



# COMMITTEE AGENDA

## **Audit Committee**

Notice is hereby given pursuant to the provisions of the Local Government Act, 1999, that the next Meeting of the Confidential Audit Committee will be held in the Council Chambers, 181 Unley Road Unley on

***Tuesday 11 May 2021 6:30pm***

for the purpose of considering the items included on the Agenda.

**Chief Executive Officer**

## **MEMBERS**

Presiding Member D Powell (Presiding Member)  
Councillor M Rabbitt  
Councillor M Broniecki  
Independent Member N Handley  
Independent Member A Martin

## **ACKNOWLEDGEMENT**

We would like to acknowledge this land that we meet on today is the traditional lands for the Kaurna people and that we respect their spiritual relationship with their country.

We also acknowledge the Kaurna people as the custodians of the Adelaide region and that their cultural and heritage beliefs are still as important to the living Kaurna people today.

## **ORDER OF BUSINESS**

**ITEM** **PAGE NO**

### **1. ADMINISTRATIVE MATTERS**

#### **1.1 APOLOGIES**

Nil

#### **1.2 LEAVE OF ABSENCE**

Nil

#### **1.3 CONFLICT OF INTEREST**

*Members to advise if they have any material, actual or perceived conflict of interest in any Items in this Agenda and a Conflict of Interest Disclosure Form (attached) is to be submitted.*

#### **1.4 MINUTES**

1.4.1 Minutes of the Ordinary Audit Committee Meeting held Tuesday, 9 February 2021

#### **1.5 DEFERRED / ADJOURNED ITEMS**

Nil

### **2. PRESENTATION**

Presentation by Brownhill Keswick Creek

### **2. REPORTS**

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### **3. OTHER BUSINESS**

#### **NEXT MEETING**

Tuesday 10 August 2021 - 6:30pm

Council Chambers, 181 Unley Road Unley





## INFORMATION REPORT

<b>REPORT TITLE:</b>	EXTERNAL AUDIT - INTERIM AUDIT FINDINGS & AGREED ACTIONS
<b>ITEM NUMBER:</b>	3.1
<b>DATE OF MEETING:</b>	11 MAY 2021
<b>AUTHOR:</b>	ALEX BROWN
<b>JOB TITLE:</b>	MANAGER FINANCE AND PROCUREMENT
<b>ATTACHMENTS:</b>	1. 2020/21 INTERIM MANAGEMENT LETTER - INTERNAL FINANCIAL CONTROLS

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### 1. **EXECUTIVE SUMMARY**

Council must ensure that appropriate policies, practices and procedures of internal control are maintained in order to assist the Council to carry out its activities in an effective and efficient manner.

The internal controls are subject to an annual audit and any opportunities for improvement are brought to the attention of Council, the Audit Committee and management through the auditors Audit Completion Report. The Audit report identifies any internal control deficiencies, or findings, and offers recommendations for improvement.

The Council's External Auditors Galpins conducted an Interim Audit from 1-3 March 2021, as part of the 2020-21 External Audit, which included a review of 100 internal financial controls.

This report serves to inform the Audit Committee on the findings and recommendation actions from the review of the internal financial controls, and Administration's response to the recommendations.

Galpins reported that overall the Council demonstrated a high level of compliance with the internal control framework consistent with the principles within the Better Practice Model. Of the 100 internal controls reviewed, 8 internal controls were identified as requiring improvement, 7 medium risk and 1 low risk.

Since the Interim Audit, Administration have completed the recommended actions for 3 internal controls (all rate medium risk), while actions to address the improvements on the remaining 5 internal controls were already in progress or have commenced.

A quarterly update report on the implementation of Administration's response will continue to be presented to the Committee until all recommendations have been implemented.

## **2. RECOMMENDATION**

That:

1. The report be received.
- 

## **3. RELEVANT CORE STRATEGIES/POLICIES**

4. Civic Leadership

4.3 Our business systems are effective and transparent.

## **4. BACKGROUND**

In accordance with Section 125 of the *Local Government Act 1999* (the Act), Council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard assets and to secure the accuracy and reliability of council records.

The Audit Committee has a responsibility under the Act and its Terms of Reference to review the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the council on a regular basis.

As a part of Council's 2020-21 audit, the external auditors, Galpins, have undertaken an assessment of 100 internal financial controls and provided its findings in its 2020-21 Interim Management Letter which is included in Attachment 1.

*Attachment 1*

## **5. DISCUSSION**

Galpins, the External Auditors, have reported in their 2020-21 Interim Management Letter (Attachment 1) that overall the Council demonstrated a high level of compliance with the internal control framework consistent with the principles within the Better Practice Model.

It was found that the majority of key internal controls reviewed were operating effectively. In all, 100 core controls were reviewed, 92 controls were operating effectively, and 8 controls were identified where improvements could be made to further enhance their effectiveness. This is an improvement from the last two interim audits. In 2018-19, 24 controls were identified as requiring improvement, while in 2019-20, 17 internal controls were identified for improvement.

The less effective controls have been risk rated and assessed as medium or low risk.

A summary of the results of the review is provided in the table below:

Business cycles	Controls Reviewed	Operating Effectively			2021 Findings			
		2021	2020	2019	H	M	L	BP
Purchasing & Procurement/Contracting	10	8	6	3	-	2	-	-
Fixed Assets	16	15	14	13	-	1	-	-
General Ledger	11	9	9	9	-	2	-	-
Accounts Payable	13	12	10	10	-	1	-	-
Credit Cards	5	3	5	5	-	1	1	-
Rates / Rates Rebates	10	10	8	8	-	-	-	-
Payroll	19	19	16	15	-	-	-	-
Receipting	5	5	4	4	-	-	-	-
Banking	5	5	5	5	-	-	-	-
Debtors	6	6	6	6	-	-	-	-
<b>Total</b>	<b>100</b>	<b>92</b>	<b>83</b>	<b>78</b>	<b>-</b>	<b>7</b>	<b>1</b>	<b>-</b>

The Interim Management Letter (Attachment 1) includes a schedule of the detailed audit findings classified by the Business Cycle. The schedule provides for each finding:

- the business cycle risk,
- the associated control for the risk,
- the audit finding,
- the audit recommendation, and
- management's response to the finding.

Of the 8 internal controls identified as requiring improvement as part of the 2020-21 Interim Audit, 5 were previous findings for which actions were already in progress to address as advised in the External Audit – Agreed Action Status Report which was item 2.2 of the Audit Committee Agenda for the Meeting on 9 February 2021.

The recommended actions for 2 of the 3 new findings have already been addressed and completed.

A summary of progress to date is provided in the table below:

Business cycles	Findings	2020 Findings
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		Not Started	Work in Progress	Completed
Purchasing & Procurement/Contracting	2	-	1	1
Fixed Assets	1	-	1	-
General Ledger	2	-	1	1
Accounts Payable	1	-	1	-
Credit Cards	2	-	1	1
<b>Total</b>	<b>8</b>	<b>-</b>	<b>5</b>	<b>3</b>

As the table illustrates, of the 8 internal controls requiring improvement, recommendations for the following 3 controls have been completed (all rated medium risk):

2.1.1 Significant variance between estimate (used for procurement decision) vs actual spend;

2.3.2 Absence of formal review of balance sheet reconciliations; and

2.5.2 Credit card holders are not required to sign a declaration confirming compliance with Council policy and procedure.

Work was already underway or has commenced on the management responses for the remaining 5 internal controls (4 medium risk, 1 low risk).

## 6. **REPORT AUTHORISERS**

Name	Title
Nicola Tinning	General Manager, Business Support & Improvement

# Galpins

Accountants, Auditors & Business Consultants

## Financial Controls Review

The City of Unley

2020/21 Interim Management Letter



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## 1. EXECUTIVE SUMMARY

### 1.1 Background

During our interim audit we perform procedures to gain an understanding of the internal controls in place relevant to the financial statements and perform tests of design and effectiveness for these controls. Based on the results of the control testing, we then assess the audit risks to define the extent and nature of our substantive procedures (e.g. inspection of documents, recalculation, reconciliation, etc) for our final visit.

In addition to an opinion on the financial statements, section 129 of the Local Government Act 1999 requires auditors to provide an opinion regarding internal controls of councils. This opinion focuses on council's obligations under s125 of the Local Government Act 1999:

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

The audit opinion is restricted per s129 of the Act to the application of s125 as it relates to financial internal controls, specifically the controls exercised by the council during the relevant financial year in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

To assist the Council in addressing the requirements of s129, we have reviewed a prioritised list of controls from the better practice model based on our initial audit risk assessment. Further details about our scope can be found in item 1.2 of this report.

### 1.2 Objectives and scope

The objectives of our interim audit were to:

- understand Council's business, business cycles and processes relevant to the financial statements
- understand the internal controls in place for the areas we consider critical for the audit of the financial statements
- design internal controls tests for the internal controls identified
- perform the internal controls tests to determine the final risks of material misstatements in the financial statements to be addressed in our final audit
- review a prioritised list of internal financial controls we consider critical for the purpose of issuing a controls opinion.

The scope of our audit included a review of internal controls we consider key controls to be in place for the purpose of addressing the requirements of s129.



These key internal controls consist of a prioritised list of controls from the better practice model. This list was defined based on our risk assessment to determine the key business cycles, and key risks within these business cycles, that we understand should be the focus of the Council's control self-assessment.

The identification of key core controls and key business risks included the following risk assessment procedures:

**Risk review** – A review of Council's inherent risk assessment for internal financial controls.

**Financial statement review** – A high level financial statement review performed to identify key accounts and transaction streams.

**Internal / external audit results review** – The findings and recommendations of internal / external financial audits are reviewed to identify known areas of weakness, and areas known to be attracting audit attention.

The key core controls for the following key business cycles have been identified as critical for the purpose of issuing a controls opinion this financial year:

- Purchasing and Procurement/Contracting
- Fixed Assets
- General Ledger
- Accounts Payable
- Credit Cards
- Rates / Rates Rebates
- Payroll
- Receipting
- Banking
- Debtors

We have included a list of key controls identified by the audit for these business cycles as an appendix to this report (see Appendix 1). This list does not represent a complete population of internal controls that the Council should have in place. There is an expectation that controls not in this list will still exist and be operating effectively within Council.

The list of controls is only intended to be a guide for Council to prioritise its resourcing in readiness for the audit opinion, and for the ongoing monitoring of internal controls i.e. it is a risk based listing of controls which may be desirable for Council to include in its ongoing monitoring program for internal financial controls.

The list should not be considered a minimum standard – rather, it is a starting reference point for Council to consider. It is expected that Council will have performed a risk assessment of financial risks, and given consideration to the need to monitor controls that address High / Extreme risks that may not be included in this listing.





### 1.3 Category of findings

In order to assist the Council in establishing the overall level of control effectiveness and prioritising areas for attention, we have provided an overall assessment of the business cycles for which we have identified performance improvements opportunities (this report is prepared on an exception basis).

We assessed each business cycle using our risk assessment which was focused on the risk of finding material weaknesses which could lead to a modified controls opinion in the 2019/20 financial year. An overall assessment of the risk of a potential modified audit opinion per business cycle is provided in item 1.5 of this report.

Detailed findings including the controls tested as per the Better Practice Model, findings and recommendations are provided in section 2 of this report. The individual findings are also rated to assist the Council in prioritising corrective actions.

The overall assessment of the risk of non-compliance with s125 of the Local Government Act 1999 and the related findings and recommendations were rated as follows:

Category	Description
High Risk Weaknesses	The issue described could lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
Moderate Weaknesses	The issue described does not represent a material weakness due to the existence of compensating controls. However, the failure of the compensating controls or the existence of any other moderate weakness within the same business cycle may lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
Low Risk Weaknesses	The issue described is a low risk weakness due to the existence of compensating controls and/or the failure or absence of the internal controls does not impact significantly on the council's financial risk. However, multiple low-level risk weakness within the same business cycle may lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
Better Practice Weaknesses	The issue described has been included in this report as an opportunity for better practice.

The Council should also perform its own assessment of priority based not only on audit risks, but also other risks management considers relevant such as non-compliance with pertinent legislations and regulations, and reputational risks.



## 1.4 Overall review of the council's internal controls

Overall the Council demonstrated a high level of compliance with the implementation of an internal control framework consistent with the principles within the Better Practice Model.

During our interim visit we found that the majority of key internal controls reviewed were in place and were operating effectively (92 out of 100 core controls reviewed). Audit notes and commends Council on the significant progress made in achieving continuous improvement of the internal financial controls since our first audit in 2019.

The principles underpinning the model were used by the Council in the identification of its business cycles, the establishment of its internal controls and the implementation of its financial risk management processes.

A summary of the results of our review is provided in the table below:

Business cycles	Controls Reviewed	Operating Effectively			2021 Findings			
		2021	2020	2019	H	M	L	BP
Purchasing & Procurement/Contracting	10	8	6	3	-	1	-	-
Fixed Assets	16	15	14	13	-	1	-	-
General Ledger	11	9	9	9	-	2	-	-
Accounts Payable	13	12	10	10	-	1	-	-
Credit Cards	5	3	5	5	-	1	1	-
Rates / Rates Rebates	10	10	8	8	-	-	-	-
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Receipting	5	5	4	4	-	-	-	-
Banking	5	5	5	5	-	-	-	-
Debtors	6	6	6	6	-	-	-	-
<b>Total</b>	<b>100</b>	<b>92</b>	<b>83</b>	<b>78</b>	<b>-</b>	<b>7</b>	<b>1</b>	<b>-</b>

We recommend that Council prioritises the moderate risk findings, as failure in compensating controls addressing the same risk or existence of multiple moderate weakness within the same business cycle may lead to a material weakness and non-compliance with s125 of the Local Government Act.

Audit have concluded that there is a high likelihood of issuing an unmodified controls opinion at the end of the financial year. This will depend on the Council ensuring that the core controls in place continue to operate effectively and that the annual internal control activities are performed at year end.

## 1.5. Summary of findings

Business Cycle	Findings	Risk
Purchase, Procurement and Contracting	2.1.1 Significant variance between estimate (used for procurement decision) vs actual spend	M
	2.1.2 Instances of payments without a purchase order / purchase orders issued after the date of the invoices	M
Fixed Assets	2.2.1 Assets included in Technology One are not linked and/or reconciled to the GIS system	M
General Ledger	2.3.1 Finance modules in TechOne with potentially excessive number of user IDs allocated to them	M
	2.3.2 Absence of formal review of balance sheet reconciliations	M
Accounts Payable	2.4.1 The audit trail of changes to the suppliers' master files are not formally reviewed by management	M
Credit Cards	2.5.1 CEO's credit card statements and transactions are not reviewed by Council or the audit committee	L
	2.5.2 Credit card holders are not required to sign a declaration confirming compliance with Council policy and procedures	M
Rates	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A
Payroll	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A
Receipting	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A
Banking	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A
Debtors	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A

## 2. DETAILED AUDIT FINDINGS

### 2.1 PURCHASING AND PROCUREMENT

<b>2.1.1 Significant variance between estimate (used for procurement decision) vs actual spend</b>		<b>Moderate</b>
<b>Control</b>	Council has a Procurement Policy that provides direction on acceptable methods and the process for procurement activities to ensure transparency and value for money within a consistent framework.	
<b>Risk</b>	Council does not obtain value for money in its purchasing and procurement.	

Finding	Recommendations	Management Response
<p>Audit noted a control weakness resulting from the use of estimates to determine required procurement methods.</p> <p>For the procurement of architectural services, council decided to obtain three quotations (rather than adopt a tender process) on the basis that Council estimated the total service value to be \$100,000.</p> <p>The Procurement Framework provides that purchases over \$100,000 should follow a tender process. All 3 quotes received were materially above the \$100,000 estimate, with the lowest quote being \$160,150 and the actual total cumulative spend for the successful supplier during the 2020/21 financial year being \$178,920.73 at interim audit time.</p>	<p>Council strengthens the procurement framework to address instances where quotes from suppliers are significantly higher than the estimated value used to make procurement decisions. For example, if the value of all quotes received is in a higher procurement bracket (meaning the recommended procurement method has changed), a decision should be documented and approved as to whether a change in market approach is required, and if not, why not.</p>	<p>A review of project development and budget estimation is to be undertaken to improve budget estimation to support the selection of the appropriate procurement sourcing method.</p> <p>The Acquisition Plan Templates will be amended to include a requirement for the relevant General Manager and Manager Finance &amp; Procurement to review and approve the procurement process undertaken where the recommended quote exceeds the upper threshold of the procurement sourcing method is exceeded by 15%.</p> <p>The review will establish</p> <ul style="list-style-type: none"> <li>the appropriateness of proceeding with the existing procurement sourcing method, and</li> <li>assess if any action is required to address risks in proceeding with the existing approach.</li> </ul>



<b>2.1.2 Instances payment without a purchase order / Purchase orders issued after the date of the invoices</b>		<b>Moderate</b>
<b>Control</b>	Employees must ensure all purchases are in accordance with Council’s Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies.	
<b>Risk</b>	Council does not obtain value for money in its purchasing and procurement / Purchase of goods and services are made from non-preferred suppliers.	

Finding	Recommendations	Management Response
<p>The Procurement framework provides that purchase orders are required for all purchases over \$2,000, unless the purchase is related to an item described in the list of purchases exempted from a purchase order.</p> <p>Audit selected a sample of 15 purchases and noted two purchases that did not have a related purchase order or contract, and that did not fall into the list of purchases exempted from having a purchase order.</p> <p>Audit notes that Council has developed a report called ‘AP Invoices Entered without PO’ aimed at identifying and following up purchases with no purchase order. This report is not formally reviewed on a regular basis.</p>	<p>Management monitors non-compliance with purchase order usage. This could include reviewing system reports detailing purchase order usage (e.g. “AP Invoices Entered Without Purchase Orders”), analysing the nature of non-compliances and speaking to any repeat offenders to understand the reasons for non-compliance.</p> <p>Depending on the outcome of this review, Council may determine that:</p> <ul style="list-style-type: none"> <li>• additional education and training in the Policy is warranted to improve compliance; and/or</li> <li>• there is an opportunity to amend the policy on purchase order use to better reflect the desired use of purchase orders. This could, for example, include:                             <ul style="list-style-type: none"> <li>○ reviewing the low-value item threshold, below which a purchase order is not required</li> <li>○ updating the list of exemptions for purchase order use detailed within the policy.</li> </ul> </li> </ul>	<p>An education program on the requirement and reasons for the utilisation of purchase orders is underway, along with refresher training on raising and issuing purchase orders.</p> <p>A system of review has been implemented whereby invoices entered without purchase orders will be examined. Those found not be complying will be requested to provide reasons for their non-compliance and be offered further education.</p> <p>Reviews will initially be undertaken monthly. Once a high degree of confidence in the level of compliance is achieved, the frequency of the reviews will be reduced to quarterly.</p>

## 2.2 FIXED ASSETS

### 2.2.1 Assets included in TechnologyOne are not linked and/or reconciled to the GIS system.

Moderate

**Control**

There is a process in place for the verification of fixed assets which is reconciled to the FAR.

**Risk**

Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed Asset Register (FAR) does not remain pertinent.

Finding	Recommendations	Management Response
<p>Assets included in TechnologyOne are not linked and/or reconciled to the GIS system.</p> <p>Councils are highly asset intensive in delivering services to rate payers. Councils' infrastructure assets are widespread and require a strong geographical inventory to manage and monitor effectively.</p> <p>A Geographic Information System (GIS software) is designed to store, retrieve, manage, display and analyse geographic and spatial data, including geographical features and their characteristics.</p> <p>To ensure accuracy and completeness of asset databases, it is important for Councils to perform a reconciliation between GIS systems and the asset register. The reconciliation ensures that all assets, components of assets and modifications to assets captured by the GIS system are reflected in the asset register.</p> <p>The standard TechnologyOne GIS reconciliation functionality can be used to update the physical features of assets in the asset register.</p>	<p>A process is introduced to ensure that all assets included in TechnologyOne are linked and/or reconciled to the GIS system.</p>	<p>Council is undertaking a review of its asset data in line with the valuation cycle, which will result in all assets reconciled and mapped over four years. This financial year Council is reviewing bridges, stormwater and recycled water assets.</p> <p>Council have engaged contractors to undertake and external audit of Council's bridge, stormwater and recycled water assets. The audit will reconcile the current data in the technology one database including spatial locations. With this updated data Council will be able to link the latest spatial data with the GIS system. The 2020/21 review will be complete 30 June 2021.</p>

## 2.3 GENERAL LEDGER

### 2.3.1 Finance modules in TechOne with potentially excessive number of user IDs allocated to them

Moderate

#### Control

Access to General Ledger maintenance is restricted to appropriately authorised personnel.

#### Risk

General Ledger does not contain accurate financial information / Data contained within the General Ledger is permanently lost.

Finding	Recommendations	Management Response
<p>In our 2018/19 interim management we noted that there were no current mechanisms to ensure a complete list of users with access to finance functions are formally reviewed on a regular basis.</p> <p>During the 2019/20 Council reviewed a spreadsheet detailing IDs linked to a profile name. The spreadsheet also provides information on the access (roles) that each profile name should have.</p> <p>The report contains generic descriptions of the roles allocated to each user ID and profile name (e.g. GL officer, AP officer, Asset Officer – Financial, System Administrators, etc).</p> <p>A follow up of this finding during the 2020/21 financial year revealed that Management is currently performing an extensive review of the users' access rights. This review includes reviewing current active users and setting up standard access rights based on the position of the employees.</p> <p>We performed a review of the users allocated to the roles that appear to be related to the business cycles we selected for our review and noted the following roles with potentially excessive number of user IDs allocated to them:</p>	<p>Finance Management to review the IT access rights listing to identify roles related to Council's business cycles (e.g. banking, debtors, receipting, general ledger, rates, accounts payable, fixed assets) that may have an excessive number of user IDs allocated to them.</p>	<p>Noted. Work in progress.</p> <p>The review of User IDs and User Profiles has identified the need to revise the role 'profiles' and the mapping of 'UserID to Profiles. This work has commenced, but requires a number of stages and will be scheduled around end of financial year priorities. Schedule completion date is Quarter 2 2021-22.</p> <p>Once this work is completed, we will undertake a risk based analysis to assess and prioritise the further refinements to system administration and development of policies and procedures going forward.</p>



<ul style="list-style-type: none"> <li>• 9 user IDs have access to the role AP Officer (role name: VS.APOFFICER);</li> <li>• 19 user IDs have access to the role Asset Officer Financial (role names: \$F1.ASSFINOFFICER and VS.ASSFINOFFICER);</li> <li>• 17 user IDs have access to the role GL Officer (role name: VS.GLOFFICER); and</li> <li>• 9 user IDs have access to the System Administrator role (role name: \$F1.SYSADMINALL).</li> <li>• 5 user IDs have access to the Capital Works Manager role (role name: VS.CAPITAL.WORKS.MAN)</li> </ul> <p>Audit acknowledges that Management may consider some of the above observations regarding access rights to be appropriate. The purpose of listing them here is to recommend that Management reviews and formally considers the access rights described above when next performing a formal review of a complete list of IT users' access rights.</p>		
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<b>2.3.2 Absence of formal review of balance sheet reconciliations</b>		<b>Moderate</b>
<b>Control</b>	All balance sheet reconciliations are reviewed by a person other than the preparer at least annually.	
<b>Risk</b>	General Ledger does not contain accurate financial information.	

