

# COMMITTEE AGENDA

## **Audit Committee**

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

***Tuesday 17 May 2022 6.30pm***

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

A handwritten signature in black ink, appearing to be 'P. S.', followed by a long horizontal line extending to the right.

**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**

*Ngadlurlu tampinhi, ngadlu Kurna yartangka inparrinhi. Ngadlurlu parnuku tuwila yartangka tampinhi.*

*Ngadlurlu Kurna Miyurna yaitya yarta-mathanya Wama Tarntanyaku tampinhi. Parnuku yailtya, parnuku tapa purruna yalarra puru purruna.\**

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

We also 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.

\*Kurna Translation provided by Kurna Warra Karrpanthi

## **ORDER OF BUSINESS**

<b>ITEM</b>	<b>PAGE NO</b>
<b>1. ADMINISTRATIVE MATTERS</b>	
<b>1.1 APOLOGIES</b>	
Nil	
<b>1.2 LEAVE OF ABSENCE</b>	
Nil	
<b>1.3 CONFLICT OF INTEREST</b>	
<i>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.</i>	
<b>1.4 MINUTES</b>	
1.4.1 Minutes of the Ordinary Audit Committee Meeting held Tuesday, 15 March 2022	
<b>1.5 DEFERRED / ADJOURNED ITEMS</b>	
Nil	
<b>2. REPORTS</b>	
2.1 Draft 2022-23 Annual Business Plan and Budget for Community Consultation	7
2.2 External Audit - Interim Audit Findings & Agreed Actions April 2022	87
2.3 Internal Financial Controls - Self Assessment - 2021-2022	116
2.4 Progress Report on Internal Audit Actions as at May 2022	125
2.5 Strategic Risk Register Review - April 2022	148
2.6 Operational Risk Register Update - High and Extreme Risks - April 2022	159
2.7 Proposed Internal Audit Plan 2022-2023	171
<b>3. OTHER BUSINESS</b>	

**NEXT MEETING**

Tuesday 16 August 2022 - 6.30pm

Council Chambers, 181 Unley Road Unley



## DECISION REPORT

<b>REPORT TITLE:</b>	DRAFT 2022-23 ANNUAL BUSINESS PLAN AND BUDGET FOR COMMUNITY CONSULTATION
<b>ITEM NUMBER:</b>	2.1
<b>DATE OF MEETING:</b>	17 MAY 2022
<b>AUTHOR:</b>	ALEX BROWN
<b>JOB TITLE:</b>	MANAGER FINANCE AND PROCUREMENT
<b>ATTACHMENTS:</b>	1. DRAFT 2022-23 ANNUAL BUSINESS PLAN & BUDGET

---

### 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 Budget (Draft ABP&B) and follow a process of community consultation.

The Draft 2022-23 Annual Business Plan and Budget was approved by Council at its meeting held on 26 April 2022 for the purposes of community consultation.

This report and the Draft ABP&B, provide information in relation to the:

- Services provided by Council to the community
- Proposed projects to be undertaken
  - Operating Projects of \$1.25M (net)
  - New Capital Projects of \$1.7M (net)
  - Capital Renewal of \$8.4M. (net)
- Resources required by the Council to deliver the services and projects
- Funding required including the proposed rates increase and estimated borrowings

The draft budget has been prepared with the assumption that General Rates, fees and charges, and operating expenditure would increase broadly in line with CPI. For the purpose of consultation, the suite of financial statements contained within the Draft ABP&B, the estimated CPI used was 3.0%.

Since the adoption of the Draft ABP&B for consultation, the Australian Bureau of Statistics has advised Adelaide CPI for the March Quarter 2022 was 4.7%.

This under-estimation of 1.7% means that the forecast expenditure to be incurred, and the forecast income required to deliver all the services and to be provided by Council is too low.

As part of community consultation, Administration will need to explain this disparity even though there may be no or little impact on the Operating Surplus Ratio of 4.5%.

Further to this explanation the community has been asked:

1. If they support an average increase in general rates in line with Adelaide CPI; and
2. If not, what services do they suggest being decreased and/ or projects be removed or postponed?

Administration has already commenced an impact assessment with a view to developing options for Council to consider at its next Budget Workshop. Key items being reassessed are:

- Employee costs that increase in line with the March CPI
- Fees and Charges
- Large procurement contracts that have CPI clauses that affect price
- Finance costs
- Forecast increase in rate revenue from new developments and capital improvements to existing properties.

At present, the Draft ABP&B includes an operating surplus of \$2.4M, equating to an operating surplus ratio of 4.5% for 2022-23. This is below the target of 5% primarily due to the funding of \$250K for the Local Government Elections later this calendar year.

Council proposes that no additional 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 31% which is within the target of less than 80%.

Proposed Capital Renewals \$8.7M gross (\$8.4M net) are in line with the Asset Management Plans, with an Asset Renewal Funding Ratio of 101%.

The Draft 2022-23 Annual Business Plan and Budget for community consultation meets 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 on the Draft Annual Business Plan commenced on 29 April and will conclude on 20 May 2022.



Four public information sessions have been scheduled as detailed further in the report. Feedback has also been sought from the Living Young Reference Group (LYRG) and Active Ageing Alliance (AAA) in a joint meeting.

Council is receiving 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 Friday 20 May 2022.

Feedback from Community Consultation will be presented to Council at a workshop, scheduled for Monday 31 May 2022.

The 2022-23 Annual Business Plan and declaration of rates will be presented to Council for adoption at its June 2022 meeting.

## **2. RECOMMENDATION**

That:

1. The report be received.
  2. The Draft 2022-23 Annual Business Plan and Budget, approved for Consultation purposes and as set out in Attachment 1 to this report (Item 2.1, Audit Committee Meeting 17/05/2022) be noted.
  3. Comments received from the Audit Committee relating to the Draft 2022-23 Annual Business Plan and Budget be presented to Council for consideration at the Budget Workshop to be held prior to the adoption of the Annual Business Plan and Budget in June.
- 

## **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 21 March 2022 where Members considered:

- the financial targets for the draft Long Term Financial Plan
- the draft budget financial position
- proposed project bids for Operating Projects and New Capital Projects
- the proposed Capital Renewal Program.

This Workshop followed a resolution of Council at its January 2022 meeting to prepare the draft budget on a proposed rates increase of no greater than 1% above CPI, and input from the Audit Committee on the financial targets and key assumption for the Draft 2022-2031 Long Term Financial Plan.

## **5. DISCUSSION**

### **Legislative Compliance**

Section 123(3) of the *Local Government Act 1999* (the Act) 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.

The Draft 2022-23 Annual Business Plan meets all legislative requirements of the Act.

### **Community Consultation**

The Draft 2022-23 Annual Business Plan and Budget was approved by Council at its meeting held on 26 April 2022 for the purposes of community consultation.

Community consultation on the Draft ABP&B commenced on 29 April and will conclude on 20 May 2022.

The methodology for engagement is listed below:

- A public notice in The Advertiser.
- 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.

The following information sessions have been scheduled:

- Thursday 5 May, City of Unley Council Chambers, 3-4pm.
- Tuesday 10 May, Online Meeting, 5-6pm.
- Thursday 12 May, Fullarton Park Community Centre, 10-11am.
- Thursday 12 May, City of Unley Council Chambers, 6-7pm.

Feedback has also been sought from the Living Young Reference Group (LYRG) and Active Ageing Alliance (AAA) in a joint meeting scheduled for Wednesday 11 May at the City of Unley Council Chambers from 5-6pm.

Council is receiving 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 Friday 20 May 2022.

Feedback from Community Consultation will be presented to a Council Workshop scheduled for Monday 31 May 2022.

The 2022-23 Annual Business Plan and declaration of rates will be presented to Council for adoption at its June 2022 meeting.

## **Proposed Rates**

### General Rates

The preliminary draft budget was prepared based on the assumption that General Rates would increase in line with Adelaide CPI for the March Quarter. For the purposes of the Draft ABP&B, CPI had been assumed to be 3.0%, noting Adelaide CPI for the March Quarter was only confirmed on 27 April after Council's consideration of the Draft ABP&B.

Therefore, the General Rate increase was expected to be in the order of 3.0%.

The total General Rate Revenue presented in the Draft ABP&B represents an increase of 3.5%, based on:

- The 3.0% increase in rates for existing properties; and
- An estimated 0.5% increase in rate revenue from new developments and capital improvement to existing properties.

Since the approval of the Draft ABP&B for consultation, the Australian Bureau of Statistics has advised Adelaide CPI for the March Quarter 2022 was 4.7%. This increase of 1.7% means that the forecast expenditure to be incurred and forecast income required to deliver the services provided by Council is too low.

As part of community consultation, Administration will explain this disparity even though there may be no impact on the Operating Surplus Ratio of 4.5%.

Further to this explanation the community will be asked:

1. If they support an average increase in general rates in line with Adelaide CPI; and
2. If not, what services do they suggest being decreased and/ or projects be removed or postponed?

## 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. The funds can be used for marketing, street beautification and minor value-added infrastructure.

For the 2022-23 Budget, Council considered the requests from the four associations. The association for Unley Road has requested an increase of 4%, while the Draft ABP&B proposes an increase of 3%. The other three associations for King William Road, Goodwood Road and Fullarton Road have requested no increase for 2022-23.

<b>Main Street Trader Associations</b>	<b>Separate Rate raised 2021-22</b>	<b>Requested by the Associations 2022-23</b>	<b>Proposed Separate Rate 2022-23</b>	<b>Proposed Increase (Decrease)</b>
Unley Road	\$113,395	\$117,940	\$113,395	\$3,402
King William Road	\$150,350	\$150,350	\$150,350	Nil
Goodwood Road	\$57,225	\$57,225	\$57,225	Nil
Fullarton Road	\$13,750	\$13,750	\$13,750	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 2022-23.

As part of the consultation process each Association may submit for Council's consideration an increase higher than what is proposed due to CPI now at 4.7%.

## Regional Landscape Levy

(Formerly the Natural Resource Management Levy)

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

The new Landscape 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 Green Adelaide Board has advised the collection amount for 2022-23 is \$1.46M. Council does not retain this revenue, nor determine how the revenue is spent.

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

### **Proposed Projects**

The Draft ABP&B allows for the following:

- Proposed net Operating Projects of \$1.25M
- Proposed net New Capital of \$1.7M
- Proposed net Capital Renewal of \$8.4M

Further review of these proposals will occur between now and June 2022 and will include consideration of the community consultation feedback, before the Budget is finalised for adoption.

### Operating Projects

Council has identified proposed Operating Projects that amount to a net \$1.25M. Key Projects for 2022-23 include:

- Over \$500K of Environmental Initiatives including:
  - The expansion of tree canopy on Public Land \$150K.
  - The Living with Trees program \$77K and Shaping Unley - Trees on Private Land initiative \$25K to support the planting and retention of trees on private land.
  - Grant funding to support the Greening of City Verges \$60K.
  - Delivery of Water Wells to facilitate the capture of stormwater run-off to water trees \$45K.
  - Assist Plastics Free SA in rolling out the Plastic Free Places Program \$5K.
- Delivery of an annual calendar of events \$200K including:
  - Spring Fling Festival.
  - Santos Tour Down Under Stage Start.
  - Ignite Unley - Outdoor Cinema.
  - Creative/Busking Activations.
- The establishment of an Economic Advisory Committee \$20K.
- Trader Event Sponsorship Grants \$40K.
- Stage 2 in developing a City Wide Parking Strategy \$35K.
- Continuation of Council's Active Ageing Initiatives \$20K.
- Cultural Mapping and development of a Reconciliation Action Plan \$30K as part of Council's Cultural Plan 2021-2026.
- A proposed increase in the Community Grants Program of \$21K, noting Council will review its inclusion at the next workshop.

## New Capital

The proposed New Capital Projects total \$1.7M. Key projects include:

- Council's contribution to the continuation of the Brown Hill Keswick Creek project \$515K.
- Continuing the implementation of Council's Cycling and Walking Plan \$145K including:
  - Improvements to the Leaders Street Secondary On-Road Bicycle Route.
  - Intersection improvements to the George and Young Street intersection.
  - Design of the fifth stage of the Wood-Weller Bikeway between Mitchell Street and Cross Road.
- Installation of additional end-of-trip facilities.
- Implementation of Year 2 of the Council's Climate and Energy Plan \$80K (inclusive of EV vehicle), including incentives for not-for-profit tenants of Council owned buildings to improve energy efficiency, the installation of solar panels for the Goodwood Community Centre and Library, and trial of an EV vehicle.
- Drainage upgrades \$300K to Wattle Street from Seaview Avenue to Milton Avenue, and Wilson Avenue Black Forest.
- Detailed design of the Edmund Avenue Cottages Museum Upgrade (78 & 80 Edmund Avenue) following the completion of a feasibility study \$180K.

## Capital Renewal Program

The proposed Capital Renewal Program of \$8.4M (net) has been based on current asset information and asset management plans. Key items include:

- Transport Infrastructure \$4.1M including:
  - Road renewal \$1.25M.
  - Kerb & Water Table \$2.0M.
  - Footpaths \$500K.
- Drainage and Stormwater \$500K.
- Reserves and Open Space \$770K.
- Property (including Buildings and the Swimming Centre) \$858K.

## The Draft 2022-23 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 2022-23 Budget
Operating Surplus Ratio (excluding equity accounted businesses)	5% or greater of total operating income	4.5%
Net Financial Liabilities Ratio	Less than 80% of total operating income	31%
Asset Sustainability Ratio (rolling 10-year average)	100% or greater of recommended spend in the Asset Management Plans	101%

Council will maintain its current level of service provision, 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.

### Influences on the Plan

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

- Local Government Price Index increases on relevant goods and services. In recent years this has tracked close to CPI, although the forecast increase in 2022-23 is 4.0%.
- Provision for Enterprise Bargaining Agreements which, for most staff, 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, Tree Strategy and Economic Development Growth Strategy.
- Provision of the collection of the Regional Landscape Levy \$1.46M.

Council has continued its review of service sustainability to minimise the burden on ratepayers. Council recognises the increasing challenges in delivering services at a local level while ratepayers are increasingly reluctant to see their property rates increase.

## What the Plan includes

The Plan contains the following information:

- A summary of the services provided by Council.
- Details of the proposed Operating and New Capital Projects, and their alignment to Council's 4 Year Delivery Plan.
- Details of the proposed Capital Renewal Program for 2022-23.
- The funding requirements for the proposed Business Plan and Budget.
- An explanation of Council's rating structure and the proposed rates for 2022-23.
- Information regarding Council's Long Term Financial Plan.
- Analysis of the financial ratios for the 2022-23 Budget.

In summary, the budget forecasts that the activities to be undertaken in 2022-23 can be fully financed from Council's existing resources without the need to borrow funds from external sources. The operating surplus ratio may be marginally under the 5% target as it does include \$250K for election costs. After considering principal repayments and daily management of Council's short-term financing facilities, it is estimated that Council's borrowings will reduce to \$11.1M as at 30 June 2023.

A copy of the Draft 2022-23 Annual Business Plan and Budget is provided as Attachment 1.

## **6. ANALYSIS OF OPTIONS**

### Option 1 –

1. The report be received.
2. The Draft 2022-23 Annual Business Plan and Budget, approved for Consultation purposes and as set out in Attachment 1 to this report (Item 2.1, Audit Committee Meeting 17/05/2022) be noted.
3. Comments received from the Audit Committee relating to the Draft 2022-23 Annual Business Plan and Budget be presented to Council for consideration at the Budget Workshop to be held prior to the adoption of the Annual Business Plan and Budget 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 Draft 2022-23 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 2021-2025
- Long Term Financial Plan
- Council's 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.

### **8.1 Financial/Budget**

- The Annual Business Plan and Budget will be the budget for the 2022-23 financial year upon adoption by Council in June 2022.
- The Draft Annual Business Plan and Budget incorporates analysis of Council's financial ratios and an update 2022-2031 Long Term Financial Plan position.
- 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.
- The Operating Surplus Ratio Target of 5% is not met. However, the Council will monitor the budget throughout the year to see if savings can be achieved.
- The Net Financial Liabilities is well within the target of less than 80%.
- Current assets are maintained at 101% Asset Renewal Funding Ratio.

### **8.2 Legislative/Risk Management**

- Section 123(3) of the *Local Government Act 1999* requires councils to prepare a Draft Annual Business Plan and Budget.
- The Draft 2022-23 Annual Business Plan meets all legislative requirements of the *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

### **8.3 Stakeholder Engagement**

- Community consultation on the Draft Annual Business Plan will occur between 29 April and 20 May 2022.
- Feedback from Community Consultation will be presented to a Council Workshop, scheduled for Monday 31 May 2022, prior to adoption of the Business Plan and Budget in June.

**9. REPORT CONSULTATION**

The Draft 2022-23 Annual Business Plan and Budget has been developed in conjunction with Business Unit Managers and their respective divisional General Managers.

An Elected Member workshop has been held as part of the Annual Business Plan and Budget development process. A further workshop is proposed, following community consultation, and is scheduled for 31 May 2022.

**10. REPORT AUTHORISERS**

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

# 2022-23

## ANNUAL BUSINESS PLAN & BUDGET

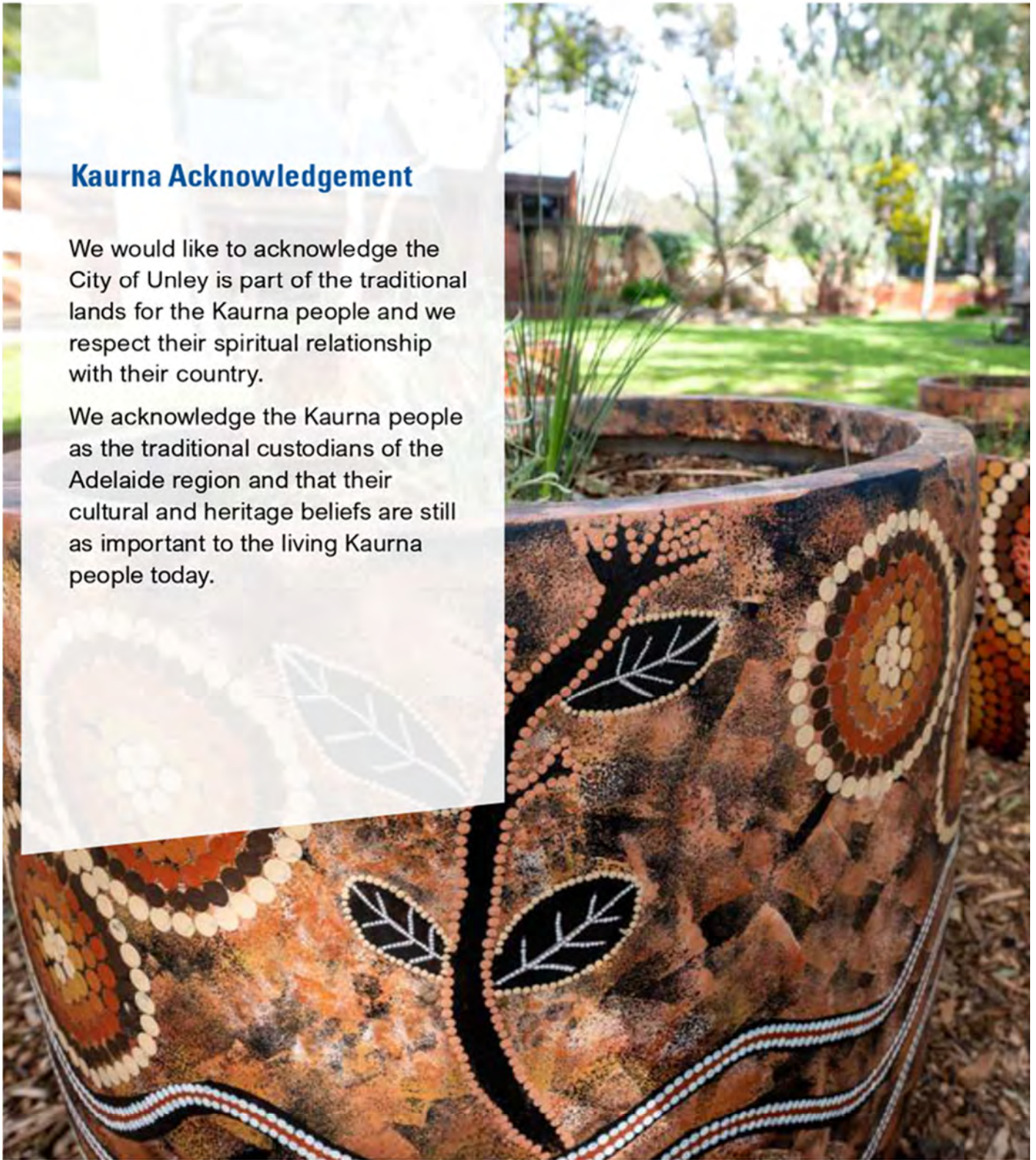
DRAFT FOR COMMUNITY CONSULTATION



## **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.



# CONTENTS

---

<b>Community Consultation</b> .....	<b>4</b>
<b>Introduction</b> .....	<b>6</b>
<b>Budget Overview</b> .....	<b>8</b>
Rates Overview.....	9
Financial Summary .....	10
Project Priorities .....	12
Operating Projects .....	13
New Capital Projects.....	14
Capital Renewal Program.....	15
<b>Services Provided to the Community</b> .....	<b>16</b>
<b>Influences on the Budget</b> .....	<b>18</b>
<b>Strategic Priorities</b>	
Community Living .....	20
Environmental Stewardship.....	22
Economic Prosperity.....	24
Civic Leadership.....	26
<b>Funding the Business Plan</b> .....	<b>28</b>
Council's Rates .....	30
<b>Financial Sustainability</b> .....	<b>34</b>
Long Term Financial Plan .....	35
Financial Ratios.....	36
Asset Management Plans.....	41
<b>Operating Programs</b> .....	<b>42</b>
<b>Operating Projects</b> .....	<b>46</b>
<b>New Capital Projects</b> .....	<b>52</b>
<b>Capital Renewal Program</b> .....	<b>54</b>
<b>Financial Statements</b> .....	<b>60</b>
<b>Long Term Financial Plan</b> .....	<b>66</b>

# 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 29 April 2022

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:  
2022-23 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 20 May 2022.

### Community Consultation Meetings

Four community consultation meetings will include an overview of the proposed 2022-23 Business Plan and Budget.

- Thursday 5 May,  
City of Unley Council Chambers,  
3-4pm
- Tuesday 10 May,  
Online Meeting (details on YourSay Unley),  
5-6pm
- Thursday 12 May,  
Fullarton Park Community Centre,  
10-11am
- Thursday 12 May,  
City of Unley Council Chambers,  
6-7pm

**Consultation closes 6pm  
Friday 20 May 2022.**



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.

There are 13 Elected Members on the Council of the City of Unley including the Mayor, Michael Hewitson AM.

**MAYOR**



Michael Hewitson AM

**CLARENCE PARK Ward Councillors**



Jennie Boisvert



Don Palmer

**FULLARTON Ward Councillors**



Jordan Dodd



Peter Hughes

**GOODWOOD Ward Councillors**



Nicole Sheehan



Emma Wright

**PARKSIDE Ward Councillors**



Kay Anastassiadis



Jennifer Bonham

**UNLEY Ward Councillors**



Sue Dewing



Jane Russo

**UNLEY PARK Ward Councillors**



Monica Broniecki



Michael Rabbitt

# 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 29 April and 20 May 2022.

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 2022-23 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 2022-23
- 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 - 2033



VISION

Four Year Plan  
2021 - 2025



Annual Plans  
2022 - 2023



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 2022-23 has been prepared in accordance with the priorities of Unley's Community Plan 2033 and the 4 Year Delivery Plan 2021-2025, with due consideration of its key financial indicators.

The key financial information for 2022-23 is summarised on the pages 10-11.

The Draft Annual Business Plan and Budget has been prepared using a forecast CPI of 3.0%. Forecast rate income is based on the following assumptions:

- General Rate Increase 3.0%
- Increase in income from new rateable properties and improvements 0.5%

The Australian Bureau of Statistics has since confirmed Adelaide CPI for the March Quarter 2022 was 4.7%.

