CITY OF

WHYALLA

'Whyalla, Where the Outback Meets the Sea'

MEMBERSHIP

Mayor C McLaughlin	Cr B Simpson
Cr S Stuppos	Mr A Rushbrook (Chair)
Mr P Klobucar	

NOTICE OF AUDIT COMMITTEE MEETING

TO YOUR WORSHIP THE MAYOR & MEMBERS OF COUNCIL

NOTICE is hereby given pursuant to Section 126 of the Local Government Act that the Audit Committee Meeting will be held in the Council Chamber, Darling Terrace, Whyalla on Monday 18 July 2022 at 11.00 am.

The Audit Committee Meeting is open to the public electronically via Microsoft Teams, click here to join the meeting

When attending the meeting via Microsoft Teams, participants are agreeing to Microsoft's *Terms and Conditions* – follow this link Microsoft Privacy Statement – Microsoft privacy to view Microsoft's *Privacy Statement.*

The business of the meeting is:

- Risk Profile Report
- Interim Management Report
- Review of Finance Policies
- Procurement Review Update
- Quarterly Report – Procurement
- Cyber CX Report - CONFIDENTIAL

A copy of the Agenda for the above meeting is supplied as required.

JUSTIN COMMONS
CHIEF EXECUTIVE OFFICER
Dated: 14 July 2022

AGENDA

AUDIT COMMITTEE MEETING – MONDAY 18 JULY 2022

1. **ACKNOWLEDGEMENT**

    "We acknowledge that this meeting is held on Barngarla Land and we give thanks for the use of this Land."

2. **ATTENDANCE RECORD**

    Apologies – Nil
    Leave of Absence – Nil

3. **DECLARATION OF MEMBERS' CONFLICT OF INTERESTS**

4. **MINUTES OF PREVIOUS MEETING AND BUSINESS ARISING**

    4.1   Confirmation of the Minutes of the previous Audit Committee Meeting held on Monday 9 May 2022.   *Page 3*

    Recommendation

    That the Minutes of the previous Audit Committee Meeting held on Monday 9 May 2022, as per copies supplied to Members, be adopted as a true and correct record to that meeting.

    4.2   Business Arising   *Page 10*

5. **DEPUTATIONS / PRESENTATIONS** – Nil

6. **REPORTS – COUNCIL OFFICERS**

    6.1   Corporate Services – Ordinary Reports

7. **CONSIDERATION OF CONFIDENTIAL ITEMS**

    7.1   Corporate Services – Confidential Reports

8. **CLOSE**

9. **DATE OF NEXT MEETING** – Monday 4 October 2022

MINUTES OF THE AUDIT COMMITTEE MEETING

HELD ON MONDAY 9 MAY 2022 AT 11.00AM VIA MICROSOFT TEAMS

PRESENT: Mr A Rushbrook *(Chair),* Cr B Simpson, Cr S Stuppos and Mr P Klobucar

OFFICERS IN ATTENDANCE: Chief Executive Officer *(Mr J Commons)*
Director Corporate Services *(Ms K Jarrett)*
Manager Finance *(Mr G Jennings)*
Finance Coordinator *(Mrs S Vigar)*
Manager Governance *(Mrs I Adair)*
Executive Coordinator – Corporate *(Ms L Fisher)*

1.   Acknowledgement

The chair acknowledged that the meeting was being held on both Barngarla and Narungga land and gave thanks for the use of this land.

2.   Attendance Record

Apologies – Mayor C McLaughlin
Leave of Absence – Nil

3.   Declaration of Members' Conflict of Interests – Nil

4.   Minutes of Previous Meetings

4.1   Confirmation of the Minutes of the previous Audit Committee Meeting held on Tuesday 8 February 2022.

Moved Cr B Simpson, Seconded Mr P Klobucar

AC334-2022

That the Minutes of the previous Audit Committee Meeting held on Tuesday 8 February 2022, as per copies supplied to Members, be adopted as a true and correct record to that meeting.

