer** for the purposes of the *PID Act* means the Chief Executive Officer of the Council.
- 3.21. **Public Officer** has the meaning given by section 4 and Schedule 1 of the *ICAC Act*, and includes:
- a Council member; and
  - an employee or officer of the Council;
- 3.22. **Relevant Authority** means the person or entity that receives an appropriate disclosure of public interest information in accordance with the *PID Act*, as set out in Appendix A to this Policy.
- 3.23. **Responsible Officer** is a person who has completed any training courses approved by the Commissioner for the purposes of the *Public Interest Disclosure Regulations 2019* and has been designated by the Council as responsible officer under section 12 of the *PID Act*.
- 3.24. **Victimisation** occurs when a person causes detriment to another on the ground, or substantially on the ground, that the other person (or a third person) has made or intends to make an appropriate disclosure of public interest information.

 City of Mount Gambier	<b>P900 PUBLIC INTEREST DISCLOSURE</b>		Version No:	3
			Issued:	16 July 2024
			Next Review:	July 2025

#### 4. CONFIDENTIALITY

- 4.1. The identity of an Informant will be maintained as confidential in accordance with the PID Act.
- 4.2. A recipient of an appropriate Disclosure may only divulge the identity of an Informant where:
  - 4.2.1. the recipient believes on reasonable grounds that it is necessary to divulge the identity of the Informant in order to prevent or minimise an imminent risk of serious physical injury or death to any person, **and** the identity of the Informant is then divulged to a person or authority that the recipient believes on reasonable grounds is the most appropriate authority or person to be able to take action to prevent or minimise the imminent risk of serious physical injury or death to any person;
  - 4.2.2. the recipient has been issued with a notice from the OPI advising that the identity of the Informant is required by the OPI, in which case the recipient **must** disclose the identity of the Informant to the OPI;
  - 4.2.3. doing so is necessary for the matter to be properly investigated (but only to the extent necessary to ensure proper investigation); or
  - 4.2.4. the Informant consents to his/her identity being disclosed.
- 4.3. The PID Act does not expressly require any other information relating to a Disclosure (including, for example, the nature of the allegations) to be maintained as confidential, but in considering whether to further disclose other information provided as part of an appropriate Disclosure the Council should be mindful of the prohibition against Victimisation in the PID Act.
- 4.4. An Informant may wish to remain anonymous, but in that event must ensure that the allegation is sufficiently supported by the provision of necessary details and evidence to enable the matter to be properly investigated.

#### 5. DISCLOSURE PROCESS

- 5.1. Disclosures are to be handled by the Council in accordance with the Public Interest Disclosure Procedure.
- 5.2. Nothing in this Policy prevents a person from making a Disclosure to a Relevant Authority external to the Council (i.e. the Ombudsman or the OPI). This is a choice to be made by the Informant at his/her discretion. The Council recommends an Informant have regard to the factors at clause 6.4 of the Public Interest Disclosure Procedure when deciding where to direct a Disclosure.
- 5.3. A Disclosure may be made to the Council's designated Responsible Officer(s) in person, by telephone or in writing, including by email. The relevant contact details are:

Chief Executive Officer  
Ms Sarah Philpott


Phone: 8721 2598  
Email: [sphilpott@mountgambier.sa.gov.au](mailto:sphilpott@mountgambier.sa.gov.au)

Ms Kate Gilmore

CEO & Mayoral Executive Support  
Phone: 8721 2598  
Email: [kgilmore@mountgambier.sa.gov.au](mailto:kgilmore@mountgambier.sa.gov.au)

Email:

[disclosure@mountgambier.sa.gov.au](mailto:disclosure@mountgambier.sa.gov.au)

 City of Mount Gambier	<b>P900 PUBLIC INTEREST DISCLOSURE</b>	Version No:	3
		Issued:	16 July 2024
		Next Review:	July 2025


Address                      Confidential  
Responsible Officer, Public Interest Disclosure  
PO Box 56  
Mount Gambier SA 5290

## 6. ROLE OF RESPONSIBLE OFFICER

- 6.1. A person designated as a Responsible Officer for the Council:
  - 6.1.1. must:
    - 6.1.1.1. receive appropriate Disclosures relating to the Council and ensure compliance with the PID Act, and the Public Interest Disclosure Procedure, in relation to any such Disclosures;
    - 6.1.1.2. make appropriate recommendations to the principal officer of the Council in relation to dealing with Disclosures, including any suggested changes to this Policy or the Public Interest Disclosure Procedure; and
    - 6.1.1.3. provide advice to officer and employees of the Council in relation to the administration of the PID Act; and
    - 6.1.1.4. complete any training courses approved by the Commissioner for the purposes of the Public Interest Disclosure Regulations; and
  - 6.1.2. may carry out any other functions relating to the PID Act.
- 6.2. Upon the receipt of a Disclosure, the Responsible Officer will deal with the disclosure in accordance with the Public Interest Disclosure Procedure.
- 6.3. In making any determination or taking any action under this Policy or pursuant to the Public Interest Disclosure Procedure:
  - 6.3.1. the Responsible Officer may seek legal advice from Council's lawyers and/or guidance from SAPOL or the Ombudsman in relation to the most appropriate course of action to pursue; and
  - 6.3.2. is authorised to incur costs in accordance with the Council's Budget for that purpose.
- 6.4. The Responsible Officer will liaise as required with the Informant and any Independent Assessor in relation to any investigation process undertaken in accordance with the Public Interest Disclosure Procedure, and will ensure that the Informant is provided with support and protection as necessary and appropriate in the circumstances of the Disclosure.

## 7. INFORMATION TO ELECTED BODY

- 7.1. As a matter of discretion, the Chief Executive Officer may inform the elected body, on a confidential basis, of the fact that an investigation of a Disclosure took place and the outcome of the investigation.
- 7.2. Factors the Chief Executive Officer will take into account in determining whether to inform the elected body under paragraph 7.1 above and the level of detail provided in doing so are to include:
  - 7.2.1. if known, the identity of the Informant, and whether the Informant has consented to his/her identity being divulged;
  - 7.2.2. if applicable, the identity of any person the subject of the Disclosure;
  - 7.2.3. the impact (if any) of the investigation upon the Council's achievement of its objectives under its Strategic Plan and/or policies; and

 <p>City of Mount Gambier</p>	<p><b>P900 PUBLIC INTEREST DISCLOSURE</b></p>		Version No:	3
			Issued:	16 July 2024
			Next Review:	July 2025

7.2.4. the impact of any action taken to finalise the matter upon the Council's operations and/or budget.

7.3 In the event the Disclosure and/or any subsequent investigation process is confined to issues that impact only upon Council staff and human resource processes, the Chief Executive Officer will not inform the elected body of the fact of the Disclosure and/or investigation (since these matters fall outside the roles and responsibilities of elected members under the *Local Government Act 1999*).

## 8. INFORMANT PROTECTION

8.1. An Informant who makes an appropriate Disclosure is protected by:

- 8.1.1. immunity from criminal or civil liability as provided for in section 5(1) of the PID Act;
- 8.1.2. a prohibition on disclosure of his/her identity as provided for in section 8 of the PID Act;
- 8.1.3. a prohibition against Victimisation as provided for in section 9 of the PID Act; and
- 8.1.4. a prohibition against hindering, obstructing or preventing an Informant from making an appropriate Disclosure as provided for in section 11 of the PID Act.

8.2. The PID Act does not provide any protection to people who knowingly make disclosures that are false or misleading in a material particular (whether by reason of the inclusion or omission of a particular).

8.3. A person who knowingly makes a Disclosure that is false or misleading in a material particular is guilty of an offence and may be prosecuted.

8.4. A person who personally commits an act of Victimisation against an Informant is guilty of an offence and may be prosecuted.

8.5. The Council will take action as appropriate in the circumstances of the relevant Disclosure/s to protect Informants from Victimisation. Such action may include acting in accordance with the risk minimisation steps set out in the Public Interest Disclosure Procedure and/or referring the matter to the SA Police.

8.6. Any Council Member or employee or officer of the Council who:


- 8.6.1. knowingly makes a disclosure that is false or misleading in a material particular; or
- 8.6.2. commits an act of Victimisation in relation to an Informant; or
- 8.6.3. acts otherwise than in accordance with this Policy or the Public Interest Disclosure Procedure (including with respect to divulging the identity of an Informant) in relation to a Disclosure

may also face disciplinary action by the Council or the Chief Executive Officer (as appropriate).

## 9. TRAINING / EDUCATION:

9.1. It is the responsibility of Council Administration to provide adequate training and support for staff.

9.2. Training will be provided to relevant staff as part of the induction process and be refreshed as and when required.

 City of Mount Gambier	<b>P900 PUBLIC INTEREST DISCLOSURE</b>		Version No:	3
			Issued:	16 July 2024
			Next Review:	July 2025


#### 10. REVIEW & EVALUATION

This policy will be reviewed:

- annually; or
- earlier in the event of changes to legislation or related policies and procedures; or
- if deemed necessary by the General Manager Corporate and Regulatory Services.

#### 11. AVAILABILITY OF POLICY

11.1. 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.

 City of Mount Gambier	<b>P900 PUBLIC INTEREST DISCLOSURE</b>	Version No:	3
		Issued:	16 July 2024
		Next Review:	July 2025


## Appendix A

### Relevant Authorities

Where the information relates to...	the relevant authority is...
a public officer*  *as defined and set out in Schedule 1 of the <i>Independent Commissioner Against Corruption Act 2012</i> - relevantly, this includes members, officers and employees of local government bodies	either:  the person who is designated by the Guidelines as being taken to be responsible for management or supervision of the public officer; or  the person who is in fact responsible for the management or supervision of the public officer; or  the relevant responsible officer (as designated by the Council in accordance with section 12 of the PID Act)
a public sector agency or public sector employee	either:  the Commissioner for Public Sector Employment; or  the responsible officer for the relevant public sector agency
an agency to which the <i>Ombudsman Act 1972</i> applies	the Ombudsman
a location within the area of a particular council established under the <i>Local Government Act 1999</i>	a member, officer or employee of that Council
a risk to the environment	the Environment Protection Authority
an irregular and unauthorised use of public money or substantial	the Auditor-General
the commission, or suspected commission, of any offence	a member of the police force
a judicial officer	the Judicial Conduct Commissioner
a member of Parliament	the Presiding Officer of the House of Parliament to which the member belongs
a person or a matter of a prescribed class <sup>1</sup>	an authority declared by the regulations to be a relevant authority in relation to such information
public interest information - being:  environmental and health information (information that raises a potential issue of a substantial risk to the environment or to the health or safety of the public generally or a significant section of the public); or  public administration information (information that raises a potential issue of corruption, misconduct or maladministration in public administration)	the OPI;  a Minister of the Crown; or  any other prescribed person or person of a prescribed class

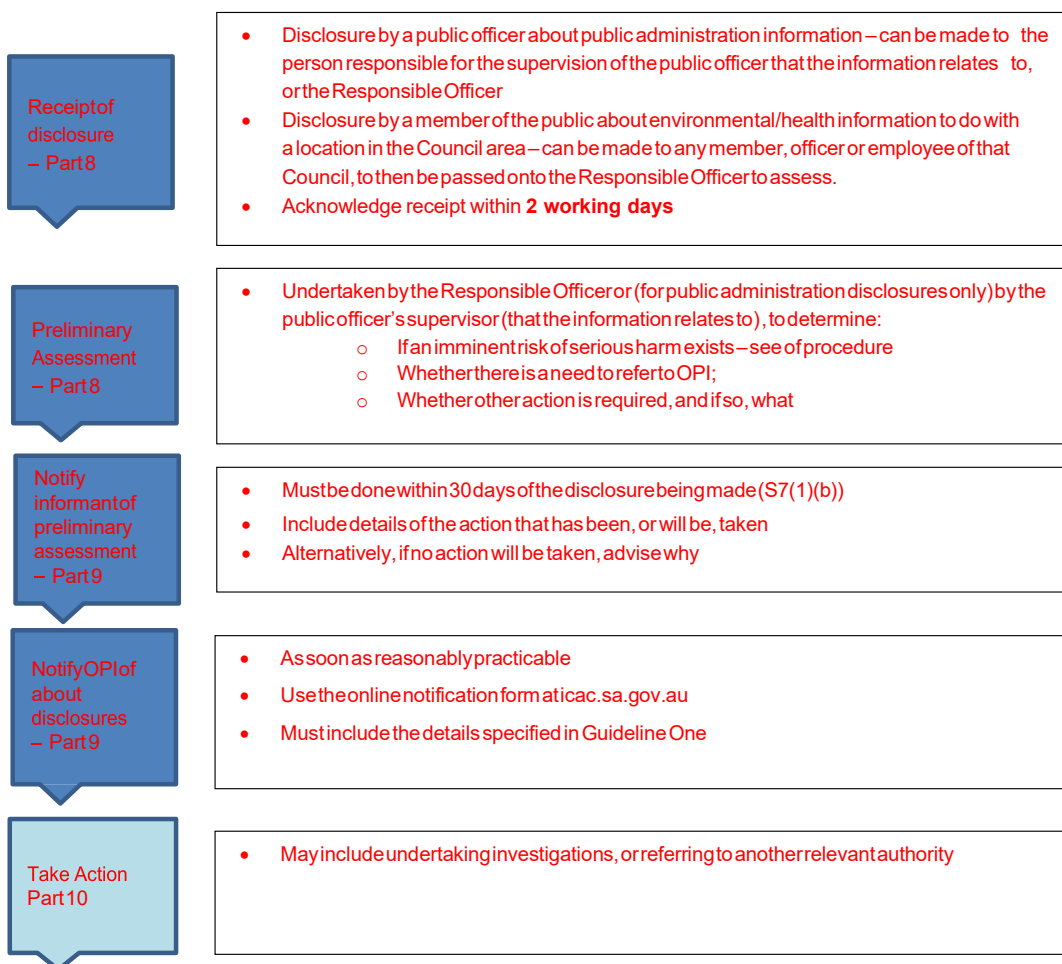
<sup>1</sup> at this stage, no prescribed persons or classes have been identified



 City of Mount Gambier	<b>P900 PUBLIC INTEREST DISCLOSURE</b>		Version No:	3
			Issued:	16 July 2024
			Next Review:	July 2025


## Appendix B Notification Process Flowchart

The Responsible Officer is available to provide advice as to what constitutes an appropriate Disclosure (as per clause 3.6 of this Procedure) having regard to who can make a public interest information Disclosure, what is public interest information and who can receive a Disclosure – refer section 5(3) and 5(4) of the PDI Act 2018 In the event the Disclosure does not constitute an appropriate Disclosure as per clause 3.6 of this Procedure, the person making such a disclosure will be advised that this Public Interest Disclosure Act 2018 Council Procedure does not apply and no further action will be taken, and they will be referred to Council's Complaints Handling Policy



 City of Mount Gambier	P900 PUBLIC INTEREST DISCLOSURE	Version No:	3
		Issued:	16 July 2024
		Next Review:	July 2025

Notify Informant outcome of action - Part 11	<ul style="list-style-type: none"><li>Must be done within either <b>90 days</b> of the disclosure being made, or such longer period as specified by written notice given within 90 day period (S7(3)(a))</li><li>Include details of the outcome of the action taken</li></ul>
Notify OPI outcome of action - Part 11	<ul style="list-style-type: none"><li>Use the online notification form at <a href="http://cac.sa.gov.au">cac.sa.gov.au</a></li><li>Must include the details specified in Guideline Two</li></ul>
If applicable notify Minister re outcome of action – Part 11.6	<ul style="list-style-type: none"><li>Only applicable if the initial disclosure came from/via a Minister (S7(5)(b)(ii))</li></ul>

 City of Mount Gambier	<b>P900 PUBLIC INTEREST DISCLOSURE</b>	Version No:	3
		Issued:	16 July 2024
		Next Review:	July 2025

File Reference:	AF18/48
Applicable Legislation:	Public Interest Disclosure Act 2018 Independent Commission Against Corruption Act 2012 Ombudsman Act 1972 Local Government Act 1999
Reference: Community Plan – The Futures Paper	Goal 3, Our Diverse Economy
Related Policies:	Internal Controls Internal Audit Fraud & Corruption Prevention - F225 Privacy - P155 Records Management - R180 Request for Service & Complaints - C200 Risk Management Internal Review of Council's Decisions - C290
Related Procedures:	Public Interest Disclosure Procedure <a href="#">ICAC Public Interest Disclosure Guidelines</a>
Related Documents:	

#### DOCUMENT DETAILS

Responsibility:	General Manager Corporate and Regulatory Services
Version:	3.0
Last revised date:	16 July 2024
Effective date:	16 July 2024
Minute reference:	Council Meeting 16 July 2024, Item 19.6 Resolution 2024/161
Next review date:	July 2025
<u>Document History</u>	
First Adopted By Council:	16 July 2019
Reviewed/Amended:	12 December 2023, 16 July 2024

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#### 5.4 CARRY FORWARD BUDGET PROCEDURE

Author: Kahli Rolton, Manager Financial Services  
Authoriser: Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services

##### RECOMMENDATION

1. That the Audit and Risk Committee report titled 'Carry forward budget procedure' as presented on Wednesday 5 November 2025 be noted.

##### PURPOSE

The purpose of this report is to present draft procedure to the Audit and Risk Committee that provides detail on the assessment, treatment and process of carrying forward budgeted amounts underspent from one financial year to the next. This procedure provides a greater level of detail than what was included in the recently updated Budget Policy, reviewed by the Committee at its meeting held 5 February 2025.

##### TERMS OF REFERENCE

Section 1.3 of the Terms of Reference describes the functions of the Audit and Risk Committee. Of particular relevance:

1.3 (h)

"reviewing and evaluating the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis;"

Any procedures falling within the ambit of the above provision, or as otherwise required, are presented to the Committee for review and information prior to full implementation.

##### RELEVANT LEGISLATION

Section 126 (1a) of the Local Government Act 1999 (the Act) states that the purpose of an audit and risk committee established by a council (the Committee) is to provide independent assurance and advice to the council on accounting, financial management, internal controls, risk management and governance matters.

##### BACKGROUND / OPTIONS

In August 2025, Council adopted the carry forward budget of relevant items underspent from the 2024/2025 financial year. During this process, it became clear that there was no agreed procedure or principle on how the Budget Policy would be administered.

##### Themes/Questions

The following themes arose during the carry forward budget process recently undertaken:

- **Reallocation** - Use of budget savings to be reallocated for the purposes of carrying forward unrelated capital projects.
- **Reporting** - Whether there is a need to complete a budget review 4 or at minimum present a final report to Council on where capital projects landed as at 30 June (both complete and incomplete).
- **Reprioritisation** - At what point does a capital project require reprioritising, rescoping or rebudgeting in consideration of the current year capital budget, capacity to deliver and good financial governance.

### Procedure

A procedure was drafted (refer attachment) to provide clarity regarding emerging themes, eligibility criteria and when carry forwards will not be considered. A brief extract from the procedure is included below:

Carry forwards will only be considered where:

- The project/initiative is incomplete at 30 June and it is still required
- Budget is required to complete the original or approved revised scope
- Delay is due to timing, procurement, weather conditions or dependencies
- For grants, the funding agreement allows for expenditure after 30 June and any required approval has been obtained from the relevant funding body.

Carry forwards will not be considered where:

- The project/initiative has not been started.

It is still the intention that no operational funds are carried forward unless they are tied to grant funding.

### DETAILED IMPLICATIONS

<b>Legal</b>	n/a
<b>Financial and Budget</b>	Carry forward budget was endorsed by Council at their August 2025 meeting. It resulted in \$2.8m of underspent capital budgets being brought forward to the 2025/2026 financial year and acknowledged that in some cases the influences for this were out of the control of Council Administration. This procedure was drafted during the process and contributed to the assessment of items for carrying forward.
<b>Community Consultation and Engagement</b>	n/a
<b>Other Resources</b>	Internal resources only.

### RISK ANALYSIS

The risk identification and categorisation relies on the City of Mount Gambier [Risk Management Policy](#).

<b>Risk</b>	<b>Consequence Rating</b>	<b>Risk Likelihood Rating</b>	<b>Risk Rating</b>	<b>Mitigation</b>
<b>Finance –</b> Procedures are non-existent or not reviewed and result in increased financial impact.	Moderate (3)	Unlikely (2)	Moderate	Audit & Risk Committee oversight of policies / procedures relating to governance, finance and risk.
<b>Reputation -</b> Loss of reputation due to inaccurate financial reporting, lack of transparency or not following procedural governance.	Minor (2)	Possible (3)	Moderate	Regular reporting on Policies and Procedure review schedules to maintain accountability and transparency for the community.

<b>Legal / Regulatory / Policy -</b> Accounting Procedure does not meet statutory requirements nor remain relevant and accurate.	Minor (2)	Possible (3)	Moderate	Audit & Risk Committee oversight of policies / procedures relating to governance, finance and risk.
<b>Service Delivery –</b> inability to meet community service level standards due to project delays and requirement to carry forward underspent capital budgets	Moderate (3)	Possible (3)	Moderate	Complete carry forward budget review annually
<b>Infrastructure -</b> assets are not maintained or renewed appropriately increasing costs delivery time of projects	Moderate (3)	Possible (3)	Moderate	Complete carry forward budget review annually

## RELEVANT COUNCIL POLICY

[Budget Policy - B300](#)

## IMPLEMENTATION, COMMUNICATION AND ENGAGEMENT

Formalise implementation following Audit and Risk Committee review.  
For noting this procedure has already been discussed internally with the Executive Leadership Team and Management Team.

## CONCLUSION

To improve clarity on how to assess, treat and process the carry forward budget each financial year a procedure was drafted and is attached for Audit and Risk Committee in alignment with their Terms of Reference. This procedure provides a greater level of detail than the Budget Policy.

## ATTACHMENTS

1. Carry Forward Budget Finance Administrative Procedure [5.4.1 - 5 pages]

 <p>City of Mount Gambier</p>	<p><b>ADMINISTRATIVE PROCEDURE</b> <b>Carry Forward Budgets</b></p>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029

## 1. INTRODUCTION

### 1.1 Purpose

To ensure that unspent budget amounts from one financial year are carried forward to the next financial year in a transparent, consistent and accountable manner while allowing controlled minor reallocations between related projects where relevant.

This procedure ensures compliance with legislative, audit and internal financial control requirements and prevents unapproved budget creep.

### 1.2 Scope

This procedure applies to all capital expenditure budgets. It is limited to operating expenditure that is tied to contractual obligations or resolutions of Council.

## 2. DEFINITIONS

Carry Forward	The transfer of an unspent budget allocation from one financial year to the next to complete the approved scope of works or project. Primarily refers to capital projects, however as per Budget Policy B300 also includes operating items where they are tied to grant funding.
Budget Manager	The responsible officer overseeing the delivery of a project or initiative. This person may be different to the Project Manager who is responsible for delivery of the project and who may report to the budget manager.
Grant Funding Agreement	A contract with an external funding body that specifies the terms for expenditure and reporting.
Minor Reallocation	Transfer of unspent balance between related projects of a similar nature within the same program or asset class, where the combined total remains within the overall budget approved by Council; And where there is no change to project scope or funding source conditions.
Unspent Amount	The balance between the approved budget and actual expenditure incurred up to 30 June.

## 3. PRINCIPLES

Carry forwards - are not an opportunity to increase or revise budgets beyond the last approved budget. Where this is required it must be referred to the budget review process. Minor reallocations are allowed.

## 4. PROCESS

### 4.1 Initiation

Finance will request all relevant budget managers to review year end forecasts and identify any unspent budget that is required to complete works after 30 June.

 City of Mount Gambier	<b>ADMINISTRATIVE PROCEDURE</b> <b>Carry Forward Budgets</b>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029

Budget managers will:

- provide justification for each required carry forward;
- confirm that the scope remains unchanged from the original proposal or approved revised budget;
- Identify the funding source eg General Revenue, Reserve, External Grant.

#### 4.2 Eligibility Criteria

Carry Forwards will only be considered where:

- The project/initiative is incomplete at 30 June and it is still required;
- Budget is required to complete the original or approved revised scope;
- Delay is due to timing, procurement, weather conditions or dependencies;
- For Grants, the funding agreement allows for expenditure after 30 June and any required approval has been obtained from the relevant funding body.

Carry forwards will not be considered where:

- The project/initiative has not been started.

#### 4.3 Methodology

Formula:

Carry forward amount = approved budget – actual expenditure (as at 30 June)

Minor reallocations are netted between relevant projects ensuring the total of the group of projects remains within their approved budget overall.

Variations

- Overspends are not offset against other underspends within carry forward schedules excluding minor reallocations.
- Any funding shortfall, change in scope and/or expenditure overrun must be addressed via a formal budget review in the new financial year and reassessed with consideration of the approved budget, capacity to deliver and amounts carried forward.

#### 4.4 Review and Approval

Finance	<ol style="list-style-type: none"> <li>1. Meet with Budget Managers and collate all requests in to a carry forward schedule showing:               <ul style="list-style-type: none"> <li>• Original budget</li> <li>• Last revised budget</li> <li>• Actual Expenditure</li> <li>• Variance</li> <li>• Minor reallocations</li> <li>• Commitments</li> <li>• Carry forward amount</li> <li>• % of carry forward amount</li> <li>• Funding source</li> <li>• Justification.</li> </ul> </li> <li>2. Prepare forecast financial statements following Executive Team approval.</li> <li>3. Prepare report for Council.</li> </ol>
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 City of Mount Gambier	<b>ADMINISTRATIVE PROCEDURE</b> <b>Carry Forward Budgets</b>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029

Budget Manager	1. Actively participate in the collation and review of carry forward projects. 2. Provide justification for carry forward and any minor reallocations. 3. Review the Council report to ensure accurately reflects state of affairs.
Executive Team	1. Review and approve carry forwards. 2. Review and approve Council report for consistency, compliance and accurate messaging.
Council	A report containing carry forward schedule, forecast financial statement impacts will be submitted to Council for endorsement.

#### 4.5 Systems

Following endorsement by Council, Finance will upload carry forwards to the financial system, linked to the original work order. Carry forwards must remain separately identifiable from the original budget adopted.

#### 5. CONTROLS

No reallocations allowed between unrelated projects or funding sources.  
All carry forwards are subject to internal and external audit.

#### 6. FLOWCHART



#### 7. REVIEW & EVALUATION

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Page 3 of 5

 City of Mount Gambier	<b>ADMINISTRATIVE PROCEDURE</b> <b>Carry Forward Budgets</b>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029

This Procedure is scheduled for review every 4 years, however, will be reviewed as required by any operating or legislative changes which may occur.

## 8. AVAILABILITY OF PROCEDURE

This Procedure is available in Council's Record Management System CM9.


