

COMMITTEE AGENDA

Audit & Risk Committee

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

Tuesday 12 August 2025 6:30 PM

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

Chief Executive Officer

MEMBERS

Presiding Member Mark Davies
Independent Member Annette Martin
Independent Member Pamela Lee
Deputy Mayor Jack Gaffey
Councillor Jennifer Bonham

ACKNOWLEDGEMENT

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

*Ngadlurlu Kurna Miyurna yaitya yarta-mathanya Wama Tarntanyaku tampinhi. Parnuku yaitya, 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

ITEM	PAGE NO
1. ADMINISTRATIVE MATTERS	
1.1 APOLOGIES	
Nil	
1.2 LEAVE OF ABSENCE	
Nil	
1.3 CONFLICT OF INTEREST	
<i>Members to advise if they have any material or general conflict of interest in any Items in this Agenda.</i>	
1.4 MINUTES	
1.4.1 Minutes of the Ordinary Audit and Risk Committee Meeting held Tuesday, 13 May 2025	
1.5 DEFERRED / ADJOURNED ITEMS	
Nil	
2. REPORTS	
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3. OTHER BUSINESS

NEXT MEETING

Tuesday 21 October 2025 - 6:30 PM

Council Chambers, 181 Unley Road Unley

INFORMATION REPORT

REPORT TITLE:	EXTERNAL AUDIT - INTERIM AUDIT FINDINGS & MANAGEMENT RESPONSE 2024-25
ITEM NUMBER:	2.1
DATE OF MEETING:	12 AUGUST 2025
AUTHOR:	EDDIE PETERS, ACTING TEAM LEADER FINANCIAL ACCOUNTING
DIVISION:	CORPORATE SUPPORT
ATTACHMENTS:	1. INTERIM REPORT OF AUDIT FINDINGS

1. **PURPOSE**

This report presents the Interim Report – Audit Finding from the Council's External Auditors, Bentleys. The Audit Finding Report presents the findings regarding Council's internal control environment, and management responses, following the interim audit conducted in for the year ending 30 June 2025.

2. **RECOMMENDATION**

That:

1. The report be received.
 2. The External Audit – Interim Audit Findings and management responses as set out in Attachment 1 to this report (Item 2.1, Audit and Risk Committee meeting 12/08/2025), be noted.
-

3. **RELEVANT CORE STRATEGIES – COMMUNITY PLAN 'TOWARDS 2050'**

This report supports the Community Plan's guiding principles of Integrity, Engagement, Financially Sustainable and Thought Leadership.

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 and Risk Committee has a responsibility under Section 126(4)(f) of the Act, and in 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.*”

Bentleys were appointed as Council’s External Auditors for a period of five years in November 2023, following a recommendation from the Audit and Risk Committee and endorsement from Council. The audit for the 2024-25 financial year is the second audit undertaken by Bentleys under the current appointment.

Under Section 129(1)(b) of the Act, the External Auditors are required to undertake an audit of the controls utilised by the council during the financial year. Under Section 129(3)(b), the External Auditors are required to provide an audit opinion as to whether the controls provide reasonable assurance that the financial transactions have been conducted properly.

5. DISCUSSION

Bentleys have undertaken their assessment of Council’s internal control environment and provided their findings in the *Interim Report of Audit Findings* (Interim Report) which is included as Attachment 1.

Attachment 1

Bentleys have reported in their Interim Report that “*no material matters have been raised*”. There were five matters reported to management, however they were deemed immaterial, with no impact on their opinion of the control environment. Bentleys have therefore advised that they intend on issuing “*an unmodified audit opinion over the internal control environment of City of Unley, pending receipt of documentation related to debtor invoicing, grant and user pay controls testing*”.

The report also lists the identified audit risks relating to the financial statements and the current year audit. The following risks were identified at planning relating to the financial statements;

- Revaluation of assets,
- Project costing and overhead allocation, and
- Grant revenue recognition.

A summary of the matters raised by Bentleys and the management response is included in the below table. Full details are included in the Interim Report of Audit Finding letter provided as Attachment 1.

Attachment 1

Issue No.	Issue	Management Response
1	Receipting and Banking Controls - Cash Collection It's noted that since the Council transitioned to the Commonwealth Bank (CBA) in May 2025, the receipts or cash collection summary reports issued by Armaguard lacked certain key details including the number of bags and total amount collected.	On the 16th of June 2025, Armaguard introduced the Cash Collection Summary carbon copy booklet. This summary includes cash bag numbers, bag amounts, and the number of bags collected. The Cash Collection Summary is completed by Customer Experience in advance of the collection by Armaguard and verified by both parties. Armaguard takes a copy, and a copy is retained in the booklet held by Customer Experience. In addition, when Armaguard take the cash bags, they provide Customer Experience with a receipt. Completed
2	Review and Approval of Elected Member Expense Claims. It was observed that the authorising officer assumed the total mileage claimed represented the dollar amount rather than the kilometres travelled. As a result, only a portion of the total kilometres travelled should have been reimbursed. Although a review was performed, it was not sufficiently thorough. The motor vehicle claim comprised several smaller individual distances, but no verification was conducted to confirm that the distances claimed were accurate and corresponded to actual travel.	We have briefed the relevant staff involved to reinforce the policy requirements to improve the accuracy of reimbursement claims made. Completed
3	Delegation of Authority for transfers made between the LGFA account and main operating account. It was observed that there is no formalised delegation of authority which mentions which staff members are authorised to approve transfers between the LGFA account and the Council's main operating account, nor what the approved amounts are for each role.	The authority to process transfers between the LGFA and Council's Operating and Investment Accounts with the Commonwealth Bank of Australia has been provided in establishing the authorised account holders. Transfers from the LGFA can only be made to Council's nominated account, which has been nominated by the CEO. No further action

Issue No.	Issue	Management Response
4	Credit Note Approval It was observed that no formal approval process is in place to ensure credit notes are authorised prior to processing. Additionally, there is no documented policy outlining the required level of delegation for approving credit notes.	There is no current available functionality within the Pathway system to facilitate approvals in line with financial delegations. We are in the process of implementing the Technology One module Property & Rating, which will have the financial delegations built into the automated workflows. It is expected that the implementation will be completed by June 2026. In the meantime, management is setting up a centralised location where all credit note substantiations will be stored for future reference. Management will formalise process rather than establish another Policy by October 2025. October 2025
5	Review of Outdated Council Policies The following two procedure are currently outdated: • Fraud and Corruption Prevention Reporting Procedure • Rate Hardship and Fine Remission Procedure	Two procedures, rather than policies, were identified as outstanding. The review of the Fraud and Corruption Prevention Reporting Procedure commenced in April, following the review of the Policy in 2024. Given changes in the legislation and associated reporting processes (such as those by the Office of Public Integrity), consideration is being given to establishing a practical guide for staff to replace the existing procedure. The review of the Rate Hardship and Fine Remission Procedure has commenced and will be completed by September. No substantive changes are proposed to the existing procedure. October 2025

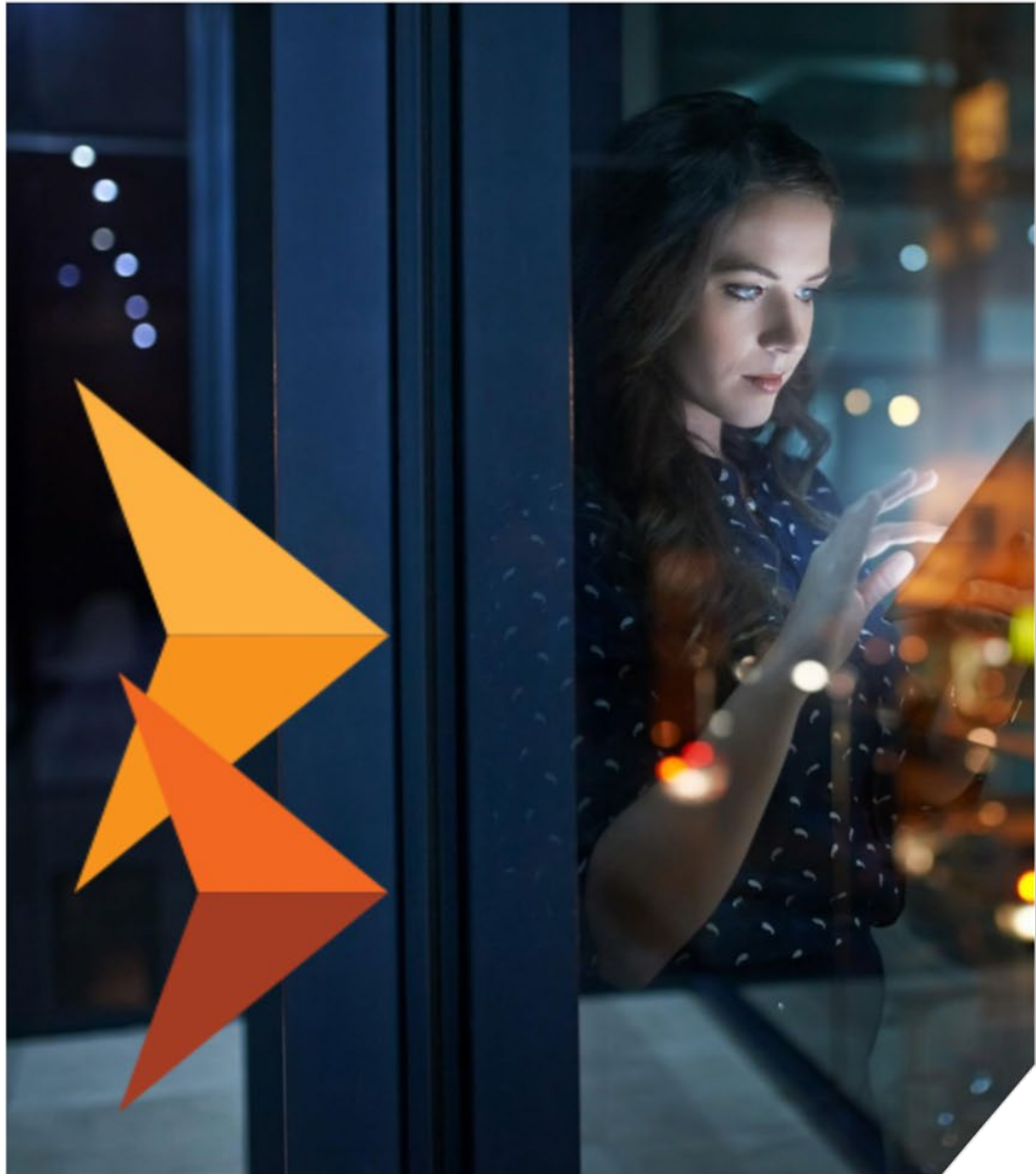
An update on the progress of the agreed management actions from the Interim Audit will be monitored on a monthly basis and included in the Quarterly Open Audit Actions Report to the Audit and Risk Committee.

6. **REPORT AUTHORISERS**

Name	Title
Alex Brown	General Manager Corporate Support

Management

LETTER



CITY OF UNLEY

AUDIT COMPLETION REPORT

David Papa

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Executive summary

WE ARE PROVIDING OUR INTERIM REPORT ON THE AUDIT OF CITY OF UNLEY FOR THE YEAR ENDING 30 JUNE 2025.

Dear Mr.Davies

We have completed our interim audit of City of Unley for the year ending 30 June 2025 and report to management and those charged with governance the following matters for information purposes and for consideration of implementation or corrective action.

At the conclusion of our testing, using the information obtained we determined if there were any material matters or concerns that would impact the decision-making ability of the users of the financial report.

No material matters have been raised, and the following matters reported to management are immaterial and will not impact on our opinions:

	INTERNAL CONTROLS
Not Material	- Review of Outdated Council Policies - Review and approval of Elected Members Expense Claims - Credit Note Approval
Area for Improvement	- Receipting and Banking Controls – Cash Collection - Delegation of Authority for transfers made between the LGFA account and the main operating account
Area to be tested at Year end	- User-pay income - Grants - Debtor invoicing

We intend to issue an unmodified audit opinion over the internal control environment of City of Unley pending receipt of documentation related to debtor invoicing, grant and user pay controls testing.

We would like to take this opportunity to thank management and staff for the assistance provided to us during the course of our audit.

Sincerely



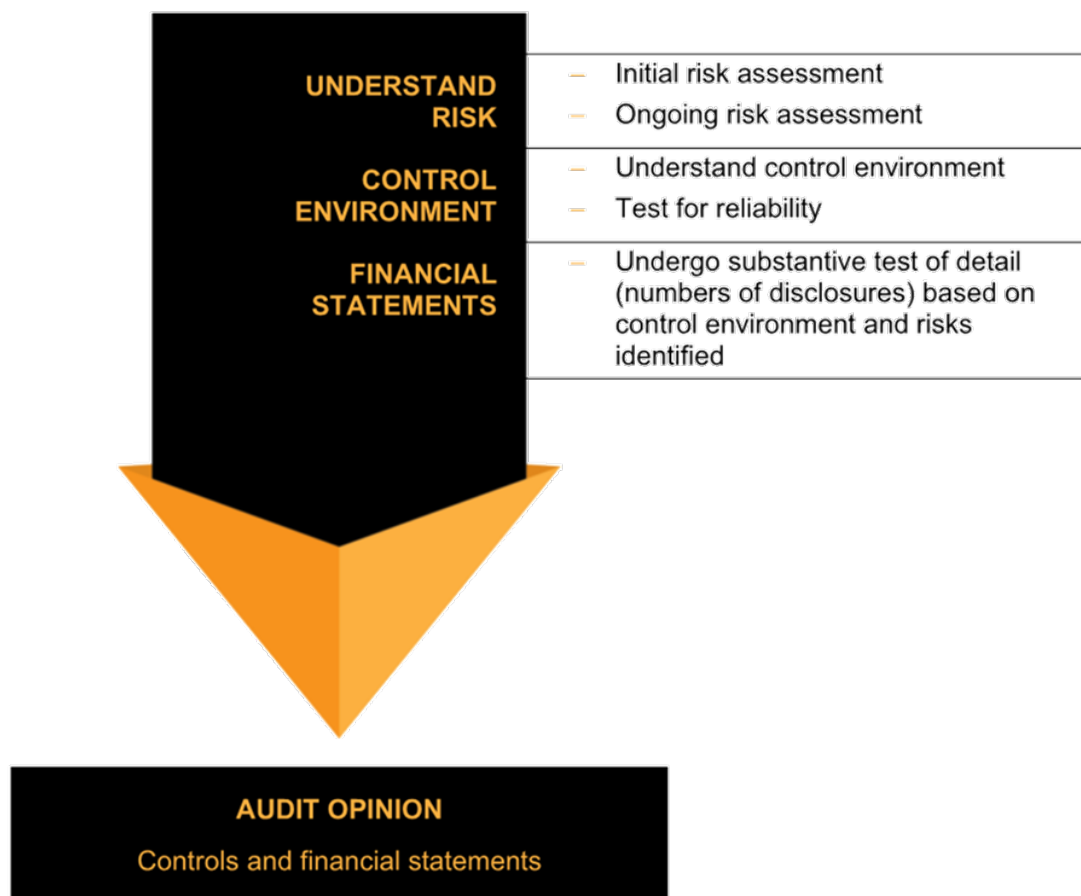
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Audit approach

HELPING BUSINESSES ACHIEVE THEIR GOALS AND ASPIRATIONS.

Bentleys SA's audit approach is based on organisational and financial risk. We develop an understanding of risks for your organisation that relate to the financial statements based on our understanding of your people, your organisation and your sector. This understanding helps us build an audit program that is tailored to you each year and enables us to form an opinion on your financial statements through a target "risk based" approach. The benefits of this approach are:

- Audit efficiency
- Increased organisational assurance
- A review of your control environment
- Timely and effective audits



Identified audit risks

WE HAVE IDENTIFIED FINANCIAL STATEMENT RISKS RELATING TO THIS YEAR'S AUDIT.

As your auditor, our requirement to identify risk commences at the planning phase of our audit and continues throughout the audit process until complete and the audit report is signed. Below we have detailed identified risks relating to the financial statements.

RISKS IDENTIFIED AT PLANNING

AREA	Revaluation of Assets
RISK	The revaluation assessment and accounting treatment for assets may be incorrect.
AUDIT APPROACH	We will obtain the revaluation report and evaluate the methodology used by the valuer, along with the key assumptions and inputs applied in the revaluation. For revaluations based on indexation, we will reperform the revaluation at the asset category level to ensure it is calculated correctly.
OUTCOME	Pending.

AREA	Project Costing and Overhead Allocation
RISK	Misallocation or incorrect allocation of transactions to capital projects. An inappropriate rate for overhead costs may be used.
AUDIT APPROACH	We will perform substantive testing on a sample of capitalised costs during the year to ensure the cost allocation to projects is accurate. We will select a sample of projects that have been capitalised during the year and compare the date the asset is ready for use to the date it is entered into the fixed asset register and depreciated from.
OUTCOME	Pending.

AREA	Grant revenue recognition
RISK	Classification and accuracy of grants revenue in accordance with the AASB's.
AUDIT APPROACH	We will select a sample of grant income and test whether revenue and revenue received in advance have been recognised as per AASB 15 and AASB 1058.
OUTCOME	Pending.

Internal control matters

WE BRING THE FOLLOWING INTERNAL CONTROL MATTERS IDENTIFIED IN THIS YEAR'S AUDIT TO YOUR ATTENTION FOR CONSIDERATION.

ISSUE	Receipting and Banking Controls - Cash Collection
OBSERVATION	During our review of controls related to cash collection, we noted that since the Council transitioned to Commonwealth Bank of Australia (CBA) in May 2025, the receipts or cash collection summary reports issued by Armaguard lack certain key details. Specifically, the banking deposit slips may include: 1) number of bags collected and; 2) total amount collected. However, this information is not consistently presented. For example, of the two CBA banking deposit slips we reviewed: • one recorded only the number of bags collected; and • the other included both the number of bags and the total amount collected. Neither slip included specific details such as individual bag numbers, or the amount of cash contained in each bag.
RISK	In the event of a missing bag or a discrepancy during the bank reconciliation process, the Finance team may face challenges in investigating the cause of the variance. This could hinder the ability to reconcile cash collected against cash banked accurately.
SIGNIFICANCE	While the other existing controls are operating effectively overall, this finding represents an opportunity for improvement. The Better practice model recommends having a process in place to ensure all cash collected is adequately recorded and banked regularly. This includes ensuring that all monies received (including from offsite locations) are receipted and recorded in a timely and detailed manner.
RECOMMENDATION	To strengthen the receipting and banking controls, we recommend that the officer on duty at the time of Armaguard's collection: 1) record the number of bags collected; 2) document the individual bag numbers; 3) note the amount of cash in each bag and; 4) confirm and record the total amount of cash collected.
MANAGEMENT RESPONSE	On the 16th of June 2025, Armaguard introduced the Cash Collection Summary carbon copy booklet. This summary includes cash bag numbers, bag amounts, and the number of bags collected. The Cash Collection Summary is completed by Customer Experience in advance of the collection by Armaguard and verified by

	both parties. Armaguard takes a copy and a copy is retained in the booklet held by Customer Experience. In addition, when Armaguard take the cash bags, they provide Customer Experience with a receipt. Completed
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ISSUE	Review and Approval of Elected Member Expense Claims
OBSERVATION	During our testing of elected member expense claims, we observed that the authorising officer assumed the total mileage claimed represented the dollar amount rather than the kilometres travelled. As a result, only a portion of the total kilometres travelled should have been reimbursed. Although a review was performed, it was not sufficiently thorough. The motor vehicle claim comprised several smaller individual distances, but no verification was conducted to confirm that the distances claimed were accurate and corresponded to actual travel.
REQUIREMENT	Schedule 1 of City of Unley's member allowances and benefits policy states: "Where a council member travels by private motor vehicles, the rate of reimbursement is at a rate equal to the appropriate rate per km prescribed under section 28.25 of the Income tax assessment act 1997".
SIGNIFICANCE	As there is a control in place that is occurring regularly, this is not considered a material matter and therefore will not impact our opinion over the internal control environment. However, the issue highlights the importance of robust review and approval procedures. Authorising officers must ensure that reimbursement claims are properly scrutinised and comply with the policy requirements.
RECOMMENDATION	We recommend the staff members responsible for the reimbursement claims be reminded of the details requiring verification before approving for reimbursement.
MANAGEMENT RESPONSE	Management acknowledges this observation regarding the misinterpretation of a mileage claim related to an elected member expense reimbursement submission. We have briefed the relevant staff involved to reinforce the policy requirements to improve the accuracy of reimbursement claims made. Completed

ISSUE	Delegation of Authority for transfers made between the LGFA account and main operating account.
OBSERVATION	As part of our review of banking controls, we observed that there is no formalised Delegation of authority which mentions which staff members are authorised to approve transfers between the LGFA account and the Council's main operating account, nor what the approved amounts are for each role.
REQUIREMENT	Councils are required to comply with the Better Practice Model (BPM) for Local Government. One of the core controls under the BPM is that cash transfers between bank accounts and investment bodies are approved by authorised officer.
SIGNIFICANCE	Without a documented delegation policy, it is not possible to confirm whether cash transfers made during the year were appropriately authorised. Given the controls already in place are operating effectively, this matter is considered an area for improvement only.
RECOMMENDATION	We recommend the Council to update its Delegation of Authority and include staff authorised to transfer funds between the LGFA and the main operating account.
MANAGEMENT RESPONSE	The authority to process transfers between the LGFA and Council's Operating and Investment Accounts with the Commonwealth Bank has been provided in establishing the authorised account holders. Transfers from the LGFA can only be made to Council's nominated account, which has been nominated by the CEO. No further action

ISSUE	Credit Note Approval
OBSERVATION	During our testing of controls related to the issuance of credit notes, we observed that there is no formal approval process in place to ensure credit notes are authorised prior to processing. Additionally, there is no documented policy outlining the required level of delegation for approving credit notes.
RISK	Without a formal approval process and clearly defined delegation levels, there is a risk that credit notes may be issued inappropriately. This could lead to an understatement in debtor.
SIGNIFICANCE	Inaccurately recorded credit notes can result in misstatements of debtor balances and a reduction of overall reported income. Based on the nature and scale of credit note transactions, this issue is not considered a material weakness and therefore will not impact our audit opinion on the internal control environment.
RECOMMENDATION	Council should implement a formal approval process for credit notes, supported by a documented policy that clearly defines the levels of delegation required for authorisation.
MANAGEMENT RESPONSE	There is no current available functionality within the Pathway system to facilitate approvals in line with financial delegations. We are in the process of implementing the Technology One module Property & Rating, which will have the financial delegations built into the automated workflows. It is expected that the implementation will be completed by June 2026. In the meantime, management is setting up a centralised location where all credit note substantiations will be stored for future reference. Management will also formalise process rather than establish another Policy by October 2025.

ISSUE	Review of Outdated Council Policies
OBSERVATION	Our review of the Council's policy register identified two policies that are currently outdated: • Fraud and Corruption Prevention Reporting Procedure • Rate Hardship and Fine Remission Procedure
RISK	Outdated policies may lead to the continuation of obsolete practices within administrative functions, potentially exposing the Council to compliance risks and inefficiencies.
SIGNIFICANCE	Regular policy reviews are critical to ensure that administrative functions are aligned with current legislation, reflect the current organisational structure, and incorporate contemporary controls. This helps safeguard the Council, its staff, and its assets.
RECOMMENDATION	We recommend the Council ensure that all the policies are reviewed in accordance with their scheduled review dates.
MANAGEMENT RESPONSE	The review of the Fraud and Corruption Prevention Reporting Procedure commenced in April, following the review of the Policy in 2024. Given changes in the legislation and associated reporting processes (such as those by the Office of Public Integrity), consideration is being given to establishing a practical guide for staff to replace the existing procedure. The review of the Rate Hardship and Fine Remission Procedure has commenced and will be completed by September. No substantive changes are proposed to the existing procedure.

| Areas pending to be tested at year end

WE DETAIL DOCUMENTATION THAT WAS PENDING AS AT THE END OF OUR INTERIM VISIT TO BE TESTED AT YEAR END.

