

# 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 16 May 2023 6.30pm***

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

**Chief Executive Officer**





## **MEMBERS**

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

## **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, 28 March 2023	
<b>1.5 DEFERRED / ADJOURNED ITEMS</b>	
Nil	
<b>2. REPORTS</b>	
2.1 External Audit - Interim Audit Findings & Agreed Actions May 2023	5
2.2 Draft 2023-24 Annual Business Plan and Budget for Community Consultation	35
2.3 Internal Audit: Progress on Agreed Management Actions (April 2023)	99
2.4 Quarterly Risk Report (May 2023)	130

## **3. OTHER BUSINESS**

### **NEXT MEETING**

Tuesday 8 August 2023 - 6.30pm

Council Chambers, 181 Unley Road Unley

## INFORMATION REPORT

<b>REPORT TITLE:</b>	EXTERNAL AUDIT - INTERIM AUDIT FINDINGS & AGREED ACTIONS MAY 2023
<b>ITEM NUMBER:</b>	2.1
<b>DATE OF MEETING:</b>	16 MAY 2023
<b>AUTHOR:</b>	MORGAN KRIS, TEAM LEADER - FINANCIAL ACCOUNTING
<b>DIVISION:</b>	BUSINESS SUPPORT AND IMPROVEMENT
<b>ATTACHMENTS:</b>	1. EXTERNAL AUDIT: 2022-23 INTERIM AUDIT REPORT

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### 1. **PURPOSE**

This report provides the Audit Committee with the details of the findings and agreed actions from the Interim Audit conducted by Council's External Audit, Galpins, in March 2023.

### 2. **RECOMMENDATION**

That:

1. The report be received.
  2. The External Audit – Interim Audit and Findings & agreed actions as set out in Attachment 1 to this report ( Item 2.1, Audit Committee meeting 16/05/2023) be noted.
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### 3. **RELEVANT CORE STRATEGIES – FOUR YEAR DELIVERY PLAN**

4. Civic Leadership
  - 4.1 We have strong leadership and governance.
  - 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 2022-23 external audit, the external auditors, Galpins, have undertaken an assessment of 100 internal financial controls and provided its findings in its 2022-23 Interim Management Letter which is included in Attachment 1.

*Attachment 1*

## 5. **DISCUSSION**

Galpins, the External Auditors, have reported in their 2022-23 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.

As part of their interim audit, Galpins reviewed 100 internal financial controls. 96 controls were assessed as operating effectively, with only four controls requiring improvement. A summary of the findings of the review is provided in the table below.

Business cycles	Controls Reviewed	Operating Effectively				2023 Findings			
		2023	2022	2021	2020	H	M	L	BP
Purchasing & Procurement/Contracting	10	9	9	8	6	-	1	-	-
Fixed Assets	16	14	15	15	14	1	1	-	-
General Ledger	11	10	10	9	9	-	1	-	-
Accounts Payable	13	13	13	12	10	-	-	-	-
Credit Cards	5	5	4	3	5	-	-	-	-
Rates / Rates Rebates	10	10	10	10	8	-	-	-	-
Payroll	19	19	19	19	16	-	-	-	-
Receipting	5	5	5	5	4	-	-	-	-
Banking	5	5	5	5	5	-	-	-	-
Debtors	6	6	6	6	6	-	-	-	-
<b>Total</b>	<b>100</b>	<b>96</b>	<b>96</b>	<b>92</b>	<b>83</b>	<b>1</b>	<b>3</b>	<b>-</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, 2 related to ongoing improvements identified and agreed upon last year. A summary and progress to date are provided in the tables below:

Business cycles	Findings	2023 Findings		
		Not Started	Work in Progress	Completed
Purchasing & Procurement/ Contracting (Moderate risk)	1	-	1	-
Fixed Assets (High risk)	1	-	1	-
Fixed Assets (Moderate risk)	1	-	1	-
General Ledger (Moderate 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> Absence of formal contracts and agreements for sample of suppliers</p>	<p><b>In progress</b> The Procurement Team is presently reviewing all existing contracts to ensure an electronic copy is stored within Council's record management system, and with the document ID number recorded in the contract management system. The internal procedure to register all new contracts in the contract register and document management has recently been reviewed.</p>
2.2.1	<p><b><u>Fixed Assets:</u></b> Assets requiring new revaluations to be performed this financial year to ensure they are revalued with sufficient regularity</p>	<p><b>In progress</b> The revaluation of Roads, Kerbs and Open Space Assets have been prepared and are presently being reviewed prior to adoption. The condition audits for buildings have been completed with the revaluation of land and buildings due to commence in May. An internal review of the existing valuations is presently underway and will be applied if the external valuations are not completed in time for the 2022-23 financial statements.</p>
2.3.1	<p><b><u>Fixed Assets:</u></b> Assets included in Technology One are not linked and/or reconciled to the GIS system  **Note: Finding from 2021-22</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>

2.4.1	<p><b>General Ledger:</b></p> <p>A need to review certain allocations of users and profiles to key finance roles in Tech One</p> <p><b>**Note:</b> Finding from 2021-22</p>	<p><b>Noted</b></p> <p>The review and testing of the new system administration structure was completed following the Interim Audit and implemented in April 2022. The allocation review was reviewed in in 2022 and management deems that the access allocation is appropriate, and therefore no further work will be done.</p>
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Further details regarding the findings are included in Attachment 1.

*Attachment 1*

An update on the progress of the agreed management actions from the interium audit will be provided at the meeting scheduled for October 2023.

**6. REPORT AUTHORISERS**

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

# Galpins

Accountants, Auditors & Business Consultants

## Financial Controls Review

The City of Unley

2022/23 Interim Management Letter



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## 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.....	9
2.3 GENERAL LEDGER.....	13
APPENDIX 1 – CRITICAL INTERNAL FINANCIAL CONTROLS .....	15





## 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 2022/23 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
<b>High Risk Weaknesses</b>	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.
<b>Moderate Weaknesses</b>	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.
<b>Low Risk Weaknesses</b>	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.
<b>Better Practice Weaknesses</b>	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					2023 Findings			
		2023	2022	2021	2020	2019	H	M	L	BP
Purchasing & Procurement/Contracting	10	9	9	8	6	3	-	1	-	-
Fixed Assets	16	14	15	15	14	13	1	1	-	-
General Ledger	11	10	10	9	9	9	-	1	-	-
Accounts Payable	13	13	13	12	10	10	-	-	-	-
Credit Cards	5	5	4	3	5	5	-	-	-	-
Rates / Rates Rebates	10	10	10	10	8	8	-	-	-	-
Payroll	19	19	19	19	16	15	-	-	-	-
Receipting	5	5	5	5	4	4	-	-	-	-
Banking	5	5	5	5	5	5	-	-	-	-
Debtors	6	6	6	6	6	6	-	-	-	-
<b>Total</b>	<b>100</b>	<b>96</b>	<b>96</b>	<b>92</b>	<b>83</b>	<b>78</b>	<b>1</b>	<b>3</b>	<b>-</b>	<b>-</b>

We recommend that Council prioritises the high and 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.



## 1.5. Summary of findings

Business Cycle	Findings	Risk
Purch./Procur./Contracting	2.1.1 Absence of formal contracts and agreements for sample of suppliers	M
Fixed Assets	2.2.1 Assets requiring new revaluations to be performed this financial year to ensure they are revalued with sufficient regularity	H
	2.2.2 Assets included in Technology One are not linked and/or reconciled to the GIS system	M
General Ledger	2.3.1 A need to review certain allocations of users and profiles to key finance roles in Tech One	M
Credit cards	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A
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

#### 2.1.1 Absence of formal contracts and arrangements for a sample of suppliers

Moderate

<b>Control</b>	Employees must ensure all purchases are in accordance with Council's Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies.
<b>Risk</b>	Council does not obtain value for money in its purchasing and procurement.

Finding	Recommendations	Management Response
Audited selected suppliers for review based on cumulative spend. Council could not locate in its records a signed contract for Nuago Pty Ltd (server maintenance and other IT services). In 2022/23 the total cumulative spend was \$119,310.	Council ensures that there are formal agreements in place with suppliers with significant cumulative spend, and that works are not commenced prior to signing contracts.	<p>The Procurement Team is presently reviewing all existing contracts to ensure an electronic copy is stored within Council's record management system, and with the document id number recorded in the contract management system. <b>Commenced. Scheduled completion July 2023</b></p> <p>The internal procedure to register all new contracts in the contract register and document management has recently been reviewed. <b>Completed</b></p>

## 2.2 FIXED ASSETS

### 2.2.1 Assets requiring new revaluations to be performed this financial year to ensure they are revalued with sufficient regularity

**High Risk**

<b>Control</b>	Relevant staff review useful lives, residuals, valuations, depreciation methodology and test for impairment to ensure that methods used are still appropriate and significant changes are incorporated into Asset Management Plans.
<b>Risk</b>	Fixed Assets are not valued correctly initially or on subsequent revaluation.

Finding	Recommendations	Management Response
<p>The most recent external revaluation of asset classes occurred on the following dates (as per the 2021/22 financial report):</p> <ul style="list-style-type: none"> <li>- Buildings and other structures – 30 June 2018</li> <li>- Roads, kerbs and gutter – 1 July 2017</li> <li>- Pathways – 1 July 2019</li> <li>- Drainage / recycled water – 30 June 2021</li> <li>- Traffic and lighting – 1 July 2019</li> <li>- Bridges – 30 June 2021</li> <li>- Other assets (open space and reserve equipment) – 30 June 2017</li> </ul> <p>Accounting standards require assets using the revaluation model to be revalued with sufficient regularity to avoid material misstatement. Common practice in local government is for assets to have a full revaluation every 3-5 years. As can be seen above, there are some asset classes requiring revaluations to be performed during the 2022/23 financial to ensure that they are revalued with sufficient regularity (more specifically, 'buildings and other structures', 'roads, kerbs and gutter' and 'other assets').</p> <p>Audit made enquiries on the progress of these revaluations and noted</p>	<p>Audit recommends Council proceeds with the current revaluation process for roads, kerbs and gutter and other assets to ensure the results of these revaluations are accounted for in the 2022/23 financial report.</p> <p>To ensure that buildings and other structures are not materially misstated in the 2022/23 financial report, audit recommends the following:</p> <ol style="list-style-type: none"> <li>1. Ensure that buildings and other structure revaluations are completed by an external valuer, and the results of this revaluation recorded in the 2022/23 financial report;</li> </ol> <p>Or (if option 1 is not possible)</p> <ol style="list-style-type: none"> <li>2. Perform internal reviews of the current condition assessment and existing unit rates assigned to buildings and other structures,</li> </ol>	<p><b>Noted</b></p> <p>The revaluation of Roads, Kerbs and Open Space Assets have been prepared and are presently being reviewed prior to adoption.</p> <p>The condition audits for buildings have been completed with the revaluation of land and buildings is due to commence in May. An internal review of the existing valuations is presently underway, and will be applied if the external valuations are not completed in time for the 2022-23 financial statements.</p>





<p>the following:</p> <ul style="list-style-type: none"> <li>- Buildings – a condition assessment has already been performed and this will be incorporated into the next revaluation process. Council is currently determining the best procurement approach to be adopted to engage an external valuer to perform a revaluation of buildings and other structures, and are hopeful that this can be undertaken in time for the 2022/23 financial report.</li> <li>- Roads, kerbs and gutter – the revaluation of these assets has been completed and will be recorded in the 2022/23 financial report.</li> <li>- Other assets – the revaluation of these assets is currently in progress and will be recorded in the 2022/23 financial report.</li> </ul> <p>Audit understands the revaluation process for buildings and other structures may be potentially delayed and may potentially add additional pressures on the timing of completion and preparation of the 2022/23 financial report.</p> <p>Audit is of the view that if a revaluation is not performed and recorded in the 2022/23 financial report, the current valuation of buildings and other structures will likely be materially misstated as the last revaluation was performed 5 years ago on 30 June 2018, and there has been no indexation of values since that time.</p> <p>This creates the potential for a qualification in our auditor’s report if a revaluation is not performed and recorded in the 2022/23 financial report. Audit has met with management to discuss this risk, and have provided feedback for steps Council can take to avoid a qualification should delays in the valuation eventuate. These are summarized in our recommendation.</p>	<p>and process any necessary adjustments in to ensure these assets are not materially misstated on 30 June 2023. This can be achieved as follows:</p> <ul style="list-style-type: none"> <li>a. Condition assessment – compare the results of the current condition assessment performed with existing condition ratings within the asset register. Consider whether remaining useful lives recorded in the asset register remain reliable in light of this comparison.</li> </ul> <p>If no material differences in the remaining useful lives are found, then simply perform a review of unit rates (see item ‘b’ below).</p> <p>If material differences are found, adjust the useful and remaining lives of buildings and other structures in the asset register, and recalculate the accumulated depreciation of buildings based on new replacement costs determined from the review of the unit rates (see item ‘b’ below).</p> <ul style="list-style-type: none"> <li>b. Review of unit rates – perform a review of unit rates assigned to different components of buildings. Examples of approaches to the review of unit rates performed in the local government sector include:</li> </ul>	
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	<ul style="list-style-type: none"><li>- indexation of unit rates based on industry indexes such as the Local Government Price Index (more commonly used) or the Australia Bureau of Statistics Times Series Data (Construction Industries)</li><li>- determination of unit rates based on recent Council contracts in place</li><li>- engagement of an external party to review unit rates</li><li>- comparison of unit rates against industry guides, such as the Rawlinsons Construction Cost Guide.</li></ul>	
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**2.2.2 Assets included in TechnologyOne are not linked and/or reconciled to the GIS system. Moderate**

<b>Control</b>	There is a process in place for the verification of fixed assets which is reconciled to the FAR.
<b>Risk</b>	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>Noted</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 A need to review certain allocations of users and profiles to key finance roles 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>We have reported in past financial years that there were no mechanisms to ensure a complete list of users with access to finance functions in Tech One are formally reviewed on a regular basis.</p> <p>Our follow up of this matter performed during the 2022/23 revealed that Management implemented appropriate mechanisms to review the appropriateness of users with access to finance functions in TechOne. Management currently reviews lists and reports detailing:</p> <ul style="list-style-type: none"> <li>• active users and active profiles created in TechOne</li> <li>• the users allocated to each profile created in TechOne</li> <li>• roles allocated to each profile created in TechOne</li> </ul> <p>Audit performed a review of profiles and users (not mentioned below for confidentiality reasons) with access to key modules in TechOne and noted the following access allocations. Management may consider some of these roles to have users assigned who may not require access to perform their duties:</p> <ul style="list-style-type: none"> <li>• role: System Administrators – 5 profiles – Finance Business Partner / Financial Accountant / Manager Finance and Procurement / Team Leader Financial Accounting / Web Services User</li> <li>• role: GL Officer – 16 profiles – Applications Project Officer / Business Systems Support Officer / Finance System Analyst /</li> </ul>	<p>Finance Management assesses whether the roles allocated to the profiles listed in the finding 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>Noted</b></p> <p>The review and testing of the new system administration structure was completed following the Interim Audit and implemented in April 2022. The allocation review was reviewed in 2022 and management deems that the access allocation is appropriate.</p>



<p>Finance Business Partner / Financial Accountant / IT Support Officer / KCAUL / Manager Business Systems and Solutions / Manager Finance and Procurement / Payroll Officer / People and Culture Administrator / Senior Coordinator Rates / Spatial Business &amp; Intelligence Analyst / Team Leader Financial Accounting / Technology Services Coordinator / Technology Support Analyst</p> <ul style="list-style-type: none"> <li>• role: Asset Officer – 9 profiles – Asset Management Officer / Coordinator Open Space / Finance Business Partner / Financial Accountant / General Manager City Development / Manager Assets and Operations / Manager Finance and Procurement / Senior Assets and Engineering Lead / Team Leader Financial Accountant</li> <li>• role: AP Officer – 6 profiles – Administration Officer Operations / Creditors Officer / Customer Experience Officer / Finance Business Partner / Financial Accountant / Team Leader Financial Accountant</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>		
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## **APPENDIX 1 – CRITICAL INTERNAL FINANCIAL CONTROLS**

### Purchasing and Procurement

#### Risks

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

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

### CONTRACTING

#### Risks

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

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



## FIXED ASSETS

## Risks

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

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

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



## GENERAL LEDGER

## Risks

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

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

## ACCOUNTS PAYABLE

## Risks

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

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

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

## RATES / RATES REBATES

## Risks

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

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

## PAYROLL

## Risks

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

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



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

## CREDIT CARDS

## Risks

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

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

## BANKING

## Risks

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

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

## DEBTORS

## Risks

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

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

## RECEIPTING

## Risks

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

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



## DECISION REPORT

<b>REPORT TITLE:</b>	DRAFT 2023-24 ANNUAL BUSINESS PLAN AND BUDGET FOR COMMUNITY CONSULTATION
<b>ITEM NUMBER:</b>	2.2
<b>DATE OF MEETING:</b>	16 MAY 2023
<b>AUTHOR:</b>	ALEX BROWN, MANAGER FINANCE AND PROCUREMENT
<b>DIVISION:</b>	BUSINESS SUPPORT AND IMPROVEMENT
<b>ATTACHMENTS:</b>	1. DRAFT 2023-24 ANNUAL BUSINESS PLAN AND BUDGET FOR COMMUNITY CONSULTATION

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### 1. **PURPOSE**

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 and to follow a process of community consultation.

The Draft 2023-24 Annual Business Plan and Budget (Draft ABP&B) was approved by Council at its meeting held on 24 April 2023 for the purpose of community consultation.

This report presents the Draft ABP&B for Audit Committee's feedback as part of the consultation process. Comments received from Audit Committee will be presented to Council for consideration at the Budget Workshop to be held prior to the adoption the ABP&B.

### 2. **RECOMMENDATION**

That:

1. The report be received.
  2. The Draft 2023-24 Annual Business Plan and Budget, approved for Consultation purposes and as set out in Attachment 1 to this report (Item 2.2, Audit Committee Meeting 16/05/2023) be noted.
  3. Comments received from the Audit Committee relating to the Draft 2023-24 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 – FOUR YEAR DELIVERY PLAN**

#### 4. Civic Leadership

4.1 We have strong leadership and governance.

4.2 Council provides the best value services to the Community.

### **4. BACKGROUND**

In order to provide guidance for the Administration, an Elected Member budget Workshop was conducted on 20 March 2023 where Members considered:

- the draft budget financial position for the 2023-24 financial year;
- proposed project bids for Operating Projects and New Capital projects; and
- scenarios for general rate increases considering the draft budget position.

This Workshop followed an earlier workshop where the key assumptions and financial targets for the Draft 2023-2033 Long-Term Financial Plan were considered.

Council approved the Draft 2023-24 Annual Business Plan and Budget for the purpose of community consultation on Monday 24 April 2023.

Community Consultation commenced on Monday 1 May 2023, and will conclude on Monday 22 May 2023 at 5pm.