Carried

4.2   Confirmation of the Minutes of the previous Special Audit Committee Meeting held on Monday 4 April 2022.

Moved Cr S Stuppos, Seconded Cr B Simpson

AC335-2022

That the minutes of the previous Special Audit Committee Meeting held on Monday 4 April 2022, as per copies supplied to Members, be adopted as a true and correct record to that meeting.

Carried

4.3   Business Arising

Director Corporate Services advised that Item 2 – Risk Profile/Action Plan – has been deferred until the July Audit Committee Meeting to allow review by Executive Management Team.

Manager Finance advised regarding the Work Programme that the Interim Audit Report was still under development as the Audit had only recently taken place and that it would be presented at the July Audit Committee Meeting. No concerns had been identified.

5.   Deputations/Presentations – Nil

6.   Reports – Council Officers

6.1   Corporate Services – Ordinary Reports

6.1.1   Quarter 3 Budget Review

Manager Finance highlighted that the Federal Government had paid three quarters of the Financial Assistance Grants in advance which has impacted Council's operating position. The Airport operating position could not be offset due to passenger reductions following COVID-19 restrictions, but some recovery is currently being experienced. Project timings have also been updated.

Discussion was held on the Quarter 3 Budget Review with the following comments being made:

- Clarification was provided in terms of spending on the Whyalla Recreation and Leisure Centre, noting the break down and timing of funding of the various works
- the Workers Compensation rebate of $100,000 was required to be recognized as a reduction in expenditure.
- Recovery of rates was holding steady, with there being no indication that debt is increasing
- Council had received five quarters of Financial Assistance Grants
- The decrease of new and upgraded assets was due to the timing of the receipt of grant funding
- Adjustments to future years' budgets were noted as being consistent with discussions from the Committee's last meeting concerning the Council's financial position.

Moved Cr B Simpson, Seconded Cr S Stuppos

AC336-2022

The Audit Committee:

1.   recommend to Council the adoption of the Quarter 3 Budget Review, identifying an adjusted operating deficit of $1,173,000 and an estimated cash position at the end of reporting period of $229,000;

2.   recommend to Council that the 2021-22 Annual Business Plan and Budget and Long-Term Financial Plan be amended to reflect the variances, noting that the budget position is

> consistent with previous projections, with the exception of reduced airport income, which could not be offset.

Carried

6.1.2   Treasury Management Policy Review

Manager Finance highlighted that the only update to the Treasury Management Policy was increasing the target to 50% of Council loans to be fixed, with a target range of 30%-70% to allow for cash flow movements.

During discussion, it was noted that the target range is interpreted via monthly reviews of the percentage of loans that are fixed against cashflow projections. The setting of borrowing levels was also clarified as being set by the annual budget, noting that recent changes to the Local Government Act will require a resolution of Council each year setting the borrowing level for that year. Levels of borrowing are also determined by council's capacity to service loans, with the current borrowings target being set at 80% of annual income.

Moved Cr B Simpson, Seconded Mr P Klobucar

AC337-2022

The Audit Committee recommend the updated Treasury Management Policy to Council for adoption.

Carried

6.1.3   Quarterly Report – Procurement

The large increase in non-local procurement was noted as being largely due to major projects including the airside airport works.

In this regard, the exemption provided for the project management contract for airside works was due to internal staffing changes and the timing of the works commencing.

Moved Cr S Stuppos, Seconded Cr B Simpson

AC338-2922

The Audit Committee receive and note the Procurement Quarterly report.