File Reference:	AR25/53716
Applicable Legislation:	Local Government Act 1999
Reference: Strategic Plan - Beyond 2015	Goal 6, Excellence in Leadership & Governance
Related Policies:	Asset Accounting Budget
Related Procedures:	N/A
Related Documents:	Long Term Financial Plan

## DOCUMENT DETAILS

Responsibility:	Manager Financial Services
Version:	1.0
Last revised date:	November, 2025
Effective date:	November 2025
Minute reference:	10 September 2025 Executive Leadership Team 22 September 2025 Management Team 5 November 2025 Audit and Risk Committee
Next review date:	November 2029

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Page 4 of 5

 City of Mount Gambier	<b>ADMINISTRATIVE PROCEDURE</b> <b>Carry Forward Budgets</b>	Version No:	1
		Issued:	August 2025
		Next Review:	August 2029
<u>Document History</u>	November 2025		
Reviewed/Amended:			

## **5.5 ACCOUNTING FOR RESERVES**

Author: Kahli Rolton, Manager Financial Services  
Authoriser: Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services

### **RECOMMENDATION**

1. That the (insert committee name) Committee report titled 'Accounting for Reserves' as presented on Wednesday 5 November 2025 be noted.

### **PURPOSE**

The purpose of this report is to present a draft Administrative Principle to the Audit and Risk Committee that addresses accounting for reserves, whether the reserves are cash-backed and ultimately what is reported on the financial statements.

### **TERMS OF REFERENCE**

Section 1.3 of the Terms of Reference describes the functions of the Audit and Risk Committee. Of particular relevance:

1.3 (f)

"reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the council on a regular basis;"

1.3 (h)

"reviewing and evaluating the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis;"

### **RELEVANT LEGISLATION**

Section 126 (1a) of the Local Government Act 1999 (the Act) states that the purpose of an audit and risk committee established by a council (the Committee) is to provide independent assurance and advice to the council on accounting, financial management, internal controls, risk management and governance matters. Other considerations include:

- Australian Accounting Standards
- Section 41 Local Government Act 1999

### **BACKGROUND / OPTIONS**

As part of the review of the financial statements for the year ended 30 June 2025, it was evident that clarity for finance staff and management was required regarding previous practice in reporting equity reserves, what was proposed to be reported in the financial statements and what resulted in being reported. This clarity resulted in an Administrative Principle being drafted (refer attached) and meeting with the Executive Leadership Team (ELT) to discuss prior to changes being implemented as part of financial statement reporting.

#### **Key Drivers**

A review of accounting for reserves has been driven by:

- Need to review current Statement of Changes in Equity (reserves) for Financial Statements and considers previous lack of accounting/recording direction and practices in the past;
- Council resolution to earmark funds from the sale of Lawrence Street for building maintenance and the need to reflect this in the financial statements;

- Governance formalisation of Mayors Christmas Appeal (Section 41 Committee of Council) with Terms of Reference and approval of Deductible Gift Recipient status from the Australian Taxation Office;
- Changes in administration and operations over time;
- Continuous improvement.

### Exclusions

The scope of this principle did not include the holistic review of the Junior Sports Assistance Fund, Section 41 Committee of Council. However, in developing the Principle it highlighted that there are considerations for Council and the Committee (noting inclusion has been limited to the financial considerations only and not Junior Sports Assistance Fund in its entirety).

### Summary

Reserve Name	Considerations	Cash backed
Asset Revaluation Reserve (ARR)	No changes – externally mandated reserve.	No
Waste Service Charge (WSC)	No changes – externally mandated reserve.	No*
Open Space Reserve	This equity reserve has not been actively managed. Considerations of separate Development Contribution Plan and inclusion as part of asset management planning through to long term financial planning and budget has been discussed with ELT. ELT preference for this reserve to be utilised towards capital expenditure rather than maintenance. Following previous Audit and Risk Committee discussions, consideration at future budget setting to apply excess in growth of rateable assessments to the open space reserve, rather than absorbing that growth. Noting this should only occur once the planning process is improved.	No*
Down Stream Drainage	This reserve was previously non-existent. Recorded on the financial statements as nil due to the value being spent on drainage in general well exceeding the value of contributions received. For noting, due to the interconnection for downstream drainage systems and small value amounts received in comparison to the value expended on labour and materials, this reserve will continue to be negative under this methodology. Future iterations of the asset management planning need to consider system upgrade/renewal/maintenance.	No
Mount Gambier Cemetery	Internally created reserve. There has been no active management of this reserve since it was introduced in 2019 nor any accounting adjustments made. A review of cemeteries income and expenditure over the last 6 years shows that should this have been undertaken a negative balance would result. Recorded as nil on the financial statements as at 30/06/2025 due to it being absorbed in normal Council operations. Will not be reported separately for financial statement purposes.	No
Mount Gambier Community Mayor's Christmas Appeal	No change to financial reporting of reserve. Section 41 Committee. Change to cash back the reserve in recognition that the amount will have minimal impact on interest expense for general operations and working capital requirements.	Yes
Junior Sports Assistance Fund	No change to financial reporting of reserve. Section 41 Committee. Consideration was given to a new bank account being established. Further work is in progress regarding Terms of Reference, interest allocations and financial considerations.	No*

	Due to the balance of the fund being \$139k as at 30 June 2025, recommend not to cash back until balance reduced to a more appropriate level.	
Building Asset Maintenance	New reserve created following Council resolution to set aside amounts from the sale of surplus assets (Lawrence Street) towards building maintenance. Not cash backed as the funds have been absorbed for working capital and debt reduction until allocated. To be allocated as part of future asset management planning and budgeting.	No
Christmas Parade	Removed from reserve accounting. Previously balance recorded as nil due to being in negative. Has been absorbed in normal Council operations for some time.	n/a

\* to keep alignment with good treasury management practices, it is proposed that these reserves will only be cash-backed (cash held in a separate bank account) once variable debt has been extinguished. Council will continue to ensure appropriate debt facilities are available to cover working capital requirements and liabilities as they fall due and in alignment with asset management plans and long term financial plans.

#### Other items not included in reserve accounting

A broader review was completed of items that may be considered for reserve accounting. The following items remain as liabilities, rather than recording via equity reserve:

- Special Purpose Unexpended Grants (tied)
- Bonding Agreements (Development)
- Tertiary Health Education Grants.

#### DETAILED IMPLICATIONS

<b>Legal</b>	n/a
<b>Financial and Budget</b>	Changes have been applied in advance of adoption of the administrative principle. All documentation including additional working papers were forwarded to external auditors Dean Newbery prior to changes to financial statement reporting. Analytical Review of the Financial Statements touched on these changes.
<b>Community Consultation and Engagement</b>	n/a
<b>Other Resources</b>	Internal staff time only.

#### RISK ANALYSIS

The risk identification and categorisation relies on the City of Mount Gambier [Risk Management Policy](#).

Risk	Consequence Rating	Risk Likelihood Rating	Risk Rating	Mitigation
<b>Finance</b> - That the financial statements do not reflect a true and fair position. That by isolating cash funds for specific purposes, Council is not benefiting from offsetting debt and maximising cash	Moderate (3)	Unlikely (2)	Moderate	External audit annually. Continue to review and question assumptions and methodologies. Continuous improvement regime.

used for working capital.				Treasury Management reviewed weekly and reported to ELT.
<b>Reputation</b> - Loss of reputation due to inaccurate financial reporting or lack of transparency.	Minor (2)	Unlikely (2)	Low	Provide adequate detail and explanation in public reporting.
<b>Legal / Regulatory / Policy</b> - Accounting Principle does not meet statutory or accounting standard requirements.	Minor (2)	Possible (3)	Moderate	Notification to external auditors for review. Inclusion at Audit and Risk Committee.
<b>Infrastructure</b> – appropriate planning is either non-existent or inadequate including but not limited to Asset management plans and long term financial plan	Moderate (3)	Possible (3)	Moderate	Administrative Principle discussed with Executive and relevant managers.

#### RELEVANT COUNCIL POLICY

N/A

#### IMPLEMENTATION, COMMUNICATION AND ENGAGEMENT


Formalise implementation following Audit and Risk Committee review.  
For noting this Principle has already been discussed internally with the Executive Leadership Team and relevant members of the Management Team.

#### CONCLUSION

To improve financial reporting for equity reserves and provide clarity for staff and management an Administrative Principle was prepared in consultation with the Executive Leadership Team and relevant Managers. This is now presented to the Audit and Risk Committee for their review and feedback. Noting proposed changes have already been implemented as part of preparation of the financial statements for the year ended 30 June 2025.

#### ATTACHMENTS

1. Administrative Principle Finance Use and management of Reserves Accounting [5.5.1 - 8 pages]

 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE</b> <b>Reserve Accounting</b>	Version No:	1
		Issued:	November 2025
		Next Review:	November 2029

## 1. INTRODUCTION

The City of Mount Gambier ("Council") uses reserve accounting to allocate and/or identify funds for specific Council projects and initiatives and for compliance with relevant legislation and accounting standards. The Administrative Principle provides guidance on the use of both mandated and internally created financial reserves.

### Scope

This Principle applies to all reserves reported in the Statement of Financial Position including those used for future capital works and/or projects, asset management, risk mitigation, make good/restoration and statutory compliance.

### Purpose

The purpose of this principle is to outline the treatment, recognition and use of financial reserves to ensure compliance with Australian Accounting Standards and sound financial governance. It distinguishes between internally created reserves and reserves required or governed by accounting standards or legislation.

## 2. DEFINITIONS

<b>Externally Mandated Reserve (non-discretionary)</b>	An equity reserve arising from legal or regulatory requirements or specific accounting standards (e.g. revaluation reserve) where use and disclosure are governed by formal requirements. These are not discretionary must be entirely used/spent for the defined purpose and cannot support Council's general operations.
<b>Internally Created Reserve (discretionary)</b>	An equity reserve established by Council resolution or management decision to quarantine funds for a specific future purpose. These are not mandated by external legislation or accounting standards. Use of these funds are discretionary and can be altered through Council resolution or management decision (where it is not altering an existing Council resolution).
<b>Profit or Loss (P&amp;L)</b>	The Statement of Comprehensive Income (excluding other comprehensive income), where all income and expenses must be recognised unless explicitly permitted otherwise by an accounting standard.
<b>Statement of Changes in Equity (SoCE)</b>	SoCE outlines the movements in Councils equity during the reporting period, where movements in reserves are detailed.

## 3. ADMINISTRATIVE PRINCIPLE STATEMENT

### 3.1 Recognition (creation, modification and closure) of Financial Reserves

All significant decisions regarding financial reserves, including creating new reserves, modifying existing reserves, or discounting any reserve are required to be made in accordance with the reserve owner. Where the reserve owner is Council, this necessitates Council Resolution.


A comprehensive schedule detailing existing financial reserves, their purpose, calculation method and responsible parties is included at the end of this Principle.

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Page 1 of 8



 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE</b> <b>Reserve Accounting</b>	Version No:	1
		Issued:	November 2025
		Next Review:	November 2029

### 3.1.1 Internally created reserves

- Internally created reserves are established to earmark funds from accumulated surplus for specific operational or strategic purposes (eg asset renewal, IT replacement, future maintenance).
- Operating expenditure related to the purpose of the reserve must be recognised as an expense in the P&L in the period it is incurred.
- Capital expenditure related to the purpose of the reserve must be recognised as work in progress or a fixed asset in the Statement of Financial Position in the period it is incurred.
- Movement of funds into or out of such reserves is treated as a transfer within equity via the statement of changes in equity. No expense or income is recognised on the income statement as a result of these transfers.

### 3.1.2 Externally Mandated Reserves (required by accounting standards or legislation)

- Certain reserves are established in accordance with accounting standards or legal obligations. These are considered externally mandated and may have specific recognition or disclosure requirements.
- The obligation to hold these reserves exists regardless of Council Policy.
- Movement of funds into or out of such reserves may in some circumstances be offset against values recorded on the Statement of Financial Position, for example, Asset Revaluation decrements where sufficient equity reserve exists.

## 3.2 Accounting for Financial Reserves

### 3.2.1 Negative Reserve Accounts

Transfers from any financial reserve cannot exceed its existing balance at the time of transfer unless a financial reserve overdraft is authorised via a Council resolution or management decision. The complete ramifications of such an overdraft must be considered in all financial and asset management plans, and there should be adequate funds within the total of all financial reserves to accommodate a temporary overdraft.

Where a reserve balance is in negative and this balance has not been authorised for reporting against in the financial statements, it will be recorded as nil and a separate record will be kept and offset against future surpluses.


### 3.2.2 Reporting

Reserve balances and movements must be reported in the annual financial statements, including opening balances, transfers in/out and closing balances.

### 3.2.3 Budget and Budget Revisions

The management and use/spend of reserves must be considered as part of the budget setting process.

Every quarterly budget review must revise the anticipated position of the reserves and explain any changes.

 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE</b> <b>Reserve Accounting</b>	Version No:	1
		Issued:	November 2025
		Next Review:	November 2029

#### 3.2.4 Financing

The Treasury Management Policy outlines the decision making framework to ensure that funds are available, mitigate interest rate and other risk and minimise borrowing and interest costs on average over the longer term.

Council uses funds to finance other activities and therefore achieve savings because of the margin between investment and borrowing rates, until they are required for the original purpose at which time a new borrowing can be raised if required.

#### 3.2.5 Compliance

The use of externally mandated reserves must comply with relevant accounting standards and legal obligations.

### 4 ROLES AND RESPONSIBILITY

The designated Reserve Owners specified in the comprehensive schedule included as part of this Administrative Principle are accountable for the respective reserves:

- Implementing a strategic approach to the use of the funds.
- Ensuring integrity consistent with the strategic approach, purpose and limitations.

#### Executive Leadership Team

The Executive Leadership Team holds responsibility for

- ensuring appropriate reporting and governance structures in place to ensure strategic use of financial reserves
- Decision making for inclusions in the budget setting process.

#### Manager Financial Services

The Manager Financial Services holds the responsibility for:

- Overseeing all accounting functions related to financial reserves
- Providing regular reporting through budget revisions and where appropriate, month end internal management reports
- Alignment of asset management plans with long term financial planning.

#### Manager Engineering Design and Assets

The Manager Engineering, Design and Assets holds responsibility for:

- Consideration of relevant reserves in the asset management planning process, eg Open Space and Downstream Drainage.

#### Financial Accounting Coordinator

The Coordinator Financial Accounting holds the responsibility for:

- Preparation of quarterly reporting
- Processing of required accounting entries.

### 5. REVIEW & EVALUATION


This Principle is scheduled for review every four years; however, will be reviewed as required by any legislative changes which may occur.

### 6. AVAILABILITY OF PRINCIPLE


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Page 3 of 8

 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE</b> <b>Reserve Accounting</b>	Version No:	1
		Issued:	November 2025
		Next Review:	November 2029

This Principle 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.


 City of Mount Gambier	<b>ADMINISTRATIVE PRINCIPLE</b> <b>Reserve Accounting</b>	Version No:	1
		Issued:	November 2025
		Next Review:	November 2029

File Reference:	
Applicable Legislation:	
Reference: Strategic Plan – Beyond 2015	
Related Policies:	
Related Procedures:	
Related Documents:	

#### DOCUMENT DETAILS

Responsibility:	Manager Financial Services
Version:	1
Last revised date:	November, 2025
Effective date:	7 November, 2025
Minute reference:	n/a
Next review date:	November, 2029
<u>Document History</u> First Adopted By Council: Reviewed/Amended:	Not required by Council as administrative principle. Reviewed by Audit and Risk Committee 5 November 2025


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	<b>Comprehensive Schedule of Financial Reserves</b>	Version No:	1
		Issued:	Month, 20##
		Next Review:	Month, 20##

#### A. Externally Mandated Financial Reserves

Reserve Name	Reserve Purpose	Cash backed	Allocation Basis and Target Balance	Reserve Owner
Asset Revaluation Reserve (ARR)	The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non current assets (less any subsequent impairment losses, where applicable) in accordance with AASB116.	No	The balance of the ARR should reflect the total unrealised gains from asset revaluations. The ARR balance will fluctuate with asset revaluations and is not subject to fixed targets.	Manager Financial Services
Waste Service Charge (WSC)	To comply with s155 Local Government Act 1999, Council may impose an annual service charge on rateable and non-rateable land to which it provides or makes available the prescribed service.	No*	Cash received for these services along with proceeds from garbage vehicle sales is reserved for related expenses. Expenditures for the service and vehicle acquisitions are funded through this reserve. Must not seek to recover in excess of the cost to Council of establishing, operating, maintaining, improving and replacing including future capital works and including depreciation.	Manager Financial Services
Open Space	Funds sourced from developer contributions from creation of sub-divisions to be used for future open space projects.	No*	No specific target. Funds to be expended in accordance with Asset Management Plans. Development of open space facilities in accordance with Asset Management Plans.	Manager Engineering Design & Assets
Down Stream Drainage	Funds to be sourced from developer contributions, council allocations or grants which must be used for future drainage projects.	No*	No specific target. Funds to be expended in accordance with Asset Management Plans.	Manager Engineering Design & Assets


\* to keep alignment with good treasury management practices, these reserves will only be cash backed (cash held in a separate bank account) once variable debt has been extinguished. Council will ensure appropriate debt facilities are available to cover working capital requirements and liabilities as they fall due and in alignment with Asset Management Plans and Long Term Financial Plans.

	Comprehensive Schedule of Financial Reserves	Version No:	1
		Issued:	Month, 20##
		Next Review:	Month, 20##

## B. Internally Created Financial Reserves

Reserve Name	Reserve Purpose	Cash backed	Allocation Basis and Target Balance	Reserve Owner
Mount Gambier Community Mayor's Christmas Appeal	The Mayor Christmas Appeal represents bank funds and payables of the City of Mount Gambier related to the Mayor's Christmas Appeal and to be used for that purpose.	Yes	Target balance to be aligned to Terms of Reference. Funds are to be sourced and expensed in accordance with the terms of reference.	Manager Library & Community Developments
Junior Sports Assistance Fund	The Junior Sports Assistance Fund reserve represents bank funds and payables of the City of Mount Gambier related to the Junior Sports Assistance Fund and to be used for that purpose.	No*	Target balance to be aligned to Terms of Reference. Funds are to be sourced and expensed in accordance with the terms of reference. Preparation of annual financial report for Junior Sports Assistance Fund to be independently audited.	General Manager Corporate and Regulatory Services
Building Asset Maintenance	To allocate funds from the sale of surplus assets to be used for the purpose of maintaining existing assets. The sale of surplus assets are not derived from ordinary business and are ad hoc in nature.	No*	No Specific Target. Aligned with Buildings and Structures Asset Management Plan	General Manager Corporate and Regulatory Services

Future iterations of this Principle to consider Wulanda and Caroline.

	<b>Comprehensive Schedule of Financial Reserves</b>	Version No:	1
		Issued:	Month, 20##
		Next Review:	Month, 20##

C. OTHER (NON RESERVE, STATEMENT OF FINANCIAL POSITION ITEMS)

Name	Purpose	Cash backed	Allocation Basis and Target Balance	Reserve Owner
Special Purpose Unexpended Grants (tied)	Funds received from external sources that are tied to a specific project, program or purpose that have not been fully expended. The unexpended amount is held in the reserve until expensed in accordance with the agreed terms or returned to the grantor.	No*	No specific target. Income recognition as sufficiently specific grant conditions satisfied. Revenue received in advance.	Manager Financial Services/ relevant Grant owner
Bonding Agreements	Funds received from Developer in alignment with bonding agreement to be either retained or returned depending adequate completion of development works.	No*	No specific target. Liability.	Manager Assets and Engineering
Tertiary Health Education Grants	Council acts as the intermediary for the collection and payment of funds. Any unexpended amounts are identified as a liability.	No	No specific target. Liability.	Manager Economy Strategy and Engagement

\* to keep alignment with good treasury management practices, these reserves will only be cashbacked (cash held in a separate bank account) once variable debt has been extinguished. Council will ensure appropriate debt facilities are available to cover working capital requirements and liabilities as they fall due and in alignment with Asset Management Plans and Long Term Financial Plans.

## **5.6 ICAC 2024 PUBLIC INTEGRITY SURVEY 2024: LOCAL GOVERNMENT INSIGHTS**

Author: Brittany Shelton, Manager Governance and Property  
Authoriser: Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services

### **RECOMMENDATION**

1. That the Audit and Risk Committee report titled 'ICAC 2024 Public Integrity Survey 2024: Local Government Insights' as presented on Wednesday 5 November 2025 be noted.

### **PURPOSE**

To present to the Audit and Risk Committee, for their consideration and reference, the ICAC Public Integrity Survey 2024: Local Government Insights report.

### **TERMS OF REFERENCE**

Section 126 (1a) of the Local Government Act 1999 (the Act) states that the purpose of an audit and risk committee established by a council (the Committee) is to provide independent assurance and advice to the council on accounting, financial management, internal controls, risk management and governance matters.

Part 1.3 of the relevant Terms of Reference sets out the functions of the Committee, in particular:

*"The functions of the Audit and Risk Committee include, per the Local Government Act 1999, Division 2, Section 126 (4):*

*(h) reviewing and evaluating the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis."*

### **RELEVANT LEGISLATION**

Independent Commission Against Corruption Act 2012  
Local Government Act 1999

### **BACKGROUND / OPTIONS**

The ICAC Public Integrity Survey 2024 outlines the findings and analysis of the 2024 integrity survey of public officers.

The Commission uses public integrity surveys to better understand public officers' perceptions of corruption and other improper conduct.

Local Government Integrity Insights provides the results of the Commission's third Public Integrity Survey in relation to the local government sector. Previous surveys were conducted in 2021 and 2018, allowing the Commission to track changes in perceptions of wrongdoing over time. The 2024 survey focused specifically on risks relating to decision making, including the use of discretionary powers, and improper influence.

A high-level overview of the findings and recommendations are outlined for the Committee's information below.



## **A. SCOPE**

Conducted by the Independent Commission Against Corruption SA ('ICAC'), the ICAC Public Integrity Survey 2024 is the third iteration of the survey (following those conducted in 2018 and 2021). It aims to assess and further monitor the state of public integrity within South Australia's public sector.

The survey was conducted from October to November 2024 and comprises feedback from public officers detailing their views and observations on ethical conduct, corruption, and the effectiveness of existing mechanisms within their organisations. Responses were anonymous and voluntary.

ICAC intends to use the data to develop targeted strategies and education initiatives.

## **B. FOCUS AREAS**

Key focus areas include:

- decision making processes,
- use of discretionary powers, and
- improper influence affecting outcomes.

## **C. MAJOR FINDINGS**

A significant portion of the respondents perceive:

- their organisations to be vulnerable to integrity risks, particularly when discretionary decisions are exercised, and
- that improper influence—from political, personal, or external sources—may affect outcomes (including recruitment).

Mirroring patterns identified in previous surveys:

- respondents expressed concerns about retaliation if misconduct is reported, feeling that existing protections are insufficient, and
- perceptions between senior staff and officers differ, with officers generally having less confidence than their managers in their organisation's integrity.

## **D. RECOMMENDATIONS**

As a result, the ICAC recommends:

- i. clear guidelines around discretionary decision-making,
- ii. transparency in decision-making processes (where appropriate),
- iii. training on the proper use of authority, and
- iv. stronger protections for individuals making disclosures.

## **E. CONCLUSION**

In conclusion, the ICAC Public Integrity Surveys serve as a valuable tool for identifying, preventing, and addressing corruption risks in South Australia's public sector.

The 2024 survey, in particular, highlights persistent vulnerabilities — especially regarding discretionary decision-making and improper influence. The findings reveal ongoing trust issues and identify a need for improved governance and protections to foster a culture in which staff at all levels feel confident in making disclosures.

## **CONCLUSION**

Based on the findings and recommendations arising from the report, City of Mount Gambier has made enquiries with ICAC to undertake additional training with Elected Members specifically relating to conflicts of interest in discretionary decision-making.