The proposed increase in General Rates will be considered further by Council in May.

To support Council in covering increasing costs from inflation, Council may need to consider increasing rates to deliver the services and the proposed projects within the Plan.

As part of community consultation, Council would appreciate your feedback. Would you support an average increase in general rates in line with Adelaide CPI? If not, what services do you suggest being decreased and/ or projects be removed or postponed?

## 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 2021-22 financial year.

Financial Indicator	Adopted Target	Draft 2022-23 Budget
Operating Surplus Ratio (excl. equity accounted businesses)	> 5.0%	4.5%
Net Financial Liabilities Ratio	< 80%	31%
Asset Renewal Funding Ratio	≥ 100%	101%

Further information regarding the financial indicators are included on pages 36-39, 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.

Please note the information in this draft budget excludes:

- Council's equity accounted businesses, namely the Centennial Park Cemetery Authority and the Brown Hill Keswick Creek Stormwater Board
- Potential carry forwards for capital projects, noting the delivery timeframes of some 2021-22 projects have been impacted by increase in supplier lead times arising from COVID-19.

# RATES OVERVIEW

The Draft Annual Business Plan and Budget has been prepared using a forecast CPI of 3.0%. Forecast rate income is based on the following assumptions:

- **General Rate Increase** 3.0%
- **Increase in income from new rateable properties and improvements** 0.5%

The Australian Bureau of Statistics has since confirmed Adelaide CPI for the March Quarter 2022 was 4.7%.

The proposed increase in General Rates will be considered further by Council in May.

The rates assessment (rates payable) for a specific property will be dependent upon the 2022-23 capital valuation for the property, as assessed by the Valuer General, and the movement in that valuation relative to all other properties with the same differential rate.

Council rates from new developments, and capital improvements to existing properties, will be confirmed by the Valuer General in early June, and included in the Annual Business Plan and Budget presented to Council for adoption in June.

## 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.

## Minimum Rate

The minimum rate for 2022-23 is proposed

to be between \$900-\$920, an increase of between 2.9%-5.1% from 2021-22.

It is estimated there will be approximately 4,200 assessments paying the minimum rate in 2022-23.

## Differential General Rates

Council will declare three differential General Rates according to the land use category, as outlined in the table below.

<b>Category 1</b>	Residential
<b>Category 2</b>	Commercial Shop Industrial Light Industry Other Vacant Land Other
<b>Category 3</b>	Commercial Office Commercial Other

The proposed average increase by Land Use Category is provided on page 31.

## 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, street beautification and minor value-added infrastructure projects.

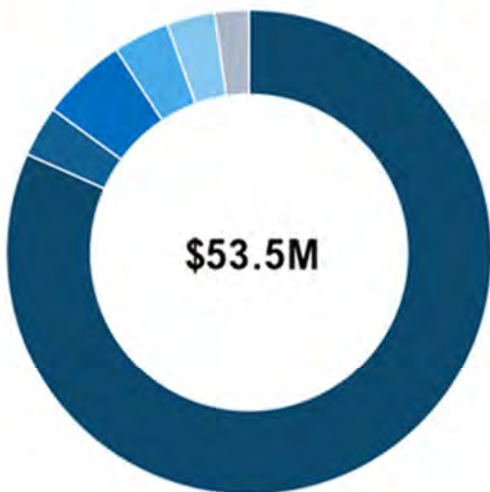
Further details regarding the Separate Rate for the Main Street Trader Associations are provided on page 32.

# FINANCIAL SUMMARY

\$'000	2022-23 Proposed	2021-22 Forecast
<b>Income</b>		
General Rates Income	43,711	42,234
All Other Income	9,815	9,728
Operating Projects	(15)	113
<b>Total Income</b>	<b>53,511</b>	<b>52,075</b>
<b>Expenditure</b>		
Employee Costs	19,749	19,014
Materials, Contracts & Other Expenses	19,640	19,255
Depreciation, Amortisation & Impairment	10,175	10,000
Finance Costs	288	300
Operating Projects	1,240	1,347
<b>Total Expenditure</b>	<b>51,092</b>	<b>49,915</b>
<b>Operating Surplus/(Deficit)</b>	<b>2,419</b>	<b>2,160</b>
Principal Repayment of loans	266	256
<b>Cash surplus/(deficiency) after principal repayments</b>	<b>2,153</b>	<b>1,904</b>
Capital Renewal less income to be received	8,443	8,916
New Capital less funding to be received	1,702	4,283
<b>(Shortfall) / Improvement in cash position</b>	<b>2,184</b>	<b>(1,295)</b>
<b>Fixed Term Borrowings</b>	<b>565</b>	<b>831</b>
<b>Cash Advance Debenture (CAD Borrowings)</b>	<b>10,525</b>	<b>12,708</b>
<b>Total Borrowings</b>	<b>11,089</b>	<b>13,539</b>
<b>Operating Surplus Ratio (Target 5%) (before Equity Accounted Subsidiaries)</b>	<b>4.5%</b>	<b>4.1%</b>
<b>Net Financial Liabilities Ratio (Target &lt;80%)</b>	<b>31%</b>	<b>37%</b>
<b>Asset Renewal Funding (Target 100% average over 10 years)</b>	<b>101%</b>	<b>104%</b>

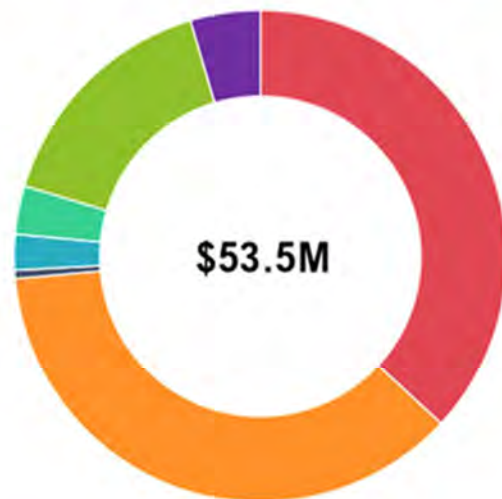
The draft Budgeted Financial Statements for the 2022-23 financial year exclude proposed Equity Account Businesses (Centennial Park Cemetery Authority and Brown Hill & Keswick Creek Stormwater Board) for the purposes of public consultation.

### Where our funding comes from



■ General Rates	\$43.7M	81.7%
■ Other Rates & Levies (includes Landscape Levy)	\$1.8M	3.4%
■ Grants & Subsidies & Contributions	\$3.1M	5.7%
■ User Fees	\$2.0M	3.7%
■ Statutory Fees	\$1.7M	3.2%
■ Other Income	\$1.2M	2.3%

### How we allocate our funding



■ Employee Costs	\$19.8M	36.9%
■ Materials, Contracts & Other	\$19.6M	36.7%
■ Finance Costs	\$0.3M	0.5%
■ Operating Projects	\$1.3M	2.3%
■ Capital Projects (Net)	\$1.7M	3.2%
■ Capital Renewal (Net)	\$8.4M	15.8%
■ Repayment of Borrowings (Principle repayments)	\$2.4M	4.6%



# PROJECT PRIORITIES

**Council's proposed project priorities for 2022-23 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 identified community need
- Projects were divided into three broad categories:
  - Operating Projects (including annual initiatives)
  - New Capital
  - Capital Renewal Program
- An Elected Member workshop used to further prioritise, refine and finalise the proposed project list for community consultation.

## Our Project Expenditure



■ Operating Projects	\$1.3M
■ New Capital	\$1.7M
■ Asset Renewal	\$8.4M

Further information regarding the projects is included on pages 46-59.



# OPERATING PROJECTS

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

**This 2022-23 Budget proposes net expenditure of \$1.255M for operating projects.**

These projects are funded by Council's rates income. The funding proposed in 2022-23 is in line with the Long Term Financial Plan, noting an additional allocation of \$250K has been included for the 2022 Local Government Elections.

The full list and further details of each project are included on pages 46-51.

## Key Projects

- Over \$500K of Environmental Initiatives including
  - The expansion of tree canopy on Public Land \$150K
  - The Living with Trees program \$77K and Shaping Unley - Trees on Private Land initiative \$25K to support the planting and retention of trees on private land
  - Grant funding to support the Greening of City Verges \$60K
  - Delivery of Water Wells to facilitate the capture of storm water run-off to water trees \$45K
  - Assist Plastics Free SA in rolling out the Plastic Free Places Program \$5K
- Delivery of an annual calendar of events \$200K including the
  - Spring Fling Festival
  - Santos Tour Down Under Stage Start
  - Ignite Unley - Outdoor Cinema
  - Creative/Busking Activations
- The establishment of an Economic Advisory Committee \$20K
- Trader Event Sponsorship Grants \$40K
- Stage 2 in developing a City Wide Parking Strategy \$35K
- Continuation of Council's Active Ageing Initiatives \$20K
- Cultural Mapping and development of a Reconciliation Action Plan \$30K as part of Council's Cultural Plan 2021-2026.



# NEW CAPITAL

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

**This 2022-23 Budget proposes net expenditure of \$1.702M for New Capital projects.**

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 52-53.

## Key Projects

- Council's contribution to the continuation of the Brown Hill Keswick Creek project \$515K
- Continuing the implementation of Council's Cycling and Walking Plan \$145K including:
  - Improvements to the Leaders Street Secondary On-Road Bicycle Route
  - Intersection improvements to the George and Young Street intersection
  - Design of the fifth stage of the Wood-Weller Bikeway between Mitchell Street and Cross Road
  - Installation of additional end-of-trip facilities
- Implementation of Year 2 of the Council's Climate and Energy Plan \$80K (inclusive of EV vehicle), including incentives for not-for-profit tenants of Council owned buildings to improve energy efficiency, the installation of solar panels for the Goodwood Community Centre and Library, and trial of an EV vehicle
- Drainage upgrades \$300K to Wattle Street from Seaview Avenue to Milton Avenue, and Wilson Avenue Black Forest.
- Detailed design of the Edmund Avenue Cottages Museum Upgrade (78 & 80 Edmund Avenue) \$180K to be "shovel ready" subject to the completion of a feasibility study.





# 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 2022-23 Budget proposes net expenditure of \$8.443M 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 54-59.

## Key Works

- Transport Infrastructure \$4.1M including:
  - Road renewal \$1.3M
  - Kerb & Water Table \$2.0M
  - Footpaths \$500K
- Drainage and Stormwater \$500K
- Reserves and Open Space \$770K
- Property (including Buildings and the Swimming Centre) \$858K.



# SERVICES PROVIDED TO THE COMMUNITY

---

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 plans, including a strategic plan, long term financial plan, 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 42-45.



**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.



# INFLUENCES ON THE BUDGET

## Significant Influences

A number of significant projects and external environmental changes have influenced the preparation of the Council's Draft 2022-23 Business Plan and Budget. These include:

- Commitments to continue long-term major projects including the Edmund Avenue Cottages Development, Unley Oval Community Hub, and Brown Hill Keswick Creek Storm Water Management Project
- Absorbing cost pressures where possible to minimise increases in rates and fees and charges.

Council is presently proposing an increase in rate revenue in line with Adelaide CPI. Adelaide CPI was estimated to be 3.0% at the time of preparing the draft budget.

**The proposed increase in General Rates will be reviewed following the release of the March Quarter Consumer Price Index (CPI) for Adelaide.**



## 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. In recent years this has tracked close to CPI, although the forecast increase in 2022-23 is 4.0%
- Provision for Enterprise Bargaining Agreements which, for most staff, 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
- The Regional Landscape Levy

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

The proposed expenditure for Operating Projects for 2022-23 is \$1.25M, and includes an allocations of \$250K to conduct the 2022 Local Government Elections.

The proposed capital expenditure on new assets for 2022-23 is \$1.7M. The extent of these works can be met from existing financial resources without the need to borrow funds.



# 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

- Continued implementation of the Walking and Cycling Plan including:
  - Improvements to the Leaders Street Secondary On-Road Bicycle Route
  - Intersection improvements to the George and Young Street intersection
  - Design of the fifth stage of the Wood-Weller Bikeway between Mitchell Street and Cross Road
  - Installation of additional end-of-trip facilities
- Continuation of the Living Streets Program in Rogers Street, Goodwood
- Place activation and community development through the staging of major events including a Tour Down Under stage start, Ignite Unley - Outdoor Cinema, Spring Fling Festival, and Creative/Busking Activation Stations
- Delivery of initiatives relating to Council's Age Friendly Strategy endorsed by Council in 2015
- Drainage upgrades to Wattle Street from Seaview Avenue to Milton Avenue, and Wilson Avenue Black Forest.



# 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 financial contribution to the Brown Hill Keswick Creek regional project works
- Implementation of Year 2 of the Council's Climate and Energy Plan, including incentives for not-for-profit tenants of Council owned buildings to improve energy efficiency, the installation of solar panels for the Goodwood Community Centre and Library, and trial of an EV vehicle
- Continuing the implementation of Council's Tree Strategy to increase canopy cover across the district through the planting of 365 additional new trees
- The City Wide Greening Verges Program with the conversion of further 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
- Initiatives to assist residents in retaining, maintaining and increasing trees on private land.



# 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

- Implementing Year 2 of the Economic Development Growth Strategy including the establishment of an Advisory Committee to provide advice and support city wide to Council on Economic Development matters and opportunities.
- Event sponsorship for the four Mainstreet Trader Associations to stage events with economic objectives
- Waiving 50% of outdoor dining and 100% of busking fees to support the recovery and vibrancy of our main streets following COVID-19.



# CIVIC LEADERSHIP

THE CITY of  
*Unley*

UNLEY  
Civic Precinct

Civic Centre

Library

Town Hall

**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

- Development of a Reconciliation Action Plan as part of Council's Cultural Plan 2021-2026
- Development of digitised systems and processes within Development and Regulatory Services to improve customer experience and operating efficiency
- Conducting the 2022 Local Government Elections and associated Elected Member induction for the new Council.



# 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 2022-23 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 is estimating 19,395 assessments in 2022-23 including:

- 17,451 assessments within residential Category 1
- 915 assessments within non-residential Category 2 (including commercial shops, industrial, and vacant)
- 914 assessments within non-residential Category 3 (commercial offices and commercial – other)
- 200 non-rateable assessments.

## 2022-23 General Rates

**The Draft Annual Business Plan and Budget has been prepared using a forecast CPI of 3.0%. Forecast rate income is based on the following assumptions:**

- **General Rate Increase** 3.0%
- **Increase in income from new rateable properties and improvements** 0.5%

**The Australian Bureau of Statistics has since confirmed Adelaide CPI for the March Quarter 2022 was 4.7%.**

**The proposed increase in General Rates will be considered further by Council in May.**

The rates assessment (rates payable) for a specific property will be dependent upon the 2022-23 capital valuation for the property, as assessed by the Valuer General, and the movement in that valuation relative to all other properties with the same differential rate.

Council rates from new developments, and capital improvements to existing properties, will be confirmed by the Valuer General in early June, and included in the Annual Business Plan and Budget presented to Council for adoption in June.

# COUNCIL'S RATES

## 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

Council has decided that there will be a minimum rate on every rateable property. Council 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 2022-23 is proposed to be between \$900-\$920, an increase of between 2.9%-5.1% from 2021-22.

It is estimated there will be approximately 4,200 assessments paying the minimum rate in 2022-23.

## Differential General Rates

Council will declare three differential General Rates according to the land use category. The land use categories provided in the table below.

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>Category 1</b>	Residential
<b>Category 2</b>	Commercial Shop Industrial Light Industry Other Vacant Land Other
<b>Category 3</b>	Commercial Office Commercial Other

## General Rate Revenue

General Rate Revenue is forecast to increase from \$43.2M to \$44.7M. This represents an increase of 3.5% compared to the 2021-22 financial year before estimated mandatory and discretionary rebates.

The average rates payable for each differential rate category, which are based on the land use categories, will increase as outlined in the following table.



## Estimated rate increase by land use category

The following average increases are estimates only as the final property valuations will not be received from the Valuer General until early June.

Differential Rate Category/ Land Use Category	Average Rates Payable \$		Estimated Increase	
	2021-22	2022-23 Estimate	\$	%
Category 1				
Residential	1,904	1,962	57	3.0%
Category 2				
Commercial - Shop	4,442	4,575	133	3.0%
Industrial Light	3,724	3,836	112	3.0%
Industry Other	7,024	7,235	211	3.0%
Vacant Land	4,337	4,467	130	3.0%
Other	9,365	9,646	281	3.0%
Category 3				
Commercial - Office	6,409	6,602	192	3.0%
Commercial - Other	5,283	5,441	158	3.0%
Minimum Rate Payable	875	900	25	2.9%

**The proposed increase will be considered further by Council following the release of the March Quarter Consumer Price Index (CPI) for Adelaide.**

The rates assessment (rates payable) for a specific property will be dependent upon the 2022-23 capital valuation for the property, as assessed by the Valuer General, and the movement in that valuation relative to all other properties with the same differential rate.

# 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, street beautification and minor value-added infrastructure projects.

The revenue generated by the proposed separate rates for 2022-23 has considered following consultation with the Main Street Trader Associations.

### Unley Road

Currently there are approximately 465 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 2021-22	Proposed Separate Rate 2022-23	% Increase (Decrease)
Unley Road	\$113,395	\$116,797	3%
King William Road	\$150,350	\$150,350	Nil
Goodwood Road	\$57,225	\$57,225	Nil
Fullarton Road	\$13,750	\$13,750	Nil

## Discretionary Rebates

The Council may grant a discretionary rebate of rates under Section 166 of the *Local Government Act 1999*.

To ensure all ratepayers contribute an amount towards basic service provision, the maximum discretionary rebate is 75%.

Applicants seeking a discretionary rebate are required to submit an application form to the Council on or before 1 May prior to the rating year. When deciding an application for a Discretionary Rebate, Council considers whether the applicant:

- is not-for-profit
- provides services or activities that are aligned to Councils Community Plan and key strategies
- provides a direct benefit to the residents of the City of Unley

- allows access to the services or activities by the community and general public
- provides direct services to the community as distinct from administration or advocacy

Council's Rate Rebate Policy is available on the City of Unley website, [www.unley.sa.gov.au](http://www.unley.sa.gov.au).

## Regional Landscape Levy

(Formerly the Natural Resources Management Levy)

The Green Adelaide Board has advised the collection amount for 2022-23 is \$1.463M.

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



# 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 2022-2031 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



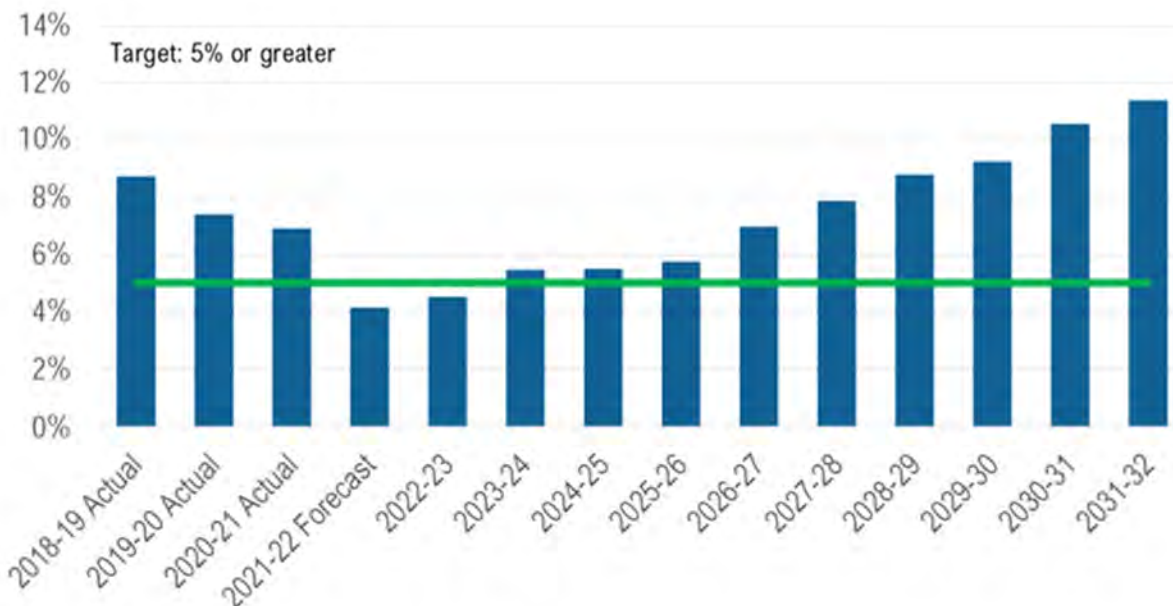
## Operating Surplus Ratio

**Operating surplus as a percentage of operating income.**

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

**Council is forecasting an operating surplus ratio of 4.5% for the 2022-23 Budget, which is marginally below the target of 5% or greater.**

The lower target is primarily due to the requirement to fund the Local Government Elections \$250K in 2022.



# FINANCIAL RATIOS

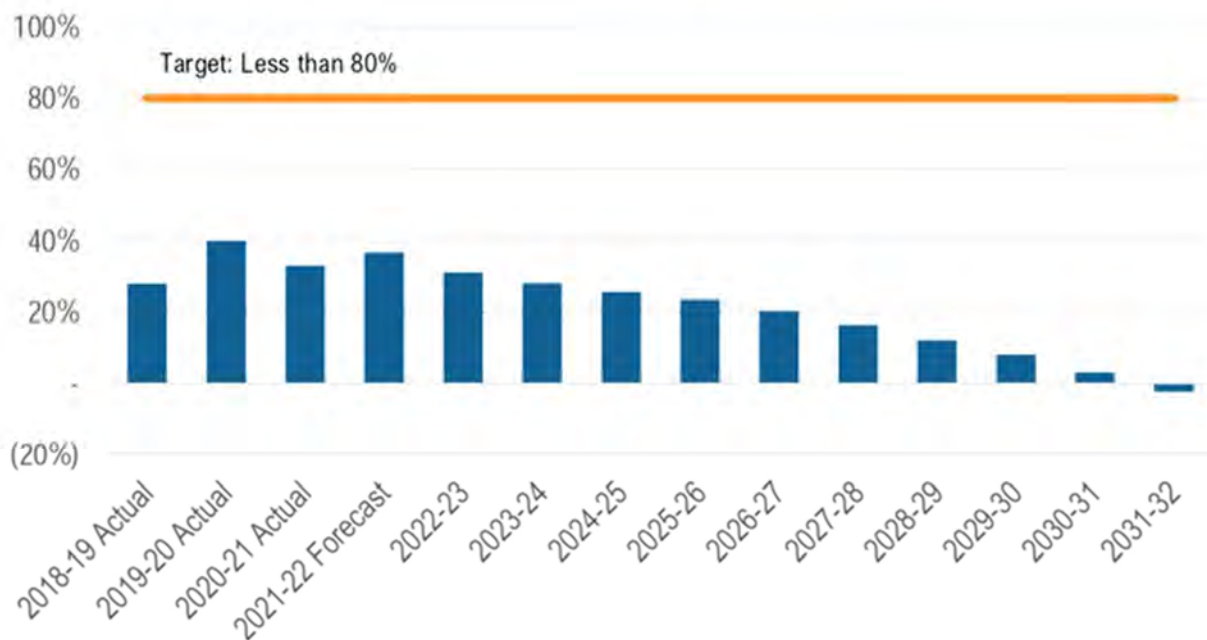
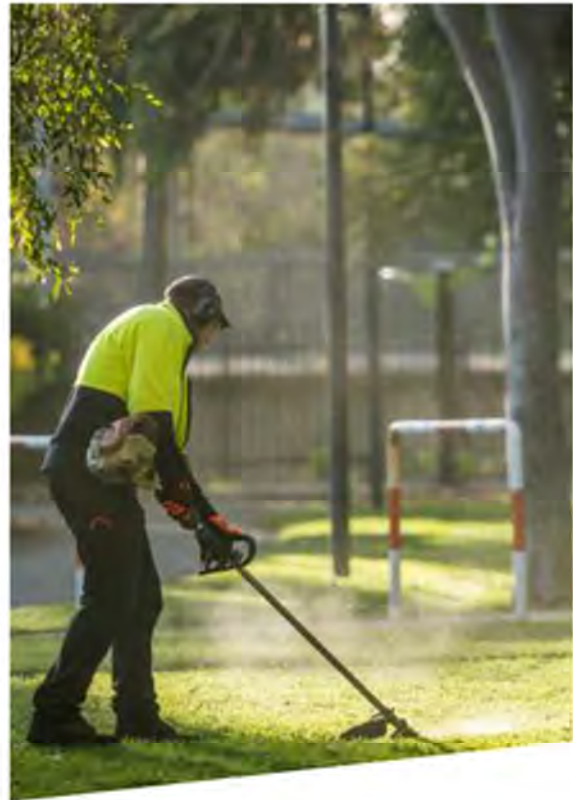
## Net Financial Liabilities Ratio

**Net financial liabilities as a percentage of operating surplus.**

The net financial liabilities ratio measures Council's net debt relative to its operating income.