Finding	Recommendations	Management Response
<p>The finance department has begun adopting a paperless approach to record keeping since December 2018. The balance sheet reconciliations are electronically filed in the network. Since this paperless approach was introduced, no evidence of review of these files is maintained.</p> <p>Audit acknowledges that Council is currently implementing a process whereby the Finance Manager will be electronically approving all balance sheet reconciliations uploaded into ECM (Council's record management system).</p>	<p>Audit encourages Council to continue with its paperless approach.</p> <p>Proceed with implementing the current plan to implement a control where the Finance Manager electronically approves all balance sheet reconciliations uploaded into ECM.</p>	<p>A business workflow process in ECM has been implemented to document the review and record notes (if applicable) once the monthly review by the Finance Manager is completed.</p>

## 2.4 ACCOUNTS PAYABLE

### 2.4.1 The audit trail of changes to the suppliers' master files is not formally reviewed by management.

Moderate

#### Control

Requested changes or additions to supplier master file are verified independently of source documentation.

#### Risk

Supplier master file data does not remain pertinent and/or unauthorized changes are made to the supplier master file.

Finding	Recommendations	Management Response
<p>The audit trail report of changes to the suppliers' master file is not being formally reviewed by Finance Management.</p> <p>Audit notes that Council is currently implementing a process where Finance Management will be performing an electronic review of the audit trail of changes to the suppliers' master file uploaded into ECM (Council's record management system).</p>	<p>Ensure that a review of the audit trail report of changes to the suppliers' master file is formally independently reviewed on a regular basis.</p>	<p>We have developed the aggregated audit log report (completed).</p> <p>A quarterly review of the log will be implemented with an ECM business workflow to document the review and record notes (if applicable). To be implemented by Quarter 1 2021-22.</p>

## 2.5 CREDIT CARDS

### 2.5.1 CEO's credit card statements and transactions are not reviewed by Council or the audit committee

Low

#### Control

There is a process in place to approve all credit card transactions to ensure compliance with the policies and procedures covering credit card usage.

#### Risk

Credit cards are used for purchases of a personal nature.

Finding	Recommendations	Management Response
<p>Audit selected a sample of credit card statements and credit card transactions.</p> <p>We noted that the CEO's credit card statements and transactions were approved by the general manager (i.e. a Council officer that reports to the CEO).</p> <p>Recent credit card audits performed by the South Australian Auditor-General's Department (Examination of Credit Card Use and Management for a number of councils in SA – March 2020) indicated that better practice is to send the CEO's and Mayor's credit card transactions to the audit committee for review to ensure the expenditure is reasonable and for business purposes.</p> <p>The Victorian Auditor-General Office (Fraud and Corruption Control in Local Government audit – June 2019) consider better practice to refer the CEO credit card full transaction history to the audit committee or Council.</p> <p>The Western Australian Auditor General's Report (Controls Over Corporate Credit Cards – May 2018) consider better practice to report CEO's credit card transactions to Council on a regular basis.</p>	<p>Council ensures that the CEO's credit card transactions are reviewed by an appropriate authority.</p> <p>Better practice provided by credit card audits performed by Auditor-General's departments across Australia recommend that this process can be improved by reporting the CEO's credit card transactions to Council or to the audit committee.</p>	<p>The advice is noted, however we do not believe that value of the credit card spend warrants the administration of a separate report through to Council or Audit Committee, noting that alternate methods of procurement with significantly greater expenditure are not presented to either Audit Committee or Council.</p> <p>To alleviate concerns that pressure could be placed on an officer reporting to the CEO to approve credit card expenditure, it is proposed that two senior officers review and approve the credit card expenditure in the future.</p> <p>Should Audit Committee have an alternate view, Management will consider this matter further.</p>

<b>2.5.2 Credit card holders are not required to sign a declaration confirming compliance with Council policy and procedures</b>		<b>Moderate</b>
<b>Control</b>	Credit card holders sign a declaration confirming compliance with Council policy and procedures prior to the Credit Card being released.	
<b>Risk</b>	Credit cards are used for purchases of a personal nature	

Finding	Recommendations	Management Response
<p>Audit noted that credit card holders are not required to sign a declaration confirming compliance with Council policy and procedures prior to the credit card being released.</p> <p>Requiring credit card holders to sign an agreement and acknowledgement form that details their key responsibilities as card holders confirms their knowledge of, and commitment to compliance with, Council policy and procedures. Some examples of key topics to be included in the agreement and acknowledgement form include the following conditions:</p> <ul style="list-style-type: none"> <li>- commitment to ensure that credit cards are maintained in a secure manner;</li> <li>- credit cards to not be used for private purposes;</li> <li>- credit cards not to be shared with other staff;</li> <li>- use of credit card shall not be tied to any type of reward system;</li> <li>- transactions must be accompanied by appropriate receipts and tax invoices;</li> <li>- use of credit cards must be in accordance with Council's policy and procedures;</li> <li>- lost or stolen credit cards shall be reported immediately;</li> <li>- consequences for failure to comply with the requirements listed above.</li> </ul>	<p>Credit card holders are required to sign an agreement and acknowledgement form detailing their key responsibilities as card holders and confirming knowledge of, and commitment to compliance with, Council's credit card policy.</p>	<p>Completed - The declaration form has been circulated and signed to all credit cardholders.</p>



## **APPENDIX 1 – CRITICAL INTERNAL FINANCIAL CONTROLS**





**Purchasing and Procurement**

Risks	
R1	Council does not obtain value for money in its purchasing and procurement.
R2	Purchases of goods and services are made from non-preferred suppliers.
R3	Purchase orders are either recorded inaccurately or not recorded at all.
R4	Purchase orders are made for unapproved goods and services.

RISKS	Control	Control Type
R1	Council has a Procurement Policy that provides direction on acceptable methods and the process for procurement activities to ensure transparency and value for money within a consistent framework, with consideration of any potential conflicts of interest.	Core
R1,R2	Employees must ensure all purchases are in accordance with Council's Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies.	Core
R1	The organisation has a process in place to ensure use of preferred suppliers where relevant to maximise the best value for money to Council	Core
R2,R3	There is a process in place to review purchasing patterns and ensure maximum use of preferred suppliers	Additional
R3	Purchase order numbers are either system generated and/or sequentially numbered.	Core
R3	There is a process in place to ensure all invoices for payment are matched to relevant source documents such as purchase orders where applicable and are in line with Procurement Policy guidelines.	Core
R3	There is a process in place to follow up and action incomplete purchase orders.	Additional

**CONTRACTING**

Risks	
R1	Council is not able to demonstrate that all probity issues have been addressed in the Contracting process.
R2	Council does not obtain value for money in relation to its Contracting.

RISKS	Control	Control Type
R1,R2	There are robust and transparent evaluation and selection processes in place to engage contractors where relevant in accordance with the Code of Conduct, Conflict of Interest and Procurement Policy.	Core
R1	The selection panel is made up of appropriate personnel who have declared any relevant conflict of interest to ensure that informed and objective decision is made when selecting contractors.	Core
R1	Council maintains a current contract register.	Core

## FIXED ASSETS

## Risks

R1	Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed Asset Register (FAR) does not remain pertinent.
R2	If fixed assets are not securely stored, they may be subject to damage or theft.
R3	If fixed assets are not valued correctly, the management reports and financial statements will be misstated. For example, incorrect carrying values may result from the use of inappropriate depreciation rates.
R4	Depreciation charges are either invalid, not recorded at all or are inaccurately recorded which includes inappropriate useful lives and residuals.
R5	Fixed Asset maintenance and/or renewals are inadequately planned.

RISKS	Control	Control Type
R1	There is a process in place for the verification of fixed assets which is reconciled to the FAR.	Core
R1	Recorded changes to the FAR and/or masterfile are approved by appropriate staff compared to authorised source documents and General Ledger to ensure accurate input.	Core
R1	All fixed asset acquisitions and disposals are approved in accordance with Delegation of Authority and relevant Procurement and Fixed Asset Policies.	Core
R1	Maintenance of the fixed asset register is limited to appropriate staff with consideration to segregation of duties.	Core
R1	Council has an asset accounting policy which details thresholds for recognition of fixed assets which is monitored to ensure adherence.	Core
R1	Reconciliation of fixed assets to the General Ledger is performed in accordance with schedule of review or procedure.	Core
R1	Asset register calculations are reviewed for accuracy.	Core
R1	Fixed assets are recorded on acquisition, creation or when provided free of charge to facilitate accurate identification of assets and recording of details with regards to the Asset Accounting Policy.	Core
R1	Asset maintenance is planned and monitored with relevant staff in accordance with The Asset Management Plans.	Additional
R2	Where appropriate, fixed assets are secured and access is restricted to appropriate staff and authorised users.	Core

RISKS	Control	Control Type
R2	Where appropriate, identification details are recorded for portable and attractive assets such as IT and fleet assets, on acquisition to facilitate accurate identification.	Additional
R3	Relevant staff review useful lives, residuals, valuations, depreciation methodology and test for impairment as required by Accounting Standards and legislation to ensure that methods used are still appropriate and significant changes are incorporated into Asset Management Plans.	Core
R3	Profit or loss on disposal calculations can be substantiated and verified with supporting documentation	Core
R4	Depreciation charges are calculated in accordance with the asset accounting policy and compliant with relevant accounting standards, including the useful life, depreciation method and residual values.	Core
R5	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	Core
R5	Asset Management Plans for all major asset classes are adopted and reviewed by Council as required by the Local Government Act 1999.	Core





**GENERAL LEDGER**

**Risks**

R1	General Ledger does not contain accurate financial information
R2	Data contained within the General Ledger is permanently lost.

RISKS	Control	Control Type
R1,R2	All major updates and changes to General Ledger finance system are authorised, tested and documented.	Core
R1,R2	Access to General Ledger maintenance is restricted to appropriately authorised personnel.	Core
R1	Reconciliation of all balance sheet accounts are completed in accordance with a schedule of review and/or procedure.	Core
R1	All balance sheet reconciliations are reviewed by a person other than the preparer at least annually.	Core
R1	Journal entry access is restricted to appropriately authorised personnel.	Core
R1,R2	Financial data is backed up and stored offsite.	Core
R1	Finance system does not allow posting of unbalanced journals or if it does regular reviews are conducted on the suspense account and discrepancies investigated and actioned.	Core
R1	Amendments to the structure of the General Ledger framework and accounts are reviewed and approved by appropriately authorised personnel.	Core
R1,R2	General Ledger policies and procedures are appropriately created, updated and communicated to relevant staff.	Core
R2	Formal disaster recovery plan is in place and communicated to relevant staff.	Core
R1	There is a process in place to review actual vs budget and significant variances investigated.	Core

## ACCOUNTS PAYABLE

## Risks

R1	Accounts payable amounts and disbursements are either inaccurately recorded or not recorded at all.
R2	Credit notes and other adjustments to accounts payable are either inaccurately recorded or not recorded at all.
R3	Disbursements are not authorised properly.
R4	Accounts are not paid on a timely basis.
R5	Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file.

RISKS	Control	Control Type
R1,R2,R4	Statements received from suppliers are reconciled to the supplier accounts in the accounts payable subledger regularly and differences are investigated.	Additional
R3	Records must be maintained of all payments with supporting documentation.	Core
R1	Payments are endorsed by relevant staff separate to the preparer, who ensures that they are paid to the correct payee.	Core
R5	Access to the supplier masterfile is restricted to authorised staff	Core
R2,R5	Separation of Accounts Payable and Procurement duties.	Core
R3	All invoices and payment requests are approved in accordance with relevant policies and/or Delegations of Authority.	Core
R1	Predetermined variances between Purchase Orders and Invoices are assessed and payment released only after verification by the officer with delegation to do so.	Additional
R1	Payments are verified to appropriate supporting documentation and are in line with Delegations of Authority.	Core
R4	Relevant staff to review aged payables listing on a predetermined basis and investigate where appropriate.	Core
R5	Recorded changes to the supplier master file are compared to authorised source documents to ensure that they were input accurately.	Core

RISKS	Control	Control Type
R5	Requested changes or additions to supplier masterfile are verified independently of source documentation.	Additional
R4	There is a system generated report detailing supplier invoices due for payment at any one time.	Core
R5	There is a process in place to ensure the supplier master file is periodically reviewed for ongoing pertinence.	Additional

## RATES / RATES REBATES

## Risks

R1	Council does not raise the correct level of rate income.
R2	Rates and rate rebates are either inaccurately recorded or not recorded at all.
R3	The Property master file data does not remain pertinent.
R4	Rates are not collected on a timely basis.

RISKS	Control	Control Type
R1,R2	Rates are automatically generated by the rate system, including the calculation of rate rebates and other parameters as applicable.	Core
R2	Rates are generated and tested for accuracy of calculation methodology prior to the rates billing run	Core
R1	All software changes to rate modelling functionality fully tested and reviewed by relevant staff.	Core
R1	There is a rating policy in place that is reviewed annually that provides clear guidance on rating methodology and relevant rebates and remissions in line with legislation.	Core
R2	Annual valuation update is balanced prior to the generation of rates; all mismatches resolved prior to finalising rate generation.	Core
R2	All rate rebates and adjustments including write offs are appropriately authorised, with reference to Delegations of Authority and source documents.	Core
R4	There is a process in place to ensure that rates are collected in a timely manner and overdue rates are followed up.	Core
R3	Recorded changes to property master file data and any rate adjustments are compared to authorised source documents to ensure that they were input accurately. An audit trail is maintained for all changes.	Core
R3	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.	Core
R2	Employees responsible for processing rate payments and rebates cannot process their own payments or rebates unless the transaction is approved by someone independent of the process	Core



## PAYROLL

## Risks

R1	Payroll expense is inaccurately calculated.
R2	Payroll disbursements are made to incorrect or fictitious employees.
R3	Time and/or attendance data is either invalid, inaccurately recorded or not recorded at all.
R4	Payroll master file does not remain pertinent and/or unauthorised changes are made to the payroll master file.
R5	Voluntary and statutory payroll deductions are inaccurately processed or without authorisation.
R6	Employees termination payments are not in accordance with statutory and enterprise agreements.

RISKS	Control	Control Type
R1	Where possible standard programmed formulae perform payroll calculations.	Core
R1, R3	There is a process to ensure all overtime is verified and approved by relevant appropriate staff.	Core
R1	All calculations for generating payroll payments are verified for accuracy.	Core
R4,R5	Managers periodically review listings of current employees within their departments and variances are investigated.	Additional
R1	Payroll is periodically reconciled to the General Ledger accounts.	Additional
R2	The payment for the payroll must be reconciled to a system generated report detailing amount and employee prior to payment.	Core
R2	There is a process to ensure an independent review of proposed payroll payments by authorised staff.	Additional
R2	The payment of the payroll is authorised by appropriate staff not involved in the preparation of the payroll.	Core
R2	Employee records to include employment details and/or contract terms and conditions, authorisations for payroll deductions and leave entitlements.	Core
R2	There is a process to ensure employees are made inactive in payroll records upon termination.	Core

RISKS	Control	Control Type
R5	All payroll deductions must be approved by the relevant employee.	Core
R3	Relevant staff are required to complete timesheets and/or leave forms, authorise them and have approved by the relevant supervisor.	Core
R2	There is a segregation of duties from those preparing the payroll to those responsible for preparation of source documents (e.g. timesheets, leave requests etc).	Core
R2	Payroll system generates audit reports detailing all payroll changes and there is a process in place to ensure all changes are reviewed and verified against source documents.	Core
R2	There is a process in place to ensure employees are not added to the payroll masterfile, nor details amended or amounts paid without receipt of the appropriate forms which have been authorised by relevant staff.	Core
R5	Access to the payroll deduction listing is restricted to authorised staff.	Core
R6	There is a process in place to ensure termination payments comply with relevant policies, procedures and legislation.	Core
R3	Time recording and attendance exceptions such as TOIL or flexitime are based on relevant policies/agreement are identified, monitored and corrected.	Core
R4	The ability to access, modify or transfer information contained in the payroll master files is restricted to authorised staff.	Core



**CREDIT CARDS**

**Risks**

R1	Credit Cards are issued to unauthorised employees.
R2	Credit Cards are used for purchases of a personal nature.
R3	Credit Card limits are set at inappropriate levels.

RISKS	Control	Control Type
R1,R3	There is a process in place to ensure there are appropriate approvals prior to the issuing of Credit Cards and limits	
R1,R2	Credit card holders sign a declaration confirming compliance with Council policy and procedures prior to the Credit Card being released.	
R2	There is a process in place to approve all credit card transactions to ensure compliance with the policies and procedures covering credit card usage.	
R2	Cardholders must check their statement to ensure all transactions are correct and identify any transactions of a personal nature which must be reimbursed to Council.	
R3	There is a process in place to ensure credit card limits and usage is reviewed for operational efficiency.	

**BANKING**

**Risks**

R1	Banking transactions are either inaccurately recorded or not recorded at all.
R2	Fraud (i.e. misappropriation of funds)

RISKS	Control	Control Type
R1,R2	There is a process in place to ensure all cash, blank cheques and/or cheque signing machine are adequately safeguarded.	Core
R1	Access to EFT Banking system is restricted to appropriately designated personnel.	Core
R1,R2	Bank reconciliations are performed on a predetermined basis and are reviewed by an appropriate person. Any identified discrepancies are investigated.	Core
R2	Cash transfers between bank accounts and investment bodies are undertaken by appropriate staff.	Core
R2	There is a process in place to ensure all cash collected is adequately recorded and banked regularly.	Core





**DEBTORS**

Risks	
R1	Debtors are either inaccurately recorded or not recorded at all
R2	Rebates and credit notes to debtors are either inaccurately recorded or not recorded at all
R3	An appropriate provision for doubtful debts is not recorded
R4	Debtors are either not collected on a timely basis or not collected at all
R5	The Debtors master file data does not remain pertinent

RISKS	Control	Control Type	CSA Importance	Weighting
R1, R4	Debtor's reconciliation performed on a regular basis to the General Ledger and reviewed by an independent person.	Core		4
R1	Council maintains a Debt Collection Policy.	Core		5
R2, R3, R4	Management and/or Council review and approve all rebates, credit notes, bad debt write-offs and movements in the provision for doubtful debts, in accordance with delegations of authority and Local Government Act.	Core		5
R3, R4	Management reviews debtors ageing profile on a regular basis and investigates any outstanding items.	Core		4
R5	Access to the debtor's master file is restricted to appropriately designated personnel and is reviewed by management for accuracy and on-going pertinence.	Core		5
R5	Recorded changes to debtor's master file data are compared to authorised source documents or confirmed with customers/ratepayers to ensure that they were input accurately.	Core		4

**RECEIPTING**

Risks	
R1	Receipts are either inaccurately recorded or not recorded at all
R2	Receipts are not deposited at the bank on a timely basis

RISKS	Control	Control Type
R2	Prior to and during the banking process, cash is stored securely at all times	Core
R1	Customers are provided with a system generated or pre-numbered (manual) sequential tax compliant receipt detailing payment made.	Core
R1	There is a review process for the authorisation of the reversal of transactions.	Additional
R1	Receipt transactions are reconciled to the daily takings and out-of-balance banking is corrected promptly.	Core
R2	Receipts are deposited regularly at the bank by a person independent from the initial recording of the cash receipts.	Additional



## DECISION REPORT

<b>REPORT TITLE:</b>	DRAFT 2021-22 ANNUAL BUSINESS PLAN & BUDGET FOR PUBLIC CONSULTATION
<b>ITEM NUMBER:</b>	3.2
<b>DATE OF MEETING:</b>	11 MAY 2021
<b>AUTHOR:</b>	ALEX BROWN
<b>JOB TITLE:</b>	MANAGER FINANCE AND PROCUREMENT
<b>ATTACHMENTS:</b>	1. DRAFT 2021-22 ANNUAL BUSINESS PLAN AND BUDGET FOR PUBLIC CONSULTATION

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### 1. **EXECUTIVE SUMMARY**

The *Local Government Act 1999* (the 'Act') requires Council to consult with the community prior to adopting the annual budget. Specifically, the Act requires Council to develop a Draft Annual Business Plan and follow a process of community consultation.

The Draft 2021-22 Annual Business Plan and Budget was adopted by Council at its meeting held on 27 April 2021 for the purposes of community consultation.

This report and the associated attachment provide information regarding the Draft 2021-22 Annual Business Plan in relation to the:

- Services provided by Council to the community;
- Proposed projects to be undertaken;
- Resources required by the Council to deliver the services and projects; and
- Funding required (proposed rates increase and estimated borrowings).
- Proposed net Operating Projects of \$1.053M.
- Proposed net New Capital of \$2.963M.
- Proposed net Capital Renewal of \$7.691M.

Council is considering a rates increase of 1% above Adelaide annual CPI for the March Quarter 2021. CPI will be confirmed in late April, however for the purposes of preparing a draft budget, it has been assumed to be 1.25%.

Valuation growth of 0.5% has been assumed in recognition of new developments and capital improvements to existing properties.

Council has sought to minimise increases in operational expenditure, absorbing inflationary pressures where possible. Operational savings of \$250K in the operations of the Depot have been identified as part of the budget process.

Council proposes that no external borrowings will be required to deliver all proposed projects and maintain current service levels from existing financial resources. The net financial liabilities ratio is forecast to be 42% which is within the target of less than 80%.

Council is forecast to achieve an operating surplus of \$2.2M, equating to an operating surplus ratio of 4.3% for the 2021-22. This is below the target of 5%, due in part to the impact of no increase in general rates for the 2020-21 financial year.

Proposed Capital Renewals are inline with the Asset Management Plans for all asset classes apart from major plant. A close review of the plant and equipment found that no significant items of major plant require renewal in 2021-22. As a consequence, the asset sustainability ratio is forecast to be 88%.

In summary, the Draft 2021-22 Annual Business Plan and Budget, presented to the Council to be endorsed for consultation will meet the legislative requirements.

### **Community Consultation**

Section 123(4) of the Act prescribes the minimum level of consultation that a council must undertake in conjunction with the Draft Annual Business Plan.

Community consultation opened on 30 April and will close on 21 May 2021. Public meetings are scheduled as follows:

- Tuesday 11 May, Fullarton Park Community Centre, 10-11am
- Thursday 13 May, Civic Centre, 5:30-6:30pm

Council will receive submissions via Council's website (through Your Say Unley) or written submissions to PO Box 1, Unley 5061. All submissions will be accepted up until the close of business on 21 May 2021.