## **ATTACHMENTS**

1. ICA C- Public- Integrity- Survey- Local- Government-20.6.25 [**5.6.1** - 74 pages]



## ICAC PUBLIC INTEGRITY SURVEY 2024

LOCAL GOVERNMENT INSIGHTS



**ICAC Public Integrity  
Survey 2024**  
Local Government  
Integrity Insights

Published June 2025

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# Contents

- List of figures and tables ..... 2
- Commissioner’s foreword. .... 4
- The survey ..... 5
  - The sample .....6
- Perceptions of potential corruption and other impropriety..... 8
- Compared to participants overall ..... 12
- Improper recruitment ..... 14
- Misuse of authority ..... 16
- Procurement and contract management..... 18
- Influencing decision making ..... 19
  - Falsifying information ..... 21
  - Frank and fearless advice ..... 22
  - Development applications.....23
  - Influencing elected members .....24
- Use of discretionary powers ..... 25
  - Improper use of discretionary powers..... 26
  - Policies and procedures guiding discretionary powers..... 28
  - Power to make decisions..... 29
- Awareness of corruption risks ..... 30
  - Elected members and conflicts of interests ..... 31
  - Downplaying corruption risks in regional and rural councils.....32
  - Misuse of confidential information .....32
- Awareness of reporting obligations ..... 34
  - “If you think something isn’t right, report it.” .....35
  - “There is no wrong door”.....37
- Willingness to report internally ..... 38
- Barriers to reporting internally ..... 39
  - Fear of victimisation ..... 40
  - Organisational barriers to reporting.....43
- Experiences of reporting ..... 46
  - Receiving reports .....47
  - Handling of previous reports.....49
- Perceptions of the Commission..... 52
  - Accessing the Commission’s resources .....53
  - Trustworthiness and fairness.....57
- Conclusions ..... 58
- Appendices ..... 59
  - Appendix one: Combined integrity agency information sessions (2024)..... 59
  - Appendix two: The survey..... 60
  - Appendix three: Office for Public Integrity’s Integrity Flowchart..... 68
  - Appendix four: Statistical results and references ..... 69

## LIST OF FIGURES AND TABLES

### Figures

<b>FIGURE 1:</b> Workplace is highly/extremely vulnerable to specific types of corruption or other impropriety	8
<b>FIGURE 2:</b> Perceptions of vulnerability to corruption and other impropriety (2018 to 2024)	9
<b>FIGURE 3:</b> Personally observed corruption or other impropriety (2021 and 2024)	9
<b>FIGURE 4:</b> Personally observed specific types of corruption or other impropriety	10
<b>FIGURE 5:</b> Personally observed specific types of corruption or other impropriety (2018 to 2024)	11
<b>FIGURE 6:</b> Workplace is highly/extremely vulnerable to corruption or other impropriety (local government participants and participants overall)	12
<b>FIGURE 7:</b> Personally observed corruption or other impropriety (local government participants and participants overall)	12
<b>FIGURE 8:</b> Personally observed political interference	12
<b>FIGURE 9:</b> Suspensions of corruption or other impropriety (local government participants and participants overall)	13
<b>FIGURE 10:</b> Perceived influences on decision making	19
<b>FIGURE 11:</b> Perceived influences on decision making (local government participants and participants overall)	20
<b>FIGURE 12:</b> Role allows for wide discretion to make decisions (elected members)	25
<b>FIGURE 13:</b> Role allows for wide discretion to make decisions (executives and senior managers)	26
<b>FIGURE 14:</b> Perceived use of discretionary powers	26
<b>FIGURE 15:</b> Perceived use of discretionary powers (local government participants and participants overall)	27
<b>FIGURE 16:</b> Workplace has provided training on corruption risks	30
<b>FIGURE 17:</b> Perceptions of reporting obligations (local government participants and participants overall)	34
<b>FIGURE 18:</b> I would only report suspected corruption if I had clear evidence	35
<b>FIGURE 19:</b> I would only report suspected corruption if it was serious	36
<b>FIGURE 20:</b> Willing to report internally	38
<b>FIGURE 21:</b> Aware of internal reporting policies and procedures and confused about what conduct should be reported	39

**3**

ICAC PUBLIC INTEGRITY SURVEY 2024  
LOCAL GOVERNMENT INSIGHTS

<b>FIGURE 22:</b> Aware of internal reporting policies and procedures (2018 to 2024)	39
<b>FIGURE 23:</b> Confused about what conduct should be reported (local government participants and participants overall)	40
<b>FIGURE 24:</b> Perceptions of repercussions for reporting	40
<b>FIGURE 25:</b> Perceptions of repercussions for reporting internally (2018 to 2024)	41
<b>FIGURE 26:</b> Perceptions of repercussions for reporting internally (local government participants and participants overall)	41
<b>FIGURE 27:</b> Perceptions of organisational barriers to reporting	43
<b>FIGURE 28:</b> Perceptions of organisational barriers to reporting (local government 2018 to 2024)	44
<b>FIGURE 29:</b> Perceptions of organisational barriers to reporting (local government participants and participants overall)	44
<b>FIGURE 30:</b> Reported suspected corruption or other impropriety in last three years	46
<b>FIGURE 31:</b> Who receives reports of suspected corruption or other impropriety (2021 and 2024)	47
<b>FIGURE 32:</b> Who receives reports of suspected corruption or other impropriety (local government participants and participants overall)	48
<b>FIGURE 33:</b> Perceptions of how the report was handled	49
<b>FIGURE 34:</b> Perceptions of how the report was handled (agreed/strongly agreed)	50
<b>FIGURE 35:</b> Perceptions of whether anonymity was maintained (2018 to 2024)	51
<b>FIGURE 36:</b> Participants who had heard of the Commission	52
<b>FIGURE 37:</b> Awareness of the Commission	52
<b>FIGURE 38:</b> Previous contact with the Commission (2021 and 2024)	53
<b>FIGURE 39:</b> Previous contact with the Commission (local government participants and participants overall)	54
<b>FIGURE 40:</b> Perceptions of the Commission	55
<b>FIGURE 41:</b> Perceptions of the Commission (local government participants and participants overall)	56

## Tables

<b>TABLE 1:</b> Participants' demographics	7
<b>TABLE 2:</b> Perceptions of the Commission (2018 to 2024)	55
<b>TABLE 3:</b> Information sessions for local councils run by the Office for Public Integrity, Ombudsman SA, and the Independent Commission Against Corruption	59

## COMMISSIONER'S FOREWORD

The Commission conducts regular Public Integrity Surveys to better understand public officers' perceptions of corruption and other impropriety. This report provides the results of the Commission's third Public Integrity Survey. It analyses the perceptions and experiences of public officers in the local government sector.

This is the first Public Integrity Survey to be published since I commenced as Commissioner in February this year. The survey upon which this report is based was conducted in the later part of 2024. I would like to thank everyone who took the time to participate. The survey received over 7000 responses, including 828 from public officers in the local government sector.



The 2024 survey focused specifically on risks relating to decision making, including the use of discretionary powers, and improper influence. Some survey participants described facing pressure to manipulate information to support a decision that was not in the public interest and being reluctant to provide frank and fearless advice to decision makers. Local council Chief Executive Officers and mayors are invested with considerable discretionary powers, and some participants expressed concern that those powers could be misused.

The Commission's previous public integrity surveys were conducted in 2018 and 2021, allowing the Commission to track changes in perceptions of integrity in public administration. There is a growing perception that the local government sector is susceptible to corruption and other improper conduct. This does not necessarily mean that local councils are experiencing more corrupt conduct. It may be that there is an increased awareness of corruption risks.

Importantly, and largely by coincidence, from August 2024 to December 2024, the Commission, in conjunction with the Office for Public Integrity (OPI) and Ombudsman SA (the Ombudsman) (together referred to as the integrity agencies) engaged in a significant education campaign with local government, conducting 19 information sessions throughout that period of time (Appendix one). It is possible that some of the results of this survey demonstrate the importance of the three integrity agencies engaging in such education sessions.

I hope that that not only do the results of this survey serve to provide valuable insights into current experiences in the local government sector, but that information is provided in this report which will assist to increase awareness about corruption risks and the operation of the integrity scheme in South Australia.

A handwritten signature in black ink that reads "Emma Townsend". The signature is fluid and cursive.

Emma Townsend

Commissioner  
**INDEPENDENT COMMISSION AGAINST CORRUPTION**



## THE SURVEY

The Commission uses Public Integrity Surveys to better understand public officers' perceptions of corruption and other improper conduct. This report provides the results of the Commission's third Public Integrity Survey in relation to the local government sector. Previous surveys were conducted in 2021 and 2018, allowing the Commission to track changes in perceptions of wrongdoing over time. The survey questions have been refined over time. Only data that is directly comparative has been reported. The survey was conducted online and was open for six weeks from mid-October to the end of November. All public officers employed in state and local government agencies were invited to respond, with participation being voluntary.

The survey asked a mix of quantitative and qualitative questions. Participants' comments quoted in this report have not been corrected or altered in any way, except for the redaction of some material to protect participants' anonymity.

The results reflect perceptions rather than experiences of corruption. Public officers who believe they have encountered corruption or have strong views on the topic are more likely to have participated. As such, the responses may not be representative of the perceptions of all local government public officers.

Participants were directed to focus on experiences in their own workplace in the last three years. Nevertheless, some participants' views may be shaped by experiences of acquaintances in other workplaces or by older experiences. Participants' views often reflect events occurring at the same time as the survey is being conducted, such as media reporting of corruption cases.<sup>1</sup> In this instance, the survey was conducted at the same time as the South Australian integrity agencies were conducting information sessions for local councils.

Councils and the communities they service are not homogenous. Participants were not asked to identify their individual council. This report provides an overview of participants' perceptions across the local government sector. However, the analysis cannot reflect views that are more specific to individual councils.

The survey questions are contained in Appendix two.

## 6

### The sample

At June 2024, there were approximately 11,600 local government employees and 672 elected members in South Australia.<sup>2</sup> The survey received 727 responses from participants who identified as local council employees. This represents 6.2% of the local government sector workforce. In addition, 101 elected members responded, representing 15.0% of elected members.

The survey received a lower response rate from local government employees compared to 2021 and 2018. However, considerably more elected members responded in 2024.<sup>3</sup>

Participants' demographic characteristics are given in Table 1. For demographic questions, information was collected only as broad categories, and participants were given the option of responding 'I prefer not to say.' No survey questions were mandatory. Those measures recognise the sensitivity of the survey topics, and that some respondents may feel uncomfortable about providing personal information.

TABLE 1:  
PARTICIPANTS' DEMOGRAPHICS

	PARTICIPANTS	%
<b>Gender</b>		
Female	473	56.3%
Male	342	40.7%
Prefer not to say/other	25	2.9%
<b>Age</b>		
34 years and under	128	15.3%
35 to 44 years	180	21.4%
45 to 54 years	270	32.1%
55 years and above	243	28.9%
Prefer not to say	19	2.2%
<b>Employment type</b>		
Permanent/ongoing contract	533	72.1%
Long-term contract	151	20.4%
Short-term contract	26	3.5%
Casual	18	2.4%
Prefer not to say/other	11	1.4%
<b>Executive or Senior Manager role</b>		
Yes	167	19.9%
No	636	75.7%
Unsure/don't know	8	1.0%
Prefer not to say	29	3.5%
<b>Elected member</b>		
Yes	101	12.0%
No	727	86.5%
<b>Time in current organisation</b>		
Less than one year	104	12.4%
1 to 5 years	353	42.0%
6 to 10 years	150	17.9%
11 to 20 years	153	18.2%
More than 20 years	68	8.1%
Prefer not to say	12	1.5%
<b>Time in local government</b>		
Less than 1 year	37	4.4%
1 to 5 years	175	20.8%
6 to 10 years	155	18.5%
11 to 20 years	260	31.0%
More than 20 years	202	24.0%
Prefer not to say	11	1.3%
<b>Council location</b>		
Metropolitan	440	52.4%
Regional	268	31.9%
Rural or remote	123	14.6%
Prefer not to say	9	1.1%

## PERCEPTIONS OF POTENTIAL CORRUPTION AND OTHER IMPROPRIETY

Compared to both 2021 and 2018, local government participants were more likely to perceive their workplace to be vulnerable to corruption and other improper conduct and to have encountered impropriety. Integrity agencies in other jurisdictions have also reported an increased perception among local government employees that their workplace is susceptible to corruption.<sup>4</sup>

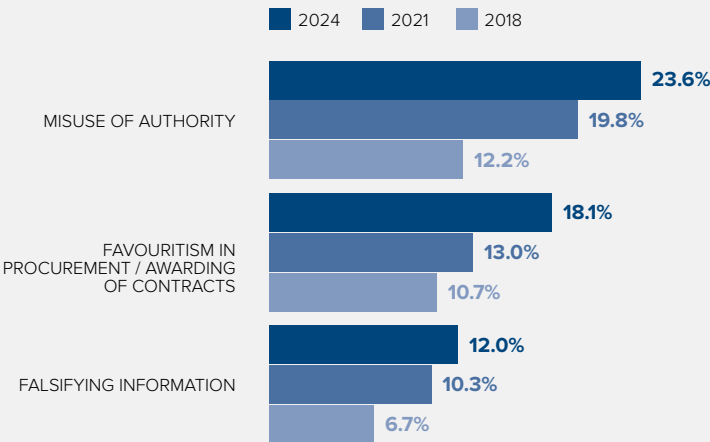
Participants were asked if their workplace was vulnerable to specific types of wrongdoing (Figure 1). Participants perceived their workplace to be most vulnerable to nepotism or favouritism in recruitment, followed by political interference, and misuse of authority.

**FIGURE 1:**  
**Workplace is highly/extremely vulnerable to specific types of corruption or other impropriety**



Since 2018, the proportion of participants who believed their workplace is highly or extremely vulnerable to types of wrongdoing specified in the survey has increased, except for political interference where there has been little change (Figure 2). The highest increase in perceptions of vulnerability related to favouritism in procurement and the awarding of contracts, followed by misuse of authority and falsifying information.

FIGURE 2:  
Perceptions of vulnerability to corruption and other impropriety (2018 to 2024)



Almost a third of participants claimed to have personally observed potential corruption or other impropriety in their workplace in the last three years (Figure 3). This is a substantial increase since 2021.

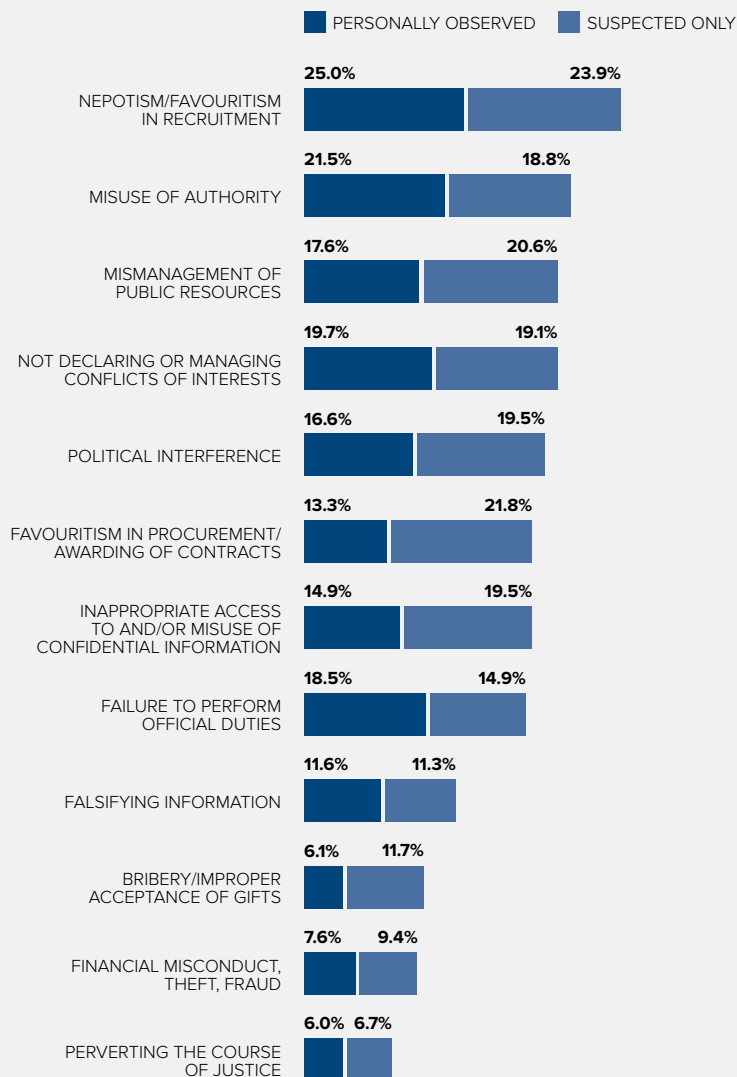
FIGURE 3:  
Personally observed corruption or other impropriety (2021 and 2024)



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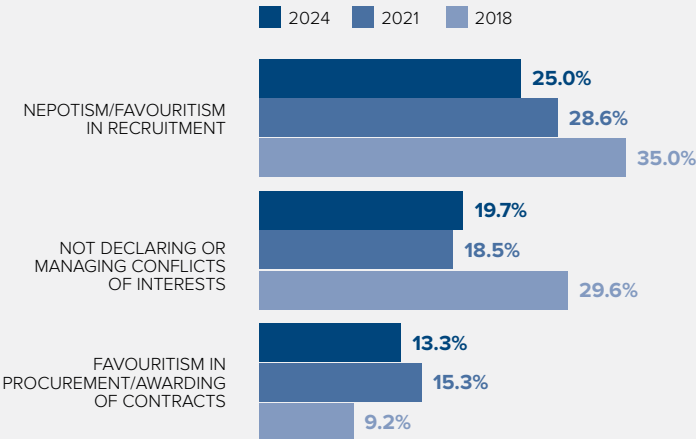
Nepotism and favouritism in recruitment, misuse of authority and mismanagement of public resources were identified as the most prevalent types of corruption risks suspected or encountered by participants (Figure 4).

FIGURE 4:  
**Personally observed specific types of corruption or other impropriety**



Since 2018, participants were especially more likely to claim they have personally observed favouritism in procurement and the awarding of contracts. Fewer participants believed they have observed nepotism and favouritism in recruitment and improper conduct relating to conflicts of interests (Figure 5).

FIGURE 5:  
**Personally observed specific types of corruption or other impropriety  
(2018 to 2024)**



## COMPARED TO PARTICIPANTS OVERALL

Participants from the local government sector perceived their workplace to be less vulnerable to corruption and other improper conduct than participants overall (Figure 6).

**FIGURE 6:**  
**Workplace is highly/extremely vulnerable to corruption or other impropriety (local government participants and participants overall)**



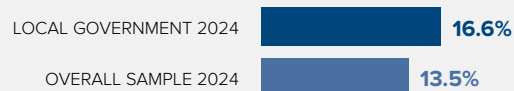
Local government participants were also less likely than participants overall to believe they have personally observed corruption or other improper conduct (Figure 7).

**FIGURE 7:**  
**Personally observed corruption or other impropriety (local government participants and participants overall)**



Local government participants were less likely to believe they had personally observed each specific type of wrongdoing, except for political interference (Figure 8).

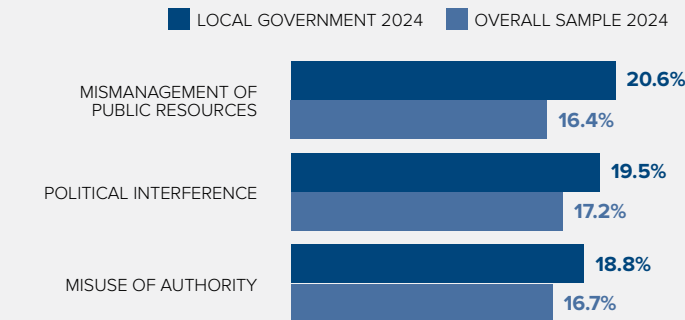
**FIGURE 8:**  
**Personally observed political interference**





In 2024, participants were asked if they suspected corruption or other impropriety in their workplace in the last three years. This question had not been asked previously. Generally, fewer participants from the local government sector suspected wrongdoing compared to participants overall (Figure 9). However, local government participants were more likely to have suspected mismanagement of public resources, political interference and misuse of authority.

FIGURE 9:  
Suspensions of corruption or other impropriety  
(local government participants and participants overall)



## IMPROPER RECRUITMENT

Improper favouritism in recruitment was seen to be the most prevalent corruption risk facing local councils. Other surveys, including the Commission's earlier public integrity surveys,<sup>5</sup> have found that the local government sector is perceived to be highly vulnerable to nepotistic recruitment.<sup>6</sup>

A public officer who manipulates a recruitment to improperly benefit a candidate may have acted corruptly. A few participants referred to instances where they believed recruitment processes had been manipulated. Those participants described:

- ▶ a manager with a pre-existing relationship with a candidate remaining on the interview panel
- ▶ a recruitment into a new role before the creation of a position description
- ▶ a senior leader overturning the interview panel's decision
- ▶ being told by a senior leader before interviews commenced who should be given the role, and being directed to score that candidate highly
- ▶ a candidate being advantaged by the job description being written for a position that was only advertised internally
- ▶ feeling pressured by a senior leader to overlook the candidate they considered was the best fit for the role in favour of someone known to the senior leader

Depending on the particular circumstances, some of the above examples may or may not amount to potential corruption. Direct appointments, where an appointment is made without an open recruitment process, were perceived as being especially vulnerable to corruption. The *Local Government Act 1999* s 107(2)(a) requires that staff selection is based on merit and is fair and equitable. If conducted correctly, direct recruitments may adhere to these principles. However, some participants suggested that any appointment not opened to all suitable candidates attracted suspicion.

The Commission's report, *Robust Recruitment*, recommends that agencies ensure direct appointments are based on merit and follow the same robust processes as other recruitments. This allows for direct appointments to be defended if challenged.<sup>7</sup>

Recruitments involving internal candidates were also perceived to be especially vulnerable to improper conduct. Several participants believed internal recruitments were sometimes manipulated to improperly advantage a specific candidate.



"It is commonplace for an internal staff member to be directly appointed to a more senior role (promoted) without the position being advertised."

"Structuring recruitment for senior people to favour a preferred internal candidate."

"Internal recruitment where a senior manager has wanted a certain person to take on a position."

The Commission's report *The Inside Advantage: Managing Corruption Risks in Recruitment Processes Involving Internal Candidates* makes recommendations for protecting the integrity of internal recruitments.<sup>8</sup> Recommendations included selection panel members following a process for declaring and managing conflicts of interests, agencies clearly ensuring internal candidates are not advantaged relative to other candidates, as well as an external independent member on selection panels for executive appointments where there are internal candidates.

Many participants suspected or believed they had observed nepotistic recruitment occurring in their workplace. This entailed an appointment based on a personal relationship rather than merit.



"Recruitment of staff - family members or close friends are being hired."

"Potentially the hiring manager and CEO preferably selecting executives they know over more appropriate candidates."

"Some new staff have been 'given' a job position because of who they know/ friends with."

Observations about nepotism extended to promotions and internal opportunities. Some participants believed workplace opportunities were based on personal relationships with senior leaders.



"Managers have favoured certain employees for promotions and desirable assignments based on their personal biases rather than merit."

"Favoured employees are getting promotions and special assignments and are being rostered only on the shifts at locations they like."

"...certain employees are given opportunities even though they have less qualifications or experience in that area."

Participants described negative workplace repercussions due to improper recruitment and promotion.



"I've seen failure to perform official duties due to not being sufficiently qualified or have the skills to do the role."

"There have been instances where individuals with personal connections were promoted despite lacking the necessary skills or experience, leading to decreased morale among other employees who felt that merit was not being recognized."

Often allegations of improper recruitment are not substantiated. Nevertheless, recruitments that raise suspicions can undermine workplace integrity. Employees who suspect favouritism is tolerated in their workplace, believe senior leaders cannot be trusted, and workplace decisions are not transparent, are more likely to engage in corrupt conduct themselves.<sup>9</sup>

## MISUSE OF AUTHORITY

One in five participants believed they had personally encountered misuse of authority in their workplace in the last three years. For some, local councils were especially vulnerable to misuse of authority due to the degree of power invested in Chief Executive Officers (CEOs), mayors and elected members. Senior leaders were described as being able to control councils, act without transparency or accountability, and being immune from checks and balances. Consequently, a council's integrity is dependent on the personal integrity of a few powerful individuals.



"A good CEO is gold, a bad one is inviolate..."

"I am horrified at the freedoms and responsibilities afforded to our CEOs."

"Mayor having too much influence on decisions and direction of Council objectives and ambitions."

"The quality of oversight depends on the quality of Elected members."

Poor ethical leadership was seen to lead to toxic workplace culture. Some participants described bullying, intimidation and harassment being allowed to occur unchecked by leaders in their workplace. As a result, participants described negative impacts on their physical and mental health, and a high rate of staff resignations.



"Bullying staff and not addressing it when brought to their [senior leaders] attention and then firing staff who brought it to their attention."

"I've had to take multiple periods of leave to escape it [bullying] for my own mental health."

"Employees pushed out by setting them up to fail, bullying, not following processes and gas lighting."

The *Local Government Act 1999* s 59(1) defines the role of council members. Council members participate in council deliberations, review council's activities and policies to ensure their appropriateness and efficiency, have oversight of the CEO's performance, and represent the interests of residents and council ratepayers. Elected members do not have direct authority over the way in which a council employee performs their duties. Some participants described instances where they believed an elected member misused their position by overstepping their role in directing council employees.



“Have found myself in some situations that could be considered as directives from elected members rather than through senior management.”

“Council Members actually / attempting to direct or influence staff in contravention of the Local Government Act 1999.”

“Elected member authorising themselves to act on an operational matter that was not being handled as they thought appropriate.”

Elected members may misuse their authority if they do not adequately understand their role.



“Some of the current Councillor’s understanding of their role and/or adhering to the purview of their role has not been happening which is causing Council staff anxiety and stress.”

“Elected members (I have observed in general - and forgive the generalisation) have a poor understanding of the serious nature of the role and the various issues which could lead to maladministration, misconduct or worse.”

“Elected members trying to influence decisions made by administration staff in operational matters. This comes about through Elected Members not properly understanding their roles and responsibility in accordance with the Local Government Act.”

## PROCUREMENT AND CONTRACT MANAGEMENT

Since 2018, there has been an increase in participants' perceptions that their workplace is vulnerable to favouritism in procurement and the awarding of contracts. Participants described various behaviours that may leave procurement and contract management susceptible to corruption. These included:

- ▶ failing to follow procurement policies and procedures
- ▶ approving exemptions for procurement thresholds
- ▶ failing to declare conflicts of interests
- ▶ not storing procurement and contracts records in the document management system
- ▶ a panel member speaking with contractors during a tender process
- ▶ use of variations to significantly increase the cost of a contract rather than returning to the market
- ▶ ignoring advice from a probity advisor
- ▶ invoices being paid without the supplier delivering contracted services
- ▶ suppliers overcharging for work

Some participants believed contracts had been awarded to suppliers with whom a member of the procurement team or an elected member had an undeclared conflict of interests. Several described having raised their suspicions with a senior leader, however no action was taken.

Suggestions made by participants for protecting procurement and contract management from improper conduct largely related to improving the management of conflicts in interests. Participants also suggested local councils consider mandatory annual training relating to corruption risks for public officers involved in procurements, and ensuring segregation of duties relating to the procurement and contract management life cycle.

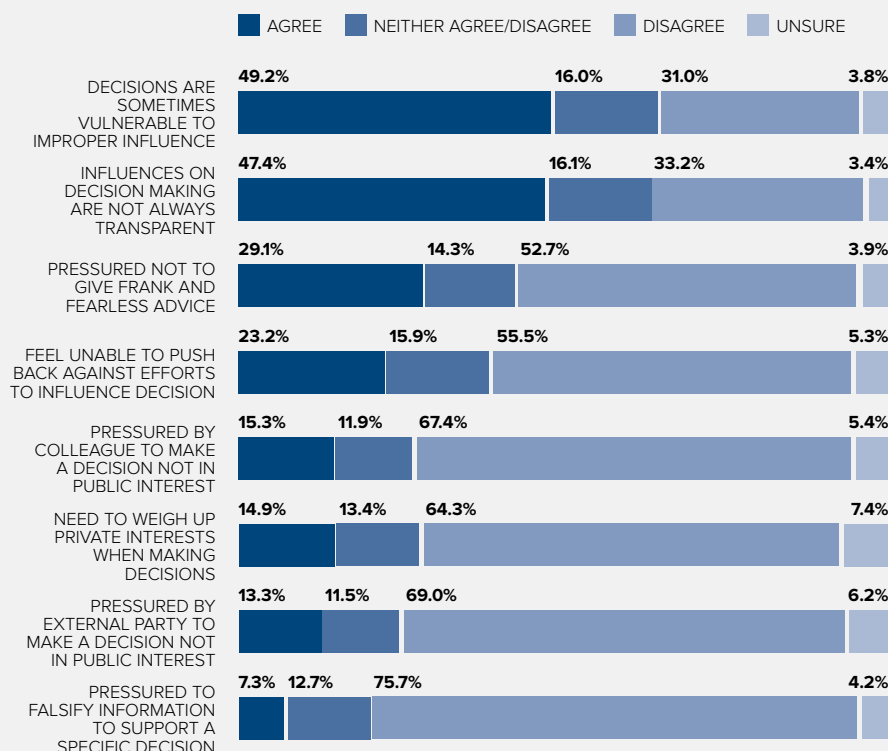
## INFLUENCING DECISION MAKING

Public integrity surveys allow the Commission to focus on topics of specific interest. In 2024, participants were asked about improper influences on decisions they make in their role as public officers.