### **5. DISCUSSION**

#### **Legislative Compliance**

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

*Attachment 1*

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

The Draft 2023-24 Annual Business Plan meets all legislative requirements of the Act.

#### **Community Consultation**

Community consultation on the Draft Annual Business Plan commenced on 1 May and will conclude on 22 May 2023.

The methodology for engagement is listed below:

- A public notice in The Advertiser;
- Online consultation on Your Say Unley; and
- Notification on Council's website and social media channels, with appropriate links to the Draft Annual Business Plan and Your Say Unley.
- Production of a video to be used for promotion.

It is proposed that Community consultation included public information sessions as follows:

- Thursday 4 May, City of Unley Council Chambers, 10-11am.
- Tuesday 9 May, City of Unley Council Chambers, 6-7pm.

Council will receive submissions via Council's website (through Your Say Unley) or written submissions to PO Box 1, Unley 5061. All submissions will be accepted up until the close of business on Friday 19 May 2023.

Feedback from Community Consultation will be presented to a Council Workshop scheduled for Monday 29 May 2023.

The 2023-24 Annual Business Plan and declaration of rates will be presented to Council for adoption at its June 2023 meeting.

## **Proposed Rates**

### General Rates

Scenarios for general rate increases, ranging from 3.5% to 5.0% before growth, were presented to the Budget Workshop on 20 March 2023. Feedback from the workshop indicated a majority preference for a general rate increase of 4.0% before growth, on the basis that it would achieve a forecasted operating surplus ratio of 4.0%.

The draft ABP&B has been prepared with a general rate increase of 4.0% before additional income from new developments and additions.

The General Rate revenue is forecast to increase by 4.5%, based on:

- The 4.0% increase in rates for existing properties; and
- An estimated 0.5% increase in rate revenue from new developments and capital improvement to existing properties.

This proposed rate increase is forecast to achieve an Operating Surplus Ratio of 4.0% (before Equity Accounted Businesses).

Since the approval of the Draft ABP&B for consultation, the Australian Bureau of Statistics has advised that the Adelaide CPI for the March Quarter 2023 was 7.9%. The weighted average of the eight capital cities is 7%.

A Council Workshop is proposed for the end of May to consider the General Rates for 2023-24 in light of:

- Public Consultation feedback including the Audit Committee on the Draft ABP&B;
- Any proposed changes to the draft budget, noting the Administration is still seeking clarity on forecast costs for aspects of operational expenditure.
- Adelaide CPI for the March Quarter.
- The latest property valuation data from the Valuer General, including details of the property valuation movements for 2023-24 rating period, and the estimated increase in general rate income from new developments and capital improvements to existing properties.

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 2023-24 Budget, Council considered the requests from the four associations for the 2023-24 rating period as follows:

- The Unley Road Association has requested a 3.5% increase;
- The Fullarton Road South Traders Association has requested an increase from \$250 to \$300;
- The King William Road Traders Association and Goodwood Road Business Association have both requested no increase.

<b>Main Street Trader Associations</b>	<b>Separate Rate raised 2022-23</b>	<b>Proposed Separate Rate 2023-24</b>	<b>Proposed % Increase (Decrease)</b>
Unley Road	\$117,590	\$121,706	3.5%
King William Road	\$150,350	\$150,350	-
Goodwood Road	\$57,225	\$57,225	-
Fullarton Road	\$13,750	\$16,500	20%

In 2016-17, Council also adopted a recommendation from the Unley Business and Economic Development Committee (UBED) to cap the amount that any separate ratepayer pays at \$2,000. It is proposed that this is retained for 2023-24 rating period.

## Regional Landscape Levy

(Formerly the Natural Resource Management Levy)

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

The new Act created 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 is required to collect the levy via a separate rate for the Board. The Green Adelaide Board has advised the collection amount for 2023-24 is \$1.666M, which represents an increase of 14%. Council does not retain this revenue, nor determine how the revenue is spent.

Following community consultation, any significant changes will require a new Draft ABP&B to be developed and considered at the May meeting. This delay will result in a delay in the adoption of the budget and declaration of rates for 2023-24 (but will still be within the required time frame).

## **Proposed Projects**

The proposed Operating and Capital Projects incorporate feedback from the Budget Workshop on 20 March 2023.

The proposed Annual Business Plan allows for the following:

- Proposed net Operating Projects of \$1.16M
- Proposed net New Capital of \$1.74M
- Proposed net Capital Renewal of \$8.2M

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

## Operating Projects

Council has identified proposed Operating Projects that amount to a net \$1.16M. Key Projects for 2023-24 include:

- Over \$590K of Environmental Initiatives including:
  - The expansion of tree canopy on public land \$180K
  - Initiatives to reduce Council's carbon emissions \$130K
  - Greening of City Verges \$90K
  - Delivery of Water Wells to facilitate the capture of stormwater run-off to water trees \$50K
- Delivery of an annual calendar of events \$400K including the Unley Gourmet Gala and a Stage Start for the Santos Tour Down Under;

- Economic Development initiatives including:
  - Trader Event Sponsorship Grants \$40K
  - Funding to support the delivery of economic projects identified by the Unley Business and Economic Development Advisory Committee \$20K
- Continuation of Council's Active Ageing Initiatives \$20K.

Further review of these proposals will occur between now and June 2023, including consideration of the community consultation and Audit Committee feedback before the Budget is finalised for adoption.

A full list of the proposed Operating Projects is included within Attachment 1 on pages 34-37.

### New Capital

The proposed New Capital Projects total \$1.74M. Key projects include:

- Council's contribution to the continuation of the Brown Hill Keswick Creek project \$840K.
- Continued implementation of the 2022-2027 Walking and Cycling Plan including:
  - Design of Railway Terrace South (Devon Street to Goodwood Road);
  - Improvements to the Marino Rocks Greenway on the bend between Cooke Terrace and Rose Terrace;
- Stage 3 of Wilberforce Walk upgrade between Second Avenue and Leah Street \$150K (net), co-funded with the South Australian Government;
- Solar Panels and Batteries for Council owned facilities \$100K, and an Electric Vehicle Charging Station \$20K; and
- Unley Road Streetscape Upgrade (Stage 2) \$50K.

Further review of these projects will occur between now and June 2023, including consideration of the community consultation and Audit Committee feedback before the Budget is finalised for adoption.

A full list of the proposed New Capital Projects is included within Attachment 1 on pages 38-40.

### Capital Renewal Program

The proposed Capital Renewal Program of \$8.2M (net) has been based on current asset information and asset management plans. Key items include:

- Transport Infrastructure \$3.9M including:
  - Road renewal \$1.0M
  - Kerb & Water Table \$2.1M
  - Footpaths \$775K

- Drainage and Stormwater \$330K;
- Reserves and Open Space \$550K; and
- Property (incl. Swimming Centre) \$1.2M.

More detail of the Capital Renewal Program is included within Attachment 1 on pages 42-45.

### **The Draft 2023-24 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.

<b>Financial Indicator</b>	<b>Council Adopted Target</b>	<b>Draft 2023-24 Budget</b>
Operating Surplus Ratio (excluding equity accounted businesses)	5% or greater of total operating income	4.0%
Net Financial Liabilities Ratio	Less than 80% of total operating income	16%
Asset Funding Renewal Ratio (rolling 10-year average)	100% or greater of recommended spend in the Asset Management Plans	91%
Asset Renewal to Depreciation (rolling 10-year average)	100% or greater of recommended spend in the Asset Management Plans	91%

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 increase on relevant goods and services. In recent years this has tracked close to CPI, although this was 6.9% for the year to December 2022.
- 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.

Council has also 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 2023-24.
- The funding requirements for the proposed Business Plan and Budget.
- An explanation of Council's rating structure and the proposed rates for 2023-24.
- Information regarding Council's Long Term Financial Plan; and
- Analysis of the financial ratios for the 2023-24 Budget.

#### In Summary

The Plan has been prepared to include the following items:

- An increase in General Rates of 4.0%, and a further 0.5% increase in rate revenue from new developments and capital improvements.
- An operating surplus ratio of 4.0%.
- Proposed net Operating Projects of \$1.16M.
- Proposed net New Capital Projects of \$1.74M.
- Proposed net Capital Renewal Program of \$8.2M.

The budget forecasts that the activities to be undertaken in 2023-24 can be fully financed from Council's existing resources without the need to borrow funds from external sources. After considering principal repayments and daily management of Council's short-term financing facilities, it is estimated that Council's borrowings will reduce to \$1.5M as at 30 June 2024.

With the release of the March Quarter CPI it is expected that further discussion will occur at the next Budget Workshop regarding the proposed increase in general rates revenue.

A copy of the Draft 2023-24 Annual Business Plan and Budget is provided as Attachment 1.



## 6. **POLICY IMPLICATIONS**

The Draft 2023-24 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; and
- Council's Asset Management Plans.

### **6.1 Financial/budget implications**

- The Annual Business Plan and Budget will be the budget for the 2023-24 financial year upon adoption by Council in June 2023.
- The Draft Annual Business Plan and Budget incorporates analysis of Council's financial ratios and an updated 2023-2032 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%.
- The Asset Renewal Funding Ratio is forecast to be 91%. Although this is below 100%, it should be considered as a rolling average. The forecast average for 2019-20 to 2023-24 is 100%.
- Council is forecasting an Asset Sustainability Ratio of 70%. Depreciation is presently being reviewed as part of the asset condition audits and revaluations, which will inform longer term depreciation estimates.
- The Financial Management Ratios should be considered collectively when assessing the financial position of Council. Council is in a strong financial position.

### **6.2 Risk Management (identification and mitigation)**

- Section 123(3) of the *Local Government Act 1999* requires councils to prepare a Draft Annual Business Plan and Budget.
- The Draft 2023-24 Annual Business Plan meets all legislative requirements of the *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

### **6.3 Staffing/Work Plans/Additional Resource Impact**

- The draft ABP&B does not propose any changes in existing service levels.
- Resourcing considerations for the delivery of Operating and Capital Projects have been considered and included where applicable as part the project bid process.

#### **6.4 Climate/Environmental Impact**

- Projects and initiatives have been proposed and included in the Draft ABP&B to support the continued delivery of Council endorsed strategies and plans, including the Climate and Energy Plan and Tree Strategy.

#### **6.5 Social/Economic**

- Projects and initiatives have been proposed and included in the Draft ABP&B to support the continued delivery of Council endorsed strategies and plans, including the Active Ageing Strategy, and Economic Development Strategy.

#### **6.6 Stakeholder Engagement**

- Community consultation on the Draft Annual Business Plan commenced on 1 May and will conclude on 22 May 2023.
- Feedback from Community Consultation will be presented to a Council Workshop, scheduled for Monday 29 May 2023, prior to adoption of the Business Plan and Budget in June.

### **7. ANALYSIS OF OPTIONS**

#### Option 1 –

1. The report be received.
2. The Draft 2023-24 Annual Business Plan and Budget, approved for Consultation purposes and as set out in Attachment 1 to this report (Item 2.2, Audit Committee Meeting 16/05/2023) be noted.
3. Comments received from the Audit Committee relating to the Draft 2023-24 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.

### **8. RECOMMENDED OPTION**

Option 1 is the recommended option.

### **9. REPORT AUTHORISERS**

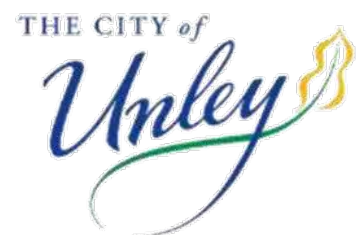
<b>Name</b>	<b>Title</b>
Nicola Tinning	General Manager, Business Support & Improvement



**2023-24**

**ANNUAL BUSINESS PLAN & BUDGET**

**DRAFT FOR COMMUNITY CONSULTATION**







## KAURNA 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
<b>Services Provided to the Community</b> .....	<b>14</b>
<b>Influences on the Budget</b> .....	<b>15</b>
<b>Strategic Priorities</b>	
Community Living .....	16
Environmental Stewardship.....	17
Economic Prosperity .....	18
Civic Leadership.....	19
<b>Funding the Business Plan</b> .....	<b>20</b>
Council's Rates.....	22
<b>Financial Sustainability</b> .....	<b>26</b>
Financial Ratios .....	28
<b>Operating Programs</b> .....	<b>30</b>
<b>Operating Projects</b> .....	<b>34</b>
<b>New Capital Projects</b> .....	<b>38</b>
<b>Asset Management Plans</b> .....	<b>41</b>
<b>Capital Renewal Program</b> .....	<b>42</b>
<b>Financial Statements</b> .....	<b>46</b>
<b>Long Term Financial Plan</b> .....	<b>52</b>







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  
Monday 1 May 2023**

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 5pm  
Monday 22 May 2023.

### Community Consultation Meetings

Two community consultation meetings will include an overview of the proposed 2023-24 Business Plan and Budget.

#### Thursday 4 May

City of Unley Council Chambers  
10-11am

#### Tuesday 9 May 2023

City of Unley Council Chambers  
6-7pm

**Consultation closes 5pm Monday  
22 May 2023.**



# ELECTED MEMBERS

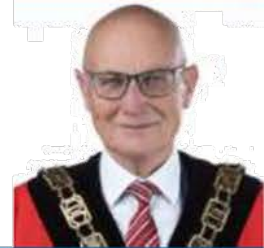
The Mayor and Elected Members are elected by the local community to represent **the interests and needs of the community**.

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

They play an 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



Don Palmer



Rebekah Rogers

## FULLARTON Ward Councillors



Jack Gaffey



Peter Hughes

## GOODWOOD Ward Councillors



Chris Crabbe



Georgie Hart

## PARKSIDE Ward Councillors



Jennifer Bonham



Luke Doyle

## UNLEY Ward Councillors



Stephen Finos



Jane Russo

## UNLEY PARK Ward Councillors



Monica Broniecki



Michael Rabbitt



## 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 1 May and 23 May 2023.

All feedback collected during this period will be considered by the Elected Members of Council at a Budget Workshop in order to finalise Council's 2023-24 Annual Business Plan and Budget.

## Purpose of the 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 2023-24
- 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  
2023 - 2024**



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 2023-24 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.

Forecast rate income is based on the following assumptions:

- **General Rate Increase** 4.0%
- **Increase from new rateable properties and improvements** 0.5%

The proposed increase in General Rates will be considered further by Council in late May following feedback from Community Consultation.

Please note the information in this draft budget excludes:

- Council's equity accounted businesses, namely the Centennial Park Cemetery Authority, the Brown Hill Keswick Creek Stormwater Board and East Waste.
- Potential carry forwards for capital projects, noting the delivery timeframes of some 2022-23 projects have been impacted by supply issues.

## Key Financial Targets

Council has reviewed its Key Financial Targets after considering its draft Long Term Financial Plan.

The Key Financial Targets are:

Financial Indicator	Adopted Target	Draft 2023-24 Budget
<b>Operating Surplus Ratio</b> (excl. equity accounted businesses)	> 5.0%	4.0%
<b>Net Financial Liabilities Ratio</b>	< 80%	16%
<b>Asset Renewal Funding Ratio</b> (10 Year average)	≈ 100%	91%
<b>Asset Renewals to Depreciation</b> (10 year average)	≈ 100%	70%

Further information regarding the financial indicators are included on pages 28-29.



# RATES OVERVIEW

Council is proposing an **average** increase in General Rates income of 4.0%, plus an additional 0.5% representing the estimated increase in revenue from new developments and capital improvement to existing properties.

The rates assessment (rates payable) for a specific property will be dependent upon the 2023-24 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.

The proposed increase in General Rates will be considered further by Council in May following feedback from Community Consultation.

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 proposed minimum rate for 2023-24 is \$943, an increase of 4.0% from 2022-23.

It is estimated there will be approximately 4,300 assessments paying the minimum rate in 2023-24.

## 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 23.

## 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 24.

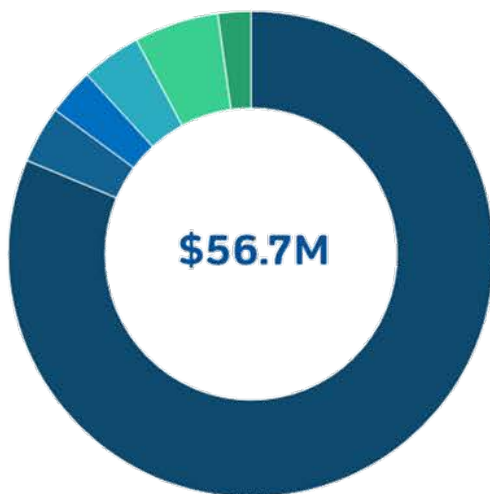
# FINANCIAL SUMMARY

\$'000	2023-24 Draft Budget	2022-23 Q2 Forecast
<b>Income</b>		
General Rates Income	46,099	44,114
All Other Income	10,588	10,398
Operating Projects	18	79
<b>Total Income</b>	<b>56,705</b>	<b>54,591</b>
<b>Expenditure</b>		
Employee Costs	20,513	19,606
Materials, Contracts & Other Expenses	20,635	19,872
Depreciation, Amortisation & Impairment	12,000	10,175
Finance Costs	90	312
Operating Projects	1,180	2,275
<b>Total Expenditure</b>	<b>54,418</b>	<b>52,240</b>
<b>Operating Surplus/(Deficit)</b>	<b>2,287</b>	<b>2,351</b>
Principal Repayment of loans	277	266
<b>Cash surplus/(deficiency) after principal repayments</b>	<b>2,011</b>	<b>2,085</b>
Capital Renewal less income to be received	8,204	11,491
New Capital less funding to be received	1,740	4,012
<b>(Shortfall) / Improvement in cash position</b>	<b>4,066</b>	<b>(3,243)</b>
<b>Fixed Term Borrowings</b>	<b>288</b>	<b>565</b>
Cash Advance Debenture (CAD Borrowings)	1,248	5,314
<b>Total Borrowings</b>	<b>1,536</b>	<b>5,879</b>
Repayment of Fixed Term Borrowings	277	266
Repayment/(draw-down) of CAD	4,066	(2,935)
<b>Net repayment/(draw down) of borrowings</b>	<b>4,343</b>	<b>(2,669)</b>
<b>Operating Surplus Ratio (Target 5%) (before Equity Accounted Subsidiaries)</b>	<b>4.0%</b>	<b>4.3%</b>
<b>Net Financial Liabilities Ratio (Target &lt;80%)</b>	<b>16%</b>	<b>24%</b>
<b>Asset Renewal Funding Ratio (Target 100% average over 10 years)</b>	<b>91%</b>	<b>131%</b>
<b>Asset Renewal to depreciation (Target 100% average over 10 years)</b>	<b>70%</b>	<b>113%</b>

The draft Budgeted Financial Statements for the 2023-24 financial year exclude proposed Equity Account Businesses (Centennial Park Cemetery Authority, Brown Hill & Keswick Creek Stormwater Board and East Waste) for the purposes of public consultation.