The 2021-22 Annual Business Plan and declaration of rates will be presented to Council for adoption at its June 2021 meeting.

## **2. RECOMMENDATION**

That:

1. The report be received.
2. The Draft 2021-22 Annual Business Plan and Budget, approved for Consultation purposes and as set out in Attachment 1 to this report (Item 3.2, Audit Committee Meeting 11/05/2021) be noted.
3. Comments received from the Audit Committee relating to the Draft 2020-21 Annual Business Plan be presented to Council for consideration at the Budget Workshop to be held prior to adoption of in June.

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## **3. RELEVANT CORE STRATEGIES/POLICIES**

4. Civic Leadership

4.1 We have strong leadership and governance.

## **4. BACKGROUND**

In order to provide guidance for the Administration, an Elected Member Workshop was conducted on 15 March 2021 where Members considered an overview draft Long Term Financial Plan, draft operating position, and funding priorities for Operating Projects and New Capital projects.

This Workshop followed a resolution of Council at its November 2020 meeting to prepare the draft budget on a proposed rate increase 1% above CPI, and input from the Audit Committee on the financial targets for the 2021-22 Budget and Long Term Financial Plan.

## **5. DISCUSSION**

### **Legislative Compliance**

Section 123(3) of the *Local Government Act 1999* requires councils to prepare a Draft Annual Business Plan and Budget for community consultation prior to formal adoption (Attachment 1).

*Attachment 1*

The Annual Business Plan and Budget must be adopted after 31 May and prior to 31 August each year.

## **Community Consultation**

Community consultation on the Draft Annual Business Plan will occur between 30 April and 21 May 2021.

The proposed methodology for engagement is listed below:

- The Adelaide East Herald (15,000 copies distributed through 400 businesses, and 50,000 online subscribers);
- Online consultation on Your Say Unley;
- Notification on Council's website and social media channels with appropriate links to the Draft Annual Business Plan and Your Say Unley; and
- Two public meetings scheduled as follows:
  - Tuesday 11 May, Fullarton Park Community Centre, 10-11am
  - Thursday 13 May, Civic Centre, 5:30-6:30pm

The Draft 2021-22 Annual Business Plan meets all legislative requirements of the Act.

## **Proposed Projects**

The proposed Annual Business Plan allows for the following:

- Proposed net Operating Projects of \$1.053M.
- Proposed net New Capital of \$2.963M.
- Proposed net Capital Renewal of \$7.691M.

The Draft 2021-22 Annual Business Plan and Budget is based on a rate increase of 1% above CPI (presently forecasted to be 1.25%) and valuation growth of 0.50%. The valuation growth is a recognition of new developments and capital improvements and is an increase in the assessment book only.

Council will not require any external borrowings and will deliver all proposed projects and maintain current service levels from existing financial resources.

## Operating Projects

Council has identified proposed Operating Projects that amount to a net \$1.053M. Key Projects for 2021-22 include:

- Delivery of an annual calendar of events \$422K including the:
  - City of Unley Sesquicentenary Celebrations
  - Santos Tour Down Under Stage Start and associated event
  - Fringe in Unley
  - Australia Day Event
  - Neighbour Day

- The expansion of tree canopy on Public Land \$100K
- Progression of the Tree Incentive and Education Program \$80K
- Grant funding to support the Greening of City Verges \$50K
- Delivery of Water Wells to facilitate the capture of stormwater run-off to water trees \$40K
- Implementation of the Economic Growth Strategy \$40K
- Trader Event Sponsorship Grants \$40K
- Stage 1 in developing a City Wide Parking Strategy \$60K
- Continuation of Council's Active Ageing Initiatives \$24K
- Cultural Tourism and Activation \$30K including the publication of a Public Art Brochure, Creative Activation Stations and Busking Musicians.

Further review of these proposals will occur between now and June 2021 and will include consideration of the community consultation feedback, before the Budget is finalised for adoption.

A copy of the proposed Operating Projects is included within Attachment 1.

### New Capital

The proposed New Capital Projects total \$2.963M (net) and key items include:

- The redevelopment of the Edmund Avenue Cottages to establish a Business Hub \$1.0M;
- Council's contribution to the continuation of the Brown Hill Keswick Creek project \$843K;
- Implementation of the Local Area Traffic Management Plan \$300K including upgrades to:
  - Mills Street
  - Devon Street South/Railway Terrace South bend
- Implementation of the Cycling and Walking Plan \$95K including:
  - Weller Street / Simpson Parade Streetscape Improvements
  - Bike facility improvement to King William Road (Simpson Parade and the Mike Turtur Bikeway)
- Construction of new clubrooms for the Millswood Bowling Club \$185K;
- Climate and Energy Plan Implementation (Year 1) with a Solar Panel Scheme for not-for-profit tenants \$75K;
- Concept and detailed design of replacement of Unley Swimming Centre Junior Pools \$66K;
- Stage 2 of the Ridge Park Master Plan \$30K; and
- McLeay Park Facility Improvements \$18K.

A copy of the proposed New Capital Projects is included in Attachment 1.

Proposed carry forwards from the 2020-21 into the 2021-22 have been identified for the following projects:

- Unley Oval Stage 2 net \$910K (expenditure \$2.2M less income (\$1.3M));
- King William Street Shared Path Upgrade \$40K; and
- Edmund Avenue Cottages Business Hub net zero (expenditure and income \$1.1M each).

### Capital Renewal Program

The proposed Capital Renewal Program of \$7.691M (net) has been based on current asset information and asset management plans. Key items include:

- Transport Infrastructure \$3.5M including:
  - Road renewal \$1.8M
  - Kerb and Water Table \$1.3M
  - Footpaths \$250K
- Drainage & Stormwater \$940K;
- Reserves and Open Space \$544K; and
- Property (including Buildings and the Swimming Centre) \$1.0M.

A copy of the Capital Renewal Program is included in Attachment 1.

### **The Draft 2021-22 Annual Business Plan (Plan)**

The Plan has been developed using the Long-Term Financial Plan as a guide, with the aim of achieving the adopted financial targets.

Financial Indicator	Council Adopted Target	Draft 2021-22 Budget
Operating Surplus Ratio (excluding equity accounted businesses)	5% or greater of total operating income	4.3%
Net Financial Liabilities Ratio	Less than 80% of total operating income	42%
Asset Sustainability Ratio (rolling 10-year average)	100% or greater of recommended spend in the Asset Management Plans	88%

The Plan contains the following information:

- Project priorities.
- A summary of the services provided by Council.
- Information regarding Council's Long Term Financial Plan.
- Funding requirements.
- Consideration of the rating structure and impact.

The Plan has been prepared to include the following items:

- A general rates of 2.25% based on an increase of 1% above CPI with

CPI presently forecast to be 1.25%.

- Proposed net Operating Projects of \$1.053M.
- Proposed net New Capital of \$2.963M.
- Proposed net Capital Renewal of \$7.691M.

The budget forecasts that the activities to be undertaken in 2021-22 can be fully financed from Council's existing resources without the need to borrow externally. After considering principal repayments and daily management of Council's short-term financing facilities, it is estimated that Council's borrowings will reduce to \$16.5M as at 30 June 2022.

### Operating Budget

The general influences that impact on revenue and expenditure in developing the Plan include:

- Local Government Price Index increases on relevant goods and services, which in recent years has tracked close to CPI;
- Provision for Enterprise Bargaining Agreements for most staff, which determine conditions of employment and provide for annual salary and wages increases;
- Maintaining asset management (renewal) expenditure in-line with Council's recently endorsed Asset Management Plans;
- Additional maintenance costs due to increased capital works, and the construction of new assets over recent years;
- Initiatives arising from Council's Climate and Energy Plan which is due for endorsement by Council in May; and
- Regional Landscape Levy: advice regarding the levy amount has not yet been received from the Green Adelaide Board.

In response to the cost imposts on Council and to minimise the burden on ratepayers, Council has continued its work and review of service sustainability.

Council recognises the increasing challenges in delivering services at a local level while ratepayers are increasingly reluctant to see their property rates increase.

Savings identified as part of 2021-22 Budget preparation include a \$250K reduction in operational maintenance costs.

### Separate Rates

Council proposes to continue to raise a separate rate for the purposes of promoting the businesses and traders along major shopping strips. Council collects the separate rate and passes the funds collected onto the individual Trader Associations for marketing and promotion purposes.

For the 2021-22 Budget, Council considered the requests from the four Associations and propose no increase to the amounts raised in the 2020-

21 period. The proposed rates were endorsed for consultation by Council at the March 2021 Council Meeting:

<b>Main Street Trader Associations</b>	<b>Separate Rate raised 2020-21</b>	<b>Requested by the Associations 2021-22</b>	<b>Proposed Separate Rate 2021-22</b>	<b>% Increase (Decrease)</b>
Unley Road	\$69,835	\$126,840	\$69,835	Nil
King William Road	\$92,280	\$150,350	\$92,280	Nil
Goodwood Road	\$57,225	\$57,225	\$57,225	Nil
Fullarton Road	\$13,000	\$13,000	\$13,000	Nil

In 2016-17, Council also adopted a recommendation from Unley Business & Economic Development Committee (UBED) to cap the amount that any separate ratepayer pays at \$2,000. It is proposed that this is retained for 2021-22.

#### Regional Landscape Levy

(formerly the Natural Resource Management Levy)

From 1 July 2020 the new *Landscape South Australia Act 2019* replaced the *Natural Resources Management Act (NRM) 2004* as the new framework for managing the states land, water, pest animals and plants and biodiversity.

The new Act creates nine landscape management regions, with the old NRM boards being replaced by eight new regional landscape boards and a metropolitan landscape board, namely Green Adelaide.

Council will continue to contribute to the Board and reimburse itself through the levy of a separate rate. The landscape levy collection process will remain largely the same as previous arrangements under the NRM Act. The levies to be raised for 2021-22 will be based on the existing NRM boundaries, but are likely to change in future years.

The Green Adelaide Board had not advised Council of the amount to be paid in 2021-22 at the time of finalising the draft Budget for consultation. The amount paid in 2020-21 was \$1.414M. Under these arrangements Council acts as an agent and as such Council does not retain this revenue, nor determine how the revenue is spent.



## In Summary

A copy of the Draft 2021-22 Annual Business Plan and Budget is provided as Attachment 1.

### *Attachment 1*

Council will raise sufficient income to cover its operating expenses and contribute to the repayment of its debt. As such, the impact of this Draft Plan does not compromise Council's long-term financial sustainability.

## **6. ANALYSIS OF OPTIONS**

### Option 1 –

1. The report be received.
2. The Draft 2021-22 Annual Business Plan and Budget, approved for Consultation purposes and as set out in Attachment 1 to this report (Item 3.2, Audit Committee Meeting 11/05/2021) be noted.
3. Comments received from the Audit Committee relating to the Draft 2020-21 Annual Business Plan be presented to Council for consideration at the Budget Workshop to be held prior to adoption of in June.

The Audit Committee provides valuable input to the Council in its strategic financial planning processes. The review of the Draft Annual Business Plan and Budget by the Committee at this time will provide an opportunity for the Council to consider feedback before adoption.

## **7. RECOMMENDED OPTION**

Option 1 is the recommended option.

## **8. POLICY IMPLICATIONS**

The City of Unley Draft Annual Business Plan and Budget has been developed in the context of the Council's suite of strategic management plans that include the following:

- Community Plan 2033.
- 4 Year Delivery Plan 2017-2021.
- Draft 4 Year Delivery Plan.
- Long Term Financial Plan including Council's Infrastructure and Asset Management Plans.

In addition, the Annual Business Plan and Budget, and the Council's Long Term Financial Plan considers the cost of implementation of strategies and plans reviewed and endorsed by Council.

**9. REPORT CONSULTATION**

The Draft 2021-22 Annual Business Plan and Budget has been developed in conjunction with Business Unit Managers and their respective divisional General and Executive Managers.

An Elected Member workshop has been held as part of the Annual Business Plan development process. A further workshop is proposed, following community consultation, to be held in late May/early June 2021.

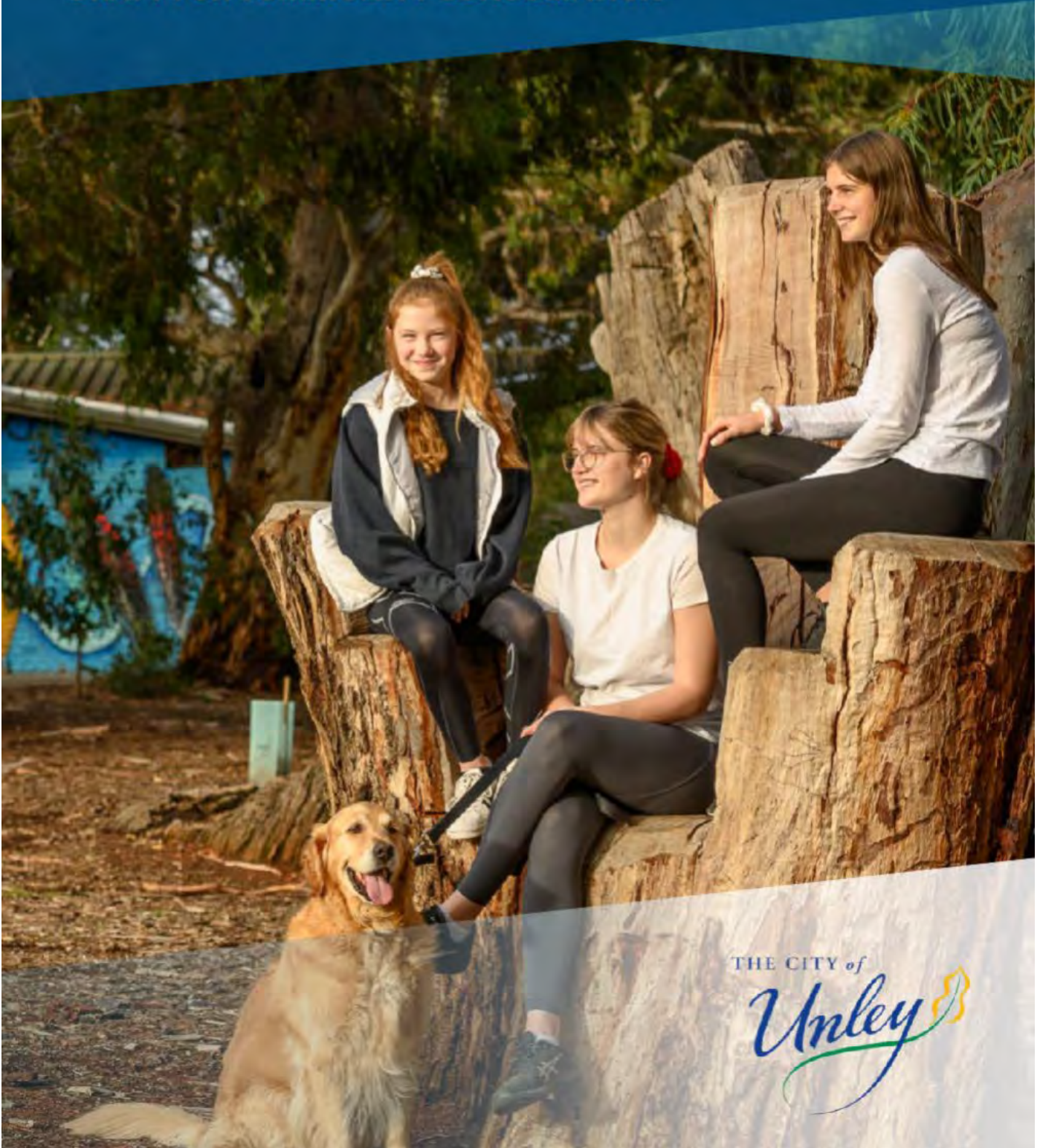
**10. REPORT AUTHORISERS**

<b>Name</b>	<b>Title</b>
Nicola Tinning	General Manager, Business Support & Improvement

# 2021-22

## ANNUAL BUSINESS PLAN & BUDGET

DRAFT FOR COMMUNITY CONSULTATION



THE CITY of  
*Unley*





## **Kurna Acknowledgement**

We would like to acknowledge the City of Unley is part of the traditional lands for the Kurna people and we respect their spiritual relationship with their country.

We acknowledge the Kurna people as the traditional custodians of the Adelaide region and that their cultural and heritage beliefs are still as important to the living Kurna people today.

All images within this document are from the City of Unley portfolio of photos.



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# COMMUNITY CONSULTATION

## How to have your say

The Draft Annual Business Plan and Budget can be viewed online via [yoursay.unley.sa.gov.au](https://yoursay.unley.sa.gov.au). Printed copies are available for viewing at the Civic Centre, Libraries and Community Centres.

### Submissions

#### Public Consultation opens 30 April 2021

You can make a submissions via:

- Visiting **Your Say Unley** at:  
[yoursay.unley.sa.gov.au](https://yoursay.unley.sa.gov.au)
- Writing a submission and sending it to:  
2021-22 Budget Consultation  
City of Unley  
PO Box 1  
Unley SA 5061
- Emailing a submission to:  
[pobox1@unley.sa.gov.au](mailto:pobox1@unley.sa.gov.au)

To be received not later than 6pm Friday  
21 May 2021.

### Public Meetings

Two Public Meetings, which will include an overview of the 2021-22 Business Plan and Budget, will be held as follows:

- Tuesday 11 May  
Fullarton Park Community Centre  
10-11am
- Thursday 13 May  
Civic Centre  
5:30-6:30pm

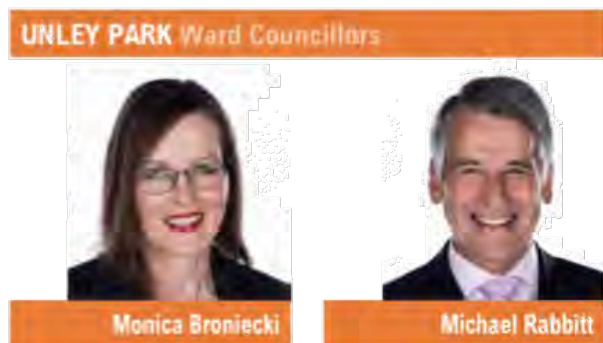
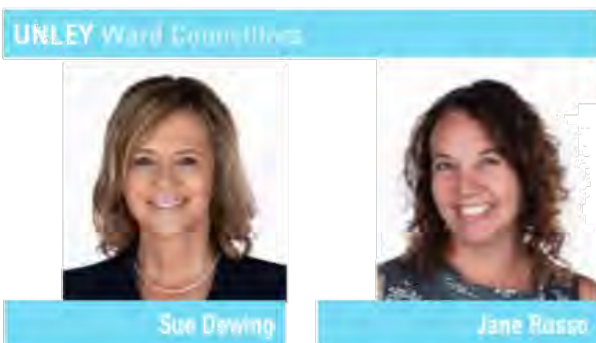
**Consultation closes 6pm  
Friday 21 May 2021.**



The Mayor and Elected Members are elected by the local community to represent **the interests and needs of the community**.

Elected Members provide community leadership and guidance and facilitate communication between the community and the Council.

They play a very important policy-making role, requiring the identification of community needs, setting objectives to meet those needs, establishing priorities between competing demands and allocating resources. On the Council of the City of Unley, in addition to the Mayor, Michael Hewitson AM, there are 12 Elected Members.



# INTRODUCTION

## Background

Under Section 123 of the Local Government Act 1999, Council is required to have a budget for each financial year. The budget must be considered as part of the Council's Annual Business Plan.

Before a council adopts its Annual Business Plan it must prepare a draft Annual Business Plan and undertake a public consultation process. Consultation on this plan will be undertaken between 30 April and 21 May 2021.

All feedback collected during this period will be distributed and considered by the Elected Members of Council at a Budget Workshop in order to finalise Council's 2021-22 Business Plan and Budget.

## Purpose of the Business Plan

The purpose of the Annual Business Plan is to impart an understanding of:

- Annual objectives for the year in the context of Council's long-term objectives
- Overview of the activities and services provided by Council
- Key financial information relating to revenue and expenditure
- Proposed new initiatives and projects
- Rating context and impact of rates for 2021-22
- Council's Financial Planning Framework including Long-Term Financial Plan and Asset Management Plans



## Strategic Planning Framework

### Resourcing Strategy

- Assets
- Long Term Financial Plan
- Other plans and strategies

Community Plan  
2017 - 2023



VISION

Four Year Plan  
2021 - 2025



Annual Plans  
2021 - 2022



ACTION

Annual Business Plan & Budget

Annual Operating Plan

## Measuring Performance

Council measures its achievements and financial performance through the following processes:

- Regular financial reporting to Executive and Council
- Quarterly corporate performance report to Executive and Council
- Budget Reviews in accordance with legislation
- Annual review of the Long-Term Financial Plan
- Review and input from Council's Audit Committee
- Production of an Annual Report including audited financial statements
- Community Engagement

# BUDGET OVERVIEW

## Background

**The Draft Business Plan and Budget for 2021-22 has been prepared in accordance with the priorities of Unley’s Community Plan 2033 and the draft 4 Year Delivery Plan 2021-2025, with due consideration of its key financial indicators.**

The key financial information for 2021-22 is summarised on the following page.

Forecast rate income is based on the following assumptions:

- **General Rate Increase 2.25%**  
(1% above forecast CPI presently forecast to be 1.25%)
- **Rates Growth 0.50%**  
(new rateable properties and improvements)

The proposed rates increase follows no increase in general rates in the 2020-21 budget in recognition of the potential financial impact of the COVID-19 pandemic on the community.

*Please note the information in this draft budget excludes:*

- *the impact of Council’s equity accounted businesses, namely the Centennial Park Cemetery Authority and the Brown Hill Keswick Creek Stormwater Board*
- *Proposed net carry forwards \$0.95M from 2020-21 into 2021-21 for three New Capital projects identified as part of the 2020-21 Quarter 3 Financial Report.*

## Key Financial Targets

Council has reviewed its Key Financial Targets after considering its draft Long Term Financial Plan and receiving advice from its Audit Committee.

The Key Financial Targets, as outlined below, have remained unchanged from the 2020-21 financial year.

Financial Indicator	Adopted Target	Draft 2021-22 Budget
<b>Operating Surplus Ratio</b> (excl. equity accounted businesses)	> 5.0%	4.3%
<b>Net Financial Liabilities Ratio</b>	< 80%	42%
<b>Asset Renewal Funding Ratio</b>	≥ 100%	88%

Further information regarding the financial indicators are included on pages 28-30, including an explanation of each indicator and graphs charting the past three financial years and forecasts for the duration of the long term financial plan.