Public officers regularly make decisions that have consequences for the public interest. Public officers may be pressured to make a decision that benefits personal interests rather than the communities they serve. To protect against such pressure, decisions should be transparent, based on frank and fearless advice, and public officers should be accountable for their decisions. In circumstances where they face undue pressure, public officers should be empowered to push back.<sup>10</sup>

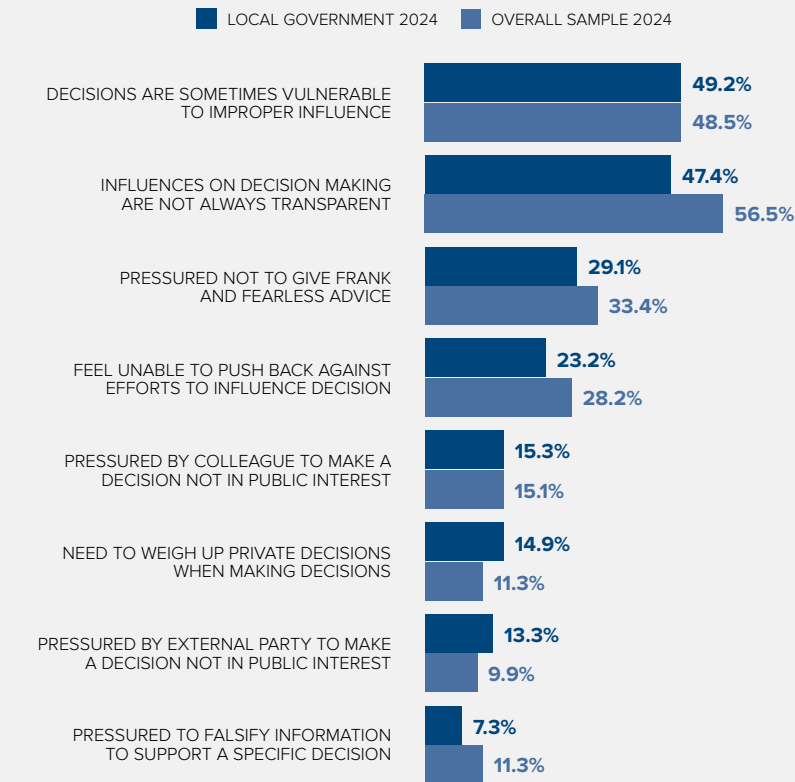
Almost half of participants believed decisions in their workplace were sometimes vulnerable to improper influence and that influences on decision making were not always transparent (Figure 10).

**FIGURE 10:**  
**Perceived influences on decision making**



Participants from the local government sector generally considered their workplace to be less vulnerable to improper influences on decision making than participants overall (Figure 11). However, local government participants were more likely to perceive they faced pressure by external parties to make a decision that was not in the public interest and needed to weigh up private interests when making decisions.

FIGURE 11:  
Perceived influences on decision making  
(local government participants and participants overall)



Some participants described influence as being exerted by external agents, including individual residents, residents' groups, contractors, developers and state politicians. However, efforts to improperly influence decisions were more commonly seen as coming from internal sources.



## Falsifying information

Analysis of quantitative data shows only a small proportion of participants believed their workplace was vulnerable to information being falsified to support a decision. However, participants described in the open-ended responses, the manipulation of information provided to elected members.



“Administration concealing expenditure from elected members.”

“There are several instances where elected members have not been provided with full information and frank and fearless advice to make well informed decisions in the chamber.”

“Changing facts of reports before sending to audit committees and elected members.”

“Sanitising of information regarding strategic risks and administrative challenges provided to elected members.”

Several participants described being directed to manipulate information to support a specific outcome or reduce transparency and accountability.



“I have felt pressured to craft a few statements which omits certain information and/or outright gives an impression of information that is not at all correct, for the specific purpose of maintaining whatever cover story my local government has concocted regarding issues of public interest.”

“Direction to not provide balanced advice on major strategic matters to drive a particular outcome and prevent debate.”

“I have seen where I have been asked to change the data or the metrics to support the view that we want to show rather than what it actually is or to omit data and not provide a complete picture for those making higher up decisions.”

Some participants believed council administration may influence decisions by failing to conduct community consultations.



“Again I refer to lack of community consultation in big decisions or changes to a budget or service provision.”

“Not undertaking public consultation on key matters that affect community.”

“I rated mismanagement of public resources as somewhat vulnerable because council doesn’t consult with the community as much as they could, leading to decisions not necessarily being made with the public’s best interests at heart.”

## 22

### Frank and fearless advice

An independent and impartial public service requires public officers to provide frank and fearless advice. Without such advice, senior leaders may lack the information needed to make decisions in the public interest. Community trust in the public sector will be lost if the public perceive that decisions are not well informed, truthful, consistent and fair.<sup>11</sup>

Some participants described being reluctant, or feeling too intimidated, to provide frank and fearless advice. Others perceived that their advice was often ignored.



"If you provide frank and fearless advice to management you only put a target on yourself..."

"I am allowed to have a say, but it feels like no-one listens and nothing changes."

"CEO and Mayor often do not want to hear about what is the required process or the fact that they do not have the legal capacity to make a decision."

Elected members were sometimes seen as refusing to take on advice intended to inform impartial decision making that supports the public interest.



"...some Councillors frequently ignore evidence in making their decisions, make decisions that are not in the interests of the broader community, or enter consideration of a particular matter with a preconceived position. This can filter down to pressure on staff when preparing advice and recommendations."

"Elected Members deciding on their position, for example on a development, well before the whole process has been completed."

Female participants were more likely to agree they are unable to push back against pressure.<sup>12</sup> Younger participants were more likely to agree they have been pressured not to provide frank and fearless advice.<sup>13</sup> Employees in those positions should feel supported to speak up if they experience improper pressure.

In contrast, senior leaders were less likely than other participants to believe they have experienced pressure to not provide frank and fearless advice, and that decisions are vulnerable to improper influence or lack of transparency.<sup>14</sup> Male participants were less likely to agree that decisions are vulnerable to improper influence, or they have been pressured to make a decision that is not in the public interest.<sup>15</sup>

## Development applications

Some participants observed that decisions relating to development applications were vulnerable to improper conduct.



“Local Government often makes final decisions in planning and development. There are potentially hundreds of millions of dollars at stake, specifically in greenfield development, it is clear that when sums like that are involved, corruption is never far away.”

Participants described a range of methods they believed were used by developers to influence council decisions. These included developers:

- ▶ cultivating a relationship with a council executive through the provision of benefits
- ▶ circumventing council processes by directly approaching the Minister
- ▶ influencing a council executive to apply pressure on an employee to accept an outcome that was profitable for a developer but not in the council's best interest
- ▶ inappropriately discussing a development proposal with a member of the Council's Assessment Panel
- ▶ accessing confidential information relating to development applications from council public officers

Elected members' interactions with developers were seen as being especially vulnerable to potential corruption. This included elected members acting while holding conflicts of interests and entering into “under the table deals” to improperly benefit a developer.

## 24

### Influencing elected members

Elected members were more likely than council staff to agree they have been pressured by an external party to make a decision that was not in the public interest<sup>16</sup> and need to weigh up private interests when making decisions.<sup>17</sup>

A few elected members recalled being pressured by another elected member to vote in a certain way.



“A group of elected members deciding on a position well before a council meeting. This goes beyond elected members canvassing views, but deliberately deciding on how they, as a block, will vote. “

Some participants believed that elected members are particularly vulnerable to being pressured by state members or acting in the interests of their political affiliations rather than the public interest.



“Local state members campaigning for individuals and then when elected influencing/directing their decision making.”

“Pressure from other levels of government (officials and elected representatives) to not make decisions that are in the public interest, but not in the interests of other levels of government.”

“Political party interference, Local Govt EMs who are members of political parties.”

“Elected members trying to influence Council policy to suit their political agenda, including matters that are outside the remit of Local Government.”

“The political affiliations of local government councillors (elected members) with political parties can influence the strategic directions of council.”

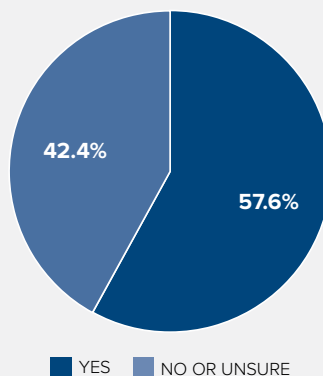
## USE OF DISCRETIONARY POWERS

A further topic of specific interest in the 2024 survey was the use of discretionary powers. Discretionary decisions involve a public officer using their judgement, rather than following pre-determined criteria. The use of discretionary powers allows public officers to ensure the efficient and effective management and performance of a public authority.<sup>18</sup>

The authority to make a discretionary decision comes from legislation or internal procedure, and a public officer must not exceed their authority when exercising discretionary powers.<sup>19</sup> The use of discretionary powers should be made in good faith, and for a proper, intended and authorised purpose. The misuse of discretionary powers, such as a public officer overstepping delegated authority to make a decision for personal benefit, may constitute corruption.<sup>20</sup>

Elected members and council senior leaders have extensive discretionary powers. However, many did not appear to realise this (Figures 12 and 13). Public officers in roles that permit the use of discretionary powers need to be aware of what those powers entail, and that they adhere to safeguards intended to protect discretionary powers being misused.

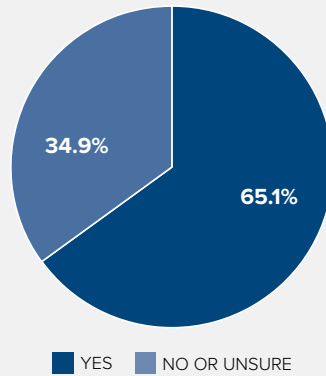
**FIGURE 12:**  
**Role allows for wide discretion to make decisions (elected members)**



26

ICAC PUBLIC INTEGRITY SURVEY 2024  
LOCAL GOVERNMENT INSIGHTS

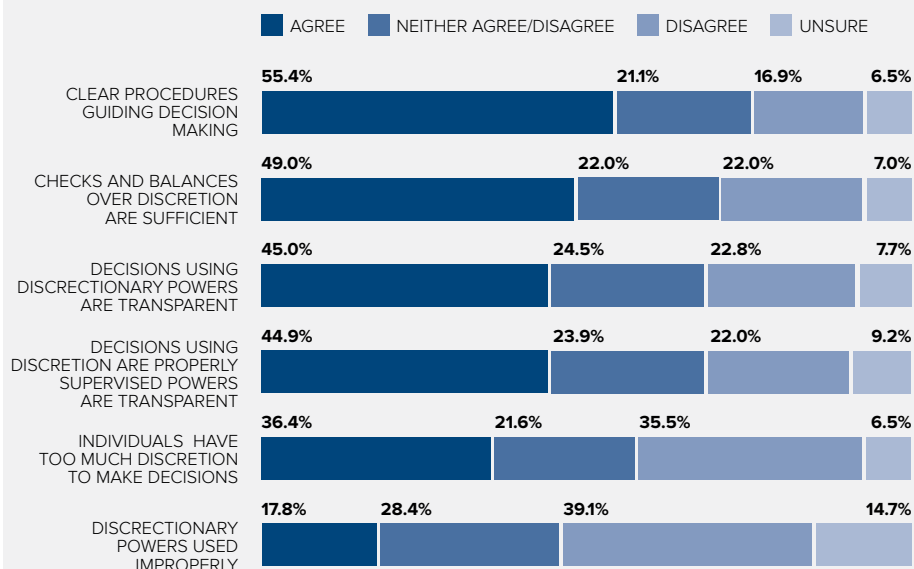
FIGURE 13:  
**Role allows for wide discretion to make decisions (executives and senior managers)**



## Improper use of discretionary powers

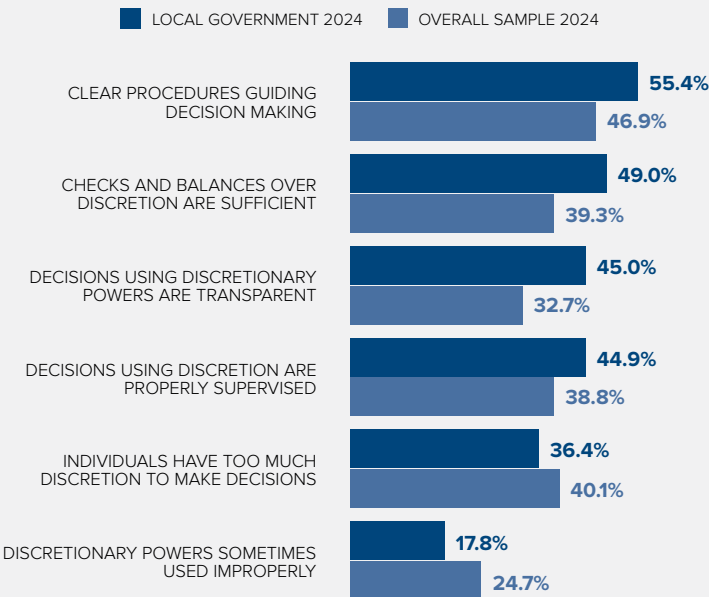
Less than one in five participants agreed that discretionary powers were being improperly used (Figure 14). Approximately half of participants responded that their workplace provides clear procedures to guide decision making, the use of discretionary power is transparent, appropriately supervised and subject to sufficient checks and balances.

FIGURE 14:  
**Perceived use of discretionary powers**



Local government participants had greater confidence in the integrity of the exercise of discretionary powers compared to participants overall (Figure 15).

FIGURE 15:  
**Perceived use of discretionary powers**  
**(local government participants and participants overall)**



However, participants also provided examples of potential misuse of discretionary powers. These included:

- ▶ a CEO signing off a direct recruitment to improperly favour a preferred candidate
- ▶ a CEO allowing an exemption from procurement limits awarding a contract to a specific contractor with whom they have a relationship
- ▶ a council employee giving in to pressure by a ratepayer to overturn the recommendation of an investigating officer or to withdraw an expiation
- ▶ issue of expiations even though no breach had occurred
- ▶ administration staff not adhering to delegations

## 28

ICAC PUBLIC INTEGRITY SURVEY 2024  
LOCAL GOVERNMENT INSIGHTS

Several participants believed that discretionary powers were being misused when allocating discretionary funds. Councils use discretionary funds, grants and allowances to support individuals and organisations to provide activities that benefit the community. Several participants described the allocation of discretionary funds to individuals with whom a decision maker had an undeclared conflict of interests.

A few participants claimed that discretionary decisions are vulnerable to misuse by public officers involved in council subsidiaries. The *Local Government Act 1999* s 42 allows local councils, with Ministerial approval, to establish a subsidiary to provide services, carry out activities or perform functions of the councils.<sup>21</sup> Participants suggested that subsidiaries were sometimes established to circumvent policies and procedures, and the operation of subsidiaries is not always transparent.



“At a Regional Subsidiary the CEO having too much discretion and the normal checks and balances removed or simply ignored so they can achieve a particular outcome. In particular removing agreed ‘hold points’ that required a Council to make a formal decision before moving forward.”

“Establishing internal structures that enable bypassing of normal processes of accountability and scrutiny, e.g. using subsidiaries.”

### Policies and procedures guiding discretionary powers

While many participants perceived there were sufficient controls over the use of discretionary powers, not all agreed. Some participants observed that policies and procedures guiding the use of discretionary powers were inadequate.



“I am not convinced that there are clear decision-making frameworks in place that guide decision making for staff across the organisation.”

“I do not believe decisions are properly supervised.”

“...there are times when policies and procedures may not be as clear as they could be to ensure greater transparency and consistency and to ensure compliance/no overreach.”

A few participants believed that a lack of compliance, rather than insufficient policies and procedures, may undermine the integrity of discretionary decision making in their workplace.



“The issue mostly (at times) is not the actual process - it's the fact the process is either not followed or ‘debated’ from a side angle that inevitably leads to some benefit (conveniently) for someone.”



For some participants, the use of discretionary powers was not always transparent, accountable, or adequately recorded.



“...not having to justify their decision making or their leaders not knowing they have made the decision.”

“The final decisions are made by general managers and CEO however are not always transparent.”

“CEO providing ‘verbal’ approval for matters that require licences or leases to be in place.”

## Power to make decisions

Limiting the use of discretion across an agency is sometimes seen as a control for corruption.<sup>22</sup> However, the concentration of discretionary power in the hands of a few individuals may increase an organisation’s vulnerability to corruption,<sup>23</sup> or in the words of English historian Lord Acton, “absolute power corrupts absolutely.”<sup>24</sup>

A third of participants agreed that individuals in their workplace have too much discretion to make decisions. Some participants believed that discretionary power is too centralised with senior leaders in their workplace, especially the CEO. This may lead to a lack of transparency, accountability and impartiality when exercising discretion.



“The issue in my current workplace is not the lack of controls over delegated decision making to staff, it is too much power in the CEO. Staff, with the skills and knowledge to make decisions, are not given appropriate discretionary power. The CEO centralises too much decision making. This lacks transparency (in terms of accountability to strategic direction) and also is inefficient.”

“I often feel that I am unable to make decisions at all anymore despite my experience, as every decision ends up going to the CEO to make a ‘call’ without the expert advice necessary for that decision.”

Senior leaders were more likely than other participants to disagree that some individuals in their workplace have too much discretion and that discretion may be used for improper reasons.<sup>25</sup> They were more likely to agree that discretionary decisions in their workplace are transparent, guided by clear procedures, properly supervised, and have sufficient checks and balances.<sup>26</sup>

Senior leaders may be insufficiently aware of risks associated with the concentration of powers in the hands of a few public officers. Alternatively, public officers who do not hold wide discretionary powers may misconstrue the use of such powers. From the outside, it may not be possible to fully appreciate the checks and balances applied to discretionary decisions.<sup>27</sup> It is important to dispel misconceptions and ensure that there are clear guidelines on the use of discretionary powers, that guidelines are followed, and that there is clear communication about the rationale behind decisions.

# AWARENESS OF CORRUPTION RISKS

The increase in participants' perceptions that their workplace is vulnerable to corruption does not necessarily mean that corrupt conduct has increased in local councils. Instead, this finding may reflect an increase in awareness of corruption risks. However, this awareness has more likely come from information sessions provided by the integrity agencies, rather than internal training.

Participants were asked if their workplace had provided them with training on corruption risks specific to their role. Almost two thirds agreed they had been provided with such training (Figure 16). This is a higher proportion than participants overall. However, the proportion of local government participants who agreed they had received training has dropped by 20% since 2018.

FIGURE 16:  
**Workplace has provided training on corruption risks**



Some participants commented on the need for further training from their organisation, or suggested the internal training they had received was inadequate.



“Lack of education and training particularly people in managerial positions.”

“Training for ICAC occurred once and the only reminders are about gifts and the gift registry. There is a strong facade of ‘nothing to see here’...”

“My current organisation provides little to no training or awareness of ICAC, it is just not on the organisation's agenda. Previous organisations I have worked for have made it a large part of their day to day activities, their training and induction programs and mandatory knowledge for staff.”

The provision of internal training was also uneven. Participants on short term contracts were less likely, and senior leaders more likely, to agree that their organisation had provided training on corruption risks.<sup>28</sup>

The survey was run at the same time as the South Australian integrity agencies were conducting information sessions for local councils. Those sessions including information about common corruption risks in local councils. For some participants, those sessions were the first time that they had heard of the Commission.



"We were made to do ICAC training a few weeks ago, that's the first time I knew about it."

## Elected members and conflicts of interests

While participants' awareness of vulnerability to corruption risks may have improved, there were some notable gaps in awareness. Comments from some participants who identified as council employees conveyed a sense of frustration that elected members are not always sufficiently aware of corruption risks relating to undeclared or unmanaged conflicts of interests.



"Elected members not properly declaring conflicts of interest. This area is only self regulated and at times others know of conflicts but can do little about it."

"Sometimes elected members may not realise that they have a conflict of interest in a particular matter even though they have had extensive training in the matter."

"Members also rarely declare conflicts and seem to act ignorant despite numerous training attempts from staff."

The *Code of Conduct for Council Members* (2013) s 3.13 requires elected members to make unbiased decisions in the best interests of the whole community, and to declare conflicts of interests. Compared to council staff, elected members were more likely to respond that their council had provided training on corruption risks relating to their role.<sup>29</sup> However, conflicts of interests training for some elected members may be missing the mark.

Participants described elected members acting on conflicts of interests by:

- ▶ persuading the council to improve facilities near the elected members' house
- ▶ supporting a business in which they have an interest
- ▶ failing to declare partnerships and stakeholdings on registers of interests
- ▶ influencing council grants to benefit personal associates
- ▶ influencing procurements to favour a personal associate
- ▶ accepting gifts from someone attempting to exert influence over a council decision

32

ICAC PUBLIC INTEGRITY SURVEY 2024  
LOCAL GOVERNMENT INSIGHTS

## Downplaying corruption risks in regional and rural councils

The risk that corruption is not being recognised as such may be greater in regional and rural councils. The 2021 survey report concluded that public officers in regional and rural councils may downplay corruption risks arising from their council's location. The 2024 survey has produced similar results.

Analysis of the quantitative data found that participants from regional and rural councils were not especially aware of corruption risks such as nepotism and favouritism associated with working in a small, close-knit community. However, participants' qualitative responses suggested an awareness of corruption risks specific to regional and rural councils.



"Being a rural council, employment of friends & relatives has the potential to cause issues. People are employed on who they know and not necessarily because they are best for the role. This also can happen with promotions."

"Conflict relating to procurement is also difficult in a small town as there are a lot of relationships that occur - family, friendships etc. Although conflicts occur, our procurement is based around contractor service - but certainly challenging."

"Small regional townships are often closely related communities. Therefore, staff are often involved in-directly when contracts are being awarded to family and friends' businesses."

## Misuse of confidential information

An emerging risk that may be underestimated by public officers in local councils is the inappropriate access to and misuse of confidential information.<sup>30</sup> Local councils hold valuable information which could be improperly used if it is divulged to someone not authorised with access.<sup>31</sup> An individual's safety and security may be put at risk if personal details are disclosed. Organised crime groups may cultivate relationships with council staff and elected members to gain access to confidential information that could be used for extortion or to facilitate identity fraud.<sup>32</sup>

The misuse of confidential information, for instance the leaking of discussions on social media or to the community, may damage a council's reputation.<sup>33</sup> Improper access to confidential information relating to tenders, planning and development applications, or in-confidence council meetings may put council operations at risk. Corruption may occur if that information has been improperly disclosed to an unauthorised associate or in return for a bribe.<sup>34</sup> Foreign interests may also attempt to access secret or embarrassing information to influence local council decisions and weaken the integrity of local government.<sup>35</sup>

Despite those risks, less than one in five participants considered their workplace to be vulnerable to misuse of confidential information, and fewer believed they had personally encountered misuse of confidential information. However, the need for local councils to pay attention to protecting confidential information was raised in the qualitative comments.

Several participants claimed that systems for protecting confidential information were lacking in their workplace.



"IT and Records Management issues have led to vulnerability of data and its accessibility."

"Boundaries aren't always clear on what information can be used and for what purposes."

"LGAs do not adequately protect data, label it, or secure it. Items are handled based on trust of employees, who are often not reverified or even police checked prior to employment."

"Records management system is broadly accessible, and the main risk control appears to be the integrity of staff."

Some participants considered elected members to be especially prone to inappropriately accessing and disclosing confidential information. Those participants described instances where an elected member had shared confidential information on social media or in discussions with constituents. Systems to ensure that elected members cannot improperly access and share information were also seen to be lacking.



"Despite declaring a conflict of interest or listing the profession on the register of interest, Elected Members are still able to access the confidential agenda papers and minutes of the meeting, allowing them to (for example) access commercially sensitive information which may relate to a business competitor of the elected member."

## AWARENESS OF REPORTING OBLIGATIONS

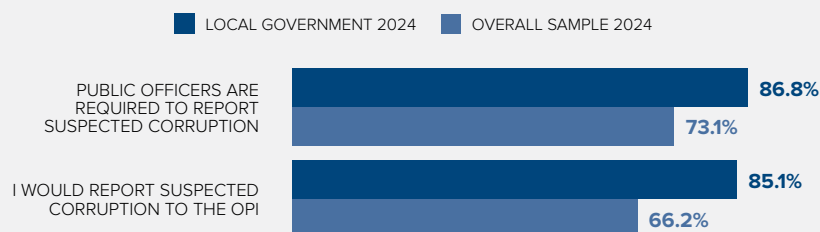
Reports made by public officers are the single most important source for detecting corruption.<sup>36</sup> Public officers from within an agency are best placed to notice potential corruption. Their first hand knowledge of their organisation and understanding of internal processes means they can recognise when those processes have been breached.<sup>37</sup>

Public officers are obliged to report to the Office for Public Integrity any matter that is reasonably suspected of involving corruption in public administration. The Office for Public Integrity will assess such a report, and if a potential issue of corruption in public administration, which could be a subject of a prosecution, is identified, the matter will be referred to the Commission.

Under section 12D of the *Ombudsman Act 1972*, public officers may report to the Ombudsman any reasonable suspicion of misconduct or maladministration. While there is no mandatory obligation for a public officer to make a report, there is an expectation that such a matter should be reported. Such matters can also be reported to the Office for Public Integrity.

Most participants were aware of their reporting obligations (Figure 17). Almost three quarters claimed they would be willing to report suspected corruption to the Office for Public Integrity.

**FIGURE 17:**  
**Perceptions of reporting obligations**  
**(local government participants and participants overall)**



Local government participants were more likely than participants overall to be aware of their reporting obligations, and to state they would act on those obligations. Senior leaders and elected members were more likely to agree that they would report suspicions of corruption to the Office for Public Integrity than other participants.<sup>38</sup>

“If you think something isn’t right, report it.”

While most participants were aware of their reporting obligations, perhaps unsurprisingly, some did not appreciate the distinction between types of conduct to be reported. The terms corruption, misconduct and maladministration have technical legal definitions and are to be referred to different integrity agencies. It is for this reason that the information sessions for local councils ran by the integrity agencies emphasised the message “if you think something isn’t right, report it.”

The Officer for Public Integrity Directions and Guidelines clarifies what conduct should be reported.<sup>39</sup> This includes a simple explanation for each term as follows:

- ▶ **Corruption:** involves certain criminal offences, including bribery or corruption of public officers; threats or reprisals against public officers; abuse of public office; offences relating to appointment of public office; offences against the Public Sector (Honesty and Accountability Act) 1995, the Public Corporations Act 1993 and the Lobbyist Act 2025.
- ▶ **Misconduct:** is an intentional and serious contravention of a code of conduct by a public office that constitutes a ground for disciplinary action.
- ▶ **Maladministration:** is the conduct of a public officer, or a practice, policy or procedure of a public authority, that results in an irregular and unauthorised use of public money or substantial mismanagement of public resources.

Public officers are required to report *reasonable* suspicions of corruption. They are not required to collect evidence to support their suspicions. Collecting evidence may alert a perpetrator to hide their conduct, and in some instances jeopardise a subsequent investigation.

The message that “if you think something isn’t right, report it” was emphasised at the recent information sessions for local councils. Those sessions may have reduced some of the confusion that may have surrounded reporting. The proportion of participants who believed a report must be accompanied by clear evidence has decreased from 2021 and is lower than for participants overall (Figure 18).