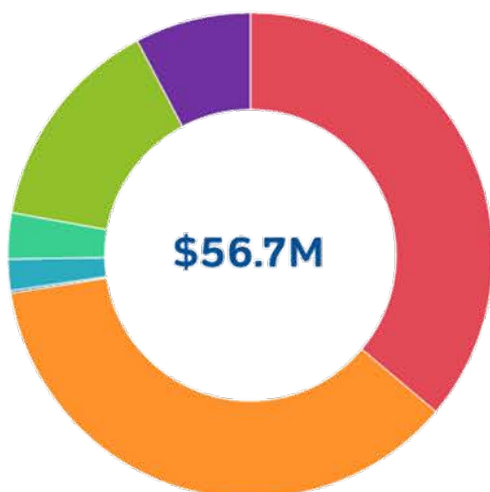


## Where our funding comes from



■ General Rates	\$46.1M	81.3%
■ Other Rates & Levies (includes Landscape Levy)	\$2.15M	3.8%
■ Grants & Subsidies & Contributions	\$3.1M	5.7%
■ User Fees	\$2.25M	4.0%
■ Statutory Fees	\$1.75M	5.6%
■ Other Income	\$1.25M	2.2%

## How we allocate our funding



■ Employee Costs	\$20.5M	36.1%
■ Materials, Contracts & Other	\$20.6M	36.3%
■ Finance Costs	\$0.09M	0.2%
■ Operating Projects	\$1.16M	2.1%
■ New Capital Projects (Net)	\$1.74M	3.1%
■ Capital Renewal (Net)	\$8.2M	14.5%
■ Repayment of Borrowings (Principal repayments)	\$4.35M	7.7%

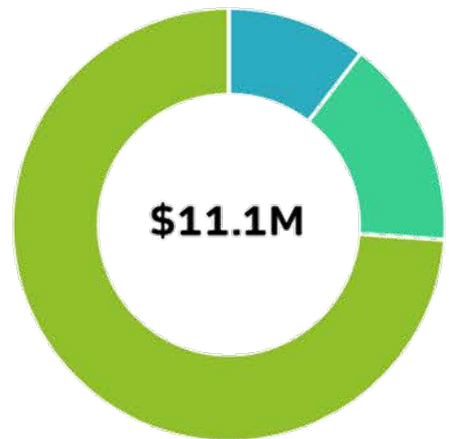


**Council’s proposed project priorities for 2023-24 stem from the themes outlined in Council’s Community and 4 Year Delivery Plan.**

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 was used to further prioritise, refine and finalise the proposed project list for community consultation.

**Our Project Expenditure**



- Operating Projects **\$1.16M**
- New Capital **\$1.74M**
- Asset Renewal **\$8.20M**

Further information regarding the projects is included on pages 34-45.



## OPERATING PROJECTS

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

These projects are funded by Council's rates income.

The full list and further details of each project are included on pages 34-37.

### Key Highlights include

- \$590K of Environmental Initiatives including
  - The expansion of tree canopy on public land \$180K
  - Initiatives to reduce Council's carbon emissions \$130K
  - Grant funding to support the Greening of City Verges \$90K
  - Delivery of Water Wells to facilitate the capture of storm water run-off to water trees \$50K
- Delivery of an annual calendar of events \$400K including the Unley Gourmet Gala and a Stage Start for the Santos Tour Down Under
- Trader Event Sponsorship Grants \$40K.

## NEW CAPITAL

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

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

The full list and further details of each project are included on pages 38-40.

### Key Highlights include

- Council's contribution to the continuation of the Brown Hill Keswick Creek project \$840K
- Stage 3 of Wilberforce Walk upgrade between Second Avenue and Leah Street \$150K, co-funded with the South Australian Government.
- Continuing the implementation of Council's Walking & Cycling Plan \$130K
- Solar Panels and Batteries for Council owned facilities \$100K, and an Electric Vehicle Charging Station \$20K
- Unley Road Streetscape Upgrade (Stage 2) \$50K.

## 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 endorsed by Council in December 2020.**

### This 2023-24 Renewal Programs include:

- Transport Infrastructure \$3.9M including Road renewal \$1.0M, Kerb & Water Table \$2.1M and Footpaths \$775K
- Drainage and Stormwater \$330K
- Reserves and Open Space \$550K
- Property (incl. Swimming Centre) \$1.2M.

These projects are funded by Council's rates income. [The full list and further details of each project are included on pages 42-45.](#)

# 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
- 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 30-33.

**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

Council is cognisant of the financial pressure many households and businesses are experiencing from high inflation and rising costs. While council is also experiencing increasing costs, especially in contractual services, it continues to carefully manage its budget and minimised increases in its expenditure budget while balancing it's long term financial sustainability.

**This approach has enabled Council to minimise the proposed average general rate increase to 4%, while maintaining an operating surplus ratio of 4%.** This proposed rate increase is well below the anticipated increase in Adelaide CPI for the year ended March 2023.

The proposed operating projects and new capital expenditure for 2023-24 are driven by the continued implementation of Council's plans and strategies. These include, but are not limited to, the following:

- Climate and Energy Plan
- Tree Strategy
- Walking and Cycling Plan
- Local Area Traffic Management Plan
- Economic Growth Strategy
- Active Ageing

Council is also commitment to continue long-term major projects including the Brown Hill Keswick Creek Storm Water Management Project.

The proposed capital expenditure on new assets for 2023-24 is \$1.74M. The extent of these works can be met from existing financial resources without the need to borrow funds.

## 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 this was 6.9% for the year to December 2022.
- 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
- The Regional Landscape Levy, which Council collects and pays to the Green Adelaide Board, is increasing by 14%.

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



# 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 2022-2027 Walking and Cycling Plan including:
  - Design of Railway Terrace South (Devon Street to Goodwood Road)
  - Improvements to the Marino Rocks Greenway on the bend between Cooke Terrace and Rose Terrace
- Stage 3 of Wilberforce Walk upgrade between Second Avenue and Leah Street \$150K (net), co-funded with the South Australian Government
- Staging of the Unley Gourmet Gala and a stage start for the Santos Tour Down Under
- Delivery of initiatives relating to Council's Active Ageing Strategy endorsed by Council in 2020
- Construction of a pedestrian refuge in East Avenue, Clarence Park
- Safety and amenity improvements to Heywood Park.





# 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 3 of the Council's Climate and Energy Plan, including
  - initiatives to reduced Council's carbon emissions,
  - the installation of solar panels and batteries in Council facilities, and
  - installation of an electric vehicle charging station
- Continuing the implementation of Council's Tree Strategy to increase canopy cover across the district through the planting of 440 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.



# 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 3 of the Economic Development Growth Strategy including funding to support the delivery of economic projects identified by the Unley Business & Economic Development Board
- Event sponsorship for the four Mainstreet Trader Associations to stage events to attract visitation to the precincts and generate economic activity.





# CIVIC LEADERSHIP

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

## Objectives

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

## Key Projects

- The continued development of digitised systems and processes within Development and Regulatory Services to improve customer experience and operating efficiency
- Installation of vehicle tracking to improve operational planning, achieve improved environmental outcomes and improve staff safety when in the field
- Implementation of carbon accounting system to support the monitoring and reporting of carbon emissions.



## **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.**

In setting the rates for 2023-24 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 19,470 assessments in 2023-24 including:

- 17,520 assessments within residential Category 1
- 915 assessments within non-residential Category 2 (including commercial shops, industrial, and vacant)
- 915 assessments within non-residential Category 3 (commercial offices and commercial – other)
- 200 non-rateable assessments.





## 2023-24 General Rates

Council is proposing an **average** increase in General Rates income of 4.0%, plus an additional 0.5% representing the estimated increase in revenue from new developments and capital improvement to existing properties.

The rates assessment (rates payable) for a specific property will be dependent upon the final 2023-24 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.

The proposed increase in General Rates will be considered further by Council in May following feedback from Community Consultation.

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 proposed minimum rate for 2023-24 is \$943, an increase of 4.0% from 2022-23.

It is estimated there will be approximately 4,300 assessments paying the minimum rate in 2023-24.

## 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> Income estimate \$36.5M	Residential
<b>Category 2</b> Income estimate \$3.9M	Commercial Shop Industrial Light Industry Other Vacant Land
<b>Category 3</b> Income estimate \$5.7M	Commercial Office Commercial Other

## General Rate Revenue

General Rate Revenue is forecast to increase from \$44.1M to \$46.1M (\$44.2M to \$46.2M before discretionary rebates). This represents an increase of 4.5% (inclusive of a 0.5% increase from new developments and capital improvements) compared to the 2022-23 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	
	2022-23	2023-24 Estimate	\$	%
Category 1				
Residential	1,986	2,065	79	4.00%
Category 2				
Commercial - Shop	3,242	3,372	130	4.00%
Industrial Light	3,891	4,047	156	4.00%
Industry Other	7,454	7,752	298	4.00%
Vacant Land	4,857	5,051	194	4.00%
Other	9,836	10,229	393	4.00%
Category 3				
Commercial - Office	6,575	6,838	263	4.00%
Commercial - Other	5,464	5,683	219	4.00%
Minimum Rate Payable	907	943	36	4.00%

The rates assessment (rates payable) for a specific property will be dependent upon the 2023-24 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 2023-24 has been 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. The Unley Road Association has requested a 3.5% increase for 2023-24.

### 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. The King William Road Traders Association has requested no increase for 2023-24.

### 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. The Goodwood Road Business Association has requested no increase for 2023-24.

### 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. The Fullarton Road South Traders Association has requested an increase from \$250 to \$300 for 2023-24.

Main Street Trader Associations	Separate Rate raised in 2022-23	Proposed Separate Rate 2023-24	% Increase (Decrease)
Unley Road	\$117,590	\$121,706	3.5%
King William Road	\$150,350	\$150,350	Nil
Goodwood Road	\$57,225	\$57,225	Nil
Fullarton Road	\$13,750	\$16,500	20%

## 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 2023-24 is \$1.666M, and increase of 14%.

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

## Expected Impact on Rate Payers

To deliver the proposed outcomes of the Annual Business Plan for 2023-24, the total General Rates Income required is \$46.1M inclusive after discretionary rebates. This equates to an average general rate increase of 4.0% plus 0.5% growth from new developments and capital improvements.

Council is cognisant of the financial pressure many households and businesses are experiencing from high inflation and rising costs. While council is also experiencing increasing costs, especially in contractual services, it continues to carefully manage its budget and minimised increases in its expenditure budget while balancing it's long term financial sustainability.

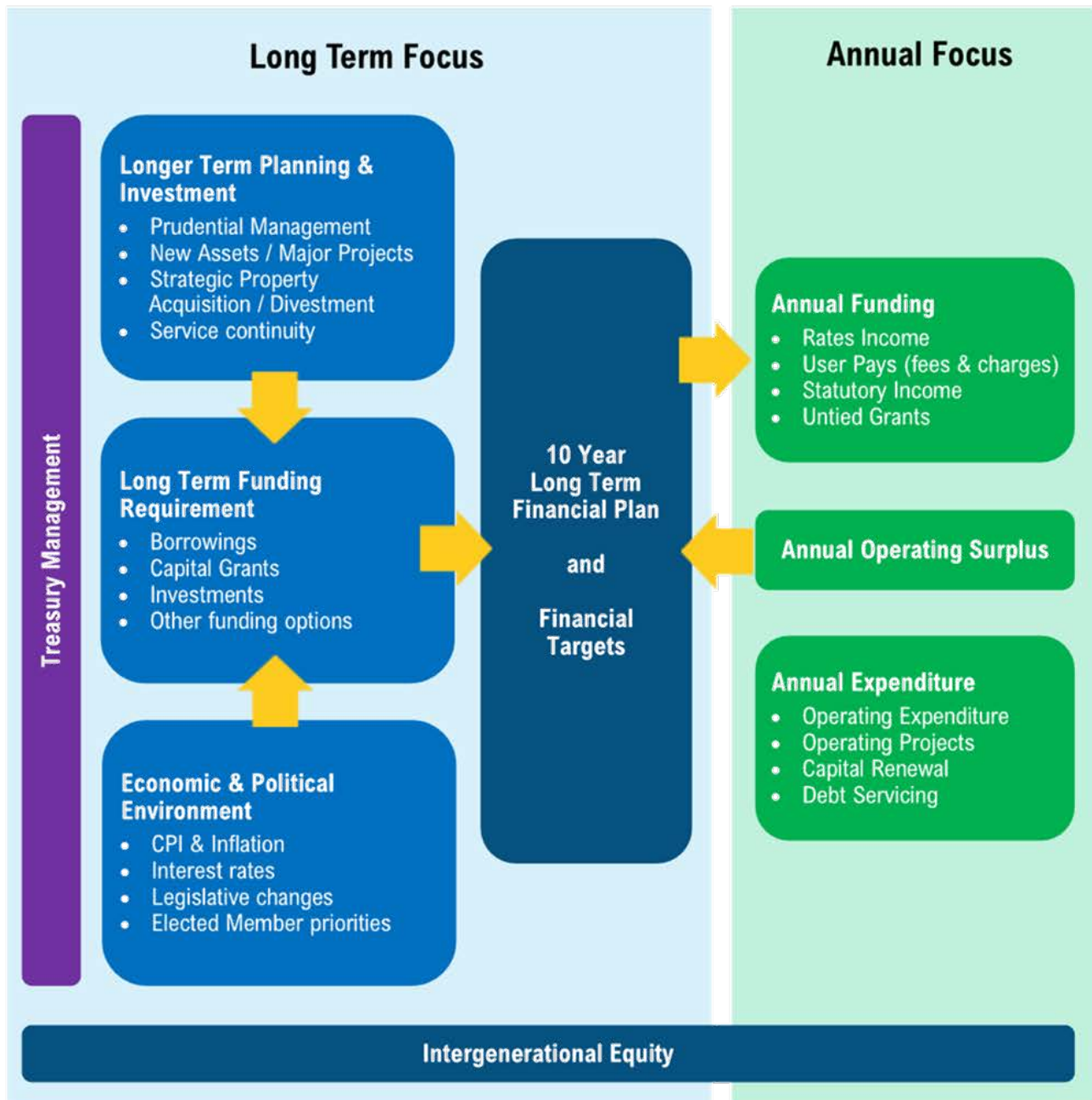
This approach has enabled Council to minimise the proposed average general rate increase to 4%, while maintaining an operating surplus ratio of 4%. This proposed rate increase is well below the anticipated increase in Adelaide CPI for the year ended March 2023.



# 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 diligent 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 considered
- Consideration of Council’s appropriate role and responsibilities in service delivery
- Aligned with the Community Plan and 4 Year Delivery Plan and maintenance of high priority strategies
- Aligned with agreed service provision and delivery standards
- Consider Asset Management Plans and Maintenance Standards
- Supported 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 the following ratios:

- Operating Surplus Ratio
- Net Financial Liabilities Ratio
- 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 2023-2031 Long Term Financial Plan.

Financial Indicator	Adopted Target
<b>Operating Surplus Ratio *</b>	<b>5%</b> of total operating income
<b>Net Financial Liabilities Ratio</b>	<b>Less than 80%</b> of total operating income
<b>Asset Renewal Funding Ratio</b> (rolling 10-year average)	<b>100%</b> of recommended spend in the Asset Management Plans
<b>Asset Renewals to Depreciation</b> (10 year average)	<b>100%</b> of recommended spend in the Asset Management Plans

\*(excluding equity accounted businesses)

# FINANCIAL SUSTAINABILITY

## 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 4.0% for the 2023-24 Budget, which is marginally below the target of 5%.

The lower target is primarily due to an increase in depreciation arising from increases in construction costs.



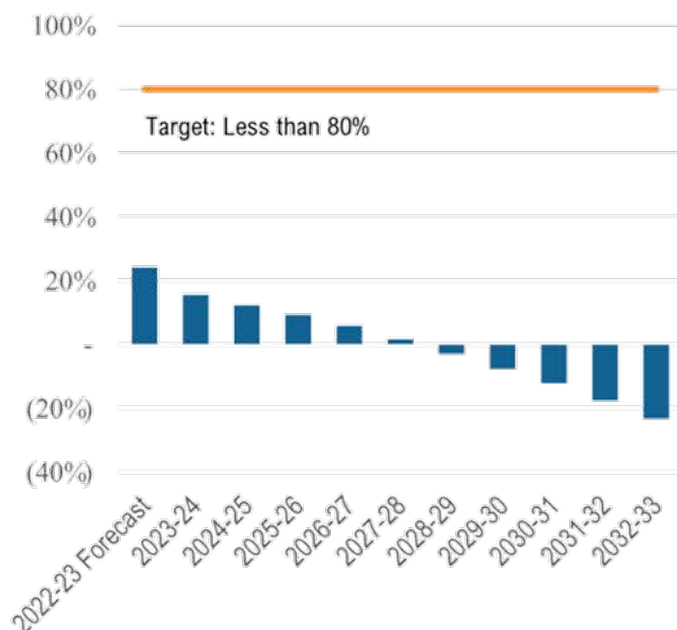
## Net Financial Liabilities Ratio

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 16% for the 2023-24 Budget, well 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 reduce by \$4.3M in 2023-24 to \$1.5M.





## Asset Funding Renewal Ratio

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

The Asset Funding Renewal 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 Funding Renewal Ratio of 91%, noting the forecast for 2022-23 is 131%.



## Asset Renewals to Depreciation

Capital renewal expenditure as a percentage of depreciation.

This ratio compares capital renewal expenditure relative to the annual consumption of the asset lives.

Council is forecasting an Asset Renewals to Depreciation Ratio of 70%.

Depreciation is presently being reviewed as part of the asset condition audits and revaluations, which will inform longer term depreciation estimates.