The following areas have some outstanding documentation as at the end of our interim fieldwork and will be provided by the management during our year end audit visit.

1. User-pay income controls
2. Grants
3. Debtors invoicing

Status of prior points raised

BELOW WE LIST THE DETAILS OF MATTERS AND WHETHER WE BELIEVE THE MATTER REQUIRES ATTENTION.

Below we provide an update of the status of matters identified in the prior year audit.

ISSUE	Invoice approval
OBSERVATION	We noted that there were numerous invoices that were not approved in accordance with the delegation of authority.
STATUS AS OF PRIOR YEAR	The Finance and Procurement Team are presently scoping a new end-to-end workflow procure to payment process following the completion of the transition of the finance system to TechnologyOne's cloud based platform.
OUTCOME	Ongoing process improvement, the management is still in the process of implementing its new end to end workflow procure to payment process.

ISSUE	Methodology for project costing and overhead allocation
OBSERVATION	It was identified that Council do not have a policy in place for project costing and overhead allocation. Furthermore, we were informed that actual overheads are not being allocated to capital projects. Instead, a fixed percentage (i.e. 10%) of the total other costs incurred is considered as overheads.
STATUS AS OF PRIOR YEAR	The project overhead methodology will be reviewed by February 2025 in preparation for the 2025-26 budget. An administrative guidance paper will be prepared and finalised by April 2025.
OUTCOME	Ongoing process improvement, the management is still in the process of final adoption of this methodology. We have attached a draft in our policies and procedures section of the Caseware file.

ISSUE	Contract management
OBSERVATION	There is currently no formal process in place for contract management. The current process is that the procurement division provide advice to the business units when required. We understand a contract management framework has been prepared and is in the process of review.
STATUS AS OF PRIOR YEAR	The draft Contract Management Framework was completed in April 2024 and is presently being reviewed by the Executive Leadership Team and Managers. It is scheduled to be finalised in October 2024, with training to be undertaken by March 2025.
OUTCOME	Ongoing process improvement, the management is still in the process of final adoption of the Contract Management framework.

ISSUE	Monthly reconciliations
OBSERVATION	We observed that all balance sheet reconciliations are reviewed quarterly by the Acting General Manager of Corporate Support. However, we noted that no reconciliations have been reviewed since January 2024. We also noted that the reconciliations for the first 6 months of the year were not reviewed until December 2023.
STATUS AS OF PRIOR YEAR	The balance sheet reconciliation are generally undertaken on a monthly basis. A formal review process has been established but has proven to be time consuming to prepare and review. The Finance Team commit to reviewing the process and identifying a schedule with a risk based approach i.e. high value and high transaction accounts to be reviewed monthly, with lower value or low transaction accounts reviewed quarterly, cognisant of the size of the Finance Team.
OUTCOME	Satisfied, the review process now takes on a regular monthly basis.

ISSUE	Changes to Supplier Masterfile
OBSERVATION	We understand the process in place is for changes to be processed and then reviewed by an independent staff member through approval of the request for payment. While the request for payment forms we have tested show evidence of review, there is ambiguity as to whether the independent review of these changes to the masterfile itself is occurring. We also noted that audit trail reports for the supplier masterfile have not been reviewed.
STATUS AS OF PRIOR YEAR	The process of independently reviewing supplier master file changes has been amended to ensure appropriate documentation is maintained to evidence an independent review of changes. The Finance Team will implement monthly review of the Audit Trail Report by September 2024.
OUTCOME	Satisfied, the review process now takes on a regular monthly basis.

ISSUE	Review of age payable listing
OBSERVATION	We could not obtain evidence that reviews of age payable listing were occurring on a regular basis.
STATUS AS OF PRIOR YEAR	A monthly review of the aged payable listing presently occurs but is not formally documented. This will be documented from the end of July 2024 and will also occur at the end of month when the Balance Sheet is reconciled.
OUTCOME	Satisfied, the review process now takes on a regular monthly basis.

Where you want to be

Address a critical business issue. Gain efficiency. Achieve strategic growth. Propel your organisation's success.

Contact Bentleys.

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➤ Advisors ➤ Accountants ➤ Auditors

INFORMATION REPORT

REPORT TITLE:	LONG-TERM FINANCIAL PLAN UPDATE
ITEM NUMBER:	2.2
DATE OF MEETING:	12 AUGUST 2025
AUTHOR:	ALEX BROWN, GENERAL MANAGER CORPORATE SUPPORT
DIVISION:	CORPORATE SUPPORT
ATTACHMENTS:	1. PROPOSED LTFP SUMMARY AND FINANCIAL STATEMENTS

1. **PURPOSE**

This report provides the Audit and Risk Committee with an update on the preparation of the 2025-2035 Long-Term Financial Plan, and outlines the changes to the proposed LTFP since the presentation of the Draft LTFP to the Audit and Risk Committee in April 2025.

2. **RECOMMENDATION**

That:

1. The report be received.
 2. The Audit and Risk Committee notes the proposed amendments the Draft LTFP for Council's adoption in September 2025.
 3. The Audit and Risk Committee provides the following feedback on the proposed Financial Sustainability Principles:
 - *The Committee to advise....*
 -
-

3. **RELEVANT CORE STRATEGIES – COMMUNITY PLAN 'TOWARDS 2050'**

This report supports the Community Plan's guiding principles of Integrity, Engagement, Financially Sustainable and Thought Leadership.

4. **BACKGROUND**

A council is required to develop and adopt a Long-Term Financial Plan (LTFP) as a component of its suite of Strategic Management Plans to ensure long-term financial sustainability. The LTFP also provides the

financial parameters to guide the development of Council's Annual Business Plan and Budget.

The existing LTFP was adopted by Council in June 2024 following a comprehensive review of the plan by the Administration and the Audit and Risk Committee.

The Draft 2025-35 LTFP (Draft LTFP) was presented to the Audit and Risk Committee at its meeting on 8 April 2025. Council then endorsed the Draft LTFP on 28 April 2025 for community consultation as part of the Draft 2025-26 Annual Business Plan and Budget (ABP&B).

The ABP&B was adopted by Council on 23 June 2025 following community consultation. However, adoption of the LTFP was deferred until September 2025 to enable the incorporation strategic land purchases, growth from major new developments and changes to the open space policy. The Administration have also developed draft financial sustainability principles to guide Council decision making.

5. DISCUSSION

The proposed LTFP has been updated to reflect the following:

- The adopted 2025-26 Annual Business Plan and Budget as a baseline;
- Strategic property acquisitions that occurred in May and June;
- The latest forecasts for Adelaide CPI and interest rates;
- Forecast rates growth from approved developments; and
- Changes to the Open Space Policy.

It is also proposed that the LTFP will incorporate key financial principles to guide financial planning and strategic decision making.

Adopted 2025-26 Annual Business Plan and Budget

Council adopted the 2025-26 Annual Business Plan and Budget on 23 June 2025 following community consultation in May. The following amendments were made to budget prior to its adoption.

Operating Budget:

- An increase in General Rates revenue from new developments and capital improvements \$86K;
- Increased income in user fees \$175K; and
- An increase in interest expense \$150K and property maintenance expenditure \$50K.

Operating Projects and Initiatives:

- The removal of the Decorative Lighting in Business Precincts – Plan and Specification Development \$30K, and the SA Housing Trust Memorandum of Understanding Stage 2 \$50K; and
- The addition of the Community Climate and Energy Plan \$35K.

The net impact of these changes was an increase in the forecast Operating Surplus Ratio from 3.5% to 3.7% for the 2025-26 financial year, but no material change in the 10 year average ratio.

There were no amendments to the New Capital Projects or the Capital Renewal Program.

Strategic Property Acquisitions

Council undertook two separate strategic property acquisitions in April and May which settled in May and June respectively.

These property acquisitions have increased opening borrowings for the LTFP by approximately \$5 million. The net impact on the annual operating surplus is approximately \$170K net, arising from an increase in interest expense and property maintenance, partially offset by lease income. The Adopted 2025-26 ABP&B has fully incorporated these adjustments, and these have been reflected in the updated LTFP.

Economic Indicators

The updated LTFP incorporates the latest forecasts for Adelaide CPI by SA Treasury which were released in the 2025-26 State Budget.

SA Treasury forecasts Adelaide CPI to be 3% for 2025-26 and 2.75% for 2026-27. These forecasts are used to inform Years 2 (2026-27) and 3 (2027-28) of the LTFP respectively. Longer-term, the forecast for Years 4-10 of the LTFP remain at 2.5%.

It should be noted that Council intends to use December CPI for Adelaide from the Australian Bureau of Statistics, rather than the March CPI, to inform the consideration of the annual rate increase.

Interest rate forecasts have also been considered, and do not require adjustment at this stage. These will be reviewed again in December 2025.

Rates Growth from New Developments

The existing LTFP assumes growth from new developments and capital improvements will be 0.5% per annum. In the past five years, growth has ranged between 0.58% and 0.72% with the exception of 2022-23 when it was 1.07% principally due to a major development on Unley Road.

A number of mixed-use, high rise developments are presently under construction or awaiting planning approval, including Locale Forestville,

108 Unley Road, Highgate Park and Unley Central. Collectively, these and other developments will result in a significant increase in rates growth from new developments over the duration of the LTFP.

Going forward, it is proposed that the forecast growth in rate revenue arising from these developments is incorporated within the LTFP once a development has been approved and a commencement date has been advised.

Open Space Policy

In May Council adopted a revised Open Space Fund Policy. Under the revised Policy, all growth in rates from new developments and capital improvements above 0.5% will be allocated to the Open Space Fund on a cumulative basis. Previously, only 0.35% of growth above 0.5% was allocated to the fund.

This revision to the Policy, along with the incorporation of the forecast increase in rates growth from new developments, has enabled the allocation of an initial \$3 million for the purchase of open space in year 6 of the LTFP, and a further \$3.5M in year 10 of the LTFP. These forecasts will be revised as further developments are confirmed, and the additional rates revenue incorporated in future iterations of the LTFP.

It is important to note that two specific paragraphs have been incorporated in the revised Policy to support financial sustainability and treasury management.

- *The annual allocation to the Fund, along with the cumulated value of the Fund, will be included in the final Annual Business Plan and Budget for adoption each year.*
- *The forecast impact on Council's financial stability and treasury management will be assessed and considered by Council as part of the adoption of the Annual Business Plan and Budget each year.*

Forecast Financial Ratios and Borrowings

The above revisions to the LTFP have been assessed in the context of the Financial Ratios.

	Range	Average	Target
Operating Surplus Ratio	4.6% - 5.7%	5.2%	4% - 6% Average 5%
Net Financial Liabilities Ratio	26% - 33%	30%	Less than 80%
Asset Renewal Funding Ratio	100%	100%	Average 100%
Forecast Borrowings	\$12.2 - \$21.0M	\$17.3M	-

In Year 2 of the LTFP, 2026-27, the Operating Surplus Ratio is forecast to be 4.6%, increasing to 5.1% in Year 3 and gradually increasing to 5.7% in Year 10.

The Ratio could be increased to 5% in 2026-27 if the \$1.5M allocation for Operating Projects is reduced to \$1.2M. However this may not be realistic given Council will need to fund the Local Government Elections in this year. This can be considered further by Council as part of the 2026-27 Annual Business Plan and Budget process.

The Net Financial Liabilities Ratio is forecast to peak at 33% in Year 6 of the Plan, and be at 32% in Year 10 with estimated borrowings of \$21M. This forecast Ratio is well within the target of less than 80%.

The Asset Renewal Funding Ratio is inline with the target of 100% of recommended spend within the adopted Asset Management Plans.

The revised forecast financial statements are provided in Attachment 1.

Attachment 1

Debt Structuring

The Administration is presently considering the structure of its longer-term borrowings, including the balance between fixed and variable facilities with the Local Government Financing Authority (LGFA).

The proposed approach will be presented in the December 2025 Audit and Risk Committee Meeting, along with the key parameters for the draft 2026-2036 LTFP.

Due to the favourable cash flow arising from the receipt of grants and carry forward of funds for projects, a final decision on the structuring of debt will not be required until March 2026.

Financial Sustainability Principles

The Administration has identified the opportunity to incorporate financial sustainability principles to guide Council's decision-making.

The following six *Financial Sustainability Principles* have been developed and are provided for consideration:

1. **Community-Aligned Services**
Council delivers services that reflect the needs and expectations of the community. Service levels are monitored and optimised to ensure efficiency, effectiveness, and long-term sustainability.

2. Rating Stability

Council determines rate revenue after considering the cost of delivering services, asset renewals, strategic initiatives and servicing debt. Council will avoid significant or unexpected increases in rates that could impact community affordability.

3. Maintaining Operating Surpluses

Service levels and operating initiatives are balanced with forecast income and expenditure to achieve operating surpluses aligned with the endorsed financial target.

4. Prudent Asset Management

Council delivers an evidence-based Asset Renewal Program, underpinned by condition assessments. Asset Management Plans are fully funded over the life of the Long-Term Financial Plan (LTFP).

5. Co-Funding Major Capital Projects

Council actively pursues external funding opportunities to enable the timely delivery of new community infrastructure and facilities, and without placing undue burden on rate payers.

6. Responsible Borrowing

Borrowings are used prudently to fund new/upgraded infrastructure, facilities, and strategic property initiatives that align with the Community Plan and deliver long-term community value. Borrowings will not be used to fund operating or renewal expenditure.

The Administration is seeking the Audit and Risk Committee's feedback on the proposed Financial Sustainability Principles prior to the presentation of the Principles to a Council Workshop.

6. REPORT AUTHORISERS

Name	Title
Peter Tsokas	Chief Executive Officer

Proposed 2025-2035 Long-Term Financial Plan (August 2025)

Long-Term Financial Plan Summary											
\$'000	2024-25 Forecast	2025-26 Year 1	2026-27 Year 2	2027-28 Year 3	2028-29 Year 4	2029-30 Year 5	2030-31 Year 6	2031-32 Year 7	2032-33 Year 8	2033-34 Year 9	2034-35 Year 10
Income											
General Rates Income	48,849	50,890	52,862	54,900	56,544	58,552	60,305	62,109	63,968	65,883	67,854
All Other Income	12,441	11,885	12,126	12,657	12,954	13,259	13,571	13,891	14,218	14,555	14,899
Other Rates and Levies	2,243	2,240	2,307	2,370	2,430	2,490	2,553	2,616	2,682	2,749	2,817
Statutory Charges	2,020	1,655	1,705	1,751	1,795	1,840	1,886	1,933	1,982	2,031	2,082
User Charges	2,691	2,801	2,885	2,964	3,038	3,114	3,192	3,272	3,354	3,437	3,523
Grants, subsidies & contributions	3,736	3,870	3,906	4,212	4,298	4,387	4,477	4,570	4,665	4,763	4,863
Investment Income	340	50	15	15	15	15	15	15	15	15	15
Reimbursements	101	221	228	234	240	246	252	258	265	271	278
Other Income	1,310	1,049	1,081	1,111	1,138	1,167	1,196	1,226	1,257	1,288	1,320
Projects	40	10	-	-	-	-	-	-	-	-	-
Total Income	61,329	62,785	64,988	67,557	69,498	71,811	73,875	76,000	78,187	80,437	82,753
Expenditure											
Employee Costs	21,157	22,440	23,113	23,807	24,521	25,257	26,014	26,795	27,599	28,427	29,279
Materials, Contracts & Other Expenses	22,364	22,527	23,303	24,091	24,697	25,318	25,955	26,608	27,278	27,964	28,668
Depreciation, Amortisation & Impairment	12,247	12,731	13,285	13,738	14,171	14,617	15,137	15,612	16,102	16,606	17,195
Finance Costs	31	484	808	901	922	927	1,003	1,072	1,046	1,007	1,056
Operating Projects	2,914	2,277	1,500	1,541	1,580	1,619	1,660	1,701	1,744	1,787	1,832
Total Expenditure	58,713	60,459	62,009	64,077	65,891	67,739	69,769	71,789	73,768	75,792	78,031
Operating Surplus/(Deficit)	2,616	2,326	2,979	3,480	3,607	4,072	4,106	4,211	4,418	4,646	4,723
Capital Renewal Expenditure (net)	13,849	12,866	13,093	13,421	13,756	14,100	14,453	14,814	15,184	15,564	15,891
New Capital Expenditure (net)	10,957	6,586	6,425	4,381	4,491	4,603	7,718	4,836	4,957	5,081	8,708
Total Capital Expenditure (net)	24,806	19,452	19,519	17,802	18,247	18,703	22,171	19,650	20,142	20,645	24,599
Add back Depreciation	12,247	12,731	13,285	13,738	14,171	14,617	15,137	15,612	16,102	16,606	17,195
Operating Surplus/(Deficit) less capital expenditure	(9,943)	(4,395)	(3,255)	(585)	(469)	(14)	(2,928)	173	379	606	(2,682)
Fixed Term Borrowings	-	-	-	-	-	-	-	-	-	-	-
Cash Advance Debenture (CAD Borrowings)	7,789	12,184	15,439	16,024	16,493	16,507	19,434	19,261	18,883	18,276	20,958
Total Borrowings	7,789	12,184	15,439	16,024	16,493	16,507	19,434	19,261	18,883	18,276	20,958
Repayment of Fixed Term Borrowings	288	-	-	-	-	-	-	-	-	-	-
Repayment/(draw-down) of CAD	(7,789)	(4,395)	(3,255)	(585)	(469)	(14)	(2,928)	173	379	606	(2,682)
Net repayment/(draw down) of borrowings	(7,501)	(4,395)	(3,255)	(585)	(469)	(14)	(2,928)	173	379	606	(2,682)

Proposed 2025-2035 Long-Term Financial Plan (August 2025)

Long-Term Financial Plan Ratios											
Key Financial Indicator	2024-25 Forecast	2025-26 Year 1	2026-27 Year 2	2027-28 Year 3	2028-29 Year 4	2029-30 Year 5	2030-31 Year 6	2031-32 Year 7	2032-33 Year 8	2033-34 Year 9	2034-35 Year 10
Operating Surplus Ratio (Existing Target 4-6%)	4.3%	3.7%	4.6%	5.2%	5.2%	5.7%	5.6%	5.5%	5.7%	5.8%	5.7%
Net Financial Liabilities Ratio (Existing Target <80%)	19%	26%	30%	30%	30%	30%	33%	32%	31%	30%	32%
Asset Renewal Funding Ratio (Existing target 100% average over 10 years)	115%	101%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Asset Renewal Funding to Depreciation	120%	104%	101%	100%	99%	99%	98%	97%	97%	96%	95%

Proposed 2025-2035 Long-Term Financial Plan (August 2025)

Forecast Uniform Presentation of Finances											
\$'000	2024-25 Forecast	2025-26 Year 1	2026-27 Year 2	2027-28 Year 3	2028-29 Year 4	2029-30 Year 5	2030-31 Year 6	2031-32 Year 7	2032-33 Year 8	2033-34 Year 9	2034-35 Year 10
Income											
General Rates Income	48,849	50,890	52,862	54,900	56,544	58,552	60,305	62,109	63,968	65,883	67,854
Other Rates and Levies	2,243	2,240	2,307	2,370	2,430	2,490	2,553	2,616	2,682	2,749	2,817
Statutory Charges	2,020	1,655	1,705	1,751	1,795	1,840	1,886	1,933	1,982	2,031	2,082
User Charges	2,691	2,801	2,885	2,964	3,038	3,114	3,192	3,272	3,354	3,437	3,523
Grants, subsidies & contributions - Operating	3,736	3,870	3,906	4,212	4,298	4,387	4,477	4,570	4,665	4,763	4,863
Investment Income	340	50	15	15	15	15	15	15	15	15	15
Reimbursements	101	221	228	234	240	246	252	258	265	271	278
Other Income	1,310	1,049	1,081	1,111	1,138	1,167	1,196	1,226	1,257	1,288	1,320
Operating Projects	40	10	-	-	-	-	-	-	-	-	-
Total Income	61,329	62,785	64,988	67,557	69,498	71,811	73,875	76,000	78,187	80,437	82,753
Expenditure											
Employee Costs	21,157	22,440	23,113	23,807	24,521	25,257	26,014	26,795	27,599	28,427	29,279
Materials, Contracts & Other Expenses	22,364	22,527	23,303	24,091	24,697	25,318	25,955	26,608	27,278	27,964	28,668
Depreciation, Amortisation & Impairment	12,247	12,731	13,285	13,738	14,171	14,617	15,137	15,612	16,102	16,606	17,195
Finance Costs	31	484	808	901	922	927	1,003	1,072	1,046	1,007	1,056
Operating Projects	2,914	2,277	1,500	1,541	1,580	1,619	1,660	1,701	1,744	1,787	1,832
Total Expenditure	58,713	60,459	62,009	64,077	65,891	67,739	69,769	71,789	73,768	75,792	78,031
Operating Surplus / (Deficit) before Capital Amounts	2,616	2,326	2,979	3,480	3,607	4,072	4,106	4,211	4,418	4,646	4,723
/less Net Outlays on Existing Assets											
Capital Expenditure on Renewal & Replacement of Existing Assets	(14,681)	(13,210)	(13,413)	(13,749)	(14,092)	(14,445)	(14,806)	(15,176)	(15,555)	(15,944)	(16,261)
/less Depreciation, Amortisation and Impairment	12,247	12,731	13,285	13,738	14,171	14,617	15,137	15,612	16,102	16,606	17,195
/less Amounts received specifically for Replacement of Existing Assets	300	-	-	-	-	-	-	-	-	-	-
/less Proceeds from the Sale of Replaced Assets	532	344	320	328	336	345	353	362	371	380	370
Net Outlays on Existing Assets	(1,602)	(135)	191	317	415	517	684	798	917	1,042	1,304
/less Net Outlays on New and Upgraded Assets											
Capital Expenditure on New and Upgraded Assets	(16,392)	(8,886)	(8,586)	(4,381)	(4,491)	(4,603)	(7,718)	(4,836)	(4,957)	(5,081)	(8,708)
/less Amounts received specifically for New and Upgraded Assets	5,435	2,300	2,161	-	-	-	-	-	-	-	-
/less Proceeds from Sale of Assets	-	-	-	-	-	-	-	-	-	-	-
Net Outlays on New and Upgraded Assets	(10,957)	(6,586)	(6,425)	(4,381)	(4,491)	(4,603)	(7,718)	(4,836)	(4,957)	(5,081)	(8,708)
Net Lending / (Borrowing) for the Financial Year	(9,943)	(4,395)	(3,255)	(585)	(469)	(14)	(2,928)	173	379	606	(2,682)
Net Financial Liabilities at Beginning of Year	1,793	11,736	16,327	19,756	20,505	21,127	21,299	24,388	24,380	24,170	23,738
Decrease / (increase) in Other	-	-	-	-	-	-	-	-	-	-	-
Net Financial Liabilities at End of Year	11,736	16,327	19,756	20,505	21,127	21,299	24,388	24,380	24,170	23,738	26,597

Proposed 2025-2035 Long-Term Financial Plan (August 2025)