Carried

7. **Consideration of Confidential Items**

7.1 **Corporate Services**

7.1.1 *Feedback on ESCOSA proposed Framework and Approach*

Moved Cr S Stuppos, Seconded Cr B Simpson

AC339-2022

Pursuant to Section 90(2) and (3)(j) of the Local Government Act 1999, the Audit Committee orders that the public be excluded from the meeting with the exception of Justin Commons; Chief Executive Officer, Kathy Jarrett; Director Corporate Services, Grant Jennings; Manager Finance, Sandra Vigar; Finance Coordinator, Irene Adair; Manager Governance and Lisette Fisher; Executive Co-ordinator – Corporate for Agenda Item 7.1.1 – Feedback on ESCOSA proposed Framework and Approach.

The Audit Committee considers that the requirement for the meeting to be conducted in a place open to the public has been outweighed in circumstances where the Audit Committee will receive and consider information the disclosure of which would divulge information provided on a confidential basis by a public authority, being the Local Government Association of SA (LGA).

Carried

Moved Cr S Stuppos, Seconded Cr B Simpson

AC340-2022

That formal meeting procedures be suspended for a period of 15 minutes for the conduct of a workshop regarding Council's feedback on the Local Government Rates Oversight Scheme.

Carried

Formal meeting procedures were suspended at 11.36am

Discussion was held on the matters raised associated with the proposed ESCOSA Local Government Rates Oversight Scheme with the following points being highlighted:

- Looking at the proposal, it appears to be an expensive data analytics exercise, and there is the risk that the advice provided will lack the insights to substantiate the price. Council receives their annual external audit for a cost that is less than one third of the proposed cost for this process, which appears to indicate that the price is far too high.
- While not necessarily a concern to Whyalla specifically, being a medium sized Council, it does seem to be counterproductive that the scheme will be charged to all councils evenly, rather than on a graduated or per capita basis. This will have substantial negative financial impacts on some small regional councils, for a scheme that purports to exist to increase financial performance.

- One of the items outlined in the approach is that direct analysis will not be made between councils. While it is understood that no-one wants this exercise to be become a simple scorecard of performance amongst councils, surely there is some merit from ESCOSA undertaking some comparisons. The approach talks about looking at efficiency, but how is this possible without comparison? If this is only undertaken by looking at a council over time, in effect the modelling would reward an organisation that had more "fat" in the budget to begin with. Is this a desirable outcome?
- The scheme mentions the use of the SEIFA index as an input to the analysis. Doesn't this infer that at some level a comparison is being made between councils?
- Any scheme of this nature has to take into account that every council is at a very different position in its life cycle, including the movement towards better financial sustainability that has been occurring across the industry over the past 15 years or more. Looking at the annual increase in rates supports the ubiquitous fallacy that the existing position is where it should be. In many cases councils are constantly playing catch-up.
- The scheme appears to misunderstand what the Long Term Financial Plan (LTFP) is. It is just what it says, a plan. It is a tool to assist a council to understand its capacity and the impacts of decision making. Councils are responsible for overseeing a complex environment and regularly make important decisions with significant ongoing impacts, often outside of the annual budget process. This is not a problem if the decision is made with good information. The scheme seems to envision a world where councils adopt a LTFP and then nothing changes from that point forward.
- The definition of Intergenerational Equity given with the Framework paper is solely focused on the economic factors and not any of the other important considerations, e.g. the environment.
- Local Government is much more complicated than other industries that currently fall within the purview of ESCOSA, not the least of which is that every decision is made within a wholly political context. It remains to be seen how long ESCOSA will take to build up the knowledge to provide insightful advice to the industry. This adds weight to the argument about keeping the scheme small to begin with, with ESCOSA using the opportunity to focus on knowledge building.
- Of particular concern to Whyalla, is whether the Scheme has been designed in a way that can sufficiently deal with the often complex and interdependent relationship between councils and the local communities they serve in regional areas. Like much of what occurs in South Australia, there is a risk that the scheme will be highly focused on metro Councils and their set of circumstances. If implemented well, a Scheme of this type has the potential to assist regional councils in their decision-making process and consultation with the community on difficult issues. Hopefully that will be the case.