# 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.	1,331	1,492	161
<b>Animal Management</b> Promote community safety through education, awareness and compliance with the legislation relating to the <i>Dog and Cat Management Act</i> and <i>Local Government Act</i> .	190	252	63
<b>Arts &amp; Cultural Development</b> Provision of Art and Cultural Development programs to support a vibrant and active community.	-	169	169
<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.	-	515	515
<b>Business Systems &amp; Solutions</b> Manages and maintains Council's Information Communication Technology infrastructure, applications and supporting systems to provide high levels of secure service that support business operations and performance.	3	3,418	3,415
<b>City Development Management</b> Provides general management, executive support and leadership to the services provided by City Development and to Elected Members.	-	473	473
<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.	-	523	523
<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	129	121
<b>Community Centres</b> Management and provision of a thriving network of Community Centres that promote social inclusion, belonging and connection.	463	1,038	575
<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).	-	155	155

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.	-	180	180
<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.	-	213	213
<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.	-	137	137
<b>Corporate Activities</b> The accumulation of corporate costs including leave on-costs, treasury management, levy and taxes and insurances.	2,622	2,899	277
<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	652	652
<b>Development Services</b> Planning and building control within the City in accordance with the <i>Development Act</i> and Regulations and other legislative requirements.	564	1955	1,392
<b>Economic Development</b> Manage the implementation, monitoring and evaluation of economic development activities and strategic initiatives within the City of Unley.	351	720	369
<b>Environmental Initiatives</b> Drive improved environmental sustainability through policies, strategies, programs and projects.	101	249	147
<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.	46,337	1,871	(44,466)
<b>Governance</b> Undertakes administration of legislative and corporate governance requirements.	-	354	354



<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.	-	1,498	1,498
<b>Library Services</b> Provision of library services, programs and facilities to encourage literacy, lifelong learning and social inclusion and connection.	337	2,360	2,022
<b>Marketing &amp; Communications</b> Coordinate and manage the City of Unley reputation and brand in digital and printed communications and media relations.	-	634	634
<b>Office of the CEO</b> Organise and manage the governance of the City of Unley, including support for Elected Members and Civic Functions.	352	1,548	1,195
<b>Operational Services</b> Provides maintenance services to Council's infrastructure, property, open space, street and park trees, plant and equipment assets.	1,115	16,374	15,259
<b>Parking Enforcement</b> Promote community safety through education, awareness and compliance with the legislation relating to the <i>Road Traffic Act</i> and <i>Local Government Act</i> , and Council By Laws.	1,108	800	(309)
<b>Property Services</b> Provides sustainable strategic management of Council's building and property asset portfolio.	684	3,309	2,625
<b>Public &amp; Environmental Health</b> Promote community health and safety through education, awareness and compliance with the legislation relating to the <i>Environment and Protection Act</i> and the <i>Local Government Act</i> .	48	441	393
<b>Strategic Asset Management</b> Provides sustainable strategic management of Council's asset portfolio.	-	690	690
<b>Strategic Projects</b> Facilitates delivery of major strategic initiatives from the 4 Year Delivery Plan and Community Plan.	-	182	182
<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.	-	744	744
<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	172	167
<b>Unley Swimming Centre</b> Provision of a premier outdoor swimming facility, encouraging community health, wellbeing and water safety.	903	1,203	299



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.	-	501	501
<b>Volunteer Development</b> Provide coordination, administration and support for community based volunteer services and projects.	-	104	104
<b>Waste Management</b> Collection and disposal of general waste, kerbside recycling, green waste and a hard rubbish collection service.	165	5,096	4,931
<b>Youth Development</b> Engage and empower young people in the community by identifying, developing and providing activities, programs and events.	-	108	108
<b>Total Operating Programs</b>	<b>56,687</b>	<b>53,198</b>	<b>(3,489)</b>
<b>Operating Projects (as per the following pages)</b>	18	1,180	1,162
<b>Total Operations (including Operating Projects)</b>	<b>56,705</b>	<b>54,378</b>	<b>(2,327)</b>



# OPERATING PROJECTS & INITIATIVES

Operating Projects & Initiatives	Income	Expenditure	Net Expenditure
<b>Environmental Initiatives</b>			
Sustainability Projects Officer (Year 2 of 3)	-	115,000	115,000
City Wide Greening Verges	-	60,000	60,000
Additional funding - City Wide Greening Verges	-	30,000	30,000
Water Wells (Treenet Inlets) Program	-	50,000	50,000
Tree Strategy Expanding Canopy Target - Public Land	-	180,000	180,000
Carbon Accounting and Communications	-	25,000	25,000
Council Operations Carbon Emissions Reduction	-	130,000	130,000
	-	<b>590,000</b>	<b>590,000</b>
<b>Events</b>			
Christmas In Unley	-	30,000	30,000
Australia Day 2024	-	45,000	45,000
2024 Tour Down Under Stage Start	-	55,000	55,000
Unley Gourmet Gala 2024	18,000	261,000	243,000
	<b>18,000</b>	<b>391,000</b>	<b>373,000</b>
<b>Economic Development Initiatives</b>			
Trader Association - Major Event Sponsorship	-	40,000	40,000
Unley Business & Economic Development Board	-	20,000	20,000
	-	<b>60,000</b>	<b>60,000</b>
<b>Other Projects</b>			
Active Ageing Strategy Program (Year 7)	-	20,000	20,000
Clarence Park Community Contribution	-	15,000	15,000
RAHS Show Traffic Management	-	27,000	27,000
Unley Civic Precinct - 183 Unley Rd Car Park Design	-	32,000	32,000
Fleet Tracking	-	45,000	45,000
	-	<b>139,000</b>	<b>139,000</b>
<b>Total Operating Projects</b>	<b>18,000</b>	<b>1,180,000</b>	<b>1,162,000</b>

Operating Projects & Initiatives	Net Expenditure
<b>Environmental Initiatives</b>	
<p><b>Sustainability Projects Officer (Year 2 of 3)</b> Funding a fixed-term contract position which assists with the implementation and delivery of the actions of Council's key sustainability strategies including: Climate &amp; Energy Plan, Tree Strategy, Environment &amp; Sustainability Strategy and Waste Management &amp; Resource Recovery Plan 2021-25.</p>	115,000
<p><b>City Wide Greening Verges</b> Convert Council verges located within the City from dolomite to loam which are then planted and maintained by residents. The program has enabled the conversion of over 449 verges and a total area of 7,933m<sup>2</sup> across the City in the last 6 years.</p>	90,000
<p><b>Water Wells (Treenet Inlets) Program</b> The continued delivery of Council's water wells initiative for 2023-24. The installation of inlets in Council 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.</p>	50,000
<p><b>Tree Strategy Expanding Canopy Target - Public Land</b> One of the key objectives of Council's Tree Strategy is to increase canopy cover within the City on Council land. This project will see the planting of 440 additional trees throughout the City in 2023-24.</p>	180,000
<p><b>Carbon Accounting and Communications</b> To continue funding the licensing of a consolidated carbon accounting tracking system to enable Council to continue to monitor and prioritise its operations emission reduction actions and to communicate greenhouse emissions inventories, sustainability reporting and benchmarking.</p>	25,000
<p><b>Council Operations Carbon Emissions Reduction</b> Reducing Council's operations carbon emissions in line with its Climate &amp; Energy Plan:</p> <ul style="list-style-type: none"> <li>• Contribution to purchasing up to 3 new Council Electric Vehicles</li> <li>• Installation of an Electric Vehicle charging station at Council's Operations Depot</li> <li>• Installation of a 30kw solar panel system at Council's Operations Depot</li> <li>• Investment in Scope 3 pilot materials such as road sealing.</li> </ul>	130,000
<b>Total Environmental Initiatives</b>	<b>590,000</b>



Operating Projects & Initiatives	Net Expenditure
<b>Events</b>	
<p><b>Christmas In Unley</b> To provide festive decorations and theming on the front of the library building facing Unley Road and the entry to the Civic Centre building year to celebrate the festive season in Unley. This initiative also includes an Ignite Unley Outdoor Cinema Christmas community event to launch the festive season.</p>	30,000
<p><b>Australia Day 2024</b> A free community event to be held in conjunction with the Citizenship and Australia Day Awards ceremony.</p>	45,000
<p><b>2024 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. The hosting of a TDU Stage is dependent on a stage being granted by SA Tourism Commission.</p>	55,000
<p><b>Unley Gourmet Gala 2024</b> Staging of the Unley Gourmet Gala Street Party the evening prior to a Tour Down Under Stage Start.</p>	243,000
<b>Total Events</b>	<b>373,000</b>





<b>Operating Projects &amp; Initiatives</b>	<b>Net Expenditure</b>
<b>Economic Development Initiatives</b>	
<p><b>Trader Association - Major Event Sponsorship</b> The provision of financial support to Council's four Trader Associations to stage annual events in 2023-24. 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>Unley Business &amp; Economic Development Board</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 supports the delivery of economic projects identified by the Advisory Committee.</p>	20,000
<b>Total Economic Development Initiatives</b>	<b>60,000</b>
<b>Other Projects</b>	
<p><b>Active Ageing Strategy Program (Year 7)</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 program will include facilitation of the Active Ageing Alliance, an intergenerational Grandfriends connection project, a new research program called the Mid-life Chrysalis and an extensive education, information and communication program.</p>	20,000
<p><b>Clarence Park Community Contribution</b> Request from the Clarence Park Community Centre to contribute to the salary of the Shed Coordinator.</p>	15,000
<p><b>Royal Adelaide Show Traffic Management</b> Council's financial contribution to the cost of traffic management to stage the 2023 Royal Adelaide Show.</p>	27,000
<p><b>Unley Civic Precinct - 183 Unley Rd Car Park Design</b> To deliver a detailed design for an upgrade of the car park which is part of the Unley Civic Precinct and establish a new Deed between Council and the land owner. This will inform future construction to continue the shared use of the car park by Council.</p>	32,000
<p><b>Fleet Tracking</b> Installation of vehicle tracking to assist operation management, identify efficiencies and improved WHS for remote and isolated staff.</p>	45,000
<b>Total Other Projects</b>	<b>139,000</b>
<b>Total Operating Projects</b>	<b>1,162,000</b>

# NEW CAPITAL

New Capital Projects	Income	Expenditure	Net Expenditure
Brown Hill Keswick Creek (BHKC) City of Unley Contribution	-	840,000	840,000
Walking and Cycling Plan Implementation (Year 1 of 5)	-	130,000	130,000
Wilberforce Walk (Stage 3)	150,000	300,000	150,000
Unley Road Streetscape Upgrade (Stage 2)	-	50,000	50,000
Local Area Traffic Management (LATM) Implementation	-	25,000	25,000
Development, Environmental Health and Regulatory - Mobility & Operational Management Improvements (Year 2 of 2)	-	45,000	45,000
East Avenue Pedestrian Refuge	-	70,000	70,000
Solar Panels	-	50,000	50,000
Batteries to Store Solar Power	-	50,000	50,000
Public Electric Vehicle (EV) Charging Station	-	20,000	20,000
Heywood Park Safety & Amenity Improvements	-	15,000	15,000
Improve amenity of Gladstone Street	-	30,000	30,000
<b>Sub-total</b>	<b>150,000</b>	<b>1,625,000</b>	<b>1,475,000</b>
Overhead Allocation	-	265,000	265,000
<b>Total New Capital Projects</b>	<b>150,000</b>	<b>1,890,000</b>	<b>1,740,000</b>





New Capital Projects	Net Expenditure
<p><b>Brown Hill Keswick Creek (BHKC) City of Unley Contribution</b></p> <p>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>	840,000
<p><b>Walking and Cycling Plan Implementation (Year 1 of 5)</b></p> <p>Continued implementation of priorities as endorsed by Council in its Walking &amp; Cycling Plan 2022-2027. The proposed projects to be delivered in 2023-24 are:</p> <ul style="list-style-type: none"> <li>• Railway Terrace South (Devon Street to Goodwood Road) - detailed design and documentation</li> <li>• Wood-Weller Bikeway (Stage 5) Wood Street to Cross Road Connection – consultation</li> <li>• Young Street Neighbourhood Bicycle Route Stages 2 and 3 (Unley Road to Goodwood Road) - concept design</li> <li>• Jellicoe-Ningana Avenue Neighbourhood Bicycle Route - concept design.</li> <li>• Marino Rocks Greenway / Cooke Terrace / Rose Terrace Bend Walking and Cycling Improvements – construction</li> <li>• Bicycle End of Trip Facilities - installation of up to five bicycle racks and one bicycle repair station.</li> </ul>	130,000
<p><b>Wilberforce Walk (Stage 3)</b></p> <p>The construction of the Wilberforce Walk (Stage 3) between Second Avenue and Leah Street. The delivery of this project is proposed to be funded on a 50-50 basis between Council and the State Government. In this respect, the project will only proceed in the event Council is successful in securing grant funding.</p>	150,000
<p><b>Unley Road Streetscape Upgrade (Stage 2)</b></p> <p>The continued delivery of Council's Unley Road Public Realm Streetscape Upgrade which for 2023-24 will be in the section that is between Park Street and Thomas Street. The proposed Stage 2 streetscape works are:</p> <ul style="list-style-type: none"> <li>• Street furniture (Seating, Bins, Bike Racks, Planter Boxes, Fencing etc)</li> <li>• Bollards (EAB or standard as required).</li> <li>• New planting beds and other greening opportunities.</li> <li>• Way-finding signage.</li> </ul> <p>In addition to the streetscape upgrade works, renewal of footpaths and kerbing will also be undertaken and funded through Council's 2023-24 Capital Renewal Program.</p>	50,000
<p><b>Local Area Traffic Management (LATM) Implementation</b></p> <p>Continued implementation of recommendations and measures resulting from Local Area Traffic Management Plans developed, including:</p> <ul style="list-style-type: none"> <li>• Thomas Street and Mornington Road Intersection Improvements (LATM 1) - concept design and consultation.</li> <li>• Haslop Reserve Walking and Cycling Improvements (LATM 2) - concept design and consultation.</li> <li>• Porter Street Parking Review - consultation and implementation.</li> </ul>	25,000
<p><b>Development, Environmental Health and Regulatory - Mobility &amp; Operational Management Improvements (Year 2 of 2)</b></p> <p>Continuation of digitisation and mobility improvements to support the service review implementation across Development and Regulatory Services.</p>	45,000

New Capital Projects	Net Expenditure
<p><b>East Avenue Pedestrian Refuge</b> The installation of a pedestrian refuge adjacent to Langdon Avenue for people crossing East Avenue to access cafes and Page Park.</p>	70,000
<p><b>Solar Panels</b> To increase the kW production from solar panels installed on Council owned and occupied by Council properties. Staff will assess properties that would return the best value for money.</p>	50,000
<p><b>Batteries to Store Solar Power</b> Council staff will investigate Council owned facilities that export power to the grid. The preferred facilities would have a reasonable degree of use to draw from battery when insufficient solar is being produced.</p>	50,000
<p><b>Public Electric Vehicle (EV) Charging Station</b> Provide a publicly available electric vehicle (EV) rapid charging station on Council owned property. Charging Station should consider use of 100% renewable energy provider, provision of a portion of each charge for free and third-party opportunities.</p>	20,000
<p><b>Heywood Park Safety &amp; Amenity Improvements</b> Establishment of a natural barrier of low-level plantings on the eastern side of Heywood Park adjacent to Grove Street to reduce the risk of very young children wandering from the Ninja Playground onto the road.</p>	15,000
<p><b>Improve amenity of Gladstone Street</b> To improve the condition and amenity of Gladstone Street by the following measures:</p> <ul style="list-style-type: none"> <li>• Increase greening</li> <li>• Reduce opportunities for over-length vehicles parking in the street.</li> </ul>	30,000
Capitalised Project Delivery Costs	265,000
<b>Total New Capital Projects</b>	<b>1,740,000</b>







**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 2023-24 the Capital Renewal Program has a projected net expenditure of \$8.2M.

# CAPITAL RENEWAL

Capital Renewal Program	Income	Expenditure	Net Expenditure
<b>Buildings</b>			
Property Program	-	915,000	915,000
Swimming Facilities Program	-	275,000	275,000
	-	<b>1,190,000</b>	<b>1,190,000</b>
<b>Open Space</b>			
Reserves & Open Space Program	-	550,000	550,000
	-	<b>550,000</b>	<b>550,000</b>
<b>Stormwater</b>			
Drainage & Stormwater Program	-	330,000	330,000
	-	<b>330,000</b>	<b>330,000</b>
<b>Transport</b>			
Road Program	-	1,000,000	1,000,000
Kerb & Water Table Program	-	2,100,000	2,100,000
Footpath Program	-	775,000	775,000
	-	<b>3,875,000</b>	<b>3,875,000</b>
<b>Plant, Fleet and Equipment</b>			
Plant and Equipment	142,000	619,000	477,000
Light Fleet	75,000	118,000	43,000
	<b>217,000</b>	<b>737,000</b>	<b>520,000</b>
<b>ICT Assets</b>			
ICT Asset Renewal	-	552,000	552,000
Library RFID Kiosk Replacement	-	200,000	200,000
	-	<b>752,000</b>	<b>752,000</b>
<b>Sub-total</b>	<b>217,000</b>	<b>7,434,000</b>	<b>7,217,000</b>
Capitalised Project Delivery Costs	-	987,200	987,200
<b>Total</b>	<b>217,000</b>	<b>8,421,200</b>	<b>8,204,200</b>

## Capital Renewal Program

### Property Program

Facility	Component Renewal	Scope
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#### Civic Buildings

Unley Civic Centre	Renewal of A/C cooling tower
	Renewal of floor carpets
	Renewal of kitchen areas
	Renewal of blinds
	Renewal of customer service area
	Renewal of office furniture
	Renewal of staff changeroom amenities
Operations Depot	Renewal of amenities

#### Community Buildings

Sturt Lawn Tennis Club Walls	Repair/renewal of internal walls
Unley Oval	Renewal of toilet facilities
Unley Oval	Renewal of Oval lighting to LED
Goodwood Community Centre	Renewal of A/C system
Various	Various other works on Council buildings based on latest condition auditing which has been undertaken in 2023

### Swimming Facilities Renewal Program

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

Plant Room	Renew internal walls and floor
Pool Cover	Replace pool cover to main pool
Pumps	Replace heat pumps
Control System	Replace control system panel
Flow Sensors	Replace all flow sensors
Balance Tank	Repair to internal and external walls
Valves	Replace valves in all pools



**Capital Renewal Program continued****Reserves and Open Space Program**

<b>Location</b>	<b>Works</b>
Dora Gild Reserve	Renew softfall to individual play equipment
Orphanage Park	Renew softfall – inlaid beach pattern
Soutar Park	Renew picnic tables and seating
Everard Park Reserve	Renew irrigation to turf and garden areas
Everard Park Reserve	Renew reserve lighting
Soldiers Memorial Park	Renew reserve memorial lighting
North Unley Park	Design and documentation for future renewal
Various parks and reserves	Renewal of failed timber slat seats

**Drainage & Stormwater Renewal Program**

<b>Location</b>	<b>Works</b>
Foundry Street, Goodwood	Renew laneway pipe and outlet
Northgate Street, Unley	Re-line failed pipe in easement
Side Entry Pits (Various)	Renew single side entry pits to double side entry pits during kerb renewal works
Ridge Park Managed Aquifer Recharge (MAR) Scheme	Renew SCADA (supervisory control and data acquisition) and telemetry system
Heywood Park Managed Aquifer Recharge (MAR) Scheme	Renew SCADA (supervisory control and data acquisition) and telemetry system

**Road Renewal Program**

<b>Road Name, Suburb</b>	<b>To/From</b>	<b>Scope</b>
Greer Street, Hyde Park	Commercial Road to Commercial Road (loop road)	Asphalt Resurfacing
Foundry Street, Wayville	Albert Street to End	Asphalt Resurfacing
Andrew Avenue, Millswood	Wood Street to Regent Street	Asphalt Resurfacing
Miller Street, Unley	Young Street to Roberts Street	Asphalt Resurfacing
Birks Street, Parkside	Fullarton Road to Myra Street	Asphalt Resurfacing
Myra Street, Parkside	Birks Street to Collins Street	Asphalt Resurfacing
Percy Street, Millswood	Mitchell Street to End	Asphalt Resurfacing
Leicester Street, Parkside	Porter Street to End	Pavement Patching
Miegunyah Avenue, Unley Park	Northgate Street to End	Asphalt Resurfacing



**Capital Renewal Program continued****Kerb & Water Table Renewal Program**

Road Name, Suburb	To/From	Scope
Unley Road, Unley	Unley Shopping Centre to Park Terrace	Western side full reconstruction
Greer Street, Hyde Park	Commercial Road to Commercial Road	Both sides full reconstruction
Foundry Street, Wayville	Albert Street to End	Both sides full reconstruction
Bendall Lane, Wayville	John Street to End	Western side partial reconstruction
Andrew Avenue, Millswood	Wood Street to Regent Street	Both sides full reconstruction
Birks Street, Parkside	Fullarton Road to Myra Street	Both sides full reconstruction
Myra Street, Parkside	Birks Street to Campbell Road	Both sides full reconstruction
Miller Street, Unley	Young Street to Roberts Street	Both sides full reconstruction
Percy Street, Millswood	Mitchell St to End	Both sides full reconstruction
Hillsley Ave, Everard Park	Africaine Avenue to Nibley Avenue	Southern side partial reconstruction
Miegunyah Avenue, Unley Park	Northgate Street to End	Both sides full reconstruction

**Footpath Renewal Program**

Road Name, Suburb	To/From	Side, Scope
Unley Road, Unley	Thomas Street to Park Terrace	Western side renewal in line with Unley Rd guidelines
Greer Street, Hyde Park	Commercial Street to Commercial Street	Both sides partial pick up and relay
Trevelyan Street, Goodwood	Young Street to John Street	Both sides partial pick up and relay
John Street, Goodwood	Albert Street to Trevelyan Street	Both sides partial pick up and relay
Foundry Street Laneway, Wayville	Foundry Street to Bendall Street	Reconstruction linked with stormwater renewal
Bendall Street, Wayville	John Street to End	Both sides partial pick up and relay
Nibley Avenue, Everard Park	Hillsley Avenue to Africaine Road	Northern side adjacent reserve
Highgate Street, Highgate	Cross Road to Avenue Road	Northern side adjacent school
Collins Street, Parkside	Campbell Road to End	Eastern side renew with interlock pavers
Ridge Park, Myrtle Bank	Oval Path Loop	Renew gravel path with asphalt

**Plant, Fleet & Equipment**

Plant & Equipment Renewal	Renewal of major and minor plant.
Light Fleet Renewal	Replacement of three vehicles scheduled for replacement.