Forecast Statement of Comprehensive Income											
\$'000	2024-25 Forecast	2025-26 Year 1	2026-27 Year 2	2027-28 Year 3	2028-29 Year 4	2029-30 Year 5	2030-31 Year 6	2031-32 Year 7	2032-33 Year 8	2033-34 Year 9	2034-35 Year 10
Income											
General Rates Income	48,849	50,890	52,862	54,900	56,544	58,552	60,305	62,109	63,968	65,883	67,854
Other Rates and Levies	2,243	2,240	2,307	2,370	2,430	2,490	2,553	2,616	2,682	2,749	2,817
Statutory Charges	2,020	1,655	1,705	1,751	1,795	1,840	1,886	1,933	1,982	2,031	2,082
User Charges	2,691	2,801	2,885	2,964	3,038	3,114	3,192	3,272	3,354	3,437	3,523
Grants, Subsidies & Contributions - Operating	3,736	3,870	3,906	4,212	4,298	4,387	4,477	4,570	4,665	4,763	4,863
Investment Income	340	50	15	15	15	15	15	15	15	15	15
Reimbursements	101	221	228	234	240	246	252	258	265	271	278
Other Income	1,310	1,049	1,081	1,111	1,138	1,167	1,196	1,226	1,257	1,288	1,320
Operating Projects	40	10	-	-	-	-	-	-	-	-	-
Total Income	61,329	62,785	64,988	67,557	69,498	71,811	73,875	76,000	78,187	80,437	82,753
Expenditure											
Employee Costs	21,157	22,440	23,113	23,807	24,521	25,257	26,014	26,795	27,599	28,427	29,279
Materials, Contracts & Other Expenses	22,364	22,527	23,303	24,091	24,697	25,318	25,955	26,608	27,278	27,964	28,668
Depreciation, Amortisation & Impairment	12,247	12,731	13,285	13,738	14,171	14,617	15,137	15,612	16,102	16,606	17,195
Finance Costs	31	484	808	901	922	927	1,003	1,072	1,046	1,007	1,056
Operating Projects	2,914	2,277	1,500	1,541	1,580	1,619	1,660	1,701	1,744	1,787	1,832
Total Expenditure	58,713	60,459	62,009	64,077	65,891	67,739	69,769	71,789	73,768	75,792	78,031
Operating Surplus / (Deficit)	2,616	2,326	2,979	3,480	3,607	4,072	4,106	4,211	4,418	4,646	4,723
Net Gain/(loss) - Equity Accounted Businesses	-	-	-	-	-	-	-	-	-	-	-
Operating Surplus / (Deficit) inclusive of Equity Accounted Businesses	2,616	2,326	2,979	3,480	3,607	4,072	4,106	4,211	4,418	4,646	4,723
Asset Disposal & Fair Value Adjustments	532	344	320	328	336	345	353	362	371	380	370
Amounts received specifically for new, upgraded or replacement assets	5,735	2,300	2,161	-	-	-	-	-	-	-	-
	6,267	2,644	2,481	328	336	345	353	362	371	380	370
Net Surplus / (Deficit)	8,883	4,970	5,460	3,807	3,943	4,417	4,459	4,573	4,790	5,026	5,092
Share of Other Comprehensive Income – Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	8,883	4,970	5,460	3,807	3,943	4,417	4,459	4,573	4,790	5,026	5,092

Proposed 2025-2035 Long-Term Financial Plan (August 2025)

Forecast Statement of Financial Position											
\$'000	2024-25 Forecast	2025-26 Year 1	2026-27 Year 2	2027-28 Year 3	2028-29 Year 4	2029-30 Year 5	2030-31 Year 6	2031-32 Year 7	2032-33 Year 8	2033-34 Year 9	2034-35 Year 10
Assets											
Current Assets											
Cash & cash equivalents	1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655
Trade & other receivables	3,538	3,662	3,772	3,875	3,972	4,072	4,173	4,278	4,385	4,494	4,607
Total Current Assets	5,193	5,317	5,427	5,530	5,627	5,727	5,828	5,933	6,040	6,149	6,262
Non-current Assets											
Equity accounted investments in Council businesses	37,023	38,319	39,468	40,554	41,568	42,607	43,672	44,764	45,883	47,030	48,206
Infrastructure, Property, Plant & Equipment	801,181	835,943	867,255	895,170	921,625	948,752	979,505	1,008,030	1,037,271	1,067,242	1,101,327
Total Non-current Assets	838,204	874,262	906,724	935,723	963,193	991,359	1,023,177	1,052,794	1,083,154	1,114,272	1,149,533
Total Assets	843,397	879,579	912,151	941,254	968,820	997,085	1,029,005	1,058,727	1,089,194	1,120,421	1,155,795
Liabilities											
Current Liabilities											
Trade & Other Payables	4,910	5,081.85	5,234	5,378	5,513	5,651	5,792	5,937	6,085	6,237	6,393
Current Borrowings	-	-	-	-	-	-	-	-	-	-	-
Provisions	4,014	4,154.49	4,279	4,397	4,507	4,619	4,735	4,853	4,975	5,099	5,226
Total Liabilities Assets	8,924	9,236	9,513	9,775	10,019	10,270	10,527	10,790	11,060	11,336	11,619
Non-current liabilities											
Non-current Borrowings	7,789	12,183.54	15,439	16,024	16,493	16,507	19,434	19,261	18,883	18,276	20,958
Provisions	216	223.56	230	237	243	249	255	261	268	274	281
Total Non-current Liabilities	8,005	12,407	15,669	16,260	16,735	16,755	19,689	19,522	19,150	18,551	21,239
Total Liabilities	16,929	21,643	25,182	26,035	26,755	27,025	30,216	30,312	30,210	29,887	32,859
Net Assets	826,469	857,935	886,968	915,218	942,065	970,060	998,789	1,028,415	1,058,985	1,090,534	1,122,936
Equity											
Accumulated Surplus	192,707	197,677	203,137	206,945	210,888	215,305	219,764	224,337	229,127	234,153	239,245
Asset Revaluation Reserves	633,469	659,966	683,539	707,981	730,885	754,463	778,732	803,785	829,564	856,089	883,398
Other Reserves	293	293	293	293	293	293	293	293	293	293	293
Total Equity	826,469	857,935	886,968	915,219	942,066	970,060	998,790	1,028,415	1,058,984	1,090,535	1,122,935

Proposed 2025-2035 Long-Term Financial Plan (August 2025)

Forecast Statement of Cash Flow											
\$'000	2024-25 Forecast	2025-26 Year 1	2026-27 Year 2	2027-28 Year 3	2028-29 Year 4	2029-30 Year 5	2030-31 Year 6	2031-32 Year 7	2032-33 Year 8	2033-34 Year 9	2034-35 Year 10
Cash Flows from Operating Activities											
Receipts											
Operating Receipts	60,989	62,735	64,973	67,542	69,483	71,796	73,860	75,985	78,172	80,422	82,738
Investment Receipts	340	50	15	15	15	15	15	15	15	15	15
Payments											
Operating Payments to suppliers and employees	(46,435)	(47,244)	(47,916)	(49,439)	(50,798)	(52,194)	(53,629)	(55,104)	(56,620)	(58,179)	(59,780)
Finance Payments	(31)	(484)	(808)	(901)	(922)	(927)	(1,003)	(1,072)	(1,046)	(1,007)	(1,056)
Net Cash provided by (or used in) Operating Activities	14,863	15,057	16,264	17,217	17,778	18,689	19,243	19,823	20,520	21,251	21,918
Cash Flows from Investing Activities											
Receipts											
Amounts specifically for new or upgraded assets	5,435	2,300	2,161	-	-	-	-	-	-	-	-
Amounts received specifically for Replacement of Existing Assets	300	-	-	-	-	-	-	-	-	-	-
Payments											
Proceeds from Sale of Surplus Assets	-	-	-	-	-	-	-	-	-	-	-
Sale of replaced assets	532	344	320	328	336	345	353	362	371	380	370
Payments											
Expenditure on renewal/replacement of assets	(14,681)	(13,210)	(13,413)	(13,749)	(14,092)	(14,445)	(14,806)	(15,176)	(15,555)	(15,944)	(16,261)
Expenditure on new/upgraded assets	(16,392)	(8,886)	(8,586)	(4,381)	(4,491)	(4,603)	(7,718)	(4,836)	(4,957)	(5,081)	(8,708)
Net Cash provided by (or used in) Investing Activities	(24,806)	(19,452)	(19,519)	(17,802)	(18,247)	(18,703)	(22,171)	(19,650)	(20,142)	(20,645)	(24,599)
Cash Flows from Financing Activities											
Receipts											
Proceeds from borrowings	7,789	4,395	3,255	585	469	14	2,928	-	-	-	2,682
Payments											
Repayments of borrowings	(288)	-	-	-	-	-	-	173	(379)	(606)	-
Net Cash provided by (or used in) Financing Activities	7,501	4,395	3,255	585	469	14	2,928	173	(379)	(606)	2,682
Net Increase/(Decrease) in cash held	(2,442)	-	-	-	-	-	-	346	-	-	-
Plus: Cash & cash equivalents at beginning of period	4,097	1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655
Cash & cash equivalents at end of period	1,655	1,655	1,655	1,655	1,655	1,655	1,655	2,001	1,655	1,655	1,655

INFORMATION REPORT

REPORT TITLE:	ASSET ACCOUNTING POLICY
ITEM NUMBER:	2.3
DATE OF MEETING:	12 AUGUST 2025
AUTHOR:	MAX MURAWSKY, STRATEGIC FINANCE PROJECTS LEAD
DIVISION:	CORPORATE SUPPORT
ATTACHMENTS:	1. PROPOSED ASSET ACCOUNTING POLICY - TRACKED CHANGES 2. PROPOSED ASSET ACCOUNTING POLICY - CLEAN COPY

1. **PURPOSE**

This report presents a revised Asset Accounting Policy to the Audit and Risk Committee for discussion and feedback to the Administration. As this policy is an Administrative Policy, it does not require formal endorsement.

2. **RECOMMENDATION**

That:

1. The report be received.
 2. The Audit and Risk Committee provides the following feedback on the proposed Asset Accounting Policy:
 - *The Committee to advise....*
 -
-

3. **RELEVANT CORE STRATEGIES – COMMUNITY PLAN ‘TOWARDS 2050’**

This report supports the Community Plan's guiding principles of Integrity, Engagement, Financially Sustainable and Thought Leadership.

4. **BACKGROUND**

Council has an obligation to ensure that the City of Unley's assets are accounted for in a consistent manner that is in accordance with Australian Accounting Standards, the *Local Government Act 1999*, and the *Local Government (Financial Management) Regulations 2011*.

The current Asset Accounting Policy was provided to the Audit Committee for feedback at the 16 August 2022 meeting and was subsequently endorsed by the Executive Management Team in December 2022.

5. **DISCUSSION**

The proposed Asset Account Policy with tracked changes is provided in Attachment 1. A clean copy of the proposed Policy is provided in Attachment 2.

Attachments 1 and 2

The Policy has been refined to increase the robustness, clarity and consistency of the Policy and its application. The format of the Policy has changed slightly to reflect the current policy template and there have been some wording and other editorial amendments.

Changes to the content of the Policy that the Committee may wish to note or discuss include:

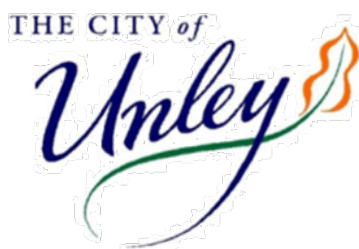
- **Definitions:** Definitions have been added for “Australian Accounting Standards”, “Operational Expenditure” and “Ready for Use”.
- **6.4 Work in Progress:** This section has been expanded to include the requirements to review the work-in-progress ledger on a regular basis, and the required treatment of any expenditure that is unlikely to be capitalised.
- **6.8 Depreciation:** Some of the useful lives have been adjusted to reflect revaluation assessments.
- **6.10 Indexation:** A new section has been added to include the indexation of assets that are not subject to formal revaluations in the financial year, noting that indexation was initially applied in the 2023-24 financial year following recommendations from Council’s external auditors.

The Administration is seeking feedback from the Audit and Risk Committee on the proposed Policy before it is presented to the Executive Leadership Team for endorsement. As this is an Administrative Policy, it is not required to be presented to Council for adoption.

It is envisaged that this Policy will be reviewed again in approximately three years, or sooner if any major changes are required.

6. **REPORT AUTHORISERS**

Name	Title
Alex Brown	General Manager Corporate Support



ASSET ACCOUNTING POLICY

Policy Type	Administrative
Responsible Department	Corporate Support
Responsible Officer	Manager Finance and Procurement
Related Policies and Procedures	• Asset Management Policy • Procurement Policy & Framework • Procurement Framework • Disposal of Surplus Non-Community Land Policy • Project Management Framework • Risk Management Policy & Framework • Land Under Roads Policy •
Community Plan 'Towards 2050' Link	4. Places and Spaces 4.1 We invest in, revitalise, and expand our open spaces, recreation facilities and infrastructure to meet the needs of current and future communities and climates. This Policy supports the Community Plan's guiding principles of Integrity, Engagement, Financially Sustainable and Thought Leadership.
Date Originally Adopted	13 December 2022
Last Review Date	N/A August 2025
Next Review Date	June 2028
ECM Document No.	TBC 8853138

1. PREAMBLE

- 1.1. Council has an obligation to ensure the City of Unley's assets are accounted for in a consistent manner and in accordance with Australian Accounting Standards, the *Local Government Act 1999*, and the *Local Government (Financial Management) Regulations 2011*.
- ~~1.2. This policy will provide guidance and greater clarity to Council staff on asset accounting principles and treatment, and improve the consistency and accuracy of the City of Unley's financial statements and asset register.~~



2. SCOPE

- 2.1. This policy applies to all infrastructure, property, plant and equipment either owned, purchased, or acquired (including ~~assets~~ gifted assets) by the City of Unley. This includes:
- Land
 - Buildings
 - Infrastructure such as roads, footpaths, signs, lighting, kerbs, traffic management devices, drainage, bridges, ~~buildings~~, structures, street and park furniture, open space and reserves, and playgrounds.
 - Plant and Equipment
 - Information Communication and Technology (ICT) Equipment
 - Furniture and Fittings
- 2.2. This policy also applies to intangible assets and right-of-use ~~(leased)~~ assets
- 2.3. This policy does not apply to receivables, inventory, attractive portable assets, or ~~financial~~ investments.

3. PURPOSE/OBJECTIVES

- 3.1. ~~This policy explains the approach and treatment the City of Unley will apply when accounting for non-current assets. This policy provides guidance and clarity to Council staff on asset accounting principles and treatment and aims to improve the consistency and accuracy of the City of Unley's financial statements and asset register.~~
- 3.2. The policy will support management and staff in applying consistent financial accounting treatment for the recognition, revaluation, ~~indexation~~, and disposal of non-current assets in accordance with relevant Australian Accounting Standards ("the Standards") pursuant to *Local Government Act 1999* under section 303 (4).

4. DEFINITIONS

Term	Definition
[e.g. Council Member]	[means an Elected Member of the City of Unley.]
Asset	A resource with economic value that is owned or controlled by the City of Unleyan entity , with the expectation that it will provide a future benefit.
Asset Register	A register of each all assets, their original cost, carrying amount and accumulated depreciation. Other information may include asset conditions, valuations, and locations
Attractive Portable Assets	Attractive portable assets are assets under \$3,000 that are not a part of a scheduled replacement program. They include: • Information Communication and Technology equipment such as mobile phones, tablets, cameras, computer screens, portable TVs, and communication equipment, (but excludes laptops and desktops as they form part of a scheduled replacement program); and Small plant and equipment such as power tools, chainsaws and other portable equipment.

<u>Australian Accounting Standards</u>	<u>A set of rules and guidelines that dictate how financial information should be recorded and presented in financial statements for Australian entities.</u>
Carrying Amount	The amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses.
Cost	The amount of cash or cash equivalents paid, or the fair value to acquire an asset, at the time of its acquisition or construction.
Depreciable Amount	The cost of an asset or any other amount substituted for cost, less its residual value.
Depreciation	The systematic allocation of the depreciable amount of an asset over its useful life.
Fair Value	The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.
Grouped Assets	Assets, or components of assets, that are similar and function as a group (e.g. rubbish bins in a park, street bollards <u>along a section of road</u>).
Investment property	Property held to earn rentals <u>income</u> or for capital appreciation, or both, rather than for either use in the production or supply of goods or services or for administrative purposes, or sale in the ordinary course of business.
Maintenance	Regular ongoing day-to-day work necessary to keep assets operating and does not extend the asset's useful life e.g., road patching. This is an operating expense as this does not increase the value <u>or the life</u> of the asset.
Non-current Assets	Assets that have an estimated life of greater than one year. <u>They also include some financial assets that are not expected to be recovered within a year of the reporting date.</u>
<u>Operational Expenditure</u>	<u>Expenditure that cannot be included when the project is capitalised and recognised on Council's Asset Register.</u>
<u>Ready for Use</u>	<u>When an asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. An asset can be ready for use, even if it is not being actively used.</u>
Residual Value	The estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, <u>at the end of its useful life.</u>
Useful Life	<u>Defined as</u> the period over which an asset is expected to be available for use by Council.

5. ROLES AND RESPONSIBILITIES

<u>Role</u>	<u>Responsibilities</u>
<u>Elected Members</u>	- Responsible for the approval and adoption of this Policy - Must comply with the requirements of this Policy
<u>Chief Executive Officer (CEO)</u>	

Executive Leadership Team (ELT)	<u>Responsible for the approval of this Policy.</u>
Management Team	
Manager Finance and Procurement	The Manager Finance and Procurement is rResponsible for resourcing the implementation of the asset accounting policy and supporting procedures.
All Employees	- Employees are responsible for familiarising themselves with the policy and its application as relevant to their roles and responsibilities. - The Asset Management Team, or relevant team responsible for managing an asset, are responsible for advising the <u>Finance T</u>eam when an asset is disposed of.

6. STATEMENT

6.1. Initial Recognition

6.1.1. In accordance with Australian Accounting Standard *AASB 116 Property, Plant and Equipment*, an asset will be recognised if, and only if:

- ~~I~~it is probable that the future economic benefits associated with the item will flow to the City of Unley entity; and
- ~~T~~he cost of the item can be reliably measured.

6.1.2. Unless particular circumstances exist, the following will apply:

6.1.2..1. Land will be recognised upon transfer of the title, commonly referred to as settlement;

6.1.2..2. Constructed infrastructure assets will be recognised when they are "ready for use"; and

6.1.2..3. Plant and equipment assets (including ~~ICT~~Information Communication and Technology assets) will be recognised when received.

6.1.3. All assets are initially recognised at cost.

6.1.4. Where assets are acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

6.1.5. All non-current assets purchased are capitalised and depreciated from the date that they are ready for use.

~~6.1.5.6.1.6. All non-current assets or~~ constructed are capitalised once completed. as the expenditure is incurred and depreciated Depreciation occurs from the date that the as soon as the asset is held "ready for use".

6.2. Determining Cost when purchasing an asset

6.2.1. Cost is determined as:

6.2.1..1. The purchase price of the asset, including any import duties and non-refundable taxes (~~noting~~ GST is a refundable tax), less any discounts or rebates;

6.2.1..2. Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and

- 6.2.1.3. The initial estimate of the costs of dismantling and removing the asset, and restoring the site on which the asset is situated, where the obligation is incurred at the time of acquiring the asset.
- 6.2.2. Where assets are purchased by Council, directly attributable costs may include:
- Expenditure incurred in the delivery, installation and commissioning of the asset, ~~including initial registration and insurance of the asset;~~
 - Employee costs (as defined in *AASB 119 Employee Benefits*) directly arising from the installation and commissioning of the asset; and
 - Professional fees incurred in the selection, purchase, installation and commissioning of the asset.
- 6.2.3. Where the assets are constructed by Council, directly attributable may costs include:
- Planning, design and engineering fees associated with the construction of the asset;
 - All materials used during the construction and commissioning of the asset; and
 - Employee costs (as defined in *AASB 119 Employee Benefits*) directly arising from the planning, construction and commissioning of the asset; and
 - An appropriate proportion of ~~variable and fixed overhead~~ project delivery costs.
- 6.2.4. Expenditure that cannot be attributed to the cost of the asset includes:
- Expenditure associated with the removal or disposal of an existing asset on the site where the new asset is being installed;
 - Expenditure associated with the opening or promotion of a new asset;
 - Feasibility studies, master plans, concept plans and other investigations to determine if a capital project will be undertaken; and
 - Administrative and other general overheads.
- 6.3. Asset Maintenance**
- 6.3.1. Maintenance and Regular ongoing day-to-day work necessary to keep assets operating, and which does not extend the asset's useful life or value (e.g., road patching) is treated as operating expenditure. ~~This is an operating expense as this does not increase the value of the asset.~~
- 6.4. Work In Progress**
- 6.4.1. Infrastructure, buildings and other ~~future~~ assets under construction are recognised as work-in-progress asset until they are capitalised not recognised as an asset until they are ready for use.
- 6.4.2. The work-in-progress ledger account and/or register should be reviewed at least quarterly to determine whether any expenditure is unlikely to be capitalised and therefore needs to be transferred to operating expenditure.
- 6.4.2.1. Any ~~operational~~ expenditure incurred in the current financial year should be transferred to operating or maintenance expenditure accounts.
- ~~6.4.1-6.4.2.2.~~ Any ~~operational~~ expenditure incurred in previous financial years must be impaired and classified as an impairment expense.
- 6.5. Recognition Thresholds**

- 6.5.1. A capitalisation recognition threshold is applied to each asset type based on the total directly attributable costs incurred, using the concept of materiality as listed in the following table. An asset should not be capitalised where the total directly attributable costs incurred are below these thresholds, instead they should be accordingly treated as an operating expense.

Financial Asset Category	Capitalisation Threshold (excluding GST)
Infrastructure	\$ 5,000
Buildings and structures	\$ 5,000
Furniture and Fittings	\$ 5,000
Plant and Equipment and ICT Equipment unless the asset is included in scheduled replacement program (e.g. laptops and desktops)	\$ 3,000
Other	\$ 5,000

- 6.5.2. No capitalisation threshold is applied to the acquisition of land or interests in land.
- 6.5.3. Assets should only be recognised where the expected useful life is greater than one year.

6.6. Componentisation

- 6.6.1. An asset, such as a building or sealed road, that are made up of significant parts (components) with different useful lives, may be split into components for the purposes of valuation and depreciation.
- 6.6.2. The determination of the separate components should include an assessment of materiality including:
- 6.6.2.1. ~~The~~ the cost of the individual components, relative to the total value of the asset, and
- 6.6.2.2. ~~The~~ the variation in expected useful life of the components.

6.7. Grouped Assets

- 6.7.1. Certain assets which form part of a collection of assets (e.g. rubbish bins in a park, street bollards, signs) may be aggregated (grouped) where the individual items fall below capitalisation thresholds, or the assets are directly interrelated. The aggregated cost of the grouped assets can then be recognised and depreciated over the estimated useful live of the aggregated asset.
- 6.7.2. Where individual assets within a grouped asset are replaced, rather than as a whole group, the assets individually replaced may be expensed.
- 6.7.3. The assessment of grouped assets should be undertaken by the officers responsible for Asset Management Team or team responsible for managing the asset.

6.8. Depreciation

- 6.8.1. All infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives, with depreciation applied on a straight-line basis.
- 6.8.2. Depreciation of an asset begins when it is 'ready for use'.

~~6.8.3. An asset will be 'ready for use' when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.~~

~~6.8.4.~~ ~~6.8.3.~~ Useful lives for key asset ~~categories should be within the ranges have been estimated~~ below. This is a guide based on the best information available to Council. An assessment of the useful life of an asset should be undertaken at the time of the asset's recognition and revaluation. This assessment should consider the actual usage and life of similar assets presently in use.