Moved Cr B Simpson, Seconded Cr S Stuppos

AC341-2022
That formal meeting procedures be suspended for a further 10 minutes for the conduct of a workshop regarding Council's feedback on the Local Government Rates Oversight Scheme.

Carried

Minutes of the Audit Committee Meeting – 9.5.22

Formal meeting procedures resumed at 12.03pm

Moved Cr Stuppos, Seconded Cr B Simpson

AC342-2022

1. The Audit Committee notes the administration's intention to make a submission supporting the Local Government Association (LGA) advocacy position in relation to the scheme established in section 122 of the Local Government Act 1999 under which the Essential Services Commission of SA (ESCOSA) will provide advice to councils in relation to strategic management plans, and notes the following concerns in response to the ESCOSA proposed framework and approach:

   - The scope of information requested by ESCOSA should be directly relevant to and used for the purpose of provision of advice regarding councils Long-Term Financial Plan, Infrastructure and Asset Management Plans and total revenue sources, in accordance with the requirements of section 122 of the Local Government Act 1999.

   - The first four years of operation of the scheme should be used to set a baseline for each council and then, using a risk-based approach, the scope of the review could be scaled up for a particular council if a need is identified. This is consistent with ESCOSA's espoused "better regulation" approach, which it describes as being risk-based, proportionate to the problem that is being addressed and subject to continuous improvement and monitoring.

   - The period for which historical data is provided should reflect the timeframe anticipated within the proposed scheme, i.e. four years, and a request for historical information for a longer period is not supported.

   - The costs associated with the proposed scheme are far in excess of what was anticipated, and the scope of the proposed scheme should be reduced to address the unreasonable costs.

   - The removal of the discretion provided in the Local Government Act 1999 for Council to determine the reasonable assumptions to be used in the development of the Long-term Financial Plan is strongly rejected. These assumptions may include consideration of the Local Government Price Index (which accounts for the costs of items usually purchased by councils as opposed to CPI which accounts for the costs of items usually purchased by households), endorsed Enterprise Bargaining Agreements, the ABS wage price index and other actual cost factors which collectively provide a more accurate representation of inflation pressures to be considered by Council.

   - The use of the term 'CPI constrained' will lead to unreasonable criticism of councils that justifiably increase rates greater than CPI and will have a practical effect of capping council rates to the CPI rate. 'Rate capping' was not supported by Parliament. The assertion that councils should be CPI constrained is rejected.

2. having considered Agenda Item 7.1.1 – Feedback on ESCOSA proposed Framework and Approach in confidence, under Sections 90(2) and (3)(j) of the Local Government Act

> 1999, the Audit Committee pursuant to Section 91(7) of the Act, orders that this Report and any Annexures to this Report be kept confidential and not available for public inspection until 30 June 2022 except insofar as is necessary to implement the decision.

Carried

8. **Close of meeting** – 12.19pm

9. **Date of Next Meeting** – 18 July 2022

WHYALLA CITY COUNCIL

BUSINESS ARISING FROM AUDIT COMMITTEE MEETINGS

AS AT 18 JULY 2022

	Date of Meeting	Item	Responsible	Due Date	Status	Completed
1.	7 April 2021	*6.1.2 – That an update of the Governance Compliance Workplan be provided to future committee meetings*	Manager Governance	30/06/2022	Refer attached table	
2.	3 May 2021	*4.2 - Risk Profile/Action Plan – update profile/action plan and actively manage on an ongoing basis*	Manager Governance	30/06/22	See Agenda Item 6.1.1	Yes
3.	19 July 2021	*6.1.3 – Further report on the benefits or otherwise of the inclusion of green assets within the Asset Accounting Policy*	Manager Finance	30/06/2022	No longer required, see Agenda Item 6.1.3	Yes
4.	4 April 2022	*4.1.1 – Further information be provided on targets/depreciation levels across Airport assets and adjustment to targets to account for assets covered by Federal funding, which cannot be recovered via the passenger levy.*	Manager Finance	04/10/2022		