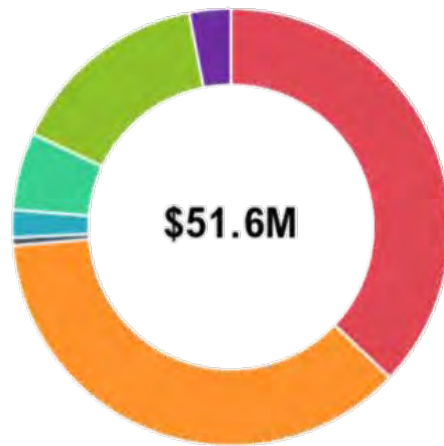


### Where our funding comes from



■ Rates (includes Landscape Levy)	\$43.9M	85.1%
■ Grants & Subsidies	\$3.0M	5.7%
■ User Fees	\$1.9M	3.8%
■ Statutory Fees	\$1.6M	3.1%
■ Other Income	\$1.2M	2.3%

### How we allocate our funding



■ Employee Costs	\$19.1M	37.1%
■ Materials, Contracts & Other	\$18.9m	36.6%
■ Finance Costs	\$0.3M	0.6%
■ Operating Projects	\$1.1M	2.0%
■ Capital Projects (Net)	\$3.0M	5.7%
■ Capital Renewal (Net)	\$7.7M	14.9%
■ Repayment of Borrowings (Principle repayments)	\$1.6M	3.1%



# INFLUENCES ON THE BUDGET

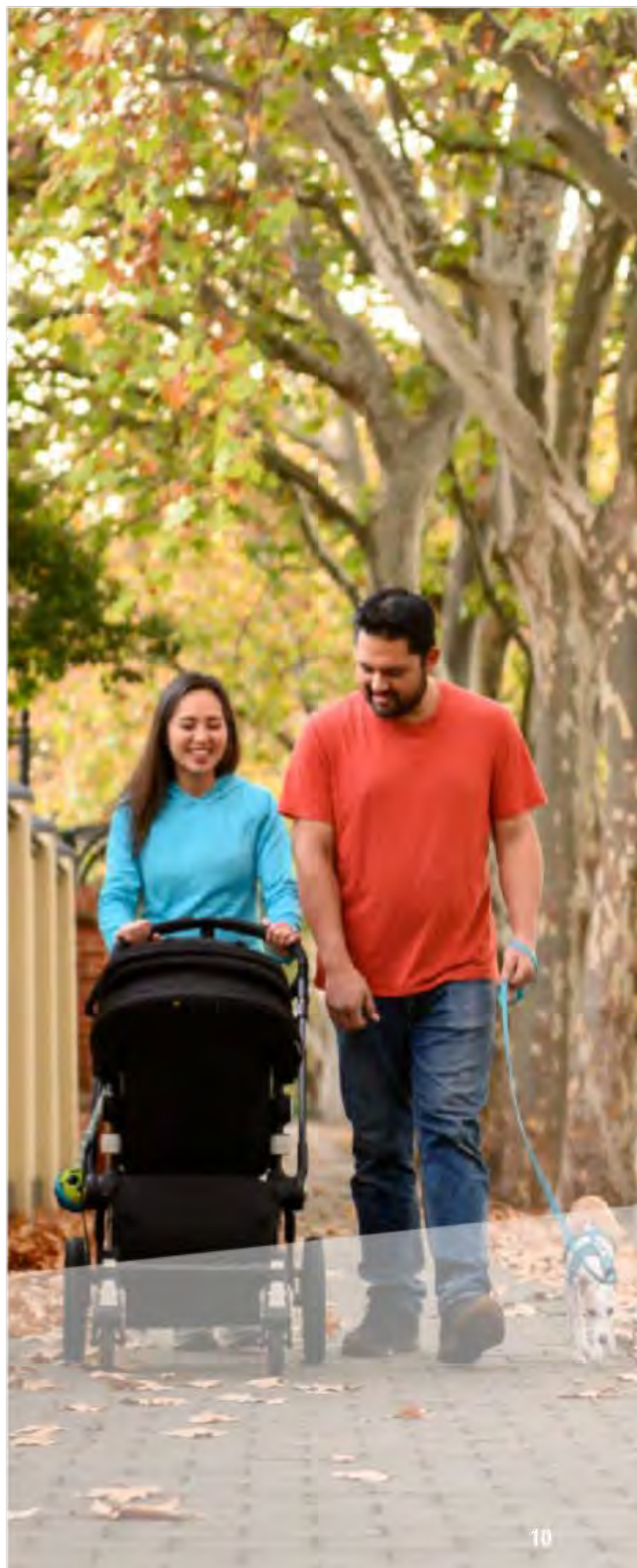
## Significant Influences

A number of significant projects and external environmental changes have influenced the preparation of the Council's Draft 2021-22 Business Plan and Budget. These include:

- Commitments to continue long-term major projects including the Edmund Avenue Cottages Business Hub, Unley Oval Community Hub, and Brown Hill Keswick Creek
- The continued impact on the community and economic environment from the global pandemic COVID-19
- Absorbing cost pressures where possible to minimise increases in rates and fees and charges

In recognition of the financial difficulties being experienced by the community in 2020, Council decided not to increase the rates in the 2020-21 financial year. This had a significant impact on the Council's operating surplus in the 2020-21 Budget which was reduced to 2.5%.

Cognisant of the need for prudent financial management, Council is considering a modest rate increase of 1% above CPI in order to achieve a target operating surplus of 5% in the next three financial years.





## Other Influences on the Budget

There are also other annual items that we consider when setting rates and deciding on council's program of works. These include:

- Local Government Price Index increases on relevant goods and services, which in recent years has tracked close to CPI
- Provision for Enterprise Bargaining Agreements for most staff, which determine conditions of employment and provide for annual salary and wages increases
- Maintaining asset management (renewal) expenditure in-line with Council's recently endorsed Asset Management Plans
- Additional maintenance costs due to increased capital works, and the construction of new assets over recent years
- Initiatives arising from Council's Climate and Energy Plan which is due for endorsement by Council in May
- Regional Landscape Levy: Awaiting advice from the Green Adelaide Board of the increase in 2021-22.

Council has continued its review of service sustainability to minimise the burden on ratepayers.

Savings identified as part of 2021-22 Budget preparation include a \$250K reduction in operational maintenance costs.

The total proposed capital expenditure on new assets for 2021-22 is expected to be \$3.0m. The extent of these works can be met from existing financial resources without the need to borrow funds.



# SERVICES PROVIDED TO THE COMMUNITY

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The Local Government Act 1999 (the Act) prescribes a system of local government to enable councils to govern and manage areas at a local level.

All councils have basic responsibilities under the Act and other relevant legislation. These include:

- Regulatory activities, including voters' roll maintenance and Elected Members' support
- Determining longer-term strategic management and management plans, financial plans, infrastructure and asset management plans and policies and procedures
- Setting rates, preparing an Annual Business Plan and Budget

- Management and maintenance of basic infrastructure including roads, footpaths, parks, public open space, playgrounds, street lighting and stormwater drainage
- Street cleaning and rubbish collection
- Development planning and control, including building safety assessment
- Provision of various environmental health services
- Management and maintenance of Councils urban forest in streets and parks, and
- Management and maintenance of Council owned Community Centres and other buildings.

A detailed list of Council's Operational Activities, including respective income and expenditure, is included on pages 38-41.





**In response to community needs, Council also provides the following services and programs, over and above those listed above:**

- Aged and Social Care
- Animal Management
- Arts & Cultural Development
- Community Centres
- Community Development
- Community Engagement
- Community Event Programs
- Community Services
- Community Transport
- Community Grants
- Corporate Services
- Economic Development
- Environmental Management
- Library Services
- Museum
- Open Space Management
- Parking Control
- Sport and Recreation
- Sustainable Landscapes
- Volunteers
- Urban Policy and Planning
- Youth Development

**The Council also maintains a number of facilities and services on a fee for service basis, some of which are subsidised and include:**

- Unley Swimming Centre
- Commonwealth Home Support Program (CHSP)
- Community Bus Service
- Halls for hire
- Ovals, courts, parks and reserves for hire.



# COMMUNITY LIVING



**People value our City with its enviable lifestyle, activities, facilities and services**



## Objectives

- 1.1 Our Community is active, healthy and feels safe
- 1.2 Our Community participates in community activities, learning opportunities and volunteering
- 1.3 Our City meets the needs of all generations
- 1.4 Our Community is proud to be part of our City
- 1.5 Our City is connected and accessible

## Key Projects

- Implementation of the Local Area Traffic Management works on Mills Street and Devon Street South/Railway Terrace South bend
- Construction of new clubrooms for the Millswood Croquet Club
- Walking Cycling Plan continuation – King William Road (Simpson Parade to Mike Turtur Bikeway), Weller Street/Simpson Parade, and end of trip facilities
- Continuation of the Living Streets Program – Richards Terrace
- Place activation and community development through the staging of major events including a Tour Down Under stage start, public arts, a diverse Community Events Program and the celebration of Unley Council's Sesquicentenary
- Delivery of initiatives relating to Council's Age Friendly Strategy endorsed by Council on December 2015 and informed by research undertaken in 2016-17
- Design works for the replacement of the junior pools at the Swimming Centre





# ENVIRONMENTAL STEWARDSHIP



**We will maintain and enhance our urban environment, and strengthen our City's resilience to climate change by providing leadership to our Community**



## Objectives

- 2.1 Unley's urban forest is maintained and improved
- 2.2 Excellence in waste management is achieved through avoidance, re-use and diversion
- 2.3 The energy efficiency of the City is increased and our carbon footprint reduced
- 2.4 Efficient, effective & sustainable water management is ensured
- 2.5 The City's resilience to climate change is increased

## Key Projects

- Council's continued contribution to the Brown Hill Keswick Creek regional project works
- Implementation of Year 1 of the Council's Climate and Energy Plan, including offering a Solar Panel Incentive Scheme to non-for-profit tenants in Council's buildings
- Implementing Council's Tree Strategy to increase canopy cover across the district through the planting of 440 new trees
- Development of a tree incentive program and continuation of education programs to encourage residents to retain existing trees and plant new trees
- The City Wide Greening Verges Program with the conversion of a further 66 verges to support residents in beautifying their streets
- The continued installation of water wells to retain water flows from roadways to assist with greening and establishing new tree plantings
- Progressing policy updates in the Planning and Design Code for Significant Trees and Hazard (Flood) Planning





# ECONOMIC PROSPERITY



**Our businesses are valued because of the range of goods, services and facilities they provide and new businesses are supported, not burdened with bureaucracy**

## Objectives

- 3.1 Unley is recognised as an easy place to do business
- 3.2 Thriving main streets and other business activities operate across our City

## Key Projects

- Construction works to redevelop three of the Edmund Avenue Cottages to create a hub for business innovation and growth
- Implementing Year 1 of the Economic Development Growth Strategy including the:
  - Mainstreet Street Model Review and Implementation
  - Economic Development Communications Strategy
- Event sponsorship for the four Mainstreet Trader Associations to stage events with economic objectives
- Implementation of software to gather insights on consumer spending habits within the City of Unley





# CIVIC LEADERSHIP



**Council will listen to the community  
and make transparent decisions for  
the long term benefit of the City**

## Objectives

- 4.1 We have strong leadership and governance
- 4.2 Council provides best value services to the community
- 4.3 Our business systems and solutions are effective and transparent

## Key Projects

- Implementing the Digital Services Program to enhance and modernise existing online functionality and add delivery and self-help functions
- Undertaking a review of by-laws, required by the Local Government Act, prior to the expiration of the current by-laws





# PROJECT PRIORITIES

**Council's proposed project priorities for 2021-22 stem from the themes outlined in Council's Community and 4 Year Delivery Plan.**

Council has undertaken a methodical and considered approach to determine its priorities for the upcoming financial year. These are the steps that were taken to determine the proposed projects for consultation:

- The Capital Works Program was guided by Council's Asset Management Plans
- Council proposed projects that aim to assist in achieving the Strategic Themes in Council's Community Plan and 4 Year Delivery Plan
- Elected Members submitted projects based on perceived community need
- Projects were divided into three broad categories:
  - Operating Projects (including annual initiatives)
  - New Capital
  - Capital Renewal Program
- Elected Member workshops were used to further prioritise, refine and finalise the proposed project list for community consultation.

## Our Project Expenditure



■ Operating Projects	\$1.1M
■ New Capital	\$3.0M
■ Asset Renewal	\$7.7M

Further information regarding the projects is included on 42-53.



# OPERATING PROJECTS

**Operating Projects are either one-off, short term projects or annual initiatives delivering environmental, cultural or economic benefits to our community.**

**This 2021-22 Budget proposes net expenditure of \$1.053M for operating projects.**

These projects are funded by Council's rates income. The funding proposed in 2021-22 is inline with funding for prior to COVID-19.

The funding allocated in 2020-21 budget was reduced to less than \$0.7M following Council's decision not to increase Council rates following the financial implications of COVID-19 on our community.

The full list and further details of each project are included on pages 42-47.

## Key Projects

- Delivery of an annual calendar of events \$422K including the
  - City of Unley Sesquicentenary Celebrations
  - Santos Tour Down Under Stage Start and associated event
  - Fringe in Unley
  - Australia Day Event
  - Neighbour Day
- The expansion of tree canopy on Public Land \$100K
- Progression of the Tree Incentive and Education Program \$80K
- Grant funding to support the Greening of City Verges \$50K
- Delivery of Water Wells to facilitate the capture of storm water run-off to water trees \$40K
- Implementation of the Economic Growth Strategy \$40K
- Trader Event Sponsorship Grants \$40K
- Stage 1 in developing a City Wide Parking Strategy \$60K
- Continuation of Council's Active Ageing Initiatives \$24K
- Cultural Tourism and Activation \$30K including the publication of a Public Art Brochure, Creative Activation Stations and Busking Musicians





# NEW CAPITAL

**New Capital projects are capital works to construct new or to significantly upgrade existing infrastructure and buildings.**

**This 2021-22 Budget proposes net expenditure of \$2.963M for new capital.**

These projects are expected to be funding from existing financial capacity without the need for further borrowings.

The full list and further details of each project are included on pages 48-49.

## Key Projects

- The redevelopment of the Edmund Avenue Cottages to establish a Business Hub \$1.0M
- Council's contribution to the continuation of the Brown Hill Keswick Creek project \$843K
- Implementation of the Local Area Traffic Management Plan \$300K including upgrades to
  - Mills Street
  - Devon Street South/Railway Terrace South bend
- Implementation of the Cycling and Walking Plan \$95K including:
  - Weller Street / Simpson Parade Streetscape Improvements
  - Bike facility improvement to King William Road (Simpson Parade and the Mike Turtur Bikeway)
- Construction of new clubrooms for the Millswood Croquet Club \$185K
- Climate and Energy Plan Implementation (Year 1) with a Solar Panel Scheme for not-for-profit tenants \$75K
- Concept and detailed design of replacement of Unley Swimming Centre Junior Pools \$66K
- Stage 2 of the Ridge Park Master Plan \$30K
- McLeay Park Facility Improvements \$18K



City of Unley | Draft 2021-22 Annual Business Plan & Budget

# CAPITAL RENEWAL

The Capital Renewal programs maintain an ongoing program of renewals for Council's \$500M of infrastructure, buildings and assets. They are based on Council's Asset Management Plans that were recently endorsed by Council in December 2020.

This 2021-22 Budget proposes net expenditure of \$7.691M for capital renewal Programs.

These projects are funded by Council's rates income, with the funding proposed inline with the Asset Management Plans which are reviewed every four years.

The full list and further details of each project are included on pages 50-53.

## Key Works

- Transport Infrastructure \$3.5M including:
  - Road renewal \$1.8M
  - Kerb & Water Table \$1.3M
  - Footpaths \$250K
- Drainage \$ Stormwater \$941K
- Reserves and Open Space \$544K
- Property (including Buildings and the Swimming Centre) \$1.0M

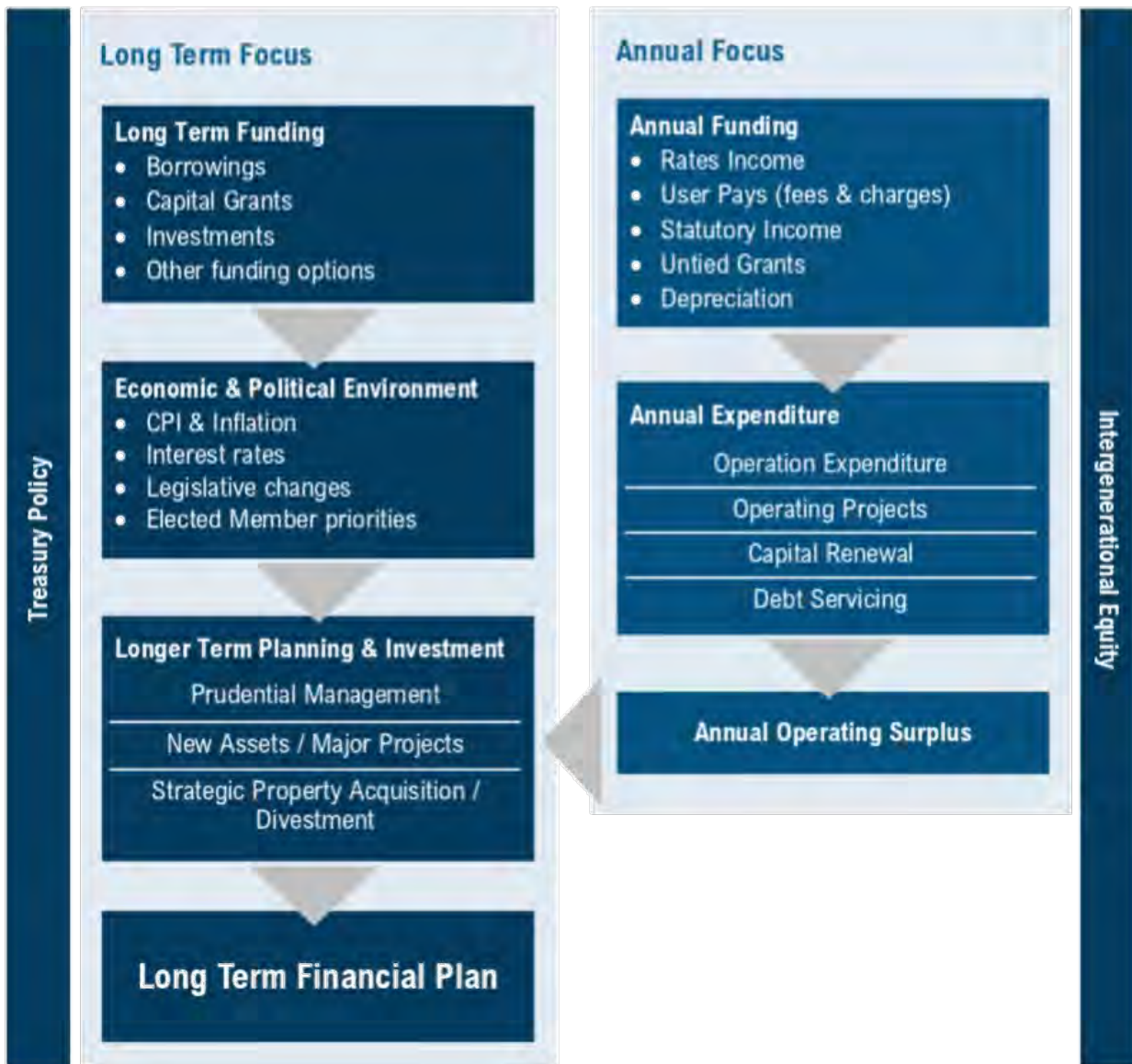




# FINANCIAL SUSTAINABILITY

**Council's Financial Sustainability is managed through its Financial Planning Framework and Long Term Financial Plan.**

The following diagram illustrates the overall funding framework for the City of Unley and the use of the Annual Operating Surplus and longer-term funding sources including strategic property divestment.



# LONG TERM FINANCIAL PLAN

**Council uses a long term financial plan (LTFP) to guide its financial decisions to ensure it is prudent in its financial management and considers a longer-term view. The LTFP has been reviewed and updated to reflect the most current information available.**

The key components of the plan are:

- Assessment of Council's current financial position and achieving longer-term financial sustainability
- Ensuring the Financial Targets are met
- Consideration of Council's appropriate role and responsibilities
- Ensuring alignment with the Community Plan and 4 Year Delivery Plan and maintenance of high priority strategies
- Ensuring all proposed strategies are costed before adoption
- Ensuring alignment with agreed service provision and delivery standards
- Ensuring alignment with Asset Management Plans and Maintenance Standards
- Ensuring alignment with internal support strategies
- Ensuring alignment with funding and treasury principles (rating stability, Treasury Policy, fees and charges, external funding and investments) as well as intergenerational equity.





# FINANCIAL RATIOS

Under the requirements of Regulation 5(c) of the Local Government (Financial Management) Regulations 2011, Council's LTFP, Budget and Annual Financial Statements must include:

- an Operating Surplus ratio
- a Net Financial Liabilities ratio, and
- an Asset Renewal Funding ratio.

These ratios are to be presented in a manner consistent with the Financial Indicators required in the Model Financial Statements.

Council has adopted the following key financial targets relating to these ratios to guide the direction of the LTFP and Annual Business Plan and Budget. These targets have been reviewed by the Audit Committee as a part of the review of the draft 2021-2031 Long Term Financial Plan.

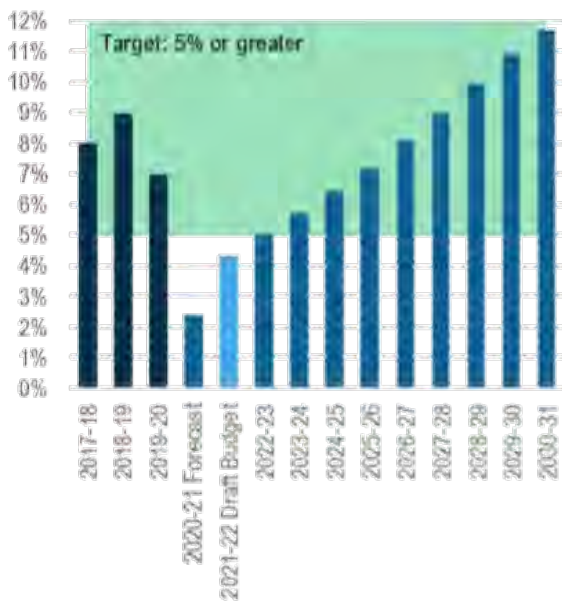
Financial Indicator	Adopted Target
<b>Operating Surplus Ratio</b> (excluding equity accounted businesses)	<b>5% or greater</b> of total operating income
<b>Net Financial Liabilities Ratio</b>	<b>Less than 80%</b> of total operating income
<b>Asset Sustainability Ratio</b> (rolling 10-year average)	<b>100% or greater</b> of recommended spend in the Asset Management Plans





## Operating Surplus Ratio

Operating surplus as a percentage of operating income.



The operating surplus ratio reflects Council's capacity to fund capital works (New Assets and Capital Renewal) and repay its borrowings.