Financial Asset Category	Useful Life - Years
Infrastructure	
Roads, Lanes, Kerb & Watertable	20 to 10 <u>50</u> years
Pathways	20 to 50 years
Drainage / Recycled Water	5 to 100 years
Traffic and Lighting	<u>15</u> to 20 <u>50</u> years
Bridges	50 to 75 years
Other Assets	5 to 20 years
Buildings and structures	
Buildings	50 to 100 years
Building Fit Outs	20 <u>40</u> to 5 <u>30</u> years
Furniture and Fittings	3 to 25 <u>10</u> years
Plant and Equipment	3 to 25 <u>10</u> years
ICT Equipment	3 to 10 years

~~6.8.5.~~ ~~6.8.4.~~ Depreciation methods, useful life, and residual values of categories classes of assets should be reviewed annually, to inform the preparation of the General Purpose Financial Statements.

6.9. Revaluations

6.9.1. All infrastructure assets, land, and buildings shall be revalued with sufficient regularity to ensure the carrying value is aligned to ~~does not differ materially from~~ that which would be determined using fair value at the end of the reporting period.

6.9.1..1. The revaluation cycle ~~for infrastructure assets, land and buildings~~ should be no longer than five years, ~~unless extenuating circumstances apply~~.

6.9.1..2. Where practical, the rolling revaluation cycle ~~for major asset classes~~ should be phased to spread the revaluation workload across ~~at the~~ three to five year cycle.

6.9.1..3. If an asset or group of assets are revalued, the entire asset class(es) to which that asset(s) belongs shall be revalued.

6.9.2. AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

Level	Inputs
Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access as at measurement date.

Level 2	Inputs other than quoted process included within level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Are unobservable inputs for the asset.

6.10. Indexation

6.10.1. All infrastructure assets, land, and buildings that are not subject to a formal revaluation in a ~~current financial~~ year, shall be indexed to ensure the carrying value does not differ materially from that which would be determined if a formal revaluation had taken place.

6.10.6.11. Asset Impairment

6.10.1.6.11.1. An asset is impaired if the amount at which it is recognised in the Council's financial records is greater than its fair value.

6.10.2.6.11.2. Assets that are subject to depreciation are to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may no longer be recoverable. Indicators of impairment can include:

- Economic performance
- Obsolescence
- Significant change to the asset's original use.

6.11.6.12. Asset Derecognition

6.11.1.6.12.1. An asset is to be derecognised from asset register and recorded as a disposal whenever the following occurs:

- The asset is sold or traded-in
- The asset is scrapped
- The asset is destroyed, lost, or stolen
- The asset is retired or decommissioned
- Control over the asset is transferred to another entity.

6.12.6.13. Investment Properties

6.12.1.6.13.1. AASB 140 *Investment Properties* contains specific requirements for the recognition, depreciation, and revaluation of assets classified as investment property. Properties held for commercial lease should be assessed to determine if they are deemed to be Investment Properties under AASB 140, on an annual basis.

6.13.6.14. Non-current assets held for sale

6.13.1.6.14.1. AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* contains specific requirements for assets held for sale, and for the preparation and disclosure of discontinued operations. A non-current asset is classified as held for sale when its recovery is expected to result principally through a sale transaction, rather than continuing sale.

6.13.2.6.14.2. Where a non-current asset is classified as held for sale, it is:

- Measured at the lower of its carrying value and fair value less costs to sell.
- No longer depreciated, and
- Classified separately from other assets on the statement of financial position.

6.14.6.15. Intangible Assets and Software

~~6.14.1.6.15.1.~~ Intangible assets are defined by AASB 138 *Intangible Assets* as "identifiable non-monetary assets without physical substance".

~~6.14.2.6.15.2.~~ AASB 138 *Intangible Assets* contains specific requirements for the recognition of intangible assets. These include:

- ~~I~~identifiability,
- ~~C~~ontrol over the resource,
- ~~T~~he existence of future economic benefits, and
- ~~T~~he ability to reliably measure the cost of the asset.

~~6.14.3.6.15.3.~~ Software licences and subscriptions, including cloud based licences, will generally not be considered an asset unless they meet the recognition requirements.

6.15.6.16. Right-of-use Assets

~~6.15.1.6.16.1.~~ RA right-of-use assets are defined by AASB 16 Leases as "An asset that represents a lessee's right to use an underlying asset for the lease term". arises when a contract that Council enters into conveys the right to control the use of an identified asset for a period of time in exchange for consideration (i.e. a lease arrangement).

~~6.15.2.6.16.2.~~ The Council recognises right-of-use assets at the commencement date of the lease.

~~6.15.3.6.16.3.~~ Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

~~6.15.4.6.16.4.~~ The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date, less any lease incentives received, and the estimate of costs to be incurred to restore the leased asset.

~~6.15.5.6.16.5.~~ Right of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

~~6.15.6.6.16.6.~~ An annual assessment should be undertaken to determine if any of Council's leases include right-of-use assets.

6.16.6.17. Asset Registers

~~6.16.1.6.17.1.~~ Registers of all assets shall be maintained and record individual assets in sufficient detail as to permit their identification and control.

~~6.16.2.6.17.2.~~ The assets registers shall be updated at least annually, and used for the purpose of revaluing and depreciating assets.

7. DELEGATIONS

~~7.1.~~ Not applicable. This Policy is to be administered in accordance with Council's Delegations and Sub-Delegations Register, ensuring appropriate authorisation of decisions and activities.

~~•7.1.~~

8. LEGISLATION

8.1. This Policy applies the provisions of the *Local Government Act 1999* (the Act) Section 124 (Accounting Records to be Kept) regarding Council's Fixed Assets and how financial

information pertaining to Fixed Asset transactions and reconciliations are undertaken across all Council operations.

- 8.2. This Policy underpins how Council treats various categories of transactions recorded on its fixed asset register and fixed asset transactions, culminating in their publication in the annual financial statements required under Section 127 (Financial Statements) of the Act.

9. AVAILABILITY OF POLICY/PROCEDURE

- 9.1. The Policy/Procedure is available for public inspection during normal office hours at:

The Civic Centre,

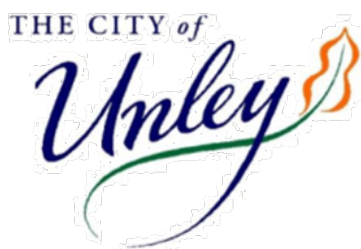
181 Unley Road, Unley SA 5061.

A copy may be purchased for a fee as determined annually by Council.

It is also available for viewing, download and printing free of charge from the Council's website www.unley.sa.gov.au.

10.9. DOCUMENT HISTORY

Date	Version No.	Comment
13/12/22	1	Policy endorsed by ELT
<u>Aug 2025</u>	<u>Draft V2</u>	



ASSET ACCOUNTING POLICY

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- 6.1.3. All assets are initially recognised at cost.
- 6.1.4. Where assets are acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.
- 6.1.5. All non-current assets purchased are capitalised and depreciated from the date that they are ready for use.
- 6.1.6. All non-current assets constructed are capitalised once completed.. Depreciation occurs from the date that the asset is ready for use.

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- 6.2.1. Cost is determined as:
 - 6.2.1..1. The purchase price of the asset, including any import duties and non-refundable taxes (GST is a refundable tax), less any discounts or rebates;
 - 6.2.1..2. Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
 - 6.2.1..3. The initial estimate of the costs of dismantling and removing the asset, and restoring the site on which the asset is situated, where the obligation is incurred at the time of acquiring the asset.
- 6.2.2. Where assets are purchased by Council, directly attributable costs may include:
 - Expenditure incurred in the delivery, installation and commissioning of the asset.;
 - Employee costs (as defined in *AASB 119 Employee Benefits*) directly arising from the installation and commissioning of the asset; and
 - Professional fees incurred in the selection, purchase, installation and commissioning of the asset.
- 6.2.3. Where the assets are constructed by Council, directly attributable may costs include:
 - Planning, design and engineering fees associated with the construction of the asset;
 - All materials used during the construction and commissioning of the asset; and

- Employee costs (as defined in *AASB 119 Employee Benefits*) directly arising from the planning, construction and commissioning of the asset; and
- An appropriate proportion of project delivery costs.

6.2.4. Expenditure that cannot be attributed to the cost of the asset includes:

- Expenditure associated with the removal or disposal of an existing asset on the site where the new asset is being installed;
- Expenditure associated with the opening or promotion of a new asset;
- Feasibility studies, master plans, concept plans and other investigations to determine if a capital project will be undertaken; and
- Administrative and other general overheads.

6.3. Asset Maintenance

6.3.1. Maintenance and regular ongoing day-to-day work necessary to keep assets operating, and which does not extend the asset's useful life or value (e.g., road patching) is treated as operating expenditure.

6.4. Work In Progress

6.4.1. Infrastructure, buildings and other assets under construction are recognised as work-in-progress asset until they are capitalised.

6.4.2. The work-in-progress ledger account and/or register should be reviewed at least quarterly to determine whether any expenditure is unlikely to be capitalised and therefore needs to be transferred to operating expenditure.

6.4.2..1. Any operational expenditure incurred in the current financial year should be transferred to operating or maintenance expenditure accounts.

6.4.2..2. Any operational expenditure incurred in previous financial years must be impaired and classified as an impairment expense.

6.5. Recognition Thresholds

6.5.1. A capitalisation recognition threshold is applied to each asset type based on the total directly attributable costs incurred, as listed in the following table. An asset should not be capitalised where the total directly attributable costs incurred are below these thresholds, instead they should be treated as an operating expense.

Financial Asset Category	Capitalisation Threshold (excluding GST)
Infrastructure	\$ 5,000
Buildings and structures	\$ 5,000
Furniture and Fittings	\$ 5,000
Plant and Equipment and ICT Equipment unless the asset is included in scheduled replacement program (e.g. laptops and desktops)	\$ 3,000
Other	\$ 5,000

6.5.2. No capitalisation threshold is applied to the acquisition of land or interests in land.

6.5.3. Assets should only be recognised where the expected useful life is greater than one year.

6.6. Componentisation

- 6.6.1. An asset, such as a building or sealed road, that are made up of significant parts (components) with different useful lives, may be split into components for the purposes of valuation and depreciation.
- 6.6.2. The determination of the separate components should include an assessment of materiality including:
 - 6.6.2..1. The cost of the individual components, relative to the total value of the asset, and
 - 6.6.2..2. The variation in expected useful life of the components.

6.7. Grouped Assets

- 6.7.1. Certain assets which form part of a collection of assets (e.g. rubbish bins in a park, street bollards, signs) may be aggregated (grouped) where the individual items fall below capitalisation thresholds, or the assets are directly interrelated. The aggregated cost of the grouped assets can then be recognised and depreciated over the estimated useful life of the aggregated asset.
- 6.7.2. Where individual assets within a grouped asset are replaced, rather than as a whole group, the assets individually replaced may be expensed.
- 6.7.3. The assessment of grouped assets should be undertaken by the officers responsible for managing the asset.

6.8. Depreciation

- 6.8.1. All infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives, with depreciation applied on a straight-line basis.
- 6.8.2. Depreciation of an asset begins when it is 'ready for use'.
- 6.8.3. Useful lives for key asset categories should be within the ranges below. This is a guide based on the best information available to Council. An assessment of the useful life of an asset should be undertaken at the time of the asset's recognition and revaluation. This assessment should consider the actual usage and life of similar assets presently in use.

Financial Asset Category	Useful Life - Years
Infrastructure	
Roads, Lanes, Kerb & Watertable	20 to 150 years
Pathways	20 to 50 years
Drainage / Recycled Water	5 to 100 years
Traffic and Lighting	15 to 50 years
Bridges	50 to 75 years
Other Assets	5 to 20 years
Buildings and structures	
Buildings	50 to 100 years
Building Fit Outs	20 to 30 years
Furniture and Fittings	3 to 10 years
Plant and Equipment	3 to 10 years

ICT Equipment	3 to 10 years
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- 6.8.4. Depreciation methods, useful life, and residual values of categories of assets should be reviewed annually, to inform the preparation of the General Purpose Financial Statements.

6.9. Revaluations

- 6.9.1. All infrastructure assets, land, and buildings shall be revalued with sufficient regularity to ensure the carrying value is aligned to that which would be determined using fair value at the end of the reporting period.

6.9.1..1. The revaluation cycle should be no longer than five years.

6.9.1..2. Where practical, the rolling revaluation cycle should be phased to spread the revaluation workload across a three to five year cycle.

6.9.1..3. If an asset or group of assets are revalued, the entire asset class(es) to which that asset(s) belongs shall be revalued.

- 6.9.2. *AASB 13 Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

Level	Inputs
Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access as at measurement date.
Level 2	Inputs other than quoted process included within level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Are unobservable inputs for the asset.

6.10. Indexation

- 6.10.1. All infrastructure assets, land, and buildings that are not subject to a formal revaluation in a current financial year, shall be indexed to ensure the carrying value does not differ materially from that which would be determined if a formal revaluation had taken place.

6.11. Asset Impairment

- 6.11.1. An asset is impaired if the amount at which it is recognised in the Council's financial records is greater than its fair value.
- 6.11.2. Assets that are subject to depreciation are to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may no longer be recoverable. Indicators of impairment can include:
- Economic performance
 - Obsolescence
 - Significant change to the asset's original use.

6.12. Asset Derecognition

- 6.12.1. An asset is to be derecognised from asset register and recorded as a disposal whenever the following occurs:
- The asset is sold or traded-in
 - The asset is scrapped
 - The asset is destroyed, lost, or stolen
 - The asset is retired or decommissioned

- Control over the asset is transferred to another entity.

6.13. Investment Properties

- 6.13.1. *AASB 140 Investment Properties* contains specific requirements for the recognition, depreciation, and revaluation of assets classified as investment property. Properties held for commercial lease should be assessed to determine if they are deemed to be Investment Properties under AASB 140, on an annual basis.

6.14. Non-current assets held for sale

- 6.14.1. *AASB 5 Non-current Assets Held for Sale and Discontinued Operations* contains specific requirements for assets held for sale, and for the preparation and disclosure of discontinued operations. A non-current asset is classified as held for sale when its recovery is expected to result principally through a sale transaction, rather than continuing sale.
- 6.14.2. Where a non-current asset is classified as held for sale, it is:
- Measured at the lower of its carrying value and fair value less costs to sell,
 - No longer depreciated, and
 - Classified separately from other assets on the statement of financial position.

6.15. Intangible Assets and Software

- 6.15.1. Intangible assets are defined by *AASB 138 Intangible Assets* as "identifiable non-monetary assets without physical substance".
- 6.15.2. *AASB 138 Intangible Assets* contains specific requirements for the recognition of intangible assets. These include:
- Identifiability,
 - Control over the resource,
 - The existence of future economic benefits, and
 - The ability to reliably measure the cost of the asset.
- 6.15.3. Software licences and subscriptions, including cloud based licences, will generally not be considered an asset unless they meet the recognition requirements.

6.16. Right-of-use Assets

- 6.16.1. Right-of-use assets are defined by *AASB 16 Leases* as "An asset that represents a lessee's right to use an underlying asset for the lease term".
- 6.16.2. The Council recognises right-of-use assets at the commencement date of the lease.
- 6.16.3. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.
- 6.16.4. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date, less any lease incentives received, and the estimate of costs to be incurred to restore the leased asset.
- 6.16.5. Right of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.
- 6.16.6. An annual assessment should be undertaken to determine if any of Council's leases include right-of-use assets.

6.17. Asset Registers

- 6.17.1. Registers of all assets shall be maintained and record individual assets in sufficient detail as to permit their identification and control.
- 6.17.2. The assets registers shall be updated at least annually, and used for the purpose of revaluing and depreciating assets.

7. DELEGATIONS

- 7.1. This Policy is to be administered in accordance with Council's Delegations and Sub-Delegations Register, ensuring appropriate authorisation of decisions and activities.

8. LEGISLATION

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

9. DOCUMENT HISTORY

Date	Version No.	Comment
13/12/22	1	Policy endorsed by ELT
Aug 2025	Draft V2	

INFORMATION REPORT

REPORT TITLE:	CORPORATE PURCHASE CARD POLICY
ITEM NUMBER:	2.4
DATE OF MEETING:	12 AUGUST 2025
AUTHOR:	MAX MURAWSKY, STRATEGIC FINANCE PROJECTS LEAD
DIVISION:	CORPORATE SUPPORT
ATTACHMENTS:	1. EXISTING CORPORATE PURCHASE CARD POLICY 2. PROPOSED CORPORATE PURCHASE CARD POLICY 3. TRACKED CHANGES TO THE POLICY

1. **PURPOSE**

This report presents a revised Corporate Purchase Card Policy to the Audit and Risk Committee for discussion and feedback to the Administration. As this policy is an Administrative Policy, it does not require formal endorsement.

2. **RECOMMENDATION**

That:

1. The report be received.
 2. The Audit and Risk Committee provides the following feedback on the proposed Corporate Purchase Card Policy:
 - *The Committee to advise....*
 -
-

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

This report supports the Community Plan's guiding principles of Integrity, Engagement, Financially Sustainable and Thought Leadership.

4. **BACKGROUND**

The current Corporate Purchase Card Policy was provided to the Audit Committee for feedback at the 14 November 2022 meeting and was subsequently endorsed by the Executive Management Team in December 2022. A copy of the existing Policy is provided in Attachment 1.

Attachment 1

5. **DISCUSSION**

A detailed review of the Policy has been undertaken to ensure that it is robust, fit for purpose, and reflects current business requirements. As such, there has been some restructuring of the sections within the Policy, which aims to provide a more logical and structured flow of the document. The format of the Policy has also been updated to the current policy template and there have been wording and other editorial amendments to increase its understanding.

The proposed Corporate Purchase Card Policy is provided in Attachment 2.

Attachment 2

A tracked version of the proposed changes to the proposed Policy provided in Attachment 3. The red text represents changes in the text, while the green text represents texts that has been moved.

Attachment 3

The key changes to the content of the Policy that the Committee may wish to consider are as follows:

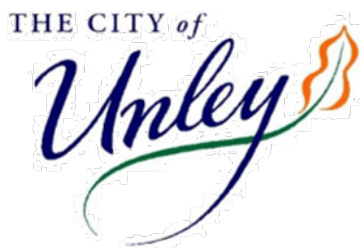
- The requirement for a register of non-compliance to be maintained by the Finance Team has been added, to monitor any inappropriate and fraudulent use of corporate purchase cards or any other non-compliance with the Policy such as timely allocation of transactions to ledger accounts and the inclusion of tax compliant invoices.
- Expansion of section 6.10 to clearly explain what is deemed as "inappropriate use".
- A reviewed process for any individual transaction over \$2,000, whereby the cardholder is now required to obtain approval from an approving officer before the transaction occurs.
- The CEO's corporate purchase card has been set at \$10,000, unless otherwise agreed by the Mayor and the General Manager Corporate Support, or in extenuating circumstances in which Council's Business Continuity Plan is enacted.

The Administration is seeking feedback from the Audit and Risk Committee on the proposed Policy before it is presented to the Executive Leadership Team for endorsement. As this is an Administrative Policy, it is not required to be presented to Council for adoption.

This Policy will be reviewed again in three years, or sooner if any major changes are required.

6. REPORT AUTHORISERS

Name	Title
Alex Brown	General Manager Corporate Support



CORPORATE PURCHASE CARD POLICY

Policy Type:	Administrative
Responsible Department:	Business Support and Innovation
Responsible Officer:	Manager Finance and Procurement
Related Policies and Procedures	• Procurement Policy • Procurement Policy Framework • Internal Financial Control Framework • Financial Delegations Policy and Register • Entertainment and Hospitality Policy • Rewards and Recognition Program • Employee Code of Conduct • Risk Management Policy
Community Plan Link	4. Civic Leadership 4.2 Council provides best value services to the Community 4.3 Our business systems are effective and transparent
Date Adopted	EMT Endorsed Tuesday 13 December 2022
Last review date	June 2015
Next review date	June 2025
Reference/Version Number	V2
ECM Doc set I.D.	8744709

1. PREAMBLE

- 1.1. Corporate Purchase Cards (purchase cards) have been implemented to enable City of Unley staff to transact in an efficient and convenient manner when undertaking low risk purchases, typically under \$2,000 (GST exclusive).
- 1.2. Purchase cards should be recognised as a valuable tool to support the operation of Council's daily business and not as a benefit assigned to specific individuals.
- 1.3. Purchase cards holders (card holders) are responsible for the appropriate use of purchase cards in accordance with Council's policies and Employee Code of Conduct.

2. SCOPE

- 2.1. This policy applies to all City of Unley employees and relates the use of purchase cards to purchase goods or services, utilising council funds, in undertaking council business.
- 2.2. Elected Members are not permitted to hold purchase cards.

3. POLICY PURPOSE/OBJECTIVES

- 3.1. This policy explains the responsibilities and requirements involved in the utilisation and administration of purchase cards including:
- 3.1.1. The approval process for issuing purchase cards and purchase card limits;
 - 3.1.2. The circumstances in which purchase cards may be utilised;
 - 3.1.3. The responsibilities of council employees when utilising purchase cards;
 - 3.1.4. The monthly reconciliation and review of purchases through purchase cards;
 - 3.1.5. The process to address inappropriate or fraudulent use of purchase cards;
 - 3.1.6. The circumstances requiring the return of purchase cards; and
 - 3.1.7. The annual review of purchase card utilisation.
- 3.2. This policy provides clarity to council employees of their responsibilities in receiving and using purchase cards.
- 3.3. This policy also strengthens the internal financial controls for the use and administration of purchase cards.

4. DEFINITIONS

Keywords	Definitions
Approving Officer(s)	The position holder(s) who is/are responsible for the review and approval of the card holder's transactions on a monthly basis.
Card Holder	An employee of Council authorised to use a corporate purchase card to make purchases in the course of conducting council business.
Corporate Purchase Cards	Any type of authorised corporate purchasing card, including credit, debit, EFTPOS and similar bank cards facilities established by Finance to conduct council business.
Council	The City of Unley
Financial Delegation	The limit placed on an individual transaction for specific position as set out in the Financial Delegation Register.
Financial Institution	The bank or credit union providing the purchase card facility to council.
Finance	The Manager responsible for the finance function or team leader responsible for financial accounting.
Merchant	A supplier of a good or service.



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Monthly Limit	The maximum credit amount allowed to be accumulated on a corporate credit card before requiring repayment over any given period.
Personal Expenses	Any expenditure undertaken to receive a personal benefit and not related to work or business activities.
PIN	The Personal Identification Number assigned to a card for electronic purchase authorisation.
Purchase Card Limit	The limit capping the maximum amount that can be purchased on that purchase card in any one (1) billing period.

5. ROLES AND RESPONSIBILITIES

5.1. Authority to issue purchase cards and alter purchase card limits

- 5.1.1. The Chief Executive Officer's purchase card, and purchase card limit, shall be approved by the CEO Review Panel.
- 5.1.2. Purchase cards and purchase card limits for general managers shall be approved by the Chief Executive Officer.
- 5.1.3. A general manager has delegated authority to approve purchase cards and set purchase card limits for employees within their respective department.
- 5.1.4. Purchase card limits should be set in consultation with Finance and with regard to the responsibilities and seniority of the position.
- 5.1.5. Approved changes must be submitted in writing to Finance prior to implementation.

5.2. Purchase card Administration

- 5.2.1. Finance is responsible for the administration of purchase cards. This includes:
 - Ordering, cancelling, and adjusting the limits of a purchase cards upon written request from the authorised person or Committee in the case of the Chief Executive Officer;
 - Ensuring the monthly reconciliations are completed in accordance with the Corporate Purchase Card Procedure on council's intranet;
 - Maintaining a register of purchase cards including their authorised limits, expiry dates and the copies of the signed Purchase Card Holder Agreement Forms;
 - Maintaining documentation relating to authorised changes to purchase cards and monthly reconciliations; and
 - Conducting an annual review of purchase card utilisation and limits.