**ICT Assets =**

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.

Library RFID Kiosk Replacement Replacement of the Radio Frequency Identification (RFID) kiosks in the Unley and Goodwood Libraries and the associated technology.

# DRAFT BUDGETED FINANCIAL STATEMENTS

## Uniform Presentation of Finances

\$'000s	2023-24 Draft Budget	2022-23 Forecast
Income	56,705	54,590
/less Expenses	(54,418)	(52,241)
<b>Subtotal</b>	<b>2,287</b>	<b>2,351</b>
Equity Accounted Subsidiaries	-	13
<b>Operating Surplus / (Deficit) before Capital Amounts</b>	<b>2,287</b>	<b>2,364</b>
<b>/less Net Outlays on Existing Assets</b>		
Net Capital Expenditure on Renewal & Replacement of Existing Assets	(8,421)	(11,959)
/less Depreciation, Amortisation and Impairment	12,000	10,175
/less Amounts received specifically for Replacement of Existing Assets	-	-
/less Proceeds from the Sale of Replaced Assets	217	468
<b>Net Outlays on Existing Assets</b>	<b>3,796</b>	<b>(1,316)</b>
<b>/less Net Outlays on New and Upgraded Assets</b>		
Net Capital Expenditure on New and Upgraded Assets	(2,010)	(7,298)
/less Amounts received specifically for New and Upgraded Assets	270	3,519
/less Proceeds from Sale of Assets	-	-
<b>Net Outlays on New and Upgraded Assets</b>	<b>(1,740)</b>	<b>(3,779)</b>
<b>Net Lending / (Borrowing) for the Financial Year</b> (inclusive of Equity Accounted Businesses (for 2022-23 Forecast))	<b>4,343</b>	<b>(2,731)</b>
/less Equity Accounted Businesses		(13)
<b>Net Lending / (Borrowing) for the Financial Year</b> excluding Equity Accounted Businesses	<b>4,343</b>	<b>(2,744)</b>
<b>Net Financial Liabilities at Beginning of Year</b>	<b>13,174</b>	<b>10,184</b>
Decrease / (increase) in Other	-	-
<b>Net Financial Liabilities at End of Year</b>	<b>8,831</b>	<b>13,174</b>

The draft Budgeted Financial Statements for the 2023-24 financial year exclude proposed Equity Account Businesses (Centennial Park Cemetery Authority, Brown Hill & Keswick Creek Stormwater Board and East Waste) for the purposes of public consultation.

## Statement of Comprehensive Income

\$'000s	2023-24 Draft Budget	2022-23 Forecast
<b>Income</b>		
Rates	48,251	46,051
Statutory Charges	1,762	1,863
User Charges	2,253	2,039
Grants, Subsidies & Contributions	3,195	3,246
Asset Disposal	-	21
Investment Income	15	103
Reimbursements	286	396
Other Income	925	793
Net gain - Equity Accounted Council Businesses	-	13
Operating Projects	18	79
<b>Total Income</b>	<b>56,705</b>	<b>54,604</b>
<b>Expenditure</b>		
Employee Costs	20,513	19,731
Materials, Contracts & Other Expenses	20,635	19,747
Depreciation, Amortisation & Impairment	12,000	10,175
Finance Costs	90	312
Operating Projects	1,180	2,275
<b>Total Expenditure</b>	<b>54,418</b>	<b>52,240</b>
<b>Operating Surplus / (Deficit) inclusive of Equity Accounted Businesses</b>	<b>2,287</b>	<b>2,363</b>
Asset Disposal & Fair Value Adjustments	217	468
Amounts received specifically for new, upgraded or replacement assets	270	3,519
<b>Net Outlays on New and Upgraded Assets</b>	<b>487</b>	<b>3,987</b>
<b>Net Surplus / (Deficit)</b>	<b>2,774</b>	<b>6,351</b>
Share of Other Comprehensive Income – Equity Accounted Council Businesses	-	1,050
<b>Total Comprehensive Income</b>	<b>2,774</b>	<b>7,401</b>

*The draft Budgeted Financial Statements for the 2023-24 financial year exclude proposed Equity Account Businesses (Centennial Park Cemetery Authority, Brown Hill & Keswick Creek Stormwater Board and East Waste) for the purposes of public consultation.*



# DRAFT BUDGETED FINANCIAL STATEMENTS

## Statement of Financial Position

\$'000s	2023-24 Draft Budget	2022-23 Forecast
<b>Assets</b>		
<b>Current Assets</b>		
Cash & cash equivalents	1,485	1,485
Trade & other receivables	1,697	1,697
Other financial assets	2	2
<b>Total Current Assets</b>	<b>3,184</b>	<b>3,184</b>
<b>Non-current Assets</b>		
Financial Assets	-	-
Equity accounted investments in Council businesses	32,954	32,954
Infrastructure, Property, Plant & Equipment	547,682	549,252
<b>Total Non-current Assets</b>	<b>580,636</b>	<b>582,206</b>
<b>Total Assets</b>	<b>583,820</b>	<b>585,390</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade & Other Payables	6,181	6,181
Borrowings Fixed Term	276	266
Provisions	3,996	3,996
<b>Total Liabilities Assets</b>	<b>10,453</b>	<b>10,443</b>
<b>Non-current liabilities</b>		
Borrowings	1,254	5,607
Provisions	308	308
<b>Total Non-current Liabilities</b>	<b>1,562</b>	<b>5,915</b>
<b>Total Liabilities</b>	<b>12,015</b>	<b>16,358</b>
<b>Net Assets</b>	<b>571,806</b>	<b>569,032</b>
<b>Equity</b>		
Accumulated Surplus	180,477	177,702
Asset Revaluation Reserves	391,132	391,132
Other Reserves	197	197
<b>Total Equity</b>	<b>571,806</b>	<b>569,032</b>
<b>Net Financial Liabilities</b>	<b>8,831</b>	<b>13,174</b>

The draft Budgeted Financial Statements for the 2023-24 financial year exclude proposed Equity Account Businesses (Centennial Park Cemetery Authority, Brown Hill & Keswick Creek Stormwater Board and East Waste) 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	56,690	54,488
Investment Receipts	15	103
<b>Payments</b>		
Operating Payments to suppliers and employees	(42,328)	(41,753)
Finance Payments	(90)	(312)
<b>Net Cash provided by (or used in) Operating Activities</b>	<b>14,287</b>	<b>12,526</b>
<b>Cash Flows from Investing Activities</b>		
<b>Receipts</b>		
Amounts specifically for new or upgraded assets	270	3,519
Amounts received specifically for Replacement of Existing Assets	-	-
Proceeds from Sale of Surplus Assets	-	-
Sale of replaced assets	217	468
Repayments of loans by community groups	-	-
<b>Payments</b>		
Expenditure on renewal/replacement of assets	(8,421)	(11,959)
Expenditure on new/upgraded assets	(2,010)	(7,299)
Net purchase of Investment Securities	-	-
Capital Contributed to Equity Accounted Council Businesses	-	-
Distributions Received from Equity Accounted Council Businesses (Loss)	-	-
<b>Net Cash provided by (or used in) Investing Activities</b>	<b>(9,944)</b>	<b>(15,271)</b>
<b>Cash Flows from Financing Activities</b>		
<b>Receipts</b>		
Proceeds from borrowings	-	2,744
<b>Payments</b>		
Repayments of borrowings	(4,343)	-
<b>Net Cash provided by (or used in) Financing Activities</b>	<b>(4,343)</b>	<b>2,744</b>
<b>Net Increase/(Decrease) in cash held</b>	<b>-</b>	<b>-</b>
Plus: Cash & cash equivalents at beginning of period	1,485	1,485
<b>Cash &amp; cash equivalents at end of period</b>	<b>1,485</b>	<b>1,485</b>

The draft Budgeted Financial Statements for the 2023-24 financial year exclude proposed Equity Account Businesses (Centennial Park Cemetery Authority, Brown Hill & Keswick Creek Stormwater Board and East Waste) for the purposes of public consultation.

# DRAFT BUDGETED FINANCIAL STATEMENTS

## Statement of Equity

\$'000s	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
<b>2023-24 Draft Budget</b>				
<b>Balance at end of previous reporting period</b>	<b>177,703</b>	<b>391,132</b>	<b>197</b>	<b>569,032</b>
<b>Net Surplus/(Deficit) for Year</b>	<b>2,774</b>	<b>-</b>	<b>-</b>	<b>2,774</b>
<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>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income</b>	<b>2,774</b>	<b>-</b>	<b>-</b>	<b>2,774</b>
<b>Balance at end of period</b>	<b>180,477</b>	<b>391,132</b>	<b>197</b>	<b>571,806</b>
<b>2022-23 Forecast</b>				
<b>Balance at end of previous reporting period</b>	<b>170,301</b>	<b>391,132</b>	<b>197</b>	<b>561,630</b>
<b>Net Surplus/(Deficit) for Year</b>	<b>6,351</b>	<b>-</b>	<b>-</b>	<b>6,351</b>
<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>7,401</b>	<b>-</b>	<b>-</b>	<b>7,401</b>
<b>Balance at end of period</b>	<b>177,703</b>	<b>391,132</b>	<b>197</b>	<b>569,032</b>

The draft Budgeted Financial Statements for the 2023-24 financial year exclude proposed Equity Account Businesses (Centennial Park Cemetery Authority, Brown Hill & Keswick Creek Stormwater Board and East Waste) for the purposes of public consultation.





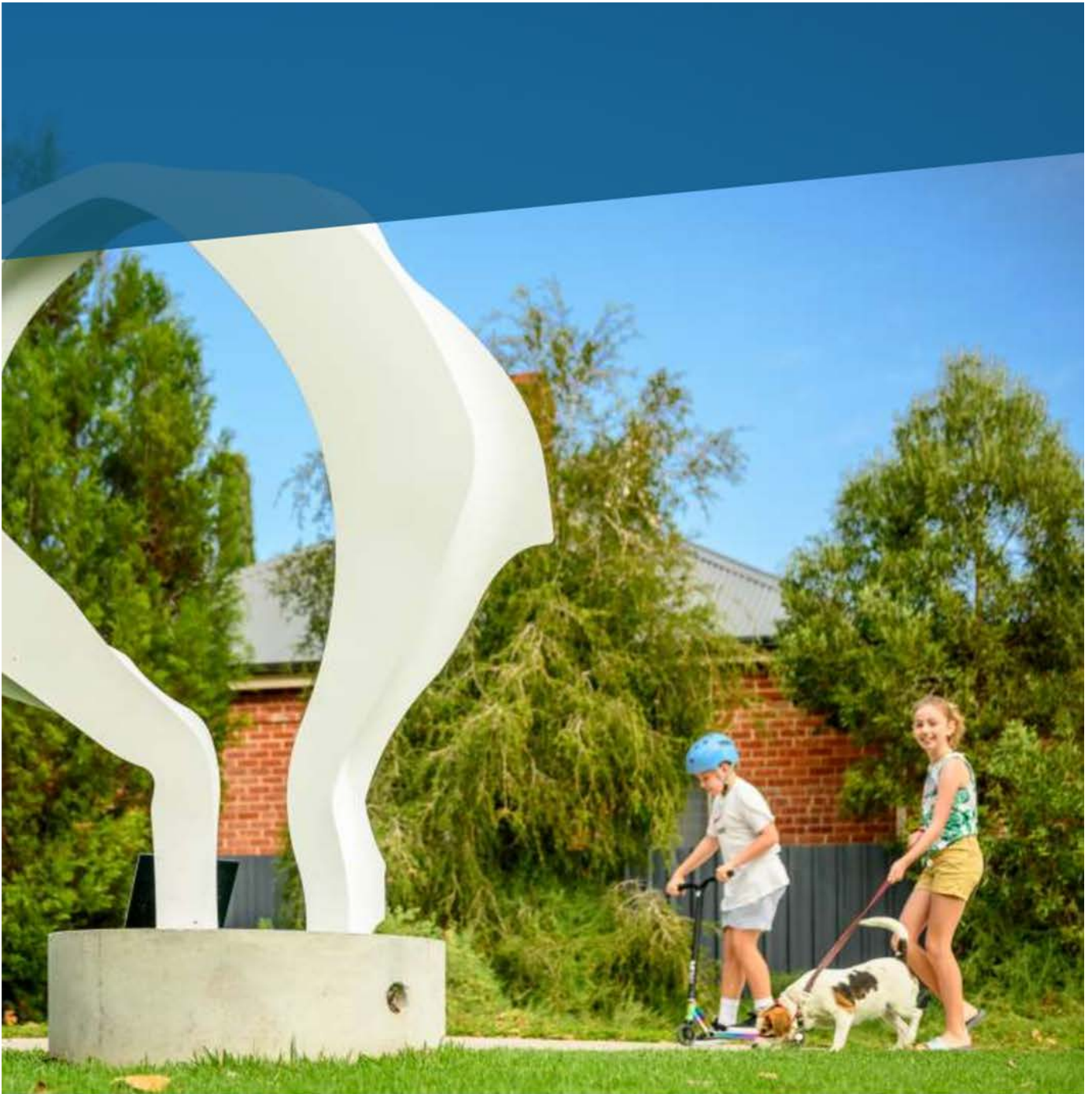
# DRAFT LONG-TERM FINANCIAL PLAN

\$'000	2022-23	2023-24	2024-25
	Q2 Forecast	Draft Budget	LTFP Year 2
<b>Income</b>			
General Rates Income	44,114	46,099	48,173
All Other Income	10,398	10,588	10,621
Operating Projects	79	18	-
<b>Total Income</b>	<b>54,591</b>	<b>56,705</b>	<b>58,795</b>
<b>Expenditure</b>			
Employee Costs	19,606	20,513	21,440
Materials, Contracts & Other Expenses	19,872	20,635	21,460
Depreciation, Amortisation & Impairment	10,175	12,000	12,070
Finance Costs	312	90	-
Operating Projects	2,275	1,180	1,227
<b>Total Expenditure</b>	<b>52,240</b>	<b>54,418</b>	<b>56,198</b>
<b>Operating Surplus/(Deficit)</b>	<b>2,351</b>	<b>2,287</b>	<b>2,597</b>
Principal Repayment of loans	266	277	288
<b>Cash surplus/(deficiency) after principal repayments</b>	<b>2,085</b>	<b>2,011</b>	<b>2,309</b>
Capital Renewal less income to be received	11,491	8,204	9,723
New Capital less funding to be received	4,012	1,740	3,500
<b>(Shortfall) / Improvement in cash position</b>	<b>(3,243)</b>	<b>4,066</b>	<b>1,156</b>
<b>Fixed Term Borrowings</b>	<b>565</b>	<b>288</b>	<b>-</b>
<b>Cash Advance Debenture (CAD Borrowings)</b>	<b>5,314</b>	<b>1,248</b>	<b>92</b>
<b>Total Borrowings</b>	<b>5,879</b>	<b>1,536</b>	<b>92</b>
Repayment of Fixed Term Borrowings	266	277	288
Repayment/(draw-down) of CAD	(2,935)	4,066	1,156
<b>Net repayment/(draw down) of borrowings</b>	<b>(2,669)</b>	<b>4,343</b>	<b>1,444</b>
<b>Operating Surplus Ratio (Target 5%) (excl Equity Accounted Subsidiaries)</b>	<b>4.3%</b>	<b>4.1%</b>	<b>4.6%</b>
<b>Net Financial Liabilities Ratio (Target &lt;80%)</b>	<b>24%</b>	<b>16%</b>	<b>12%</b>
<b>Asset Renewal Funding Ratio (Target 100% average over 10 years)</b>	<b>131%</b>	<b>91%</b>	<b>100%</b>
<b>Asset Renewal to depreciation (Target 100% average over 10 years)</b>	<b>113%</b>	<b>70%</b>	<b>81%</b>

The draft Budgeted Financial Statements for the 2023-24 financial year exclude proposed Equity Account Businesses (Centennial Park Cemetery Authority, Brown Hill & Keswick Creek Stormwater Board and East Waste) for the purposes of public consultation.