**Council is forecasting a net financial liabilities ratio of 31% for the 2022-23 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 \$2.4M in 2022-23 to \$11.1M.





## 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 asset management plans.

**Council is forecasting an Asset Sustainability Ratio of 101%.**

This is in line with the recommended target.





# 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 2022-23 the Capital Renewal Program has a projected net expenditure of \$8.4M.



# 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.	(1,281)	1,445	164
<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.	(181)	256	75
<b>Arts &amp; Cultural Development</b> Provision of Art and Cultural Development programs to support a vibrant and active community.	-	165	165
<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.	-	513	513
<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.	(2)	3,223	3,221
<b>City Development Management</b> Provides general management, executive support and leadership to the services provided by City Development and to Elected Members.	-	507	507
<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.	-	475	475
<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.	(8)	122	114
<b>Community Centres</b> Management and provision of a thriving network of Community Centres that promote social inclusion, belonging and connection.	(342)	914	572
<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).	-	160	160
City of Unley   Draft 2022-23 Annual Business Plan & Budget			42

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.	-	176	176
<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.	-	201	201
<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.	-	131	131
<b>Corporate Activities</b> The accumulation of corporate costs including leave on-costs, treasury management, levy and taxes and insurances.	(2,326)	2,905	579
<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.	-	40	40
<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)	640	639
<b>Development Services</b> Planning and building control within the City in accordance with the Development Act and Regulations and other legislative requirements.	(559)	1,935	1,376
<b>Economic Development</b> Manage the implementation, monitoring and evaluation of economic development activities and strategic initiatives within the City of Unley.	(355)	760	405
<b>Environmental Initiatives</b> Drive improved environmental sustainability through policies, strategies, programs and projects.	(115)	257	142
<b>Finance &amp; Procurement</b> Delivers accounting, financial, procurement, risk management and treasury management services required to support Council's operations, including statutory and financial reporting obligations.	(43,814)	1,695	(42,119)
<b>Governance</b> Undertakes administration of legislative and corporate governance requirements.	-	383	383

<b>Operating Programs continued</b>	<b>Income</b>	<b>Expenditure</b>	<b>Net Expenditure</b>
	<b>\$'000</b>		
<b>Human Resources</b> Provides support in recruitment, change management, employee relations, injury management, occupational health & safety and Welfare.	(71)	1,435	1,365
<b>Library Services</b> Provision of library services, programs and facilities to encourage literacy, lifelong learning and social inclusion and connection.	(346)	2,245	1,899
<b>Marketing &amp; Communications</b> Coordinate and manage the City of Unley reputation and brand in digital and printed communications and media relations.	-	559	559
<b>Office of the CEO</b> Organise and manage the governance of the City of Unley, including support for Elected Members and Civic Functions.	(335)	1,484	1,149
<b>Operational Services</b> Provides maintenance services to Council's infrastructure, property, open space, street and park trees, plant and equipment assets.	(1,174)	14,691	13,517
<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.	(1,096)	777	(319)
<b>Property Services</b> Provides sustainable strategic management of Council's building and property asset portfolio.	(558)	3,344	2,786
<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.	(47)	423	376
<b>Strategic Asset Management</b> Provides sustainable strategic management of Council's asset portfolio.	-	661	661
<b>Strategic Projects</b> Facilitates delivery of major strategic initiatives from the 4 Year Delivery Plan and Community Plan.	-	188	188
<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.	(3)	735	732
<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.	(6)	171	165
<b>Unley Swimming Centre</b> Provision of a premier outdoor swimming facility, encouraging community health, wellbeing and water safety.	(889)	1,157	268

Operating Programs continued	Income	Expenditure	Net Expenditure
	\$'000		
<b>Urban Design</b> (incorporating Recreation and Sport) 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.	-	420	420
<b>Volunteer Development</b> Provide coordination, administration and support for community based volunteer services and projects.	-	103	103
<b>Waste Management</b> Collection and disposal of general waste, kerbside recycling, green waste and a hard rubbish collection service.	(17)	4,452	4,435
<b>Youth Development</b> Engage and empower young people in the community by identifying, developing and providing activities, programs and events.	-	103	103
<b>Total Operating Programs</b>	<b>(53,526)</b>	<b>49,852</b>	<b>(3,674)</b>
<b>Operating Projects (as per the following pages)</b>	<b>15</b>	<b>1,240</b>	<b>1,255</b>
<b>Total Operations (including Operating Projects)</b>	<b>(53,511)</b>	<b>51,092</b>	<b>(2,419)</b>



# OPERATING PROJECTS & INITIATIVES

Operating Projects & Initiatives	Net Expenditure
<b>Environmental Initiatives</b>	
Carbon Neutral Operations by December 2023	35,000
Sustainability Projects Officer	115,000
City Wide Greening Verges	60,000
Living with Trees	77,000
Resilient East	10,000
Water Wells (Treenet Inlets) Program	45,000
Tree Strategy Expanding Canopy Target - Public Land	150,000
Shaping Unley - Trees on Private Land	25,000
Plastics Free SA Program	5,000
Significant Tree List Review - Additional Candidates	10,000
	<b>532,000</b>
<b>Events</b>	
Christmas In Unley	25,000
Australia Day 2023	15,000
Event Attraction	10,000
Ignite Unley - Outdoor Cinema Program	20,000
2023 Tour Down Under Stage Start	55,000
Creative/Busking Activation Stations	20,000
Spring Fling Festival	55,000
	<b>200,000</b>
<b>Economic Development Initiatives</b>	
Trader Event Sponsorship	40,000
Economic Advisory Committee	20,000
Strategic Projects Consultants	30,000
	<b>90,000</b>
<b>Other Projects</b>	
All Connections to Unley Art Prize 2023	20,000
Culture Plan: First Nations Engagement and Acknowledgement Initiatives	30,000
Active Ageing Strategy Program (Year 6)	20,000
City-Wide Parking Strategy (Stage 2)	35,000
Clarence Park Community Centre Shed	15,000
2022 Local Government Elections	250,000
Waiving Outdoor Dining Fees	15,000
RAHS Show Traffic Management	27,000
Community Grants Program – Additional Funding	21,000
	<b>433,000</b>
<b>Total Operating Projects</b>	<b>1,255,000</b>



Operating Projects & Initiatives	Net Expenditure
<b>Environmental Initiatives</b>	
<b>Carbon Neutral Operations by December 2023</b>	
This project supports Council's target to be carbon neutral for its corporate operations by December 2023, as set out in Council's Climate & Energy Plan. This project proposes to purchase carbon accounting software to track Council's carbon emissions, as well as specialist advice regarding carbon accounting requirements to ensure we are ready for Carbon Neutral operations by December 2023.	35,000
<b>Sustainability Projects Officer</b>	
The recruitment of a new full-time fixed-term contract position which will assist in the implementation and delivery of the actions of Council's key sustainability strategies including: Climate & Energy Plan, Tree Strategy, Environment & Sustainability Strategy and Waste Management & Resource Recovery Plan 2021-25.	115,000
<b>City Wide Greening Verges</b>	
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 enabled the conversion of over 400 verges across the City of Unley in the last five years.	60,000
<b>Living with Trees</b>	
To continue a range of education, incentives and support to retain and/or plant more trees on private land as identified within Council's Tree Strategy. The project also includes undertaking further data collection of tree coverage and reporting for the City of Unley in 2022-23.	77,000
<b>Resilient East - Eastern Regional Alliance</b>	
Continuing Council's contribution and active involvement in Resilient East, a partnership between eight eastern Councils and the South Australian Government. The project will support a range of initiatives to be undertaken by Resilient East to deliver the Eastern Region Climate Change Adaptation Plan.	10,000
<b>Water Wells (Treenet Inlets) Program</b>	
The continued delivery of Council's water wells initiative for 2022-23. The installation of inlets in verges across the City to assist with their greening and establishing new tree plantings by increasing moisture in the soil through capturing and retaining flows from the roadway.	45,000
<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 of Unley on Council owned land. This project will see 365 additional trees throughout the City in 2022-23.	150,000
<b>Shaping Unley - Trees on Private Land</b>	
Undertake a further pilot of the 'Shaping Unley' (Active Participation Framework) to better understand the issue of declining tree canopy cover on private land, and to find common ground to address this complex, city-wide issues.	25,000
<b>Plastics Free SA Program</b>	
Assist Plastics Free SA in the rollout of the Plastic Free Places Program, which aims to engage with local business precincts to reduce their reliance on single-use plastics.	5,000
<b>Significant Tree List Review - Additional Candidates</b>	
The targeted investigation and assessment of further candidate trees, in addition to the review of the Council's Significant Tree List undertaken in 2021-22. The proposal will enable a priority area of the City to be further investigated in response to detailed LiDAR investigations. It is anticipated a number of future stages of investigation across the City will be required, with assessment details compiled for the purpose of a subsequent code amendment.	10,000
<b>Total Environmental Initiatives</b>	<b>532,000</b>

Operating Projects & Initiatives	Net Expenditure
<b>Events</b>	
<p><b>Christmas In Unley</b> Funding to provide festive decorations and theming on the front of the library building facing Unley Road and the entry ramp to the Civic Centre building year to celebrate the Christmas season in Unley. Includes an initial purchase of reusable decorations to be built over the next few years. This initiative also includes small Christmas community event to launch the festive season and an online calendar of Christmas events in Unley for the community to enjoy.</p>	25,000
<p><b>Australia Day 2023</b> A free community event to be held in conjunction with the Citizenship and Australia Day Awards ceremony which is anticipated to attract up to 500 people.</p>	15,000
<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>	10,000
<p><b>Ignite Unley - Outdoor Cinema Program</b> A neighbourhood development initiative aimed at celebrating diverse cultures and encouraging local residents to enjoy the opportunity to get together and enjoy a night of free entertainment while connecting with others in their local community. This budget covers 2 outdoor movie events which will be held in a park and include live music, children's activities, food trucks, etc.</p>	20,000
<p><b>2023 Tour Down Under Stage Start</b> Funding to host a stage start of the 2023 Santos Tour Down Under should the City of Unley receive an offer from Events SA.</p>	55,000
<p><b>Creative/Busking Activation Stations</b> Initiative which allows for musicians/performers such as street performers, jugglers, and musicians to perform at various locations throughout the City of Unley.</p>	20,000
<p><b>Spring Fling Festival</b> Community events that celebrate the gorgeous gardens and neighbourhoods in our city and promotes community pride. Includes competitions for gardening enthusiasts and a free community picnic offering a wide range of activities, entertainment and gardening workshops.</p>	55,000
<b>Total Environmental Initiatives</b>	<b>200,000</b>
<b>Economic Development Initiatives</b>	
<p><b>Trader Event Sponsorship</b> The provision of financial support to Council's four Trader Associations to stage annual events in 2022-23. The intent of the funding is to attract visitation to the precincts and generate spending on the back of a significant event on each of the main streets.</p>	40,000
<p><b>Economic Advisory Committee</b> One of the initiatives identified in Council's Economic Development Strategy is to establish an Advisory Committee that will provide advice and support to Council on Economic Development matters and opportunities. This funding allows the delivery of economic projects identified by the Advisory Committee.</p>	20,000
<p><b>Strategic Projects Consultants</b> This proposal allows for the engagement of various consultancies that may be required that are associated with a number of strategic projects within the City of Unley. This includes but is not limited to traffic studies, property advice, architectural design, and business case modelling.</p>	30,000
<b>Total Economic Development Initiatives</b>	<b>90,000</b>





Operating Projects continued	Net Expenditure
<b>Other Projects</b>	
<p><b>All Connections to Unley Art Prize 2023</b> Biennial art competition: Finalists have an exhibition at the Hughes Gallery with the announcement of the winner at an opening night event. Artworks have been subsequently reproduced on street bin signage with a limited-edition sticker version available for residential bins.</p>	20,000
<p><b>Culture Plan: First Nations Engagement and Acknowledgement Initiatives</b> Indigenous engagement and acknowledgement is a project that has two elements:</p> <ul style="list-style-type: none"> <li>• Cultural mapping of the City of Unley with a Kurna/ Indigenous focus</li> <li>• Development of a Reconciliation Action Plan (across 2 years).</li> </ul>	30,000
<p><b>Active Ageing Strategy Program (Year 6)</b> Initiatives that have been developed in consultation with Council's Active Ageing Alliance. The project aims to realise Council's vision of the City of Unley to be celebrated as a great place to grow older. The 2022-23 program includes facilitation of the Active Ageing Alliance, an Active Ageing Expo, Town Hall Talks and a trial project for Active Ageing using the fitness equipment in Unley's parks and reserves.</p>	20,000
<p><b>City-Wide Parking Strategy (Stage 2)</b> Stage 2 of the project involves the development of the Strategy itself and the undertaking of community consultation on the draft document. 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.</p>	35,000
<p><b>Clarence Park Community Centre Shed</b> Funding contribution request from the Clarence Park Community Centre to contribute to the salary of the Shed Coordinator.</p>	15,000
<p><b>2022 Local Government Elections</b> This initiative provides for the conduct of the 2022 Local Government Elections and associated Elected Member program.</p>	250,000
<p><b>Waiving Outdoor Dining Fees</b> To provide a 50% waiver on Outdoor Dining Fees for 2022-23 to support business recovery following the COVID-19 pandemic.</p>	15,000
<p><b>RAHS Show Traffic Management</b> Council's financial contribution to the cost of traffic management to stage the 2022 Royal Adelaide Show.</p>	27,000
<p><b>Community Grants Program - Additional Funding</b> To increase the Community Grants Program to \$150,000. The Community Grants program provides funding for community organisations, groups and individuals to implement programs and initiatives that promote community connectivity, belonging, participation and cultural diversity.</p>	21,000
<b>Total Other Projects</b>	<b>433,000</b>
<b>Total Operating Projects and Initiatives</b>	<b>1,255,000</b>

# NEW CAPITAL

New Capital Projects	Net Expenditure
<p><b>Brownhill Keswick Creek (BHKC) City of Unley Contribution</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>	514,500
<p><b>Climate and Energy Plan Implementation</b> The installation of solar panels on Council owned buildings. To be delivered by offering incentives to partner with not-for-profit lessees to improve the energy efficiency of facilities.</p>	60,000
<p><b>Drainage Program 2022-23 - New Works</b> Drainage upgrades at:</p> <ul style="list-style-type: none"> <li>• Wattle Street (Stage 1) which aims to reduce the excessive flows causing washout to the verges, inundating the parking bays and causing flood damage to private properties</li> <li>• Wilson Avenue aims to reduce the risk of flooding to properties by constructing new underground drainage to connect to the Hartland Avenue system.</li> </ul>	300,000
<p><b>Unley Road Streetscape Upgrade</b> Streetscape element upgrades along Unley Road between Greenhill Road and Whittam Street (eastern side) to coincide with proposed upgrades to the civil infrastructure proposed as part of Council's Footpath and Kerb &amp; Water Table Renewal Programs 2022-23.</p>	40,000
<p><b>Walking and Cycling Plan Implementation</b> Continued implementation of priorities identified in Council's Walking and Cycling Plan as adopted in 2016:</p> <ul style="list-style-type: none"> <li>• Railway Terrace South Streetscape Improvements (Devon Street to Goodwood Road) - detailed design</li> <li>• Design of the fifth stage of the Wood-Weller Bikeway between Wood Street and Cross Road</li> <li>• Hampton Street North / Leader Street Intersection Improvements - construction</li> <li>• George Street and Young Street Intersection Improvements - construction</li> <li>• Bicycle End of Trip Facilities.</li> </ul>	145,000
<p><b>78-80 Edmund Ave Cottages Museum Expansion - Detailed Design and Documentation</b> Undertake detailed design, documentation and development approval to redevelop the Council owned cottages located at 78 and 80 Edmund Avenue. This project forms stage 2 of the larger project to redevelop the Edmund Avenue Cottages, with the build of the first stage focussed on the 72, 74 and 76 Edmund Avenue. Stage 2 focuses on the expansion of the Unley Museum.</p>	180,000
<p><b>Development, Environmental Health and Regulatory - Mobility &amp; Operational Management Improvements (Year 1)</b> Develop and implement digitised systems and processes within Development and Regulatory Services to improve operating efficiencies as identified within the Development Services Review and anticipated outcomes of the Regulatory and Health Review currently being completed.</p>	120,000

New Capital Projects continued	Net Expenditure
<p><b>Light fleet renewal – Premium for an EV vehicle</b></p> <p>As part of its Climate and Energy Plan, the City of Unley has committed to a staged Electric Vehicle (EV) transition when replacements are due and viable alternatives are available.</p>	20,000
<p><b>Living Streets</b></p> <p>This project will:</p> <ul style="list-style-type: none"> <li>• Review and refine the Living Street and Pocket Park Pilot projects</li> <li>• Consider the co-design process and built outcomes</li> <li>• Apply learning to the enhancement of Rogers Street in 2022-23</li> <li>• Investigate Living Streets or Pocket Parks for future budget consideration.</li> </ul>	70,000
<b>Capitalised Project Delivery Costs</b>	<b>252,198</b>
<b>Total New Capital Projects</b>	<b>1,701,698</b>



# CAPITAL RENEWAL

Renewal Program	Expenditure	Income	Net Expenditure
<b>Buildings</b>			
Property Program	800,000	-	800,000
Swimming Facilities Program	58,000	-	58,000
	<b>858,000</b>	<b>-</b>	<b>858,000</b>
<b>Open Space</b>			
Reserves & Open Space Program	770,000	-	770,000
	<b>770,000</b>	<b>-</b>	<b>770,000</b>
<b>Stormwater</b>			
Drainage & Stormwater Program	500,000	-	500,000
	<b>500,000</b>	<b>-</b>	<b>500,000</b>
<b>Transport</b>			
Road Program	1,300,000	-	1,300,000
Kerb & Water Table Program	2,000,000	-	2,000,000
Footpath Program	500,000	-	500,000
Bus Shelter Replacement & DDA Compliance	10,000	-	10,000
Bridge Program	170,000	-	170,000
Street Lighting I Program	20,000	-	20,000
Signs Program	20,000	-	20,000
Traffic Facilities	30,000	-	30,000
	<b>4,050,000</b>	<b>-</b>	<b>4,050,000</b>
<b>Plant, Fleet and Equipment</b>			
Plant and Equipment	730,200	(85,000)	645,200
Light Fleet	383,000	(258,000)	125,000
	<b>1,113,200</b>	<b>(343,000)</b>	<b>770,200</b>
<b>ICT Assets</b>			
ICT Asset Renewal	541,000	-	541,000
	<b>541,000</b>	<b>-</b>	<b>541,000</b>
<b>Sub-total</b>	<b>7,832,200</b>	<b>(343,000)</b>	<b>7,489,200</b>
Capitalised Project Delivery Costs	953,825	-	953,825
<b>Total</b>	<b>8,786,025</b>	<b>(343,000)</b>	<b>8,443,025</b>



## Renewal Program

### Property Program

Facility	Component Renewal	Scope
----------	-------------------	-------

#### Civic Buildings

Town Hall	Floors	Partial Renewal – Sand and repolish timber floors
	External Walls	Partial Renewal – Repair heritage external walls and paint façade
Civic Centre	Floors	Full Renewal - Replace ground floor carpet
	Fixtures & Fittings	Partial Renewal – Renew ground floor front counter Partial Renewal - Replace office glass to meeting spaces
	HVAC	Partial Renewal – Upgrade chiller componentry
	Office Equipment	Partial Renewal – Replacements
Works Depot	Meeting Room	Partial Renewal – Renew of meeting facilities

#### Community Buildings

Fullarton Park Community Centre	Coolroom	Partial Renewal – Renew coolroom floor to meet EH requirements
	Access	Full Renewal – Renew electronic access system
	External Walls	Partial Renewal – Repair and paint façade
	HVAC	Partial Renewal – Replace external ducting
	Fixtures & Fittings	Full Renewal Stage 2 – Renew childcare play equipment
	Fixtures & Fittings	Full Renewal Stage 2 – Renew childcare play equipment
	Access	Full Renewal – Renew electronic access system
Millswood Croquet Club	Plumbing	Partial Renewal – Renew grease trap renewal to meet SA water requirements
Sturt Bowls Club	Changerooms	Full Renewal – Renew internal changerrooms
Millswood Bowls Club	DDA Accessibility	Full Renewal – Renew doorway entrance to meet DDA requirements
Public Toilets Forestville Reserve	Plumbing	Full Renewal – Replace sanitary wares
	Floors	Full Renewal – Replace floor coverings
Public Toilets Orphanage Park	Plumbing	Full Renewal – Replace sanitary wares
	Floors	Full Renewal – Replace floor coverings
Public Toilets Soutar Park	Plumbing	Full Renewal – Replace sanitary wares

### Swimming Facilities Renewal Program

The program undertakes renewal of the swimming facility components including:

- Main pool VFD pumps (four (4) in place)
- Replace Cool room evaporator replacement
- Main Pool Filter Componentry
- Junior Pool rectification works

## Renewal Program continued

### Reserves and Open Space Program

#### Unley Park Sports Club

- Replace frontage retaining wall and edge plinth (part fund)
- Replace frontage emu wire fence
- Repave frontage footpath and internal paths

#### Unley Oval Irrigation and Turf Surface Upgrade

### Road Renewal Program

Road Name, Suburb	To/From	Scope
Curzon Avenue, Millswood	Chelmsford Avenue to Fairfax Avenue	Surface
Dunrobin Street, Black Forest	Hartland Avenue to East Avenue	Surface and Patch Pavement
Hartland Avenue, Black Forest	Aroha Terrace to Forest Avenue	Surface
Eglington Avenue, Black Forest	Forest Avenue to Dunrobin Street	Surface
Gladstone Street, Fullarton	Glen Osmond to Road Fullarton Road	Surface
Spence Avenue, Myrtle Bank	Cross Road to end	Surface
Railway Terrace, Goodwood	North Goodwood Road to end	Surface
Essex Street North, Goodwood	Leader Street to Railway Terrace North	Surface and Patch Pavement
Devon Street North, Goodwood	Leader Street to Railway Terrace North	Surface and Patch
Richards Terrace Goodwood	Devon Street North to end	Surface and Patch Pavement
Hampton Street North, Goodwood	Leader Street Railway Terrace North	Surface and Patch Pavement
Weller Lane, Goodwood	Weller Street to end	Surface
Enterprise Lane, Hyde Park	Enterprise Street to end	Surface and Pavement
Woolridge Avenue, Millswood	Wood Street to Regent Avenue	Surface
Balmoral Street, Malvern	Cheltenham Street to end (South)	Surface
Collins Lane, Parkside	Collins Street to end	Surface
Various Capital Maintenance Program		Partial Renewal - Patching Various

Pavement Design Renewals 2023-24



## Renewal Program

### Kerb & Water Table Renewal Program

Road Name, Suburb	To/From	Scope
Curzon Avenue, Millswood	Chelmsford Avenue to Fairfax Avenue	Full Renewal
Dunrobin Street, Black Forest	Hartland Avenue to East Avenue	Full Renewal
Hartland Avenue, Black Forest	Aroha Terrace to Forest Avenue	Full Renewal
Eglington Avenue, Black Forest	Forest Avenue to Dunrobin Street	Partial Renewal
Gladstone Street, Fullarton	Glen Osmond to Road Fullarton Road	Partial Renewal
Spence Avenue, Myrtle Bank	Cross Road to end	Full renewal
Railway Terrace, Goodwood	North Goodwood Road to end	Partial Renewal
Essex Street North, Goodwood	Leader Street to Railway Terrace North	Partial Renewal
Devon Street North, Goodwood	Leader Street to Railway Terrace North	Partial Renewal
Richards Terrace Goodwood	Devon Street North to end	Partial Renewal
Hampton Street North, Goodwood	Leader Street Railway Terrace North	Partial Renewal
Weller Lane, Goodwood	Weller Street to end	Full Renewal - spoon drain
Woolridge Avenue, Millswood	Wood Street to Regent Avenue	Full Renewal
Balmoral Street, Malvern	Cheltenham Street to end (South)	Full Renewal
Overbury Drive, Clarence Park	Dixon Street to end	Partial Renewal *significant tree
Collins Lane, Parkside	Collins Street to end	Spoondrain
Unley Road, Unley	Greenhill Road to Whittam Street	Full Renewal - Eastern Side Only
Various Capital Maintenance Program		Partial Renewal - Capital Maintenance

### Footpath Renewal Program

Road Name, Suburb	To/From	Side, Scope
Dunrobin Street, Black Forest	Hartland Avenue to East Avenue,	Both, Pickup/relay at defects linked to kerb renewal
Balmoral Avenue, Malvern	Cheltenham Street End (South)	Both, Pickup/relay at defects linked to kerb renewal
Unley Road, Unley	Greenhill Road to Whittam Street	Eastern Renewal and (potential) new tree planting - Eastern Side. Various Pedestrian Ramp Renewals to DDA Standard

### Bus Shelter Replacement and DDA Compliance Program

All existing Council owned and maintained bus shelters have now been renewed to meet DDA compliance. However, minor works associated with tactiles and other minor infrastructure will be undertaken in 2022-23

## Renewal Program continued

### Bridge Renewal Program

Road Name	Scope
Avenue Street	<ul style="list-style-type: none"> <li>Deck patching and crack repairs</li> <li>Abutment crack repairs</li> </ul>
Malcolm Street	<ul style="list-style-type: none"> <li>BR11 Deck patching Wingwall Patch and repair</li> </ul>
LeHunte Street	<ul style="list-style-type: none"> <li>Deck Repair cracks and patch</li> <li>Wingwall Repair cracks and patch</li> <li>Abutment Repair cracks and patch</li> </ul>
Torrens Avenue	<ul style="list-style-type: none"> <li>Wingwall partial reconstruction</li> </ul>
Malcolm Street	<ul style="list-style-type: none"> <li>Deck Repair corrosion to deck underside</li> </ul>
Douglas Street	<ul style="list-style-type: none"> <li>Abutment Renew southern abutment</li> </ul>
Heywood Park	<ul style="list-style-type: none"> <li>Base Renew channel base and wingwall repairs</li> <li>Deck</li> <li>Major repairs to spalling</li> <li>Abutment Patching and repairs</li> </ul>

### Street Lighting Renewal Program

Various sites will be investigated and actioned in response to customer requests throughout the year.