∗ Completed items to be removed are shaded

Whyalla City Council Audit Committee
Schedule of Meetings for 2022

SCHEDULE OF MEETINGS - 2022
Tuesday 8 February 2022
Monday 4 April 2022 – Additional Meeting
Monday 9 May 2022
Monday 18 July 2022
Tuesday 4 October 2022

Whyalla City Council Audit Committee
Work Program

Terms of Reference	Proposed Activity	LG Act	Frequency	Review Month	Comments	Date Last Reviewed/ Completed	Responsible Officer
Financial Reporting 7.1	Review annual financial statements as required by Section 126(4) of the Local Government Act prior to its presentation to Council for adoption.	S 126 (4) (a)	Annually	October		September 2021	FC
Financial Reporting 7.1	Monitor integrity of financial reports of the Council including:	S 126 (4) (a)					
	Budget Review	S 126 (4) (a)	Quarterly			May 2022	MF
	Full review of Long Term Financial Plan	S 122 (1a) (a) & (4) (b)	Within two years of a general election	February 2024		February 2020	MF
	Full review of Infrastructure Asset Management Plans	S 122 (1a) (b)	Within two years of a general election	February 2024		February 2020	MF
Financial Reporting 7.1	Consider and review, where necessary, the consistency of improvement to and/or any changes to accounting policies.		Annual As required	July	Considered at this meeting	May 2022	FC/MF

Terms of Reference	Proposed Activity	LG Act	Frequency	Review Month	Comments	Date Last Reviewed/ Completed	Responsible Officer
Financial Reporting 7.1	Review and report to Council likely impact of ongoing financial sustainability due to changes in Strategic Management Plans.		As required	As required		April 2021	DC & MF
Annual Business Plan and Budget	Ensure the Annual Business Plan conforms to the Local Government Act.	S 123	Annually	April		April 2022	DC, MG & MF
Annual Business Plan and Budget	Recommend the draft Annual Business Plan prior to its formal consideration for adoption by Council.		Annually	April		April 2022	DC & MG
Annual Business Plan and Budget	Ensure the Annual Business Plan is consistent with relevant targets for Key Performance Indicators to Council.	S 123 (2) (b) (ii)	Annually	April		April 2022	DC
Internal Controls and Risk Management 7.2	Review practice, policy and procedure for internal controls.	S 125	As required	As required		February 2022	CEO/EMT/FC

Terms of Reference	Proposed Activity	LG Act	Frequency	Review Month	Comments	Date Last Reviewed/ Completed	Responsible Officer
Internal Controls and Risk Management 7.2.3	Regularly review the effectiveness of Council's internal controls and risk management and governance systems.	S 126 (4) (c)	Annually	February		February 2022	FC
Internal Controls and Risk Management 7.2	Review and recommend the approval, where appropriate, of statements to be included in the Annual Report concerning internal controls, risk management and governance.	S 126 (4) (ab)	Annually	October		September 2021	MG & FC
Internal Controls and Risk Management 7.2	Review Business Continuity Plan and Disaster Management Action Plans.		Every 3 years	July 2022		July 2019	EMT
Internal Controls and Risk Management 7.2	Review Councils Risk Plan & Strategic Risk Plan.	S 122	Every 3 years	September 2023		September 2020	EMT

Terms of Reference	Proposed Activity	LG Act	Frequency	Review Month	Comments	Date Last Reviewed/ Completed	Responsible Officer
Internal Controls and Risk Management 7.2	Review reports from Procurement including recent tenders and high value purchases.		Quarterly		Considered at this meeting	February 2022	MF
External Audit 7.5	Ensure appointment of external auditor conforms with legislative provisions.	S 128 (2) & (4a)	Every five years	April 2025		April 2020	MG
External Audit 7.5.4	Liaise with Council's external auditors.	S 126 (4) (b)	Yearly	October		September 2021	CEO/DC/FC
External Audit 7.5	Receive the independent auditor's reports.		Twice yearly	July and October	Considered at this meeting	September 2021	FC
External Audit 7.5	Ensure actions proposed in the correspondence from the independent auditor's report are actioned.		As required	As required	Added to Business Arising documentation	July 2021	DC