2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
LTFP Year 3	LTFP Year 4	LTFP Year 5	LTFP Year 6	LTFP Year 7	LTFP Year 8	LTFP Year 9	LTFP Year 10
49,739	51,356	52,896	54,483	56,118	57,801	59,535	61,321
10,962	11,316	11,675	12,048	12,439	12,838	13,271	13,704
-	-	-	-	-	-	-	-
<b>60,701</b>	<b>62,671</b>	<b>64,571</b>	<b>66,531</b>	<b>68,556</b>	<b>70,639</b>	<b>72,806</b>	<b>75,025</b>
22,140	22,749	23,318	23,900	24,498	25,110	25,738	26,382
22,051	22,657	23,223	23,804	24,399	25,009	25,634	26,275
12,140	12,212	12,286	12,361	12,439	12,518	12,599	12,683
-	-	-	-	-	-	-	-
1,261	1,556	1,328	1,361	1,395	1,710	1,466	1,503
<b>57,591</b>	<b>59,173</b>	<b>60,155</b>	<b>61,427</b>	<b>62,731</b>	<b>64,348</b>	<b>65,438</b>	<b>66,842</b>
<b>3,110</b>	<b>3,498</b>	<b>4,416</b>	<b>5,104</b>	<b>5,825</b>	<b>6,291</b>	<b>7,368</b>	<b>8,183</b>
-	-	-	-	-	-	-	-
<b>3,110</b>	<b>3,498</b>	<b>4,416</b>	<b>5,104</b>	<b>5,825</b>	<b>6,291</b>	<b>7,368</b>	<b>8,183</b>
10,255	10,325	10,514	10,815	11,298	11,580	11,870	12,166
3,500	3,596	3,686	3,778	3,873	3,970	4,069	4,171
<b>1,495</b>	<b>1,788</b>	<b>2,501</b>	<b>2,872</b>	<b>3,093</b>	<b>3,259</b>	<b>4,029</b>	<b>4,529</b>
-	-	-	-	-	-	-	-
<b>(1,403)</b>	<b>(3,191)</b>	<b>(5,692)</b>	<b>(8,564)</b>	<b>(11,658)</b>	<b>(14,917)</b>	<b>(18,946)</b>	<b>(23,475)</b>
<b>(1,403)</b>	<b>(3,191)</b>	<b>(5,692)</b>	<b>(8,564)</b>	<b>(11,658)</b>	<b>(14,917)</b>	<b>(18,946)</b>	<b>(23,475)</b>
-	-	-	-	-	-	-	-
<b>1,495</b>	<b>1,788</b>	<b>2,501</b>	<b>2,872</b>	<b>3,093</b>	<b>3,259</b>	<b>4,029</b>	<b>4,529</b>
<b>1,495</b>	<b>1,788</b>	<b>2,501</b>	<b>2,872</b>	<b>3,093</b>	<b>3,259</b>	<b>4,029</b>	<b>4,529</b>
<b>5.3%</b>	<b>5.8%</b>	<b>7.0%</b>	<b>7.9%</b>	<b>8.7%</b>	<b>9.1%</b>	<b>10.3%</b>	<b>11.1%</b>
<b>9%</b>	<b>6%</b>	<b>2%</b>	<b>(3%)</b>	<b>(8%)</b>	<b>(12%)</b>	<b>(18%)</b>	<b>(23%)</b>
<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>84%</b>	<b>85%</b>	<b>86%</b>	<b>87%</b>	<b>91%</b>	<b>93%</b>	<b>94%</b>	<b>96%</b>



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## INFORMATION REPORT

<b>REPORT TITLE:</b>	INTERNAL AUDIT: PROGRESS ON AGREED MANAGEMENT ACTIONS (APRIL 2023)
<b>ITEM NUMBER:</b>	2.3
<b>DATE OF MEETING:</b>	16 MAY 2023
<b>AUTHOR:</b>	ALEX BROWN, MANAGER FINANCE AND PROCUREMENT
<b>DIVISION:</b>	BUSINESS SUPPORT AND IMPROVEMENT
<b>ATTACHMENTS:</b>	1. INTERNAL AUDIT - PROGRESS ON AGREED MANAGEMENT ACTIONS (APRIL 2023)

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### 1. **PURPOSE**

This report provides an update on the progress of agreed management actions arising from past internal audit recommendations and improvements.

### 2. **RECOMMENDATION**

That:

1. The report be received.
- 

### 3. **RELEVANT CORE STRATEGIES – FOUR YEAR DELIVERY PLAN**

4. Civic Leadership

4.1 We have strong leadership and governance.

4.3 Our business systems are effective and transparent.

### 4. **BACKGROUND**

This report provides an update on the progress of the agreed management actions from the following internal audits:

- Cash Handling (February 2022)
- Corporate Purchase Cards (August 2022)
- Procurement Off Contract Expenditure (October 2022)

The last progress report of agreed actions was provided in October 2022.

Only details of newly completed actions are presented in this report. Details of actions previously completed are not included.



## 5. DISCUSSION

A total of 33 management actions were identified across the three internal audits. Of these, 13 actions were previously completed, leaving 20 actions outstanding since the last progress report in October 2022. In the past six months, 16 of the 20 actions have now been completed, with the remaining four in progress.

The following table provides a summary of the status of the agreed management actions:

Audit/ Risk Findings	Actions	Previously completed	Remaining actions	Not Started	In Progress	Now Completed	Total Completed
<b>Cash Handling</b>							
<b>Risk Findings</b>	14	12	2	-	-	2	14
<b>Observations</b>	3	1	2	-	-	2	3
<b>Business Improvement Opportunity</b>	1	-	1	-	-	1	1
	18	13	5			5	18
<b>Purchase Card</b>							
<b>Risk Findings</b>	2	-	2	-	-	2	2
<b>Business Improvement Opportunities</b>	4	-	4	-	-	4	4
	6	-	6	-	-	6	6
<b>Procurement Off Contract Expenditure</b>							
<b>Risk Findings</b>	6	-	6	-	4	2	2
<b>Observations</b>	3	-	3	-	-	3	3
	9	-	9	-	4	5	5
<b>Total</b>	33	13	20	0	4	16	29

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. All actions have now been completed.

The Purchase Card Internal Audit report identified two risk findings and four business improvement opportunities. Administration committed to undertake six actions to address the risk findings and business improvement opportunity. All Actions have now been completed.

The Procurement Off Contract Expenditure Internal Audit report identified three risk findings and two business improvement opportunities. Administration committed to undertake nine actions to address the risk findings and business improvement opportunity. Five actions have been completed, with the remaining four in progress.

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 later this calendar year, with agreed management actions arising from new internal audits added as additional 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 2023**

April 2023

## Progress Report on Internal Audit Actions: Summary of Findings and Progress on Agreed Management Actions

## Cash Handling (CH) Internal Audit

Risk Findings	Risk Rating	Actions	Not Started	In Progress	Now Completed	Total Completed*
<b>Risk Findings</b>						
CH1: Cash receipting inaccurate and not conducted in a timely manner (Unley Library)	High	4	-	-	-	4
CH2: Cash receipting inaccurate and not conducted in a timely manner (Unley Swimming Centre)	High	5	-	-	1	5
CH3: Inadequate security relating to the storage of cash	High	2	-	-	1	2
CH4: Banking from alternate locations are not accounted for appropriately	Medium	1	-	-	-	1
CH5: Receipting transactions are inaccurately recorded or not recorded at all	Low	2	-	-	-	2
<b>Observations</b>						
CH6: Inappropriate use of cash	Observation	3	-	-	2	3
<b>Business Improvement Opportunity (BIO)</b>						
CH7: Business Improvement Opportunity 1: Cashless trial at the Swimming Centre	BIO	1	-	-	1	1
<b>Total</b>		<b>18</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>18</b>

\* Only details of newly completed actions are detailed in this report. Actions previously reported completed have been removed.

April 2023

**Progress Report on Internal Audit Actions**

CH2: 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 relates 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
1	<p>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. <b>April 2022</b></p> <p><b>Complete</b></p> <p>New Centre Management software system is now in place and processes have been modified to address the 'unders and overs'.</p> <p>Cash utilisation has reduced significantly, but remains in place for school carnivals and as a payment option (eg. it is often a preferred payment method for casual passe, some of which are less than \$3.00).</p>	

April 2023

**Progress Report on Internal Audit Actions**

CH3: Inadequate security relating to the storage of cash		High
<b>Internal Financial Control</b>	<ul style="list-style-type: none"> <li>REV-REC-0005: Prior to and during the banking process, cash is stored securely at all times.</li> </ul>	
<b>Better Practice Model Risk</b>	174: Receipts are not deposited at the bank on a timely basis.	
<b>Finding</b>	<p>Unley Library banking occurs on a weekly basis.</p> <p>During opening hours, all cash is stored in the lockable cash drawer.</p> <p>During closed hours, all cash is kept in the safe. The safe is within the library.</p> <p>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).</p> <p>The float is not separated or counted.</p>	<p>As library staff work across the different branches, all library staff (including casuals) know the access code to the safe.</p> <p>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.</p> <p>There is no key register to identify who has been issued with a key or process if a key is lost.</p> <p>* It is noted that staff work across various library branches and therefore any implementations will be applied to all relevant sites</p>
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>Completed</b></p> <p>A key register has been established.</p> <p>The authorised personnel and staff register has been established.</p> <p><i>Noting that the procurement of an automatic cash register may negate the need for these registers – see 3.1.1.</i></p>

April 2023



## Progress Report on Internal Audit Actions

CH6: Inappropriate use of cash		Observation	
<b>Risk Implications</b>	Fraud Risk		
<b>Observation</b>	<p>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.</p> <p>The expenditure was clearly documented with receipts attached and commentary explaining what the expenditure was for.</p> <p>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.</p>		
<b>Recommendations</b>	<b>Management Response</b>	<b>Update</b>	
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.	<p>Authorised officers to sign an acknowledgement that they have read and understood the revised procedures once finalised. <b>April 2022</b></p> <p>The Finance Team will provide a refresher training on the compliance requirements. <b>April 2022</b></p>	<p><b>Completed</b></p> <p>All relevant staff have signed an acknowledgement that they have read and understood the policy.</p>
			<p><b>Completed</b></p> <p>Training on cash handling, including relevant fraud and corruption prevention, is being incorporated in annual, beginning of the season training.</p>

April 2023

## Progress Report on Internal Audit Actions

CH7: 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>	
Recommendations		Management Response
1	Investigate how to initiate a 'cash free' facility trial.	<p>Agree. The Manager Swimming Centre will work collaboratively with Finance to explore a 'cashless' trial at the Swimming Centre for the 2022-23 season. <b>September 2022</b></p>
		<p><b>Completed</b></p> <p>The new Centre Management software system was implemented at the commencement of the 2022-23 season, offering more flexible payment options.</p> <p>Cash utilisation has reduced significantly, but remains in place for school carnivals and as a payment option (eg. it is often a preferred payment method for casual passes, some of which are less than \$3.00 for older age groups).</p>

April 2023

**Progress Report on Internal Audit Actions**

**Purchase Cards (PC) Internal Audit**

Risk Findings	Risk Rating	Actions	Not Started	In Progress	Now Completed	Total Completed*
<b>Risk Findings</b>						
PC1: Non Compliance with policies	Low	1	-	-	1	1
PC2: Financial Delegation of Authority	Low	1	-	-	1	1
<b>Business Improvement Opportunity (BIO)</b>						
PC4: Policy Improvement	BIO	1	-	-	1	1
PC5: Manual Reconciliation Process	BIO	1	-	-	1	1
PC6: Cyber security awareness	BIO	1	-	-	1	1
PC7: Transaction Description	BIO	1	-	-	1	1
<b>Total</b>		<b>6</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>6</b>

April 2023

**Progress Report on Internal Audit Actions**

PC1: Non compliance with policies		Low
<b>Risk</b>	Decisions / expenditures not made in line with Policy Misinformed decision making	
<b>Finding</b>	<p>Council has a robust policy framework in place to guide the use of purchase cards for business purposes, including:</p> <ul style="list-style-type: none"> <li>• Corporate Purchase Card Policy (dated June 2015)</li> <li>• Procurement Framework</li> <li>• Procurement Policy (dated 14 December 2020)</li> <li>• Hospitality, Travel and Expenditure Policy (dated 13 October 2020)</li> </ul> <p>Recognition Guidelines (dated May 2021)</p> <p>Elected Member Allowances and Benefits Policy (dated 24 November 2014)</p> <p>Elected Member Training and Development Policy (dated 23 June 2014).</p> <p>However, data analytics and sampling test of the purchase card transactions for the audit period from May 2021 to May 2022 found the following minor non-compliance with the Council's Corporate Purchase Card Policy (dated June 2015) and the relevant Recognition Guidelines (dated May 2021).</p>	
Recommendations	Management Response	Update
<p>1 We recommend management:</p> <ul style="list-style-type: none"> <li>• Enforce the applicable policy requirements via induction and regular refresher training, including a monthly reconciliation process and the requirements in the Recognition Guidelines</li> <li>• Re-enforce and ensure all transactions are reconciled on time according to the policy requirements.</li> </ul>	<p>Agree. Each purchase card holder was required to read and sign an acknowledgement of their responsibilities as a purchase card holder in 2021.</p> <p>We will incorporate an annual acknowledgement as part of the process and consider the continuing education requirements as part of the review of the Policy.</p> <p>As part of the continuing education, we will consider reminders of the requirements under Recognition Policy.</p> <p>Processes are already in place to follow up overdue reconciliations. We will continue to monitor this and consider how this is systemised into the future. <b>June 2023</b></p>	<p><b>Completed</b></p> <p>The revised Corporate Purchase Card Policy was reviewed by Audit Committee in November and endorsed by the Executive Management Team in December.</p> <p>Each active card holder has signed an acknowledgement that they have read and understood the Policy.</p> <p>The timeliness of monthly reconciliations is monitored.</p> <p>Reminders of the requirements of the reward and recognition guidelines are undertaken as required.</p>

April 2023



## Progress Report on Internal Audit Actions

PC2: Financial Delegation of Authority		Low	
<b>Risk</b>	Misinformed decision making		
<b>Finding</b>	This audit identified some inconsistencies among the Council's Financial Delegation of Authority and the approved cardholders' limits per NAB/Council Approval Forms.	Council's Financial Delegations of Authority (i.e. Financial Delegation Register), pursuant to the Local Government Act 1999 S137, should be applied to all financial spending on items approved in the budget, including card limits.	
Recommendations	Management Response	Update	
1	<p>We recommend management:</p> <ul style="list-style-type: none"> <li>Assess the appropriateness of the cardholders' limits approved (at least on an ongoing annual basis) and make sure the accurate card limits are approved and recorded in the Council's Financial Delegation of Authority (i.e. Financial Delegation Register); and</li> <li>Periodically review (at least on an ongoing annual basis) the alignment of delegations with the Card Limit within the NAB system.</li> </ul>	<p>Agree.</p> <p>A process was undertaken in 2021 to ensure all card holders credit limits were reviewed and approved.</p> <p>We will consider the appropriate instrument for the future approval and management of approving the issue of purchase cards and the credit limits and incorporate specific reference to this within the revised Policy.</p> <p>An annual review of card holder and credit limits will be incorporated within the revised Policy.</p> <p><b>December 2022</b></p>	<p><b>Completed</b></p> <p>Following the revision of the Policy, new documentation has been completed to record the credit limit of each card holder.</p> <p>The Revised Policy includes the requirement to review and purchase card holders and limits on an annual basis.</p>

April 2023

**Progress Report on Internal Audit Actions**

<b>PC3: Business Improvement Opportunity 1: Policy Improvement</b>		<b>Improvement</b>
<b>Observation</b>	<p><b>Financial Delegation</b></p> <p>There was no reference within the current Policy to the Financial Delegation of Authority.</p> <p>Council's Financial Delegations of Authority (i.e. Financial Delegation Register), pursuant to the <i>Local Government Act 1999</i> S137, should be applied to all financial spending on items approved in the budget, including card limits.</p> <p>The better practice is that purchase cards must only be used to expend corporate funds in accordance with the Corporate Purchase Card Policy, the relevant corporate hospitality purchasing policies the employee's financial delegation and the approved budget.</p> <p><b>ICT assets and expenditures</b></p> <p>During the audit, we found that the Council adopted a decentralised approach to purchasing ICT assets and expenditures. The purchase cards were used by different business units to purchase ICT assets and expenditures, such as an emergency laptop, mobile phone case and phone covers, and Broadband for managers' use. For example, the former EA to GM BS&amp;I made 40 transactions (totalling \$7,933) of ICT assets and expenditures (summarised in Figure 6 on page 12).</p> <p>It was advised by the Manager Business Systems and Solutions (BS&amp;S) that the laptop and ICT equipment purchases were discussed verbally with relevant BS&amp;S staff at the time.</p> <p><b>Invoice downloading</b></p> <p>The Policy did not provide detailed guidance on logging in and downloading invoices for approved and ongoing monthly subscription services although a declaration was used in practice.</p> <p>There were two instances of monthly New Limited Subscriptions (see table below) of the 184 sampled in which the invoices were not provided and a declaration was presented. The current practice is still compliant with the tax invoice requirements of the Australian Taxation Office (ATO), i.e., a tax invoice is needed to claim GST if the expenditure is more than \$82.50 including GST.</p> <p>It was advised that the invoices need to be downloaded but the time in doing that on monthly basis outweighs the benefit. The Manager Finance and Procurement further advised that an annual process will be in place going forward.</p> <p><b>Efficient use of Council's resources</b></p> <p>The Policy referred to three principles, including "ensure Council's resources are managed with integrity and diligence"; but did not address the efficient use of Council's resources including staff time and financial resources.</p> <p>During this audit, we found purchase cards are used by different business units for the same routine purchase, such as food and cooking materials, media subscriptions predominantly for the libraries and stationery, etc. Details are as follows:</p>	

**April 2023**

## Progress Report on Internal Audit Actions

- Data analysis found the 5th top spender was the Meal Service Coordinator, who purchased \$13,718 in cooking supplies for the Unley Community Centre (UCC) in the last 13 months. Further, they advised that UCC used to use PFD as a food supplier but stopped engaging PFD. The reason was that PFD issued bulk invoices to cover multiple sites (i.e., Council's two community centres and swimming centre), and the time involved in splitting the invoice made this process labourious.)
- Data analysis found that of all purchase card transactions, there were 54 purchases totaling \$4,559.88 (over the threshold of Purchase Order) for News Limited, News Pty Ltd Subscription, and News Corporation. These subscriptions were predominantly for public access in the Libraries.
- Data analysis also found stationery purchases (three occurrences of \$293 by the former EA to GM BS&I), which should utilise existing contractual arrangements in line with the Council's Procurement Framework and Policy (i.e., Winc as preferred supplier for stationery).

### **Sensitive expenditure**

The Auditor General defines sensitive expenditure as the expense "subject to increased public sensitivity because of its nature and it may:

- create a perception that someone received a private benefit in addition to the business benefit to the council;
- be considered unusual for the council's purpose or function;
- be considered to provide no benefit to the public.

The following sensitive expenditures have been identified in the testing according to the AG's definition; however, have not yet been clearly addressed in the Policy.