### Signs Renewal Program

Replacement and renewal of signage at various locations.

### Traffic Facility Renewal

Replacement and renewal of traffic management infrastructure at various locations.

### Plant & Equipment

Renewal of major and minor plant.

### Light Fleet

Replacement of five vehicles scheduled for replacement.

### ICT Renewals

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.

# DRAFT BUDGETED FINANCIAL STATEMENTS

## Uniform Presentation of Finances

\$'000s	2022-23 Draft Budget	2021-22 Forecast
Income	53,511	52,075
<i>less</i> Expenses	(51,092)	(49,915)
<b>Subtotal</b>	<b>2,419</b>	<b>2,160</b>
Equity Accounted Subsidiaries	-	(571)
<b>Operating Surplus / (Deficit) before Capital Amounts</b> (inclusive of Equity Accounted Businesses)	<b>2,419</b>	<b>1,589</b>
<b><i>less</i> Net Outlays on Existing Assets</b>		
Net Capital Expenditure on Renewal & Replacement of Existing Assets	(8,786)	(9,708)
<i>less</i> Depreciation, Amortisation and Impairment	10,175	10,000
<i>less</i> Amounts received specifically for Replacement of Existing Assets	-	478
<i>less</i> Proceeds from the Sale of Replaced Assets	343	314
<b>Net Outlays on Existing Assets</b>	<b>1,732</b>	<b>1,084</b>
<b><i>less</i> Net Outlays on New and Upgraded Assets</b>		
Net Capital Expenditure on New and Upgraded Assets	(1,702)	(8,881)
<i>less</i> Amounts received specifically for New and Upgraded Assets	-	4,598
<i>less</i> Proceeds from Sale of Assets	-	-
<b>Net Outlays on New and Upgraded Assets</b>	<b>(1,702)</b>	<b>(4,284)</b>
<b>Net Lending / (Borrowing) for the Financial Year</b> (inclusive of Equity Accounted Businesses)	<b>2,449</b>	<b>(1,611)</b>
<b>Net Financial Liabilities at Beginning of Year</b>	<b>19,105</b>	<b>17,494</b>
Decrease / (increase) in Other	-	-
<b>Net Financial Liabilities at End of Year</b>	<b>16,656</b>	<b>19,105</b>

The draft Budgeted Financial Statements for the 2022-23 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	2022-23 Draft Budget	2021-22 Forecast
<b>Income</b>		
Rates	45,525	43,994
Statutory Charges	1,713	1,575
User Charges	2,005	1,987
Grants, Subsidies & Contributions	3,063	3,222
Investment Income	13	12
Reimbursements	396	390
Other Income	811	782
Operating Projects	(15)	113
<b>Total Income</b>	<b>53,511</b>	<b>52,075</b>
<b>Expenditure</b>		
Employee Costs	19,749	19,014
Materials, Contracts & Other Expenses	19,640	19,255
Depreciation, Amortisation & Impairment	10,175	10,000
Finance Costs	288	300
Net loss – Equity Accounted Council Businesses	-	571
Operating Projects	1,255	1,347
<b>Total Expenditure</b>	<b>51,092</b>	<b>50,486</b>
<b>Operating Surplus / (Deficit) inclusive of Equity Accounted Businesses</b>	<b>2,419</b>	<b>1,589</b>
Asset Disposal & Fair Value Adjustments	343	314
Amounts received specifically for new, upgraded or replacement assets	-	5,076
<b>Net Outlays on New and Upgraded Assets</b>	<b>343</b>	<b>5,390</b>
<b>Net Surplus / (Deficit) inclusive of Equity Accounted Businesses</b>	<b>2,762</b>	<b>6,978</b>
Share of Other Comprehensive Income – Equity Accounted Council Businesses	-	1,050
<b>Total Comprehensive Income inclusive of Equity Accounted Businesses</b>	<b>2,762</b>	<b>8,028</b>

The draft Budgeted Financial Statements for the 2022-23 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	2022-23 Draft Budget	2021-22 Forecast
<b>Assets</b>		
<b>Current Assets</b>		
Cash & cash equivalents	1,679	1,679
Trade & other receivables	2,437	2,437
Other financial assets	69	69
<b>Total Current Assets</b>	<b>4,185</b>	<b>4,185</b>
<b>Non-current Assets</b>		
Financial Assets	7	7
Equity accounted investments in Council businesses	18,719	18,719
Infrastructure, Property, Plant & Equipment	544,609	544,296
<b>Total Non-current Assets</b>	<b>563,335</b>	<b>563,023</b>
<b>Total Assets</b>	<b>567,520</b>	<b>567,208</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade & Other Payables	5,383	5,383
Borrowings Fixed Term	266	256
Provisions	3,946	3,946
<b>Total Liabilities Assets</b>	<b>9,595</b>	<b>9,585</b>
<b>Non-current liabilities</b>		
Borrowings	10,825	13,285
Provisions	428	428
<b>Total Non-current Liabilities</b>	<b>11,253</b>	<b>13,713</b>
<b>Total Liabilities</b>	<b>20,848</b>	<b>23,298</b>
<b>Net Assets</b>	<b>546,672</b>	<b>543,910</b>
<b>Equity</b>		
Accumulated Surplus	173,061	170,299
Asset Revaluation Reserves	373,381	373,381
Other Reserves	230	230
<b>Total Equity</b>	<b>546,672</b>	<b>543,910</b>
<b>Net Financial Liabilities</b>	<b>16,656</b>	<b>19,105</b>

The draft Budgeted Financial Statements for the 2022-23 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	2022-23 Draft Budget	2021-22 Forecast
<b>Cash Flows from Operating Activities</b>		
<b>Receipts</b>		
Operating Receipts	53,498	52,062
Investment Receipts	13	12
<b>Payments</b>		
Operating Payments to suppliers and employees	(40,629)	(39,615)
Finance Payments	(288)	(300)
<b>Net Cash provided by (or used in) Operating Activities</b>	<b>12,594</b>	<b>12,159</b>
<b>Cash Flows from Investing Activities</b>		
<b>Receipts</b>		
Amounts specifically for new or upgraded assets	-	4,458
Amounts received specifically for Replacement of Existing Assets	-	388
Proceeds from Sale of Surplus Assets	-	140
Sale of replaced assets	343	404
Repayments of loans by community groups	-	-
<b>Payments</b>		
Expenditure on renewal/placement of assets	(8,786)	(9,708)
Expenditure on new/upgraded assets	(1,702)	(8,882)
Net purchase of Investment Securities	-	-
Capital Contributed to Equity Accounted Council Businesses	-	-
Distributions Received from Equity Accounted Council Businesses (Loss)	-	(571)
<b>Net Cash provided by (or used in) Investing Activities</b>	<b>(10,145)</b>	<b>(13,772)</b>
<b>Cash Flows from Financing Activities</b>		
<b>Receipts</b>		
Proceeds from borrowings	-	1,611
<b>Payments</b>		
Repayments of borrowings	(2,449)	-
<b>Net Cash provided by (or used in) Financing Activities</b>	<b>(2,449)</b>	<b>1,611</b>
<b>Net Increase/(Decrease) in cash held</b>	<b>-</b>	<b>-</b>
Plus: Cash & cash equivalents at beginning of period	1,679	1,679
<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 2022-23 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>2022-23 Draft Budget</b>				
Balance at end of previous reporting period	170,229	373,381	230	543,910
Net Surplus/(Deficit) for Year	2,762	-	-	2,762
<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>2,762</b>	<b>-</b>	<b>-</b>	<b>2,762</b>
<b>Balance at end of period</b>	<b>173,061</b>	<b>373,381</b>	<b>230</b>	<b>546,672</b>
<b>2021-22 Forecast</b>				
Balance at end of previous reporting period	162,270	373,381	230	535,881
Net Surplus/(Deficit) for Year	6,978	-	-	6,978
<b>Other Comprehensive Income</b>	-	-	-	-
Gain/(loss) on revaluation of Infrastructure and Assets	-	-	-	-
Share of Other Comprehensive Income – Equity Accounted Council Businesses	1,050	-	-	1,050
<b>Other Comprehensive Income</b>	<b>1,050</b>	<b>-</b>	<b>-</b>	<b>1,050</b>
<b>Total Comprehensive Income</b>	<b>8,028</b>	<b>-</b>	<b>-</b>	<b>8,028</b>
<b>Balance at end of period</b>	<b>170,298</b>	<b>373,381</b>	<b>230</b>	<b>543,910</b>

The draft Budgeted Financial Statements for the 2022-23 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	2021-22	2022-23	2023-24
	Q2 Budget Review	LTFP Year 1	LTFP Year 2
<b>Income</b>			
General Rates Income	42,234	43,711	45,022
All Other Income	9,728	9,815	10,047
Operating Projects	113	(15)	-
<b>Total Income</b>	<b>52,075</b>	<b>53,511</b>	<b>55,070</b>
<b>Expenditure</b>			
Employee Costs	19,014	19,749	20,243
Materials, Contracts & Other Expenses	19,255	19,640	20,191
Depreciation, Amortisation & Impairment	10,000	10,175	10,225
Finance Costs	300	288	329
Operating Projects	1,347	1,240	1,076
<b>Total Expenditure</b>	<b>49,915</b>	<b>51,092</b>	<b>52,064</b>
<b>Operating Surplus/(Deficit)</b>			
Principal Repayment of loans	256	266	277
<b>Cash surplus/(deficiency) after principal repayments</b>	<b>1,904</b>	<b>2,153</b>	<b>2,729</b>
Capital Renewal less income to be received	8,916	8,443	9,050
New Capital less funding to be received	4,283	1,702	3,000
<b>(Shortfall) / Improvement in cash position</b>	<b>(1,295)</b>	<b>2,184</b>	<b>904</b>
<b>Fixed Term Borrowings</b>			
Cash Advance Debenture (CAD Borrowings)	12,708	10,525	9,621
<b>Total Borrowings</b>	<b>13,539</b>	<b>11,089</b>	<b>9,908</b>
<b>Operating Surplus Ratio (Target 5%) (before Equity Accounted Subsidiaries)</b>			
	4.1%	4.5%	5.5%
<b>Net Financial Liabilities Ratio (Target &lt;80%)</b>			
	37%	31%	28%
<b>Asset Renewal Funding (Target 100% average over 10 years)</b>			
	104%	101%	101%

The draft Budgeted Financial Statements for the 2022-23 financial year exclude proposed Equity Account Businesses (Centennial Park Cemetery Authority and Brown Hill & Keswick Creek Stormwater Board) for the purposes of public consultation.

2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
LTFP Year 3	LTFP Year 4	LTFP Year 5	LTFP Year 6	LTFP Year 7	LTFP Year 8	LTFP Year 9	LTFP Year 10
46,373	47,764	49,197	50,673	52,193	53,759	55,372	57,033
9,908	10,156	10,409	10,670	10,936	11,210	11,613	12,057
-	-	-	-	-	-	-	-
<b>56,281</b>	<b>57,920</b>	<b>59,607</b>	<b>61,343</b>	<b>63,130</b>	<b>64,969</b>	<b>66,985</b>	<b>69,090</b>
20,749	21,268	21,799	22,344	22,903	23,475	24,062	24,664
20,696	21,213	21,743	22,287	22,844	23,415	24,001	24,601
10,275	10,325	10,376	10,429	10,483	10,538	10,594	10,652
368	395	376	276	155	28	-	-
1,103	1,391	1,159	1,188	1,218	1,528	1,279	1,311
<b>53,191</b>	<b>54,592</b>	<b>55,454</b>	<b>56,524</b>	<b>57,602</b>	<b>58,984</b>	<b>59,937</b>	<b>61,228</b>
<b>3,090</b>	<b>3,328</b>	<b>4,153</b>	<b>4,819</b>	<b>5,528</b>	<b>5,985</b>	<b>7,048</b>	<b>7,862</b>
288	-	-	-	-	-	-	-
<b>2,802</b>	<b>3,328</b>	<b>4,153</b>	<b>4,819</b>	<b>5,528</b>	<b>5,985</b>	<b>7,048</b>	<b>7,862</b>
9,355	9,842	9,886	10,067	10,355	10,817	11,087	11,365
3,000	3,000	3,075	3,152	3,231	3,311	3,394	3,479
<b>722</b>	<b>811</b>	<b>1,568</b>	<b>2,029</b>	<b>2,425</b>	<b>2,394</b>	<b>3,161</b>	<b>3,670</b>
-	-	-	-	-	-	-	-
<b>8,898</b>	<b>8,087</b>	<b>6,519</b>	<b>4,490</b>	<b>2,066</b>	<b>(328)</b>	<b>(3,489)</b>	<b>(7,160)</b>
<b>8,898</b>	<b>8,087</b>	<b>6,519</b>	<b>4,490</b>	<b>2,066</b>	<b>(328)</b>	<b>(3,489)</b>	<b>(7,160)</b>
<b>5.5%</b>	<b>5.7%</b>	<b>7.0%</b>	<b>7.9%</b>	<b>8.8%</b>	<b>9.2%</b>	<b>10.5%</b>	<b>11.4%</b>
<b>26%</b>	<b>24%</b>	<b>20%</b>	<b>16%</b>	<b>12%</b>	<b>8%</b>	<b>3%</b>	<b>(2%)</b>
<b>101%</b>	<b>101%</b>	<b>101%</b>	<b>101%</b>	<b>101%</b>	<b>101%</b>	<b>101%</b>	<b>101%</b>

**Civic Centre**

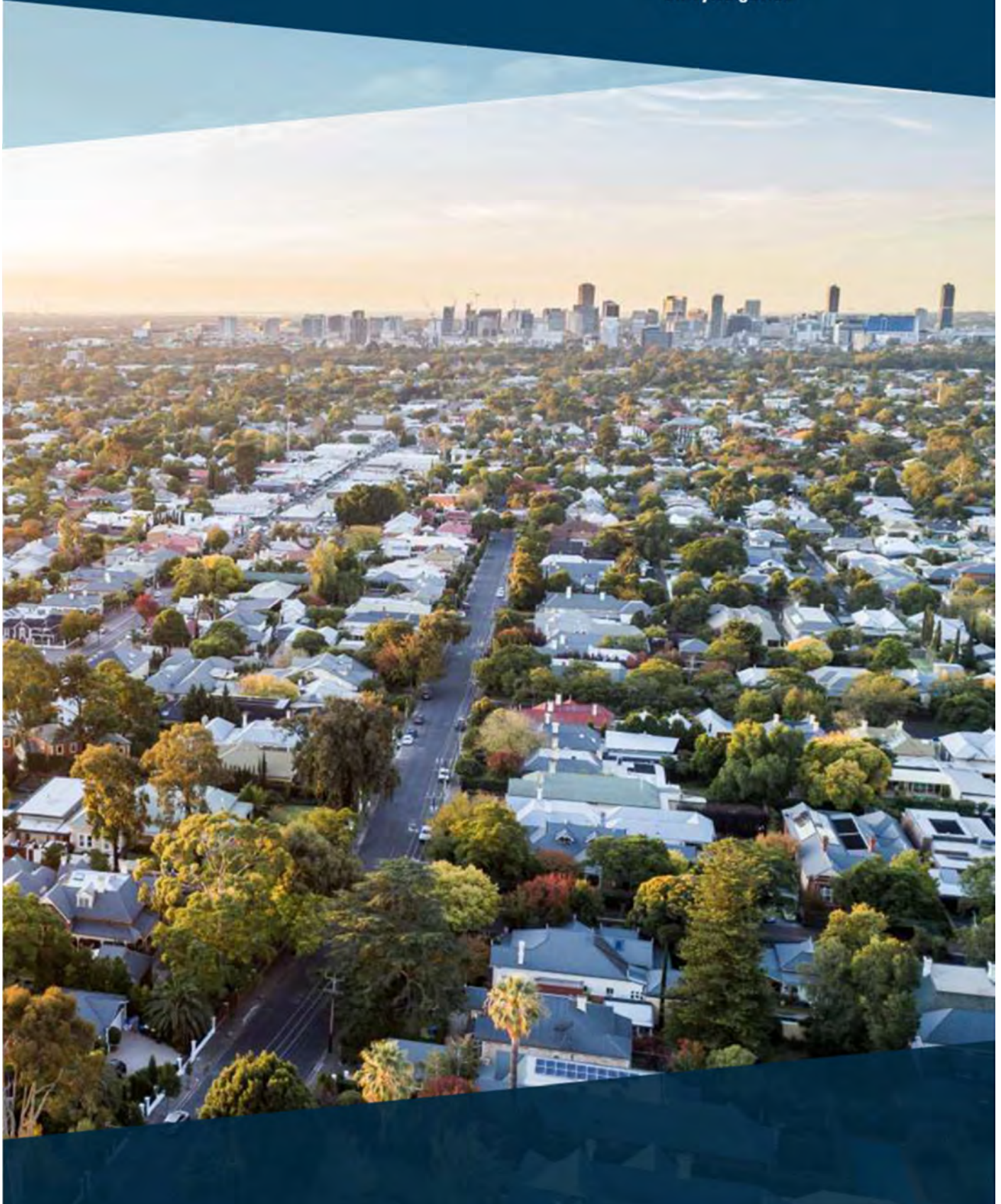
181 Unley Road, Unley  
South Australia 5061

Postal PO Box 1, Unley  
South Australia 5061

Telephone (08) 8372 5111

Email [pobox1@unley.sa.gov.au](mailto:pobox1@unley.sa.gov.au)

[unley.sa.gov.au](http://unley.sa.gov.au)



## INFORMATION REPORT

<b>REPORT TITLE:</b>	EXTERNAL AUDIT - INTERIM AUDIT FINDINGS & AGREED ACTIONS APRIL 2022
<b>ITEM NUMBER:</b>	2.2
<b>DATE OF MEETING:</b>	17 MAY 2022
<b>AUTHOR:</b>	ALEX BROWN
<b>JOB TITLE:</b>	MANAGER FINANCE AND PROCUREMENT
<b>ATTACHMENTS:</b>	1. 2021-22 INTERIM MANAGEMENT LETTER - INTERNAL FINANCIAL CONTROLS

---

### 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 15-17 March 2022, as part of the 2021-22 External Audit, which included a review of 100 internal financial controls.

This report serves to inform the Audit Committee on the findings and recommended 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,

4 internal controls were identified as requiring improvement: 3 moderate and 1 low risk.

Administration has completed 1 of the recommended actions (moderate risk). The other 3 findings (2 moderate and 1 low risk) are already in progress, with 1 (low risk) to be completed within the next few months.

A progress report on the implementation of Administration's response will be presented to the Audit Committee in December 2022.

## **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, financial internal controls, reporting and other financial management systems and practices of the council on a regular basis.

As part of Council's 2021-22 audit, the external auditors, Galpins, have undertaken an assessment of 100 internal financial controls and provided its findings in its 2021-22 Interim Management Letter which is included in Attachment 1.

*Attachment 1*

## **5. DISCUSSION**

Galpins, the External Auditors, have reported in their 2021-22 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 most of key internal controls reviewed were operating effectively. In all, 100 core controls were reviewed, 96 controls were operating effectively, and 4 controls were identified where improvements could be made to further enhance their effectiveness. This is an improvement from the last two interim audits.

In 2019-20, 17 internal controls were identified as requiring improvement and in 2020-21, 8 were identified as requiring improvement.