**Council is forecasting an operating surplus ratio of 4.3% for the 2021-22 Budget, inline with the target of 5% or greater.**

The operating surplus ratio for the 2020-21 budget was below the 5% target. This was primarily due to Council's decision not to increase general rates in 2020-21, in recognition of the potential financial impact of the COVID-19 pandemic on the community.

## Net Financial Liabilities Ratio

Net financial liabilities as a percentage of operating surplus.



The net financial liabilities ratio reflects Council's indebtedness relative to its operating income. It is a broader measure than just borrowings, as it takes into account employee entitlements and other amounts payable, and also offsets liabilities by Council's cash and investments.

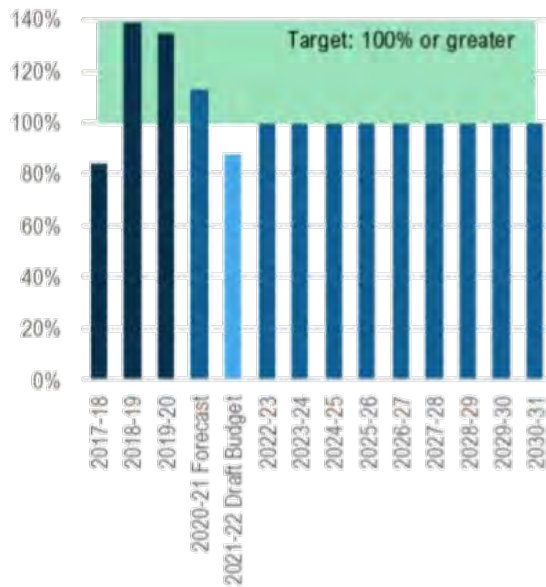
**Council is forecasting a net financial liabilities ratio of 42% for the 2021-22 Budget, within the target range of 80%.**

Council borrowed to undertake a significant capital works program in 2019-20 including the upgrade of King William Road. Council's borrowings are forecast to be reduced by \$1.6M in 2021-22.

# FINANCIAL RATIOS

## Asset Sustainability Ratio

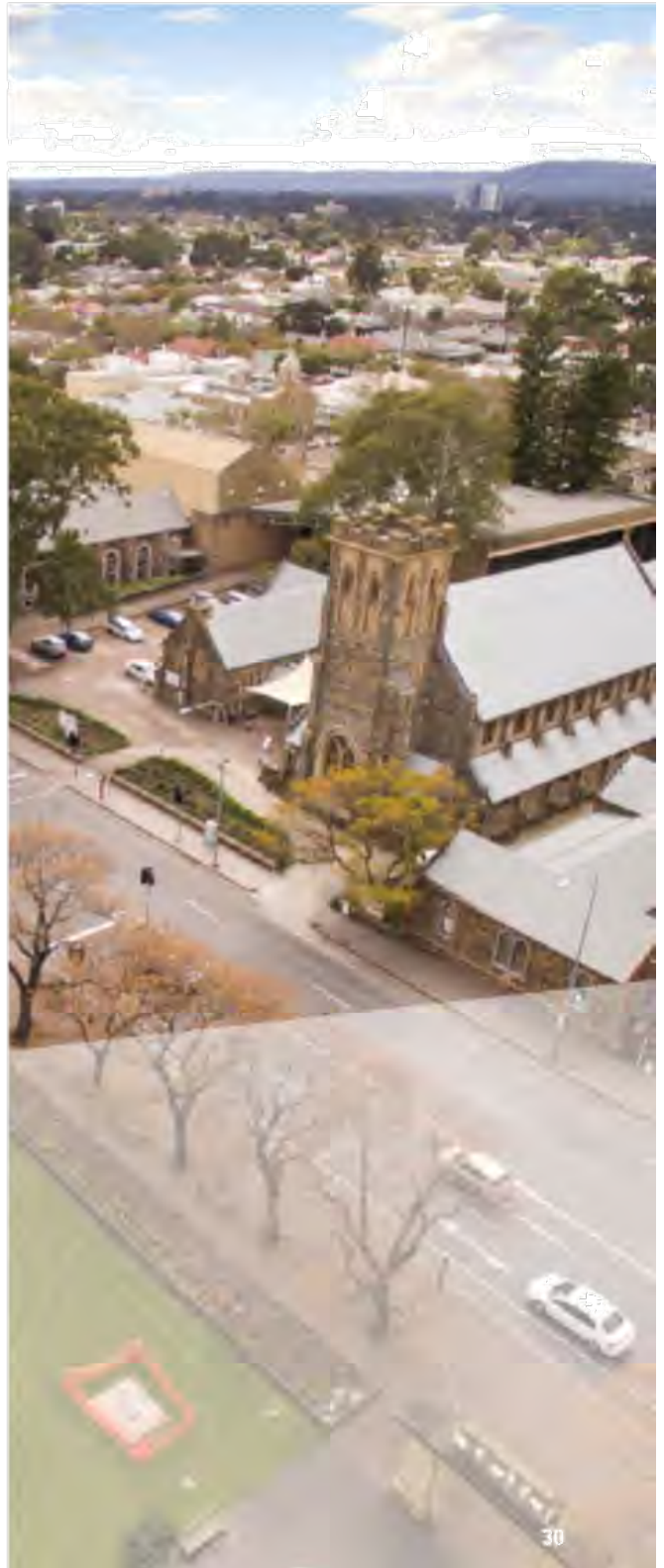
Capital renewal expenditure as a percentage of recommended expenditure in the Asset Management Plans.



The Asset Sustainability Ratio (also known as the Asset Renewal Funding Ratio) represents the level of capital expenditure on the renewal of assets relative to the level of such expenditure identified as warranted in a council's infrastructure and asset management plan.

**Council is forecasting an Asset Sustainability Ratio of 88%.**

This is below the recommended target, however the proposed asset expenditure for all asset classes is in line with the Asset Management Plans with the exception of plant and fleet, which is significantly lower due to no major items of plant requiring renewal in 2021-22.





# INFRASTRUCTURE & ASSET MANAGEMENT PLANS

---

**The City of Unley is responsible for the management, operation and maintenance of a diverse asset portfolio that provides services and facilities for City users. Asset Management Plans have been revised and were adopted by Council in December 2020.**

The development of the Asset Management Plans demonstrate Council's ongoing commitment to operate and maintain its asset portfolio efficiently to both meet strategic and legislative requirements, and to deliver the required levels of service for the community.

Asset management is driven from a service perspective. Council has implemented an agreed level of service for property, bridge, road and footpath asset classes.

The asset system collects real time data coupled with ongoing regular condition audits, to allow more accurate predictive modelling in regard to treatments and life expectancy of each asset class.

Over the next few years the management of assets will balance the target levels of service for each specific asset with the long-term costs.

The Asset Management Plans provide the basis for the Capital Renewal Program included in Council's LTFP and is refined as part of the Annual Business Plan and Budget process. In 2021-22 the Capital Renewal Program has a projected net expenditure of \$7.7M.





# FUNDING THE BUSINESS PLAN



**Over 80% of Council's funding is generated from rates with the balance largely relating to fees and charges set by Council or statutory fees.**



# RATES CONTEXT

In setting the rates for 2021-22 Council proposes to continue with its current method of rating, which involves three differential rates with the application of a minimum rate, applied against the capital improved value of properties. Council considers this to be a fair and equitable method of rating for the City of Unley.

Rates income is used to deliver services. Rates are a form of property taxation, and property values determine how much each property contributes. This system of taxation means that the rates paid may not directly relate to the services used by each ratepayer.

### Rate Statistics

Council has approximately 18,900 assessments. The breakdown for 2020-21 was as follows:

- 17,070 residential
- 920 assessments within non-residential Category 2 (including commercial shops, industrial, and vacant)
- 910 non-residential Category 3 (commercial offices and commercial – other)
- 177 non-rateable assessments.

### Last Year

Council elected to not apply a CPI increase to its rates revenue for 2020-21 other than that which was achieved through natural growth in property valuations from new developments and capital improvements.

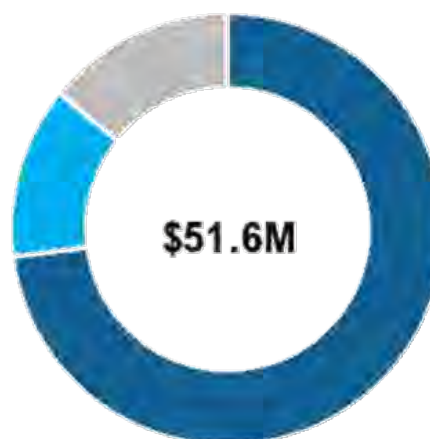
This was in recognition of the potential difficulties facing the community due to the COVID-19 pandemic.

### 2021-22

Recognising that there was no CPI applied on rates in 2020-21, the 2021-22 Budget is proposing to increase rates by 1% above Adelaide annual CPI for the March Quarter 2021. CPI will be confirmed in late April, however for the purposes of preparing a draft budget, it has been assumed to be 1.25%.

Growth represents new development, capital improvements to existing properties and changes to property values as a result of land divisions and will be confirmed by the Valuer General as part of completing the valuation of the Council area.

### Rates relative to total operating income



■ Residential Rates	\$35.9M	70%
■ Non-Residential Rates	\$6.3M	12%
■ Other Income (including Landscape Levy)	\$9.4M	18%

# COUNCIL'S RATES

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## Valuation Method

The Council uses the **capital value** method of valuing properties. This method values the land and all improvements on the land. It is the most widely used method across South Australian councils.

Council considers this valuation method the most equitable method to spread the rates burden across the measure of wealth within the City. It equates to the taxation principle that people should contribute to community, social and physical infrastructure in accordance with their capacity to pay as measured by property wealth.

In determining how rates are applied, and in determining the rate in the dollar, Council uses the following options.

## Minimum Rate

In accordance with S158 of the Act, Council has decided that there will be a minimum rate on every rateable property. Council, in adopting a minimum rate, considers it appropriate that all rateable properties make a contribution to the cost of administering the Council's activities and creating and maintaining the physical infrastructure that supports each property. The minimum rate for 2020-21 was \$855.

In 2020-21 there were 2,865 assessments paying the minimum rate with residential properties comprising 2,779 of these assessments.



## Differential General Rates

In accordance with Section 153 of the Act 1999, Council will declare three differential General Rates according to the land use category. The land use categories are as outlined in the table on the right.

Council considers the principle of rate stability when assessing the rates distribution across 3 categories. The change in capital value across the land use categories and the rates income provided by each category will also be considered.

<b>Group 1</b>	Residential
<b>Non-residential Category 2</b>	Commercial Shop Industrial Light Industry Other Primary Production Vacant Land Other
<b>Non-residential Category 3</b>	Commercial Office Commercial Other





# COUNCIL'S RATES

## Separate Rate for Main Street Trader Associations

Council proposes to continue to raise a separate rate for the promotion of businesses and traders along major shopping strips (excluding Glen Osmond Road). Council collects the separate rate and contracts with the Main Street Trader Associations for the provision of marketing and promotion activities.

In 2020-21 Council resolved to decrease the amount of the levy due to the impact of the COVID pandemic. In 2021-22 it proposes to not increase the amount raised.

### Unley Road

Currently there are approximately 460 ratepayers with a land use of Commercial Shop, Commercial Office and Commercial Other that pay the separate rate.

### King William Road

Currently there are approximately 130 ratepayers with a land use of Commercial Shop with addresses along King William Road between Greenhill Road and Commercial Road that pay the separate rate.

### Goodwood Road

Currently there are approximately 95 ratepayers with a land use of Commercial Shop, Commercial Office and Commercial Other, with addresses along Goodwood Road between Leader Street / Parsons Street to the north and Mitchell Street / Arundel Avenue to the south that pay the separate rate.

### Fullarton Road

Currently there are approximately 55 ratepayers with a land use of Commercial Shop, Commercial Office and Commercial Other, with addresses along Fullarton Road between Cross Road and Fisher Street that pay the separate rate.

Fullarton Road Traders pay a fixed amount of \$250.

Main Street Trader Associations	Separate Rate raised in 2020-21	Proposed Separate Rate 2021-22	% Increase (Decrease)
Unley Road	\$69,835	\$69,835	Nil
King William Road	\$92,280	\$92,280	Nil
Goodwood Road	\$57,225	\$57,225	Nil
Fullarton Road	\$13,000	\$13,000	Nil

## Regional Landscape Levy

(Formerly the Natural Resources Management Levy)

From 1 July 2020 the new Landscape South Australia Act 2019 replaced the Natural Resources Management Act (NRM) 2004 as the new framework for managing the states land, water, pest animals and plants and biodiversity.

The new Act creates nine landscape management regions with NRM boards being replaced by eight new regional landscape boards and a metropolitan landscape board, namely Green Adelaide. The landscape levy collection process will remain largely the same as previous arrangements under the NRM Act. The levies to be raised for 2021-22 will be based on the existing NRM boundaries, but are likely to change in future years.

The Green Adelaide Board is yet to advise Council of the amount to be paid to in 2021-22. The amount paid in 2020-21 was \$1.414m.

Council does not retain this revenue, nor determine how the revenue is spent.



# OPERATING BUDGET

Operating Programs	Income	Expenditure	Net Expenditure
	\$'000		
<b>Active Ageing</b> Coordination, administration and support for community based services and projects aimed at facilitating independence and promoting social inclusion.	(1,242)	1,392	150
<b>Animal Management</b> Promote community safety through education, awareness and compliance with the legislation relating to the Dog and Cat Management Act and Local Government Act.	(160)	245	86
<b>Arts &amp; Cultural Development</b> Provision of Art and Cultural Development programs to support a vibrant and active community.	-	161	161
<b>Business Support &amp; Improvement</b> Provides general management, executive support and leadership to the services provided by Business Support & Improvement Division and supports Elected Members.	-	492	492
<b>Business Systems &amp; Solutions</b> Manages and maintains Council's Information Communication Technology infrastructure, applications and supporting systems to provide high levels of secure service that support business operations and performance.	(3)	2,978	2,975
<b>City Development Management</b> Provides general management, executive support and leadership to the services provided by City Development and to Elected Members.	-	490	490
<b>City Services Management</b> Provide general management, executive support and leadership to the services and programs provided by City Services and to Elected Members.	-	465	465
<b>Community Bus Program</b> A community transport service within the City of Unley provided by fully trained and accredited volunteer drivers, aimed at improving mobility plus connection to more City Services.	(7)	117	111
<b>Community Centres</b> Management and provision of a thriving network of Community Centres that promote social inclusion, belonging and connection.	(287)	866	579
<b>Community Development</b> Provision of social planning and community development including the coordination of Age Friendly City, Welcoming City initiatives, responding to social issues (homelessness and suicide prevention).	-	129	129



Operating Programs continued	Income	Expenditure	Net Expenditure
	\$'000		
<b>Community Development &amp; Wellbeing Management</b> Provide management, support and leadership of the projects, programs and services provided by the Community Development & Wellbeing Team.	-	167	167
<b>Community Events</b> Efficient and effective coordination of Council-run community and cultural events and activities, as well as the successful facilitation and attraction of external events into the City of Unley to encourage place activation, cultural celebration and vibrancy.	-	207	207
<b>Community Grants</b> Funding for community organisations, groups and individuals to implement programs and initiatives that promote community connectivity, belonging, participation and cultural diversity.	-	129	129
<b>Corporate Activities</b> The accumulation of corporate costs including leave on-costs, treasury management, levy and taxes and insurances.	(2,301)	3,053	752
<b>Culture &amp; Business Capability</b> This service supports the continuous improvement of overall business capability focused on the provision of 'best value' services to customers. Critical to improved business capability and customer experience is having the best organisational culture possible.	-	41	41
<b>Customer Experience</b> Coordinate and manage the City of Unley brand through customer service, provision of frontline customer service plus resolve customer enquiries and build goodwill within the City of Unley community.	(1)	615	614
<b>Development Services</b> Planning and building control within the City in accordance with the Development Act and Regulations and other legislative requirements.	(453)	2,101	1,648
<b>Economic Development</b> Manage the implementation, monitoring and evaluation of economic development activities and strategic initiatives within the City of Unley.	(241)	503	261
<b>Environmental Initiatives</b> Drive improved environmental sustainability through policies, strategies, programs and projects.	(108)	242	134
<b>Finance &amp; Procurement</b> Delivers accounting, financial, procurement and treasury management services required to support Council's operations, including statutory and financial reporting obligations.	(42,283)	1,612	(40,671)
<b>Governance &amp; Risk</b> Undertakes administration of legislative and corporate governance requirements, and maintains robust controls through risk management and internal audit oversight.	-	371	371

Operating Programs continued	Income	Expenditure	Net Expenditure
	\$'000		
<b>Human Resources</b> Provides support in recruitment, change management, employee relations, injury management, occupational health & safety and Welfare.	(54)	1,324	1,270
<b>Library Services</b> Provision of library services, programs and facilities to encourage literacy, lifelong learning and social inclusion and connection.	(351)	2,125	1,775
<b>Marketing &amp; Communications</b> Coordinate and manage the City of Unley reputation and brand in digital and printed communications and media relations.	(12)	553	541
<b>Office of the CEO</b> Organise and manage the governance of the City of Unley, including support for Elected Members and Civic Functions.	(319)	1,386	1,067
<b>Operational Services</b> Provides maintenance services to Council's infrastructure, property, open space, street and park trees, plant and equipment assets.	(1,222)	14,330	13,108
<b>Parking Enforcement</b> Promote community safety through education, awareness and compliance with the legislation relating to the Road Traffic Act and Local Government Act and Council By Laws.	(1,062)	735	(327)
<b>Property Services</b> Provides sustainable strategic management of Council's building and property asset portfolio.	(557)	3,202	2,645
<b>Public &amp; Environmental Health</b> Promote community health and safety through education, awareness and compliance with the legislation relating to the Environment and Protection Act and the Local Government Act.	(48)	378	332
<b>Recreation &amp; Sport Planning</b> Supporting a healthy and active community through the provision of structured and unstructured recreation, sport and leisure programs and facilities.	-	112	112
<b>Strategic Asset Management</b> Provides sustainable strategic management of Council's asset portfolio.	-	638	638
<b>Strategic Projects</b> Facilitates delivery of major strategic initiatives from the 4 Year Delivery Plan and Community Plan.	-	177	177
<b>Transportation &amp; Traffic</b> Provides coordination, administration and support to provide an effective, safe and equitable management of transport spaces for all modes, ratepayers and visitors to improve local accessibility and safety.	(14)	752	738
<b>Unley Museum</b> Provision of the Unley Museum to showcase the cultural heritage and history of the area through the provision of collection, exhibitions and programs.	(5)	166	161
<b>Unley Swimming Centre</b> Provision of a premier outdoor swimming facility, encouraging community health, wellbeing and water safety.	(817)	1,053	236

Operating Programs continued	Income	Expenditure	Net Expenditure
	\$'000		
<b>Urban Design</b> Development and management of high quality public realm and open space. Coordination, administration and support to provide an effective, safe and equitable management of movement spaces for all modes, ratepayers and visitors to improve local accessibility and safety.	-	284	284
<b>Urban Policy Planning</b> Investigate and prepare the Council's planning strategy, policy and Development Plan Amendments, and review State Government strategic, policy and operations directions.	-	141	141
<b>Volunteer Development</b> Provide coordination, administration and support for community based volunteer services and projects.	-	101	101
<b>Waste Management</b> Collection and disposal of general waste, kerbside recycling, green waste and a hard rubbish collection service.	(31)	4,368	4,337
<b>Youth Development</b> Engage and empower young people in the community by identifying, developing and providing activities, programs and events.	-	108	108
<b>Total Operating Programs</b>	<b>(51,575)</b>	<b>48,308</b>	<b>(3,268)</b>
<b>Operating Projects (as per the following pages)</b>	<b>-</b>	<b>1,053</b>	<b>1,053</b>
<b>Total Operations (including Operating Projects)</b>	<b>(51,575)</b>	<b>49,361</b>	<b>(2,214)</b>





# OPERATING PROJECTS

Operating Projects	Net Expenditure \$'000
<b>Events</b>	
Sesquicentenary Celebrations (July - December 2021)	117
2022 Australia Day Event	35
2022 Fringe in Unley	15
2022 Santos Tour Down Under Associated Event	175
2022 Santos Tour Down Under Stage Start	50
Event Attraction	10
2022 Neighbour Day	5
Christmas Decorations	15
	<b>422</b>
<b>Environmental Initiatives</b>	
Planning & Design Code Amendment - Significant Tree List Review (Stage 2)	30
Tree Strategy Expanding Canopy Target Public Land	100
Tree risk and condition audit	20
Planning & Design Code Amendment - Hazard (Flooding) Overlays Update (Stage 2)	30
Resilient East	10
City Wide Greening Verges	50
Water Wells	40
Tree Incentive and Education Program	80
Series of Community Workshops - 'Getting to Net Zero, Affordably'	17
	<b>377</b>
<b>Economic Development Initiatives</b>	
Economic Development Growth Strategy 2021-2025 Implementation (Year 1)	40
Trader Event Sponsorship	40
Economic Spend Data Software	20
	<b>100</b>
<b>Other Projects</b>	
Active Ageing Budget	24
Sport and Recreation Plan Update	10
City-wide Parking Strategy (Stage1)	60
All Connections to Unley Art – School' Artist in Residence Project	5
By Law Review	10
Cultural Tourism in the City of Unley (Public Art Brochure)	10
Busking Musicians Activations	10
Creative Activation Stations	10
Clarence Park Community Centre - Community Shed Program	15
	<b>154</b>
<b>Total Operating Projects</b>	<b>1,053</b>

Operating Projects	Net Expenditure \$'000
<b>Events</b>	
<p><b>Sesquicentenary Celebrations (July - December 2021)</b> The year 2021 marks the 150th Anniversary (Sesquicentenary) of the formation of the Town of Unley. This project funds the events and activities as part of the Sesquicentenary from July to December, including a community picnic, implementation of Stage 3 of the Discover Historic Unley Trail, and the publication of a history from 1971 onwards.</p>	117
<p><b>2022 Australia Day Event</b> A free community event will be held in the Village Green in conjunction with the Citizenship and Australia Day Awards ceremony which is anticipated to attract up to 500 people.</p>	35
<p><b>2022 Fringe in Unley</b> In its sixth year, the program will bring a taste of the Fringe to residents in aged care facilities in the City of Unley. The funds will be used to secure acts to provide four private performances and one free public performance at a community centre.</p>	15
<p><b>2022 Santos Tour Down Under Associated Event</b> Unley Gala street party to be held on the eve of our stage start, should the City of Unley receive an offer from Events SA to host a stage in 2022.</p>	175
<p><b>2022 Santos Tour Down Under Stage Start</b> Funding to host a stage start of the 2022 Santos Tour Down Under should the City of Unley receive an offer from Events SA to host a stage in 2022.</p>	50
<p><b>Event Attraction</b> The Event Attraction program is targeted at encouraging new events to be staged in the City of Unley by offering seed funding and increased support, with the aim for the event to become sustainable and be retained in Unley on an ongoing basis.</p>	10
<p><b>2022 Neighbour Day</b> Neighbour Day is Australia's annual celebration of community, encouraging people to connect with their neighbours. A Neighbour Day event or a series of activities/activations will be run throughout Council's community centres to deliver the City of Unley's involvement in this campaign.</p>	5
<p><b>Christmas Decorations</b> Funding to install Christmas decorations and themes on the front of the library building facing Unley Road for the festive season.</p>	15
<b>Total Events</b>	<b>422</b>