5.3. Purchase card Use and Reconciliations

- 5.3.1. Card holders are responsible for ensuring the purchase cards are used in accordance with their financial delegation of authority and Council's policies, procedures and guidelines, including, but not exclusive to:



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- this Policy,
 - the Procurement Policy and Framework,
 - the Entertainment and Hospitality Policy,
 - the Recognition Guidelines, and
 - the Employee Code of Conduct.
- 5.3.2. Card holders must sign a Purchase Card Holder Agreement Form to acknowledge they have read this Policy prior to accepting a purchase card. Where changes to this Policy are made, a new Agreement Form must be signed within 30 days of the implementation of the new Policy.
- 5.3.3. Card holders are responsible for completing a monthly reconciliation of the transactions on their purchase card, within 10 working days of the end of the month, unless agreed otherwise with Finance.
- 5.3.4. Card holders are responsible for immediately advising the financial institution that issued the card should one of the following occur:
- they identify unverified or fraudulent transactions,
 - they misplace their purchase card or have the card stolen, or
 - believe their purchase card details have been compromised.

Finance should subsequently be advised as soon as possible.

- 5.3.5. Card holders are responsible for advising their approving officer and Finance of any personal transactions, inadvertently made, as soon as they are identified. Card holders are required to make arrangements to reimburse Council within 10 working days.

5.4. Review of Purchase Card Monthly Reconciliations

- 5.4.1. Approving officers, usually the card holder's leader, are responsible for the monthly review and approval of purchase card transactions as part of the reconciliation process.
- 5.4.2. Approving officers are responsible for taking reasonable steps to ensure the purchases are in accordance with this Policy.
- 5.4.3. Any inappropriate use of purchase cards should be reported to Finance and People and Culture immediately, with People and Culture initiating an investigation in accordance with Council's disciplinary procedures.

6. POLICY STATEMENT

6.1. Terms of Use

- 6.1.1. Purchase cards are intended to be used for purchases under \$2,000 (GST exclusive) where the convenience and efficiency of paying by purchase card outweighs any minimal risk associated with the purchase.
- 6.1.2. Purchases over \$2,000 (GST exclusive) may be made in isolated circumstances provided:
- 6.1.2.1. The purchase is within the card holder's delegated authority;



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- 6.1.2.2. The card holder has considered the requirements of the Procurement Policy, including the requirement for purchase orders to be utilised for purchases over \$2,000 (GST exclusive) unless the purchase is on the except list; and
- 6.1.2.3. The card holder has carefully considered the risks involved in undertaking the purchase and has satisfied themselves the convenience and efficiency of paying by purchase card outweighs the risks.
- 6.1.3. Prior to undertaking a purchase utilising a corporate purchase card, the purchase card holder should consider:
 - 6.1.3.1. The appropriateness of the amount of the expenditure;
 - 6.1.3.2. The merits of an alternative method of payment;
 - 6.1.3.3. Whether the expenditure was reasonably necessary for the carrying out the council's functions; and
 - 6.1.3.4. The expenditure is budgeted, presents reasonable value for money and is in line with Council's policies, procedures and guidelines.

The card holder should also check if there are any specific requirements within council's policies and procedures, prior to undertaking expenditure. For example, the Training and Development Policy requires General Manager approval prior to booking a training course.

- 6.1.4. Purchases may only be undertaken by the card holder.
- 6.1.5. If purchasing over the internet, only trusted and secured sites may be used. Website addresses should be directly entered into the web browser. Web site links received by email or other electronic means should not be used.
- 6.1.6. The card holder is responsible for the security and safe keeping of the card at all times, and may not provide the card, card details or PIN to another staff member or person to undertake a transaction on their behalf.
- 6.1.7. Purchase card details should not be sent under any circumstances by SMS (text message), email, or any another form of electronic transmission unless through a trusted and secure payment portal.
- 6.1.8. Cash advances are not permitted and BPAY facilities are not available.
- 6.1.9. Purchase cards are not to be linked to any form of loyalty points or rewards program.

6.2. Purchase Card Limits

- 6.2.1. Each purchase card shall have a monthly limit capping the maximum amount that can be purchased on that purchase card in any one (1) billing period.
- 6.2.2. A temporary increase in the monthly limit may be requested by a card holder (excluding the Chief Executive Officer) for specific circumstances (eg. a low risk one off payment exceeding the purchase card limit). The temporary increase in the purchase card limit must be approved in writing by the CEO or relevant General Manager in accordance with paragraph 5.1 of this Policy. The temporary increase is only applicable until the end of the existing billing period.



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- 6.2.3. Card holders are responsible for ensuring individual purchases do not exceed their financial delegation, regardless of whether the monthly purchase card limit exceeds their financial delegation for individual purchases.

6.3. Record Keeping

- 6.3.1. The Purchase Card Holder is responsible for requesting a tax invoice or receipt is provided by the supplier or merchant upon payment. An EFTPOS receipt is not a sufficient form of documentation.
- 6.3.2. In instances where a tax invoice or receipt is not available or inadvertently lost, the purchase card holder is required to make a declaration, advising the details of the purchase including the date, supplier, and details of the good or service purchased.
- 6.3.3. Purchases involving food and drinks must include a Fringe Benefits Tax – Catering form available on council's intranet detailing the reason for the catering, the location in which the catering is provided, the number of staff and non-staff in attendance, and whether alcohol was supplied. These details assist in determining the Fringe Benefits Tax implications.

6.4. Monthly Reconciliation and Review of Transactions

- 6.4.1. The card holder is required to reconcile the monthly purchase card transactions through Council's finance system, by coding the transactions to the relevant general ledger account with the matched taxation tax invoice or receipt. This reconciliation is required to be completed within 10 business days from the end of the month, unless agreed otherwise with Finance.
- 6.4.2. Once the card holder has completed their reconciliation, the purchases must be reviewed and authorised by the approving officer(s). The approving officer(s) will be as specified as follows:

Card Holder	Approving Officer(s)
Chief Executive Officer	- General Manager BSI and - Manager Finance and Procurement
General Managers	Chief Executive
Executive Assistants	- General Manager and - Manager Finance & Procurement / Team Leader Financial Accounting
All other card holders	The employee's leader / Manager of the respective business unit

- 6.4.3. In the event the approving officer has concerns regarding a transaction, they should be raised directly with the card holder in the first instance. If they do



not receive a satisfactory response, or still have concerns, they should be raised with the managers responsible for Finance and People and Culture.

6.5. Inappropriate or Fraudulent Use

6.5.1. Personal expenses of any kind are not to be incurred by a employee on a purchase card. If by unintentional causes, personal expenses are incurred, the card holder:

6.5.1.1. Is liable for the expenditure and will need to reimburse Council for the expenditure; and

6.5.1.2. Must report the personal transactions to their approving officer and Finance as soon as they are identified, and make arrangements to reimburse Council within 10 working days.

6.5.2. Where there are three or more instances of personal transactions being inadvertently made within a three month period, Finance may at its discretion recommend the card holder receive further training or the purchase card be cancelled.

6.5.3. If a card holder encounters one of the following instances:

- Identifies unverified or fraudulent transactions on their purchase card,
- Misplaces or has their purchase card stolen, or
- Believes their purchase card details have been compromised;

The card holder must immediately notify the financial institution that issued the card so a hold can be placed on the card. This will enable further investigation to be undertaken before determining if the card needs to be cancelled, and a new card issued.

Finance should subsequently be advised as soon as possible following contact with the financial institution.

6.5.4. In the event that the value of a legitimate transaction is disputed (eg. over payment or double payment), the card holder should contact the supplier or merchant to dispute the amount of the transaction. If this process is unsuccessful within five (5) business days, they should raise a dispute with the financial institution that issued the card.

6.5.5. Where an unverified transaction, fraudulent transaction or unresolved disputed transaction with a supplier or merchant exists, the transaction should be disputed with the financial institution that issued the card. Finance may assist the card holder in raising the dispute with the financial institution.

6.6. Return of Purchase Cards

6.6.1. Cards should be returned if they are not being utilised by the card holder.

6.6.2. If card holder takes extended leave longer than a period of 30 days, the card holder is required to notify Finance. Finance reserves the right to put the card on hold until the employee's return.

6.6.3. Should a card holder resign or retire from the City of Unley, the card must be returned no later than the last working day of employment.



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- 6.6.4. Should a card holder's employment be terminated or suspended, the card holder or their leader must advise People and Culture for further instruction.

6.7. Annual Review of Purchase Cards

- 6.7.1. Finance will conduct an annual review of purchase card utilisation and limits to ensure:
- 6.7.1.1. Purchase cards are, in general, being utilised effectively and appropriately.
 - 6.7.1.2. The allocation of purchase cards across the council is appropriate;
 - 6.7.1.3. Confirm that card holders have signed the Purchase Card Agreement Form on an annual basis, acknowledging they have read this Policy and understand their responsibilities; and
 - 6.7.1.4. Monthly purchase card reconciliations are being consistently completed within the required timeframes.
- 6.7.2. The annual review is not intended to be an internal audit of purchase card utilisation, nor a review of internal controls which is undertaken separately as part of the review of the Internal Financial Controls.

7. LEGISLATION

- 7.1. This policy applies the provisions of the *Local Government Act 1999* (the Act) Section 124, (Accounting Records to be Kept), regarding how financial information pertaining to purchase card transactions and reconciliations are undertaken.
- 7.2. This policy strengthens the internal financial controls as required by Section 125 of the *Local Government Act (1999)*. Councils 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.
- 7.3. Section 137 (Expenditure of funds) of the *Local Government Act 1999* gives Council the power to expend its funds in the exercise, performance or discharge of its powers, functions or duties under the Act or any other Act. Council has delegated this power, with limitations, to the Chief Executive Officer (CEO) in accordance with Section 44 of the Act and this power is further sub-delegated in accordance with Section 101 of the Act.
- 7.4. Schedule 4 of the *Local Government Act (1999)* schedule 4, clause 1 (l) requires "... a statement of the total amount of expenditure incurred using credit cards provided by the council for use by members or employees of the council during the relevant financial year..." to be included in the Annual Report. The presentation in the Annual report as per Regulation 35(2), *Local Government (General) Regulations 2013 (Mandatory)* defines that there are no prescribed requirements as to how the content is presented. However, the minimum requirement is to present the total credit card expenditure.



Policy Name

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8. AVAILABILITY OF POLICY

8.1. The Policy is available for public inspection during normal office hours at:

The Civic Centre,

181 Unley Road, Unley SA 5061.

A copy may be purchased for a fee as determined annually by Council.

It is also available for viewing, download and printing free of charge from the Council's website www.unley.sa.gov.au.

9. DOCUMENT HISTORY

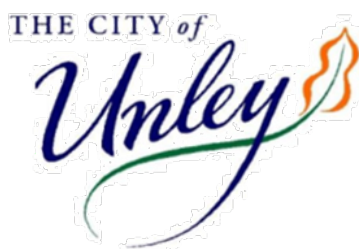
Date	Ref/Version No.	Comment
2015	V1	
2022	V2	Endorsed by EMT 13 December 2022



Policy Name

Page 9 of 9

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CORPORATE PURCHASE CARD POLICY

Policy Type	Administrative
Responsible Department	Corporate Support
Responsible Officer	Manager Finance and Procurement
Related Policies and Procedures	• Code of Conduct for Employees Policy • Hospitality, Travel and Expenditure Policy • Procurement Policy • Risk Management Policy • Training and Development Policy
Community Plan 'Towards 2050' Link	This Policy supports the Community Plan's guiding principles of Integrity, Engagement, Financially Sustainable and Thought Leadership.
Date Originally Adopted	June 2015
Last Review Date	13 December 2022
Next Review Date	June 2028
ECM Document No.	8744709

1. PREAMBLE

- 1.1. Corporate Purchase Cards have been implemented to enable City of Unley staff to transact in an efficient and convenient manner when undertaking low risk purchases \$2,000 (GST exclusive).
- 1.2. Purchase cards offer a convenient and traceable payment option which assists to streamline business processes, improve purchasing efficiency and reduce administrative costs.
- 1.3. Purchase cards should be recognised as a valuable tool to support the operation of Council's daily business and not as a benefit assigned to specific individuals.

2. SCOPE

- 2.1. This policy applies to all City of Unley employees and relates to the use of purchase cards to purchase goods or services utilising council funds, in undertaking council business.
- 2.2. This policy does not apply to Elected Members as they are not permitted to hold purchase cards.

3. PURPOSE/OBJECTIVES

- 3.1. The objectives of this Policy are to ensure clarity, accountability and transparency in procurement activities where corporate purchase cards are used.
- 3.2. This policy explains the responsibilities and requirements involved in the utilisation and administration of purchase cards and provides clarity to employees of their responsibilities when managing and using purchase cards.

4. DEFINITIONS

<u>Term</u>	<u>Definition</u>
Approving Officer	The officer responsible for the review and approval of the cardholder's transactions.
Cardholder	An employee of Council issued with a corporate purchase card to make purchases for legitimate Council business.
Corporate Purchase Cards	Any type of authorised corporate purchasing card, including credit, debit, EFTPOS and similar bank cards facilities administered by the Finance Team for the use of employees for Council business.
Council	The City of Unley.
Employee	An officer directly employed by the City of Unley. Specifically excludes contractors and temporary staff for the purposes of this policy.
Financial Delegation	The authority (assigned to an individual's position) to authorise financial transactions up to a determined limit, as set out in the Financial Delegations Register.
Financial Institution	The bank providing the corporate purchase card facility to council.
Finance Team	The Financial Accounting Team of Council, led by the Team Leader Financial Accounting.
Merchant	A supplier of a good or service.
Personal Expenses	Any expenditure undertaken that is not related to Council activities.
PIN	The Personal Identification Number assigned to a card for electronic purchase authorisation.
Purchase Card Limit	The limit capping the maximum amount that can be purchased on that purchase card in a billing period.

5. ROLES AND RESPONSIBILITIES

<u>Role</u>	<u>Responsibilities</u>
Mayor	Responsible for jointly approving an amendment to the Chief Executive Officer's corporate purchase card limit in consultation with the General Manager Corporate Support.
Chief Executive Officer (CEO)	Responsible for the approval of corporate purchase card applications and card limits for the Executive Leadership Team.

Executive Leadership Team (ELT)	Responsible for the approval of corporate purchase card applications and card limits for staff within their portfolio.
General Manager Corporate Support	Responsible for jointly approving an amendment to the Chief Executive Officer's corporate purchase card limit in consultation with the Mayor.
Management Team	- Responsible for ensuring that corporate purchase cards issued to staff within their teams are used appropriately. - Responsible for reviewing and authorising monthly expenditure.
Manager Finance and Procurement	- Responsible for the review and application of this Policy - Responsible for reviewing the utilisation and limits of corporate purchase cards annually.
Finance Team	Responsible for the administration of corporate purchase cards.
All Employees	Must comply with the requirements of this Policy.

6. STATEMENT

6.2. Purchase Card Administration

6.2.1. The Finance Team is responsible for the administration of purchase cards. This includes:

- Ordering, cancelling, and adjusting the limits of purchase cards upon the receipt of the appropriate written approval.
- Ensuring that monthly reconciliations are completed in accordance with requirements of this Policy.
- Maintaining a register of purchase cards including their authorised limits, expiry dates and copies of signed 'Purchase Card Holder Agreement' Forms.
- Maintaining a register of non-compliance with the requirements of this Policy, including inappropriate use of purchase cards, and instances of lost or stolen cards.
- Maintaining documentation relating to authorised changes to purchase cards and monthly reconciliations.
- Conducting an annual review of purchase card utilisation and limits, and providing recommendations for any changes to the Manager Finance and Procurement for consideration.

6.2.2. Purchase card limits should be set in consultation with the Finance Team and with regards to the responsibilities and seniority of the cardholder's position.

6.2.2.1. Officers with delegated authority to approve purchase cards and card limits are identified in the above 'Roles and Responsibilities' section of this policy.

6.2.3. Only employees directly employed by the City of Unley are able to be issued with a purchase card. The issuing of a purchase card to a temporary staff member, contractor or Elected Member is not permitted.

6.3. Approval and Issuing of Purchase Cards

- 6.3.1. The Finance Team will arrange for the issuing of a corporate purchase card once the necessary approvals have been received.
- 6.3.2. The CEO's corporate purchase card will be set at \$10,000 unless otherwise agreed by the Mayor and the General Manager Corporate Support, or extenuating circumstances in which Council's Business Continuity Plan is enacted.

6.4. Cancellation, Suspension and Return of Purchase Cards

- 6.4.1. Purchase Cards should be surrendered if they are not being utilised or are no longer required by the cardholder.
- 6.4.2. If a cardholder takes extended leave longer than a period of 30 days, the cardholder is required to notify the Finance Team. The Finance Team reserves the right to put the card on hold until the employee's return.
- 6.4.3. Should a cardholder resign or retire from the City of Unley, the card must be returned to the Finance Team no later than the last working day of employment.
- 6.4.4. Should a cardholder's employment be terminated or suspended, the Finance Team will put the card on hold once notified.

6.5. Annual Review of Purchase Cards

- 6.5.1. The Finance Team will conduct an annual review of purchase card utilisation and limits to ensure:
 - 6.5.1.1. Purchase cards are, in general, being utilised effectively and appropriately.
 - 6.5.1.2. The allocation of purchase cards across the organisation is appropriate;
 - 6.5.1.3. Monthly purchase card reconciliations are being consistently completed within the required timeframes.
- 6.5.2. Any findings or recommendations resulting from the review will be provided to the Manager Finance and Procurement for consideration and any necessary action.
- 6.5.3. The annual review is not intended to be an internal audit of purchase card utilisation, nor a review of internal controls which is undertaken separately as part of the review of the Internal Financial Controls.

6.6. Purchase Card Limits

- 6.6.1. Each purchase card shall have a monthly limit capping the maximum amount that can be purchased on that purchase card in any one (1) billing period.
- 6.6.2. A temporary increase in the monthly limit may be requested by a card holder (excluding the Chief Executive Officer) for specific circumstances (e.g. a low-risk one-off payment exceeding the purchase card limit). The temporary increase in the purchase card limit must be approved in writing by the CEO or relevant General Manager. The temporary increase is only applicable until the end of the existing billing period.
- 6.6.3. Cardholders are responsible for ensuring individual purchases do not exceed their financial delegation.

6.7. Record Keeping

- 6.7.1. The cardholder is responsible for ensuring that a tax invoice or tax compliant receipt is provided by the supplier or merchant upon payment. An EFTPOS receipt is not a sufficient form of documentation.

- 6.7.2. In instances where a tax invoice or receipt is not available or lost, and reasonable attempts have been made to obtain a copy from the supplier, the purchase card holder is required to make a declaration, advising the details of the purchase including the date, supplier, and details of the good or service purchased.
- 6.7.3. Purchases involving food and drinks must include a 'Fringe Benefits Tax – Catering' form available on council's intranet to assist the Finance Team in determining the Fringe Benefits Tax implications.

6.8. Terms of Use

- 6.8.1. A purchase card is assigned to an individual cardholder and should not be used by anyone else, or without the cardholder present.
- 6.8.2. The cardholder is responsible for the security and safe keeping of the card at all times, and may not provide the card, card details, or PIN to another staff member or person to undertake a transaction on their behalf.
- 6.8.3. Cardholders must sign a 'Purchase Card Holder Agreement Form' to acknowledge that they are aware of this Policy and understand their obligations prior to accepting a purchase card. The onus is on the cardholder to ensure they maintain compliance with this Policy, including consideration of any revisions or changes.
- 6.8.4. Cardholders will be advised of any changes to the Policy, but will not be required to sign a new Agreement Form.
- 6.8.5. Cardholders are responsible for ensuring that purchase cards are used in accordance with their financial delegation of authority and Council's policies, procedures, and guidelines.
 - 6.8.5.1. As such, whilst an officer can request that a cardholder make a purchase, the cardholder maintains full discretion as to whether to make that purchase based on whether they believe it is for a legitimate business expense.
- 6.8.6. For online purchases, all purchases must be made through a City of Unley account, not a cardholder's personal account, and the City of Unley's ABN should be provided to the vendor for GST purposes.
- 6.8.7. Purchase cards are intended to be used for low-risk purchases under \$2,000 (GST exclusive) where the convenience and efficiency of paying by purchase card outweighs any risk associated with the purchase.
- 6.8.8. Purchases over \$2,000 (GST exclusive) may be made in isolated circumstances provided:
 - 6.8.8.1. The purchase is within the card holder's delegated authority;
 - 6.8.8.2. The cardholder has considered the requirements of the Procurement Policy, including the requirement for purchase orders to be utilised for purchases over \$2,000 (GST exclusive) unless the purchase is on the exception list;
 - 6.8.8.3. The cardholder has carefully considered the risks involved in undertaking the purchase and has satisfied themselves the convenience and efficiency of paying by purchase card outweighs the risks; and
 - 6.8.8.4. The cardholder has received written approval (e.g. email confirmation) from their Manager to expend the amount over \$2,000 before the transaction occurs.

- 6.8.9. Prior to undertaking a purchase, the cardholder should consider:
 - 6.8.9.1. The appropriateness of the amount of the expenditure;
 - 6.8.9.2. The merits of an alternative method of payment (e.g. via accounts payable);
 - 6.8.9.3. Whether the expenditure was reasonably necessary for the carrying out the council's functions; and
 - 6.8.9.4. Whether The expenditure is budgeted, presents reasonable value for money, and is in line with Council's policies, procedures and guidelines.
- 6.8.10. The cardholder should also check if there are any specific requirements within Council's suite policies and procedures prior to undertaking expenditure. For example, the Training and Development Policy requires General Manager approval prior to booking a training course.
- 6.8.11. Users should exercise caution when using their purchase card, including verifying that the websites are trusted and secured. Purchase card details should not be sent via any unsecured form of transmission, including SMS (text message), email, or any another form of physical or electronic transmission.
- 6.8.12. Cash advances are not permitted and BPAY facilities are not available.
- 6.8.13. Purchase cards are not to be linked to any form of loyalty points or rewards program.

6.9. Monthly Reconciliations and Review

- 6.9.1. Card holders are responsible for completing a monthly reconciliation of the transactions on their purchase card by the 15th day of each month, unless advised or agreed otherwise with Finance.
- 6.9.2. Transactions are required to be allocated in Council's finance system, by coding the transactions to the relevant ledger account along with the corresponding tax invoice or tax compliant receipt.
- 6.9.3. Cardholders are responsible for advising their approving officer and the Finance Team of any personal transactions, inadvertently made, as soon as they are identified. Cardholders are required to make arrangements with the Finance Team to reimburse Council as soon as possible.
- 6.9.4. Approving Officers are responsible for the monthly review and approval of purchase card transactions as part of the reconciliation process.
 - 6.9.4.1. Approving Officers will generally be the cardholder's direct manager or supervisor, but authority can continue 'up the chain' as required. An approving officer can never be a subordinate of a cardholder.
 - 6.9.4.2. The General Manager Corporate Support and Manager Finance and Procurement are the relevant approving officers for the Chief Executive Officer.
- 6.9.5. Approving officers are responsible for taking reasonable steps to ensure the purchases are in accordance with this Policy.
- 6.9.6. In the event the Approving Officer has concerns regarding a transaction, they should be raised directly with the cardholder in the first instance. If a satisfactory explanation is not provided, or the Approving Officer still has concerns, they should be raised with the Manager Finance and Procurement.
- 6.9.7. Any inappropriate use of purchase cards should be reported to the Finance Team immediately. The Finance Team in liaison with the Manager Finance and

Procurement and Manager People and Culture, initiate an investigation in accordance with Council's disciplinary procedures.