The less effective controls have been risk rated and assessed as moderate or low risk. A summary of the results of the review is provided in the table below:

Business cycles	Controls Reviewed	Operating Effectively				2022 Findings			
		2022	2021	2020	2019	H	M	L	BP
Purchasing & Procurement/Contracting	10	9	8	6	3	-	1	-	-
Fixed Assets	16	15	15	14	13	-	1	-	-
General Ledger	11	10	9	9	9	-	1	-	-
Accounts Payable	13	13	12	10	10	-	-	-	-
Credit Cards	5	4	3	5	5	-	-	1	-
Rates / Rates Rebates	10	10	10	8	8	-	-	-	-
Payroll	19	19	19	16	15	-	-	-	-
Receipting	5	5	5	4	4	-	-	-	-
Banking	5	5	5	5	5	-	-	-	-
Debtors	6	6	6	6	6	-	-	-	-
<b>Total</b>	<b>100</b>	<b>96</b>	<b>92</b>	<b>83</b>	<b>78</b>	<b>-</b>	<b>3</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 4 internal controls identified as requiring improvement, 3 related to ongoing improvements identified and agreed last year. These 3 actions were already in progress as advised in the External Audit – Agreed Action Status Report, item 2.3 of the Audit Committee Agenda for the Meeting on 15 March 2022. A summary and progress to date are provided in the tables below:

Business cycles	Findings	2022 Findings		
		Not Started	Work in Progress	Completed
Purchasing & Procurement/ Contracting (Moderate risk)	1	-	1	-
Fixed Assets (Moderate risk)	1	-	1	-
General Ledger (Moderate risk)	1	-	-	1
Credit Cards (Low risk)	1	-	1	-
<b>Total</b>	<b>4</b>	<b>-</b>	<b>3</b>	<b>1</b>

Finding No.	Finding	Management Action
2.1.1	<p><b><u>Purchasing &amp; Procurement:</u></b> Instances of payments without a purchase order / purchase orders issued after the date of the invoice</p>	<p><b>In progress:</b></p> <ul style="list-style-type: none"> <li>• As previously advised procurement refresher training was delivered to Council employees by LGA Procurement in June 2021, with further training planned during second half of 2022. This has been supported by continuing the education on the requirement and purpose of issuing purchase orders, and development of systems to monitoring compliance across the organisation.</li> <li>• A new advancing sourcing module has been purchased, with planning presently underway for the implementation of the module. This will provide a step-by-step, gated approval process for the preparation, issuing and selection of suppliers through request for quotes and request for tenders.</li> <li>• LGA Procurement has established a labour hire panel which went live at the end of April 2022. The City of Unley will use this panel unless there are instances where special skills and expertise are not available through the panel, in which case dispensation will be sought from the relevant Manager and approved by a General Manager or Manager People and Culture.</li> </ul>
2.2.1	<p><b><u>Fixed Assets:</u></b> Assets included in Technology One are not linked and/or reconciled to the GIS system</p>	<p><b>In progress:</b> As previously advised, the matching of assets in the Asset Management System to the GIS System has been and will continue to be an ongoing project until the current asset revaluation cycle is completed, presently due for completion in 2025-26.</p>
2.3.1	<p><b><u>General Ledger:</u></b> Finance modules in TechOne with potentially excessive number of user IDs allocated to them</p>	<p><b>Completed:</b> The review and testing of the new system administration structure was completed following the Interim Audit and implemented in April 2022.</p>
2.4.1	<p><b><u>Credit Cards:</u></b> Corporate Purchase card policy is overdue for review</p>	<p><b>In progress:</b> An internal audit of credit cards formed part of the 2021-22 Internal Audit Plan. This internal audit will be completed in the next few months. The policy will be reviewed and updated after the recommendations from the internal audit have been received and considered.</p>

## 6. **REPORT AUTHORISERS**

Name	Title
Nicola Tinning	General Manager, Business Support & Improvement

# Galpins

Accountants, Auditors & Business Consultants

## Financial Controls Review

The City of Unley

2021/22 Interim Management Letter



**Mount Gambier**  
233 Commercial Street West  
PO Box 246, Mount Gambier SA 5290  
DX 29044  
P: (08) 8725 3068  
F: (08) 8724 9553  
E: admin@galpins.com.au

**Stirling**  
Unit 4, 3-5 Mount Barker Road  
PO Box 727, Stirling SA 5152  
P: (08) 8339 1255  
F: (08) 8339 1266  
E: stirling@galpins.com.au

**Norwood**  
3 Kensington Road, Norwood SA 5067  
PO Box 4067, Norwood South SA 5067  
P: (08) 8332 3433  
F: (08) 8332 3466  
E: norwood@galpins.com.au

[www.galpins.com.au](http://www.galpins.com.au)



## Table of Contents

1. EXECUTIVE SUMMARY .....	3
1.1 Background .....	3
1.2 Objectives and scope .....	3
1.3 Category of findings.....	5
1.4 Overall review of the council’s internal controls.....	6
1.5. Summary of findings .....	7
2. DETAILED AUDIT FINDINGS .....	8
2.1 PURCHASING AND PROCUREMENT .....	8
2.2 FIXED ASSETS.....	10
2.3 GENERAL LEDGER.....	11
2.4 CREDIT CARDS .....	13
APPENDIX 1 – CRITICAL INTERNAL FINANCIAL CONTROLS .....	14

## 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 2021/22 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 (96 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				2022 Findings			
		2022	2021	2020	2019	H	M	L	BP
Purchasing & Procurement/Contracting	10	9	8	6	3	-	1	-	-
Fixed Assets	16	15	15	14	13	-	1	-	-
General Ledger	11	10	9	9	9	-	1	-	-
Accounts Payable	13	13	12	10	10	-	-	-	-
Credit Cards	5	4	3	5	5	-	-	1	-
Rates / Rates Rebates	10	10	10	8	8	-	-	-	-
Payroll	19	19	19	16	15	-	-	-	-
Receipting	5	5	5	4	4	-	-	-	-
Banking	5	5	5	5	5	-	-	-	-
Debtors	6	6	6	6	6	-	-	-	-
<b>Total</b>	<b>100</b>	<b>96</b>	<b>92</b>	<b>83</b>	<b>78</b>	<b>-</b>	<b>3</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
Purch./Procur./Contracting	2.1.1 Instances of purchases for which evidence of procurement procedures undertaken was not on file	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 Absence of a formal review of a list of users with access to key finance module in Tech One	M
Credit cards	2.4.1 The Corporate Purchase Card policy is overdue for review	L
Accounts payable	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A
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 Instances of purchases for which evidence of procurement procedures undertaken was not on file</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>The procurement policy and the procurement framework require the following methods of procurement:</p> <table border="1"> <thead> <tr> <th>Value of the purchase</th> <th>Method</th> <th>Minimum written quotes/submissions</th> <th>Acquisition plan</th> </tr> </thead> <tbody> <tr> <td>\$10,000 to \$50,000</td> <td>Competitive</td> <td>3</td> <td>Short form</td> </tr> <tr> <td>\$50,000 to 100,000</td> <td>Competitive</td> <td>3</td> <td>Medium form</td> </tr> <tr> <td>Greater than 100,000</td> <td>Competitive tender</td> <td>3</td> <td>Long form</td> </tr> </tbody> </table> <p>Dispensations from the procurement policy are approved by either the general manager (for purchases under \$250,000) or the CEO (on the recommendation of the relevant general manager if the amount of the purchase exceeds \$250,000).</p> <p>Audit selected a sample of suppliers based on their cumulative spend for the 2021/22 FY and identified 5 instances where suppliers have been engaged without the following supporting documentation maintained on file:</p> <ul style="list-style-type: none"> <li>- evidence of method of procurement used in accordance with the procurement policy and the procurement framework</li> <li>- acquisition plans</li> <li>- formal purchase recommendation</li> </ul>	Value of the purchase	Method	Minimum written quotes/submissions	Acquisition plan	\$10,000 to \$50,000	Competitive	3	Short form	\$50,000 to 100,000	Competitive	3	Medium form	Greater than 100,000	Competitive tender	3	Long form	<p>Council to ensure that methods of procurement and procurement documents on file are compliant with requirements of the procurement policy and framework.</p> <p>Audit encourages Council to review its purchase patterns to identify opportunities where Council can establish panel contract arrangements to pre-approve suppliers for the supply of goods and/or services required on a regular basis.</p> <p>We support Council continuing to liaise with LGA Procurement regarding the formation of a panel for labour hire services.</p>	<p><b>In progress:</b></p> <ul style="list-style-type: none"> <li>• Procurement refresher training was delivered to Council employees by LGA Procurement in June 2021, with further training planned during second half of 2022. This has been supported by continuing the education on the requirement and purpose of issuing purchase orders, and development of systems to monitoring compliance across the organisation.</li> <li>• A new advancing sourcing module has been purchased, with planning presently underway for the implementation of the module. This will provide a step-by-step, gated approval process for the preparation, issuing and selection of suppliers through request for quotes and request for tenders.</li> </ul>
Value of the purchase	Method	Minimum written quotes/submissions	Acquisition plan															
\$10,000 to \$50,000	Competitive	3	Short form															
\$50,000 to 100,000	Competitive	3	Medium form															
Greater than 100,000	Competitive tender	3	Long form															



<p>- dispensations from the procurement policy approved by either the general manager or the CEO.</p> <p>Suppliers' codes and total cumulative spend for the first six months of 2021/22 for these 5 suppliers were as follows:</p> <ul style="list-style-type: none"> <li>- supplier 24108 (labour hire) - \$286,182</li> <li>- supplier 24145 (labour hire) - \$152,426</li> <li>- supplier 22988 (labour hire) - \$122,870</li> <li>- supplier 11162 (electrical services) - \$80,961</li> <li>- supplier 26463 (consultancy services) - \$42,193</li> </ul> <p>For <b>suppliers 24108, 24145 and 22988</b>, Council provided spreadsheets listing contractors hired by Council containing notes on the number of agencies approached to engage each of them. The number of agencies approached for each individual contractor varies depending on circumstances such as availability in the market, skills, specialities, etc (i.e. Council is considering each contractor individually when procuring the services rather than the cumulative spend with the supplier). Often only 1 or 2 agencies were approached, including in cases where the procurement policy requires 3 quotes even when considering only the spend on an individual contractor. Council has not established a panel for labour hire services, though Audit notes that Council has been actively engaged with LGA procurement to form a panel.</p> <p>For <b>supplier 11162</b>, the only document provided was an email advising that the supplier was engaged because they were under an expired vendor contract and that only this supplier had the appropriate skills to work around the pool deck at the swim centre. Council did not provide a dispensation from the procurement policy approved by either the general manager or the CEO.</p> <p>For <b>supplier 26463</b>, Council also provided an email advising that two other consultants were contacted and this consultant was the one that had the required skills relevant to the project.</p>		<ul style="list-style-type: none"> <li>• LGA Procurement has established a labour hire panel which went live at the end of April 2022. The City of Unley will use this panel unless there are instances where special skills and expertise are not available through the panel, in which case dispensation will be sought from the relevant Manager and approved by a General Manager or Manager People and Culture.</li> </ul>
--	--	---

## 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><b>In progress:</b></p> <p>As previously advised, the matching of assets in the Asset Management System to the GIS System has been and will continue to be an ongoing project until the current asset revaluation cycle is completed, presently due for completion in 2025-26.</p>

## 2.3 GENERAL LEDGER

### 2.3.1 Absence of a formal review of a list of users with access to key finance module in Tech One

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>There are no current mechanisms to ensure a complete list of users with access to finance functions in Tech One are formally reviewed on a regular basis. This is a repeat finding from last year.</p> <p>Our follow up of this matter performed during the 2021/22 financial year identified that works are in progress to enable management to formally review a complete list of users with access to finance functions in TechOne. The following actions have been undertaken since our previous audit:</p> <ul style="list-style-type: none"> <li>- mapping of the finance processes to form the basis for the creation of users profiles and allocation of access rights</li> <li>- review of the present system administrators</li> <li>- consultation with TechOne on industry best practices.</li> </ul> <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 a potentially excessive number of user IDs allocated to them:</p> <ul style="list-style-type: none"> <li>• 9 user IDs have access to the role AP Officer (role name: VS.APOFFICER)</li> </ul>	<p>Finance Management assesses whether the potentially excessive access rights currently pose any risk to the business.</p> <p>Finance Management performs a formal review of a list of users with access to key finance modules in TechOne to ensure adequate segregation of duties in the finance system.</p> <p>Key areas of access that should be considered in this review include:</p> <ul style="list-style-type: none"> <li>- Administrator Access to All Systems</li> <li>- Banking</li> <li>- Rates</li> <li>- Creditors</li> <li>- Debtors</li> <li>- Payroll</li> <li>- General Ledger.</li> </ul>	<p><b>Completed:</b></p> <p>The review and testing of the new system administration structure was completed following the Interim Audit and implemented in April 2022.</p>



<ul style="list-style-type: none"> <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)</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 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>		
---	--	--

## 2.4 CREDIT CARDS

## 2.4.1 The Corporate Purchase Card policy is overdue for review

Low

## Control

Credit card holders sign a declaration confirming compliance with Council policy and procedures prior to the Credit Card being released.

## Risk

Credit cards are issued for unauthorised employees / Credit cards are used for purchase of a personal nature.

Finding	Recommendations	Management Response
The Corporate Purchase Card policy is overdue for review. The policy provides that the 'next review' was to take place in June 2017, however the policy has not been reviewed since its adoption in June 2015.	Council reviews the Corporate Purchase Card policy.	<b>In progress:</b> An internal audit of credit cards formed part of the 2021-22 Internal Audit Plan. This internal audit will be completed in the next 3-4 months. The policy will be reviewed and updated after the recommendations from the internal audit have been received and considered.



## **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

## INFORMATION REPORT

<b>REPORT TITLE:</b>	INTERNAL FINANCIAL CONTROLS - SELF ASSESSMENT - 2021-2022
<b>ITEM NUMBER:</b>	2.3
<b>DATE OF MEETING:</b>	17 MAY 2022
<b>AUTHOR:</b>	LIDA CATALDI
<b>JOB TITLE:</b>	PRINCIPAL RISK MANAGEMENT OFFICER
<b>ATTACHMENTS:</b>	<ol style="list-style-type: none"><li>1. INTERNAL FINANCIAL CONTROLS - SUMMARY GRAPH</li><li>2. INTERNAL FINANCIAL CONTROLS - TREATMENT PLANS</li></ol>

---

### 1. **EXECUTIVE SUMMARY**

This report presents the results of the Internal Financial Controls self-assessment.

141 Internal Financial Controls were selected to form the 2021-22 self-assessment process. The 141 controls selected cover the following categories:

- Strategic Financial Planning
- Revenue
- Liabilities
- Financial Governance
- External Services
- Expenses
- Assets

This self-assessment identified 14 controls that required treatment plans to further enhance the control effectiveness. The treatment plans have been developed and will be monitored with progress reported to the Audit Committee at its first meeting in 2023.

### 2. **RECOMMENDATION**

That:

1. The report be received.
-

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

#### 4. Civic Leadership

4.1 We have strong leadership and governance

4.3 Our business systems are effective and transparent.

### 4. **BACKGROUND**

The Better Practice Model – Internal Financial Controls (BPM) is a framework that identifies financial risks and controls for local government Councils in South Australia. The BPM requires Council's to conduct a self-assessment of controls identified via a risk-based approach.

The BPM comprises of 7 risk categories with a total of 260 individual controls across the following risk categories and business processes:

<b>Risk Category</b>	<b>Business Process</b>
<b>Strategic Financial Planning</b>	<ul style="list-style-type: none"><li>• Budgets</li><li>• General Ledger</li><li>• Statutory Reporting</li><li>• Management Reporting</li></ul>
<b>Assets</b>	<ul style="list-style-type: none"><li>• Cash Floats and Petty Cash</li><li>• Banking</li><li>• Investments</li><li>• Debtors</li><li>• Inventory</li><li>• Prepayments</li><li>• Fixed Assets</li><li>• Project Costing</li><li>• Loans/Grants to Clubs/Community Groups</li></ul>
<b>Liabilities</b>	<ul style="list-style-type: none"><li>• Accounts Payable</li><li>• Accrued Expenses</li><li>• Borrowings</li><li>• Employee Provisions</li><li>• Taxation</li></ul>
<b>Revenue</b>	<ul style="list-style-type: none"><li>• Rates/Rate Rebates</li><li>• Grants</li><li>• User Pay Income – Fee for Services</li><li>• Investment/Interest Income</li><li>• Receipting</li><li>• Other Revenue</li></ul>
<b>Expenses</b>	<ul style="list-style-type: none"><li>• Purchasing &amp; Procurement</li><li>• Payroll</li><li>• Elected Members' Expenses</li><li>• Credit Cards</li><li>• Employee Reimbursements</li><li>• Other Expenses</li></ul>
<b>External Services</b>	<ul style="list-style-type: none"><li>• Contracting</li></ul>
<b>Financial Governance</b>	<ul style="list-style-type: none"><li>• Governance</li></ul>

External Audit will provide an audit opinion on the effectiveness of the internal financial controls. The External Audit Interim Report (Item 2.2) will be presented to the Audit Committee at this meeting. The External Audit Interim Report included a review of 100 controls and 4 were identified as requiring improvement. (3 medium and 1 low risk)

The following factors that were taken into consideration when determining which controls would form part of the self-assessment process:

- Previous controls that were selected for the internal financial controls self-assessment process
- Process improvement programs and agreed actions resulting from the external audit report from the previous year; and
- Current risk and control environment within Finance and Procurement Team.

A total of 141 controls were selected for the self-assessment process, which covered 25 of the 32 sub-categories – this selection was conducted in partnership with Manager Finance and Procurement.

Each control was assessed by the relevant officer and reviewed by their next level supervisor, team leader or manager.

The Better Practice Model defines the control effectiveness ratings, and these were utilised during the self-assessment process:

<b>Definitions of Control Effectiveness Ratings</b>	
<b>1. Ineffective</b>	During the period, the control has not been implemented as described. Urgent management action is required to implement the described control processes.
<b>2. Requires significant improvement</b>	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.
<b>3. Partially effective</b>	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.
<b>4. Majority effective</b>	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.
<b>5. Effective</b>	During the period, the control as described has been fully implemented and has in all cases been consistently and/or effectively applied.

## 5. **DISCUSSION**

141 Internal Financial Controls were selected to form the 2021-22 self-assessment process covering the following categories:

Category	Sub-Category	Number Controls Assessed	Number Treatment Plans
<b>Strategic Financial Planning</b>	Budgets	7	
	General Ledger	5	2
	Management Reporting	5	1
<b>Revenue</b>	Other Revenue	1	
	Rates / Rate Rebates	7	
	User Pay Income	3	
<b>Liabilities</b>	Accounts Payable	15	1
	Accrued Expenses	1	1
	Borrowings	9	
	Employee Provisions	4	
<b>Financial Governance</b>	Governance	3	
<b>External Services Expenses</b>	Contracting	5	3
	Credit Cards	4	
	Employee Reimbursements	2	
	Other Expenses	1	
	Payroll	10	
	Purchasing and Procurement	10	3
	Banking	3	
<b>Assets</b>	Cash Floats and Petty Cash	8	
	Debtors	3	
	Fixed Assets	12	2
	Inventory	10	1
	Loans / Grants to Clubs / Community Groups	7	
	Prepayments	2	
	Project Costing	4	

The average assessor's effectiveness rating of the controls was 4.34 and this is in line with the reviewer's average rating of 4.50 as shown in Attachment 1.

*Attachment 1*

Out of the 141 internal financial controls selected, 14 controls were identified to require a treatment plan because they received a control effectiveness rating of '*partially effective*' of 3 or below by the reviewer.

A copy of the 14 treatment plans is provided in Attachment 2 to this report.

*Attachment 2*

The implementation of the treatment plans will be monitored with progress reported to the Audit Committee at its first meeting in 2023.

**6. REPORT AUTHORISERS**

<b>Name</b>	<b>Title</b>
Alex Brown	Manager, Finance and Procurement
Nicola Tinning	General Manger, Business Support and Improvement

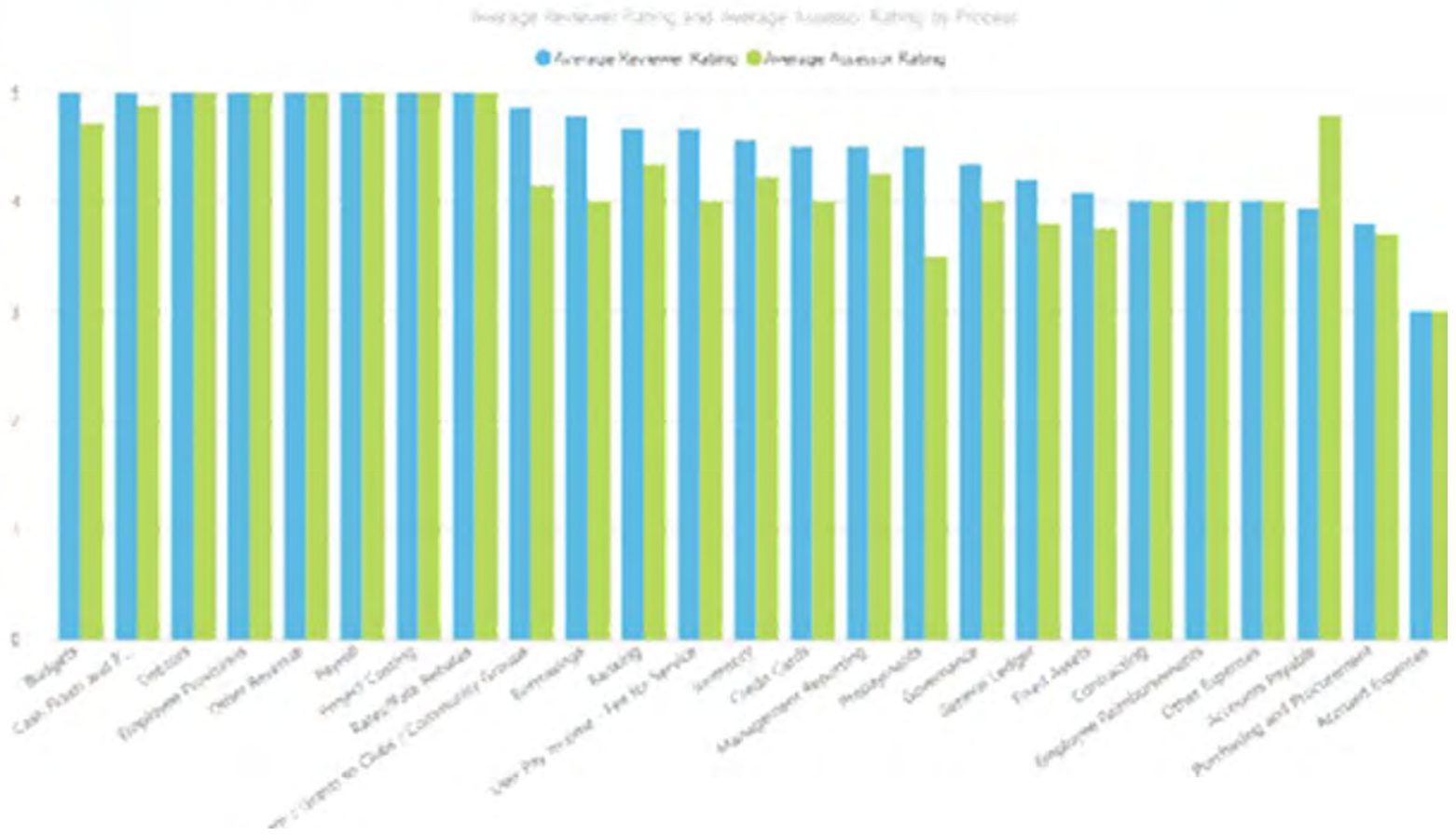
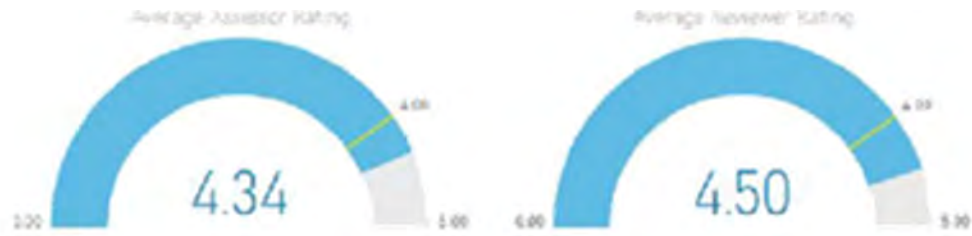


Item 2.3 - Attachment 1 - Internal Financial Controls - Summary Graph

Internal Financial Controls - 2020/2021...