FIGURE 18:  
I would only report suspected corruption if I had clear evidence



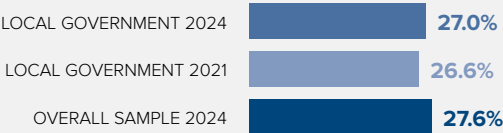
36

ICAC PUBLIC INTEGRITY SURVEY 2024  
LOCAL GOVERNMENT INSIGHTS

Corruption can be difficult to detect. People who commit crimes often go out of their way to ensure their crimes remain undetected. Sometimes corruption is uncovered when a report is received about a matter that appears at the first instance to be minor. Further investigation reveals more serious offending. A corruption investigation often involves piecing together multiple allegations. By themselves, each allegation may seem trivial or isolated. However, brought together, the pieces can reveal a complete picture of corrupt conduct. This is one of the reasons why there remains an expectation that misconduct and maladministration should be reported to either the Office for Public Integrity or the Ombudsman SA.

More than one in four participants claimed that they would only report corruption if their suspicions were serious (Figure 19). This proportion is similar to 2021 and the overall sample.

FIGURE 19:  
I would only report suspected corruption if it was serious



Some participants commented that they would only report a serious matter as they would not want to cause inconvenience.



"I might think that something is inappropriate or corrupt, but I wouldn't want to be seen as a 'time waster' as it might be deemed a minor issue."

"I would need to feel on solid ground to report something as I don't wish to simply throw stones on a 'vibe' or on a whim."

"It is a very intimidating space. I would want to report, but be anxious about being incorrect and causing un-due stress and/or becoming a target of a party undertaking corruption."

Public officers should be assured that reports will be appropriately assessed by the Office for Public Integrity before they are referred to the Commission. The Office for Public Integrity will only refer to the Commission if a potential issue of corruption in public administration, which could be the subject of a prosecution is identified. It is preferable to report something which may appear trivial on the face of it so that the Office for Public Integrity can consider it, rather than running a risk of corruption remaining undetected.



## "There is no wrong door"

The information sessions for local councils run by the integrity agencies also emphasised the message "there is no wrong door." The Office for Public Integrity has produced a flowchart (Appendix three), which provides guidance on reporting pathways. However, public officers should have confidence that even if they report to the wrong agency, their report will still be referred to the appropriate agency.

Some participants expressed uncertainty about reporting pathways.



"I am unsure of whether I report corruption to ICAC and misconduct and maladministration to OPI, or whether all such behaviours should be reported to OPI who will assess/investigate and refer to ICAC as appropriate."

"Sometimes it is difficult to know whether to report direct to ICAC or to the Ombudsman or the Behaviour Standards Panel. There is sometimes a blurred line between integrity and behaviour that is unclear."

The message "there is no wrong door" should provide confidence to those public officers who are unsure where they should report suspected corruption, maladministration or misconduct.

# WILLINGNESS TO REPORT INTERNALLY

Not all participants were willing to report suspected corruption or other improper conduct to someone inside their organisation. The proportion of local government participants willing to report internally has increased since 2021 (Figure 20). Participants from the local government sector were just as likely to report internally than participants overall.

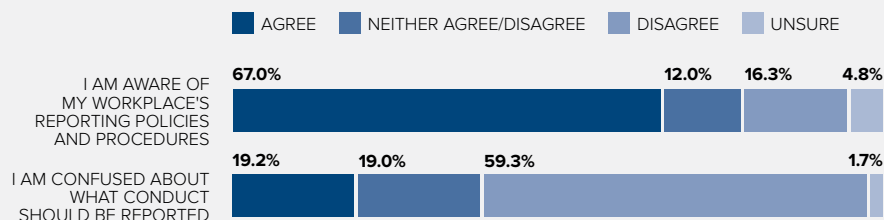
FIGURE 20:  
Willing to report internally



## BARRIERS TO REPORTING INTERNALLY

Public officers who lack information about mechanisms for reporting corruption or other improper conduct may be deterred from reporting internally.<sup>40</sup> The majority of participants responded that they understood internal reporting procedures (Figure 21). One in five agreed that they were confused about what conduct should be reported. Nevertheless, there was room for improvement.

**FIGURE 21:**  
**Aware of internal reporting policies and procedures and confused about what conduct should be reported**



Since 2018, there has been a decrease in the proportion of participants who are aware of their council's reporting policies and procedures (Figure 22).

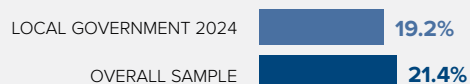
**FIGURE 22:**  
**Aware of internal reporting policies and procedures (2018 to 2024)**



## 40

Local government participants were less confused about what conduct should be reported than participants overall (Figure 23).

**FIGURE 23:**  
**Confused about what conduct should be reported**  
**(local government participants and participants overall)**

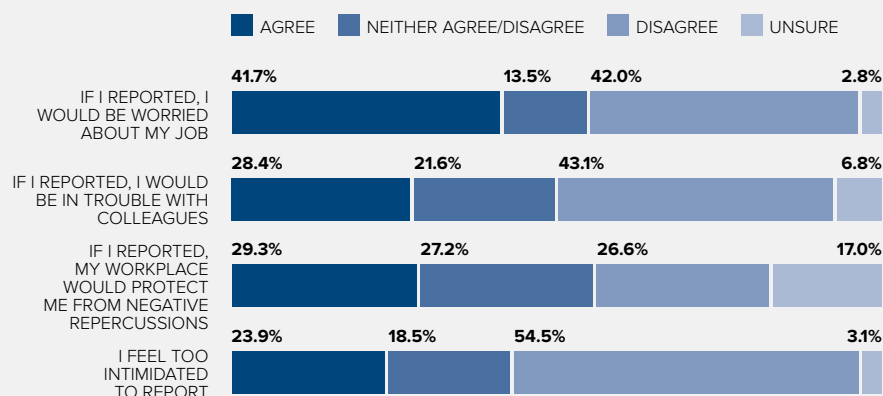


Participants in rural and regional councils, senior leaders, and elected members were more likely than other participants to be aware of reporting policies and procedures.<sup>41</sup> Even so, more than one in six senior leaders (16.9%) did not know their workplace's reporting policies and procedures. Female participants were more likely to agree they are confused about what to report, and less likely to agree they were aware of reporting policies and procedures.<sup>42</sup>

## Fear of victimisation

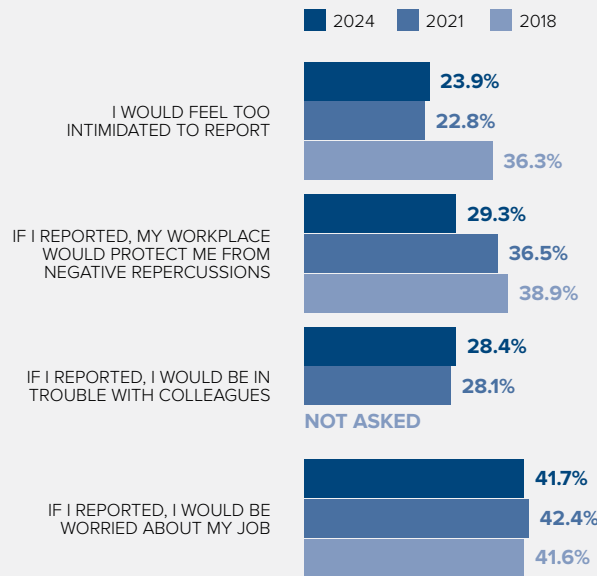
A major barrier to reporting suspected wrongdoing internally is fear of negative repercussions,<sup>43</sup> especially fear of losing employment.<sup>44</sup> Approximately 40% of participants agreed they would be worried about their job if they reported internally (Figure 24).

**FIGURE 24:**  
**Perceptions of repercussions for reporting**



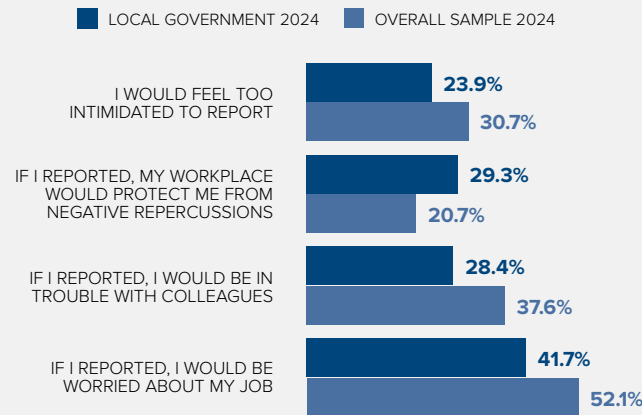
Since 2018, participants have become increasingly worried that reporters will not be protected from negative repercussions, although fewer participants agreed they would feel too intimidated to report internally (Figure 25).

FIGURE 25:  
Perceptions of repercussions for reporting internally (2018 to 2024)



Local government participants were generally less worried about being victimised for reporting compared to participants overall (Figure 26).

FIGURE 26:  
Perceptions of repercussions for reporting internally  
(local government participants and participants overall)



## 42

ICAC PUBLIC INTEGRITY SURVEY 2024  
LOCAL GOVERNMENT INSIGHTS

Female and older participants were more worried about their job if they reported internally and were more likely to feel too intimidated to report.<sup>45</sup> Older participants were less likely to believe they would be protected from negative repercussions.<sup>46</sup> Some participants in precarious employment or facing economic hardship expressed fear at losing their job if they reported.



“On a contract, so unsure if it would be renewed if I reported anything. Nothing I have seen at my workplace makes me believe this is a definite possibility, but you never know. You need to be a permanent staff member to feel confident in making reports of any level of seriousness.”

“As a casual you are extremely vulnerable in making any reports.”

“In this current economic situation I am concerned about my future at work.”

Some participants explained they would be victimised if they reported someone in a more powerful position.



“Highly problematic to report improper conduct when it could be about a senior leader or the head of your organisation.”

“I think that a lot of people would be scared to report if they felt the person they are reporting about had a position of power over them.”

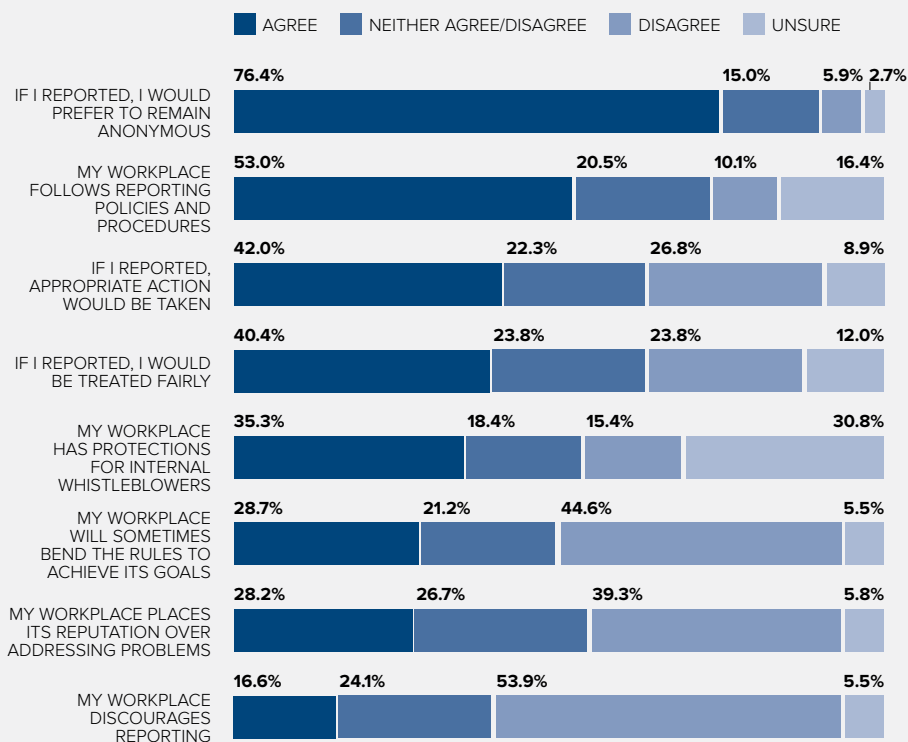
Participants in powerful positions were more comfortable reporting. Senior leaders and elected members were less worried about their job if they reported, less likely to feel too intimidated to report, and more likely to believe they would be protected from negative repercussions. Senior leaders were less likely to believe they would be in trouble with their colleagues if they reported.<sup>47</sup>

## Organisational barriers to reporting

Poor organisational culture can deter public officers from reporting potential corruption and other improper conduct internally. Employees in workplaces where staff are treated respectfully and fairly, and supervisors act in a way that engenders trust, are more likely to report suspected wrongdoing.<sup>48</sup>

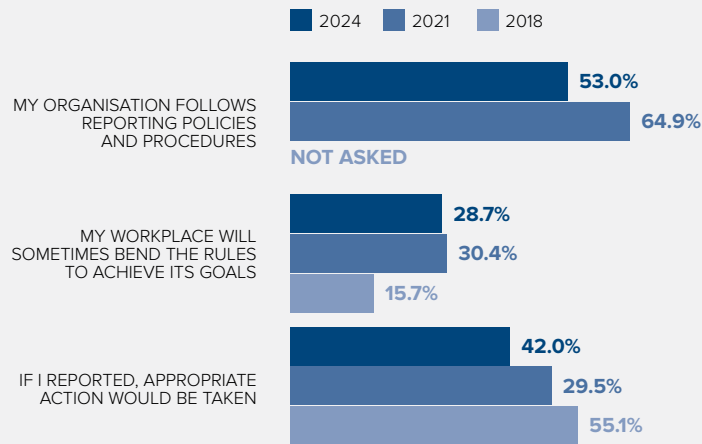
Conversely, employees in organisations where corruption is perceived to be tolerated, and those who have little confidence that reporting will result in change, are often reluctant to report.<sup>49</sup> Many participants identified organisational barriers to reporting (Figure 27).

**FIGURE 27:**  
**Perceptions of organisational barriers to reporting**



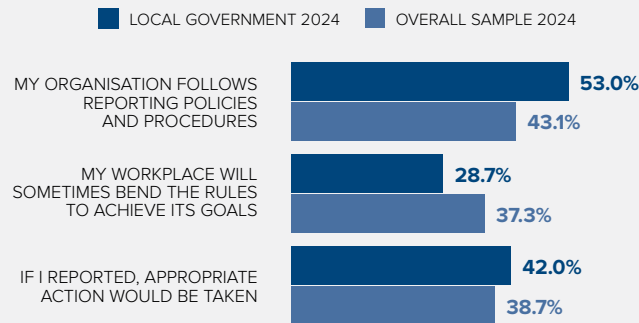
Participants' faith in their council's support for reporting has declined since 2018 (Figure 28). Participants were less confident that appropriate action would be taken if they reported internally and their council would follow due process when dealing with a report. Compared to 2018, an increased proportion of participants believe their workplace will sometimes bend the rules to achieve its goals.

FIGURE 28:  
Perceptions of organisational barriers to reporting  
(local government 2018 to 2024)



Local government participants believed their workplace provides a better reporting environment than participants overall (Figure 29).

FIGURE 29:  
Perceptions of organisational barriers to reporting  
(local government participants and participants overall)





Being able to report anonymously was important to participants. Only a third of local government participants believed their workplace protects whistleblowers. Fear of being identified as a reporter was a theme in participants' comments.



"Most local government offices are very poor at protecting whistleblowers. They are normally met by bullying and intimidation which is totally inappropriate. Some people are fearful for their own health and wellbeing."

"My workplace is so small it would be apparent who reported anything."

"I would prefer to remain anonymous if the person I was reporting was my superior."

In particular, female participants preferred to report anonymously.<sup>50</sup> Being able to report anonymously was less important to senior leaders and elected members, who were also more likely to agree their workplace protects whistleblowers.<sup>51</sup>

Since 2018, an increasing proportion of participants believe their workplace does not comply with reporting policies and procedures. Some participants observed that policies and procedures are manipulated to suit the agenda of senior leaders. The handling of reports was perceived to 'protect' those in power, lack transparency, and too often result in failure to take meaningful action.



"Abusive behaviour and bullying from Mayor [redacted] is covered up!!"

"HR are biased to however upper management wish to proceed. We all know not to bother with complaints against the 'protected species' which has resulted in many people leaving my workplace."

"I have reported matters that have been seriously mismanaged to protect the offenders."

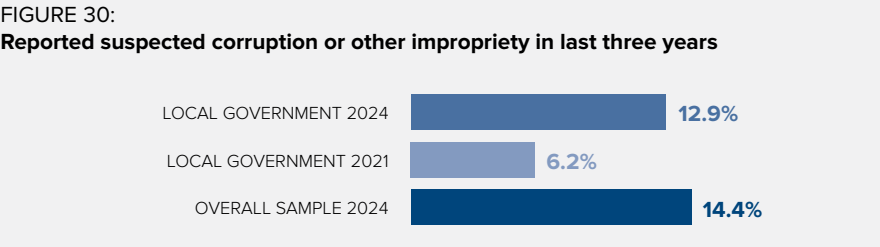
"Management will protect other managers over staff who report issues."

Senior leaders were more likely to disagree that their workplace discourages reporting and will sometimes bend the rules to achieve its goals, and were more likely to agree they would be treated fairly if they report.<sup>52</sup> Senior leaders and elected members were more likely to be confident that action would follow if they reported.<sup>53</sup> Elected members had greater faith in their council following policies and procedures.<sup>54</sup>

Council location correlated with participants' perceptions of organisational barriers to reporting. Participants in metropolitan councils were more likely to agree their workplace discourages reporting and protects its reputation over addressing problems.<sup>55</sup> They were less confident that action would be taken if they reported and their workplace follows reporting policies and procedures.<sup>56</sup> Participants in regional or remote councils were less likely to agree their workplace protects whistleblowers.<sup>57</sup>

# EXPERIENCES OF REPORTING

Participants were asked if they had previously reported suspected corruption or other impropriety in their workplace in the last three years. A small proportion of local council participants responded that they had previously reported (Figure 30). This is a higher incidence of reporting than in 2021, although it is lower than the overall sample.



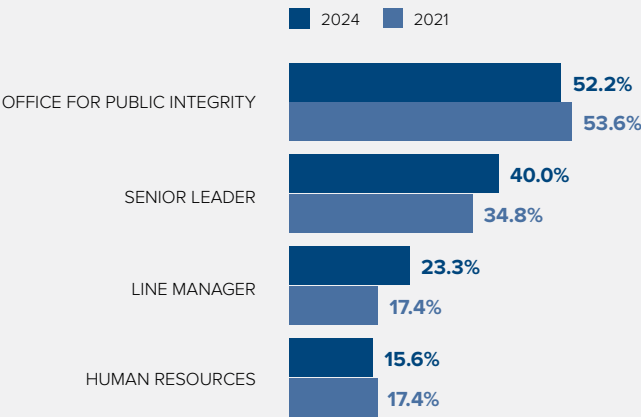
Male participants and senior leaders were more likely than other local government participants to have made a report.<sup>58</sup> Participants in metropolitan councils were less likely to have reported.<sup>59</sup>

Participants were invited to describe the nature of reported allegations. Most allegations related to undeclared or unmanaged conflicts of interests, especially in procurement, followed by serious misconduct, maladministration, and misuse of public assets or resources.

Receiving reports

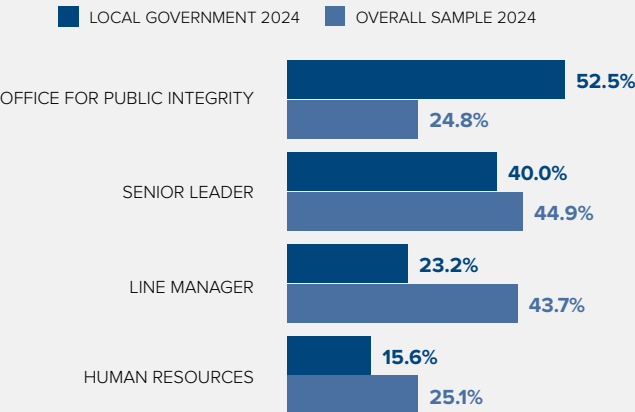
Participants who had previously reported were asked questions about their most recent report. Most reports were made to the Office for Public Integrity (Figure 31). Compared to 2021, participants were more likely to state they had reported to a senior leader or line manager.

FIGURE 31:  
Who receives reports of suspected corruption or other impropriety  
(2021 and 2024)



Participants from the local government sector were more likely than participants overall to report to the Office for Public Integrity (Figure 32). This partly reflects the propensity for elected members to report to the Office for Public Integrity.<sup>60</sup> It may also reflect the recent intensive training provided to local councils by the integrity agencies.

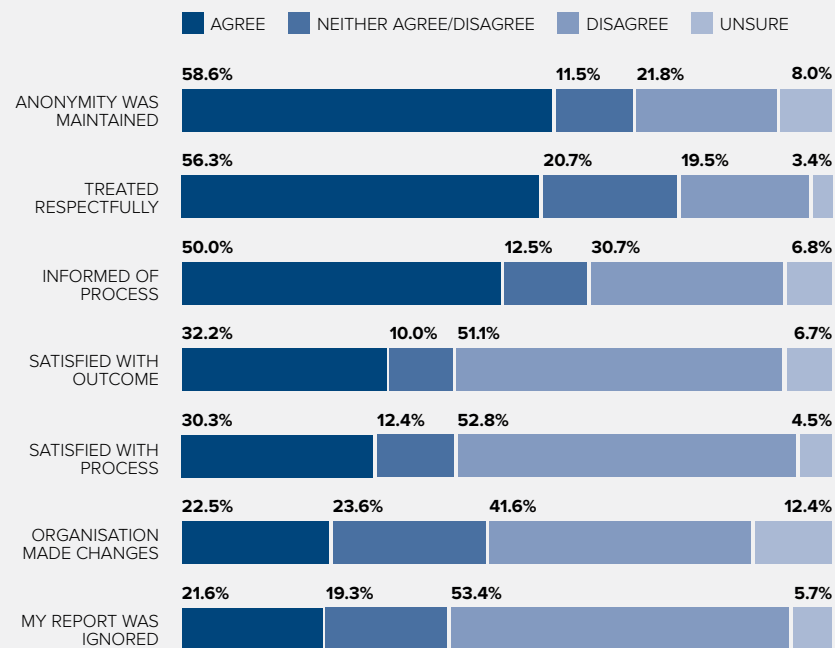
FIGURE 32:  
**Who receives reports of suspected corruption or other impropriety  
(local government participants and participants overall)**



## Handling of previous reports

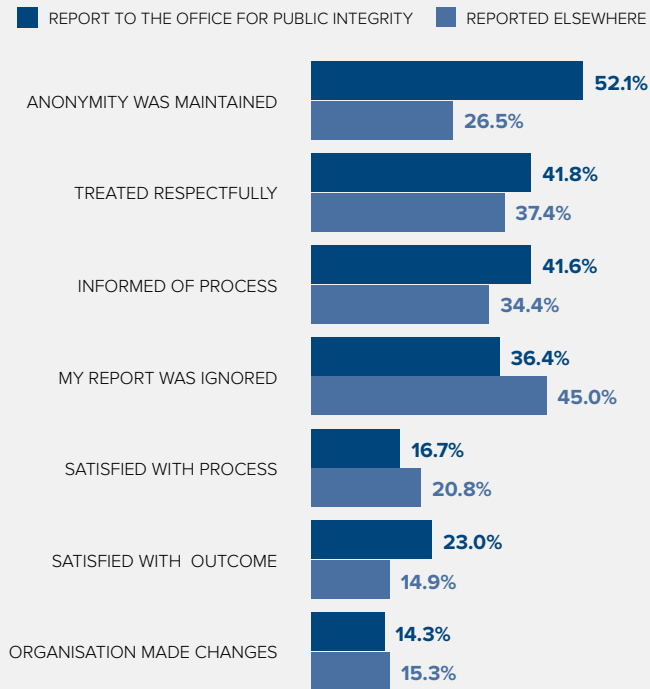
Approximately half of the participants who responded that they had previously reported were satisfied with how their report had been handled (Figure 33).

**FIGURE 33:**  
**Perceptions of how the report was handled**



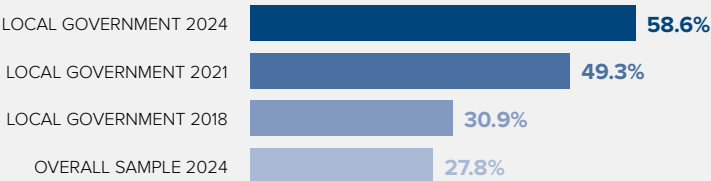
Participants who responded that they reported to the Office for Public Integrity were more positive about the handling of their report compared to participants who reported elsewhere (Figure 34).

FIGURE 34:  
Perceptions of how the report was handled (agreed/strongly agreed)



Anonymity is important to reporters. Compared to 2018 and 2021, participants were more likely to believe their anonymity had been maintained (Figure 35). Local government participants expressed more favourable opinions about all aspects of how their report was handled compared to participants overall, especially in relation to the protection of anonymity. Those who reported to an integrity agency were significantly more likely to believe their anonymity was maintained than those who reported internally.<sup>61</sup>

FIGURE 35:  
Perceptions of whether anonymity was maintained (2018 to 2024)



Not all aspects of report handling were perceived favourably. Less than a third of participants who had made a report were satisfied with either the process or outcome. Participants' dissatisfaction largely focused on their organisation's failure to adequately investigate allegations or to make changes.

## PERCEPTIONS OF THE COMMISSION

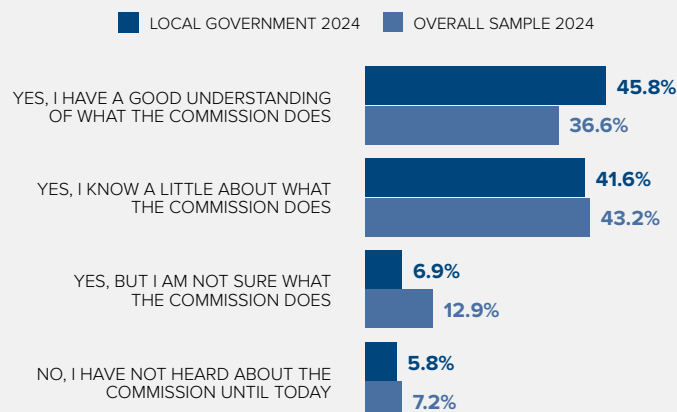
A high proportion of local government participants had heard of the Commission (Figure 36). That proportion has increased with each iteration of the survey. Local government participants also were more likely to have heard of the Commission than participants overall.

**FIGURE 36:**  
**Participants who had heard of the Commission**



A greater proportion of local government participants than participants overall agreed that they had a good understanding of the Commission (Figure 37). This finding may reflect the timing of the survey, which was run at the same time as the integrity agencies were running combined information sessions for local councils.