Operating Projects continued	Net Expenditure
<b>Environmental Initiatives</b>	
<p><b>Planning &amp; Design Code Amendment - Significant Tree List Review (Stage 2)</b>            This project will deliver Stage 2 of the project review following completion of Stage 1 in 2020-21. Stage 2 of the project supports the Planning and Design Code Amendment process, including document preparation, Community Engagement Plan, consultation, review and approvals to pursue incorporation of an updated Significant Tree list in the Planning and Design Code.</p>	30
<p><b>Tree Strategy Expanding Canopy Target Public Land</b>            One of the key objectives of Council's Tree Strategy is to increase canopy cover within the City with a specific target of planting 440 new trees annually on Council owned land. This project will see 440 additional trees throughout the City in 2021-22 to achieve Council's targets as set in its Tree Strategy.</p>	100
<p><b>Tree risk and condition audit</b>            Funding to undertake tree audit assessments within the City for 2021-22. The audit includes identifying opportunities for planting new trees as well as the collation of various condition and risk data to enable the sustainable management of trees within the City.</p>	20
<p><b>Planning &amp; Design Code Amendment - Hazard (Flooding) Overlays Update (Stage 2)</b>            This project will deliver Stage 2 of the project review following completion of Stage 1 in 2020-21. Stage 2 of the project will support the Planning &amp; Design Code Amendment process, including document preparation, Community Engagement Plan, consultation, review and approvals to pursue incorporation of updated Hazard (Flooding) Overlays in the Planning and Design Code.</p>	30
<p><b>Resilient East</b>            In order to increase our communities resilience to climate change this project aims to deliver community engagement and awareness raising activities, input to the urban planning reforms process, assess financial and legal risks of climate change to councils, support implementation of a Canopy and Green Cover Mission Statement, and support emergency management planning.</p>	10
<p><b>City Wide Greening Verges</b>            This project aims to encourage the conversion of verges located within the City of Unley from dolomite to loam which are then planted and maintained by residents. The program has been funded by Council for the past four financial years, enabling the conversion of 330 verges across the City of Unley in combination with the footpath replacement program. The green verge program is projected to complete 66 verges in 2020-21 bringing the total to 396.</p>	50
<p><b>Water Wells</b>            This project proposes the continued delivery of Council's water wells initiative for 2021-22. The installation of water wells in verges across the City assist with their greening and establishing new tree plantings by increasing moisture within the soil through capturing and retaining flows from the roadway.</p>	40
<p><b>Tree Incentive and Education Program</b>            Council has identified within its Tree Strategy a range of education, incentives and support to retain existing and/or plant more trees on private land to help keep the City of Unley leafy for future generations. This project will continue education initiatives, undertake further data collection of tree coverage, and undertake community consultation on rate incentive options.</p>	80
<p><b>Series of Community Workshops - 'Getting to Net Zero, Affordably</b>            The project will involve conducting a series of Workshops on Community reduction of Greenhouse Gas (GHG) Emissions. The overall aim is to work toward the development of a Community Action plan that will meet the City of Unley commitments to the Global Covenant for Mayors.</p>	17
<b>Total Environmental Initiatives</b>	<b>377</b>



Operating Projects continued	Net Expenditure \$'000
<b>Economic Development Initiatives</b>	
<p><b>Economic Development Growth Strategy 2021-2025 Implementation (Year 1)</b>                      This project will undertake Year 1 actions of Council's Economic Development Growth Strategy 2021-2025 in anticipation of Council's endorsement of the Strategy by May 2021. Actions for Year 1 include the Mainstreet Model Review and Implementation, and an Economic Development Communications Strategy.</p>	40
<p><b>Trader Event Sponsorship</b>                      The project provides financial grants to each of the four Mainstreet Trader Associations to stage events with economic objectives. This is additional to funds provided through the Separate Rate Levy and Council's Event Sponsorship program.</p>	40
<p><b>Economic Spend Data Software</b>                      Funding for software to provide insights into the nature of retail spending in the City of Unley. Insights from the data will assist the City of Unley in understanding consumer spending habits, where visitors are coming from and what they are spending money on to assist Council in implementing the Economic Development Growth Strategy, and planning its operational activities.</p>	20
<b>Total Economic Development Initiatives</b>	<b>100</b>



<b>Operating Projects continued</b>	<b>Net Expenditure \$'000</b>
<b>Other Projects</b>	
<b>Active Ageing Budget</b>	
This operating project funds pilot and ongoing initiatives which implement Council's Active Ageing Strategy and has been developed in consultation with Council's Active Ageing Alliance. Initiatives for 2021-22 include:	
<ul style="list-style-type: none"> <li>• Connect - Active Ageing Alliance Project tackling loneliness.</li> <li>• Age Friendly Business; Mature Age Enterprise initiatives</li> <li>• Continuation of the Active Ageing Alliance</li> <li>• Education, Information and Communication Program</li> <li>• Continuation of Co-Housing Project.</li> </ul>	24
<b>Sport and Recreation Plan Update</b>	
This project will update the existing Plan and develop a new suite of actions for the next five years with consideration of multiple complementary and current plans including Federal, State and Local Government plans.	10
<b>City-wide Parking Strategy (Stage1)</b>	
This project proposes to commence the development of a City-wide Parking Strategy (Strategy) to be delivered in stages. The Strategy will provide a holistic and strategic framework to guide Council in decision making relating to the management of on-street parking, including resident and business parking permits.	60
<b>All Connections to Unley Art – Schools' Artist in Residence Project</b>	
The Schools' Artist In Residence Project is offered in the 'off year' of the Major Art Prize and provides schools with the opportunity to have a cohort of students work with a professional artist.	5
<b>By Law Review</b>	
A review of by-laws is required by the Local Government Act, prior to the expiration of the current by-laws at the commencement of January 2023.	10
<b>Cultural Tourism in the City of Unley (Public Art Brochure)</b>	
Our current Arts Strategy, together with our Goodwood and King William Road upgrades and other Major Works, have resulted in many artistic installations throughout the City. A brochure will be produced identifying the locations of these, and previous installations still of note, to be available both to Unley residents and visitors to Unley.	10
<b>Busking Musicians Activations</b>	
This project will provide an opportunity to make the City of Unley an attractive location for buskers, through waiving permit fees and promoting Unley as a 'busking-friendly' City.	10
<b>Creative Activation Stations</b>	
This project will activate spaces in the City of Unley, for the period of the Adelaide Fringe Festival, in order to further expand the Fringe in Unley offering and stimulate night time activity.	10
<b>Clarence Park Community Centre—Community Shed Program</b>	
Coordinator for the Community Shed Programs.	15
<b>Total Other Projects</b>	<b>154</b>
<b>Total Operating Projects</b>	<b>1,053</b>







# NEW CAPITAL

New Capital Projects	Net Expenditure \$'000
<p><b>Brown Hill Keswick Creek</b> The City of Unley together with the Cities of Burnside, Mitcham, West Torrens and the Corporation of the City of Adelaide have collaborated to develop a catchment based approach to mitigating flood risk and use of stormwater where feasible in the Brown Hill and Keswick Creek catchment. The City of Unley contributes 21% of the Boards capital costs as identified in its Stormwater Management Plan.</p>	843
<p><b>Edmund Avenue Cottages Business Hub</b> Redevelopment of the Council Cottages located at 72, 74 and 76 Edmund Avenue to establish an expanded collaborative working environment to support small and medium size enterprises and encourage sustainable business growth and innovation.</p>	1,000
<p><b>Millswood Croquet Club - New Clubrooms Construction</b> Construction of the new Millswood Croquet Club following the completion of detailed design in 2020-21, co-funded through contributions from the Club and the Commonwealth Government.</p>	185
<p><b>Ridge Park Master Plan – Stage 2</b> Development of a Master Plan for Ridge Park, including community consultation, for Ridge Park following completion of Stage 1 which establish aspirational goals, expectations and levels of service for the Park.</p>	30
<p><b>McLeay Park Facility Improvements</b> Improvements to McLeay Park including shelter and seating facilities, and planting of fruit trees.</p>	18
<p><b>North Unley Park Master Plan Development</b> Development of a Master Plan to enable a holistic approach to the upgrade of the Park's facilities and renewal of existing assets.</p>	25
<p><b>Unley Swimming Centre Junior Pools Design</b> Concept and detailed design for replacement of Swimming Centre Junior Pools.</p>	66
<p><b>Cycling and Walking Plan Implementation</b> Continued implementation of priorities contained in Council's Walking and Cycling Plan as adopted in 2016:</p> <ul style="list-style-type: none"> <li>• King William Road (Simpson Parade to Mike Turtur Bikeway)</li> <li>• Weller Street / Simpson Parade Streetscape Improvements</li> <li>• Bicycle end-of-trip facilities.</li> </ul>	95
<p><b>Local Area Traffic Management Plan Implementation</b> Continued implementation of recommendations and measures resulting from Local Area Traffic</p> <ul style="list-style-type: none"> <li>• Devon Street South/Railway Terrace South 'bend' - design and documentation (LATM 3 Recommendation 2)</li> <li>• Mills Street Integrated Design - construction (LATM 3 Recommendation 4B).</li> </ul>	300

New Capital Projects continued	Net Expenditure \$'000
<p><b>Climate &amp; Energy Plan Implementation (Year 1) - Solar Panel Incentive Scheme</b>                      This project will implement the Year 1 recommendation of Council's Climate and Energy Plan (Plan), offering incentives to partner with not-for-profit tenants of Council owned buildings to improve the energy efficiency of individual facilities.</p>	75
<p><b>Digital Services Program</b>                      Key objectives for year 3 of this multiyear strategy to digitise paper based processes enabling the community to access services via the Council website will include:</p> <ul style="list-style-type: none"> <li>• Parking Permit Renewals</li> <li>• Online Development Applications "On Notice"</li> <li>• Development Application Lodgement</li> <li>• Street sweeping schedule</li> <li>• Agenda and Minutes Archive.</li> </ul>	55
<p><b>WiFi Installation - Unley Community Centres (Public) &amp; Swimming Centre (Internal use only)</b>                      Wi-Fi connectivity at Clarence Park Community Centre, Fullarton Community Centre, and the Unley Swimming Centre, providing high speed internet access for staff, facility hirers and the general public (Swimming Centre internal use only).</p>	28
<b>Sub-total</b>	<b>2,720</b>
Capitalised Project Delivery Costs	243
<b>Total New Capital Projects</b>	<b>2,963</b>





# CAPITAL RENEWAL

Renewal Program \$'000	Expenditure	Income	Net Expenditure
<b>Buildings</b>			
Property (including Swimming Centre & office equipment)	1,033	-	1,033
	<b>1,033</b>	<b>-</b>	<b>1,033</b>
<b>Open Space</b>			
Reserves & Open Space Renewal Program	544	-	544
	<b>544</b>	<b>-</b>	<b>544</b>
<b>Stormwater</b>			
Drainage & Stormwater Renewal Program	941	-	941
	<b>941</b>	<b>-</b>	<b>941</b>
<b>Transport</b>			
Road Renewal Program	1,784	-	1,784
Kerb & Water Table Renewal Program	1,260	-	1,260
Footpath Capital Renewal Program	250	-	250
Bus Shelter Replacement & DDA Compliance	30	-	30
Bridge Renewal Program	50	-	50
Street Lighting Renewal Program	20	-	20
Signs Renewal Program	18	-	18
Traffic Facility Renewal	32	-	32
Streetscapes	90	-	90
	<b>3,534</b>	<b>-</b>	<b>3,534</b>
<b>Plant, Fleet and Equipment</b>			
Plant and Equipment	60	(56)	4
Light Fleet	170	(100)	70
	<b>230</b>	<b>(156)</b>	<b>74</b>
<b>ICT Assets</b>			
ICT Asset Renewal	689	-	689
	<b>689</b>	<b>-</b>	<b>689</b>
<b>Sub-total</b>	<b>6,971</b>	<b>(156)</b>	<b>6,815</b>
Capitalised Project Delivery Costs	876		876
<b>Total</b>	<b>7,847</b>	<b>(156)</b>	<b>7,691</b>



**Renewal Program****Gross  
Expenditure****Building Renewals**

## Civic Community

- Unley Toy Library - mechanical services upgrade
- Swim Centre lighting replacement and various other asset renewals

## Civic Operations

- Minor building works - various
- Window Blind replacements - Depot
- Landfill site - Mt Osmond

## Lease Community

- Clarence Park Childcare Centre - childcare area upgrade
- Grandstand safety barriers - Unley
- Millswood Bowls - DDA accessibility works - minor
- Reroof - Unley Park Sports Club
- Unley Oval (NE) public toilets refurbishment
- Heywood Park public toilets refurbishment
- Minor works - Sturt Bowls club lighting upgrade
- Unley kindergarten - façade repairs

1,033

## Lease Commercial

- Roof Gutter replacements - 2 sites

## Multi-category Works

- Office Equipment Replacement Various Items
- Historic Encroachments - review / renewal process
- Minor building works - various locations
- Multi-site paint program
- Direct resourcing
- Air conditioning upgrades - Split/package systems upgrade program
- Asbestos Registers - Review and Update

**Open Space**

- Howard Florey Reserve Retaining Wall Upgrade
- Howard Florey Reserve Masonry Fence Upgrade
- Howard Florey Reserve Irrigation Upgrade
- Howard Florey Reserve Shade Sail
- Goodwood Oval Playground Softfall and Path Upgrade
- Goodwood Community Centre Shade Sail
- Open Space Condition Audit
- Other Irrigation
- Drink Fountains

544

<b>Renewal Program continued</b>	<b>Gross Expenditure \$'000</b>
<b>Drainage &amp; Stormwater Renewal Program</b>	
<ul style="list-style-type: none"> <li>• Mills Street, Clarence Park (Stage 2)</li> <li>• Unley Road Various Upgrades following CCTV inspections</li> <li>• Culvert Creek Upgrades (Various)</li> <li>• SEP Replacement Program and Pipe Upgrades</li> <li>• Investigation</li> <li>• Design of Flood Prone Areas</li> <li>• Design Wattle Street, Fullarton</li> <li>• CCTV inspections</li> </ul>	941
<b>Road Program Renewal</b>	
<ul style="list-style-type: none"> <li>• Whittam Street, Parkside</li> <li>• Roberts Place, Unley</li> <li>• Staunton Avenue, Fullarton</li> <li>• Stanley Street, Kings Park</li> <li>• Mills Street, Clarence Park</li> <li>• Austell Street, Unley</li> <li>• Braeside Avenue, Myrtle Bank</li> <li>• Fox Street, Goodwood</li> <li>• Erskine Street, Goodwood</li> <li>• Yeo Avenue, Highgate</li> <li>• Arthur Street, Fullarton</li> <li>• Killocoat Street, Unley</li> <li>• Duthy Street, Malvern (Wattle St to Fisher St)</li> <li>• Oxford Terrace, Unley (Duthy St to Windsor St)</li> <li>• Allenby Avenue, Millswood</li> <li>• Glenrowan Avenue, Myrtle Bank</li> <li>• Davenport Place, Wayville (Greenhill Ln to Rose Tce)</li> <li>• Laught Avenue, Black Forest</li> <li>• Crack sealing</li> <li>• Pavement Testing</li> <li>• Survey</li> <li>• Designs</li> <li>• Road Condition Audit (Road and Kerb)</li> </ul>	1,748
<b>Kerb &amp; Water Table Renewal Program</b>	
<ul style="list-style-type: none"> <li>• Whittam Street, Parkside (both sides)</li> <li>• Homer Road, Clarence Park (both sides)</li> <li>• Roberts Place, Unley (central spoon drain)</li> <li>• Cross Road, Myrtle Bank - from Fullarton Rd to Urrbrae Ave (northern side)</li> <li>• Chinner Street, Parkside (both sides)</li> <li>• Ross Street, Everard Park (northern side)</li> <li>• Arthur Street, Fullarton (both sides)</li> <li>• Killocoat Street, Unley (both sides)</li> <li>• Duthy Street, Malvern - from Wattle St to Fisher St (both sides)</li> <li>• Davenport Place, Wayville - from Greenhill Ln to Rose Tce (central spoon drain)</li> <li>• Various Kerb Patching prior to Reseals</li> </ul>	1,260

<b>Renewal Program continued</b>	<b>Gross Expenditure \$'000</b>
<b>Footpath Renewal Program</b>	
<ul style="list-style-type: none"> <li>• Whittam Street, Parkside (Lift and Relay Footpaths following kerbing works)</li> <li>• Various locations requiring Lift and Relay and general Footpath Works</li> <li>• DDA Access Ramps</li> <li>• King William Road Telstra Pit Upgrades (x5)</li> <li>• Survey &amp; Designs</li> </ul>	250
<b>Bus Shelter Replacement and DDA Compliance Program</b>	
<ul style="list-style-type: none"> <li>• Replacement of failing plastic tactile indicators with concrete tactiles (various locations).</li> <li>• Upgrade existing tactiles with compliant tactiles to meet DDA compliance (various locations).</li> <li>• Replacement of old seating with new age friendly seating at bus stops (various locations).</li> </ul>	30
<b>Bridge Renewal Program</b>	
Design for future works proposed.	50
<b>Street Lighting Renewal Program</b>	
Various sites will be investigated and actioned in response to customer requests throughout the year.	20
<b>Signs Renewal Program</b>	
Replacement and renewal of signage at various locations	18
<b>Traffic Facility Renewal</b>	
Replacement and renewal of traffic management infrastructure at various locations	32
<b>Streetscapes</b>	
<ul style="list-style-type: none"> <li>• Streetscapes will be undertaken at the following sites:</li> <li>• Winchester Street, Malvern</li> <li>• Lloyd Avenue, Millswood</li> <li>• Gray Street, Black Forest</li> <li>• Alisa Street, Fullarton</li> <li>• Mansfield Street, Goodwood</li> <li>• Ormonde Avenue, Millswood</li> </ul>	90
<b>Plant &amp; Equipment</b>	
Renewal of major and minor plant	60
<b>Light Fleet</b>	
Replacement of five vehicles scheduled for replacement.	170
<b>ICT Renewals</b>	
Replacement of various ICT assets, including server room equipment, network hardware and user computing devices. Enhancement and replacement (where applicable) of Council corporate software applications to improve operational efficiencies. Implementation of new and expansion of existing cloud technology solutions.	689



# DRAFT BUDGETED FINANCIAL STATEMENTS

## Uniform Presentation of Finances

\$'000s	2021-22 Draft Budget	2020-21 Forecast
Income	51,575	49,941
<i>less</i> Expenses	(49,361)	(48,784)
<b>Subtotal</b>	<b>2,214</b>	<b>1,157</b>
Equity Accounted Subsidiaries	-	(645)
<b>Operating Surplus / (Deficit) before Capital Amounts</b> (inclusive of Equity Accounted Businesses)	<b>2,214</b>	<b>512</b>
<b><i>less</i> Net Outlays on Existing Assets</b>		
Net Capital Expenditure on Renewal & Replacement of Existing Assets	(7,847)	(8,410)
<i>less</i> Depreciation, Amortisation and Impairment	10,000	9,500
<i>less</i> Amounts received specifically for Replacement of Existing Assets	-	476
<i>less</i> Proceeds from the Sale of Replaced Assets	156	471
<b>Net Outlays on Existing Assets</b>	<b>2,309</b>	<b>2,038</b>
<b><i>less</i> Net Outlays on New and Upgraded Assets</b>		
Net Capital Expenditure on New and Upgraded Assets	(2,963)	(9,889)
<i>less</i> Amounts received specifically for New and Upgraded Assets	-	3,964
<i>less</i> Proceeds from Sale of Assets	-	17
<b>Net Outlays on New and Upgraded Assets</b>	<b>(2,963)</b>	<b>(5,908)</b>
<b>Net Lending / (Borrowing) for the Financial Year</b> (inclusive of Equity Accounted Businesses)	<b>1,560</b>	<b>(3,358)</b>
<b>Net Financial Liabilities at Beginning of Year</b>	<b>(23,368)</b>	<b>(20,010)</b>
Decrease / (increase) in Other	-	-
<b>Net Financial Liabilities at End of Year</b>	<b>(21,808)</b>	<b>(23,368)</b>

The draft Budgeted Financial Statements for the 2021-22 financial year exclude proposed Equity Account Businesses (Centennial Park Cemetery Authority and Brown Hill & Keswick Creek Stormwater Board) for the purposes of public consultation.

## Statement of Comprehensive Income

\$'000s	2021-22 Draft Budget	2020-21 Forecast
<b>Income</b>		
Rates	43,883	42,248
Statutory Charges	1,578	1,600
User Charges	1,954	1,841
Grants, Subsidies & Contributions	2,965	2,952
Investment Income	12	12
Reimbursements	415	379
Other Income	768	558
Operating Projects	-	351
<b>Total Income</b>	<b>51,575</b>	<b>49,941</b>
<b>Expenditure</b>		
Employee Costs	19,137	18,606
Materials, Contracts & Other Expenses	18,871	19,048
Depreciation, Amortisation & Impairment	10,000	9,500
Finance Costs	300	331
Net loss – Equity Accounted Council Businesses	-	645
Operating Projects	1,053	1,298
<b>Total Expenditure</b>	<b>49,361</b>	<b>49,429</b>
<b>Operating Surplus / (Deficit) inclusive of Equity Accounted Businesses</b>	<b>2,214</b>	<b>512</b>
Asset Disposal & Fair Value Adjustments	156	488
Amounts received specifically for new, upgraded or replacement assets	-	4,440
<b>Net Outlays on New and Upgraded Assets</b>	<b>156</b>	<b>4,928</b>
<b>Net Surplus / (Deficit) inclusive of Equity Accounted Businesses</b>	<b>2,370</b>	<b>5,440</b>
Share of Other Comprehensive Income – Equity Accounted Council Businesses	-	-
<b>Total Comprehensive Income inclusive of Equity Accounted Businesses</b>	<b>2,370</b>	<b>5,440</b>

The draft Budgeted Financial Statements for the 2021-22 financial year exclude proposed Equity Account Businesses (Centennial Park Cemetery Authority and Brown Hill & Keswick Creek Stormwater Board) for the purposes of public consultation.