- catering, meals and refreshments,
- training and education activities including events, conferences, formal training and development in Adelaide or online,
- memberships,
- expenses not reimbursed including gifts.

### **CEO's purchase card transactions**

The AG indicated that better practice is to "have its (Council's) audit committee periodically (e.g. quarterly) review a report of the CEO's purchase card transactions to ensure the expenditure is reasonable and for business purposes". This practice has been broadly adopted by the State and Local Governments.

It was noted that the CEO's purchase card was discussed at Council's Audit Committee in May 2021. Council's current practice is that the CEO's purchase card transactions are approved by both the GM BS&I and the Manager Finance and Procurement. The Council's Audit Committee resolution included "Any concerns arising from a review of purchase transactions pertaining to the CEO to be reported to the Chair of the Audit Committee as soon as practical." This was intended to address any risk associated.

April 2023



## Progress Report on Internal Audit Actions

However, in our opinion, both the GM and Manager report to the CEO. Therefore, objectivity may be at risk from time to time. EA's use of card

### **There was no clear guidance on the EA's use of card within the current Policy.**

Data analysis of the top spenders found that the former EA to GM BS&I purchased \$38,355 for the BS&I Division during the audit period, including:

- training and conference (including the GM BS&I's attendance),
- ICT assets and expenditure (including a purchase of laptop through a retail store rather than usual supplier due to extended lead times for the GM BS&I),
- office furniture,
- hospitality, and
- work meeting (including Audit Committee) catering etc.

The purchase card transactions were approved by the GM BS&I. This created a self-review threat where the expenditure was on behalf of the GM BS&I, such as the conference attendance and laptop purchase.

We also found that the GM BS&I purchased \$72,740 for the audit period, including DIT – EZYREG vehicle registration renewal of \$69,748.31 made on 28 February 2022, own CPA qualification, Annual Leadership Pass, and training etc.

It was noted that the GM BS&I's purchase card transactions are authorised by the CEO and the total DIT – EZYREG spend falls within the GM BS&I's delegation authority.

### **Temporary increase**

There was no clear guidance on the temporary increase of the card limit within the current Policy.

The largest transaction in the audit period was the DIT – EZYREG vehicle registration renewal of \$69,748.31 made by the GM BS&I on 28 February 2022. The Procurement Business Partner and Manager Finance and Procurement advised the renewal process of Service SA and then obtained the approval of the expenditure and the temporary increase of the card limit for the day.

### **Car wash**

There was no clear guidance on the car wash within the current Policy (and the Motor Vehicle Policy August 2020) e.g. not exceeding a certain dollar value per commercial vehicle per month and within cardholders' financial delegations. Prior approval

The relevant Hospitality, Travel and Expenditure Policy (dated 13 October 2020) requires prior approval for those purchasing; however, it was just verbal approval and there was no evidence retained.

April 2023



**Progress Report on Internal Audit Actions**

Above we have analysed the expenditure items in our audit; however, we appreciate spending on such matters is in many respects at the Council's discretion through their approved policy. Therefore, our intent is only to highlight where there is a difference for your consideration.

Recommendations	Management Response	Update
<p><b>Financial Delegation</b> Refer within the current Policy to the Financial Delegation of Authority</p>	<p>To be considered as part of the policy review.</p>	<p><b>Completed</b> The revised Corporate Purchase Card Policy was reviewed by Audit Committee in November and endorsed by the Executive Management Team in December. The recommendations were considered and incorporated where appropriate as part of this review.</p>
<p><b>ICT assets and expenditures</b> Restrict where possible using a purchase card to purchase ICT assets and expenditures such as chargers, keyboards, mice, phones, tablets, laptops, monitors or display monitors. These items may only be purchased on a corporate purchase card by a BS&amp;S staff (note this may require a review and potential increase of credit purchase limits within BS&amp;S)</p>	<p>Corporate Purchase Card Policy will be reviewed and presented to Audit Committee for endorsement. Each of the recommendations will be considered as part of this process, noting the following:</p> <ul style="list-style-type: none"> <li>• Financial Delegation: Agree the revised policy needs to address the approval process and record keeping of for purchase card limits;</li> <li>• ICT assets and expenditures: Further consideration will be given to the process for the purchase of ICT equipment, noting:                             <ul style="list-style-type: none"> <li>○ an existing process exists within Council's intranet concierge service to purchase equipment;</li> <li>○ credit limits would need to be increased if purchasing is centralized;</li> <li>○ Business Systems and Solutions do not hold a budget for ad hoc purchases.</li> </ul> </li> </ul>	<p>Following the revision of the Policy, new documentation has been completed to record the credit limit of each card holder.</p>

April 2023

**Progress Report on Internal Audit Actions**

<p><b>Invoice downloading</b></p> <p>Provide guidance related to practical and feasible logging in and downloading invoices for approved and ongoing monthly subscription services, e.g. on an annual basis and supported with a register</p>	<p>Agree, noting logging in and downloading invoices for approved, ongoing month subscription services on a reasonable frequency.</p> <p>Periodical education of the Procurement Policy may be more appropriate.</p>	<p>As per update on the previous page.</p>
<p><b>Efficient use of Council's resources</b></p> <p>Clearly include this principle in the Policy and reinforce the Council's Procurement Framework and Policy for appropriate sourcing methods for routine and low risk purchases to obtain value for money</p>	<p>Agree, noting the Procurement Policy already addresses "Value for Money" which applies to all purchases, regardless of the method of procurement.</p>	
<p><b>Sensitive expenditure and CEO's purchase card transactions</b></p> <p>Understand the difference between what is approved through policy and what the AG has interpreted at other Local Governments as appropriate. Use this understanding to reaffirm current policy or make amendments in accordance with risk appetite</p>	<p>We will consider further, noting the appropriate use of Council resources, including expenditure, applies to all purchases, regardless of the method of procurement and is address within the Council's Employee Code of Conduct. The process for the approval of the CEO's purchase card was considered by Audit Committee last year.</p>	
<p><b>EA's use of card</b></p> <p>Include clear guidance for EA's use of card, which should not include the relevant GM's expenditure to avoid self-review threat; and include this guidance as part of EA training</p>	<p>Agree. We will include training as part of card issuing process for specific roles that may require this need.</p>	
<p><b>Temporary increase of card limit</b></p> <p>Include clear guidance on circumstances, application and approval of the temporary increase of card limit.</p>	<p>Agree. This will be addressed in the revised policy.</p>	

April 2023

**Progress Report on Internal Audit Actions**

<p><b>Car wash</b>                  Include clear guidance on car wash, e.g. not exceeding a certain dollar value per commercial vehicle per month, and a full clean prior to auction</p>	<p>Car washes are addressed within the Motor Vehicle Policy, and we need to consider where we draw the line in specifying limits on very specific types of operational expenditure within the Policy, when the principle of efficient use of Council's resources should applies across all expenditure; and car washes may be procured through alternate methods, so any limit should be incorporated within the Motor Vehicle Policy.</p>	<p>As per update on the previous page.</p>
<p><b>Prior approval</b>                  Better articulate when prior approval is required with a purchase card and require record keeping of the approval if received prior.</p>	<p>Agree. We will consider a paragraph reminding card holders to consider instances where prior approval may be required, noting the requirement for prior approval should sit within the relevant policies or guidelines (eg. Recognition Guideline)</p>	

April 2023

**Progress Report on Internal Audit Actions**

PC4: Manual Reconciliation Process		Improvement	
<b>Observation</b>		The current monthly purchase card reconciliation process is still manual. There are about 50% of transactions with hard copy purchase evidence submitted for approval and reconciliation. There are risks of loss of purchase evidence, record filing outside of system, and inefficient process.	
Recommendations		Management Response	Update
1	<p>We recommend management:</p> <ul style="list-style-type: none"> <li>Encourage all cardholders to use the appropriate application or portal to scan the purchase evidence at the time of purchase</li> <li>Encourage all cardholders to use the Council's finance system Technology One for submission, approval and reconciliation.</li> </ul>	<p>This process for the submitting, approval and review of purchase card transactions will be considered as part of a wider program of system improvements over the next 18 months.</p> <p>Part of this process will consider the format (ie hard copy or electronic copy) of the invoices.</p> <p><b>December 2023</b></p>	<p><b>Consideration completed</b></p> <p>The utilisation of a systemised process for purchase card reconciliation has been considered as a potential project for consideration in 2024 or 2025. A present, project resourcing is focused on the Advance Sourcing Module and Procure to Pay Project.</p> <p>In the meantime, existing process for the monthly reconciliation of purchases cards is effective.</p>

April 2023



**Progress Report on Internal Audit Actions**

PC5: Cyber security awareness		Improvement	
<b>Observation</b>		<p>This audit found that a suspicious online transaction (of \$4,216.86) associated with the purchase card of the Coordinator Fullarton Park Community Centre, was identified by the bank. The card was replaced and the refund was received.</p> <p>The stakeholder interview found that there was no formal cyber security training provided except for occasional email correspondences from the BS&amp;S team.</p>	
Recommendations		Management Response	Update
1	<p>We recommend management:</p> <ul style="list-style-type: none"> <li>• Arrange the responsible officer(s) to attend future cyber security webinars offered by NAB or similar to further their knowledge and awareness</li> <li>• Pass the knowledge on to the cardholders.</li> </ul>	<p>Agree. We will investigate appropriate education, preferably via an online module, for cardholders and card administrators.</p> <p><b>March 2023</b></p>	<p><b>Completed</b></p> <p>Council has an ongoing education program for staff on cyber security. This includes education for purchase card holders.</p> <p>The revised Corporate Card Policy incorporates procedures to minimise risks associated with purchase card. As advised, all active purchase card holders have read and understood the Policy.</p>

**April 2023**

**Progress Report on Internal Audit Actions**

PC6: Transaction description		Improvement
<b>Observation</b>	<p>Our sample testing also found the corporate purchase card transaction description can be further improved to benchmark against the better practice.</p> <p>The Corporate Purchase Card Use Administration Procedure of another metro council in SA has the following relevant requirements:</p> <p>“The Cardholder must use naming standards to describe the transaction using information in the format of: [what] [why] [project] [where] [for]</p> <p>Example descriptions:</p> <ol style="list-style-type: none"> <li>a. Hardware for repair of garden beds at community garden project Seaford for J Smith</li> <li>b. Door closers to replace existing in carpenter workshop for Bob Salles at FOC</li> <li>c. Hardware supplies to refill trucks for maintenance works</li> <li>d. Subscription annual fee for disability magazine used at Elizabeth House for seniors' project</li> <li>e. Metrocard travel card for office/city transport for shared use in Community Capacity</li> </ol> <p>Requirements for transaction naming structure for all purchases that are governed by the ‘Corporate Hospitality Purchasing Guideline’ are detailed in that guideline – available on the Procurement Services’ page on &lt;intranet&gt;.”</p>	
Recommendations	Management Response	Update
1	<p>We recommend management:</p> <ul style="list-style-type: none"> <li>• Consider improving the transaction description to provide correct and complete information for reviewers and approvers.</li> </ul>	
	<p>Agree. We will investigate appropriate education, preferably via an online module, for cardholders and card administrators.</p> <p><b>March 2023</b></p>	<p><b>Completed</b></p> <p>The revised Corporate Card Policy incorporates guidance on the recommended transaction descriptions. Further advice is provided to card holders as required.</p>

April 2023

**Progress Report on Internal Audit Actions**

**Purchase Off Contract Expenditure (POCE) Internal Audit**

Risk Findings	Risk Rating	Actions	Not Started	In Progress	Now Completed	Total Completed*
<b>Risk Findings</b>						
POCE1: Non-compliance with Policy and Framework	High	3	-	1	2	2
POCE2: Council panel contract renewal	Medium	2	-	2	-	-
POCE3: Use of Local Government Association (LGA) Vendor Panel	Low	1	-	1	-	-
<b>Business Improvement Opportunity (BIO)</b>						
POCE4: Forward procurement planning	BIO	1	-	-	1	1
POCE5: Contract Register	BIO	2	-	-	2	2
<b>Total</b>		<b>9</b>	<b>-</b>	<b>4</b>	<b>5</b>	<b>5</b>

April 2023

**Progress Report on Internal Audit Actions**

<b>POCE1: Non-compliance with Policy and Framework</b>		<b>High</b>
<b>Internal Financial Control</b>	<ul style="list-style-type: none"> <li>• Value for money</li> <li>• Reputational risk</li> <li>• Undetected incorrect procurement or fraud</li> </ul>	<ul style="list-style-type: none"> <li>• Misinformed decision making</li> <li>• Financial impact on budget</li> </ul>
<b>Finding</b>	<p>Sample testing identified the following non-compliance with the requirements of the current Procurement Policy (dated 14 December 2020) and Procurement Framework (2021).</p> <p><b>Procurement value and sourcing method</b></p> <p>According to the Policy, the value of ongoing purchases over a period of time will be calculated as “the annual gross value of the purchases, or the estimated annual gross value (ex GST).”</p> <p>We tested the procurement processes for the following five (5) suppliers (see table below) with annual purchases value between \$100K and \$135K (ex GST) and found that the individual transaction value for all five (5) suppliers sampled (100%) was considered rather than the annual gross value. This was not compliant with the requirements above.</p> <p>Further, it led to an incorrect sourcing method (i.e. direct purchase using a minimum of one (1) written quote) being adopted for the three (3) suppliers sampled (60%). Instead, a competitive tender sourcing method should be adopted per annual value of the purchases from the suppliers.</p> <p><b>Splitting amounts</b></p> <p>The Policy required that “Splitting the amounts to bring expenditure within lower limits is not permitted.”</p> <p>Our sampling test also found that a road maintenance (by Supplier #24422) was split into two (2) invoices dated 8 December 2021 (i.e., Inv-0962 of \$9,700 and Inv-0963 of \$9,575 ex GST) to bring the expenditure within the financial delegation limit.</p> <p>While it could not be confirmed whether the invoices were intentionally split as the staff retired in April 2022, this example demonstrates the potential risk of that occurring without a legitimate basis for the invoices to be split.</p>	

April 2023



## Progress Report on Internal Audit Actions

Finding continued		These gaps indicate risks to Council's ability to demonstrate procurements are well managed. For details, refer to the table below.				
Suppliers sampled	Annual value (ex GST)	Individual value (ex GST)	Average Value (ex GST)	Brief description	Division	Audit note
Supplier #18082	\$ 134,521.01	\$117 – \$22K, total 118 purchases	\$1,140	Plumbing supplier	City Development	3 invoices sampled (\$5K, \$3K, and \$8K respectively) using direct purchase
Supplier #24790	\$ 131,716.82	\$86 – \$10K, total 65 purchases	\$2,026	Maintenance services	City Development	3 invoices sampled (\$10K, \$4K, and \$6K respectively) using direct purchase
Supplier #23862	\$ 114,200.00	\$1.7K – \$17K, total 27 purchases	\$4,230	Road design	City Development	
Supplier #26259	\$ 101,814.69	\$157 – \$1.3K, total 165 purchases	\$617	Traffic control	City Development	
Supplier #24422	\$ 100,404.00	\$3K – \$10K, total 15 purchases	\$6,694	Kerbing and concrete	City Development	2 invoices sampled (\$10K each) with no written quote and further related to splitting amounts. 1 invoice of \$7K sampled using direct purchase.
<b>Total</b>	<b>\$ 582,656.52</b>					

Recommendations	Management Response	Update
1 Ensure the ongoing training program (e.g. induction and regular refresher training) includes the Council's Procurement Policy and Framework requirements for the relevant staff responsible for procurement activities	Establish panels or utilise Vendor Panel/Procurement Australia Panel for regularly utilised services and materials (where a panel is not already utilised).  <b>June 2023</b>	<b>In Progress</b>  Opportunities to establish panels have been identified and prioritised, with planning of the procurement process presently underway.

April 2023

**Progress Report on Internal Audit Actions**

Recommendations	Management Response	Update
<p>2 Ensure the specific requirements of the correct sourcing method and/or panel contract are implemented</p>	<p>Establish an ongoing education program for:</p> <ul style="list-style-type: none"> <li>a) the purpose and utilisation of panels</li> <li>b) the requirements of the procurement policy and responsibilities of those undertaking procurement</li> </ul> <p><b>March 2023</b></p>	<p><b>Completed</b></p> <p>A procurement education program has been developed and commenced, targeting teams undertaking high value and high risk procurement activity first, and adapted to the specific requirements of each team.</p> <p>This program will be supported by increase communication on procurement matters.</p>
<p>3 Ongoing monitor supplier spend to ensure the correct sourcing method is used.</p>	<p>Monitor supplier spend on a quarterly basis to identify off-contract recurrent expenditure.</p> <p><b>December 2022</b></p>	<p><b>Completed</b></p> <p>Regular reporting and monitoring of supplier spend has been introduced.</p>

**April 2023**

**Progress Report on Internal Audit Actions**

POCE2: Council panel contract renewal					Medium																																	
<b>Risks</b>	<ul style="list-style-type: none"> <li>Value for money</li> <li>Reputational risk</li> <li>Undetected incorrect procurement or fraud</li> </ul>		<ul style="list-style-type: none"> <li>Misinformed decision making</li> <li>Financial impact on budget</li> <li>Decisions/procurement not made in line with the policy.</li> </ul>																																			
<b>Finding</b>	<p>Off-contract procurement sampling test found that the following four (4) out of total 22 samples (18%) approved by one (1) approving officer were related to ongoing engagement of the suppliers despite the panel contract having expired.</p> <table border="1"> <thead> <tr> <th>Suppliers sampled</th> <th>Annual value (ex GST)</th> <th>Individual value (ex GST)</th> <th>Average Value (ex GST)</th> <th>Brief description</th> <th>Division</th> </tr> </thead> <tbody> <tr> <td>Supplier #18082</td> <td>\$ 134,521.01</td> <td>\$117 – \$22K, total 118 purchases</td> <td></td> <td>Plumbing supplier</td> <td rowspan="4">City Development</td> </tr> <tr> <td>Supplier #24790</td> <td>\$ 131,716.82</td> <td>\$86 – \$10K, total 65 purchases</td> <td></td> <td>Maintenance services</td> </tr> <tr> <td>Supplier #10499</td> <td>\$ 63,530.20</td> <td>\$150 – \$17K, total 38 purchases</td> <td></td> <td>Pest</td> </tr> <tr> <td>Supplier #22028</td> <td>\$ 59,892.00</td> <td>\$187 – \$30K total 7 purchases</td> <td></td> <td>Painting</td> </tr> <tr> <td><b>Total</b></td> <td><b>\$ 389,660.03</b></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>Further, we found that this approving officer was a Team member within the Assets and Operations Business Unit. Their financial delegation in the previous role (Purchasing Limit \$50K and Contract Approval Limit \$50K) was approved in 2013. However, there was no updated financial delegation for their new and current position.</p>					Suppliers sampled	Annual value (ex GST)	Individual value (ex GST)	Average Value (ex GST)	Brief description	Division	Supplier #18082	\$ 134,521.01	\$117 – \$22K, total 118 purchases		Plumbing supplier	City Development	Supplier #24790	\$ 131,716.82	\$86 – \$10K, total 65 purchases		Maintenance services	Supplier #10499	\$ 63,530.20	\$150 – \$17K, total 38 purchases		Pest	Supplier #22028	\$ 59,892.00	\$187 – \$30K total 7 purchases		Painting	<b>Total</b>	<b>\$ 389,660.03</b>				
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<b>Total</b>	<b>\$ 389,660.03</b>																																					

April 2023

**Progress Report on Internal Audit Actions**

Recommendations		Management Response	Update
1	Commence exercising an extension option well before the expiry date in case the extension is not taken up and a new procurement process is required, e.g. have a contract system to flag expiry	Update the contract register with expiry dates and incorporate expiry dates into the forward procurement program. <b>March 2023</b>	<b>In Progress</b> Contract expiry dates are presently being populated in the contract register.
2	Review and update Financial Delegations when the officers' positions and responsibilities are changed.	Update Financial Delegations documentation. <b>January 2023</b>	<b>In Progress</b> Documentation on the financial delegations are presently being updated, noting purchase card limits are now documented separately.