**FIGURE 37:**  
**Awareness of the Commission**

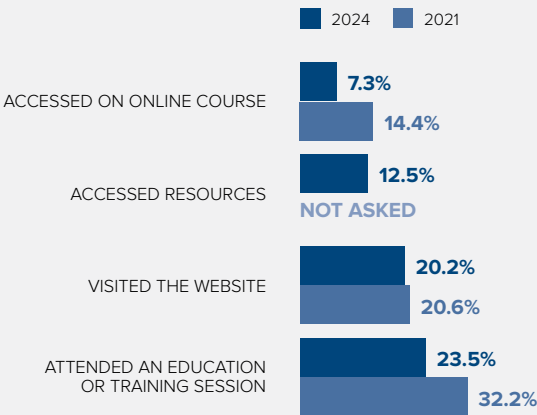




### Accessing the Commission’s resources

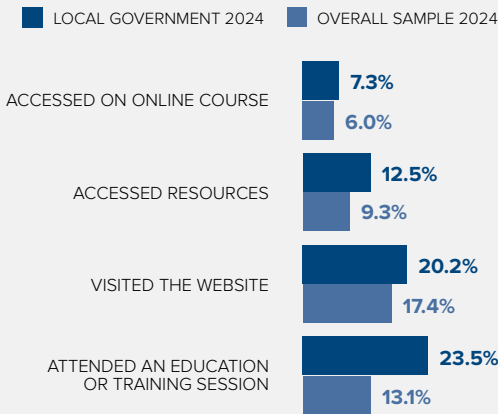
The Commission provides considerable resources to assist local councils. However, many participants were not aware of the Commission’s resources, and the use of Commission’s resources has decreased since 2021 (Figure 38). Senior leaders and elected members were more likely to have contact with the Commission than other staff.<sup>62</sup>

FIGURE 38:  
Previous contact with the Commission (2021 and 2024)



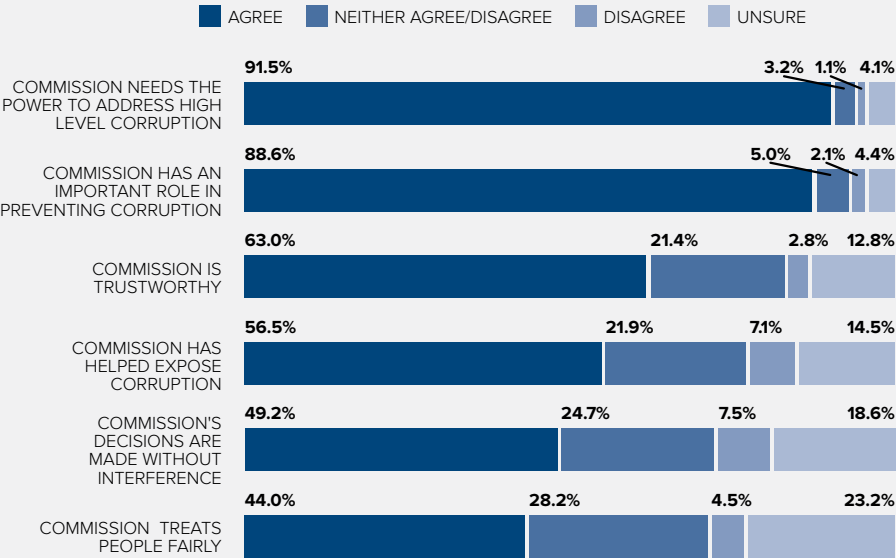
Local government participants claimed to have made greater use of the Commission’s resources than participants overall (Figure 39). In particular, local government participants were more likely to have attended an education or training session conducted by the Commission.

FIGURE 39:  
**Previous contact with the Commission**  
**(local government participants and participants overall)**



Participants were asked about their perceptions of the Commission. Most believed the Commission should have the necessary powers to address corruption and plays an important role in preventing corruption (Figure 40).

FIGURE 40:  
Perceptions of the Commission



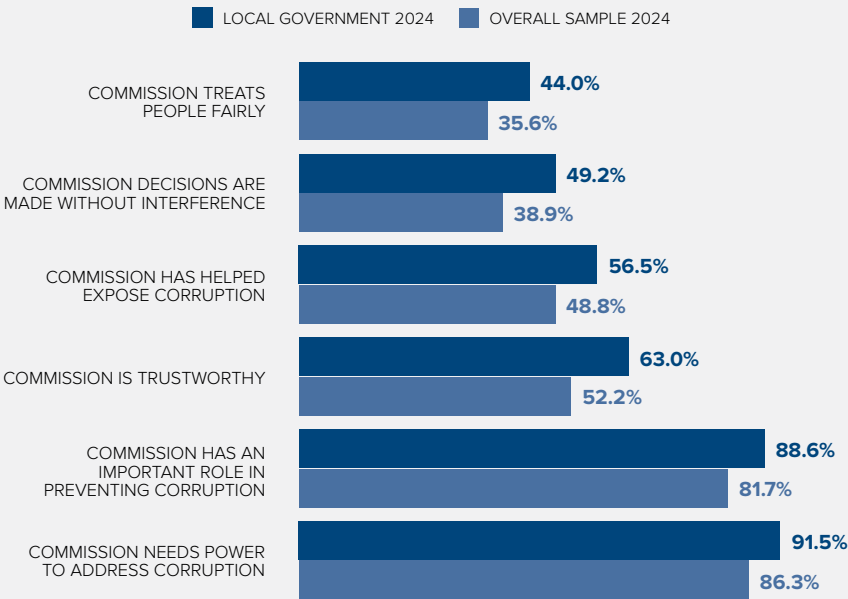
Perceptions of the Commission were generally less positive in 2024 than in 2018 (Table 2).

TABLE 2:  
PERCEPTIONS OF THE COMMISSION (2018 TO 2024)

	2018	2021	2024
Commission treats people fairly	48.6%	Not asked	44.0%
Commission's decisions are made without interference	54.4%	46.3%	49.2%
Commission has helped expose corruption	Not asked	58.0%	56.5%
Commission is trustworthy	61.5%	64.2%	63.0%
Commission has an important role in preventing corruption	93.4%	92.6%	88.6%
Commissions needs the power to address high level corruption	96.0%	91.4%	91.5%

Compared to participants overall, those from the local government sector have more favourable views of the Commission (Figure 41).

FIGURE 41:  
Perceptions of the Commission  
(local government participants and participants overall)



## Trustworthiness and fairness

Almost two thirds of participants perceived the Commission to be trustworthy. Less than half believed that the Commission treats people fairly. Perceptions of trustworthiness and fairness have remained relatively stable since 2018. While it is pleasing to see that many participants regarded the Commission as being trustworthy, it is evident that there is room for improvement with respect to perceptions around the Commission's treatment of people.

Participants' perceptions of trustworthiness and fairness were largely connected to observations that the Commission's work lacks transparency.



"Trust is not high in ICAC given some high-profile cases that did not end well despite the person being publicly exposed during the investigation. This damages the persons reputation despite no findings against them and erodes trust in ICAC."

"I can't really say if the Commission has exposed corruption or can be trusted or has enough power because we never know what they've been up to."

"...more needs to be done to build public trust in your commission that decisions are made for the best interests of the public and to support 'the little guy'."

Transparency for the Commission is a balancing act. Where the Commission can be open about its work, and such openness may be of assistance to public integrity, it will be. However, there is often good reason why the Commissioner either cannot or does not publicly promote aspects of its work.

## CONCLUSIONS

There is an increasing perception that the local government sector is susceptible to corruption and other impropriety. This may reflect the coincidence of the survey with the delivery of information sessions by the integrity agencies to local councils. The training may have also increased participants' knowledge and awareness of the work of the Commission.

Nepotism and favouritism in recruitment continues to be the main type of improper conduct observed by participants. Other perennial corruption risks relate to elected members. Participants continue to perceive that elected members sometimes overstep their role, and do not sufficiently understand conflicts of interests. These perceptions were clearly a source of frustration for many council staff.

The survey highlighted emerging risks for local councils. There has been an increase in participants' perceptions that they encountered wrongdoing in relation to favouritism in procurement and the awarding of contracts. Corruption risks relating to misuse of confidential information may be underestimated.

The survey asked participants questions about the integrity of decision making in their workplaces. Senior leaders in local government, especially CEOs, mayors and elected members, were observed to have a high degree of discretionary power to make decisions. Decision making that lacks transparency, accountability, and appropriate checks and balances, may be vulnerable to misuse of authority. The use of discretionary powers in local councils may not always be sufficiently guided by policies and procedures.

Public officers in the local government sector may experience influence to make decisions that are not in the public interest. Such pressure may come from a wide variety of sources, including developers and state politicians. The manipulation of information by council administrators to elected members to improperly influence decisions was seen to be especially problematic.

The integrity of public administration is reliant on public officers reporting reasonable suspicions of corruption in public administration. It is also reliant on the reporting of suspected misconduct and maladministration to either the Office for Public Integrity or the Ombudsman SA, and there is an expectation that this should occur. I encourage all public officers to comply with your reporting obligations and to have the confidence to utilise the reporting systems that are available to you. If desired, reports can be made anonymously. Sensitive information will be handled discretely by the integrity agencies. Integrity in public administration is maintained when any kind of improper conduct is brought to light.

APPENDICES

Appendix one:  
Combined integrity agency information  
sessions (2024)

TABLE 3:  
INFORMATION SESSIONS FOR LOCAL COUNCILS RUN BY THE OFFICE FOR PUBLIC INTEGRITY,  
OMBUDSMAN SA, AND THE INDEPENDENT COMMISSION AGAINST CORRUPTION

MONTH	LOCAL COUNCIL
August	City of Charles Sturt
September	Victor Harbor Council
September	Alexandrina Council
September	Kangaroo Island Council (elected members)
September	Kangaroo Island Council
September	Kangaroo Island Council
October	Cambelltown City Council
October	City of West Torrens
October	City of Holdfast Bay
October	Onkaparinga Council
October	City of Unley
November	City of Burnside
November	Adelaide Plains Council
November	Barossa Council
November	Coober Pedy Council
November	Norwood, Payneham and St Peters Council
November	Prospect Council
November	City of Salisbury

60

ICAC PUBLIC INTEGRITY SURVEY 2024  
LOCAL GOVERNMENT INSIGHTS

## Appendix two: The survey

SECTION A: GENERAL DEMOGRAPHIC INFORMATION	
What is your gender?	Female Male I identify my gender as (please specify) I prefer not to say
What is your age?	20 years and under 21 years to 34 years 35 to 44 years 45 to 54 years 55 years and above I prefer not to say
Where do you work? (Remember, you cannot be identified)	Adelaide Venue Management Corporation Attorney-General's Department Courts Administration Authority Department for Child Protection Department for Correctional Services Department for Education (excluding TAFE SA) Department of Environment and Water Department for Health and Wellbeing (SA Health) Department of Human Services Department for Infrastructure and Transport Department of the Premier and Cabinet Department of Primary Industries and Regions Department for State Development Department of Treasury and Finance Local Health Network SA Ambulance Service SA Housing Authority SA Water South Australian Metropolitan Fire Service/Country Fire Service South Australian Police TAFE SA State Government – Other Local Government I prefer not to say
Where is your council based?	Metropolitan Regional Rural or remote I prefer not to say
Are you an elected member?	Yes No I prefer not to say
How would you describe your current employment?	Permanent/ongoing contract Long-term contract (more than one year) Short-term contract (less than one year) Casual I prefer not to say Other (please specify)



Are you in an Executive or Senior Manager role?	Yes No I prefer not to say Don't know/unsure
How long have you worked in your current organisation?	Less than 1 year 1 to 5 years 6 to 10 years 11 to 20 years More than 20 years I prefer not to say
How long have you worked in the public sector or local government?	1 to 5 years 6 to 10 years 11 to 20 years More than 20 years I prefer not to say
<b>SECTION B: VULNERABILITY TO CORRUPTION AND OTHER IMPROPER CONDUCT</b>	
Overall, how vulnerable do you believe your workplace is to corruption or other improper conduct?	Not at all vulnerable Somewhat vulnerable Moderately vulnerable Highly vulnerable Extremely vulnerable Unsure/not applicable
Please rate how vulnerable do you think your workplace is to the following types of corruption and other improper conduct Favouritism in procurement/awarding of contracts Financial misconduct, theft, fraud Political interference Inappropriate access and/or misuse of confidential information Mismanagement of public resources Falsifying information Not declaring or managing conflicts of interests Perverting the course of justice Bribery/improper acceptance of gifts Nepotism/favouritism in recruitment Misuse of authority Failure to perform official duties	Not at all vulnerable Somewhat vulnerable Moderately vulnerable Highly vulnerable Extremely vulnerable Unsure/not applicable
If applicable, please provide details about any major areas of vulnerability to corruption or other improper conduct in your workplace.	Not applicable Open ended text

62

ICAC PUBLIC INTEGRITY SURVEY 2024  
LOCAL GOVERNMENT INSIGHTS

SECTION C: PERSONAL EXPERIENCES OF POTENTIAL CORRUPTION AND OTHER IMPROPER CONDUCT	
Have you personally encountered potential corruption or other improper conduct in your workplace in the last three years?	Yes No Unsure/don't know I prefer not to say
Please rate how vulnerable do you think your workplace is to the following types of corruption and other improper conduct  Favouritism in procurement/awarding of contracts Financial misconduct, theft, fraud Political interference Inappropriate access and/or misuse of confidential information Mismanagement of public resources Falsifying information Not declaring or managing conflicts of interests Perverting the course of justice Bribery/improper acceptance of gifts Nepotism/favouritism in recruitment Misuse of authority Failure to perform official duties	Personally observed Suspected Neither suspected nor observed Unsure/don't know
If applicable, please provide details about the nature of any potential corruption or other improper conduct you have encountered or suspected in your workplace in the last three years.	Not applicable Open ended text

SECTION D: INFLUENCING DECISION MAKING	
Does your role require making decisions that may have consequences for the public interest?	Yes No Unsure/don't know I prefer not to say
Please rate how strong you agree or disagree with the following statements I believe that decisions in my workplace are sometimes vulnerable to improper influence Influences on decision making in my workplace are not always transparent I have felt pressure to not provide frank and fearless advice I have felt pressure to falsify information to support a specific decision or outcome I have felt pressured by a work colleague to make a decision that is not in the public interest I have felt pressured by an external party to make a decision that is not in the public interest I sometimes need to weigh up private interests when making decisions I sometimes feel unable to push back against efforts to influence my decisions	Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree Unsure/not applicable
If applicable, please describe any circumstances where you have felt pressure to make a decision that was not in the public interest.	Not applicable Open ended text

64

ICAC PUBLIC INTEGRITY SURVEY 2024  
LOCAL GOVERNMENT INSIGHTS

SECTION E: DISCRETION IN DECISION MAKING	
Does your role give you wide discretion to make decisions	<p>Yes</p> <p>No</p> <p>Unsure/don't know</p> <p>I prefer not to say</p>
<p>Please rate how strongly you agree or disagree with the following statements</p> <p>Some individuals in my workplace have too much discretion to make decisions</p> <p>I believe that discretionary decisions in my workplace are well justified</p> <p>Decisions made using discretion in my workplace are properly supervised</p> <p>I believe that decisions made using discretion in my workplace are not appropriately documented</p> <p>Discretionary powers are used in my workplace only to serve an authorised purpose</p> <p>Decisions made using discretionary powers in my workplace are transparent</p> <p>I feel that there are sufficient checks and balances over the use of discretion in my workplace</p> <p>Discretionary powers have sometimes been used in my workplace for improper reasons</p> <p>My workplace does not have clear procedures guiding decision making by staff</p> <p>Leadership in my workplace ensures discretionary powers are exercised appropriately</p>	<p>Agree</p> <p>Neither agree nor disagree</p> <p>Disagree</p> <p>Strongly disagree</p> <p>Unsure/not applicable</p>
If applicable, please describe any circumstances where the discretion to make decisions may have been misused in your workplace.	<p>Not applicable</p> <p>Open ended text</p>

SECTION F: INTERNAL REPORTING OF POTENTIAL CORRUPTION OR OTHER IMPROPER CONDUCT	
<p>Please rate how strongly you agree or disagree with the following statements</p> <p>I am confused about what conduct should be reported</p> <p>I would only report suspected corruption if I had clear evidence</p> <p>I would only report suspected corruption if it was serious</p> <p>I think I would report suspected corruption to someone inside my workplace</p> <p>If I reported, I would probably be in trouble with my colleagues</p> <p>If I reported, I would be worried about my job</p> <p>I would feel too intimidated to report</p>	<p>Strongly agree</p> <p>Agree</p> <p>Neither agree nor disagree</p> <p>Disagree</p> <p>Strongly disagree</p> <p>Unsure/don't know</p>
<p>Please rate how strongly you agree or disagree with the following statements</p> <p>I feel that my workplace discourages reporting</p> <p>If I reported, my workplace would protect me from negative repercussions</p> <p>My workplace has provided me with training on corruption risks that relate to my role</p> <p>I feel that my workplace will sometimes bend the rules to achieve its goals</p> <p>I am aware of my workplace's policies and procedures for reporting</p> <p>If I reported, I believe that I would be treated fairly</p> <p>If I reported, I am confident that appropriate action would be taken</p> <p>If I reported, I would prefer to remain anonymous</p> <p>My workplace follows policies and procedures when dealing with a report</p> <p>My workplace places its reputation over addressing problems</p> <p>My workplace provides whistleblower protections for staff who report internally</p>	<p>Strongly agree</p> <p>Agree</p> <p>Neither agree nor disagree</p> <p>Disagree</p> <p>Strongly disagree</p> <p>Unsure/don't know</p>
<p>Do you have any further comments about reporting in your workplace?</p>	<p>Not applicable</p> <p>Open ended text</p>

66

ICAC PUBLIC INTEGRITY SURVEY 2024  
LOCAL GOVERNMENT INSIGHTS

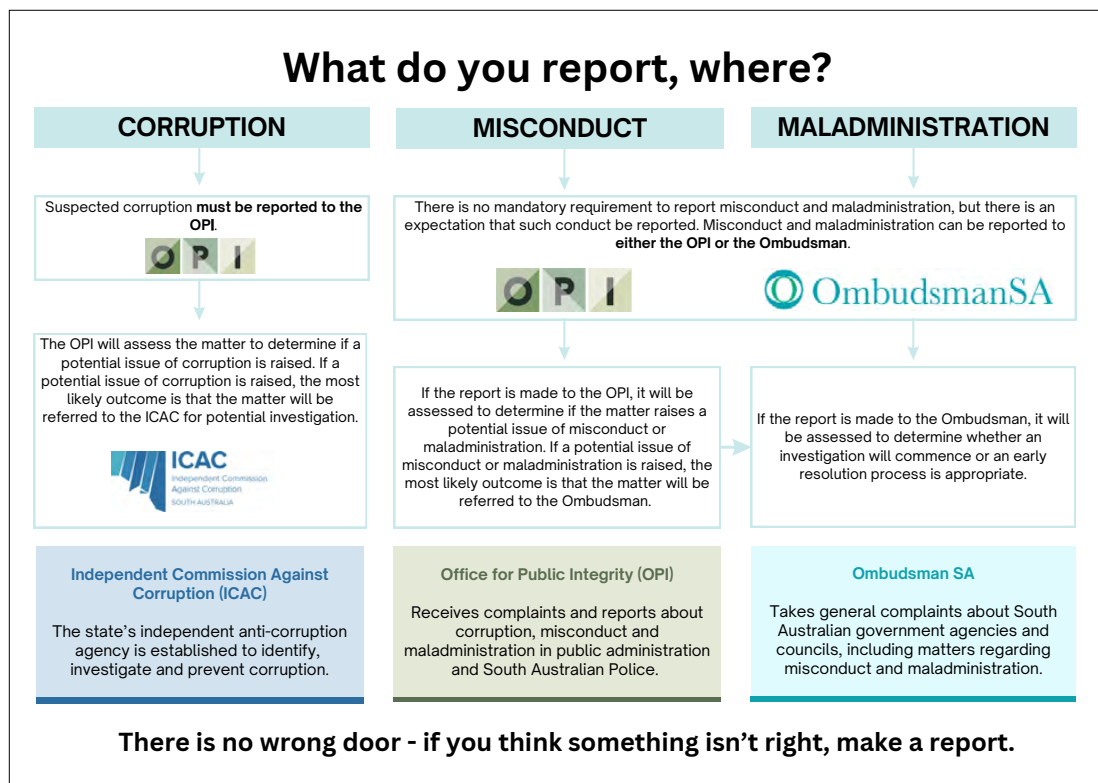
SECTION G: PREVIOUS REPORTING	
Have you previously made a report of suspected corruption or other improper conduct in your workplace in the last three years?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> I prefer not to say <input type="checkbox"/> Unsure/don't know
For the most recent occasion where you reported suspected corruption or other improper conduct in your workplace, who did you report this to?	<input type="checkbox"/> My line manager <input type="checkbox"/> Senior leadership <input type="checkbox"/> Human resources <input type="checkbox"/> A colleague in my workplace <input type="checkbox"/> The Office for Public Integrity/ Independent Commission Against Corruption <input type="checkbox"/> South Australian Police <input type="checkbox"/> Other <input type="checkbox"/> Unsure/ can't remember
Please explain why you chose to report to that particular person or agency.	<input type="checkbox"/> I prefer not to say <input type="text"/> Open ended text
What were the nature of the allegations?	<input type="checkbox"/> I prefer not to say <input type="text"/> Open ended text
In relation to your most recent report, please rate how strongly you agree or disagree with the following statements <input type="checkbox"/> I was informed of the process that would occur <input type="checkbox"/> My anonymity was maintained <input type="checkbox"/> My report was ignored <input type="checkbox"/> I feel that I was treated respectfully <input type="checkbox"/> My organisation made changes as a result of my report <input type="checkbox"/> I feel satisfied with the outcome of my report	<input type="checkbox"/> Strongly agree <input type="checkbox"/> Agree <input type="checkbox"/> Neither agree nor disagree <input type="checkbox"/> Disagree <input type="checkbox"/> Strongly disagree <input type="checkbox"/> Unsure/ not applicable
Do you have any further comments about how your report was handled?	<input type="checkbox"/> Not applicable <input type="text"/> Open ended text

SECTION H: SOUTH AUSTRALIA'S INDEPENDENT COMMISSION AGAINST CORRUPTION	
Have you heard of South Australia's Independent Commissioner Against Corruption before receiving this survey?	Yes, I have a good understanding of what the Commission does Yes, I know a little about what the Commission does Yes, but I am not sure what the Commission does No, I have not heard of the Commission until today
What do you understand as the role of the Independent Commission Against Corruption?	Open ended text
Have you had previous contact with the Commission?	No Yes, visited the website Yes, accessed resources Yes, accessed an ICAC online course Yes, attended an education/ training session Yes, other type of contact (please specify)
Please rate how strongly you agree or disagree with the following statements The ICAC has an important role in preventing corruption in South Australia I feel that the ICAC is trustworthy The ICAC has helped to expose corruption in South Australia It is important that the ICAC has the power to effectively address high level corruption I believe that the ICAC's decisions are made without interference The ICAC treats people fairly	Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree Unsure/ don't know
Please rate how strongly you agree or disagree with the following statements I think all South Australian public officers are required to report suspected corruption to the Office for Public Integrity If I encountered or suspected corruption I would report it to the Office for Public Integrity	Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree Unsure/ don't know
Do you have any further comments you would like to make regarding the points raised in this survey?	

68

ICAC PUBLIC INTEGRITY SURVEY 2024  
LOCAL GOVERNMENT INSIGHTS

## Appendix three: Office for Public Integrity's Integrity Flowchart





## Appendix four: Statistical results and references

- 1 Claudio W. Abramo, 'How Much Do Perceptions of Corruption Really Tell Us?' (2008) 86(4) *International Review of Administrative Sciences* 673.
- 2 Bureau of Statistics, Public Sector Employment and Earnings: 2023-24 Financial Year (7 November 2024).
- 3 In 2018, 1097 participants identified as local government employees and 17 as Elected Members. In 2021, 952 participants identified as local government employees and 33 as Elected Members.
- 4 Crime and Corruption Commission, Queensland, Perceptions of Corruption and Integrity in Local Government: Findings from the Survey of Local Government Employees (July 2020); Independent Broad-based Anti-Corruption Commission, Perceptions of Corruption 2022: Local Government (9 December 2022).
- 5 Independent Commission Against Corruption, South Australia, Local Government Integrity Insights: A Third Report from the ICAC Public Integrity Survey 2018 (12 September 2018); Independent Commission Against Corruption, South Australia, ICAC Public Integrity Survey 2021: Local Government Integrity Insights (June 2021).
- 6 Independent Broad-based Anti-Corruption Commission, Corruption and Misconduct Risks for Local Government (25 September 2023), Crime and Corruption Commission, Queensland, Perceptions of Corruption and Integrity in Local Government: Findings from a Survey of Local Government Employees (2020) 2.
- 7 Independent Commission Against Corruption, South Australia, Robust Recruitment (August 2023) 4.
- 8 Independent Commission Against Corruption, South Australia, The Inside Advantage: Managing Corruption Risks in Recruitment Processes Involving Internal Candidates (27 August 2024) 4.
- 9 Ali Shahab, Farrukh Shahzad, Iftikhar Hussain, Pu Yongjian, Muhammad Mahroof Khan, and Zafar Iqbal, 'The Outcomes of Organisational Cronyism: A Social Exchange Theory Perspective' (2022) 13 *Organizational Psychology* 1; Said Shaheen, Sajid Bashir, Abdul Karim Khan, 'Examining Organizational Cronyism as an Antecedent of Workplace Deviance in Public Sector Organizations' (2017) 26(3) *Public Personnel Management* 308; Nicole Andreoli and Joel Lefkowitz, 'Individual and Organizational Antecedents of Misconduct in Organizations' 85 (2009) *Journal of Business Ethics* 309; Kathy L. Pelletier and Michelle C Bligh, 'The Aftermath of Organizational Corruption: Employee Attributions and Emotional Reactions' (2008) 80(4) *Journal of Business Ethics* 823.
- 10 Crime and Corruption Commission, Queensland, Discretionary Decision-Making Powers: Identifying Potential Corruption Risks. Prevention in Focus (March 2020).
- 11 Independent Commission Against Corruption, South Australia, Integrity Spotlight: Lessons from the Royal Commission into the Robodebt Scheme (November 2023).
- 12 Female participants were more likely than male participants to feel unable to push back ( $\chi^2(5, n=719)=19.209, p<.01, v=.002$ ).
- 13  $r=.084, p<.05, n=711$ ).
- 14 Senior leaders were more likely than non-leaders to disagree that decisions are vulnerable to improper influence ( $\chi^2(5, n=714)=11.612, p<.05, v=.128$ ), decisions were not always transparent ( $\chi^2(5, n=713)=23.864, p<.01, v=.183$ ), and they have experienced pressure not to be frank and fearless ( $\chi^2(5, n=712)=11.790, p<.05, v=.129$ ).
- 15 Male participants were more likely than female participants to disagree that decisions are vulnerable to improper influence ( $\chi^2(5, n=722)=18.111, p<.01, v=.158$ ), they had been pressured by a colleague ( $\chi^2(5, n=721)=14.898, p<.05, v=.144$ ), and pressured by external party ( $\chi^2(5, n=718)=15.986, p<.01, v=.149$ ).
- 16  $\chi^2(5, n=729)=23.583, p<.01, v=.180$ .
- 17  $\chi^2(5, n=731)=35.591, p<.01, v=.221$ .
- 18 Kristine Zinck Pedersen and Anja Svejgaard Pors, 'Discretionary Responses in Frontline Encounters: Balancing Standardization with the Ethics of Office' (2022) 31(1) *Journal of Public Administration Research and Theory* 80.
- 19 Ombudsman Western Australia, Guidelines: Exercise of Discretion in Administrative Decision Making (April 2019).
- 20 Crime and Corruption Commission, Queensland, Discretionary Decision-Making Powers: Identifying Potential Corruption Risks. Prevention in Focus (March 2020).
- 21 Office of Local Government, Subsidiaries – Ministerial Approval, Guidance Paper No. 3 (October 2023).
- 22 Gary S Becker and George J Stigler, 'Law Enforcement, Malfeasance, and Compensation of Enforcers' (1974) 3 *Journal of Legal Studies* 1.
- 23 Illoong Kwon, 'Motivation, Discretion, and Corruption' (2014) 24(3) *Journal of Public Administration Research and Theory* 765; Noore Alam Siddiquee and Habib Zafarullah, 'Absolute Power, Absolute Venality: The Politics of Corruption and Anti-Corruption in Malaysia' (2022) 24(1) *Public Integrity* 1.
- 24 Lord John Acton, Letter to Bishop Mandell Creighton (1887).