# DRAFT BUDGETED FINANCIAL STATEMENTS

## Statement of Financial Position

\$'000s	2021-22 Draft Budget	2020-21 Forecast
<b>Assets</b>		
<b>Current Assets</b>		
Cash & cash equivalents	1,679	1,679
Trade & other receivables	2,720	2,720
Other financial assets	69	69
<b>Total Current Assets</b>	<b>4,468</b>	<b>4,468</b>
<b>Non-current Assets</b>		
Financial Assets	7	7
Equity accounted investments in Council businesses	17,669	17,669
Infrastructure, Property, Plant & Equipment	539,518	538,708
<b>Total Non-current Assets</b>	<b>557,194</b>	<b>556,384</b>
<b>Total Assets</b>	<b>561,662</b>	<b>560,852</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade & Other Payables	5,383	5,383
Borrowings Fixed Term	246	246
Provisions	3,946	3,946
<b>Total Liabilities Assets</b>	<b>9,575</b>	<b>9,575</b>
<b>Non-current liabilities</b>		
Borrowings	16,280	17,840
Provisions	428	428
<b>Total Non-current Liabilities</b>	<b>16,708</b>	<b>18,268</b>
<b>Total Liabilities</b>	<b>26,283</b>	<b>27,843</b>
<b>Net Assets</b>	<b>535,379</b>	<b>533,009</b>
<b>Equity</b>		
Accumulated Surplus	161,767	159,398
Asset Revaluation Reserves	373,381	373,381
Other Reserves	230	230
<b>Total Equity</b>	<b>535,379</b>	<b>533,009</b>
<b>Net Financial Liabilities</b>	<b>21,804</b>	<b>23,368</b>

The draft Budgeted Financial Statements for the 2021-22 financial year exclude proposed Equity Account Businesses (Centennial Park Cemetery Authority and Brown Hill & Keswick Creek Stormwater Board) for the purposes of public consultation.



## Statement of Cash Flow

\$'000s	2021-22 Draft Budget	2020-21 Forecast
<b>Cash Flows from Operating Activities</b>		
<b>Receipts</b>		
Operating Receipts	51,563	49,929
Investment Receipts	12	12
<b>Payments</b>		
Operating Payments to suppliers and employees	(39,061)	(38,954)
Finance Payments	(300)	(331)
<b>Net Cash provided by (or used in) Operating Activities</b>	<b>12,214</b>	<b>10,658</b>
<b>Cash Flows from Investing Activities</b>		
<b>Receipts</b>		
Amounts specifically for new or upgraded assets	-	3,964
Amounts received specifically for Replacement of Existing Assets	-	476
Proceeds from Sale of Surplus Assets	-	17
Sale of replaced assets	156	471
Repayments of loans by community groups	-	-
<b>Payments</b>		
Expenditure on renewal/replacement of assets	(7,847)	(8,410)
Expenditure on new/upgraded assets	(2,963)	(9,889)
Net purchase of Investment Securities	-	-
Capital Contributed to Equity Accounted Council Businesses	-	-
Distributions Received from Equity Accounted Council Businesses (Loss)	-	(645)
<b>Net Cash provided by (or used in) Investing Activities</b>	<b>(10,654)</b>	<b>(14,016)</b>
<b>Cash Flows from Financing Activities</b>		
<b>Receipts</b>		
Proceeds from borrowings	-	3,358
<b>Payments</b>		
Repayments of borrowings	(1,560)	-
<b>Net Cash provided by (or used in) Financing Activities</b>	<b>(1,560)</b>	<b>3,358</b>
<b>Net Increase/(Decrease) in cash held</b>	<b>-</b>	<b>-</b>
Plus: Cash & cash equivalents at beginning of period	<b>1,679</b>	<b>1,679</b>
<b>Cash &amp; cash equivalents at end of period</b>	<b>1,679</b>	<b>1,679</b>

The draft Budgeted Financial Statements for the 2021-22 financial year exclude proposed Equity Account Businesses (Centennial Park Cemetery Authority and Brown Hill & Keswick Creek Stormwater Board) for the purposes of public consultation.

# DRAFT BUDGETED FINANCIAL STATEMENTS

## Statement of Equity

\$'000s	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
<b>2021-22 Draft Budget</b>				
Balance at end of previous reporting period	159,397	373,381	230	533,008
Net Surplus/(Deficit) for Year	2,370	-	-	2,370
<b>Other Comprehensive Income</b>	-	-	-	-
Gain/(loss) on revaluation of Infrastructure and Assets	-	-	-	-
Share of Other Comprehensive Income – Equity Accounted Council Businesses	-	-	-	-
<b>Other Comprehensive Income</b>	-	-	-	-
<b>Total Comprehensive Income</b>	<b>2,370</b>	<b>-</b>	<b>-</b>	<b>2,370</b>
<b>Balance at end of period</b>	<b>161,767</b>	<b>373,381</b>	<b>-</b>	<b>535,378</b>
<b>2020-21 Forecast</b>				
Balance at end of previous reporting period	154,603	373,381	230	528,214
Net Surplus/(Deficit) for Year	5,439	-	-	5,439
<b>Other Comprehensive Income</b>	-	-	-	-
Gain/(loss) on revaluation of Infrastructure and Assets	-	-	-	-
Share of Other Comprehensive Income – Equity Accounted Council Businesses	(645)	-	-	(645)
<b>Other Comprehensive Income</b>	<b>(645)</b>	<b>-</b>	<b>-</b>	<b>(645)</b>
<b>Total Comprehensive Income</b>	<b>4,794</b>	<b>-</b>	<b>-</b>	<b>4,794</b>
<b>Balance at end of period</b>	<b>159,397</b>	<b>373,381</b>	<b>230</b>	<b>533,009</b>

The draft Budgeted Financial Statements for the 2021-22 financial year exclude proposed Equity Account Businesses (Centennial Park Cemetery Authority and Brown Hill & Keswick Creek Stormwater Board) for the purposes of public consultation.







# LONGTERM FINANCIAL PLAN

\$'000	2020-21 Forecast	2021-22 LTFP Year 1	2022-23 TFP Year 2
<b>CPI Forecast</b>			
Rates Increase based on CPI		1.25%	1.50%
Increase/(reduction) to CPI		1.00%	-
Rates Growth		0.50%	0.50%
<b>Increase in Rates Revenue</b>		<b>2.75%</b>	<b>2.00%</b>
<b>Income</b>			
General Rates Income	42,248	43,883	44,761
All Other Income	7,693	7,692	7,807
<b>Total Income</b>	<b>49,941</b>	<b>51,575</b>	<b>52,568</b>
<b>Expenditure</b>			
Employee Costs	18,606	19,137	19,424
Materials, Contracts & Other Expenses	19,047	18,871	19,154
Depreciation, Amortisation & Impairment	9,500	10,000	10,000
Finance Costs	331	300	276
Net loss – Equity Accounted Council Businesses	645		
Operating Projects	1,298	1,053	1,069
<b>Total Expenditure</b>	<b>49,427</b>	<b>49,361</b>	<b>49,923</b>
<b>Operating Surplus/(Deficit)</b>	<b>514</b>	<b>2,214</b>	<b>2,645</b>
Principal Repayment of loans	246	256	266
<b>Cash surplus/(deficiency) after principal repayments</b>	<b>268</b>	<b>1,958</b>	<b>2,379</b>
Capital Replacement less income to be received	7,418	7,691	8,662
Capital New less funding to be received	5,908	2,964	3,025
<b>(Shortfall) / Improvement in cash position</b>	<b>(3,558)</b>	<b>1,303</b>	<b>691</b>
<b>Fixed Term Borrowings</b>	<b>1,086</b>	<b>831</b>	<b>565</b>
<b>Cash Advance Debenture (CAD Borrowings)</b>	<b>17,000</b>	<b>15,695</b>	<b>15,004</b>
<b>Total Borrowings</b>	<b>18,086</b>	<b>16,526</b>	<b>15,569</b>
<b>Operating Surplus Ratio (Target &lt;5%)</b>	<b>2.3%</b>	<b>4.3%</b>	<b>5.0%</b>
<b>Net Financial Liabilities Ratio (Target &lt;80%)</b>	<b>47%</b>	<b>42%</b>	<b>40%</b>
<b>Asset Renewal Funding (Target ≥100% average over 10 years)</b>	<b>113%</b>	<b>88%</b>	<b>100%</b>

The draft Budgeted Financial Statements for the 2021-22 financial year exclude proposed Equity Account Businesses (Centennial Park Cemetery Authority and Brown Hill & Keswick Creek Stormwater Board) for the purposes of public consultation.

2023-24 LTFP Year 3	2024-25 LTFP Year 4	2025-26 LTFP Year 5	2026-27 LTFP Year 6	2027-28 LTFP Year 7	2028-29 LTFP Year 8	2029-30 LTFP Year 9	2030-31 LTFP Year 10
1.75%	2.00%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%
1.75%	2.00%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%
-	-	-	-	-	-	-	-
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
2.25%	2.50%	2.75%	3.00%	3.00%	3.00%	3.00%	3.00%
45,768	46,912	48,202	49,648	51,138	52,672	54,252	55,879
7,944	8,103	8,285	8,492	8,705	8,922	9,145	9,374
<b>53,712</b>	<b>55,015</b>	<b>56,487</b>	<b>58,140</b>	<b>59,842</b>	<b>61,594</b>	<b>63,397</b>	<b>65,253</b>
19,764	20,159	20,613	21,128	21,656	22,198	22,753	23,322
19,489	19,879	20,326	20,834	21,355	21,889	22,436	22,997
10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
310	336	352	339	257	160	52	-
1,087	1,109	1,134	1,163	1,192	1,221	1,252	1,283
<b>50,651</b>	<b>51,484</b>	<b>52,426</b>	<b>53,465</b>	<b>54,461</b>	<b>55,469</b>	<b>56,493</b>	<b>57,602</b>
<b>3,061</b>	<b>3,531</b>	<b>4,062</b>	<b>4,676</b>	<b>5,382</b>	<b>6,125</b>	<b>6,904</b>	<b>7,651</b>
277	288	-	-	-	-	-	-
<b>2,784</b>	<b>3,243</b>	<b>4,062</b>	<b>4,676</b>	<b>5,382</b>	<b>6,125</b>	<b>6,904</b>	<b>7,651</b>
8,857	9,111	9,562	9,605	9,781	10,060	10,509	10,772
3,065	3,249	3,133	3,191	3,162	3,177	3,169	3,242
<b>862</b>	<b>883</b>	<b>1,366</b>	<b>1,880</b>	<b>2,439</b>	<b>2,888</b>	<b>3,226</b>	<b>3,637</b>
288	-	-	-	-	-	-	-
<b>14,142</b>	<b>13,259</b>	<b>11,893</b>	<b>10,013</b>	<b>7,574</b>	<b>4,685</b>	<b>1,460</b>	-
<b>14,430</b>	<b>13,259</b>	<b>11,893</b>	<b>10,013</b>	<b>7,574</b>	<b>4,685</b>	<b>1,460</b>	-
<b>5.7%</b>	<b>6.4%</b>	<b>7.2%</b>	<b>8.0%</b>	<b>9.0%</b>	<b>9.9%</b>	<b>10.9%</b>	<b>11.7%</b>
<b>37%</b>	<b>34%</b>	<b>31%</b>	<b>27%</b>	<b>23%</b>	<b>18%</b>	<b>12%</b>	<b>7%</b>
<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



**Civic Centre**

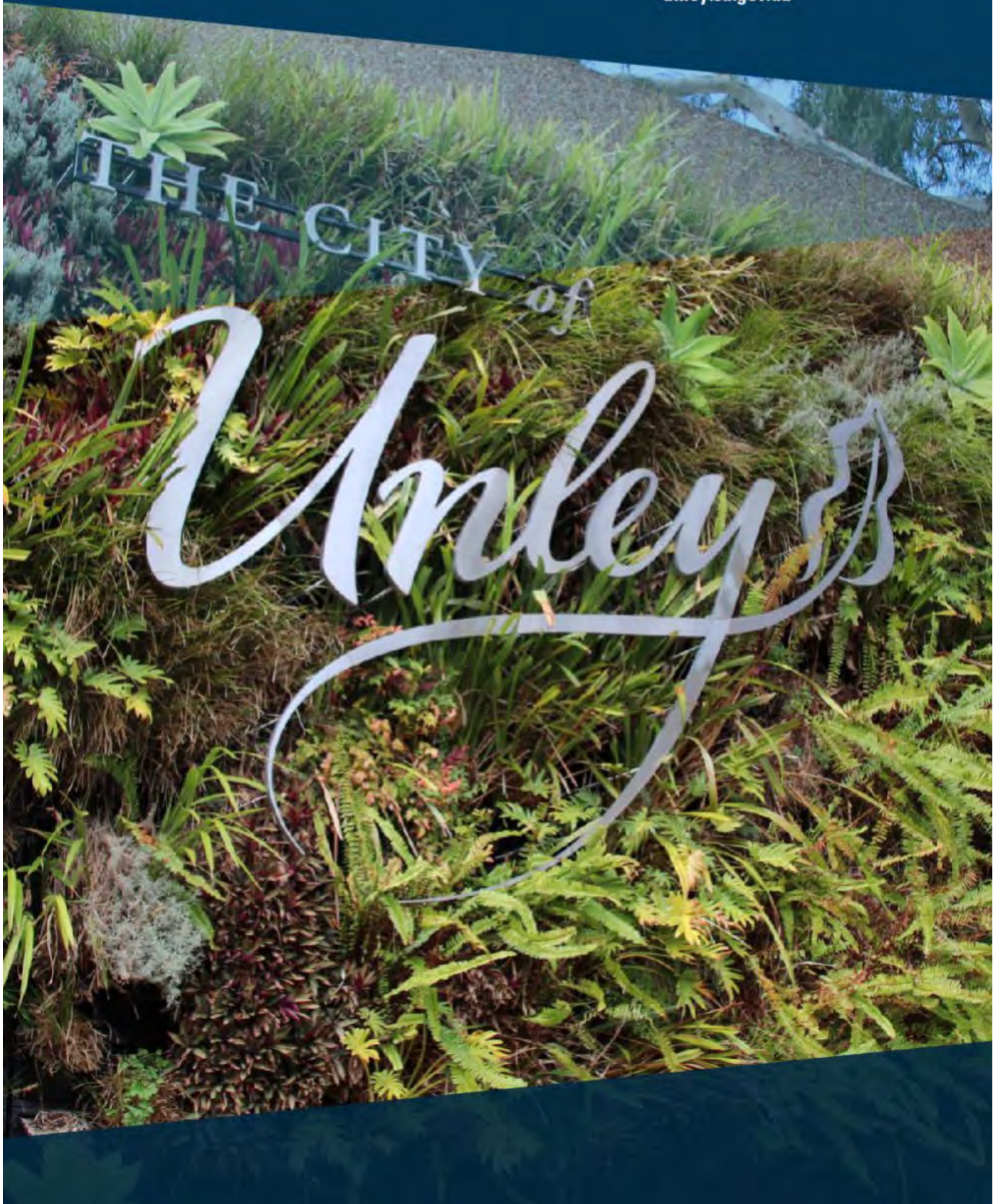
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## INFORMATION REPORT

<b>REPORT TITLE:</b>	STRATEGIC RISK REGISTER
<b>ITEM NUMBER:</b>	3.3
<b>DATE OF MEETING:</b>	11 MAY 2021
<b>AUTHOR:</b>	ALEX BROWN
<b>JOB TITLE:</b>	MANAGER FINANCE AND PROCUREMENT
<b>ATTACHMENTS:</b>	1. STRATEGIC RISK REGISTER

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### 1. **EXECUTIVE SUMMARY**

The Executive Management Team (EMT) reviews the Strategic Risk Register on a quarterly basis, which includes the monitoring of the progress of treatment plans implemented to manage each risk. The most recent review was conducted on Thursday 15 April 2021, and the revised document is now provided to the Audit Committee for information.

### 2. **RECOMMENDATION**

That:

1. The report be received.
- 

### 3. **RELEVANT CORE STRATEGIES/POLICIES**

4. Civic Leadership
  - 4.1 We have strong leadership and governance.

### 4. **BACKGROUND**

The Executive Management Team (EMT) reviewed the Strategic Risk Register on Thursday 15 April 2021. During this review, EMT updated the status of the treatment plans and revised timeframes where necessary. The completed treatment plans were entered into the 'existing controls' section where appropriate.

### 5. **DISCUSSION**

The review undertaken by the EMT for each Strategic Risk includes:

- Review of the target completion dates for EMT Focus Areas and CEO KPIs listed under Treatment Plans;

- Relevant completed treatment plans were moved to the 'Existing Controls' section; and
- Discussion relating to any new 'Emerging Risks' was undertaken and with one new emerging risk identified: Distribution of information intended for internal use by Elected Members.

The review process identified that the existing identified strategic risks remain relevant and actions intended to further mitigate risks are progressing.

A full copy of the current Strategic Risk Register is provided as Attachment 1.

*Attachment 1*

**6. REPORT AUTHORISERS**

<b>Name</b>	<b>Title</b>
Nicola Tinning	General Manager, Business Support & Improvement

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# STRATEGIC RISK REGISTER

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This Review – 21 January 2021 by:

- Peter Tsokas – Chief Executive Officer
- Megan Berghuis - General Manager City Services
- Tami Norman – Executive Manager Office of the CEO
- James Roberts – Acting General Manager Business Support and Improvement

*Last Reviewed: 5 November 2020* by:

**Megan Berghuis**

**Tami Norman**

**Nicola Tinning**

**Claude Malak**



- Claude Malak - GM City Development

<b>1</b>	<b>Event Description: Failure to maintain financial sustainability</b>		
<b>Responsible Managers: CEO, EMT, CFO</b>		<b>Community Plan Theme: CIVIC LEADERSHIP &amp; ECONOMIC PROSPERITY</b>	
<b>Negative Contributory Factors:</b> <ul style="list-style-type: none"> <li>Forecasting tools are not relevant or out of date</li> <li>Long Term Financial Plan is not maintained or not appropriate for business needs</li> <li>Financial resources to deliver required services are inadequate</li> <li>Financial capacity to meet service delivery demands</li> <li>Financial resources are not managed in line with treasury management policy</li> <li>Debt levels and debt management strategies are not in line adopted targets or are not sustainable</li> <li>Inadequate project management practices</li> <li>Impact of pandemic on local economy and Council's operating results over time</li> <li>Changes to market in cemetery operations (CPCA)</li> <li>Ambitious expectations of Council deliverables</li> </ul>		<b>Risks:</b> <ul style="list-style-type: none"> <li>Financial Maladministration &amp; Corruption Inability to delivery community expectations into the future</li> <li>Financial sustainability is compromised</li> <li>Reputational Damage</li> <li>Legislative Compliance (Financial) are not met</li> <li>Inter-generational equity is not achieved</li> <li>insufficient project funding</li> <li>Failure to deliver on plans and strategies</li> <li>Limitations to service delivery options</li> <li>Service level reduction</li> <li>Centennial Park Subsidiary becoming unviable</li> <li>Decision Making not aligned to Strategic Management Plans</li> </ul>	
<b>Likelihood:</b> Possible	<b>Consequence:</b> Major	<b>Inherent Risk Rating:</b>	<b>HIGH</b>
<b>Existing Controls/Mitigating Practices:</b> <ul style="list-style-type: none"> <li>Endorsed Community Plan, Four Year Delivery Plan and Annual Operating Plans</li> <li>Comprehensive budget development process that meets legislative requirements (including cost estimates &amp; consultation).</li> <li>Long Term Financial Plan in place with adopted financial targets; reviewed annually</li> <li>Adoption and application of the Better Practice Model – Internal Financial Controls</li> <li>Prudential Management Framework</li> <li>Treasury Management Plan</li> <li>Owners Executive has been established and Board representation for Centennial Park</li> <li>Quarterly Reporting from subsidiaries to owner Councils</li> <li>Infrastructure &amp; Asset Management Policy &amp; Plans are linked to the long-term financial plan</li> <li>Quarterly budget review process</li> <li>Regular Financial reporting and budget monitoring</li> <li>Qualified and experience finance human resources</li> <li>Oversight from the Audit Committee</li> <li>External Audit</li> <li>Defined and agreed levels of service</li> <li>Development of an Annual Operating Plan which specifies core activities, service levels, and measures</li> <li>Continued corporate performance reporting on external grants to Council (CEO KPI)</li> <li>Centennial Park Charter</li> </ul>			
<b>Control Effectiveness:</b>	Majority Effective	<b>Risk Tolerance up to:</b>	<b>MEDIUM</b>
<b>Likelihood:</b> Rare	<b>Consequence:</b> Major	<b>Residual Risk Rating:</b>	<b>MEDIUM</b>

Treatment Plan:	Responsibility:	Target Completion Date:
<b>EMT Focus Area: Project Planning and Management</b> – principles of project planning and management are used to effectively manage resources, risk and delivery		
1 Revised project management framework	• GMCD	• Jun 2021
2 Provide training on revised project management framework to relevant staff	• GMCD/GMBSI	• Sept 2021
3 Implement Project Management Framework	• GMCD	• Sept 2021
4 EMT quarterly review progress of approved projects (at various levels across the organisation) – at least	• EMT	• Dec 2021
<b>EMT Focus Area: Corporate Performance Reporting</b> – promote council transparency, accountability and performance against service levels:		
1 Develop appropriate measures to report on corporate performance quarterly:	• EMT	• Jun 2021 – <b>Completed and ongoing</b>
2 Ensure quality and accuracy of data for corporate reporting purposes	• GMBSI/EMT	• Jun 2021 - <b>Completed</b>
<b>CEO KPI – Financial</b> – Ensure the sustainability of the organisation through sound financial management principles and on-going reviews of its operations to realise efficiency gains		
1 <del>2021-22</del> 2020-21 Annual Operating Plan include clear levels of service for each service area.	• GMBSI/CEO	• Jun 2021 - <b>Completed</b>