View by Business Unit

Assessment	Avg AR	Avg FR
Internal Financial Controls - 2020/2021 - Full Assessment	4.34	4.50
Total	4.34	4.50





## Internal Financial Controls Self-Assessment – Treatment Plans

Internal Financial Control Code	Control Description	Treatment Plan Description	Due Date	Improvement Owner
ASSETS – FIXED ASSETS – 0006	Council has an asset accounting policy which details thresholds for recognition of fixed assets which is monitored to ensure adherence.	An Asset Accounting Policy is currently being developed for the 2022-23 Financial Year.	31/12/2022	Team Leader Financial Accounting
ASSETS – FIXED ASSETS – 0012	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.	Formal documentation of the process for fixed asset register changes will be undertaken in the 2022-23 financial year.	30/06/2023	Team Leader Financial Accounting
ASSETS – INVENTORY – 0009	There is a process in place to ensure that invoices are paid after goods have been received.	Development of new processes for the receipt and tracking of invoices will be introduced as part of the Procure to Pay Project in the 2022-23 financial year.	30/06/2023	Team Leader Financial Accounting
EXPENSES – PURCHASING & PURCUREMENT – 0007	The organisation has a process in place to ensure use of preferred suppliers where relevant to maximise the best value for money to Council	An internal audit of off-contract expenditure is being undertaken in the 2022 calendar year. This will identify opportunities to improve processes and minimise off-contract expenditure.	31/10/2022	Manager Finance and Procurement
EXPENSES – PURCHASING & PURCUREMENT – 0008	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.	P2P policies and training for UCC employees will have to be established	30/09/2022	Manager Finance and Procurement
EXPENSES – PURCHASING & PURCUREMENT – 0009	There is a process in place to follow up and action incomplete purchase orders.	The new procurement advisor to implement a regular process of reviewing and following up outstanding purchase orders.	31/12/2022	Principal Risk Management Officer / Acting Procurement Business Partner
EXPENSES – PURCHASING & PURCUREMENT – 0010	There is a process in place to review purchasing patterns and ensure maximum use of preferred suppliers.	The new procurement advisor to develop and formalise a regular review of purchasing patterns.	31/12/2022	Principal Risk Management Officer / Acting Procurement Business Partner

## Internal Financial Controls Self-Assessment – Treatment Plans

Internal Financial Control Code	Control Description	Treatment Plan Description	Due Date	Improvement Owner
EXTERNAL SERVICES – CONTRACTING – 0003	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.	A review of the conflict of interest requirements to be reviewed by December 2022, with an ongoing training and education program to increase awareness of conflict of interest obligations.	31/12/2022	Principal Risk Management Officer / Acting Procurement Business Partner
EXTERNAL SERVICES – CONTRACTING – 0005	There is a contract management process in place throughout the term of the contract to ensure that supplier/contractor meet their obligations.	Development of a contract management framework and supporting education in the 2022-23 financial year to assist contract managers in monitoring and managing contracts.	30/06/2023	Principal Risk Management Officer / Acting Procurement Business Partner
LIABILITIES – ACCOUNTS PAYABLE – 0008	Predetermined variances between Purchase Orders and Invoices are assessed and payment released only after verification by the officer with delegation to do so.	The current P2P process is under review. The associated policies and training will have to be provided to strengthen this control. The process has been kick-started early 2021.	30/06/2022	Team Leader Financial Accounting
LIABILITIES – ACCRUED EXPENSES – 0001	Accrued expenses reconciliations are completed in accordance with a schedule of review and/or procedure.	Formalise the process of preparing and reviewing accruals as part of the end of month process in the 2022-23 financial year.	30/06/2023	Finance Business Partner - City Development
STRATEGIC FINANCIAL PLANNING – GENERAL LEDGER – 0008	Formal disaster recovery plan is in place and communicated to relevant staff.	Undertake a review of DR Plan and procedures to ensure relevant and accurate	31/07/2022	Technology Services Coordinator
STRATEGIC FINANCIAL PLANNING – GENERAL LEDGER – 0009	General Ledger policies and procedures are appropriately created, updated and communicated to relevant staff.	Formal documentation of ledger management processes and procedures will occur in the 2022-23 financial year.	30/06/2023	Team Leader Financial Accounting
STRATEGIC FINANCIAL PLANNING – MANAGEMENT REPORTING – 0001	Council has a suite of accounting policies and procedures that are regularly reviewed, and updates are communicated to appropriate personnel.	An asset accounting policy is presently being developed for implementation in the 2022-23 financial year.	31/12/2022	Team Leader Financial Accounting

## INFORMATION REPORT

<b>REPORT TITLE:</b>	PROGRESS REPORT ON INTERNAL AUDIT ACTIONS AS AT MAY 2022
<b>ITEM NUMBER:</b>	2.4
<b>DATE OF MEETING:</b>	17 MAY 2022
<b>AUTHOR:</b>	ALEX BROWN
<b>JOB TITLE:</b>	MANAGER FINANCE AND PROCUREMENT
<b>ATTACHMENTS:</b>	1. INTERNAL AUDIT AGREED ACTIONS REPORT

---

### 1. **EXECUTIVE SUMMARY**

As part of the 2021-22 Internal Audit Plan, internal audits were completed on Petty Cash and Cash Handling. Both reports were presented to the Audit Committee in December 2021 and February 2022 respectively.

At the time of presenting the reports, management committed to providing an update on the progress of the agreed management actions twice a year to the Audit Committee.

This report serves to provide an update on the progress of the agreed management actions arising from the internal audit findings and improvement recommendations.

Since the completion of the internal audits, Administration have completed 18 of the 32 actions.

### 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**

The 2021-22 Internal Audit Plan included the following 2 internal audits which were completed, and their findings and recommendations presented to the Committee:

- Petty Cash, and
- Cash Handling.

This report serves to provide an update on the progress of the actions.

#### 5. **DISCUSSION**

The Petty Cash Internal Audit Report identified five risk findings and two observations. Administration committed to undertake 14 actions to address the risk findings and observations, 10 of these actions have been completed.

The Cash Handling Internal Audit Report identified five risk findings, two observations and one business improvement opportunity. Administration committed to undertake 18 actions to address the risk findings, observations, and business improvement opportunity, 8 of these actions have been completed.

A detailed schedule of internal audit findings, the agreed actions and status can be found in Attachment 1.

*Attachment 1*

A progress update will be provided to the Audit Committee twice a year, with agreed management actions arising from new internal audits added as they internal audits are completed.

#### 6. **REPORT AUTHORISERS**

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

**City of Unley**

**Internal Audit**

**Progress on Agreed Management Actions**

**April 2022**

## Progress Report on Internal Audit Actions

## 1. Summary of Findings and Progress on Agreed Management Actions

Risk Findings	Risk Rating	Actions	Not Started	In Progress	Completed
<b>Petty Cash Internal Audit</b>					
<b>Risk Findings</b>					
2.1.1 The Petty Cash Procedure has not been fully complied with	Medium	6		2	4
2.1.2 Insufficient security measures for the access and storage of petty cash	Medium	2			2
2.1.3 Staff responsible for Petty Cash not fully aware of obligations	Medium	1			1
2.1.4 The Petty Cash Procedure has not been subject a regular review process.	Low	2		1	1
2.1.5 No formalised requirement for the regularity of conducting spot counts	Low	1			1
<b>Observations</b>					
2.2.1 Petty Cash utilised as a cash float	Observation	1			1
2.2.2 Limited utilisation of Petty Cash at some sites	Observation	1			1
<b>Cash Handling Internal Audit</b>					
<b>Risk Findings</b>					
3.1.1 Cash receipting inaccurate and not conducted in a timely manner (Unley Library)	High	4		1	3
3.1.2 Cash receipting inaccurate and not conducted in a timely manner (Unley Swimming Centre)	High	5		3	2
3.1.3 Inadequate security relating to the storage of cash	High	2		2	
3.1.4 Banking from alternate location are not accounted for appropriately	Medium	1		1	
3.1.5 Receipting transactions are inaccurately recorded or not recorded at all	Low	2			2

April 2022



**Progress Report on Internal Audit Actions**

<b>Risk Findings</b>	<b>Risk Rating</b>	<b>Actions</b>	<b>Not Started</b>	<b>In Progress</b>	<b>Completed</b>
<b>Cash Handling Internal Audit continued</b>					
<b>Observations</b>					
3.2.1 Inappropriate use of cash	Observation	3	2		1
<b>Business Improvement Opportunity (BIO)</b>					
4.1 Business Improvement Opportunity 1: Cashless trial at the Swimming Centre	BIO	1			1
<b>Overall Total Agreed Actions</b>		<b>32</b>	<b>2</b>	<b>10</b>	<b>20</b>

April 2022

Progress Report on Internal Audit Actions

## 2. Petty Cash Internal Audit

2.1.1 The Petty Cash Procedure has not been fully complied with		Medium
<b>Internal Financial Control</b>	ASS-PET-0010: Petty Cash to be approved in line with policy or procedure having regard to amounts, substantiation criteria and authorization ASS-PET-0009: Petty Cash amounts paid out should be under a predetermined amount and payments cannot be split over more than one voucher to come under the predetermined amount.	
<b>Better Practice Model Risk</b>	<ul style="list-style-type: none"> <li>105: Cash Floats and Petty Cash are inadequately safeguarded</li> <li>106: Cash Floats and Petty Cash are either invalid, inaccurately recorded or not recorded at all</li> </ul>	
<b>Finding</b>	<p>Procedure outlines that petty cash reimbursement should be authorised by the employee's immediate reporting supervisor. Petty Cash Procedure is available via ECM – Council's records management system, but not on Council's intranet "Aquaria". A sample of 93 petty cash vouchers were reviewed. All but one (92 vouchers) were signed, however the following deficiencies were identified:</p> <ul style="list-style-type: none"> <li>Only 48 out of the 93 petty cash vouchers sampled contained the supervisor's signature.</li> <li>The owner of the authorising signature on 29 vouchers could not be identified: and</li> <li>One sampled transaction was over the predetermined petty cash amount of \$50.00 (amount reimbursed was \$77.30).</li> </ul>	

Recommendations	Management Response	Update
1 The Petty Cash Procedure be circulated to all staff and placed on Council's intranet "Aquaria" to increase awareness of the procedure.	<p>Agreed.</p> <p>Procedure will be uploaded on "Aquaria" <b>November 2021</b></p> <p>Updated Procedure to be added prior to training. <b>March 2022</b></p>	<p><b>Completed</b></p> <p>The procedure is located on Aquaria.</p> <p><b>In Progress</b></p> <p>A revised procedure has been prepared and is presently being reviewed for finalisation. Once finalised it will be upload to Aquaria.</p>

April 2022

**Progress Report on Internal Audit Actions**

2	<p>Training provided to staff who issue petty cash to ensure they understand their responsibilities (ie. Understand that they can reject a petty cash voucher if it is not completed as required)</p>	<p>Agreed.                      Stage one:                      The authorised officers at each location sign an acknowledgement that they have read and understood the current procedure and their responsibilities. <b>November 2021</b></p> <p>Stage two:                      Authorised officers sign an acknowledgement that they have read and understood the revised procedures once finalised. <b>March 2022</b></p> <p>The Finance team will provide a refresher training on the compliance requirements. <b>March 2022 - MKRIS</b></p>	<p><b>Completed</b>                      Authorised officers have signed and returned the acknowledgement.</p> <p><b>In Progress</b>                      A revised procedure has been prepared and is presently being reviewed for finalisation. Once finalised it will be upload to Aquaria.</p> <p><b>Completed</b>                      Refresher training has been provided.</p>
3.	<p>The Petty Cash Voucher template be revised to include the authorizer's name and position title.</p>	<p>Agreed.                      The template has been updated, will be distributed with a link to its location Aquaria. November 2021</p>	<p><b>Completed</b>                      The voucher template is located on Aquaria.</p>

April 2022

**Progress Report on Internal Audit Actions**

**2.1.2 Insufficient security measures for the access and storage of petty cash** Medium

<b>Internal Financial Control</b>	<ul style="list-style-type: none"> <li>• ASS-PET-0005: Cash floats and petty cash are stored in secured facilities (e.g. safes, registers) when not in use.</li> <li>• ASS-PET-0002: Access to the cash floats and petty cash is limited to authorised personnel.</li> </ul>
<b>Better Practice Model Risk</b>	105: Cash Floats and Petty Cash are inadequately safeguarded
<b>Finding</b>	Petty Cash floats are usually stored in a locked tin or cupboard/drawer, however multiple staff have access to the key.

Recommendations	Management Response	Update
<p>1 A review be conducted to identify relevant staff at each location who should have access to the Petty Cash.</p> <p>If a key is required, it should not be kept in a common location where it can be accessed by multiple staff. It is recommended that a key is issued to each staff who requires access and a register of who they key has been issued to be maintained and updated and reviewed regularly. Only authorised staff should have access to the petty cash float.</p>	<p>Agreed.</p> <p>The authorised officer at each location will declare the names of staff who require access to the petty cash, and their names maintained on a register.</p> <p><b>December 2021</b></p> <p>New cash storage containers will be issued with key assigned only to authorised officers. The existing containers will be redeployed in due course for other purposes. <b>March 2022</b></p>	<p><b>Completed</b></p> <p>A "Petty Cash Procedure Form" has been sent to the required authorised petty cash officers to be signed &amp; returned by the end of April 2022.</p> <p><b>Completed</b></p> <p>New cash storage containers will be issued with key assigned only to authorised officers.</p>

April 2022

**Progress Report on Internal Audit Actions**

2.1.3 Staff responsible for Petty Cash not fully aware of obligations		Medium
<b>Internal Financial Control</b>	<ul style="list-style-type: none"> <li>ASS-PET-0001: A register for cash floats and petty cash and custodians is maintained by authorised personnel to record all movements.</li> </ul>	
<b>Better Practice Model Risk</b>	105: Cash Floats and Petty Cash are inadequately safeguarded 106 Cash Floats and Petty Cash are either invalid, inaccurately recorded or not recorded at all	
<b>Finding</b>	Finance maintains a register of all petty cash locations their custodians and amounts. Each Financial year finance requests the custodians to sign and confirm petty cash float at each location During this audit it was identified that the petty cash custodian signed the confirmation without checking to ensure the amount was accurate.	
Recommendations	Management Response	Update
1 The form to confirm petty cash floats be updated to improve the clarity of what is requested.	Agreed. The forms will be updated for the declaration required at the end of the 2021-22 financial year. <b>June 2022</b>	<b>In Progress</b> A "Certificate of Petty Cash / Floats Held as at 30 <sup>th</sup> June 2022" will be sent out to petty cash / float officers & returned by mid-July 2022. <b>Afternote:</b> Other than Civic Centre, all Petty Cash floats have been returned & closed for FY21/22.

April 2022

**Progress Report on Internal Audit Actions**

**2.1.4 The Petty Cash Procedure has not been subject a regular review process.**

**Low**

<b>Internal Financial Control</b>	<ul style="list-style-type: none"> <li>• ASS-PET-0009: Petty Cash amounts paid out should be under a predetermined amount and payments cannot be split over more than one voucher to come under the predetermined amount.</li> <li>• ASS-PET-0010: Petty Cash to be approved in line with policy or procedure having regard to amounts, substantiation criteria and authorisation</li> </ul>
<b>Better Practice Model Risk</b>	105: Cash Floats and Petty Cash are inadequately safeguarded 106 Cash Floats and Petty Cash are either invalid, inaccurately recorded or not recorded at all
<b>Finding</b>	Petty Cash Procedure was last reviewed in 2008 and is not aligned to the Better Practice Model for Internal Financial Controls.

<b>Recommendations</b>	<b>Management Response</b>	<b>Update</b>
1 The Petty Cash Procedure be reviewed and updated to align with the Better Practice Model – Internal Financial Controls.	Agreed. The Procedure will be reviewed and distributed with the revised training. <b>March 2022</b>	<b>In Progress</b> A revised procedure has been prepared and is presently being reviewed for finalisation.
2 The Petty Cash Voucher template be revised to align with the revised procedure.	Agreed. The template has been updated, will be distributed with a link to its location Aquaria, as per action for Finding 1, Recommendation 3. <b>November 2021</b>	<b>Completed</b> The template has been revised and is located on Council's intranet site Aquaria.

April 2022

**Progress Report on Internal Audit Actions**

2.1.5 No formalised requirement for the regularity of conducting spot counts		Low
<b>Internal Financial Control</b>	<ul style="list-style-type: none"> <li>• ASS-PET-0011: Spot cash float and petty cash counts conducted periodically by independent personnel</li> <li>• ASS-PET-0003: Cash floats and petty cash are reconciled and reviewed by a person other than the person responsible for the petty cash</li> <li>• ASS-PET-0007: Custodians of cash floats are informed of and undertake their responsibilities and obligations including reconciliations and accountability for cash movements.</li> </ul>	
<b>Better Practice Model Risk</b>	105: Cash Floats and Petty Cash are inadequately safeguarded 106 Cash Floats and Petty Cash are either invalid, inaccurately recorded or not recorded at all	
<b>Finding</b>	Petty Cash floats are only reconciled when reimbursement of the petty cash float is required. The Petty Cash reimbursement payment request is supported by itemised petty cash transactions and the payment request is authorised by the Team Leader or Manager. No evidence of discrepancies were identified. However, from the sample locations identified for this audit more than half of the locations only required a petty cash float reimbursement on an annual basis.	

Recommendations	Management Response	Update
1 The Petty Cash float reconciliations are conducted at least weekly at the Civic Centre and fortnightly at other Petty Cash locations whether Petty Cash has been utilised or not. This should be conducted by the Petty Cash Custodian at each relevant location and be predetermined as part of the rostering system and documented.	Agreed. The Petty Cash custodian/authorised officer at each location will provide a spot count sign-off documentation detailing the dates to the Finance Team at the end of the financial year. Education to be provided as part of the revised Procedure. <b>March 2022.</b>	<b>Completed</b> A "Petty Cash Float Reconciliation Sheet" was distributed to all petty cash officers in March 2022. This reconciliation sheet is required to be completed weekly for the Civic Centre and fortnightly for other locations. There is also a requirement to conduct and document spot checks every 2-4 weeks. <b>Afternote:</b> Other than the Civic Centre, all Petty Cash floats have been returned and closed. The remaining cash has been deposited into the City of Unley's bank account.

April 2022

**Progress Report on Internal Audit Actions**

2.2.1 Petty Cash utilised as a cash float		Observation
<b>Risk Implications</b>	<p>Fraud Risk as petty cash is not utilised in line with procedure or intended use.</p> <p>Potential for fraudulent receipts to be issued from the centre's receipt book as evidence of the cash refund transaction – as there is no secondary check or independent verification that occurs.</p>	
<b>Observation</b>	<p>During the audit there were two locations where petty cash float was also used as a cash float - change, refunds etc were issued from the petty cash float to customer and a receipt from the centre's receipt book was issued as evidence. This is outside of the current Petty Cash Procedure and it is not intended use of Petty Cash Float.</p> <p>The two locations where this occurred at were:</p> <ul style="list-style-type: none"> <li>• Museum</li> <li>• Fullarton Community Centre</li> </ul> <p>Reasoning given by staff at these centres concluded that there was no facility to cater for transactions of this nature hence the Petty Cash Float was utilised to satisfy the business requirement at the time.</p>	

Recommendations	Management Response	Update
<p>1 The Finance Team work with the Petty Cash custodians at these locations to establish a solution for the business needs in relation to cash handling requirements.</p>	<p>Agreed.</p> <p>A review will be undertaken as part of the review of the Procedure. <b>March 2022</b></p>	<p><b>Completed</b></p> <p>The revised Petty Cash procedure now stipulates that cash advances are not allowed. Petty Cash custodians have been advised of this while the revised procedure is being finalised.</p>

April 2022



**Progress Report on Internal Audit Actions**

**2.2.2 Limited utilisation of Petty Cash at some sites. Observation**

<b>Risk Implications</b>	Fraud Risk as petty cash float is not regularly reconciled
<b>Observation</b>	<p>During the audit it was identified that there were several locations that utilised petty cash less than five transactions a year.</p> <p>Locations identified are:</p> <ul style="list-style-type: none"> <li>• Swim Centre – (not used at all)</li> <li>• Museum</li> <li>• Unley Community Centre</li> <li>• Fullarton Park Community Centre</li> </ul>

<b>Recommendations</b>	<b>Management Response</b>	<b>Update</b>
1 The Finance Team work with the Petty Cash custodians at these locations to establish a solution for the business needs in relation to cash handling requirements.	<p>Agreed.</p> <p>A review will be undertaken as part of the review of the Procedure. <b>March 2022</b></p>	<p><b>Completed</b></p> <p>Other than Customer Services at the Civic Centre, all Petty Cash floats have been returned &amp; closed.</p>

April 2022

Progress Report on Internal Audit Actions

### 3. Cash Handling Internal Audit

3.1.1 Cash receipting inaccurate and not conducted in a timely manner (Unley Library)		High
<b>Internal Financial Control</b>	174: Receipts are not deposited at the bank on a timely basis.	
<b>Better Practice Model Risk</b>	<ul style="list-style-type: none"> <li>ASS-BAN-0004: There is a process in place to ensure all cash collected is adequately recorded and banked regularly.</li> </ul>	
<b>Finding</b>	<p>Receipting at the Unley Library is completed by various staff during hours of operation.</p> <p>Banking is completed on a weekly basis.</p> <p>There is only one person that is responsible for the banking process at the Unley Library. If that staff member is on leave, then the banking will be postponed until the staff member returns from leave.</p> <p>The banking process can be lengthy due to the amount of coinage that is collected as a result of the printer card recharge station and book sale transactions.</p> <p>During busy periods at the Unley Library, if there is a cash transaction that needs to be receipted, the cash may be placed in the cash drawer initially with the intent of completing the receipting cash transaction at a later time. However, this doesn't usually occur and therefore the receipting component is not completed at all which leads to 'overs' during the weekly reconciliation and banking process. During the observation phase, this occurred frequently, however strategies have been put in place which has reduced the frequency and staff are much more aware of their receipting obligations</p> <p>* It is also noted that staff work across different library branches and therefore any implementation will be applied to all relevant sites</p> <p>**NAB will be introducing changes to cash deposits and this may affect how often banking will be prepared – but it has been agreed that receipting will be reconciled on a weekly basis as a minimum.</p>	

Recommendations	Management Response	Update
1 Investigate installing a cash register that opens automatically once receipt is complete.	<p>Agree. Manager Community and Cultural Centres will investigate the procurement of an automatic cash register which has appropriate controls in line with recommendation.</p> <p>Once cash register has been procured; the Unley Library will consider a trial to determine whether it would be more efficient to process payments via two avenues:</p>	<p><b>In Progress</b></p> <p>Currently investigating the procurement of a cash register. End of May 2022</p>

April 2022

**Progress Report on Internal Audit Actions**

		<ul style="list-style-type: none"> <li>Library Account Payments – (lost books, fines) will continue to be processed via Workflows</li> <li>Ad-hoc Payments (eg. book sales, printing) receipt directly via cash register with pre-set receipt codes.</li> </ul>	
		<b>April 2022</b>	
2	All library staff undergo training that emphasizes the importance of receipting monies at the time of the transaction.	Agree. The procedure will be revised and training will to be provided to emphasise compliance with procedure is required. <b>April 2022</b>	<b>Completed</b> Staff were advised on the required process of immediately receipting transactions at the All Staff meeting on the 4 <sup>th</sup> April 2022. This was also minuted at the meeting.
3	The Manager Community and Cultural Centres should establish a "back up" at the Unley Library for the banking process. (It is noted that there is one dedicated banking person at the Goodwood Library and also one for the Toy Library)	Agree. Since the audit, a review has been completed and a role has been identified. Training for a 'back up' is currently underway. <b>Completed</b>	<b>Completed</b>
4	Library staff to encourage library users to recharge their printer cards via the Credit Card option.	Agree. Manager Customer and Cultural Centres will advise all Library staff to encourage customers to utilise e-recharge option for printer cards. Manager Customer and Cultural Centres will investigate if there is library patron/customer receptiveness to transition into an 'e-recharge' only option for recharging of printer cards. April 2022	<b>Completed</b> Staff were advised on the required process of immediately receipting transactions at the All Staff meeting on the 4 <sup>th</sup> April 2022. This was also minuted at the meeting.