## 70

ICAC PUBLIC INTEGRITY SURVEY 2024  
LOCAL GOVERNMENT INSIGHTS

- 25 Senior leaders were more likely to disagree that some individuals have too much discretion ( $\chi^2(5, n=691)=19.979, p<.001, v=.170$ ) and discretion is used for improper reasons ( $\chi^2(5, n=691)=21.994, p<.001, v=.178$ ).
- 26 Senior leaders were more likely than other participants to agree that there are clear procedures for decision making ( $\chi^2(5, 691)=15.478, p<.01, v=.150$ ), use of discretion is properly supervised ( $\chi^2(5, n=691)=29.252, p<.001, v=.206$ ), transparent ( $\chi^2(5, n=690)=34.191, p<.001, v=.223$ ), and has sufficient checks and balances ( $\chi^2(5, n=691)=43.137, p<.001, v=.250$ ).
- 27 See also Michael Jackson and Rodney Smith, 'Inside Moves and Outside Views: An Australian Case Study of Elite and Public Perceptions of Political Corruption' (1996) 9(1) *Governance* 23.
- 28 Participants on short term contracts were less likely than other participants ( $\chi^2(5, n=694)=49.361, p<.05, v=.120$ ) to agree and senior leaders more likely to agree ( $\chi^2(5, n=668)=28.582, p<.001, v=.207$ ) that their organisation provided training on corruption risks specific to their role.
- 29  $\chi^2(5, n=687)=24.056, p<.001, v=.187$ .
- 30 Independent Broad-based Anti-Corruption Commission, Corruption and Misconduct Risks for Local Government (25 September 2023).
- 31 Independent Commission Against Corruption, South Australia, Integrity Spotlight: Confidentiality and Misuse of Information (January 2023).
- 32 Independent Broad-based Anti-Corruption Commission, Organised Crime Group Cultivation of Victorian Public Sector Employees (14 September 2015).
- 33 Local Government Inspectorate, Potential for Damage from Information Leaks (Spring 2019).
- 34 Independent Broad-based Anti-Corruption Commission, Unauthorised Access and Disclosure of Information Held by Local Government (9 December 2021).
- 35 Department of Home Affairs, Local Government and Countering Foreign Interference, [Local government and countering foreign interference](#), accessed April 2025.
- 36 Petter Gottschalk and Christy Smith, 'Detection of White-Collar Corruption in Public Procurement in Norway: The Role of Whistleblower' (2016) 9(4) (2016) *International Journal of Procurement Management* 427; Association of Certified Fraud Examiners, Occupational Fraud 2024: A Report to the Nations (2024), 23.
- 37 Marlene Winfield, *Minding Your Own Business: Self-Regulation and Whistleblowing in British Companies* (Social Audit, London 1994).
- 38  $\chi^2(10, n=684)=42.665, p<.001, v=.177$ .
- 39 Office for Public Integrity, Directions and Guidelines: For Public Officers (7 August 2023); Office for Public Integrity, Office for Public Integrity, About Public Administration, [About Public Administration | Office for Public Integrity](#) accessed April 2025.
- 40 Lisa Zipparo 'Factors Which Deter Public Officials from Reporting Corruption' (1998) 30 *Crime, Law and Social Change* 273.
- 41 Elected members ( $\chi^2(5, n=685)=25.022, p<.001, v=.191$ ), participants in rural and regional councils ( $\chi^2(10, n=686)=26.416, p<.05, v=.139$ ) and senior leaders ( $\chi^2(5, n=666)=32.631, p<.001, v=.222$ ) were more likely than other participants to agree they were aware of their workplace's reporting policies and procedures.
- 42 Female participants were more likely than male participants to agree that they are confused about what to report ( $\chi^2(5, n=673)=13.70, p<.05, v=.143$ ), and less likely to be aware of reporting policies and procedures ( $\chi^2(5, n=673)=12.259, p<.05, v=.135$ ).
- 43 Gjalte de Graaf, 'A Report on Reporting: Why Peers Report Integrity and Law Violations in Public Organizations' (2010) 70(5) *Public Administration Review* 767; John P Keenan, 'Whistleblowing and the First-Level Manager: Determinants of Feeling Obligated to Blow the Whistle' (1995) 10 *Journal of Social Behavior and Personality* 571.
- 44 Felipe Clemente, Luis de Sousa Racquel Rego and Patricia Calca, 'Why are Individuals Unwilling to Report Corruption? An Inquiry into Perception-Based Definitions of Corruption and Employment-Related Factors' (2024) 83(4) *Australian Journal of Public Administration* 625.
- 45 Female participants were more likely than male participants to agree they would be worried about their job if they reported ( $\chi^2(5, n=682)=16.327, p<.01, v=.155$ ) and they would be too intimidated to report ( $\chi^2(5, n=682)=37.838, p<.001, v=.236$ ).
- 46 There was a positive correlation between age and likely to agree that if they reported, they would be more worried about their job ( $r=.155, p<.001, n=703$ ), to feel too intimidated to report ( $r=.148, p<.001, n=703$ ) and a negative correlation between age and agreement they would be protected from negative repercussions ( $r=.095, p<.05, n=696$ ).
- 47 Senior leaders were less likely than non-leaders to agree that if they reported, they would be worried about their job ( $\chi^2(5, n=675)=20.117, p<.001, v=.173$ ) in trouble with colleagues ( $\chi^2(5, n=675)=13.789, p<.05, v=.143$ ), feel too intimidated to report ( $\chi^2(5, n=675)=26.785, p<.001, v=.199$ ). Senior leaders were more likely to agree they would be protected from negative repercussions if they reported ( $\chi^2(5, n=675)=13.789, p<.05, v=.143$ ). Elected members were less likely than other participants to agree that if they reported, they would be worried about their job ( $\chi^2(5, n=694)=60.293, p<.001, v=.295$ ), they would feel too intimidated to report ( $\chi^2(5, n=694)=57.445, p<.001, v=.288$ ), they would be protected from negative repercussions ( $\chi^2(5, n=688)=13.747, p<.05, v=.141$ ).

- 48 Cecilia Florencia Lavena, 'Whistle-Blowing: Individual and Organizational Determinants of the Decision to Report Wrongdoing in the Federal Government' (2016) 36(1) *The American Review of Public Administration* 113.
- 49 Ting Gong and Hanyu Xiao, 'Socially Embedded Anti-Corruption Governance: Evidence from Hong Kong' (2017) 37(3) *Public Administration and Development* 176.
- 50  $\chi^2(5, n=673)=23.846, p<.001, v=.188$ .
- 51 Senior leaders were less likely than other participants to agree they would prefer to remain anonymous if they reported ( $\chi^2(5, n=668)=15.659, p<.001, v=.153$ ) and more likely to agree their workplace protects whistleblowers ( $\chi^2(5, n=667)=50.509, p<.001, v=.275$ ). Elected members were less likely than other participants to agree they would prefer to remain anonymous if they reported ( $\chi^2(5, n=687)=44.161, p<.001, v=.254$ ) and more likely to agree their workplace protects whistleblowers ( $\chi^2(5, n=686)=12.676, p<.05, v=.136$ ).
- 52 Senior leaders were more likely than non-leaders to disagree that their workplace discourages reporting ( $\chi^2(5, n=670)=15.521, p<.01, v=.152$ ) and their workplace will sometimes bend the rules ( $\chi^2(5, n=666)=15.617, p<.01, v=.153$ ). Senior leaders were more likely than non-leaders to agree they would be treated fairly if they reported ( $\chi^2(5, n=666)=35.198, p<.01, v=.230$ ).
- 53 Senior leaders ( $\chi^2(5, n=668)=18.527, p<.01, v=.167$ ) and elected members ( $\chi^2(5, n=?)=15.784, p<.01, v=.152$ ) were more likely than other participants to agree they would be confident that action would follow if they reported.
- 54 Elected members had greater faith in their council following policies and procedures ( $\chi^2(5, n=685)=25.022, p<.001, v=.191$ ).
- 55 Participants in metropolitan councils were more likely than other participants to agree that their workplace discourages reporting ( $\chi^2(10, n=690)=22.920, p<.05, v=.129$ ) and protects its reputation over addressing problems ( $\chi^2(10, n=687)=19.312, p<.05, v=.119$ ).
- 56 Participants in metropolitan councils were less likely to agree that they would be confident that action would follow if they reported ( $\chi^2(10, n=688)=23.647, p<.01, v=.131$ ) and their workplace follows reporting policies and procedures ( $\chi^2(10, n=687)=28.199, p<.01, v=.143$ ).
- 57  $\chi^2(10, n=687)=35.605, p<.001, v=.161$ .
- 58 Male participants ( $\chi^2(3, n=679)=8.174, p<.05, v=.110$ ), elected members ( $\chi^2(3, n=691)=32.058, p<.01, v=.215$ ) and senior leaders ( $\chi^2(3, n=673)=18.698, p<.01, v=.171$ ) were more likely than other participants to have made a report.
- 59  $\chi^2(6, n=693)=18.261, p<.01, v=.162$ .
- 60 Elected members were more likely than non-elected members to have made a report ( $\chi^2(3, n=691)=32.058, p<.01, v=.215$ ).
- 61  $\chi^2(5, n=76)=17.639, p<.01, v=.482$ .
- 62 Senior leaders were more likely than non-leaders respond that they have had previous contact with the Commission ( $\chi^2(1, n=670)=38.880, p<.001, v=.241$ ), have visited the Commission's website ( $\chi^2(1, n=670)=16.410, p<.001, v=.157$ ), accessed the Commission's resources ( $\chi^2(1, n=670)=32.022, p<.001, v=.219$ ), and attended an education or training session ( $\chi^2(1, n=670)=31.671, p<.001, v=.217$ ). Elected members are more likely than other participants to respond that they have had contact with the Commission ( $\chi^2(1, n=689)=6.960, p<.01, v=.101$ ) and have attended an education or training session ( $\chi^2(1, n=689)=4.849, p<.05, v=.084$ ).



## 5.7 LEASE AND LICENCE UPDATE

Author: Brittany Shelton, Manager Governance and Property  
Authoriser: Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services

### RECOMMENDATION

1. That the Audit and Risk Committee report titled 'Lease and Licence Update' as presented on Wednesday 5 November 2025 be noted.

### PURPOSE

To update the Audit and Risk Committee on the situation of, and progress towards renewals for, leasing / licensing and other occupancy arrangements in accordance with the resolution made in June 2023.

### TERMS OF REFERENCE

Section 126 (1a) of the *Local Government Act 1999* (the Act) states that the purpose of an audit and risk committee established by a council (the Committee) is to provide independent assurance and advice to the council on accounting, financial management, internal controls, risk management and governance matters.

Part 1.3 of the relevant Terms of Reference sets out the functions of the Committee, in particular:

*"The functions of the Audit and Risk Committee include, per the Local Government Act 1999, Division 2, Section 126 (4):*

*(h) reviewing and evaluating the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis."*

### RELEVANT LEGISLATION

Local Government Act 1999

### SUMMARY OF IMPLICATIONS AND BENEFITS

#### Implications

- Whilst Council's community and sporting leases and licences have social / community implications, there are no recommendations or actions arising from this update report that have any social implications, with tenants currently 'holding over' on the same terms and conditions.
- The use of 'holding over' provisions as contained in standard lease and licence agreements manages the legal risk of agreements 'expiring' with no continuing contractual arrangements, with the resulting 'monthly tenancies' being on the same terms and conditions as the original lease, in the same manner as a renewal term.
- The community and political risk associated with 'holding over' provisions lies in the security / perception of tenure for sporting and community tenants.

#### Benefits

- Cost efficiency gains (and resource efficiency) as a result of structured approach to land management (i.e. occupancy arrangements) with respect to fees, maintenance and capital renewals.

- Consistent and transparent approach for all tenants, improving the trust and accountability of Council in the community (fairness and parity, stakeholder relationships).
- Robust governance framework around community land, ensuring all legislative obligations are consistency met.
- Strategic approach taken to maximise use / investment in community facilities, as a result of resourcing gains acquired and clear 'vision'.

## **BACKGROUND / OPTIONS**

At the June 2023 Audit and Risk Committee Meeting, the Committee requested that a progress report regarding leases/licences (and mandatory policies) be brought back every 6 months.

Lease and Licence update reports were provided to the November 2023, April 2024, July 2024, November 2024 and April 2025 Audit and Risk Committee meetings, with the next 6 monthly update report due in November 2025.

The April 2024 update report noted a proposed methodology for the renewal of leases and licences, in conjunction with the preparation and implementation of a considered Strategic Property Management Project Plan, that the renewal of leases / licences in the short-medium term will be guided by an order of priority endorsed by Council, as follows:

- Sites identified as priority for master planning Yr1/Yr2 – renewal deferred until complete
- Sites identified for master planning in Yr3/Yr4 – renewal prioritised for granting 3-5 year terms

In receipt of the April 2024 update report from the Audit and Risk Committee Council subsequently resolved as follows at its April meeting:

2. *That Council's resolved position of 'a strategic approach to property management issues guided by a Sport, Recreation and Open Space Plan and associated site/precinct/property category master plans including Tourism Assets Master Plan and Blue Lake Sports Park Master Plan', be noted.*
3. *That the renewal of 'holding over' leases and licences occur, following Council's prioritisation of strategic site/precinct master planning to be conducted over the coming years, and taking into account other relevant factors, be noted.*

A review of the renewal implications for 'holding over' leases and licences was necessary following Council's formal prioritisation of master plans, and the proposed renewal methodology anticipated in conjunction with that prioritisation.

The proposed methodology for lease and licence renewal being to defer renewal of tenancies associated with sites prioritised for master planning in Yr 1/2, and prioritising the renewal of tenancies for 3-5 years terms for sites identified for master planning in Yrs 3/4 (or not otherwise identified for master planning in the medium term). The resultant outcome is that ALL of Council's tenancies that are currently 'holding over' are effectively now prioritised for renewal.

The earlier update report and Council resolution also noted that renewal of 'holding over' leases and licences occur taking into account other relevant factors. The relevant contributing factors for the renewal of certain leases and licences were identified in the earlier report as including, in some cases combinations of, the following:

- pending Crown Land dedication
- pending review / adoption of Community Land Management Plan
- Adoption / direction in other guiding documents / plans (e.g. Crater Lakes Activation Plan, Tourism Assets Master Plan, Visitor Servicing Model)
- review of tenants operating / governance model
- status of unsolicited proposal/s
- other site, precinct, asset and tenant matters

The prioritisation of master planning and the adoption of a lease and licence renewal methodology does not, on its own, resolve these other contributing factors.

The following sites / precincts have been targeted, and draft Lease / Licences agreements finalised and provided to tenants for execution:

- St Martins Drive Reserve,
- Hastings Cunningham (12),
- Basketball Mount Gambier,
- Stand Like Stone,
- Mulga Street Children's Contact Centre,
- Dimjalla Skatepark,
- Blue Lake Sports Park (8),
- Library Cafe,
- Caroline Refuse (2),
- Olympic Park (4),
- LCLGA,
- Old Goal.

Several of the Hastings Cunningham Reserve tenancies are located on a Crown Land which require Crown Land (Ministers) approval and inclusion of any Crown requirements or conditions, which approval and requirements have been requested and obtained as a pre-condition to lease or licence renewal.

Of the remaining 'holding over' leases and licences, which currently impacts thirteen (13) tenants out of a total of seventy-four (74), the previous update report included a table listing the number of tenancies for which lease or licence renewal is affected by other contributing factors. This table is updated as follows:

Contributing Factor	No. of leases / licences affected	Other Comments
Pending Crown Land dedication	1	Lake Terrace West Cemetery
Other tenancy related matters	12	Including: <ul style="list-style-type: none"> <li>• Master Planning / capital upgrades</li> <li>• CLMP</li> <li>• Constitution / governance / operating model review</li> <li>• Unsolicited proposals / EOI / proposed transition to new location</li> <li>• Consolidation of multiple licences into single licence</li> <li>• Other tenant obligations</li> <li>• Trusts</li> </ul>

Whilst these varying contributing factors remain unresolved Council is not in a position to negotiate or grant renewed leases or licences for these premises or tenancies.

In total, the number of occupancy arrangements on holding over has been reduced from forty-five (45) to thirteen (13). Three (3) of the remaining agreements on holding are as a result of tenants indicating they will not be entering into a new arrangement, however are not yet in a position to vacate their respective premises, and therefore will remain on the holding arrangement until such time as they voluntarily terminate their agreements.

Further, where there are identified deficiencies with the relevant community land management plan, (i.e., not sufficiently providing for leasing or licensing for the proposed purposes) Council is constrained from granting renewed lease or licence arrangements notwithstanding that such arrangements have previously been granted.

Accordingly, of the remaining leases and licences currently on 'holding over' arrangements, those which are capable of being progressed for renewal (some subject to Crown Land / Ministers consent and conditions) are being triaged and worked through, whilst others require bodies of work to be undertaken to resolve the other contributing factors before they may be renewed.

These are matters to be addressed in a Strategic Property Management Project Plan for which organisational planning, resourcing and actions are necessary. This Project Plan was prepared and presented to the Strategic Management Team meeting of 25 November 2024 where it was adopted. Once some of the preliminary assessment work on this project has been undertaken, establishing the requisite property management structures and attending to the current 'impediments' to occupancy will be prioritised. A land register has been developed and published on the website, and key workstreams are progressing well.

#### DETAILED IMPLICATIONS

<b>Legal</b>	Leasing and licensing of community land must be conducted in accordance with the relevant provisions in the Local Government Act 1999 (and other relevant legislation relating to leasing and licensing, e.g. Retail and Commercial Leases Act). Community land leasing/licensing arrangements must be in accordance with the provisions of relevant Community Land Management Plans, guided by and consistent with the master planning of open spaces and precincts that help give effect to Council's Objects, Role, Functions and Principles set out in sections 3, 6, 7 & 8 of the Act.
<b>Financial and Budget</b>	N/A
<b>Other Resources</b>	The main direct resourcing issues associated with the renewal of leases and licences is in the preparation of documents and negotiation/execution, which can be managed over time within current resourcing. However, this does not address any resulting resources that may arise from tenant expectations in the process of renewing a lease/licence. However, the standard terms and conditions of Council's community/sporting leases and licences place primary responsibility for leased/licensed premises upon the tenant in recognition of/exchange for the 'community' or 'peppercorn' nature of the rent. Further, the above does not include any further organisational resourcing to address other bodies of work, such as redrafting and public consultation to update community land management plans, review of constitution and governing/operating models, and the preparation, adoption and implementation of property management frameworks and supporting policy amendments. These resourcing matters are to be addressed in a Strategic Property Management Project Plan.



## RISK ANALYSIS

Consequence	Consequence Rating:	Risk Likelihood Rating:	Risk Rating	Risk Controls and effectiveness	Risk Mitigation Plan
<b>Finance</b>	Insignificant (1)	Unlikely (2)	Low	Occupancy arrangements designed with cost recovery in mind, internal resource is utilised to negotiate and draft agreements	Indirect cost benefits / efficiency gains explored by Strategic Property Management Project
<b>Reputation</b>	Moderate (3)	Unlikely (2)	Moderate	Targeted community engagement including with relevant stakeholders has been identified as a priority in implementing the Strategic Property Management Project	Relationship building / rapport with tenants prioritised (trust / accountability)
<b>Legal / Regulatory / Policy</b>	Moderate (3)	Unlikely (2)	Moderate	Experienced staff with nuanced understanding of obligations under various legislation, use of LGA guides / models / templates, use of legal advice on retainer as required	Engagement with subject-matter experts as required (e.g. Crown land, SANTS etc)
<b>Service Delivery</b>	Insignificant (1)	Rare (1)	Low	Proactive maintenance schedules, Strategic Management Property Project to address renewals	Residual risk not outside of tolerance, no additional treatments recommended
<b>People</b>	Insignificant (1)	Unlikely (2)	Low	Proactive maintenance schedules, Strategic Management	Residual risk not outside of tolerance, no additional

				Property Project to address renewals	treatments recommended
<b>Infrastructure</b>	Moderate (3)	Rare (1)	Low	Proactive maintenance schedules, capital improvements grants available, condition audits, insurance requirements for tenants	Consideration of insurance and maintenance models via the Strategic Property Management Project
<b>Environmental</b>	Minor (2)	Rare (1)	Low	Parks and gardens maintenance of key sites, obligations under occupancy arrangement	Residual risk not outside of tolerance, no additional treatments recommended

#### RELEVANT COUNCIL POLICY

##### [Community Land \(Reserves\) Lease/Licence/Rental Arrangements - R200](#)

Council's R200 - Community Land (Reserves) Lease/Licence/Rental Arrangements Policy relates to leases and licences (and in some cases grounds maintenance) of community land, subject to the Council resolution committing to a strategic approach to property management issues, and other relevant legislative and regulatory provisions including those relating to fees and charges.

#### IMPLEMENTATION, COMMUNICATION AND ENGAGEMENT

An engagement/communication strategy may be prepared to address the prioritisation of master planning and lease/licence renewal directly with affected tenants/stakeholders.

As set out in the proposal, implementation of lease/licence renewals is proposed on a priority basis inversely aligned with the Council's priorities for strategic master planning of sites/precincts.

#### CONCLUSION

Further updates are to be provided to the Audit and Risk Committee on a six-monthly basis.

#### ATTACHMENTS

Nil

## 5.8 POLICY UPDATE

Author: Brittany Shelton, Manager Governance and Property  
Authoriser: Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services

### RECOMMENDATION

1. That the Audit and Risk Committee report titled 'Policy Update' as presented on Wednesday 5 November 2025 be noted.

### PURPOSE

To update the Audit and Risk Committee on the situation of, and progress towards reviews, for 2022-2026 policy review schedule in accordance with the resolution made in June 2023.

### TERMS OF REFERENCE

Section 126 (1a) of the *Local Government Act 1999* (the Act) states that the purpose of an audit and risk committee established by a council (the Committee) is to provide independent assurance and advice to the council on accounting, financial management, internal controls, risk management and governance matters.

Part 1.3 of the relevant Terms of Reference sets out the functions of the Committee, in particular:

*"The functions of the Audit and Risk Committee include, per the Local Government Act 1999, Division 2, Section 126 (4):*

*(h) reviewing and evaluating the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis."*

### RELEVANT LEGISLATION

Local Government Act 1999

### SUMMARY OF IMPLICATIONS AND BENEFITS

#### Implications

- Policies that are non-compliant with legislative requirements or do not reflect current practices increases Council's exposure and also reduces transparency / accountability of decision-making processes.
- Significant delay or stagnation in review schedules may lead to inefficiencies and / or incorrect decisions, operations or functions being carried out, reducing resource efficiency.

#### Benefits

- A regular periodic review schedule is one of the controls Council's employs to ensure Council is compliant with mandatory policies and codes under by the Local Government Act 1999 (the Act).
- Policies provide transparency and accountability measures for our community and ensure appropriate management of public funds.
- Regular reporting on outstanding policies to the Audit and Risk Committee and Council similarly ensures transparency and accountability and provides a level of assurance for the decision-making body.

## BACKGROUND / OPTIONS

At the June 2023 Audit and Risk Committee Meeting, the Committee requested that a progress report regarding mandatory policies be brought back every 6 months. Policy update reports were provided to the November 2023, April 2024, July 2024, November 2024 and April 2025 Audit and Risk Committee meetings, with the next 6 monthly update report due in November 2025.

In consideration of the Policy Review update report, at its April 2024 meeting, Council resolved:

2. *That the Council Administration conduct periodical reviews of Council policies to ensure compliance with legislative requirements, with the aim of presenting for consideration any other policies to Council at least once during the Council term.*

The following list of mandatory policies under the *Local Government Act 1999* (the Act) is provided for reference:

Mandatory Policy	Section of Local Government Act 1999	Council Policy Adopted / Last Reviewed
Prudential Management	section 48(aa1)	September 2023
Procurement	section 49(a1)	December 2023
Contracts and Tenders	section 49(1)	Included in s49(a1) Procurement Policy
Public consultation	section 50	April 2020 Pending State Govt Community Engagement Charter/ LGA Policy Template following 2021 LG Reform
Member Training and Development	section 80A	November 2022
Rating Policies	section 150	June 2024
Internal Controls	section 125(1)	September 2023
Risk Management	section 125(3)	June 2024
Road and Place Naming	section 219(5)	March 2024
Order Making	section 259	May 2024
Behaviour Management	section 262B	September 2023
Internal Review of Council Actions and Complaint Handling	section 270(a1)	December 2024
Caretaker	section 91A (Elections Act)	January 2022

It is noted that the above table does not include policies as may be required under other legislation, nor does the list include other 'policy like' documents such as Codes, Charters, Plans, Registers etc as are required to be maintained under the Act and other legislation.

As indicated in the above (updated) table, all mandatory policies required by the Act are in place and have been reviewed in the current Council term with the exception of:

1. Public Consultation Policy - pending the completion of a Community Engagement Charter by the State Government and the development/update of a Template / Model Policy by the Local Government Association, necessitated by local government reform changes in 2021.