6.10. Inappropriate Use

- 6.10.1. Inappropriate use encompasses any use of the purchase card that is not for legitimate Council business or does not meet the requirements of this policy. This includes the use of the purchase card for personal expenses.
- 6.10.2. Personal expenses of any kind are not to be incurred by an employee on a purchase card. If, by unintentional causes, personal expenses are incurred, the cardholder:
 - 6.10.2.1. Is liable for the expenditure and will need to reimburse Council for the expenditure; and
 - 6.10.2.2. Must report the personal transactions to their approving officer and the Finance Team as soon as they are identified.
- 6.10.3. Once notified, the Finance Team will issue an invoice to the employee for reimbursement, which must be paid as soon as practicable.
- 6.10.4. Where there are repeated instances of inappropriate or personal transactions being made within a twelve (12) month period, the Finance Team will recommend to the Manager Finance and Procurement that the cardholder receive further training or the purchase card be cancelled.
- 6.10.5. In the event that the value of a legitimate transaction is disputed (e.g. over payment or double payment), the cardholder should contact the supplier or merchant to dispute the amount of the transaction. If this process is unsuccessful within five (5) business days, they should raise a dispute with the financial institution that issued the purchase card.
- 6.10.6. Where an unverified transaction, fraudulent transaction or unresolved disputed transaction with a supplier or merchant exists, the transaction should be disputed with the financial institution that issued the purchase card. The Finance Team may assist the card holder in raising the dispute with the financial institution.
- 6.10.7. Instances of inappropriate and fraudulent use will be recorded on a register maintained by the Finance Team.

6.11. Lost or Stolen Cards or Fraudulent Use

- 6.11.1. Card holders are responsible for immediately advising the financial institution that issued the card should one of the following occur:
 - they identify unverified or fraudulent transactions,
 - they misplace their purchase card or have the card stolen, or
 - believe their purchase card details have been compromised.

The cardholder must immediately notify the financial institution that issued the card so a hold can be placed on the card. This will enable further investigation to be undertaken before determining if the card needs to be cancelled, and a new card issued.

The Finance Team should subsequently be advised as soon as possible.
- 6.11.2. Instances of lost or stolen cards will be recorded on a register maintained by the Finance Team.

7. DELEGATIONS

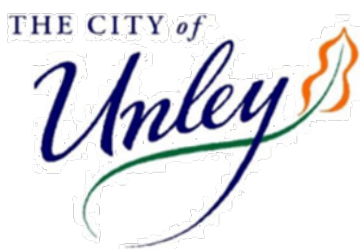
- 7.1. Implementation of this Policy must be undertaken in accordance with appropriate financial delegations as specified in Council's Financial Delegations Register, pursuant to section 137 of the *Local Government Act 1999*.

8. LEGISLATION

- *Local Government Act 1999*

9. DOCUMENT HISTORY

Date	Version No.	Comment
2015	V1	
2022	V2	Endorsed by EMT 13 December 2022
2025	V3 Draft	



CORPORATE PURCHASE CARD POLICY

Policy Type	Administrative
Responsible Department	Corporate Support
Responsible Officer	Manager Finance and Procurement
Related Policies and Procedures	• <u>Code of Conduct for Employees Policy</u> • <u>Hospitality, Travel and Expenditure Policy</u> • Procurement Policy • Procurement Policy Framework • Internal Financial Control Framework • Financial Delegations Policy and Register • Entertainment and Hospitality Policy • Rewards and Recognition Program • Employee Code of Conduct • <u>Risk Management Policy</u> • <u>Training and Development Policy</u>
Community Plan 'Towards 2050' Link	This Policy supports the Community Plan's guiding principles of Integrity, Engagement, Financially Sustainable and Thought Leadership.
Date Originally Adopted	June 2015
Last Review Date	13 December 2022
Next Review Date	June 2025 8
ECM Document No.	<u>8744709</u>

1. PREAMBLE

- 1.1. Corporate Purchase Cards ~~(purchase cards)~~ have been implemented to enable City of Unley staff to transact in an efficient and convenient manner when undertaking low risk purchases, ~~typically~~ under \$2,000 (GST exclusive).
- 1.2. Purchase cards offer a convenient and traceable payment option which assists to streamline business processes, improve purchasing efficiency and reduce administrative costs.

1.3. Purchase cards should be recognised as a valuable tool to support the operation of Council's daily business and not as a benefit assigned to specific individuals.

~~1.4. Purchase cards holders (card holders) are responsible for the appropriate use of purchase cards in accordance with Council's policies and Employee Code of Conduct.~~

2. SCOPE

2.1. This policy applies to all City of Unley employees and relates to the use of purchase cards to purchase goods or services, utilising council funds, in undertaking council business.

2.2. This policy does not apply to Elected Members as they are not permitted to hold purchase cards.

3. PURPOSE/OBJECTIVES

3.1. The objectives of this Policy are to ensure clarity, accountability and transparency in procurement activities where corporate purchase cards are used.

3.1.3.2. This policy explains the responsibilities and requirements involved in the utilisation and administration of purchase cards ~~including and provides clarity to employees of their responsibilities when managing and using purchase cards.~~

~~3.1.1. The approval process for issuing purchase cards and purchase card limits;~~

~~3.1.2. The circumstances in which purchase cards may be utilised;~~

~~3.1.3. The responsibilities of council employees when utilising purchase cards;~~

~~3.1.4. The monthly reconciliation and review of purchases through purchase cards;~~

~~3.1.5. The process to address inappropriate or fraudulent use of purchase cards;~~

~~3.1.6. The circumstances requiring the return of purchase cards; and~~

~~3.1.7. The annual review of purchase card utilisation.~~

~~3.2. This policy provides clarity to council employees of their responsibilities in receiving and using purchase cards.~~

~~3.3. This policy also strengthens the internal financial controls for the use and administration of purchase cards.~~

4. DEFINITIONS

<u>Term</u>	<u>Definition</u>
Approving Officer(s)	The position holder(s) who is/are <u>officer</u> responsible for the review and approval of the card holder's <u>cardholder's</u> transactions on a monthly basis.
<u>Card Holder</u><u>Cardholder</u>	An employee of Council authorised to use <u>issued with</u> a corporate purchase card to make purchases in the course of conducting council <u>for legitimate Council</u> business.
Corporate Purchase Cards	Any type of authorised corporate purchasing card, including credit, debit, EFTPOS and similar bank cards facilities established <u>administered</u> by <u>the Finance</u> to conduct council <u>Team for the use of employees for Council</u> business.
Council	The City of Unley.
<u>Employee</u>	<u>An officer directly employed by the City of Unley. Specifically excludes contractors and temporary staff for the purposes of this policy.</u>

Financial Delegation	The limit placed on authority (assigned to an individual transaction for specific individual's position) to authorise financial transactions up to a determined limit, as set out in the Financial Delegations Register.
Financial Institution	The bank or credit union providing the <u>corporate</u> purchase card facility to council.
Finance <u>Team</u>	The Manager responsible for the finance function or team leader responsible for financial accounting. The Financial Accounting Team of Council, led by the Team Leader Financial Accounting.
Merchant	A supplier of a good or service.
Monthly Limit	The maximum credit amount allowed to be accumulated on a corporate credit card before requiring repayment over any given period.
Personal Expenses	Any expenditure undertaken to receive a personal benefit and that is not related to work or business Council activities.
PIN	The Personal Identification Number assigned to a card for electronic purchase authorisation.
Purchase Card Limit	The limit capping the maximum amount that can be purchased on that purchase card in any one (1) a billing period.

5. ROLES AND RESPONSIBILITIES

<u>Role</u>	<u>Responsibilities</u>
CEO Review Panel Mayor	Responsible for the approval of jointly approving an amendment to the Chief Executive Officer's corporate purchase card applications for the Chief Executive Officer limit in consultation with the General Manager Corporate Support.
Chief Executive Officer (CEO)	Responsible for the approval of corporate purchase card applications <u>and card limits</u> for the Executive Leadership Team.
Executive Leadership Team (ELT)	Responsible for the approval of corporate purchase card applications <u>and card limits</u> for staff within their portfolio.
<u>General Manager Corporate Support</u>	<u>Responsible for jointly approving an amendment to the Chief Executive Officer's corporate purchase card limit in consultation with the Mayor.</u>
Management Team	- Responsible for ensuring that corporate purchase cards issued to staff within their teams are used appropriately. - Responsible for reviewing and authorising monthly expenditure.
Manager Finance and Procurement	<u>Responsible for the review and application of this Policy</u> <u>Responsible for reviewing the utilisation and limits of corporate purchase cards annually.</u>

Finance Team	Responsible for the administration of corporate purchase cards.
All Employees	Must comply with the requirements of this Policy.

6. STATEMENT

6.1. ~~Authority to issue purchase cards and alter purchase card limits~~

- ~~6.1.1. The Chief Executive Officer's purchase card, and purchase card limit, shall be approved by the CEO Review Panel.~~
- ~~6.1.2. **Purchase** cards and purchase card limits for general managers shall be approved by the Chief Executive Officer.~~
- ~~6.1.3. A general manager has delegated authority to approve purchase cards and set purchase card limits for employees within their respective department.~~
- ~~6.1.4. Purchase card limits should be set in consultation with Finance and with regard to the responsibilities and seniority of the position.~~
- ~~6.1.5. Approved changes must be submitted in writing to Finance prior to implementation.~~

6.2. ~~Purchase card~~Card Administration

6.2.1. The Finance Team is responsible for the administration of purchase cards. This includes:

- Ordering, cancelling, and adjusting the limits of ~~a~~ purchase cards upon ~~written request from the authorised person or Committee in the case~~receipt of the Chief Executive Officer;appropriate written approval.
- Ensuring ~~the~~eat monthly reconciliations are completed in accordance with ~~the Corporate Purchase Card Procedure on council's intranet;~~requirements of this Policy.
- Maintaining a register of purchase cards including their authorised limits, expiry dates and ~~the~~ copies of ~~the~~ signed 'Purchase Card Holder Agreement' Forms;.
- Maintaining a register of non-compliance with the requirements of this Policy, including inappropriate use of purchase cards, and instances of lost or stolen cards.
- Maintaining documentation relating to authorised changes to purchase cards and monthly reconciliations;and.
- Conducting an annual review of purchase card utilisation and limits, and providing recommendations for any changes to the Manager Finance and Procurement for consideration.

~~6.2.2. Purchase card limits should be set in consultation with the Finance Team and with regards to the responsibilities and seniority of the cardholder's position.~~

~~6.2.2.1. Officers with delegated authority to approve purchase cards and card limits are identified in the above 'Roles and Responsibilities' section of this policy.~~

- 6.2.3. Only employees directly employed by the City of Unley are able to be issued with a purchase card. The issuing of a purchase card to a temporary staff member, contractor or Elected Member is not permitted.

6.3. Approval and Issuing of Purchase Cards

- 6.3.1. The Finance Team will arrange for the issuing of a corporate purchase card once the necessary approvals have been received.
- 6.3.2. The CEO's corporate purchase card will be set at \$10,000 unless otherwise agreed by the Mayor and the General Manager Corporate Support, or extenuating circumstances in which Council's Business Continuity Plan is enacted.

6.4. Cancellation, Suspension and Return of Purchase Cards

- 6.4.1. Purchase Cards should be surrendered if they are not being utilised or are no longer required by the cardholder.
- 6.4.2. If a cardholder takes extended leave longer than a period of 30 days, the cardholder is required to notify the Finance Team. The Finance Team reserves the right to put the card on hold until the employee's return.
- 6.4.3. Should a cardholder resign or retire from the City of Unley, the card must be returned to the Finance Team no later than the last working day of employment.
- 6.4.4. Should a cardholder's employment be terminated or suspended, the Finance Team will put the card on hold once notified.

6.5. Annual Review of Purchase Cards

- 6.5.1. The Finance Team will conduct an annual review of purchase card utilisation and limits to ensure:
- 6.5.1.1. Purchase cards are, in general, being utilised effectively and appropriately.
- 6.5.1.2. The allocation of purchase cards across the organisation is appropriate:
- 6.5.1.3. Monthly purchase card reconciliations are being consistently completed within the required timeframes.
- 6.5.2. Any findings or recommendations resulting from the review will be provided to the Manager Finance and Procurement for consideration and any necessary action.
- 6.5.3. The annual review is not intended to be an internal audit of purchase card utilisation, nor a review of internal controls which is undertaken separately as part of the review of the Internal Financial Controls.

6.6. Purchase Card Limits

- 6.6.1. Each purchase card shall have a monthly limit capping the maximum amount that can be purchased on that purchase card in any one (1) billing period.
- 6.6.2. A temporary increase in the monthly limit may be requested by a card holder (excluding the Chief Executive Officer) for specific circumstances (e.g. a low-risk one-off payment exceeding the purchase card limit). The temporary increase in the purchase card limit must be approved in writing by the CEO or relevant General Manager. The temporary increase is only applicable until the end of the existing billing period.

6.3.—Purchase card Use and Reconciliations

- 6.6.3. Card-holdersCardholders are responsible for ensuring individual purchases do not exceed their financial delegation.

6.7. Record Keeping

- 6.7.1. The cardholder is responsible for ensuring that a tax invoice or tax compliant receipt is provided by the supplier or merchant upon payment. An EFTPOS receipt is not a sufficient form of documentation.
- 6.7.2. In instances where a tax invoice or receipt is not available or lost, and reasonable attempts have been made to obtain a copy from the supplier, the purchase card holder is required to make a declaration, advising the details of the purchase including the date, supplier, and details of the good or service purchased.
- 6.7.3. Purchases involving food and drinks must include a 'Fringe Benefits Tax – Catering' form available on council's intranet to assist the Finance Team in determining the Fringe Benefits Tax implications.

6.8. Terms of Use

- 6.8.1. theA purchase card is assigned to an individual cardholder and should not be used by anyone else, or without the cardholder present.
- 6.8.2. The cardholder is responsible for the security and safe keeping of the card at all times, and may not provide the card, card details, or PIN to another staff member or person to undertake a transaction on their behalf.
- 6.8.3. Cardholders must sign a 'Purchase Card Holder Agreement Form' to acknowledge that they are aware of this Policy and understand their obligations prior to accepting a purchase card. The onus is on the cardholder to ensure they maintain compliance with this Policy, including consieration of any revisions or changes.
- 6.8.4. Cardholders will be advised of any changes to the Policy, but will not be required to sign a new Agreement Form.
- ~~6.3.1.~~6.8.5. Cardholders are responsible for ensuring that purchase cards are used in accordance with their financial delegation of authority and Council's policies, procedures, and guidelines, including, but not exclusive to:
- this Policy,
 - the Procurement Policy and Framework,
 - the Entertainment and Hospitality Policy,
 - the Recognition Guidelines, and
 - the Employee Code of Conduct.
- ~~6.3.2. Card holders must sign a Purchase Card Holder Agreement Form to acknowledge they have read this Policy prior to accepting a purchase card. Where changes to this Policy are made, a new Agreement Form must be signed within 30 days of the implementation of the new Policy.~~
- 6.8.5.1. As such, whilst an officer can request that a cardholder make a purchase, the cardholder maintains full discretion as to whether to make that purchase based on whether they believe it is for a legitimate business expense.
- 6.8.6. For online purchases, all purchases must be made through a City of Unley account, not a cardholder's personal account, and the City of Unley's ABN should be provided to the vendor for GST purposes.

- 6.8.7. Purchase cards are intended to be used for low-risk purchases under \$2,000 (GST exclusive) where the convenience and efficiency of paying by purchase card outweighs any risk associated with the purchase.
- 6.8.8. Purchases over \$2,000 (GST exclusive) may be made in isolated circumstances provided:
- 6.8.8.1. The purchase is within the card holder's delegated authority;
 - 6.8.8.2. The cardholder has considered the requirements of the Procurement Policy, including the requirement for purchase orders to be utilised for purchases over \$2,000 (GST exclusive) unless the purchase is on the exception list;
 - 6.8.8.3. The cardholder has carefully considered the risks involved in undertaking the purchase and has satisfied themselves the convenience and efficiency of paying by purchase card outweighs the risks; and
 - 6.8.8.4. The cardholder has received written approval (e.g. email confirmation) from their Manager to expend the amount over \$2,000 before the transaction occurs.
- 6.8.9. Prior to undertaking a purchase, the cardholder should consider:
- 6.8.9.1. The appropriateness of the amount of the expenditure;
 - 6.8.9.2. The merits of an alternative method of payment (e.g. via accounts payable);
 - 6.8.9.3. Whether the expenditure was reasonably necessary for the carrying out the council's functions; and
 - 6.8.9.4. Whether The expenditure is budgeted, presents reasonable value for money, and is in line with Council's policies, procedures and guidelines.
- 6.8.10. The cardholder should also check if there are any specific requirements within Council's suite policies and procedures prior to undertaking expenditure. For example, the Training and Development Policy requires General Manager approval prior to booking a training course.
- 6.8.11. Users should exercise caution when using their purchase card, including verifying that the websites are trusted and secured. Purchase card details should not be sent via any unsecured form of transmission, including SMS (text message), email, or any another form of physical or electronic transmission.
- 6.8.12. Cash advances are not permitted and BPAY facilities are not available.
- 6.8.13. Purchase cards are not to be linked to any form of loyalty points or rewards program.

6.9. Monthly Reconciliations and Review

- ~~6.3.3.~~6.9.1. Card holders are responsible for completing a monthly reconciliation of the transactions on their purchase card, ~~within 10 working days by the 15th day of the end of the each~~ month, unless advised or agreed otherwise with Finance.
- 6.9.2. Transactions are required to be allocated in Council's finance system, by coding the transactions to the relevant ledger account along with the corresponding tax invoice or tax compliant receipt.
- 6.9.3. Cardholders are responsible for advising their approving officer and the Finance Team of any personal transactions, inadvertently made, as soon as they are

- identified. Cardholders are required to make arrangements with the Finance Team to reimburse Council as soon as possible.
- 6.9.4. Approving Officers are responsible for the monthly review and approval of purchase card transactions as part of the reconciliation process.
- 6.9.4.1. Approving Officers will generally be the cardholder's direct manager or supervisor, but authority can continue 'up the chain' as required. An approving officer can never be a subordinate of a cardholder.
- 6.9.4.2. The General Manager Corporate Support and Manager Finance and Procurement are the relevant approving officers for the Chief Executive Officer.
- 6.9.5. Approving officers are responsible for taking reasonable steps to ensure the purchases are in accordance with this Policy.
- 6.9.6. In the event the Approving Officer has concerns regarding a transaction, they should be raised directly with the cardholder in the first instance. If a satisfactory explanation is not provided, or the Approving Officer still has concerns, they should be raised with the Manager Finance and Procurement.
- 6.9.7. Any inappropriate use of purchase cards should be reported to the Finance Team immediately. The Finance Team in liaison with the Manager Finance and Procurement and Manager People and Culture, initiate an investigation in accordance with Council's disciplinary procedures.

6.10. Inappropriate Use

- 6.10.1. Inappropriate use encompasses any use of the purchase card that is not for legitimate Council business or does not meet the requirements of this policy. This includes the use of the purchase card for personal expenses.
- 6.10.2. Personal expenses of any kind are not to be incurred by an employee on a purchase card. If, by unintentional causes, personal expenses are incurred, the cardholder:
- 6.10.2.1. Is liable for the expenditure and will need to reimburse Council for the expenditure; and
- 6.10.2.2. Must report the personal transactions to their approving officer and the Finance Team as soon as they are identified.
- 6.10.3. Once notified, the Finance Team will issue an invoice to the employee for reimbursement, which must be paid as soon as practicable.
- 6.10.4. Where there are repeated instances of inappropriate or personal transactions being made within a twelve (12) month period, the Finance Team will recommend to the Manager Finance and Procurement that the cardholder receive further training or the purchase card be cancelled.
- 6.10.5. In the event that the value of a legitimate transaction is disputed (e.g. over payment or double payment), the cardholder should contact the supplier or merchant to dispute the amount of the transaction. If this process is unsuccessful within five (5) business days, they should raise a dispute with the financial institution that issued the purchase card.
- 6.10.6. Where an unverified transaction, fraudulent transaction or unresolved disputed transaction with a supplier or merchant exists, the transaction should be disputed with the financial institution that issued the purchase card. The Finance Team may assist the card holder in raising the dispute with the financial institution.

6.10.7. Instances of inappropriate and fraudulent use will be recorded on a register maintained by the Finance Team.

6.11. Lost or Stolen Cards or Fraudulent Use

~~6.3.4.~~ 6.11.1. Card holders are responsible for immediately advising the financial institution that issued the card should one of the following occur:

- they identify unverified or fraudulent transactions,
- they misplace their purchase card or have the card stolen, or
- believe their purchase card details have been compromised.

~~Finance should subsequently be advised as soon as possible.~~

~~6.3.5. Card holders are responsible for advising their approving officer and Finance of any personal transactions, inadvertently made, as soon as they are identified. Card holders are required to make arrangements to reimburse Council within 10 working days.~~

6.4. Review of Purchase Card Monthly Reconciliations

~~6.4.1. Approving officers, usually the card holder's leader, are responsible for the monthly review and approval of purchase card transactions as part of the reconciliation process.~~

~~6.4.2.1.1.1. The cardholder~~ Approving officers are responsible for taking reasonable steps to ensure the purchases are in accordance with this Policy.