**April 2022**

**Progress Report on Internal Audit Actions**

3.1.2 Cash receipting inaccurate and not conducted in a timely manner (Unley Swimming Centre)		High
<b>Internal Financial Control</b>	<ul style="list-style-type: none"> <li>ASS-BAN-0004: There is a process in place to ensure all cash collected is adequately recorded and banked regularly.</li> </ul>	
<b>Better Practice Model Risk</b>	Potential Fraud Risk as there is un-accounted cash at the Centre.	
<b>Finding</b>	<p>The Swimming Centre is open from September to May each season. The takings are counted and reconciled on a daily basis across the 7 days of operation. The daily reconciled takings are entered into a spreadsheet and any discrepancies are noted on the spreadsheet as 'overs &amp; unders'. The overall 'overs &amp; unders' amount is then banked twice a week.</p> <p>The 'overs &amp; unders' amount is almost a daily occurrence on the banking spreadsheet and the amounts range from \$117.20 'over' (17% of total cash banked) on 24 November 2020 to -\$80.90 (-18% of total cash banked) 'under' on 7 February 2021. It is noted that the variance is usually an 'over' amount.</p> <p>An investigation is usually conducted during the end of day process, but it is difficult to determine where the variance may have occurred.</p> <p>The main reason for unders to be recorded is relating to swim school payments (defaults to cash receipt) and the overs usually relate to issues with the receipting interface software (lag where staff think a receipt has been processed but it hasn't). The Swimming Centre Manager has stated there has previously been internet issues at the Swimming Centre and this affects the receipting system and causes delays and errors when trying to receipt during busy periods. These issues have been investigated and resolved.</p> <p>It is noted that since the audit, the Swimming Centre has implemented a new system called SkyFii which will alleviate some of the 'bottleneck' issues relating to patrons entering the Swimming Centre and therefore allowing staff to manage patrons more efficiently.</p>	

Recommendations	Management Response	Update
<p>1 The Swimming Centre should cease netting out 'overs and unders' for variances in cash receipting.</p> <p>A receipting code should be set up to capture any variances which cannot be allocated after an investigation has been conducted.</p>	<p>Agree. The Swimming Centre is investigating going 'cashless' for the 2022-23 season and will implement steps to educate and inform patrons during this season.</p> <p>In the meantime, the Swimming Centre will explore system driven possibilities to capture variances in the receipting interface software.</p> <p><b>April 2022</b></p>	<p><b>In Progress</b></p> <p>Procurement underway for a new Centre Management software system that will facilitate an easier transition to a 'cashless' operation.</p> <p>Members and patrons have already begun to be notified of this change, this has occurred since March 2022</p>

**April 2022**

## Progress Report on Internal Audit Actions

Recommendations	Management Response	Update
2 A reporting process should be set up for the review of the variances. This should include a secondary signatory to ensure that all variances are independently verified.	Update procedures to reflect that the previous days 'overs' will be banked into the 'overs' account line the following morning. <b>March 2022</b>	<b>Completed</b> Procedures now reflect that the previous days 'overs' or 'unders' will be banked and recorded by way of receipt.
3 Swimming Centre Manager in collaboration with Business Systems and Solutions and Finance to investigate a solution that is fit for business in relation to their receipting requirements.	Agree. The Swimming Centre to set up a secondary signatory as an independent check when takings are counted and reconciled. <b>February 2022</b>	<b>Completed</b> The end of day reconciliation takes place and is checked and signed by a supervisor.
4 Investigate installing a cash register that opens automatically once receipt is complete.	Agree. Swimming Centre Manager to work collaboratively with Business Systems & Solutions to look at the longer term centre management system solution for the Swimming Centre. <b>June 2022</b>	<b>In Progress</b> Procurement underway for a new Centre Management software system that will incorporate receipting.
	Agree. The Manager Community and Cultural Centres will investigate the procurement of an automatic cash register which has appropriate controls in line with recommendation. <b>April 2022</b>	<b>In Progress</b> Procurement underway for a new Centre Management software system that will incorporate appropriate controls.

April 2022

**Progress Report on Internal Audit Actions**

**3.1.3 Inadequate security relating to the storage of cash**

**High**

**Internal Financial Control**

- REV-REC-0005: Prior to and during the banking process, cash is stored securely at all times.

**Better Practice Model Risk**

174: Receipts are not deposited at the bank on a timely basis.

**Finding**

Unley Library banking occurs on a weekly basis.

During opening hours, all cash is stored in the lockable cash drawer.

During closed hours, all cash is kept in the safe. The safe is within the library.

During the week, all monies (float and takings) are stored in a pencil case and placed in the safe at the end of the day. At the beginning of the day the pencil case contents are placed back into the cash drawer. No counting occurs until the banking is conducted on a weekly basis. (Note: Toy Library float and takings are stored in the same safe – in a separate pencil case).

The float is not separated or counted.

As library staff work across the different branches, all library staff (including casuals) know the access code to the safe.

It is also noted that all library staff (including casuals) are issued with a key to access the cash drawer. This key opens the cash drawer at the Unley Library as well as the Goodwood Library.

There is no key register to identify who has been issued with a key or process if a key is lost.

\* It is noted that staff work across various library branches and therefore any implementations will be applied to all relevant sites

**Recommendations**

**Management Response**

**Update**

1 The Manager Community and Cultural Centres should investigate a solution to better manage where the cash is stored when not in use.  
As a minimum, takings should be separate from the float. Seal the takings and place it in a section of the safe that has limited access to staff (eg. a drop safe).  
**The float should be counted on a daily basis at the beginning and end of day.**

Agree. A procedure will be established to undertake counting at the beginning and end of the day, and to separate the cash float. Training will be conducted once the procedure is established. The procedure will be rolled out across both library branches. March 2022  
Options for a drop safe or alternative safe options will be investigated. **May 2022**

**In Progress**  
Staff were advised on this requirement at the All Staff meeting on the 4<sup>th</sup> April 2022. Currently working on a procedure. **May 2022**

April 2022

**Progress Report on Internal Audit Actions**

Recommendations	Management Response	Update
<p>2 Review key access to the cash drawer, including whether casuals need access, and establish a key register. Establish a process for what happens:</p> <ul style="list-style-type: none"> <li>• when the key is lost/misplaced, or</li> <li>• when the staff leaves the organisation.</li> </ul> <p>Should a cash register be procured, this should eliminate the concerns of multiple key holders.</p>	<p>Agree. The Library will establish:</p> <ul style="list-style-type: none"> <li>• An authorised personnel and staff register, and</li> <li>• A key register.</li> </ul> <p>A process will also be prepared to support the management of the registers.</p> <p>If the procured automatic cash register has appropriate security controls then no key register will be required.</p> <p><b>April 2022</b></p>	<p><b>In Progress</b></p> <p>The Key register has been established.</p> <p>The authorised personnel and staff register' is yet to be established.</p>

**April 2022**

**Progress Report on Internal Audit Actions**

**3.1.4 Banking from alternate location are not accounted for appropriately Medium**

<b>Internal Financial Control</b>	<ul style="list-style-type: none"> <li>REV-REC-0006: Process in place to ensure all monies received (including that from all offsite locations) are received and recorded in a timely manner.</li> </ul>
<b>Better Practice Model Risk</b>	173: Receipts are either inaccurately recorded or not recorded at all.
<b>Finding</b>	<p>Monies received from alternate locations to the main Civic Centre are received by the Customer Experience staff at the Civic Centre.</p> <p>The money received is in a tamper proof pre-sealed banking bag which contains a pre-completed deposit slip. The contents of the bag is not opened by the Customer Experience staff and reconciled.</p> <p>Depending on which location the banking has come from, if the money has not been pre receipted via Pathway (Council's receipting system) then the Customer Experience staff will create a Pathway receipt with the predefined information supplied with the banking bag. Once completed, the banking bag is placed in the safe and added to the collection form.</p> <p>The Customer Experience staff do not keep a register of when the banking has been received and which location it has been received from. If a bag is unable to be located, it will be difficult to determine at which point the banking has gone missing.</p>

Recommendations	Management Response	Update
<p>1 A register be created to capture the receipt of banking from other locations at the Civic Centre front counter. The register should include;</p> <ul style="list-style-type: none"> <li>Banking Bag number</li> <li>Location where banking is from</li> <li>Signature of person delivered the banking</li> <li>Signature of CX Staff who received the banking</li> <li>Date</li> </ul>	<p>Agree. The Finance Team will update the procedure and training will be provided and staff responsible will sign off on their understanding of the procedure.</p> <p><b>March 2022</b></p>	<p><b>In Progress</b></p> <p>Following further review, it was determined that a documented process rather than a formal procedure document was more appropriate. Training of the process has been scheduled for the 6<sup>th</sup> May 2022.</p>

April 2022



**Progress Report on Internal Audit Actions**

3.1.5 Receipting transactions are inaccurately recorded or not recorded at all		Low
<b>Internal Financial Control</b>	<ul style="list-style-type: none"> <li>REV-REC-0003: Customers are provided with a system generated or pre-numbered (manual) sequential tax compliant receipt detailing payment made.</li> </ul>	
<b>Better Practice Model Risk</b>	173: Receipts are either inaccurately recorded or not recorded at all.	
<b>Finding</b>	The Swimming Centre and Unley Library do not consistently offer receipts to their customers. This is primarily due to the nature of their transactions. (eg. sales relating to food or drinks, book sales).	

Recommendations	Management Response	Update
<p>1 All Library staff should offer a receipt to the customers of the Unley Library. This will establish good receipting habits and also shows the customer that their purchase has indeed been receipted.</p> <p>It may also alleviate the receipting issues mentioned in Finding 1. For a receipt to be issued, the transaction will need to be completed at the time of the transaction and this will deter staff from completing the receipt at a later time.</p>	<p>Agree. Finance to work with the library teams to review and implement the most efficient process in relation to receipting at libraries.</p> <p>Once the procurement of a cash register investigation is completed. The most efficient way to receipt library transactions will be assessed with procedures updated and training provided accordingly. <b>April 2022</b></p>	<p><b>Completed</b></p> <p>Staff were advised on the required process of immediately receipting transactions at the All Staff meeting on the 4<sup>th</sup> April 2022. This was also minuted at the meeting.</p>
<p>2 All Swimming Centre staff will offer their customers a receipt for each transaction. This will allow staff to ensure each transaction has completed.</p>	<p>Swimming Centre Point of Sale System issues a receipt at the end of the transaction.</p> <p>Staff will be instructed and trained to ensure they ask a customer if they require a receipt and offer the receipt when required. <b>February 2021</b></p>	<p><b>Completed</b></p> <p>Swimming Centre staff have been instructed and trained on the process for issuing receipts.</p>

April 2022

**Progress Report on Internal Audit Actions**

**3.2.1 Inappropriate use of cash**

**Observation**

**Risk Implications**

Fraud Risk

**Observation**

In December 2020, the Swimming Centre had an instance of \$150 where it was inappropriately used to reimburse centre expenditure. The cash was part of the 'overs' banking for the week.

The expenditure was clearly documented with receipts attached and commentary explaining what the expenditure was for. The Swimming Centre Manager was unaware of the expenditure until the review of the banking. The Swimming Centre Manager has spoken to the staff involved once he was aware of the transaction.

It is noted that this was a once off transaction and the expenditure was in line with City of Unley's recognition guidelines. The Manager Finance and Procurement has been made aware of the incident.

**Recommendations**

**Management Response**

**Update**

1 Staff who have access to cash at the Swimming Centre should undertake regular training in relation to their role and responsibility. They should also be made aware Fraud & Corruption Prevention Policy.

Agree. The authorised officer at each location will sign an acknowledgement that they have read and understood the current procedure to ensure they understand their responsibility and procedures are adhered to. **February 2021**

**Completed**  
Refer to 3.1.2 - Procedures now reflect that the previous days 'overs' or 'unders' will be banked and recorded by way of receipt.

Authorised officers to sign an acknowledgement that they have read and understood the revised procedures once finalised. **April 2022**

**Not Commenced**  
Revised to October 2022 for the beginning of the swimming season for 2022-23.

The Finance Team will provide a refresher training on the compliance requirements. **April 2022**

**Not Commenced**  
Revised to October 2022 for the beginning of the swimming season for 2022-23.

**April 2022**

**Progress Report on Internal Audit Actions**

**4.1 Business Improvement Opportunity 1: Cashless trial at the Swimming Centre** **Improvement**

<b>Risk Implications</b>	Fraud Risk
<b>Observation</b>	<p>The Swimming Centre is open to trailing the potential of being a 'cash free' facility.</p> <p>The Swimming Centre would like to eliminate their banking issues relating to cash and having a cash free facility.</p> <p>The majority of the Swimming Centre's transactions are EFTPOS with an average of 15% Cash.</p> <p>It would be beneficial to investigate the possibility of trailing this option at the Swimming Centre for a short period of time to gather community receptiveness.</p>

<b>Recommendations</b>	<b>Management Response</b>	<b>Update</b>
1 Investigate how to initiate a 'cash free' facility trial.	Agree. The Manager Swimming Centre will collaboratively with Finance to explore a 'cashless' trial at the Swimming Centre for the 2022-23 season. <b>September 2022</b>	<p><b>In Progress</b></p> <p>Procurement underway for a new Centre Management software system that will facilitate an easier transition to a 'cashless' operation.</p> <p>Members and patrons have already begun to be notified of this change; this has occurred since March 2022.</p>

April 2022

## INFORMATION REPORT

**REPORT TITLE:** STRATEGIC RISK REGISTER REVIEW -  
APRIL 2022

**ITEM NUMBER:** 2.5

**DATE OF MEETING:** 17 MAY 2022

**AUTHOR:** LIDA CATALDI

**JOB TITLE:** PRINCIPAL RISK MANAGEMENT OFFICER

**ATTACHMENTS:** 1. STRATEGIC RISK REVIEW

---

### 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 12 April 2022, 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.
  - 4.3 Our business systems are effective and transparent

### 4. **BACKGROUND**

The Executive Management Team (EMT) reviewed the Strategic Risk Register on 12 April 2022. 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 format and removal of the heading under Treatment Plans which refers to 'EMT Focus Areas or CEO KPIs'.
- Review of the Treatment Plan wording where necessary to reflect an action.
- Review of the target completion dates for actions noted under the Treatment Plans
- Completed treatment plans were moved to the 'Existing Controls' section;
- The 'Emerging Risk' noted in the February review relating to "*The potential for delay in the delivery of projects by contractors and consultants due to various constraints regarding capacity and shortage of materials*" has been added under Strategic Risk 2 – Inability to meet the needs of the community; and
- Discussion relating to any new 'Emerging Risks' was undertaken, and no emerging risks were noted.

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>
Alex Brown	Manager Finance and Procurement
Nicola Tinning	General Manager, Business Support & Improvement



---

# STRATEGIC RISK REGISTER

---

This Review – 12 April 2022 by:

- Peter Tsokas - Chief Executive Officer
- Megan Berghuis - General Manager City Services
- Nicola Tinning - General Manager Business Support and Improvement
- Claude Malak - General Manager City Development

Last Reviewed: February 2022 by:

Peter Tsokas  
Megan Berghuis  
Nicola Tinning  
Claude Malak  
Kathryn Goldy (Acting Exec Manager OCEO)

# Strategic Risk Register

1   Event Description: Failure to maintain financial sustainability			
Responsible Managers: CEO, EMT, CFO		Community Plan Theme: <b>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>	
Likelihood: Possible	Consequence: Major	<b>Inherent Risk Rating: 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</li> <li>Centennial Park Charter</li> </ul>			
Control Effectiveness:	Majority Effective	Risk Tolerance up to:	MEDIUM
Likelihood: Rare	Consequence: Major	Residual Risk Rating:	MEDIUM
<b>Treatment Plan:</b>	<b>Responsibility:</b>	<b>Target Completion Date:</b>	<b>Comment</b>
1. Development and Implementation of a revised Project Management Framework	<ul style="list-style-type: none"> <li>GMCD</li> </ul>	<ul style="list-style-type: none"> <li>June 2022</li> </ul>	This has progressed, the framework has been reviewed by GMCD and is being finalised for EMT to review



# Strategic Risk Register

<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> COMMUNITY LIVING & CIVIC LEADERSHIP	
<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 significantly 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> HIGH	
<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>Corporate Reporting Framework</li> <li>Role clarity and Position Descriptions aligned to service delivery</li> <li>Quarterly Reporting with inclusion of impacts to Strategic Objectives resulting from additional unplanned decisions of Council</li> </ul>		<ul style="list-style-type: none"> <li>Consultation processes (YourSay, website, social media)</li> <li>Customer Experience Framework</li> <li>Customer satisfaction surveys</li> <li>Customer Service Standards (external and internal)</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>Economic Development Strategy</li> <li>Customer Service Charter Principles (Achieve Together Project)</li> <li>Operational Risk Register</li> <li>Business Continuity Plan</li> <li>Quarterly Budget Review Process</li> </ul>	
<b>Control Effectiveness:</b>	<b>Majority Effective</b>	<b>Risk Tolerance up to:</b> MEDIUM	
<b>Likelihood:</b> Rare	<b>Consequence:</b> Major	<b>Residual Risk Rating:</b> MEDIUM	

Treatment Plan:	Responsibility:	Target Completion Date:	Comment
1 Design and implement training across the organisation to reinforce customer service focus and core competencies. (19/20, noting potential implementation over two years)	<ul style="list-style-type: none"> <li>GMBSI</li> </ul>	<ul style="list-style-type: none"> <li>COMPLETED</li> </ul>	The training program has been embedded within the existing Corporate Training Program
2. Review the expected delivery of projects for 2021-2022 due to the various constraints and challenges in the supply market. With consideration to: <ul style="list-style-type: none"> <li>Time</li> <li>Cost</li> <li>Quality</li> <li>Resources</li> <li>Materials and</li> <li>Labour</li> </ul>	<ul style="list-style-type: none"> <li>EMT</li> </ul>	Ongoing	As part of Budget Review 3, a preliminary assessment of carry forwards will occur to inform Council of any project delays known at this time.

## Strategic Risk Register

3		Event Description: Ineffective decision making that lacks transparency	
Responsible Managers: CEO, EMT, Managers		Community Plan Theme: 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>	
Likelihood: Likely	Consequence: Catastrophic (Reputation)	Inherent Risk Rating:	HIGH
<b>Existing Controls/Mitigating Practices:</b> <ul style="list-style-type: none"> <li>Legislative obligations (eg. Code of Conduct, Policies etc)</li> <li>External regulatory framework in place</li> <li>Policies and Procedures</li> <li>Delegation of Authority (Legislative and Financial)</li> <li>Elected Members briefings and workshops</li> <li>Expert advice provided by skilled staff</li> <li>Elected Members development program implemented to enhance role clarity</li> <li>Reinforce processes and education for Elected Member requests with staff</li> <li>Elected Members training programs</li> <li>Independent Members selection and training processes in place</li> <li>Agreed and Endorsed Meeting procedures</li> <li>Risk Management Framework</li> <li>Internal Controls Framework</li> <li>Reporting Quality Control</li> <li>Quality and experienced governance human resources</li> </ul>			
Control Effectiveness:	Majority Effective	Risk Tolerance up to:	MEDIUM
Likelihood: Unlikely	Consequence: Catastrophic	Residual Risk Rating:	MEDIUM

Treatment Plan:	Responsibility:	Target Completion Date:	Comment
1 Delegation review and training (understanding roles, responsibilities, and delegation of authority)	• OCEO	• Dec 2022	<p>We are mindful of the anticipated changes associated with the LG Reforms implementation. A detailed review has not been undertaken at this time.</p> <p>Significant work has been completed to ensure delegations for the Planning and Development Act (PDI) under Instruments A, B, C and D, have been prepared and issued. Whilst structured training has not been delivered, advice and guidance has been provided to staff, most notably in relation to PDI Act Delegations.</p> <p>Implementation of the LG Reforms will be a staggered approach through until mid-2022. Substantial changes to any delegations in response to reforms will be actioned as required with a full delegations review and training to be completed by the end of 2022.</p>
2 Revised Caretaker Policy	• OCEO	• COMPLETED	

## Strategic Risk Register

4	<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> HIGH	
<b>Existing Controls/Mitigating Practices:</b> <ul style="list-style-type: none"> <li>• Strategic Planning framework and documents (e.g. Community Plan, Annual Plan etc)</li> <li>• Long Term Financial Plan/Annual Business Plan &amp; Budget</li> <li>• Policies and Procedures</li> <li>• Internal Controls</li> <li>• Risk management framework</li> <li>• Delegations</li> <li>• External liaison and relationship management</li> <li>• Audit Committee</li> <li>• External/Internal Audit</li> <li>• Appropriately trained and experienced staff</li> <li>• Access to suitably qualified service providers for support (e.g. legal advice)</li> <li>• Access to LGA resources &amp; opportunity to influence outcomes</li> <li>• Collaboration between Councils</li> <li>• ERA</li> </ul>			
<b>Control Effectiveness:</b>	Majority Effective	<b>Risk Tolerance up to:</b> MEDIUM	
<b>Likelihood:</b> Possible	<b>Consequence:</b> Major	<b>Residual Risk Rating:</b> HIGH	
<b>Treatment Plan:</b>	<b>Responsibility:</b>	<b>Target Completion Date:</b>	<b>Comment</b>
1 Preparation for LG Reform	• EMT	• Ongoing	
2 Investigate development and implementation of Legislative Compliance register	• OCEO	• Dec 2022	The Local Research and Development Fund has granted funding to the LGA for a project to develop a legislative compliance register. This work is progressing and Unley will wait for a centrally developed register given the complexity associated with this project.

# Strategic Risk Register

5	Event Description	Workforce not appropriately skilled or engaged		
<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>• 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:</b> HIGH	
<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>• Digital Workplace through the Internet</li> <li>• Calendar with key corporate processes and deadlines</li> <li>• Continuous Improvement – training and suite of tools (learn on the job)</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>• Review of PDR process</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>• Organisational structure reviewed</li> <li>• On-line climate survey tool to provide regular interim measure between OCI surveys</li> <li>• Internal Communications and latest news via emails, the intranet (Aquadria) and staff newsletter - the U</li> </ul>		
<b>Control Effectiveness:</b>		<b>Majority Effective</b>	<b>Risk Tolerance up to:</b> MEDIUM	
<b>Likelihood:</b> Unlikely		<b>Consequence:</b> Major	<b>Residual Risk Rating:</b> MEDIUM	
Treatment Plan:		Responsibility:	Target Completion Date:	Comment
1 Establish and implement an internal communication framework and plan that conveys what will be communicated, to who, when and how		• GMBSI	• June 2023	The Internal Communication Framework will be finalised next financial year. The delay has been a resourcing issue. Internal communication continues in the absence of a framework and continues to be a priority of importance of EMT.

## Strategic Risk Register

6		Event Description: Inability to respond to climate change	
Responsible Managers: CEO, EMT		Community Plan Theme: 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>• Loss of productivity of operations due to extreme weather events</li> </ul>	
Likelihood: Almost Certain	Consequence: Major	<b>Inherent Risk Rating: 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 to support target canopy cover</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>• Financial incentives for Canopy on private land</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>• Climate &amp; Energy Plan for Council Operations</li> <li>• ERA Resilient East Program</li> </ul>			
Control Effectiveness:	Majority Effective	<b>Risk Tolerance up to: MEDIUM</b>	
Likelihood: Unlikely	Consequence: Major	<b>Residual Risk Rating: MEDIUM</b>	

Treatment Plan:	Responsibility:	Target Completion Date:	Comment
1 Negotiation of a new Waste Management Contract	• GMCD	• April July 2022	• Progressing in line with plan and timeframe endorsed by Council
2 Implementation of the Heatwave Action Plan	• EMT	• Jun 2021 – recommendations received • Implementation – Sept 2022	• EMT received the recommendations in June. • These recommendations have been consulted with internal stakeholders and is being finalised for EMT endorsement. • EMT will receive the updated Heatwave Action Plan with Management agreed actions for endorsement in September 2022.

# Strategic Risk Register

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

April 2022

None



### 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 - APRIL 2022
<b>ITEM NUMBER:</b>	2.6
<b>DATE OF MEETING:</b>	17 MAY 2022
<b>AUTHOR:</b>	LIDA CATALDI
<b>JOB TITLE:</b>	PRINCIPAL RISK MANAGEMENT OFFICER
<b>ATTACHMENTS:</b>	1. OPERATIONAL RISK REGISTER - HIGH AND EXTREME RISKS

---

### 1. EXECUTIVE SUMMARY

This report provides an update on the operational risks with a residual risk of high or extreme. As a result of a recent review, only one risk has been assessed with a residual rating as high. There are zero with an extreme rating.

Residual Risk	April 2022	February 2022
Extreme	0	0
High	1	4
<b>Total</b>	<b>1</b>	<b>4</b>

Three risks relating to the potential impact of COVID-19 (with a previous residual risk rate of high) have had their residual ratings reduced to medium and low due to the ongoing lifting of restrictions.