Since the last policy review update, policy reviews have been conducted as follows:

**April 2024**

- Nil

**May 2024**

- Grants and Sponsorship Policy
- D230 Donations Authority to Approve Requests (rescinded)
- O110 - Order Making
- R180 Records Management
- Library Collection Development (new)
- H120 Historical Matters – Collection (rescinded)
- H125 Historical Matters - Copyright - Les Hill Collection (rescinded)

**June 2024**

- R105 Rating Policy
- R155 Rate Rebate Policy
- R130 Rates General Matters (rescinded)
- Asset Accounting Policy
- Risk Management

**July 2024**

- Public Interest Disclosure Policy

**August 2024**

- U900 Unsolicited Proposals
- R200 Community Land (Reserves) - Lease / Licence / Rental Arrangements
- F225 Fraud, Corruption, Misconduct and Maladministration Prevention Policy
- Onsite Wastewater Systems previously titled B150 - Building - Sewer Connections, Waste Management Control and Provision of Toilet Facilities
- D150 Building and Swimming Pool Inspections (rescinded)
- M225 Members - Service Recognition (rescinded)

**September 2024**

- W125 Waste Management - Kerbside Refuse Collection

**October 2024**

- M405 Members - Allowances, Reimbursements, Benefits and Facilities
- M270 Members - Mayor Seeking Legal Advice

**November 2024**

- Code of Practice for Meeting Procedures (formerly Council Determined Meeting Procedures)
- C290 Internal Review of Council's Decisions
- C200 Request for Service and Complaint Procedure
- Emergency Management Policy
- T150 Treasury Management

**December 2024**

- Nil

**January 2025**

- Nil

**February 2025**

- B300 Budget Policy

**March 2025**

- Nil

**April 2025**

- Private Parking Areas Policy

**May 2025**

- Asset Accounting Policy

**June 2025**

- Responsible Use of Artificial Intelligence Policy

**July 2025**

- T120 Tree Policy
- R200 - Reserves - Lease/Licence/Rental Arrangements

**August 2025**

- Nil

**September 2025**

- Nil

**October 2025**

- Unreasonable Conduct Policy
- P900 - Public Interest Disclosure

Accordingly, as at October 2025 four (4) of Council's seventy-eight (78) policies remain due for review / updating, including the abovementioned one identified as a mandatory policy.

Date Due for Review	Responsible General Manager	Policy	Policy Authority	Comments
1/04/2023	GMPPL	P195 - Community Consultation and Engagement Policy	Council	Pending an updated LGA Template/Model Policy following LG Reform Bill, which in turn is pending State Government finalisation of Statewide LG Community Engagement Charter (CEC).
1/08/2023	GMCRS	L130 - Land Divisions	Council	Pending transfer to City Infrastructure.
1/11/2023	GMPPL	A240 - Assemblies and Events on Streets and Other Council Land	Council	Pending ministerial advice on legislation reform.
1/09/2024	GMCI	Memorials	Council	Pending review following legislative and best practice changes.

Four (4) further policies have a scheduled review date falling between now and April 2026, when the next six-monthly policy review report is due for presentation to the Audit and Risk

Committee. Only six (6) further policies will fall due for review during the remainder of the current Council term until November 2026, with the exception of policies that are reviewed annually.

It is relevant to note that, whilst review dates are allocated / dispersed throughout the four-year term to minimise administrative burden of multiple policies falling due for review at the same time, a policy should only be considered as being overdue for review if a statutory review requirement has not been met, or the Council resolution to review once within the four-year term has not been met (i.e. a policy only being overdue in the current 2022-2026 term if the last review pre-dates the November 2018 periodic elections).

#### DETAILED IMPLICATIONS

<b>Legal</b>	The Local Government Act 1999 and other Acts require Council to adopt certain 'mandatory' policies. Except where prescribed there is no legislative requirement to review policies with any particular frequency or time period, however it is practically necessary and a common sector practice. Council has resolved to review each policy at least once during the Council term (i.e. during the period November 2022 to November 2026). Noting policies should be reviewed prior to the election caretaker period commencing in August / September 2026.
<b>Financial and Budget</b>	N/A
<b>Other Resources</b>	The review of policies does not itself manage risk, except where there is a requirement to review within a certain timeframe. However, the continual periodic review of policy provisions to ensure their currency assists with managing relevant risks. Similarly, in circumstances where the risk of adopting policy that is at variance to legislative requirements, there is a risk in the premature review of policy ahead of other supporting resources.

#### RISK ANALYSIS

<b>Consequence</b>	<b>Consequence Rating:</b>	<b>Risk Likelihood Rating:</b>	<b>Risk Rating</b>	<b>Risk Controls and effectiveness</b>	<b>Risk Mitigation Plan</b>
<b>Finance</b>	Insignificant (1)	Rare (1)	Low	Review schedule in accordance with legislated requirements and industry 'best-practice' standards, Audit & Risk Committee oversight of policies / procedures relating to governance, finance and risk, policies align to relevant industry standards in risk / finance / procedure etc	Audit & Risk Committee oversight of policies / procedures relating to governance, finance and risk
<b>Reputation</b>	Minor (2)	Unlikely (2)	Low	Proactive approach to policy review and transparency for	Regular reporting to Audit & Risk Committee on

				the community, regular reports to Council on outstanding policies maintaining accountability	progress of overdue review schedule
<b>Legal / Regulatory / Policy</b>	Major (4)	Rare (1)	Moderate	Review policies against relevant legislation and regulations to minimise exposure, regularly examining policy provisions to remain current	Audit & Risk Committee oversight of policies / procedures relating to governance, finance and risk
<b>Service Delivery</b>	Minor (2)	Unlikely (2)	Low	Review schedule in accordance with legislated requirements and industry 'best-practice' standards	Regular reporting to Audit & Risk Committee on progress of overdue review schedule
<b>People</b>	Insignificant (1)	Rare (1)	Low	Ensure correct policy training / induction for staff	Residual risk rating within tolerance, no additional treatments recommended  <i>NB – WHS policies and procedures not contemplated / included in the within review schedule</i>
<b>Infrastructure</b>	Insignificant (1)	Rare (1)	Low	Inclusion of relevant / impacted staff during policy review	Residual risk rating within tolerance, no additional treatments recommended
<b>Environmental</b>	Insignificant (1)	Rare (1)	Low	Inclusion of relevant / impacted staff during policy review	Residual risk rating within tolerance, no additional treatments recommended

#### RELEVANT COUNCIL POLICY

N/A



#### **IMPLEMENTATION, COMMUNICATION AND ENGAGEMENT**

The updated policies are intended to be managed in accordance with the review schedule framework already in place / operation.

#### **CONCLUSION**

Further updates are to be provided to the Audit and Risk Committee on a six-monthly basis.

#### **ATTACHMENTS**

Nil

## 5.9 AUDIT AND RISK COMMITTEE MEETING REPORT

Author: Kahli Rolton, Manager Financial Services  
Authoriser: Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services

### RECOMMENDATION

1. That Audit and Risk Committee report titled 'Audit and Risk Committee Meeting Report' as presented on Wednesday 5 November 2025 be noted.
2. That the Audit and Risk Committee be provided with a summary of the outcomes of this meeting within 5 business days and will provide feedback prior to inclusion in the Council Meeting Agenda for 18 November 2025.
3. That the Audit and Risk Committee note that the 'Audit and Risk Committee Meeting Report' was presented to Council at the October 2025 Council meeting, covering the period following the June 2025 meeting including the September 2025 meeting.

### PURPOSE

A report to Council after the Audit and Risk Committee meeting, summarising the work of the committee preceding the meeting and the outcomes of the meeting.

### TERMS OF REFERENCE

N/A

### RELEVANT LEGISLATION

#### **Section 126 of the Local Government Act effective from 30 November 2023**

requires that the following report is prepared as shown below:

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

### BACKGROUND / OPTIONS

#### **Period Preceding the November Meeting:**

1. **Email to Committee 26 September 2025** – Audit and Risk Committee Meeting Summary Report was presented to Council Meeting on 21 October 2025. Members were requested to review the report and provide any feedback prior to the meeting.
2. **Email to Committee 26 September 2025** – A copy of the Capital Work in Progress Carry Forwards 2024/2025 Council Report provided to Audit and Risk Committee Members following discussions at previous meeting.
3. **Email to Presiding Member 8 October 2025** - Invitation to Audit and Risk Committee Chairs to the LGA's inaugural Beyond Compliance: 2025 Audit & Risk Chairs Forum being held on Monday 10 November 2025.
4. **Email to Committee 29 October 2025** – The Internal Audit Plan was circulated to Audit and Risk Committee Members for pre-reading ahead of the 5 November 2025 workshop, with a request to review the document to support open discussion and inform the development of a revised plan.

5. **Council Member Briefing** – Meeting held as required between the Council Member Audit and Risk Committee representative and General Manager Corporate and Regulatory Services, Manager Financial Services to provide a briefing on the reports included in the agenda prior to the meeting.
6. **Presiding Member Pre-Meeting** - Meeting held as required between the Manager Financial Services and the Presiding Member to discuss the agenda prior to the meeting.
7. **Workshop 5 November 2025** – A workshop for Audit and Risk Committee Members and Council Elected Members is scheduled to be held immediately prior to the meeting. This workshop will include two related topics:
  - **Enterprise Risk Management** – following on from the LGRS industry benchmarking report, and the development of the new Risk Appetite Statement, administration will present the newly drafted Risk Management Framework - Administrative Principle, and Strategic Risk Register, as well as explain the resulting changes to ERM processes.
  - **Internal Audit Program** – A collaboration session with staff to ask questions, clarify direction, determine/define approach (risk based) for a revised internal audit plan to be presented at the December 2025 Audit and Risk Committee Meeting.

**Outcomes of the Meeting:**

The outcomes of this meeting will be summarised in a report direct to Council.

## CONCLUSION

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

## ATTACHMENTS

Nil

**6 URGENT MOTIONS WITHOUT NOTICE**

**7 CONFIDENTIAL ITEMS**

NIL

**8 MEETING CLOSE**

**9 ATTACHMENT - PREVIOUS COMMITTEE MINUTES**



# MINUTES

**Audit and Risk Committee**  
**Wednesday 24 September**  
**2025**



**Minutes of the Audit and Risk Committee held at:**

**Time:** 4:30 pm

**Date:** Wednesday 24 September 2025

**Location:** Level 4 Reception Area - Civic Centre  
10 Watson Terrace, Mount Gambier

City of Mount Gambier  
Audit and Risk Committee Meeting Minutes

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24 September 2025

**PRESENT:** Mayor Lynette Martin (OAM)  
Mr Paul Duka (Presiding Member) (Virtual)  
Cr Paul Jenner  
Mr Alexander Brown (Virtual)  
Ms Belinda Johnson (Virtual)

**IN**  
**ATTENDANCE:** Cr Josh Lynagh  
Cr Jason Virgo

<b>OFFICERS IN</b>	Interim Chief Executive Officer	- Mr A Aitken
<b>ATTENDANCE:</b>	General Manager City Infrastructure	- Ms B Cernovskis
	General Manager Corporate and Regulatory Services	- Mrs J Fetherstonhaugh
	Manager Financial Services	- Ms K Rolton
	Financial Accounting Coordinator	- Ms K Harradine
	Executive Administrator	- Mrs S Spears

**1 ACKNOWLEDGEMENT OF COUNTRY**

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

**2 APOLOGIES**

Nil

**3 CONFIRMATION OF MINUTES**

**3.1 CONFIRMATION OF MINUTES**

**COMMITTEE RESOLUTION ARC 2025/26**

Moved: Alexander Brown  
Seconded: Belinda Johnson

That the minutes of the Audit and Risk Committee Meeting held on 4 June 2025 be confirmed as an accurate record of the proceedings of the meeting.

**CARRIED**

**4 QUESTIONS WITHOUT NOTICE**

Nil

## 5 REPORTS

### 5.1 AUDIT AND RISK COMMITTEE SELF-ASSESSMENT REVIEW 2024/2025

#### COMMITTEE RESOLUTION ARC 2025/27

Moved: Cr Paul Jenner

Seconded: Mayor Lynette Martin

1. That the Audit and Risk Committee Report 'Audit and Risk Committee Self-Assessment Review 2024/2025' as presented on Wednesday 24 September 2025 is endorsed by the Committee to table at the next meeting of Council.
2. That the Audit and Risk Committee has completed a self-assessment of performance and agrees that 9 out of 10 performance areas were met and this will be reflected in the Audit and Risk Committee Annual Report.

**CARRIED**

### 5.2 AUDIT AND RISK COMMITTEE ANNUAL REPORT

#### COMMITTEE RESOLUTION ARC 2025/28

Moved: Belinda Johnson

Seconded: Alexander Brown

1. That the Audit and Risk Committee report titled 'Audit and Risk Committee Annual Report' as presented on Wednesday 24 September 2025 be noted.
1. That the Audit and Risk Committee authorise the Chief Executive Officer or delegate to make minor changes to the Annual Report arising from this meeting.

**CARRIED**

### 5.3 DRAFT 2024/2025 FINANCIAL STATEMENTS

4:59pm - Barbara Cernovskis left the meeting.

5:00pm - Daniel Phillips of Dean Newbery joined the meeting to discuss item 5.3.

5:11pm - Cr Josh Lynagh left the meeting.

**COMMITTEE RESOLUTION ARC 2025/29**

Moved: Mayor Lynette Martin

Seconded: Cr Paul Jenner

1. That the Audit and Risk Committee report titled 'Draft 2024/2025 Financial Statements' as presented on Wednesday 24 September 2025 be noted.
2. That the Audit and Risk Committee advises Council that in accordance with Section 126(4(a) of the Local Government Act 1999, it has reviewed the draft annual financial statements of Council for the financial year 2025 and 'they present fairly the state of affairs of the council'.
3. That having been reviewed by the Audit and Risk Committee on 24 September 2025, the Management Representations Letter as attached to this report be noted.
4. That having met with the Auditors and discussed their findings the Committee agree Dean Newbery and Partners have been effective in their appointment.
5. Acknowledges progress towards matters raised by Auditors, Dean Newbery to be addressed in future years as provided at the meeting will be reported on at future Audit and Risk Committee meetings.
6. That the Audit and Risk Committee formally acknowledges and commends the administration for its work in preparing the financial statements for the 2024/2025 financial year.

**CARRIED**

5:14pm - Daniel Phillips left the meeting.

5:14pm - Presiding Member Paul Duka advised that he would be leaving the meeting, Mayor Lynette Martin called for nominations for the position of Acting Presiding Member for the meeting.

**COMMITTEE RESOLUTION ARC 2025/30**

Moved: Mayor Lynette Martin

Seconded: Cr Paul Jenner

1. That Independent Member Alex Brown be appointed as Presiding Member in the absence of the Paul Duka.

**CARRIED**

5:15pm - Alex Brown assumed the position of the Presiding Member.

5:16pm - Paul Duka left the meeting.



#### **5.4 COMPARISON OF ACTUAL TO BUDGET FOR THE YEAR ENDED 30 JUNE 2025**

##### **COMMITTEE RESOLUTION ARC 2025/31**

Moved: Mayor Lynette Martin

Seconded: Belinda Johnson

1. That the Audit and Risk Committee report titled 'Comparison of Actual to Budget for the year ended 30 June 2025' as presented on Wednesday 24 September 2025 be noted.

**CARRIED**

#### **5.5 AUDIT AND RISK COMMITTEE MEETING REPORT**

##### **COMMITTEE RESOLUTION ARC 2025/32**

Moved: Belinda Johnson

Seconded: Mayor Lynette Martin

1. That Audit and Risk Committee report titled 'Audit and Risk Committee Meeting Report' as presented on Wednesday 24 September 2025 be noted.
2. That the Audit and Risk Committee be provided with a summary of the outcomes of this meeting within 5 business days and will provide feedback prior to inclusion in the Council Meeting Agenda for 21 October 2025.

**CARRIED**

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

Nil

#### **7 CONFIDENTIAL ITEMS**

Nil

#### **8 MEETING CLOSE**

The meeting closed at 5:36 pm.

The minutes of this meeting confirmed at the Audit and Risk Committee Meeting held on 5 November 2025.

.....  
**PRESIDING MEMBER**

**9 ATTACHMENT - PREVIOUS COMMITTEE MINUTES**

**10 TABLED DOCUMENT**

Tabled Document 10.1

City of Mount Gambier  
2025  
Audit Completion Report

# External Audit Completion Report

Financial Year Ended 30 June 2025

City of Mount Gambier

DeanNewbery

City of Mount Gambier  
Audit and Risk Committee Meeting Minutes

24 September 2025

24 September 2025

Dear Audit & Risk Committee Members

This report has been prepared for the City of Mount Gambier (the Council) Audit & Risk Committee in relation to the financial year ended 30 June 2025 external audit.

The purpose of this report is to provide members of the Audit & Risk Committee a summary of the significant matters that have arisen from our audit which we believe covers material matters dealt within our work completed.

As at the time of preparing this report, we have completed a sufficient level of work to enable us to provide you with our expected audit opinions subject to finalisation of the outstanding matters outlined within this report. We are pleased to report that we expect to issue unmodified audit reports subject to the successful completion of the outstanding matters noted.

Should you require any further information, please contact me on 8267 4777.

I would like to take this opportunity to thank the Administration for the assistance provided throughout the audit process.

Your sincerely



**Samantha Creten**  
Director

Contents

	Page
Executive Summary	4
Summary of Misstatements	5
Matters for Those Charged with Governance and Management	7
Key Audit Matters Considered	8
Matters to be Addressed in Future Financial Years	11
Draft Audit Report	12
Draft Assurance Report on the Financial Controls of Council	14

## Executive Summary

### Scope

The audit procedures have been designed and carried out by the audit team in accordance with Australian Auditing Standards and per the audit scope prescribed under the *Local Government Act 1999* and applicable Regulations for the financial year ended 30 June 2025.

Our audit procedures were designed to undertake the work necessary to form opinions as required per the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* as to whether:

- the financial report was prepared, in all material respects, in accordance with the Australian Auditing Standards and the *Local Government Act 1999* (the Act) and applicable Regulations; and,
- controls exercised by the Council in relation to the receipts, expenditure and investment of moneys, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide assurance that the financial transactions of the Council have been conducted properly and in accordance with law. The opinion is based on the criteria established in the *Better Practice Model – Financial Internal Control* issued by the Local Government Association of South Australia.

### Audit Status

All requested audit adjustments have been processed and disclosures within the financial report appropriately modified based on audit testing completed. All requested information has been provided by the Administration during the course of the audit.

Subject to the finalisation of the matters outlined in this report, our audit opinions for the financial year ended 30 June 2025 will be signed without reference to any qualifications. Draft copies of the audit reports have been provided within this report.

## Executive Summary

### Outstanding Matters to be Completed

- Undertake a review of subsequent events since balance date.
- Obtain certified financial statements as required.
- Receipt of the signed Management Representation Letter.

### Independence

In accordance with our professional ethical requirements, we confirm that, for the audit of the Council for the financial year ended 30 June 2025, all members of our audit team have maintained their independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Part 4A, published by the Accounting Professional and Ethical Standards Board and in accordance with *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

# Summary of Misstatements

Below is a summary of misstatements identified during the course of the Balance Date audit and the status of matters identified. Any misstatements, either individually or in aggregate, that are considered to be immaterial, have not been adjusted.

Misstatements which are considered trivial have not been included in the table below.

Matter No.	Description	Operating Surplus/ (Deficit) (\$'000)	Net Surplus/ (Deficit) (\$'000)	Assets Dr/(Cr) (\$'000)	Liabilities Dr/(Cr) (\$'000)	Equity Dr/(Cr) (\$'000)	Status of Matter
	No Misstatements were identified	-	-	-	-	-	
	Summary Corrected Misstatements	-	-	-	-	-	
	Summary Uncorrected Misstatements	-	-	-	-	-	



## Matters for Those Charged with Governance and Management

Fraud	
Description	Outcome
The external audit is not designed to detect fraud however our audit procedures include evaluating the risk of material misstatement due to fraud whilst maintaining professional scepticism and evaluating evidence for signs of fraud. Should any instances arise and we become aware of it, we will report them to you.	Management have confirmed to us that there were no matters of fraud identified for the financial year and we have not identified any instances of fraud in the work we have completed.  We believe it is important for the Administration and the Audit & Risk Committee to continually evaluate and enhance the effectiveness of the internal control environment to identify and mitigate potential fraud risks.
Legal Compliance	
Description	Outcome
We have made enquiries with the Administration in relation to non-compliance with laws and regulations during the course of the financial year.	No instance of non-compliance have been identified as a result of the enquires we have made with the Administration.

## Key Audit Matters Considered

As part of our audit planning process we identified key audit and accounting matters that were considered and tested during the course of the audit which represented areas of identified risk where material misstatements could occur.

As a result of the work we have recently completed, we have provided further detail below of the key audit matters and the outcomes from our testing completed.

Management Override of Internal Controls		
Key Audit Matter Description	Audit Work Undertaken	Outcomes of Testing Completed
The Australian Auditing Standards mandate that the external auditor must assume there is a risk that the Council's Administration can override internal controls, even those that appear to be functioning effectively, leading to potential manipulation of accounting records.	<ul style="list-style-type: none"><li>Review and observation of controls in operation to assess whether controls are operating effectively as intended throughout the period.</li><li>Perform analytical reviews and recalculation of transactions.</li><li>Test the appropriateness of journal entries processed to prepare the financial statements.</li><li>Review of accounting estimates and assumptions applied to the preparation of those estimates to evaluate its appropriateness and relevance.</li></ul>	No matters were identified during the course of our audit.

## Key Audit Matters Considered (cont.)

Accounting for Grant Income		
Key Audit Matter Description	Audit Work Undertaken	Outcomes of Testing Completed
Treatment of Grant Income Received	<ul style="list-style-type: none"> <li>Reviewed Grant Agreements and identified specific performance obligation to assess whether there were any unrecorded liabilities, and the recognition of revenue was appropriate per accounting standards.</li> <li>Reviewed accounting treatment of funding received (e.g., Capital vs Operating) to ensure appropriate classification and disclosure per the Model Financial Statements.</li> </ul>	Audit procedures did not identify any material misstatements.
Caroline Landfill		
Key Audit Matter Description	Audit Work Undertaken	Outcomes of Testing Completed
Caroline Landfill – Provision for Capping and Post Closure Rehabilitation	<ul style="list-style-type: none"> <li>Review of the methodology and calculation for the capping and post closure provision model that is in its second year of application.</li> <li>Review of the Future Rehabilitation – Post Closure Assumption updates.</li> <li>Held discussions with the Administration.</li> </ul>	Audit procedures did not identify any material misstatements.

## Key Audit Matters Considered (cont.)

Internal unit rate indexation		
Key Audit Matter Description	Audit Work Undertaken	Outcomes of Testing Completed
Indexation of Infrastructure, Buildings & Structures	<ul style="list-style-type: none"><li>Evaluation of assumptions and data used to calculate the unit rate indexation applied as at 30 June 2025</li></ul>	<p>Our review did not identify matters which would result in material misstatement on the financial statements.</p> <p>We have raised further matters in the 'Matters to be Considered in Future Years' section of this report.</p>

Treatment of Capital Works in Progress (WIP)		
Key Audit Matter Description	Audit Work Undertaken	Outcomes of Testing Completed
Treatment of Capital Work in Progress (WIP)	<ul style="list-style-type: none"><li>Reviewed WIP reconciliations to identify any long-term projects recorded to ensure correct ongoing classification of costs as WIP.</li><li>Tested transactions allocated to WIP to ensure appropriate allocation of expenses incurred as Operating vs Capital in line with AASB 116.</li></ul>	Audit procedures did not identify any material misstatements.

## Matters to be Addressed in Future Financial Years

As a result of audit work completed, the following audit matters have been identified during the course of our audit which we have summarised below.

Internal Indexations	
Audit Matter Description	Audit Recommendation
We note that Council has formally adopted an indexation of 0.9% (50% of Adelaide CPI of 1.8%) with an application date of 30 June 2025 and have not had these rates peer reviewed or performed a comprehensive internal assessment comparing the indexation rate applied to unit rates determined by recent capital expenditure.	Recommend updating Council's Asset Accounting policy and procedures to ensure that internal indexations are always supported by either an independent peer review or an internal assessment comparing indexation rates against actual capital expenditure incurred in the year that the indexation is applied.
We have not recommended any adjustments for FY2024/25 given the Administration has assured that a desktop revaluation (indexation) will be completed in FY2025/26 with an effective date of 1 July 2025 and the current indexation applied will not have any effect on the FY2024/25 depreciation expense.	At the conclusion of the work completed in FY2026 we recommend that Council's Asset Management Plans and Long-Term Financial Plan be updated to include the latest data received as a result of the valuation and condition assessment undertaken

# Draft Audit Report

## INDEPENDENT AUDITOR'S REPORT

To the members of the City of Mount Gambier

Report on the Audit of the Financial Report

### Opinion

We have audited the accompanying financial report of the City of Mount Gambier (the Council), which comprises the Statement of Financial Position as at 30 June 2025, the Statement of Comprehensive Income, the Statements of Changes in Equity, the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and other explanatory information and the Certification of the Financial Statements.

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

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Council in accordance with the auditor independence requirements of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibility of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation of the Council's financial report in accordance with Australian Accounting Standards, the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*, and for such controls as Management determines is necessary to enable the preparation of the financial report is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Council's financial reporting process.

## Draft Audit Report (Cont.)

### Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DEAN NEWBERY

SAMANTHA CRETEN

Director

Signed on the      day of      2025

# Draft Assurance Report on Internal Controls

## INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF THE CITY OF MOUNT GAMBIER

### Opinion

In our opinion, the **City of Mount Gambier** (the Council) has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to the Internal Controls established by the Council relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2024 to 30 June 2025.

### Basis for Opinion

We have audited the Internal Controls of the Council under the requirements of *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2024 to 30 June 2025 have been conducted properly and in accordance with law.

We conducted our engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagements on Controls* issued by the Auditing and Assurance Standards Board.

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

### The Council's Responsibility for the Internal Controls

The Council is responsible for implementing and maintaining an adequate system of internal controls, in accordance with *Section 125 of the Local Government Act 1999* to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and incurring of liabilities have been conducted properly and in accordance with law.

### Our Independence and Quality Control

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

### Assurance Practitioner's Responsibilities

Our responsibility is to express an opinion on the Council's compliance with *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures have been conducted properly and in accordance with law.

ASAE 3150 requires that we plan and performed our procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the control objectives and the controls operating effectively through the period. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

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



## Draft Assurance Report on Internal Controls

### Limitation on Use

This report has been prepared for the members of the Council in accordance with *Section 129(1)(b) of the Local Government Act 1999* in relation to the Internal Controls specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than that for which it was prepared.

### Limitations of Controls

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

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

DEAN NEWBERY

SAMANTHA CRETEN

Director

Signed on the      day of      2025

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