<b>2</b>	<b>Event Description:</b> Inability to meet the needs and expectations of the community		
<b>Responsible Managers:</b> CEO, EMT, Managers		<b>Community Plan Theme:</b> <b>COMMUNITY LIVING &amp; CIVIC LEADERSHIP</b>	
<b>Negative Contributory Factors:</b> <ul style="list-style-type: none"> <li>Community Plan is out of date or not relevant</li> <li>Annual Business Plan and Budget process is not aligned with Community Plan and 4 Year Delivery Plan</li> <li>Resourcing is not aligned to 4 Year Delivery Plan</li> <li>Long Term Financial Plan is inadequate</li> <li>Conduct is inconsistent with Code of Conduct/ Values</li> <li>Systems and processes don't appropriately capture information regarding community needs</li> <li>Infrastructure &amp; Asset Management Plans are inadequate</li> <li>Legislative movement of responsibilities</li> <li>Disengaged Elected Members</li> <li>Expectations of Elected Members lack of alignment with the Council role</li> <li>Four-year election cycles</li> </ul>		<b>Risks:</b> <ul style="list-style-type: none"> <li>Dissatisfied community (public outrage)</li> <li>Reputational damage (negative media)</li> <li>Instability of staff (people leaving a negative environment)</li> <li>Organisational culture is negatively affected</li> <li>Negative perception of performance of the Council (Elected Body)</li> </ul>	
<b>Likelihood:</b> Possible	<b>Consequence:</b> Major	<b>Inherent Risk Rating:</b>	<b>HIGH</b>
<b>Existing Controls/Mitigating Practices:</b> <ul style="list-style-type: none"> <li>Community Plan 2033</li> <li>Annual Business Plan and Budget</li> <li>4-year Delivery Plan</li> <li>Annual Operating Plan</li> <li>Long Term Financial Plan</li> <li>Strategies, Policies and Procedures</li> <li>Infrastructure &amp; Asset Management Plans</li> <li>Corporate Performance Report</li> <li>CEO KPIs</li> <li>Role Clarity Framework for service delivery</li> <li>Organisational culture and values</li> <li>Role clarity and Position Descriptions aligned to service delivery</li> <li>Consultation processes (YourSay, website, social media)</li> <li>Customer Experience Framework</li> <li>Customer satisfaction surveys</li> <li>Customer Service Standards</li> <li>Community Engagement Framework and Policy</li> <li>Service Reviews</li> <li>Communication Channels</li> <li>Business Continuity Plan &amp; Emergency Management Plan</li> <li>Regular Elected Member briefings, workshops and training</li> <li><a href="#">Economic Development Strategy</a></li> </ul>			
<b>Control Effectiveness:</b>	<b>Majority Effective</b>	<b>Risk Tolerance up to:</b>	<b>MEDIUM</b>
<b>Likelihood:</b> Rare	<b>Consequence:</b> Major	<b>Residual Risk Rating:</b>	<b>MEDIUM</b>

<b>Treatment Plan:</b>	<b>Responsibility:</b>	<b>Target Completion Date:</b>
<b>EMT Focus Area: Customer First Culture – The organisation has a consistent customer first approach in the delivery of service:</b>		
1 Develop and implement internal Customer Service Charter Principles (Achieve Together Project)	• EMT	• Jun 2021
2 Design and implement training across the organisation to reinforce <del>service culture</del> <b>customer service focus</b> and core competencies. (19/20, noting potential implementation over two years)	• GMCS/GMBSI	• Jun 2020 - <b>COMPLETED</b> (design) • Jun 2021 (implement)
<b>EMT Focus Area: Understanding our Purpose – Our people understand their role in 4-year Delivery Plan</b>		
1 Develop a corporate reporting framework with measures to monitor progress	• EMT	• Sep 2021
2 Development of the Economic Development Strategy	• GMCD	• Jun 2021 - <b>COMPLETED</b>



<b>3</b>	<b>Event Description:</b> Ineffective decision making that lacks transparency		
<b>Responsible Managers:</b> CEO, EMT, Managers		<b>Community Plan Theme:</b> CIVIC LEADERSHIP	
<b>Negative Contributory Factors:</b> <ul style="list-style-type: none"> <li>• Inappropriate conduct of staff/Elected Members</li> <li>• Inaccurate information</li> <li>• Ill-informed decision makers</li> <li>• Lack of role clarity and decision making (elected members)</li> <li>• Deficient policies and procedures</li> <li>• Noncompliance with legislative obligations/requirements</li> <li>• Internal control failures</li> <li>• Inappropriate delegations</li> <li>• Lack of governance framework</li> <li>• Lack of plans to respond to events that impact service delivery (from Risk 6)</li> </ul>		<b>Risks:</b> <ul style="list-style-type: none"> <li>• Reputational damage /risk (from risk 6 – to be deleted)</li> <li>• Scrutiny by regulatory bodies (ICAC/Ombudsman)</li> <li>• Financial impact/cost</li> <li>• Loss of confidence in council</li> <li>• Staff attraction and retention</li> </ul>	
<b>Likelihood:</b> Likely	<b>Consequence:</b> Catastrophic (Reputation)	<b>Inherent Risk Rating:</b>	<b>HIGH</b>
<b>Existing Controls/Mitigating Practices:</b> <ul style="list-style-type: none"> <li style="width: 50%;">• Legislative obligations (eg. Code of Conduct, Policies etc)</li> <li style="width: 50%;">• Elected Members training programs</li> <li style="width: 50%;">• External regulatory framework in place</li> <li style="width: 50%;">• Independent Members selection and training processes in place</li> <li style="width: 50%;">• Policies and Procedures</li> <li style="width: 50%;">• Agreed and Endorsed Meeting procedures</li> <li style="width: 50%;">• Delegation of Authority (Legislative and Financial)</li> <li style="width: 50%;">• Risk Management Framework</li> <li style="width: 50%;">• Elected Members briefings and workshops</li> <li style="width: 50%;">• Internal Controls Framework</li> <li style="width: 50%;">• Expert advice provided by skilled staff</li> <li style="width: 50%;">• Reporting Quality Control</li> <li style="width: 50%;">• Quality and experienced governance human resources</li> </ul>			
<b>Control Effectiveness:</b>	<b>Majority Effective</b>	<b>Risk Tolerance up to:</b>	<b>MEDIUM</b>
<b>Likelihood:</b> Unlikely	<b>Consequence:</b> Catastrophic	<b>Residual Risk Rating:</b>	<b>MEDIUM</b>

<b>Treatment Plan:</b>	<b>Responsibility:</b>	<b>Target Completion Date:</b>
1 Elected Members development program implemented to enhance role clarity	• EMOCEO	• Jun 2021
2 Delegation review and training (understanding roles, responsibilities and delegation of authority)	• EMOCEO	• Jun 2021
<b>EMT Focus Area – Understanding our Purpose – Our people understand their role in the 4-year Delivery Plan</b>		
1 Confirm an accountability matrix that articulates decision making at each level of the organisation:	• GMBSI/EMOCEO	• Jun 2021
2 Reinforce processes and education for Elected Member requests with staff	• EMOCEO	• Sep 2021

<b>4</b>	<b>Event Description:</b> Inability to manage legislative and regulatory compliance obligations		
<b>Responsible Managers:</b> CEO, EMT, Managers		<b>Community Plan Theme:</b> CIVIC LEADERSHIP	
<b>Negative Contributory Factors:</b> <ul style="list-style-type: none"> <li>• Other levels of government assigning new/different responsibilities</li> <li>• Increasing compliance and reporting obligations</li> <li>• Changing legislative obligations</li> <li>• Local Government Reform agenda</li> <li>• Not monitoring external environment and trends</li> <li>• Reallocation of responsibilities via legislative changes</li> <li>• Four Year election cycles</li> </ul>		<b>Risks:</b> <ul style="list-style-type: none"> <li>• Failure to meet compliance obligation</li> <li>• Reputational damage</li> <li>• Loss of confidence in Council</li> <li>• ICAC investigation</li> <li>• Unreasonable Customer expectations</li> <li>• Negative Media exposure</li> <li>• Financial Sustainability</li> <li>• Negatively impact on service delivery &amp; levels</li> <li>• Negative impact on organisational culture</li> </ul>	
<b>Likelihood:</b> Possible	<b>Consequence:</b> Major	<b>Inherent Risk Rating:</b>	<b>HIGH</b>
<b>Existing Controls/Mitigating Practices:</b> <ul style="list-style-type: none"> <li style="width: 50%;">• Strategic Planning framework and documents (e.g. Community Plan, Annual Plan etc)</li> <li style="width: 50%;">• Audit Committee</li> <li style="width: 50%;">• Long Term Financial Plan/Annual Business Plan &amp; Budget</li> <li style="width: 50%;">• External/Internal Audit</li> <li style="width: 50%;">• Policies and Procedures</li> <li style="width: 50%;">• Appropriately trained and experienced staff</li> <li style="width: 50%;">• Internal Controls</li> <li style="width: 50%;">• Access to suitably qualified service providers for support (e.g. legal advice)</li> <li style="width: 50%;">• Risk management framework</li> <li style="width: 50%;">• Access to LGA resources &amp; opportunity to influence outcomes</li> <li style="width: 50%;">• Delegations</li> <li style="width: 50%;">• Collaboration between Councils</li> <li style="width: 50%;">• External liaison and relationship management</li> <li style="width: 50%;">• ERA</li> </ul>			
<b>Control Effectiveness:</b>	<i>Majority Effective</i>	<b>Risk Tolerance up to:</b>	<b>MEDIUM</b>
<b>Likelihood:</b> Possible	<b>Consequence:</b> Major	<b>Residual Risk Rating:</b>	<b>HIGH</b>

<b>Treatment Plan:</b>	<b>Responsibility:</b>	<b>Target Completion Date:</b>
Preparation for LG Reform	<ul style="list-style-type: none"> <li>• EMT</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing</li> </ul>
Investigate development and implementation of Legislative Compliance register	<ul style="list-style-type: none"> <li>• EMOCEO</li> </ul>	<ul style="list-style-type: none"> <li>• Dec 2021</li> </ul>

5	Event Description Workforce not appropriately skilled or engaged	
<b>Responsible Managers: CEO, EMT, Managers</b>		<b>Community Plan Theme: CIVIC LEADERSHIP</b>
<b>Negative Contributory Factors:</b> <ul style="list-style-type: none"> <li>• inability to attract appropriate staff</li> <li>• Inappropriately skilled staff</li> <li>• Negative organisational culture</li> <li>• Lack of contemporary working conditions</li> <li>• Limited access to ongoing training and development</li> <li>• No career progression opportunities</li> <li>• Lack of workforce planning</li> <li>• Job doesn't meet staff expectations</li> <li>• Unsatisfactory relationship with Elected Members</li> <li>• Poor recruitment practices</li> <li>• Ineffective knowledge management</li> <li>• Lack of appropriate staff turnover</li> <li>• Out-dated systems and processes</li> <li>• Pandemic related disruption and distraction</li> </ul>		<b>Risks:</b> <ul style="list-style-type: none"> <li>• Unnecessary high staff turnover</li> <li>• Failure to deliver plans and strategies</li> <li>• Community expectations not met</li> <li>• Reputational damage</li> <li>• Inability to retain the right staff / Loss of corporate knowledge</li> </ul>
<b>Likelihood:</b> Possible	<b>Consequence:</b> Major	<b>Inherent Risk Rating: HIGH</b>
<b>Existing Controls/Mitigating Practices:</b> <ul style="list-style-type: none"> <li>• Recruitment strategies and practices</li> <li>• Well established brand</li> <li>• Active management and development of organisational culture (OCI)</li> <li>• Appropriate employment conditions</li> <li>• Continuous Improvement</li> <li>• Working from Home Framework</li> <li>• Purpose statements for work areas that are aligned to organisation's purpose</li> <li>• <a href="#">Digital Workplace through the Internet</a></li> </ul>		<ul style="list-style-type: none"> <li>• Documented job descriptions documented and reviewed</li> <li>• Corporate Values</li> <li>• Development planning process (PDR)</li> <li>• Relevant resources and tools</li> <li>• Digital Strategy and BS&amp;S Capability</li> <li>• Align the labour budget to reflect the priority areas determined by Council</li> <li>• Recognition Guidelines</li> <li>• <a href="#">Organisational structure reviewed</a></li> </ul>
<b>Control Effectiveness:</b>	<b>Majority Effective</b>	<b>Risk Tolerance up to: MEDIUM</b>
<b>Likelihood:</b> Unlikely	<b>Consequence:</b> Major	<b>Residual Risk Rating: MEDIUM</b>
<b>Treatment Plan:</b>		<b>Responsibility:</b>
<b>Target Completion Date:</b>		
<b>EMT Focus Area – Workforce Planning – we have the required number of people to deliver Council's 4-year Delivery Plan</b>		
1	Review and update organisation structure	<ul style="list-style-type: none"> <li>• EMT</li> </ul>
<b>EMT Focus Area – Employee Engagement – Our people collaborate for success and are valued, engaged and recognised for their achievement</b>		
1	Establish and implement an <a href="#">internal</a> communication framework and plan that conveys what will be communicated, to who, when and how	<ul style="list-style-type: none"> <li>• GMBSI/EMOCEO</li> </ul>
2	Implement an on-line climate survey tool to provide a regular interim measure between OCI surveys	<ul style="list-style-type: none"> <li>• GMBSI</li> </ul>
3	Develop a calendar of key corporate processes and deadlines	<ul style="list-style-type: none"> <li>• EMT</li> </ul>
<b>EMT Focus Areas – Understanding our Purpose – Our people understand their role in the 4-year Delivery Plan</b>		
1	Review the PDR process to ensure it is meaningful for our people	<ul style="list-style-type: none"> <li>• GMBSI</li> </ul>
<b>EMT Focus Area – Digital Workplace – Enhance our performance through the introduction and integration of digital technologies</b>		
1	Deliver the "Digital Workplace" (intranet) via a cross functional team	<ul style="list-style-type: none"> <li>• GMBSI/EMT</li> </ul>
2	Populate the Digital Workplace with appropriate content	<ul style="list-style-type: none"> <li>• EMT</li> </ul>
3	Provide a training program to enable delivery of Digital Workplace	<ul style="list-style-type: none"> <li>• GMBSI</li> </ul>
<b>EMT Focus Area – Continuous Improvement and Innovation – Support our people to innovate and continuously improve</b>		
1	Establish an 'innovation and red tape reduction register' to capture and implement ideas for productivity improvement	<ul style="list-style-type: none"> <li>• GMBSI</li> </ul>
2	Provide a training program on the application of continuous improvement tools	<ul style="list-style-type: none"> <li>• GMBSI</li> </ul>
3	Integrate continuous improvement as a 'business as usual activity' within each service area	<ul style="list-style-type: none"> <li>• EMT</li> </ul>



<b>6</b>	<b>Event Description:</b> Inability to respond to climate change		
<b>Responsible Managers:</b> CEO, EMT		<b>Community Plan Theme:</b> ENVIRONMENTAL STEWARDSHIP	
<b>Negative Contributory Factors</b> ("root" causes / how and why the event arises): <ul style="list-style-type: none"> <li>• Extreme weather events</li> <li>• Increased urban infill</li> <li>• State Government Planning Reforms</li> <li>• Lack of recyclables market</li> <li>• Increased waste production by the community</li> </ul>		<b>Risks:</b> <ul style="list-style-type: none"> <li>• Canopy reduced – (out of Council's control)</li> <li>• Reputational impact – as community has strong 'green' focus</li> <li>• Heat-Island effect</li> <li>• Public Health implications and risks</li> <li>• Reduction in quality of life now and future</li> <li>• Increased costs</li> <li>• Impacts to rate-payers</li> <li>• Impact to local flora and fauna</li> <li>• Loss of enviable amenities</li> <li>• Unley does not become a desirable place to live</li> <li>• <a href="#">Loss of productivity of operations due to extreme weather events</a></li> </ul>	
<b>Likelihood:</b> Almost Certain	<b>Consequence:</b> Major	<b>Inherent Risk Rating:</b>	<b>EXTREME</b>
<b>Existing Controls/Mitigating Practices:</b> <ul style="list-style-type: none"> <li>• Canopy Action Plan</li> <li>• Tree Strategy</li> <li>• Budget allocation for 19/20 to target canopy cover has been established</li> <li>• Brown Hill Keswick Creek subsidiary &amp; delivery of Stormwater Management Plan</li> <li>• Strategic Plan and objectives</li> <li>• Re-use water (dam and aquifer)</li> <li>• Long Term Financial Plan</li> <li>• Water Sensitive Urban Design</li> <li>• Waste management plan</li> <li>• Public Health Plan</li> <li>• Asset Management Plans</li> <li>• Alternative Energy initiatives</li> <li>• Cycling and walking network</li> <li>• <a href="#">Climate &amp; Energy Plan for Council Operations</a></li> </ul>			
<b>Control Effectiveness:</b>	<b>Majority Effective</b>	<b>Risk Tolerance up to:</b>	<b>MEDIUM</b>
<b>Likelihood:</b> Unlikely	<b>Consequence:</b> Major	<b>Residual Risk Rating:</b>	<b>MEDIUM</b>

<b>Treatment Plan:</b>	<b>Responsibility:</b>	<b>Target Completion Date:</b>
CEO KPI 2019/2020 – <b>Environment</b> - <i>Continue to implement policies, strategies and projects to drive improved environmental sustainability across the City</i> The Council has established a number of policies and strategies to maintain and enhance our urban environment and strengthen the City's resilience to climate change. The ongoing implementation of strategy through a diverse range of key projects will demonstrate the Council's leadership to our community:		
1 New waste management plan endorsed by Council	• GMCD	• May 2021 - <b>COMPLETED</b>
2 New Waste Management Contracted	• GMCD	• Sep 2021
3 <a href="#">Climate &amp; Energy Plan for Council Operations</a>	• GMCD	• May 2021 - <b>COMPLETED</b>
4 Financial incentives for Canopy on private land	• EMT	• Jun 2021 - <b>COMPLETED</b>
5 <a href="#">Heatwave Action Plan</a>	• EMT	• Jun 2021

# Strategic Risk Register

## Emerging Risks: *What keeps you awake at night??*

May 2021

- Distribution of information intended for internal use by Elected Members



### Appendix

Definitions of Control Effectiveness Ratings	
1. Ineffective	During the period, the control has not been implemented as described. Urgent management action is required to implement the described control processes.
2. Requires significant improvement	During the period, the control has been implemented as described, but with significant deficiencies in the consistency or effectiveness of implementation. Significant management action required to implement processes to improve the effectiveness of the control.
3. Partially effective	During the period, the control has been implemented as described, but with some deficiencies in the consistency and/or effectiveness in which it has been applied.
4. Majority effective	During the period, the control has been implemented as described and in the majority of cases has been consistently and/or effectively applied. There is potential to enhance the effectiveness of the control, but only with minor adjustments.





## INFORMATION REPORT

<b>REPORT TITLE:</b>	OPERATIONAL RISK REGISTER UPDATE - HIGH AND EXTREME RISKS
<b>ITEM NUMBER:</b>	3.4
<b>DATE OF MEETING:</b>	11 MAY 2021
<b>AUTHOR:</b>	ALEX BROWN
<b>JOB TITLE:</b>	MANAGER FINANCE AND PROCUREMENT
<b>ATTACHMENTS:</b>	1. OPERATIONAL RISK REGISTER - HIGH & EXTREME RISKS

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### 1. **EXECUTIVE SUMMARY**

This report provides an update on the operational risks with a residual risk of high or extreme. There are currently three operational risks with a residual risk of high and zero with a residual risk of extreme.

### 2. **RECOMMENDATION**

That:

1. The report be received.
- 

### 3. **RELEVANT CORE STRATEGIES/POLICIES**

4. Civic Leadership
  - 4.1 We have strong leadership and governance.

### 4. **BACKGROUND**

The full Operational Risk Register (ORR) was last presented at the February 2021 Audit Committee meeting.

There were three operational risks with a residual risk rating of high. These were:

- Assets & Operations (A&O #6) – Ability to manage and deliver on resident expectations of service provision;
- Business Systems & Solutions (BS&S #7) – Working from home arrangements leading to potential increased exposure to cyber-attacks; and
- Finance & Procurement (F&P #6) – Pandemic (Covid-19) – leading to impact on revenue streams.

A desktop review was conducted by the risk owners and they were required to review the existing controls, status of any treatment plans and the residual risk rating.

The reviewed ORR for high and extreme residual risks is provided as Attachment 1.

*Attachment 1*

**5. DISCUSSION**

The outcome of the review was a reduced residual risk rating from high to medium for A&O #6. It was assessed that the completion of the Asset Management Plans, which were endorsed by Council in December 2020, reduced the likelihood of the risk from likely to possible. This risk will now be removed from the high and extreme risk list.

There were no other changes to the operating risks' residual risk rating for the two remaining risks which remain high.

Operational risks with a residual risk of high or extreme will be presented to the Audit Committee at each meeting.

**6. REPORT AUTHORISERS**

<b>Name</b>	<b>Title</b>
Nicola Tinning	General Manager, Business Support & Improvement

Item 2.4 - Attachment 1 - Operational Risk Register - High & Extreme Risks

OPERATIONAL RISK REGISTER: HIGH & EXTREME										January 2021						
Ref #	Risk Category	Risk name and description	Risk issues identified	Risk Owner	INHERENT RISK			Residual Risk	RESIDUAL RISK			Further strategies/ treatments for consideration or ongoing	REVISED			
					Consequence	Likelihood	Risk Rating		Consequence	Likelihood	Risk Rating		Consequence	Likelihood	Risk Rating	
BS&S#7	Business Performance & Service Delivery	Working from home arrangements leading to potential increased exposure to cyber attacks - See BS&S#2	Loss of Data Loss of private and personal information Financial Implications Reputational loss	Manager Business Systems and Solutions	Catastrophic	Almost Certain	Extreme	3. Partially effective	Catastrophic	Possible	High	Yes	Investigate alternative anti-virus software to allow greater access to control potential threats (within 12-24mths)  Review Computer Strategy -to enable improved suitability with mobility devices (within 12-24mths)			#N/A
FS&P6	Business Performance & Service Delivery	Pandemic (Covid-19) - leading to impact on revenue streams	Increase in aged debtors Potential property valuation fluctuations	Manager Finance & Procurement	Moderate	Almost Certain	High	5. Effective	Moderate	Likely	High	Yes				#N/A



Item 2.4 - Attachment 1 - Operational Risk Register - High & Extreme Risks

OPERATIONAL RISK REGISTER: HIGH & EXTREME											January 2021						
Ref #	Risk Category	Risk name and description	Risk issues identified	Risk Owner	INHERENT RISK			Existing controls	RESIDUAL RISK			Acceptable	Further strategies/ treatments for consideration or ongoing	REVISED			
					Consequence	Likelihood	Risk Rating		Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating	
Items that have been reassessed as NOT high or extreme residual risks, and will be removed from the Quarterly Report																	
AMO 86	Infrastructure	Ability to manage and deliver on resident expectations of service provision	Residents expectations and alignment to council standards; Timeliness of service provision; Quality and scope of work; Freedom of information requests; Business objectives and planning do not achieve organisational objectives / strategies; Not having an agreed set of standards (measurement for service delivery) that Council sign off on and adhere too - Council to take ownership of, not administration; Having insufficient budget to meet expectations	Manager Assets and Operations	Moderate	Remote-Certain	High	Community plan linked to annual business plan and budget plan Council Code of Conduct - includes confidentiality and conflict of interest provisions Service standards documented in AMPs 'Offerings' defined in Customer Service Charter Customer complaints policy and process in place Training (consistency of messaging to set community expectations in line with agreed services see roads) Community consultation processes Implementation of actions from the Depot Services Review to further track maintenance activities and associated costs.	High-Medium Likely	Moderate	Possible	Medium	Yes				N/A