A potential new emerging risk has been identified and placed on a 'Watch List'. This relates to an increase in procurement lead times, increased costs, and a reduction in tender responses for civil construction and professional services. This predicament will be monitored and reassessed for the next review due in September 2022.

### 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 City of Unley’s Risk Management Policy and Framework provides for the systematic identification, assessment, and management of risks across the organisation.

The Operational Risk Register (ORR) considers risks at the service delivery level (business unit). The full ORR is reported to the Audit Committee annually, and operational risks with a residual risk of high or extreme are presented to the Audit Committee at each meeting.

The ORR was presented at the February 2022 Audit Committee Meeting.

**5. DISCUSSION**

During the recent review in April only one risk remains with a high residual risk rating.

Risk #	Risk Rating	Description
Business Systems & Solutions #7	High	Working from home arrangements leading to potential increased exposure to cyber-attacks – see related BS&S #2

The two Global Risks; “*Widespread infection of COVID-19 within the City of Unley workplace*” and “*Significant absenteeism arising from COVID-19*” which were identified during the previous review in response to SA Health’s COVID-19 Roadmap and the Test, Trace, Isolate and Quarantine (TTIQ) Plan have been reassessed from high to medium.

The assessment conducted by Council’s Work, Health and Safety Business Partner considered the following in making their determination:

- the reduction in the severity of the virus in most instances due to high vaccination rates,
- the reduction in isolation period for COVID positive cases,
- the easing of isolation requirements for close contacts, and
- the minimal impact COVID-19 has had on the City of Unley’s business continuity in recent months.



Risk #	Risk Rating	Description
Global Risk 1	Medium	Widespread infection of COVID-19 within the City of Unley workplace
Global Risk 3	Medium	Significant absenteeism arising from COVID-19.

The remaining risk – “*Pandemic (Covid-19) – leading to impact on revenue streams*” has been reassessed from high to low.

The assessment conducted by Council’s Manager Finance and Procurement considered the following when making their determination:

- the lifting of restrictions reducing the operating restrictions and financial pressures on businesses and ratepayers within the City of Unley, and
- the minimal impact COVID-19 has had on the City of Unley’s revenue streams this financial year.

Risk #	Risk Rating	Description
Finance and Procurement #6	Low	Pandemic (Covid-19) – leading to impact on revenue streams.

Details relating to these assessments can be found in Attachment 1.

*Attachment 1*

The three risks that no longer have a high residual risk rating will be incorporated into the full ORR. A detailed review of the ORR and will occur in the second half of this calendar year.

#### Watch List Risk

A potential new emerging risk has been identified relating to the procurement of services. Specifically, procurement lead times, increased costs of services, and a reduction in tender responses for civil construction and professional services in some instances. This predicament will be monitored and reassessed for the next review due in September 2022.

Operational risks with a residual risk of high or extreme will be presented to the Audit Committee in October 2022.

## **6. REPORT AUTHORISERS**

Name	Title
Alex Brown	Manager Finance and Procurement
Nicola Tinning	General Manager, Business Support & Improvement



**Operational Risk Register – High and Extreme**

<b>GLOBAL #1</b>	<b>In response to SA Health's COVID Ready Plan - Borders opening from 23 November 2021</b> <b>Risk of widespread infection of COVID-19 within the City of Unley workplace.</b>		
<b>Risk Issues Identified</b>	Risk of widespread infection of COVID-19 within the City of Unley workplace, increasing the possibility of Elected Members, employees, contractors and volunteers of experiencing severe and potentially life threatening symptoms.		
<b>Risk Category</b>	Health, Safety & Welfare		
<b>Risk Owner</b>	Executive Management Team		
<b>Inherent Risk</b>	<b>Consequence</b> <b>Major</b>	<b>Likelihood</b> <b>Possible</b>	<b>Risk Rating</b> <b>High</b>
<b>Existing Controls</b>	<ul style="list-style-type: none"> <li>• State Direction / Legislation relating to COVID-19</li> <li>• COVID-19 Safe Plans in place for public venues and events</li> <li>• Provide COVID-19 Checklist for Group Bookings (under 200 people)</li> <li>• Covid Safe Plans for groups greater than 200</li> <li>• COVID-19 Marshalls for public venues</li> <li>• Increased routine cleaning</li> <li>• Staff Measures in place - (infection training, COVID-19 Leave, Face Masks, vaccinations strongly encouraged)</li> <li>• Hygiene stations</li> <li>• Physical barriers</li> <li>• Increased signage</li> <li>• Vaccination Policy</li> </ul>		
<b>Controls Effectiveness</b>	3. Partially effective		
<b>Residual Risk</b>	<b>Consequence</b> <b>Moderate</b>	<b>Likelihood</b> <b>Unlikely</b>	<b>Risk Rating</b> <b>Medium</b>
<b>Acceptable</b>	Yes		
<b>Further strategies/ treatments for consideration or ongoing</b>			
<b>Revised Residual Risk</b>	<b>Consequence</b> <b>Moderate</b>	<b>Likelihood</b> <b>Unlikely</b>	<b>Risk Rating</b> <b>Medium</b>

April 2022

## Operational Risk Register – High and Extreme

<b>GLOBAL #3</b>	<b>In response to SA Health's COVID Ready Plan - Borders opening from 23 November 2021 Risk of significant absenteeism arising from COVID-19</b>		
<b>Risk Issues Identified</b>	Council's capacity to perform key tasks and critical functions is significantly limited by widespread absenteeism, or significant absenteeism in a particular Business Unit		
<b>Risk Category</b>	Business Performance & Service Delivery		
<b>Risk Owner</b>	Executive Management Team		
<b>Inherent Risk</b>	<b>Consequence</b>	<b>Likelihood</b>	<b>Risk Rating</b>
	<b>Major</b>	<b>Possible</b>	<b>High</b>
<b>Existing Controls</b>	<ul style="list-style-type: none"> <li>• COVID 19 controls in plan as Global #1</li> <li>• Blended Working Arrangements (Working from home and in the office)</li> <li>• Contractual resourcing available</li> <li>• Prioritise critical functions and work</li> <li>• Business Continuity Plan for critical functions</li> <li>• Vaccination Policy</li> </ul>		
<b>Controls Effectiveness</b>	3. Partially effective		
<b>Residual Risk</b>	<b>Consequence</b>	<b>Likelihood</b>	<b>Risk Rating</b>
	<b>Moderate</b>	<b>Unlikely</b>	<b>Medium</b>
<b>Acceptable</b>	Yes		
<b>Further strategies/ treatments for consideration or ongoing</b>			
<b>Revised Residual Risk</b>	<b>Consequence</b>	<b>Likelihood</b>	<b>Risk Rating</b>
	<b>Moderate</b>	<b>Unlikely</b>	<b>Medium</b>

April 2022

## Operational Risk Register – High and Extreme

Business Systems & Solutions #7	Working from home arrangements leading to potential increased exposure to cyber attacks - See BS&S#2		
<b>Risk Issues Identified</b>	Loss of Data Loss of private and personal information Financial Implications Reputational loss		
<b>Risk Category</b>	Business Performance & Service Delivery		
<b>Risk Owner</b>	Manager Business Systems and Solutions		
<b>Inherent Risk</b>	<b>Consequence</b> <b>Catastrophic</b>	<b>Likelihood</b> <b>Almost Certain</b>	<b>Risk Rating</b> <b>Extreme</b>
<b>Existing Controls</b>	<ul style="list-style-type: none"> <li>• Enabled Multi Factor Authentication</li> <li>• New VPN Solution</li> <li>• Prefer corporate devices to be used for WFH arrangements</li> <li>• Mobile MDM solution</li> <li>• Implement OneDrive &amp; Teams to store corporate data</li> <li>• Education on Email Phishing &amp; Cyber threats</li> <li>• Firewall upgrade</li> <li>• Reviewed remote access procedures</li> <li>• Restricted overseas access</li> <li>• Implemented a comprehensive set of email security measures</li> <li>• Applied latest security patches to mobile computing devices</li> <li>• Implemented new security monitoring and proactive threat response procedures</li> <li>• Updated AV on remote site computers.</li> <li>• Implemented further email security measures (Disabling IMAP remote connections)</li> </ul>		
<b>Controls Effectiveness</b>	3. Partially effective		
<b>Residual Risk</b>	<b>Consequence</b> <b>Catastrophic</b>	<b>Likelihood</b> <b>Possible</b>	<b>Risk Rating</b> <b>High</b>
<b>Acceptable</b>	Yes		
<b>Further strategies/ treatments for consideration or ongoing</b>	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) Implementing a revised cybersecurity plan/strategy		
<b>Revised Residual Risk</b>	<b>Consequence</b> <b>Catastrophic</b>	<b>Likelihood</b> <b>Possible</b>	<b>Risk Rating</b> <b>High</b>

April 2022

## Operational Risk Register – High and Extreme

Finance & Procurement #6	Pandemic (COVID-19) - leading to impact on revenue streams		
<b>Risk Issues Identified</b>	Increase in aged debtors Potential property valuation fluctuations Reduced income from the Swimming Centre, venue hire and outdoor dining permits due to restrictions		
<b>Risk Category</b>	Business Performance & Service Delivery		
<b>Risk Owner</b>	Manager Finance & Procurement		
<b>Inherent Risk</b>	<b>Consequence</b>	<b>Likelihood</b>	<b>Risk Rating</b>
	Insignificant	Unlikely	Low
<b>Existing Controls</b>	<ul style="list-style-type: none"> <li>• Ability to borrow (LGFA)</li> <li>• LTFP</li> <li>• Policies relating to how to treat aged debtors</li> <li>• Close management and monitoring of Council's financial position</li> <li>• Quarterly budget reviews</li> </ul>		
<b>Controls Effectiveness</b>	5. Effective		
<b>Residual Risk</b>	<b>Consequence</b>	<b>Likelihood</b>	<b>Risk Rating</b>
	Insignificant	Unlikely	Low
<b>Acceptable</b>	Yes		
<b>Further strategies/ treatments for consideration or ongoing</b>			
<b>Revised Residual Risk</b>	<b>Consequence</b>	<b>Likelihood</b>	<b>Risk Rating</b>

April 2022

**Operational Risk Register – High and Extreme**

**Operational Risk Register – Watch List**

<b>Description</b>	<b>Explanation</b>
<b>Increase in procurement lead times and costs for civil construction and professional services</b>	This potential emerging risk has been identified following a reduction in the number of tender responses, and pricing that has been higher than budgeted in some instances.

April 2022

**Operational Risk Register – High and Extreme**

**Appendix**

<b>Risk Rating Matrix</b>					
	<b>Catastrophic</b>	<b>Major</b>	<b>Moderate</b>	<b>Minor</b>	<b>Insignificant</b>
<b>Rare</b>	Medium	Medium	Low	Low	Low
<b>Unlikely</b>	High	Medium	Medium	Low	Low
<b>Possible</b>	High	High	Medium	Medium	Low
<b>Likely</b>	Extreme	High	High	Medium	Medium
<b>Almost Certain</b>	Extreme	Extreme	High	High	Medium

<b>Explanation of Probability</b>				
<b>Rare</b>	<b>Unlikely</b>	<b>Possible</b>	<b>Likely</b>	<b>Almost Certain</b>
<b>&lt;5% probability</b>	5% - 30% probability	31% - 60% probability	61% - 90% probability	91% - 100% probability
<b>May occur in exceptional circumstances</b>	Could occur at some time; greater than annually	Annually: Likely to occur at least once a year	Monthly: Likely to occur once a month	Frequently: Likely to occur most weeks

April 2022



Operational Risk Register – High and Extreme

Risk Categories and Examples of Potential Impacts						
Consequence Ratings	Health, Safety & Welfare  (Community, Councillors, Staff or Contractors)	Business Performance & Service Delivery  (Business & HR Operations, ICT, Procurement & Contract Management)	Reputation  (Political and Legislation & Policy Compliance)	Infrastructure  (Council Assets and Facility Management)	Environment	Financial
<b>Catastrophic (worst case scenarios)</b>	Major injury, disablement or fatality Long term effect on morale and business performance Widespread industrial action Section of the community or workforce harmed Long term impact on morale or business	Major interruption to delivery of all or most services for more than 14 days. Full BCP action required	Council Members conduct – Severe Breach of Code of Conduct Huge effect on public image Community outrage by groups; pages established on social media and high instance of posts on Council’s social media pages Organised community campaigning involving multi-day / sustained negative media attention (months) Irreconcilable community loss of confidence in Council’s intentions and capabilities Significant prosecution and fines, major litigation involving class action, major noncompliance with legislation / regulation Critical internal policy failure	Loss of significant or critical infrastructure / assets are destroyed Significant or critical infrastructure assets are unusable for months Major impact on business operations	Permanent damage, destruction of sites or artefacts of cultural heritage significance Irrecoverable environmental damage threatening survival of flora or fauna; death of animals; widespread introduction of weeds; soil erosion “Serious” as defined under the SA Environment Act 1993 Section 5 (3)(b)	Significant adverse impact on the budget – financial loss / exposure >\$4m or 10% of rate revenue Impact on multiple financial years  To note: \$4m is a threshold in prudential management relating to procurement
<b>Major</b>	Serious long term injury requiring hospitalisation / rehabilitation Temporary disablement Industrial action over many months, significant management intervention required Increased overall workforce absenteeism Significant impact on morale or business	Major interruption to service delivery, Customer impact > 7 days. Component of BCP action may be needed.	Council Members conduct – Major Breach of Code of Conduct Long term effect on public image Considerable and prolonged impact and dissatisfaction publicly expressed Regional or state wide negative media attention (weeks) Major breach of legislation / regulation, major litigation, noncompliance with legislation / regulation Major internal policy failure	Loss of non-critical infrastructure / assets are destroyed or significantly damaged Significant or critical assets are unusable for weeks Major impact on business operations	Death of individual animals, large scale injury, loss of key species and widespread habitat destruction Extensive serious injuries “Material” as defined under the SA Environment Act 1993 Section 5 (3)(a) Damage to flora and fauna requires significant period of recovery	Major financial loss / exposure – impact between \$1m and \$4m or 5% of rate revenue Impact goes into next financial year and possibly beyond  To note: \$2m is approx. 5% of rate revenue

## Operational Risk Register – High and Extreme

Risk Categories and Examples of Potential Impacts - continued						
Consequence Ratings	Health, Safety & Welfare (Community, Councillors, Staff or Contractors)	Business Performance & Service Delivery (Business & HR Operations, ICT, Procurement & Contract Management)	Reputation (Political and Legislation & Policy Compliance)	Infrastructure (Council Assets and Facility Management)	Environment	Financial
<b>Moderate</b>	Injuries requiring medical attention / hospitalisation Short term disablement Threats of industrial action, any impact can be absorbed short term Increased business area workforce absenteeism Short term effect on morale and business	Moderate Interruption to service delivery. Customer impact up to 48 hrs. Partial BCP action may be needed	Sectional community impacts and concerns publicly expressed (days) Negative media attention and public interest (days) Loss of confidence by the community in Council processes / staff / councillors Moderate breach of legislation / regulation, major litigation, noncompliance with legislation / regulation Moderate internal policy failure	A range of assets, including some significant assets, are unusable for weeks Moderate impact on business operations	Severe temporary damage over limited area requiring extensive remediation Medical treatment required "Potential" as defined under the SA Environment Act 1993 Section 5 (2) Impact on flora or fauna is recoverable over 6 to 12 month period and pollution requires physical removal	High financial loss / exposure – impact between \$100k and \$1m or 2.5% of rate revenue May impact beyond current financial year
<b>Minor</b>	Injuries requiring first aid treatment (lost time up to 2 days) Urgent dialogue with industrial group required, impact can be absorbed through normal activity Increased team workforce absenteeism Negligible short term impact on morale or business	Minor interruption to a service with minimal impact to customers/business	Local level of community impacts and concern Some local media or political attention Occasional once off negative media attention Complex legal issues need addressing, noncompliance and breaches Minor internal policy failure	A number of assets are unusable but can be replaced within acceptable timeframes Minimal disruption to business operations	Temporary damage affecting local area First aid required "Nuisance" as defined under the SA Environment Act 1993 Section 5 (1) Some minor adverse effects on few species / ecosystem can be contained and reversed in the short term	Medium financial loss / exposure – impact between \$10K and \$100k Minor variation to budget for current financial year  To note: \$47k is financial materiality threshold for 2019/20
<b>Insignificant</b>	Incident with or without minor injury; first aid only Dialogue with industrial group may be required, negligible impact No impact on morale or business	Insignificant interruption to a service – no impact to customers/business	Isolated local community or resident's issue based concerns Minimal local complaints or negative commentary on Council's website (less than 3 people) No media or political attention Legal issues managed by routine procedures, minor noncompliance and breaches Minor encroachment on internal policy	Assets receive minimal damage or are only temporarily unavailable No real disruption to business operations	Minor temporary damage that normal practice can rectify No injuries Can be reversed immediately "Nuisance" as defined under the SA Environment Act 1993 Section 5 (1)	Negligible financial loss – impact <\$10k No impact on current financial year

April 2022

## DECISION REPORT

<b>REPORT TITLE:</b>	PROPOSED INTERNAL AUDIT PLAN 2022-2023
<b>ITEM NUMBER:</b>	2.7
<b>DATE OF MEETING:</b>	17 MAY 2022
<b>AUTHOR:</b>	LIDA CATALDI
<b>JOB TITLE:</b>	PRINCIPAL RISK MANAGEMENT OFFICER
<b>ATTACHMENTS:</b>	1. PROPOSED 2022-23 INTERNAL AUDIT PLAN

---

### 1. **EXECUTIVE SUMMARY**

The proposed Internal Audit Plan has been developed for the 2022-23 financial year to identify and address current risks within work processes, procedures, and practices. It will also provide an opportunity to enable improvements within the control environment.

Its development has considered current structure, resources (and any changes to both) along with current and planned process improvement projects.

The individual internal audit projects will be conducted by internal and/or external resources. The Principal Risk Management Officer will manage and monitor the delivery of the entire plan.

A status update on the progress of internal audit projects will be provided to Audit Committee before the end of the calendar year.

### 2. **RECOMMENDATION**

That:

1. The report be received.
2. The Internal Audit Plan as set out in Attachment 1 to this report (Item **XX**, Audit Committee Meeting, 17/05/2022) be endorsed.

---

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

4. Civic Leadership
  - 4.1 We have strong leadership and governance
  - 4.3 Our business systems are effective and transparent.

#### **4. BACKGROUND**

The proposed Internal Audit Plan has been established having regard to the Strategic Risk Register, Operational Risk Register, the current internal controls environment, and taking into consideration structure and resourcing (any planned or recent changes) within the organisation. The Internal Audit Plan seeks to provide a greater level of confidence with internal control practices and procedures for the areas included within the Internal Audit Plan.

The Internal Audit Plan 2021-22 is not complete. There are two remaining Internal Audit Projects, these are:

- Credit Cards
- Procurement Sourcing – Off Contract Expenditure

The findings and recommendations of these will be presented to the Audit Committee in August 2022.

#### **5. DISCUSSION**

The proposed Internal Audit Plan was developed following consultation with the Manager Finance and Procurement and the General Manager Business Support and Improvement, with consideration given to the following:

- Current or planned process/system improvement projects
- Existing risks and the control environment
- Agreed Actions from the External Auditor's control assessments
- Recent organisational change to reporting structures
- Known legislative change
- Identified as part of the internal financial controls self-assessments

Due to the existing level of internal resources, specialist skill that may be required and current workload the delivery of the Internal Audit Plan will be met by a mix of internal and external resources. The Principal Risk Management Officer will however be the responsible of the delivery of the Plan.

The draft Internal Audit Plan 2022-23 covers the following areas, and more detail is provided in Attachment 1 to this Report:

- Leases
- Payroll
- Infringement & Expiations Review
- Contract Management

*Attachment 1*

The Internal Audit Plan will be monitored throughout the year, and progress will be provided to Audit Committee at its meeting in December 2022.

## 6. **ANALYSIS OF OPTIONS**

### Option 1 –

1. The report be received.
2. The Internal Audit Plan as set out in Attachment 1 to this report (Item XX, Audit Committee, 17/05/2022) be endorsed.

The draft Internal Audit Plan has been developed to provide a greater level of confidence in relation to internal control practices and procedures relevant to the areas suggested.

### Option 2 –

1. The report be received
2. Subject to incorporation of the following amendments, the Internal Audit Plan as set out in Attachment 1 to this report (Item XX, Audit Committee, 17/05/2022) be endorsed.
  - 2.1 Amendments to be determined the Audit Committee
  - 2.2 Etc

The Audit Committee may wish to request amendments to the Internal Audit Plan and include these in its recommendation to Council.

This Option provides the relevant wording to enable the Audit Committee to articulate any changes required to the Internal Audit Plan, and to recommend these be incorporated by Council at the time of adoption.

Should the Audit Committee wish to make amendments to the Internal Audit Plan, consideration should be given to resourcing necessary to deliver a modified Plan.

### Option 3 –

1. The report be received
2. The Internal Audit Plan as set out in Attachment 1 to this report (Item XX, Audit Committee, 17/05/2022) be further amended and returned to the Audit Committee for review.

The Committee may consider that further work is required to the Internal Audit Plan. This Option requests further development of the documents and that they be returned to the Audit Committee at the next meeting.

The Audit Committee can under this option, communicate what amendments it would like to be made.

## 7. **RECOMMENDED OPTION**

Option 1 is the recommended option.

**8. POLICY IMPLICATIONS**

**8.1 Financial/Budget**

- Nil

**8.2 Legislative/Risk Management**

- Nil

**9. REPORT CONSULTATION**

The Internal Audit Plan has been developed in consultation with relevant staff.

**10. REPORT AUTHORISERS**

<b>Name</b>	<b>Title</b>
Alex Brown	Manager Finance and Procurement
Nicola Tinning	General Manager, Business Support & Improvement

## City of Unley – Proposed Internal Audit Plan 2022-23

Internal Audit	Category	Linkage to Strategic Risk	Teams	Proposed Report Dates
<b>2021-22 Program to be finalised</b>				
<b>Credit Cards</b>				
To assess the credit card usage is aligned with relevant policies and procedures – including applicable Internal Financial Controls.	Governance / Internal Financial Controls	4. Inability to manage legislative and regulatory compliance obligations	<ul style="list-style-type: none"> <li>Finance</li> <li>Credit Card Holders</li> </ul>	August 2022
<b>Procurement Sourcing – Recurring Spend</b>				
Review of procurement methods for services and supplies purchased on a regular or reoccurring basis to assess alignment with existing policies and procedures.	Governance / Internal Financial Controls	4. Inability to manage legislative and regulatory compliance obligations	<ul style="list-style-type: none"> <li>All Business Units</li> <li>Procurement staff</li> </ul>	August 2022
<b>Recommended Internal Audit Projects for 2022-2023</b>				
<b>Leases</b>				
To ensure the management of lease and licence arrangements are in accordance with policy and agreed terms.	Governance / Internal Financial Controls	4. Inability to manage legislative and regulatory compliance obligations	<ul style="list-style-type: none"> <li>Property &amp; Facilities</li> <li>Finance</li> <li>Asset Management</li> </ul>	February 2023
<b>Payroll</b>				
To ensure the payroll end to end process of key controls with the employee payment cycle is effective.	Governance / Internal Financial Controls	4. Inability to manage legislative and regulatory compliance obligations	<ul style="list-style-type: none"> <li>Payroll</li> <li>People and Culture</li> <li>Finance</li> </ul>	February 2023
<b>Infringement &amp; Expiations review</b>				
To assess the consistency and effectiveness of the infringement and expiation process against existing policies and procedures. Rescheduled from 2021-22 due to a business process review being undertaken in 2022.	Governance / Internal Financial Controls	4. Inability to manage legislative and regulatory compliance obligations	<ul style="list-style-type: none"> <li>Regulatory Services</li> </ul>	May 2023
<b>Contract Management</b>				
To assess the consistency and effectiveness of contract performance against existing policies and procedures.	Governance / Internal Financial Controls	4. Inability to manage legislative and regulatory compliance obligations	<ul style="list-style-type: none"> <li>All Departments</li> <li>Finance &amp; Procurement</li> </ul>	May 2023

May 2022