~~6.4.3. Any inappropriate use of purchase cards should be reported to Finance and People and Culture immediately, with People and Culture initiating an investigation in accordance with Council's disciplinary procedures.~~

6.5.1.1. Terms of Use

~~6.5.1. Purchase cards are intended to be used for purchases under \$2,000 (GST exclusive) where the convenience and efficiency of paying by purchase card outweighs any minimal risk associated with the purchase.~~

~~6.5.2.1.1.1. Purchases over \$2,000 (GST exclusive) may be made in isolated circumstances provided:~~

~~6.5.2.1.1.1.1. The purchase is within the card holder's delegated authority;~~

~~6.5.2.2. The card holder has considered the requirements of the Procurement Policy, including the requirement for purchase orders to be utilised for purchases over \$2,000 (GST exclusive) unless the purchase is on the except list; and~~

~~6.5.2.3. The card holder has carefully considered the risks involved in undertaking the purchase and has satisfied themselves the convenience and efficiency of paying by purchase card outweighs the risks.~~

~~6.5.3. Prior to undertaking a purchase utilising a corporate purchase card, the purchase card holder should consider:~~

~~6.5.3.1.1.1.1. The appropriateness of the amount of the expenditure;~~

~~6.5.3.2. The merits of an alternative method of payment;~~

~~6.5.3.3.1.1.1.1. Whether the expenditure was reasonably necessary for the carrying out the council's functions; and~~

~~6.5.3.4. The expenditure is budgeted, presents reasonable value for money and is in line with Council's policies, procedures and guidelines.~~

~~6.5.4.1.1.1. The card holder should also check if there are any specific requirements within council's policies and procedures, prior to undertaking expenditure. For example, the Training and Development Policy requires General Manager approval prior to booking a training course.~~

~~6.5.5. Purchases may only be undertaken by the card holder.~~

~~6.5.6. If purchasing over the internet, only trusted and secured sites may be used. Website addresses should be directly entered into the web browser. Web site links received by email or other electronic means should not be used.~~

~~6.5.7. The card holder is responsible for the security and safe keeping of the card at all times, and may not provide the card, card details or PIN to another staff member or person to undertake a transaction on their behalf.~~

~~6.5.8. Purchase card details should not be sent under any circumstances by SMS (text message), email, or any another form of electronic transmission unless through a trusted and secure payment portal~~

~~6.5.9.1.1.1. Cash advances are not permitted and BPAY facilities are not available.~~

~~6.5.10.1.1.1. Purchase cards are not to be linked to any form of loyalty points or rewards program.~~

6.6.1.1. Purchase Card Limits

~~6.6.1.1.1.1. Each purchase card shall have a monthly limit capping the maximum amount that can be purchased on that purchase card in any one (1) billing period.~~

~~6.6.2.1.1.1. A temporary increase in the monthly limit may be requested by a card holder (excluding the Chief Executive Officer) for specific circumstances (eg. a low risk one-off payment exceeding the purchase card limit). The temporary increase in the purchase card limit must be approved in writing by the CEO or relevant General Manager in accordance with paragraph 5.1 of this Policy. The temporary increase is only applicable until the end of the existing billing period.~~

~~6.6.3. Card holders are responsible for ensuring individual purchases do not exceed their financial delegation, regardless of whether the monthly purchase card limit exceeds their financial delegation for individual purchases.~~

6.7.1.1. Record Keeping

~~6.7.1.1.1.1. The Purchase Card Holder is responsible for requesting a tax invoice or receipt is provided by the supplier or merchant upon payment. An EFTPOS receipt is not a sufficient form of documentation.~~

~~6.7.2. In instances where a tax invoice or receipt is not available or inadvertently lost, the purchase card holder is required to make a declaration, advising the details of the purchase including the date, supplier, and details of the good or service purchased.~~

~~6.7.3. Purchases involving food and drinks must include a Fringe Benefits Tax Catering form available on council's intranet detailing the reason for the catering, the location in which the catering is provided, the number of staff and non-staff in attendance, and whether alcohol was supplied. These details assist in determining the Fringe Benefits Tax implications.~~

6.8. Monthly Reconciliation and Review of Transactions

~~6.8.1. The card holder is required to reconcile the monthly purchase card transactions through Council's finance system, by coding the transactions to the relevant general ledger account with the matched taxation tax invoice or receipt. This reconciliation is required to be completed within 10 business days from the end of the month, unless agreed otherwise with Finance.~~

~~6.8.2. Once the card holder has completed their reconciliation, the purchases must be reviewed and authorised by the approving officer(s). The approving officer(s) will be as specified as follows:~~

Card Holder	Approving Officer(s)
Chief Executive Officer	General Manager BSI and Manager Finance and Procurement
General Managers	Chief Executive Officer
Executive Assistants	General Manager and Manager Finance & Procurement / Team Leader Financial Accounting
All other card holders	The employee's leader / Manager of the respo

~~6.8.3. In the event the approving officer has concerns regarding a transaction, they should be raised directly with the card holder in the first instance. If they do not receive a satisfactory response, or still have concerns, they should be raised with the managers responsible for Finance and People and Culture.~~

~~6.9. Inappropriate or Fraudulent Use~~

~~6.9.1. Personal expenses of any kind are not to be incurred by an employee on a purchase card. If by unintentional causes, personal expenses are incurred, the card holder:~~

~~6.9.1.1.1.1.1. Is liable for the expenditure and will need to reimburse Council for the expenditure; and~~

~~6.9.1.2. Must report the personal transactions to their approving officer and Finance as soon as they are identified, and make arrangements to reimburse Council within 10 working days.~~

~~6.9.2. Where there are three or more instances of personal transactions being inadvertently made within a three month period, Finance may at its discretion recommend the card holder receive further training or the purchase card be cancelled.~~

~~6.9.3. If a card holder encounters one of the following instances:~~

- ~~• Identifies unverified or fraudulent transactions on their purchase card;~~
- ~~• Misplaces or has their purchase card stolen, or~~
- ~~• Believes their purchase card details have been compromised;~~

~~The card holder must immediately notify the financial institution that issued the card so a hold can be placed on the card. This will enable further investigation to be undertaken before determining if the card needs to be cancelled, and a new card issued.~~

The Finance Team should subsequently be advised as soon as possible following contact with the financial institution.

~~6.9.4. In the event that the value of a legitimate transaction is disputed (eg. over payment or double payment), the card holder should contact the supplier or merchant to dispute the amount of the transaction. If this process is unsuccessful within five (5) business days, they should raise a dispute with the financial institution that issued the card.~~

~~6.9.5. Where an unverified transaction, fraudulent transaction or unresolved disputed transaction with a supplier or merchant exists, the transaction should be disputed with the financial institution that issued the card. Finance may assist the card holder in raising the dispute with the financial institution.~~

6.10. Return of Purchase Cards

~~6.10.1. Cards should be returned if they are not being utilised by the card holder.~~

~~6.10.2. If card holder takes extended leave longer than a period of 30 days, the card holder is required to notify Finance. Finance reserves the right to put the card on hold until the employee's return~~

~~6.10.3. Should a card holder resign or retire from the City of Unley, the card must be returned no later than the last working day of employment.~~

~~6.10.4. Should a card holder's employment be terminated or suspended, the card holder or their leader must advise People and Culture for further instruction.~~

6.11.1.1. Annual Review of Purchase Cards

~~6.11.1.1.1. Finance will conduct an annual review of purchase card utilisation and limits to ensure:~~

~~6.11.1.1.1.1. Purchase cards are, in general, being utilised effectively and appropriately.~~

~~6.11.1.2. The allocation of purchases cards across the council is appropriate;~~

~~6.11.1.3. Confirm that card holders have signed the Purchase Card Agreement Form on an annual basis, acknowledging they have read this Policy and understand their responsibilities; and~~

~~6.11.1.4.1.1.1. Monthly purchase card reconciliations are being consistently completed within the required timeframes.~~

~~6.11.2.1.1.1. The annual review is not intended to be an internal audit of purchase card utilisation, nor a review of internal controls which is undertaken separately as part of the review of the Internal Financial Controls.~~

6.11.2. Instances of lost or stolen cards will be recorded on a register maintained by the Finance Team.

7. DELEGATIONS

7.1. Implementation of this Policy must be undertaken in accordance with appropriate financial delegations as specified in Council's Financial Delegations Register, pursuant to section 137 of the Local Government Act 1999.

7.8. LEGISLATION

- ~~7.1. This policy applies the provisions of the Local Government Act 1999 (the Act) Section 124, (Accounting Records to be Kept), regarding how financial information pertaining to purchase card transactions and reconciliations are undertaken.~~
- ~~7.2. This policy strengthens the internal financial controls as required by Section 125 of the Local Government Act (1999). Councils 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.~~
- ~~7.3. Section 137 (Expenditure of funds) of the Local Government Act 1999 gives Council the power to expend its funds in the exercise, performance or discharge of its powers, functions or duties under the Act or any other Act. Council has delegated this power, with limitations, to the Chief Executive Officer (CEO) in accordance with Section 44 of the Act and this power is further sub-delegated in accordance with Section 101 of the Act.~~
- ~~7.4. Schedule 4 of the Local Government Act (1999) schedule 4, clause 1 (I) requires "... a statement of the total amount of expenditure incurred using credit cards provided by the council for use by members or employees of the council during the relevant financial year..." to be included in the Annual Report. The presentation in the Annual report as per Regulation 35(2), Local Government (General) Regulations 2013 (Mandatory) defines that there are no prescribed requirements as to how the content is presented. However, the minimum requirement is to present the total credit card expenditure.~~

• ~~XXXX~~

~~8. AVAILABILITY OF POLICY/PROCEDURE~~

- ~~8.1. The Policy/Procedure is available for public inspection during normal office hours at:~~

~~The Civic Centre,~~

~~181 Unley Road, Unley SA 5061.~~

~~A copy may be purchased for a fee as determined annually by Council.~~

~~It is also available for viewing, download and printing free of charge from the Council's website.~~

- Local Government Act 1999

9. DOCUMENT HISTORY

Date	Version No.	Comment
13/12/22 <u>2015</u>	<u>V1</u>	EMT-endorsed
<u>2022</u>	<u>V2</u>	<u>Endorsed by EMT 13 December 2022</u>
<u>2025</u>	<u>V3 Draft</u>	

INFORMATION REPORT

REPORT TITLE:	IA2025-02 POLICY FRAMEWORK REPORT INTERNAL AUDIT
ITEM NUMBER:	2.5
DATE OF MEETING:	12 AUGUST 2025
AUTHOR:	JIM PHILLIPS, PRINCIPAL RISK MANAGEMENT OFFICER
DIVISION:	OFFICE OF THE CEO
ATTACHMENTS:	1. IA2025-02 POLICY FRAMEWORK REPORT 2. OUTSTANDING POLICIES AND PROCEDURES AS AT 1 AUGUST 2025

1. **PURPOSE**

This report presents the findings of the Internal Audit IA2025-02 Policy Framework Report. This audit was a planned audit approved by the Audit and Risk Committee at its meeting held on 12 November 2024.

2. **RECOMMENDATION**

That:

1. The report be received.
-

3. **RELEVANT CORE STRATEGIES – COMMUNITY PLAN ‘TOWARDS 2050’**

This report supports the Community Plan's guiding principles of Integrity, Engagement, Financially Sustainable and Thought Leadership.

4. **BACKGROUND**

This internal audit, conducted collaboratively between Internal Audit and the Governance Risk and Strategy portfolio of the City of Unley, focuses on evaluating and improving the policy development process rather than assessing compliance. It includes document reviews and interviews with policy managers.

5. **DISCUSSION**

The Internal Audit Report *IA2025-02 Policy Framework Report* is provided in Attachment 1.

Attachment 1

The key findings of the Internal Audit are summarised as follows:

Key Strengths Identified

- The Principal Governance and Policy Officer was widely praised for their support in policy creation, review, and rescission.
- A comprehensive policy register has been developed, detailing renewal dates, policy types (Legislative, Council, Administrative), and review timelines.
- Templates and guidelines are available on the intranet (Aquaria), aiding consistency and accessibility.

Risks and Issues

- Single Point of Dependency: Heavy reliance on the Principal Governance and Policy Officer poses a risk if they leave the organisation.
- Exclusion of WHS Policies: Workforce Health and Safety policies are not included in the central register, risking reduced scrutiny and transparency.
- Document Inconsistencies: A review of 15 policies revealed outdated templates, missing document histories, and mismatched ECM numbers.
- Unclear Consultation Process: The policy consultation and adoption process, especially Stage 2, was described by managers as “clunky” and “murky.” The Senior Leaders’ Forum, intended to streamline approvals, lacks formal documentation and has not reviewed policies since late 2024.

Recommendations

- Automation: Streamline policy processes and introduce opt-in/opt-out mechanisms for managers based on relevance.
- Succession Planning: Prepare for potential staff turnover to avoid operational gaps.
- Single Source of Truth: Collaborate with Information Management to eliminate duplicate or outdated policies across platforms.
- Inclusion of WHS Policies: Integrate WHS policies into the central register for consistency and accountability.
- Delegated Approvals: Consider allowing General Managers to approve specific administrative policies to reduce bottlenecks.

Outstanding Documents Update

Governance have provided an updated register of outstanding Policies and Procedures, along with scheduled review dates, appearing as Attachment 2.

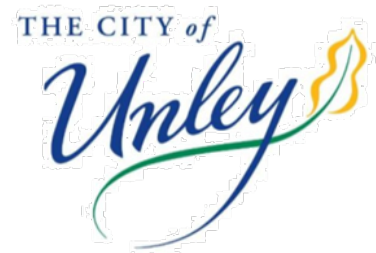
Attachment 2

Conclusion

The City of Unley has made significant progress in updating policies since adopting the Framework in 2024. However, resourcing issues and reliance on a single officer have delayed further updates. With 39 policies currently out of date, achieving full compliance by year-end will require strong commitment from managers. Implementing the recommended improvements will enhance transparency, accountability, and resilience in the policy development process.

6. **REPORT AUTHORISERS**

Name	Title
Natasha Jones	Manager Governance, Risk and Strategy
Alex Brown	General Manager Corporate Support



Internal Audit Report Policy Framework IA2025-02

3 July 2025

Executive Summary

This internal audit is a consultative piece between Internal Audit and the Governance Risk and Strategy portfolio. Therefore, the reader should not expect a review of compliance with the Policy Framework, rather a collaborative work highlighting areas for improvement within the policy development process.

This work included a review of policy process and documentation as well as interviews with managers responsible for policy development across the City of Unley.

Key Findings and Observations

A key finding in the review was the exemplary work of the Principal Governance and Policy Officer. Managers were very positive in their praise for the contribution this person made in both engaging managers as well as providing support to assist them in creating, reviewing and rescinding policies.

The Principal Governance and Policy officer has created a policy register complete with renewal dates, type of policy (Legislative, Council or Administration) and the timing of policy review process.

The Principal Governance and Policy Officer is also responsible for ensuring policies are named correctly, they are in the appropriate template and ensuring they are placed on key organisational committee agendas, depending on the nature of the policy.

Risk

While the work of the Principal Governance and Policy Officer is of a high standard there is a risk that reliance solely on this person to undertake this work would leave a significant gap should this person choose to move on.

Workforce Health and Safety (WHS) policies and procedures are currently excluded from the policy register maintained by the Principal Governance and Policy Officer. While the development of WHS policy require a slightly different process of consultation and approval there is no reason for them not to be included in the City of Unley policy register and managed in a similar way using templates agreed by the Administration.

Risk

If WHS policies are continued to be managed separately there is a risk that policies will not have the appropriate level of organisational scrutiny.

The review of documentation revealed that there were several different versions on different technological platforms.

Selected at random, 3 policies from each portfolio area were chosen to check for consistency with the template on Aquaria. Of the 15 policies or procedures reviewed:

- Ten used the most up-to-date template recorded on Aquaria.
- Five used an old or different template.
- Two policies had no document history.
- Three ECM numbers in the policy register took you to an old version of the document.
- Two policies had ECM numbers that were not consistent with the policy register.

- Seven policies were all good and consistent with the policy template.

Risk

Given there is access to different versions of policies there is a risk that staff might be using a policy that is out of date, not the correct policy or potentially, not compliant with legislation.

The Policy and Procedure Review Process Flowchart is available on Aquaria along with a detailed guideline to step people through the process of reviewing a policy or procedure regardless of what type of policy it is. However, several managers interviewed thought the process was less than clear, particularly when it came to Stage 2 – Consult and Adopt.

Several managers consulted reported the consultation and adoption process to be, “clunky”, “murky”, or “less than clear”. There had been an attempt to streamline the process and get the Senior Leaders’ Forum to review policies. The Senior Leaders’ Forum consists of all managers and executives, so it lends itself to be an appropriate forum for discussion and approval of policy.

The drawback for using this Forum as reported by managers include:

- Managers not providing feedback to policy authors before the meeting.
- Managers focusing on the minor editing rather than content.
- There are no minutes taken of these meetings, therefore there is no audit trail of the approval process.
- Due to resourcing issues, there have been no policies going to this forum since late in 2024.

Risk

Given there is some uncertainty about the consultation and adoption process, there is a risk that policies may be adopted that haven’t been appropriately consulted, resulting in the potential for the loss crucial information or inadvertently negatively impact staff or residents.

Recommendations

This work concludes that the Policy Framework is satisfactory if managers continue to work with the Principal Governance and Policy Officer to review all the out-of-date policies by the end of the calendar year. As of 13 May 2025, there were 39 policies, procedures, code or frameworks out of date. To bring them up to date will take a concerted effort and commitment from senior management.

There are a number of opportunities for improvement to the policy review and development process, this includes:

- Automating the process wherever possible, including the development of any opt in opt out system for managers when consulted on policies with little relevance to their portfolio area.
- Succession planning to ensure that Governance, Risk and Strategy are not caught short should the current Principal Governance and Policy Officer move on.

- Ensuring there is one source of truth for policies and procedures and that Governance Risk and Strategy work with Information Management to limit the opportunities for duplication of inappropriate policies in the system, ECM or Aquaria.
- Workforce Health and Safety policies be included in the organisational policy register. While this is likely to increase the number of out-of-date policies, a consistent approach to policy review will also increase transparency and accountability.
- Consideration be given to the appropriateness of developing a policy register for specific administrative policies that can be signed off by General Managers under delegated authority.

Detailed Findings and Observations

Policy Framework

The Policy Framework (the Framework) was last reviewed in 2024. The Framework provides clear details and arrangements for the development of policies, procedures and other directive documents.

Since the adoption of the Framework, a register has been used to prioritise and highlight most appropriate policies to update first. All legislative related policies, but one, have been updated.

Review dates have been staggered to ensure that the updating of policies can be managed rather than having all policies on the same review timeline.

Governance

The City of Unley has three types of policies, those required by legislation, Council policies that are owned and approved by Council and Administrative policies, that are operational in nature and relate to day to day running of the administration.

Some policies required by legislation or regulation are generally Council policies that are approved by Council. Some Council policies need to be reviewed within 12 months of a new Council being elected. All Council policies are made public and are available on the City of Unley website. Following significant effort by the organisation in 2024, only one Council legislative policy is currently out of date, awaiting some direction from State Government.

Administrative policies and procedures do not need to be approved by Council. They are policies or procedures that provide the Administration with direction and guidance and are approved by the Executive Leadership Team (ELT).

As of 13 May 2025, there were 39 policies, procedures, code or frameworks out of date.

The Principal Governance and Policy Officer is responsible for overseeing the policy and procedure review process. This role ensures the content is put into the appropriate format and template, sent for consultation, monitoring time frames for consultation and adoption as well as finalising the document and publishing it appropriately, depending on whether the policy is a public document or not.

Interviews with managers were very positive and effusive regarding the work undertaken by the Principal Governance and Policy Officer.

Each manager appreciated the prompts and gentle reminders they received to update policies. They also indicated that receiving the policy in the appropriate template and formatting assistance provided was especially helpful.

Document Hierarchy

The type, nature and hierarchy of City of Unley directive and guidance documents is defined, documented and consistently applied within and across the organisation and its portfolio areas and functions.

There are certain Council policies that must be approved by Council, are public documents and uploaded onto the City of Unley website.

There are Administrative policies and procedures which must be approved by the ELT which are not public documents and are loaded onto the intranet – Aquaria.

There are also operational documents that are portfolio or business area specific. These procedures, guidelines or safe operating procedures are approved by the General Manager or local business unit manager.

The Framework does not apply to alternative documents such as site-specific documents for example, Standard Operating Procedures (SOPs), guidelines or work instructions. These documents are generally the responsibility of a specific team to create, maintain and monitor.

At this stage Work Health and Safety (WHS) policies and procedures are not in scope of the Framework. There is no legislative reason that WHS policies and procedures cannot be captured in the City of Unley's overall policy Framework and register using the same template and numbering system.

Templates

Templates have been developed for use when developing directive and guidance documents, to ensure consistency in documentation format, structure and content, and facilitate ease of use and reference for staff.

Templates for policy and directive documents are on the City of Unley intranet site Aquaria.

For staff unable or with limited skills in "Word", the Principal Policy and Governance Officer will support them with the correct template to ensure there is consistency of documentation.

Aquaria provides a step-by-step process for new policy developers.

Managers reported that, when reminded of policies being overdue, the Principal Governance and Policy Officer provided the old policy in the new template and format. This was appreciated by managers.

Document Control

Document control protocols – including version number, version date, review date – have been developed, documented, but are not applied consistently to City of Unley directive and guidance documentation.

Based on the copy of policy register on 15 April 2025. A selection of policies were chosen at random, 3 policies from each portfolio area to check for consistency with the template on Aquaria.

Of the 15 policies or procedures reviewed:

- Ten used the most up-to-date template recorded on Aquaria.
- Five used an old or different template.
- Two policies had no document history.
- Three ECM numbers in the policy register took you to an old version of the document.
- Two policies had ECM numbers that were not consistent with the policy register.
- Seven policies were all good and consistent with the policy template.

Ownership and Responsibilities

Roles and responsibilities for the development, drafting, review, approval and ownership of directive and guidance documents are defined and documented.

Each policy reviewed had an allocated person responsible for the policy.

The Principal Governance and Policy Officer is responsible for monitoring when policies are due for an update. They notify the responsible officer a couple of months before the due date is reached. Managers' report it as an important initiative in maintaining policies up to date.

Once a policy is drafted it is the Principal Governance and Policy officer's responsibility to review it for format and compliance with the current template.

It is at this stage that changes in organisational structure are taken into consideration and Managers confirm their roles and responsibilities in relation to policies for their business unit.

Each policy document identifies key stakeholders of their responsibility in relation to that particular policy.

Executive Approval

Directive and guidance documents are approved by appropriate executive(s), prior to being finalised, approved by ELT, implemented, published, and communicated to relevant staff.

The City of Unley has a clear process for the approval, renewal and the revocation of policies and procedures.

Council policies need to be approved and recommended by ELT to the Audit and Risk Committee who then recommend the policy or procedure be approved by Council.

Administrative policies and procedures require a consultation process with managers and approved by ELT prior to being signed by CEO. However, several managers interviewed thought the process was less than clear, particularly when it came to Stage 2 – Consult and Adopt.

Since the adoption of the Framework in 2024, there has been an attempt to streamline the consultation process by trying to engage the Senior Leaders Forum, but this has been reported to "muddy the waters" in terms of the consultation, adoption, and approval process.

Several managers consulted reported the consultation and adoption process to be, "clunky", "murky", or "less than clear". The Senior Leaders' Forum (SLF) consists of all managers and executives, so it lends itself to be an appropriate forum for discussion and approval of policy.

The drawback for using this Forum as reported by managers include:

- Managers not providing feedback to policy authors before the meeting.
- Managers focusing on the minor editing rather than content.
- There are no minutes taken of these meetings, therefore there is no audit trail of the approval process.
- Due to resourcing issues, there have been no policies going to this forum since late in 2024.

In an effort to streamline the consultation and approval managers need to take responsibility for being prepared when attending the SLF and providing feedback prior to the meeting.

Consideration should also be given to determining if there are some policies and procedures that are portfolio specific that could be approved by the relevant General Manager. For example, should the manager responsible for libraries and community centres be expected to contribute to outdoor related policies or Body Worn Cameras Policies.

Policy Life-Cycle Management:

Criteria have been identified and documented which define the circumstances and events that instigate a review and / or update of directive and guidance documentation affected by the trigger circumstances / event.

The Framework highlights the triggers that would require a policy review. The list is extensive and covers most eventualities.

The Principal Policy and Governance Officer has demonstrated the processes used for monitoring and reviewing policies and procedures. They maintain several spreadsheets in excel that enables them to track all policies and procedures. They also use a spreadsheet that tracks where each policy is at in the policy development and review process.

These spreadsheets are very thorough and enable a good oversight and tracking system. However, the knowledge of these systems and processes are isolated to one person the senior officer in the Governance, Risk and Strategy team. It is worthwhile considering if the administrative nature of this work could be undertaken by an administrative officer.

Monitoring and Review:

A process / arrangements have been implemented for regular monitoring of the register of directive and guidance documents to:

- Identify upcoming review dates,
- co-ordinate the review process,
- seek required approvals, and
- ensure timely communication of updates to employees.

The Principal Governance and Policy Officer is responsible for managing the Policy Register in ECM and Aquaria.

They are also responsible for identifying when policies are due for review, assisting with guiding them through the Senior Leaders Forum, Executive Leadership Team, Audit and Risk Committee and Council.

The Principal Governance and Policy Officer maintains several spreadsheets in excel that enables the tracking of all policies and procedures. They also use a spreadsheet that tracks where each policy is at in the policy development and review process.

These spreadsheets are very thorough and enable a good oversight and tracking system.

The key drawback of these spreadsheets is they rely solely on the Principal Governance and Policy Officer. There is a risk that the information is isolated and maintained by one person.

Conclusion

Since the development of the Framework significant work has been done to update Council and Administrative policies and relevant procedures. This work was interrupted due to resourcing issues and further tracking and updating was delayed. This highlights the risk in the system due to having a single point of failure.

The organisation has set itself a target of having all policies up to date by the close of the calendar year. This will require significant commitment by responsible officers and managers to ensure the policies they are responsible for are reviewed and approved.

The major improvements that can be made to the system include:

- Automating the process wherever possible, including the development of any opt in opt out system for managers when consulted on policies with little relevance to their portfolio area.
- Succession planning to ensure that Governance, Risk and Strategy are not caught short should the current Principal Governance and Policy Officer move on.
- Ensuring there is one source of truth for policies and procedures and that Governance Risk and Strategy work with Information Management to limit the opportunities for duplication of inappropriate policies in the system, ECM or Aquaria.
- Workforce Health and Safety policies be included in the organisational policy register. While this is likely to increase the number of out-of-date policies, a consistent approach to policy review will also increase transparency and accountability.