**April 2023**



**Progress Report on Internal Audit Actions**

<b>POCE3: Use of Local Government Association (LGA) Vendor Panel</b>		<b>Low</b>
<b>Risks</b>	<ul style="list-style-type: none"> <li>• Value for money</li> <li>• Reputational risk</li> <li>• Undetected incorrect procurement or fraud</li> </ul>	<ul style="list-style-type: none"> <li>• Misinformed decision making</li> <li>• Financial impact on budget</li> <li>• Decisions/procurement not made in line with the policy.</li> </ul>
<b>Finding</b>	<p>The Council Procurement Policy addressed the strategic alliance of procurement activities through contract arrangements already established and administered by LGA Procurement, i.e. LGA Vendor Panel. However, there was no sufficient guidance provided regarding the use of the LGA Vendor Panel.</p> <p>Review of the Council's Contract Register, and the interviews with the Senior Assets &amp; Engineer Lead, City Development and the Principal Risk Management Officer found that</p> <ul style="list-style-type: none"> <li>• There was no reference retained in the Council's Contract Register to the use of contractual arrangements with the LGA Vendor Panel. Therefore, the reason for the vendor selection was not clear and the justification of why the LGP vendor was better value is lost.</li> </ul> <p>Interview with the Mechanic, Assets &amp; Operations, City Development found that</p> <ul style="list-style-type: none"> <li>• They assumed that Supplier #11442 (total annual value of \$38,367.99 ex GST) was on the LGA Vendor Panel and only raised Purchase Orders without going through an appropriate process. In reality, the supplier was not on the LGA Vendor Panel (confirmed via searching the LGA Vendor Panel on 8 July 2022).</li> </ul> <p>It was acknowledged that three (3) invoices sampled (100%) related to Supplier #26259 contract (conditions) with the LGA Vendor Panel are applied by different areas within the Council (i.e., City Development and City Services) and achieved value for money.</p>	
<b>Recommendations</b>	<b>Management Response</b>	<b>Update</b>
<p>1 Provide sufficient guidance regarding the use of the LGA Vendor Panel, including making reference in the Council's Contract Register and using the government/discounted price agreed accordingly</p> <p>Ensure the staff responsible for procurement are trained to apply the relevant requirements.</p>	<p>Develop an ongoing education program which includes the purpose and utilisation of panels (as per action 2 for finding 1).</p> <p>Include specific reference to the purpose and use of panels within the Procurement Policy and Framework when updated in 2023. Make revisions available on Aquaria.</p> <p><b>September 2023</b></p>	<p><b>In progress</b></p> <p>A procurement education program has been developed and commenced, incorporating advice regarding the use of panels.</p> <p>A revised Procurement Policy has been drafted and is being circulated for feedback prior to presentation to Audit Committee in August for endorsement. The Procurement Framework is presently being reviewed.</p>

April 2023

**Progress Report on Internal Audit Actions**

POCE4: Forward procurement planning		Improvement
<b>Observation</b>	<p>We observed that the Senior Assets &amp; Engineering Lead started forward procurement planning for the Roads Capital Replacement and road design.</p> <p>Effective planning will improve the accuracy of the annual (and long term) budget process and the effectiveness of the use of public resources.</p> <p>The current leading practice of the State Government forward procurement planning under the new South Australian Government Procurement Framework administered by the Procurement Service SA since July 2021 could be considered by the Council where relevant.</p>	
Recommendations	Management Response	Update
Where possible, consider adopting the forward procurement planning appropriately.	<p>Formalise the forward procurement planning process, and include a staggered quarterly review with Business Unit Managers and staff involved in procurement for major projects.</p> <p><b>January 2023</b></p>	<p><b>Completed</b></p> <p>A forward procurement plan has been formalised, with a quarterly review undertaken with business units.</p>

April 2023

**Progress Report on Internal Audit Actions**

POCE5: Contract Register		Improvement
<b>Observation</b>	<p>During this audit, we found that the information retained in the Council's Contract Register in Technology One was incomplete. The following gaps were observed. The Council's Administration was investigating these discrepancies.</p> <ul style="list-style-type: none"> <li>• The Contract Register did not retain all suppliers' information under the section of "Contract Party" although the relevant suppliers can be identified via further investigation (totalling \$720K)</li> <li>• The Contract Register did not retain "Estimated Contract \$" for all contracts</li> <li>• The Contract Register did not update the section of "Contract Status" to ensure all expired contracts ("Actual Expiry Date" prior to and including 30/6/2022) made inactive (totalling \$2.4M of 36 suppliers)</li> </ul> <p>It was noted that this issue was already addressed at a high level in the Financial Controls Review 2019/20, and Council has been working on improving this control.</p>	
Recommendations	Management Response	Update
Continue to update the register to ensure that all current contracts are recorded.	Establish a process and procedure for maintaining the existing contract register. <b>January 2023</b>	<b>Completed</b> A process has been developed to update and maintain the contract register.
	Review the purpose of the contract register and assess the appropriateness of the existing system. <b>June 2023</b>	<b>Completed</b> The new Contract Management module in Technology One has been assessed, with the intention to upgrade the contract module in 2024, subject to pricing and approval.

April 2023

## INFORMATION REPORT

<b>REPORT TITLE:</b>	QUARTERLY RISK REPORT (MAY 2023)
<b>ITEM NUMBER:</b>	2.4
<b>DATE OF MEETING:</b>	16 MAY 2023
<b>AUTHOR:</b>	ALEX BROWN, MANAGER FINANCE AND PROCUREMENT
<b>DIVISION:</b>	BUSINESS SUPPORT AND IMPROVEMENT
<b>ATTACHMENTS:</b>	1. STRATEGIC RISK REGISTER (APRIL 2023)

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### 1. **PURPOSE**

This report provides a quarterly update following a review of the Strategic Risk Register in April 2023.

### 2. **RECOMMENDATION**

That:

1. The report be received.
- 

### 3. **RELEVANT CORE STRATEGIES – FOUR YEAR DELIVERY PLAN**

#### 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) reviews the Strategic Risk Register (SRR) quarterly to consider:

- The risk ratings for all strategic risks.
- The appropriateness of the treatment plans and management's progress in completing them; and
- If there were any new or emerging strategic risks.



## 5. **DISCUSSION**

EMT conducted their quarterly review of the SRR on Monday 26 April 2023. The review identified that:

- The existing identified strategic risks remain relevant.
- The progress and implementation date of the revised Project Management Framework, under *Strategic Risk 1 – Failure to maintain financial sustainability* has been revised from May 2023 to June 2023.
- The remaining treatment plans intended to further mitigate risks are progressing; and
- Two new emerging risks were identified:
  - Increased focus of Elected Members in operational matters leading to ineffective strategic decision making and inefficient use of resources; and
  - Factions developing between Members that may lead to ineffective decision making, lack of transparency and compromised staff decisions.

The risk events impacted by these emerging risks have been identified and possible treatment plans proposed.

A full copy of the updated Strategic Risk Register is provided in Attachment 1.

*Attachment 1*

The review of the Risk Assessment Matrix has commenced and will be presented to the August Audit Committee Meeting for consideration in the context of the Strategic Risk Register.

## 6. **REPORT AUTHORISERS**

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



# STRATEGIC RISK REGISTER

This Review – 24 April 2023 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 2023 by:*

**Peter Tsokas**  
**Megan Berghuis**  
**Nicola Tinning**  
**Claude Malak**

# Strategic Risk Register

<b>1</b> <b>Event Description:</b> Failure to maintain financial sustainability			
<b>Responsible Managers:</b> CEO, EMT, CFO		<b>Community Plan Theme:</b> CIVIC LEADERSHIP & ECONOMIC PROSPERITY	
<b>Negative Contributory Factors:</b> <ul style="list-style-type: none"> <li>Forecasting tools are not relevant or out of date</li> <li>Long Term Financial Plan is not maintained or not appropriate for business needs</li> <li>Financial resources to deliver required services are inadequate</li> <li>Financial capacity to meet service delivery demands</li> <li>Financial resources are not managed in line with treasury management policy</li> <li>Debt levels and debt management strategies are not in line adopted targets or are not sustainable</li> <li>Inadequate project management practices</li> <li>Impact of pandemic on local economy and Council's operating results over time</li> <li>Changes to market in cemetery operations (CPCA)</li> <li>Ambitious expectations of Council deliverables</li> </ul>		<b>Risks:</b> <ul style="list-style-type: none"> <li>Financial Maladministration &amp; Corruption Inability to delivery community expectations into the future</li> <li>Financial sustainability is compromised</li> <li>Reputational Damage</li> <li>Legislative Compliance (Financial) are not met</li> <li>Inter-generational equity is not achieved</li> <li>insufficient project funding</li> <li>Failure to deliver on plans and strategies</li> <li>Limitations to service delivery options</li> <li>Service level reduction</li> <li>Centennial Park Subsidiary becoming unviable</li> <li>Decision Making not aligned to Strategic Management Plans</li> </ul>	
<b>Likelihood:</b> Possible	<b>Consequence:</b> Major	<b>Inherent Risk Rating:</b> HIGH	
<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> </ul>		<ul style="list-style-type: none"> <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>	
<b>Control Effectiveness:</b>	Majority Effective	<b>Risk Tolerance up to:</b>	MEDIUM
<b>Likelihood:</b> Rare	<b>Consequence:</b> Major	<b>Residual Risk Rating:</b>	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>Revised to June 2023 (Previously May 2023)</li> </ul>	Documentation is being finalised with implementation scheduled for June with training.



# 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> <li>Increased cost pressures and delivery timeframes due to market conditions and inflation</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>	<b>HIGH</b>
<b>Existing Controls/Mitigating Practices:</b> <ul style="list-style-type: none"> <li>Community Plan 2033</li> <li>Annual Business Plan and Budget</li> <li>4-year Delivery Plan</li> <li>Annual Operating Plan</li> <li>Long Term Financial Plan</li> <li>Strategies, Policies and Procedures</li> <li>Infrastructure &amp; Asset Management Plans</li> <li>Corporate Performance Report</li> <li>CEO KPIs</li> <li>Role Clarity Framework for service delivery</li> <li>Organisational culture and values</li> <li>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> <li>Consultation processes (YourSay, website, social media)</li> <li>Customer Experience Framework</li> <li>Customer Service Training</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>	<b>MEDIUM</b>
<b>Likelihood:</b> Rare	<b>Consequence:</b> Major	<b>Residual Risk Rating:</b>	<b>MEDIUM</b>
<b>Treatment Plan:</b>	<b>Responsibility:</b>	<b>Target Completion Date:</b>	<b>Comment</b>

# Strategic Risk Register

<b>3</b>		<b>Event Description:</b> Ineffective decision making that lacks transparency	
<b>Responsible Managers:</b> CEO, EMT, Managers		<b>Community Plan Theme:</b> CIVIC LEADERSHIP	
<b>Negative Contributory Factors:</b> <ul style="list-style-type: none"> <li>Inappropriate conduct of staff/Elected Members</li> <li>Inaccurate information</li> <li>Ill-informed decision makers</li> <li>Lack of role clarity and decision making (elected members)</li> <li>Deficient policies and procedures</li> <li>Noncompliance with legislative obligations/requirements</li> <li>Internal control failures</li> <li>Inappropriate delegations</li> <li>Lack of governance framework</li> <li>Lack of plans to respond to events that impact service delivery (from Risk 6)</li> </ul>		<b>Risks:</b> <ul style="list-style-type: none"> <li>Reputational damage /risk (from risk 6 – to be deleted)</li> <li>Scrutiny by regulatory bodies (ICAC/Ombudsman)</li> <li>Financial impact/cost</li> <li>Loss of confidence in council</li> <li>Staff attraction and retention</li> </ul>	
<b>Likelihood:</b> Likely	<b>Consequence:</b> Catastrophic (Reputation)	<b>Inherent Risk Rating:</b>	<b>HIGH</b>
<b>Existing Controls/Mitigating Practices:</b> <ul style="list-style-type: none"> <li>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> </ul>		<ul style="list-style-type: none"> <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> <li>Revised Caretaker Policy</li> </ul>	
<b>Control Effectiveness:</b>	<b>Majority Effective</b>	<b>Risk Tolerance up to:</b>	<b>MEDIUM</b>
<b>Likelihood:</b> Unlikely	<b>Consequence:</b> Catastrophic	<b>Residual Risk Rating:</b>	<b>MEDIUM</b>

Treatment Plan:	Responsibility:	Target Completion Date:	Comment
1 Delegation review and training (understanding roles, responsibilities, and delegation of authority)	<ul style="list-style-type: none"> <li>OCEO</li> </ul>	<ul style="list-style-type: none"> <li>November 2023</li> </ul>	The review of the delegations commenced in October. The completion date has been revised to November 2023 to allow the new Council to consider.

# Strategic Risk Register

<b>4</b>				<b>Event Description:</b> Inability to manage legislative and regulatory compliance obligations					
<b>Responsible Managers:</b> CEO, EMT, Managers				<b>Community Plan Theme:</b> CIVIC LEADERSHIP					
<b>Negative Contributory Factors:</b>				<b>Risks:</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>				<ul style="list-style-type: none"> <li>Failure to meet compliance obligation</li> <li>Reputational damage</li> <li>Loss of confidence in Council</li> <li>ICAC investigation</li> <li>Unreasonable Customer expectations</li> <li>Negative Media exposure</li> <li>Financial Sustainability</li> <li>Negatively impact on service delivery &amp; levels</li> <li>Negative impact on organisational culture</li> </ul>					
<b>Likelihood:</b> Possible		<b>Consequence:</b> Major		<b>Inherent Risk Rating:</b>		<b>HIGH</b>			
<b>Existing Controls/Mitigating Practices:</b>									
<ul style="list-style-type: none"> <li>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> </ul>				<ul style="list-style-type: none"> <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>		<b>Majority Effective</b>		<b>Risk Tolerance up to:</b>		<b>MEDIUM</b>			
<b>Likelihood:</b> Possible		<b>Consequence:</b> Major		<b>Residual Risk Rating:</b>		<b>HIGH</b>			
<b>Treatment Plan:</b>				<b>Responsibility:</b>		<b>Target Completion Date:</b>		<b>Comment</b>	
1 Preparation for LG Reform				• EMT		• Ongoing			
2 Investigate development and implementation of Legislative Compliance Register				• OCEO		• November 2023		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 (Aquaria) 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	<ul style="list-style-type: none"> <li>• GMBSI</li> </ul>	<ul style="list-style-type: none"> <li>• June 2023</li> </ul>	The development of an Internal Communication Framework has commenced.



# Strategic Risk Register

<b>6</b>	<b>Event Description:</b> Inability to respond to climate change		
<b>Responsible Managers:</b> CEO, EMT		<b>Community Plan Theme:</b> ENVIRONMENTAL STEWARDSHIP	
<b>Negative Contributory Factors</b> ("root" causes / how and why the event arises): <ul style="list-style-type: none"> <li>• Extreme weather events</li> <li>• Increased urban infill</li> <li>• State Government Planning Reforms</li> <li>• 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 to Council operations</li> <li>• Impact to local flora and fauna</li> <li>• Loss of enviable amenities</li> <li>• Loss of productivity of operations due to extreme weather events</li> </ul>	
<b>Likelihood:</b> Almost Certain	<b>Consequence:</b> Major	<b>Inherent Risk Rating:</b>	<b>EXTREME</b>
<b>Existing Controls/Mitigating Practices:</b> <ul style="list-style-type: none"> <li>• Canopy Action Plan with budget allocation</li> <li>• Tree Strategy</li> <li>• Brown Hill Keswick Creek subsidiary &amp; delivery of Stormwater Management Plan</li> <li>• Strategic Plan and objectives</li> <li>• Re-use water (dam and aquifer)</li> <li>• Long Term Financial Plan</li> <li>• Water Sensitive Urban Design practices</li> <li>• Waste Management and Resource Recovery 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> <li>• Waste Management Arrangement in place</li> <li>• Heatwave Action Plan in place</li> </ul>			
<b>Control Effectiveness:</b>	<b>Majority Effective</b>	<b>Risk Tolerance up to:</b>	<b>MEDIUM</b>
<b>Likelihood:</b> Unlikely	<b>Consequence:</b> Major	<b>Residual Risk Rating:</b>	<b>MEDIUM</b>
<b>Treatment Plan:</b>	<b>Responsibility:</b>	<b>Target Completion Date:</b>	<b>Comment</b>
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# Strategic Risk Register

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

Description	Impacted Risk Events	Possible Treatment Plans
Increased focus of Elected Members in operational matters leading to ineffective strategic decision making and inefficient use of resources.	<ol style="list-style-type: none"> <li>2. Inability to meet the needs and expectations of the community</li> <li>3. Ineffective decision making that lacks transparency</li> <li>4. Inability to manage legislative and regulatory compliance obligations</li> <li>5. Workforce not appropriately skilled or engaged</li> </ol>	<ul style="list-style-type: none"> <li>• Relevant templates to be updated to include Strategic Plan link and Officer Time</li> <li>• Further education in the role of local government, COU and Elected Members</li> <li>• Keeping CEO KPI's strategic rather than operational</li> </ul>
Factions developing between Members that may lead to ineffective decision making and a lack of transparency.	<ol style="list-style-type: none"> <li>3. Ineffective decision making that lacks transparency</li> <li>4. Inability to manage legislative and regulatory compliance obligations</li> <li>5. Workforce not appropriately skilled or engaged</li> </ol>	<ul style="list-style-type: none"> <li>• Review of key persons contact list for Members</li> <li>• EM Behavioural Policy currently being developed to include risks to Council when factions exist</li> <li>• Team Development session to be organised for Members</li> </ul>



### Appendix

Definitions of Control Effectiveness Ratings	
<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.