Internal Audit wishes to acknowledge the close cooperation of the Principal Governance and Policy Officer, and the assistance provided by Managers as part of this collaborative review.

Jim Phillips

Principal Risk Management Officer

Appendix 1

Audit Scope

To undertake a review of the City of Unley Policy Framework in conjunction with the Office of the Chief Executive Officer. This was a consultancy review rather than an internal compliance audit. The Internal Auditor worked with staff in the Office of the Chief Executive with a view to making process improvements as the project develops.

The scope of the review included, but was not limited to, the City of Unley Policy Framework and current suite of published policies and other directive and guidance documents.

Audit Approach

The following was undertaken as part of the review:

- Considered the legislative and regulatory requirements applicable to City of Unley operations which direct aspects of policy management, such as frequency of review,
- Reviewed a sample of 15 policies were chosen at random, 3 policies from each portfolio area, to check for consistency with the template on Aquaria.
- Met with the Manager Governance, Risk and Strategy, and Principal Governance & Policy Officer to discuss the current processes and opportunities for improvement;
- Met and received feedback from all the Managers (excluding one that was on leave) regarding the approach to reviewing and maintaining policies;
- Determine the adequacy and effectiveness of current document control arrangements, and the consistency of use across the Organisation,
- Identify and document recommendations and improvement opportunities to address systemic issues and deficiencies identified during this review, and which would enhance the management and accessibility of directive and guidance documents across City of Unley.

Audit Deliverables

The objective of this review was to assess the adequacy and effectiveness of the operation of the Policy Framework across the City of Unley. The review highlighted areas of good practice, as well as opportunities for business improvement.

The Internal Auditor, in conjunction with the Principal Governance and Policy Officer:

- Assessed the adequacy and effectiveness of the Policy Framework, procedures and controls.
- Determined whether current administration arrangements enable the City of Unley to comply with the requirements of relevant regulations and legislation.
- Identified and where possible initiate process improvements.

City of Unley

Register of Out of Date Polices and Procedures as at 1 August 2025

Council Policies

- Commercial Fitness Training on Community Land Policy
- Community Engagement & Public Consultation Policy
- Constructions of Crossing Places & Stormwater Pipes from Properties Policy
- Economic Development Rates Incentive Policy
- Elected Member Induction Policy
- Environmental Policy
- Graffiti Removal Policy
- Kerbside Waste & Recycling Collection Service Policy
- Land Under Roads Policy
- Memorials Policy
- Nature Strips Policy
- Property Management Policy
- Public Arts Policy
- Seeking Legal Assistance and Advice Policy
- Sport & Recreation Policy
- Tree Policy

Council Procedures

- Elected Member Reports Protocol Procedure
- Public Interest Disclosure Procedure

Administrative Policies

- Collection Development Policy
- Corporate Dress and Uniform Policy
- Counselling and Discipline Policy
- Induction Policy
- Leave Policy
- Motor Vehicle Policy
- Position Reclassification Policy
- Social Media Policy for Employees
- Training and Development Policy

Administrative Procedures

- Additional Duties Procedure
- Counselling and Discipline Procedure
- Customer Complaint Procedure
- Fraud and Corruption Prevention Reporting Procedure
- Induction Procedure
- Rate Hardship & Fine Remission Procedure
- Seeking Legal Assistance and Advice Procedure
- Tree Management Procedure
- Unreasonable Customer Conduct Procedure

INFORMATION REPORT

REPORT TITLE:	QUARTERLY INTERNAL AUDIT REPORT (AUGUST 2025)
ITEM NUMBER:	2.6
DATE OF MEETING:	12 AUGUST 2025
AUTHOR:	JIM PHILLIPS, PRINCIPAL RISK MANAGEMENT OFFICER
DIVISION:	OFFICE OF THE CEO
ATTACHMENTS:	NIL

1. **PURPOSE**

This report provides a summary of the Internal Audit work undertaken from May to July 2025.

2. **RECOMMENDATION**

That:

1. The report be received.
-

3. **RELEVANT CORE STRATEGIES – COMMUNITY PLAN ‘TOWARDS 2050’**

This report supports the Community Plan's guiding principles of Integrity, Engagement, Financially Sustainable and Thought Leadership.

4. **BACKGROUND**

The Audit and Risk Committee has a responsibility under Section 126(4)(g)(i) of the *Local Government Act 1999*, and in its Terms of Reference, to undertake the following if the council has an internal audit function:

- (A) *providing oversight of planning and scoping of the internal audit work plan; and*
- (B) *reviewing and commenting on reports provided by the person primarily responsible for the internal audit function at least on a quarterly basis.*

To meet the legislative requirements, a quarterly Internal Audit Report will be prepared for the Audit and Risk Committee to:

- Inform the Committee of the proposed scope of each internal audit.
- Provide an update on the progress of internal audits within the endorsed Internal Audit Plan; and
- Advise the status of the agreed management actions arising from the internal audits.

5. DISCUSSION

Internal Audit – Policy Framework Review

The City of Unley Policy Framework was reviewed in early in 2024 and significant progress has been made in updating policies following the introduction of the revised Framework. However, the opportunity for further process improvement, to streamline the policy development and approval process, has been identified.

To assist with this process, the Internal Auditor conducted a consultative review with the Office of the Chief Executive Officer. This involved a collaborative approach rather than a compliance audit. This project has been completed and is subject of a separate report on this Agenda Item 2.5.

Internal Audit – Commonwealth Home Support Program

The next internal audit will be conducted on the Commonwealth Home Support Program. The project brief for this audit was circulated to Audit Committee Members out of session on 23 June 2025. All Members of the Committee responded in favour of the project brief for the audit.

The inclusion of this audit represents a change in the Internal Audit Program. The next audit scheduled was on Business Systems Access Controls. However, as the Business Systems Team conducted external cyber security testing earlier this year, which included aspects of system access and controls, it was decided to postpone this audit.

In its place the General Manager of Community and Organisational Development requested an internal audit of the Commonwealth Home Support Program in preparation for the new Aged Care Standards. The brief was circulated to members out of session for comment and approval

The purpose of this audit is to measure the City of Unley's Commonwealth Home Support Program (CHSP) against the Aged Care Quality Standards.

The Aged Care Quality and Safety Commission has strengthened the Aged Care Quality Standards and registered providers need to meet the strengthened Quality Standard obligations. This internal audit will help the City of Unley determine what action it needs to take to meet the new Quality Standard obligations.

6. REPORT AUTHORISERS

Name	Title
Natasha Jones	Manager Governance, Risk and Strategy

INFORMATION REPORT

REPORT TITLE:	OPEN AUDIT ACTIONS (AUGUST 2025)
ITEM NUMBER:	2.7
DATE OF MEETING:	12 AUGUST 2025
AUTHOR:	JIM PHILLIPS, PRINCIPAL RISK MANAGEMENT OFFICER
DIVISION:	OFFICE OF THE CEO
ATTACHMENTS:	1. OPEN AUDIT ACTIONS - AUGUST 2025

1. **PURPOSE**

This report provides the Committee with an update on the open audit actions arising from Internal and External Audit recommendations.

2. **RECOMMENDATION**

That:

1. The report be received.
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3. **RELEVANT CORE STRATEGIES – COMMUNITY PLAN ‘TOWARDS 2050’**

This report supports the Community Plan's guiding principles of Integrity, Engagement, Financially Sustainable and Thought Leadership.

4. **BACKGROUND**

The Audit and Risk Committee (the Committee) has a responsibility under Section 126(4)(c) of the *Local Government Act 1999*, and in its Terms of Reference, to monitor *“the responsiveness of the council to recommendations for improvement based on previous audits and risk assessments, including those raised by a council’s auditor.”*

The progress of the Internal Audit Actions was last reported to the Committee in May 2025 as part of the Open Audit Action Report.

That report identified 17 open audit actions with the following status:

- 6 were completed
- 9 were in progress
- 1 had not commenced
- 1 was deferred

Two new open audit actions have been added from the *IA2025-01*

Onboarding Arrangements and Internal Control Internal Audit reported in the May meeting.

5. **DISCUSSION**

There are a total of 13 open audit actions: 11 arising from Council's internal audit program, and 2 arising from Bentley's external audit of Council's internal controls. These are summarised in the table below:

	Open Actions	Completed	In Progress	Not Commenced	Deferred	Open Actions August 2025
Internal Audit						
Leases and Licences	1	-	-	-	1	1
Plant Management	2	-	2	-	-	2
Project Management	4	2	2	-	-	2
Procurement Management	2	-	2	-	-	2
Onboarding Project	2	-	2	-	-	2
Total Internal Audit	11	2	8	-	1	9
External Audit						
2024 External Audit	2	-	2	-	-	2
Total External	2	-	2	-	-	2
Total	13	2	10	-	1	11

Two (2) actions have been completed, with a further ten (10) in progress, and another one (1) has been deferred.

Attachment 1 lists the open management actions arising from the internal and external audits and updates on the progress of the open audit action items are marked in blue font.

Attachment 1

A further update on the progress of the open audit actions will be provided at the next meeting. This will include actions from the *IA2025-02 Policy Review* Internal Audit and the External Audit – Internal Controls reported in Agendas Item 2.1 and 2.5 of this meeting.

6. **REPORT AUTHORISERS**

Name	Title
Natasha Jones	Manager Governance, Risk and Strategy
Alex Brown	General Manager Corporate Support

Open Audit Action Items: August 2025

Finding #	Management Actions	Control Description	Effectiveness Assessment	Risk Level	Target Date	Status	Last Update
Internal Audit: LL1 Leasing and Licences							
1.1	That Administration reports on activities related to Leasing and Licencing of property to Council on a quarterly basis and this be included as part of the Quarterly Corporate Performance Reporting	Monitoring the expiry and reporting lease renewal/new leases	Partially Effective	H	Paused	Deferred	As previously advised, this action has been deferred awaiting a review of the Corporate Reporting.
Internal Audit: IA2024-01 Plant Management							
1.1	That City Operations work with relevant business units to review the Plant Procedure	Plant Procedure Version 4.0, Issued: October 2018. Next Review: 2021	Mostly Effective	M	Sept 25	In progress	The final LGAWCS Plant Procedure Validation report was received on 20 June 2025. The project stakeholder group has met and been provided with a draft Project Brief and action plan for consideration. The Plant Procedure will be reviewed and updated as part of the holistic review of plant management. While the procedure is in early draft, we may likely exceed the proposed September deliverable.
2.1	That as part of the implementation of the reviewed Plant Procedure (See recommendation 1.1) a workflow be developed and implemented across the relevant business units involved in the process of purchasing, maintenance, assessment and decommissioning plant that identifies key points of accountability	Informal or formal action recorded in accordance with Council's Information Management Policy.	Partially Effective	H	Sept 25	In progress	The process mentioned are not currently documented. Processes will be documented once the LGRS report is received in May/June. (refer to 1.1)

Open Audit Action Items: August 2025

Finding #	Management Actions	Control Description	Effectiveness Assessment	Risk Level	Target Date	Status	Last Update
Internal Audit: IA2024-02 Project Management							
1.1	A workshop to outline the use and application of the Project Management Framework will be conducted with the Senior Leadership Group (i.e. Executive and Managers). Managers will then be equipped to conduct further workshops/information sessions	That all defined projects use the key elements of the Project Management Framework (Framework)	Partially Effective	M	May 25 Oct 25	In progress	The original workshop in May was deferred due to other priorities for the Senior Leadership Team. A session is expected to be held in September.
1.2	Project Management Framework page(s) on Aquaria be revised and amended as required to ensure adequate support and clarity on use is provided to staff through each phase of the Framework.	That all defined projects use the key elements of the Project Management Framework (Framework)	Partially Effective	M	Jun 25	Completed	A review of the existing documents was undertaken in consultation with key staff whose teams raised the issues in the audit. It was determined that the documents do not need to be amended but that training is required to be undertaken regarding project management to provide staff more confidence in the use of the documents.
1.3	The triggers for initiating a project, utilising the Project Management Framework, will be clarified and explained on the Framework page on Aquaria. Where a project is initiated through the budget process, the trigger point to proceed to full project brief will be clarified as well. This will include clarity on what constitutes a project in line with the Project Management Framework (e.g. some activities under Operating Projects are annual programs of work (e.g. tree planting and greening verges).	That all defined projects use the key elements of the Project Management Framework (Framework)	Partially Effective	M	Jun 25	Completed	

Open Audit Action Items: August 2025

Finding #	Management Actions	Control Description	Effectiveness Assessment	Risk Level	Target Date	Status	Last Update
Internal Audit: IA2024-02 Project Management continued...							
2.2	Record management for projects, in-line with Project Management Framework, will be incorporated as part of the workshop with the Senior Leaders Group, and guidance material on Aquaria.	Consistent use of Project Management Framework and ECM tools ensures the efficient and effective management of projects across the organisation.	Partially Effective	M	May-25 Oct 25	In progress	The original workshop in May was deferred due to other priorities for the Senior Leadership Team. A session is expected to be held in September.
Internal Audit: IA2024-03 Procurement Management							
1.1	Procurement staff provide further education to staff undertaking procurements of their record management responsibilities for procurement activities.	Corporate records provide evidence of actions and decisions that have been made.	Partially Effective	M	May-25 Aug 25	In progress	Record Keeping requirements have been included in a revised Acquisition process. Education on the new process including record keeping requirements is currently being rolled out. Currently planning for completion by the end of August.
1.2	The acquisition plans require staff undertaking procurements to acknowledge the document management requirements and integrate document management within the procurement process.	Corporate records provide evidence of actions and decisions that have been made.	Partially Effective	M	May-25 Aug 25	In progress	
Internal Audit: IA2025-01 Onboarding Arrangements							
1.1	That the Induction Policy and Procedure and Probationary Employment Policy be reviewed and updated as part of Probation review project	Induction Policy and Procedure and Employment Policy are available and accessible to staff	Partially Effective	M	Dec 25	In progress	In progress. Stakeholder meetings have commenced and an action plan is in development
1.2	Once the new Policies and Procedure has been updated hiring manager attend a training session on any updated processes.	Training for Hiring Managers scheduled	Partially Effective	M	Mar 26	In progress	This will be actioned as required when policy documents are reviewed.

Open Audit Action Items: August 2025

Finding #	Management Actions	Control Description	Effectiveness Assessment	Risk Level	Target Date	Status	Last Update
External Audit: Bentleys 2024 Interim Audit							
6	The draft Contract Management Framework was completed in April 2024 and is presently being reviewed by the Executive Leadership Team and Managers. It is scheduled to be finalised in October 2024, with training to be undertaken by March 2025	Contract management	Mostly Effective	M	Mar-25 Dec 25	In progress	The Draft Contract Management Framework has been reviewed by the Senior Leadership Team with feedback received. The finalisation of the framework has been delayed by vacancies. Amendments to the Draft Framework are now being reviewed by the new Procurement and Contract Business Partner it is finalised for ELT Review.
7	The Credit and Debtor Management Policy (an Administrative Policy) will be reviewed by October 2024. The Training and Development Policy will be reviewed by December 2024. The Land under Roads Policy will be reviewed by April 2025. The Property Management Policy will be reviewed by July 2025.	Policy documents	Mostly Effective	M	Jul-25 Dec 25	In progress	The Credit and Debt Management Policy has been reviewed and endorsed by ELT. Completed The Training and Development Policy has been drafted and is presently being reviewed by the Senior Leadership Team. Awaiting final feedback to finalise the policy for endorsement by ELT for completion in August 2025. The Land Under Roads Policy is presently being reviewed and is scheduled for completion in Sept 2025. The review of the Property Management Policy has been delayed due to resourcing issues. The review is presently estimated for completion in Dec 2025.

INFORMATION REPORT

REPORT TITLE:	REVIEW OF THE STRATEGIC RISK REGISTER UPDATE
ITEM NUMBER:	2.8
DATE OF MEETING:	12 AUGUST 2025
AUTHOR:	JIM PHILLIPS, PRINCIPAL RISK MANAGEMENT OFFICER
DIVISION:	OFFICE OF THE CEO
ATTACHMENTS:	NIL

1. **PURPOSE**

This report informs the Audit and Risk Committee of updates to the Strategic Risk Register following the quarterly review of strategic risks by the Executive Leadership Team.

2. **RECOMMENDATION**

That:

1. The report be received.
-

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

This report supports the Community Plan's guiding principles of Integrity, Engagement, Financially Sustainable and Thought Leadership.

4. **BACKGROUND**

Section 126(4)(h) of the *Local Government Act 1999*, and the Audit and Risk Committee's Terms of Reference, require the Committee to review and evaluate "*the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis.*"

The Executive Leadership Team (ELT) reviews the City of Unley's strategic risks on a quarterly basis and includes:

- identifying any new or emerging risks,
- monitoring the progress of existing treatment plans,

- documenting new treatments plans that have been implemented, and
- reviewing the residual risk rating.

As the current strategic risks have not been subject to a robust risk assessment for a number of years ELT commence a process of review on 8 July 2025.

5. **DISCUSSION**

ELT met on 8 July to discuss a position paper prepared by the Principal Risk Management Officer. This discussion revolved around:

- the definition of a strategic risk as opposed to an operational risk;
- the process to rate strategic risks, including determining whether the risks were imminent, emerging or distant, and
- the key strategic risk areas for the City of Unley.

A further session is scheduled in August to workshop the future strategic risks. Consideration will be given to the context of the *Community Plan: Towards 2050* and recently endorsed *4-year Delivery Plan*, as well as the JLT Public Sector Risk Report.

The key risk areas identified in the JLT Report for South Australian Metro Councils are summarised below:

Risk Area	Source	Impact
Financial Sustainability	Cost shifting, insufficient rate revenue, inflation, inadequate funding.	Inability to maintain infrastructure, deliver services, and meet expectations.
Cyber Security	Proactive management, response to cyberattacks, cybersecurity failures.	Data breaches, operational disruptions, reputational damage.
Assets & Infrastructure	Funding capacity, inflation, costs of upgrading/betterment.	Strain on resources, ageing infrastructure, and community dissatisfaction.
Climate Change	Climate impacts, insufficient disaster recovery funding, net-zero challenges.	Increased vulnerability to extreme weather, infrastructure damage.
Disaster & Catastrophe	Bushfires, floods, climate unpredictability.	Community disruption, inadequate mitigation funding, asset damage.
People & Culture	Workforce shortages, rising costs, health and safety compliance.	Reduced productivity, challenges in service delivery, and workplace issues.
Business Continuity Planning	Asset destruction, loss of key personnel, IT outages.	Operational disruptions, delays in service delivery.
Ineffective Governance	Code of conduct issues, financial controls,	Accountability issues, reputational damage, strained

	procurement challenges.	workplace culture.
Statutory/Regulatory Requirements	Staff shortages, legislative changes, lack of resources/ systems.	Increased compliance costs, risks of non-compliance.
Waste Management	Community expectations, inflation, environmental compliance.	Financial strain, operational challenges, environmental harm.
Reputation Risk	Loss of trust, governance failures, legislative non-compliance.	Erosion of public trust, negative media attention.
Liability Claims	Duty of care, policy implementation, regulatory due diligence.	Increased litigation costs, exposure to negligence claims.

Other areas that have been identified for discussion include:

- The speed and/or extent of urban/commercial development within Unley Council occurs at a different rate to that planned/predicted;
- Changes in demographics and/or health profile across Unley Council occur at a different rate to that planned/predicted (e.g. age profile, cultural changes, household formation etc); and
- The speed of technological change and potential impacts from AI and other technological advances.

A further update will be provided to the Audit and Risk Committee in October, with the basis of a revised risk register for consideration.

1. **REPORT AUTHORISERS**

Name	Title
Natasha Jones	Manager Governance, Risk and Strategy
Alex Brown	General Manager Corporate Support

INFORMATION REPORT

REPORT TITLE:	UPDATE TO THE 2025 AUDIT COMMITTEE WORKPLAN
ITEM NUMBER:	2.9
DATE OF MEETING:	12 AUGUST 2025
AUTHOR:	EDDIE PETERS, ACTING TEAM LEADER FINANCIAL ACCOUNTING
DIVISION:	CORPORATE SUPPORT
ATTACHMENTS:	1. UPDATED 2025 AUDIT AND RISK COMMITTEE WORKPLAN

1. **PURPOSE**

This report provides an update to the 2025 Audit and Risk Committee Workplan (the Workplan).

2. **PURPOSE**

That:

1. The report be received.
-

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

This report supports the Community Plan's guiding principles of Integrity, Engagement, Financially Sustainable and Thought Leadership.

4. **BACKGROUND**

The purpose of the Audit and Risk Committee (the Committee) is to provide independent assurance and advice to the Council on accounting, financial management, internal controls, risk management, and governance matters in accordance with Section 126 of the *Local Government Act 1999*.

A workplan for the Audit and Risk Committee is prepared to guide and monitor the Committee's activities for the calendar year, and to ensure that the Committee delivers on its responsibilities as set out in the Audit and Risk Committee Terms of Reference.

The 2025 Audit and Committee Workplan was endorsed by the Committee at its Meeting on 14 November 2025, with the last update provided in March 2025.

5. **DISCUSSION**

The 2025 Audit and Risk Committee Workplan (Workplan) has been updated and is provided in Attachment 1.

Attachment 1

The updates to the Workplan reflect additional reports and changes in the scheduling of reports, including the following:

- Additional Reports in this meeting for the Review of the Asset Accounting and Corporate Purchase Card Policies;
- An additional Report advising of changes to the proposed 2025-2035 Long-Term Financial Plan to be considered by Council in September;
- An update on the review of the Strategic Risks, and the deferral of the Quarterly Strategic Risk Report to October due to the current review; and
- The deferral of the Cyber Security Update to October as a number of initiatives are presently in progress following the recent recruitment of the Senior IT Specialist

If required, a further update to the 2025 Workplan will be provided in October.

The proposed 2026 Workplan will be presented in the meeting scheduled for 2 December 2025.

6. **REPORT AUTHORISERS**

Name	Title
Alex Brown	General Manager Corporate Support

City of Unley

2025 Audit and Risk Committee Workplan

(as at August 2025)

Item	4 Mar	8 Apr	13 May	12 Aug	21 Oct	2 Dec
Audit Committee						
2025 Workplan for Update			As required			
Meeting Dates for 2026				✓	■	
2026 Workplan for Endorsement						■
Strategic & Financial						
LTFP Update	✓			✓		
Draft LTFP (2025-35)		✓				
Draft Annual Business Plan and Budget			✓			
2024-25 Financial Statements					■	
LTFP Key Assumptions & Targets (2026-36)						■
External Audit						
2025 External Audit Plan	✓					
Interim Report				✓		
Final Report (with the Financial Statements)					■	
Internal Audit						
Quarterly Internal Audit Progress Report	✓		✓	✓		■
Internal Audits			✓	✓		■
3 Year Internal Audit Plan Review						■
Open Audit Actions						
Progress of Internal & External Audit Actions	✓		✓	✓		■
Other Risk Management						
Internal Financial Controls			✓			
Quarterly Risk Report	✓		✓	■ →	■	■
Update on Review of Strategic Risks				✓		
Cyber Security Update	✓			■ →	■	
Finance Systems Update			✓			■
Prudential Issues Report – Cultural Hub		✓				
Policy Review						
Rates Policy	■ →	✓				
Procurement Policy Amendments	■ →	✓				
Asset Accounting Policy				✓		
Corporate Purchase Card Policy				✓		
Presentations						
Subsidiary Presentations			✓			■

Key

✓ Completed

■ Previously planned

■ Presentation

■ → ■ Changed timing

■ Additional item