Terms of Reference	Proposed Activity	LG Act	Frequency	Review Month	Comments	Date Last Reviewed/ Completed	Responsible Officer
Public Interest Disclosure (formerly Whistle-blowing) 7.3	Review the adequacy and awareness of the current Public Interest Disclosure Policy and Procedure.		Every 2 years	July 2023		July 2021	EMT
Reporting Responsibilities 9..7	Report annually to Council outlining the outputs of the Audit Committee, any training needs, future work proposals and invite Council to comment.		Annually	October		September 2021	DC
Reporting Responsibilities 9	Ensure urgent or significant matters are formally and promptly reported to Council.		As required	As required		September 2021	DC
Reporting Responsibilities 9.2	Ensure appropriate and timely training is provided to all members including inductions for new members.		As required	As required			DC

Terms of Reference	Proposed Activity	LG Act	Frequency	Review Month	Comments	Date Last Reviewed/ Completed	Responsible Officer
Economy and Efficiency Audits *7.6*	Ensure any matter relating to financial management, efficient or economy of Council is examined, reported and proposed actions monitored.	S 126 (4) (ac) & S 130A	As required	As required	Business arising provides a progress report on actions / improvements identified from external reviews	September 2021	DC

EXTERNAL REVIEWS WORKPLAN

Source	#	Ref	Item	Responsible	Due	Status / % Complete
GHC	2	s.43	Review Charter of EPLGA	Dir Corporate	31/03/2022	Completed - Strategic Plan endorsed by Council
GHC	3	s.49	Review procurement policies and procedures	Mgr Finance	31/12/2022	In Progress / 50%
GHC	5	s.90	Add the grounds for confidentiality to staff and Elected Member training program and then undertake training	Mgr Legislation	30/06/2022	Pending
GHC	6	s.103	Undertake a full review of Council's suite of HR policies	Mgr People & Culture	30/06/2022	In Progress /25%
GHC	7	s.109	Develop Complaints Handling Procedure for Complaints against Employees as a priority	Mgr People & Culture	30/06/2022	Completed
GHC	13	s.172	Add to list of procedures to be developed a new procedure for requests to suppress information from the Assessment Record	Mgr Governance/Finance	30/06/2022	Pending
GHC	16	s.196	Review of community land management plans	Mgr City Development	31/12/2022	Pending
GHC	17	s.207	Review of Council's register of community land	Mgr City Development	31/12/2022	In Progress /75%
EAMR	9	Moderate	Completeness of Timesheet data	Mgr Finance	30/06/2022	Completed
EAMR	1	High	Finance Services Officer – System Access Levels & Segregation of duties	Mgr Finance	30/06/2022	Pending
EAMR	2	High	General Journals – Independent Review	Mgr Finance	30/06/2022	Completed
EAMR	3	Moderate	Rates Officer - Cash Receipting & Payroll access	Mgr Finance	31/08/2022	Pending
EAMR	4	Moderate	Conflict of Interest Declarations	Mgr Finance	31/12/2022	Completed
EAMR	5	Moderate	Credit Card Purchases – Procurement Credit Cards	Mgr Finance	30/06/2022	Completed
EAMR	6	Low	Tender Documentation - Evaluation Panel Members	Mgr Finance	31/05/2022	Completed
EAMR	7	Low	Tender Documentation – No Evaluation	Mgr Finance	31/12/2022	In Progress / 50%
EAMR	8	Low	Contract Management Policy	Mgr Finance	31/12/2022	In Progress / 50%
EAMR	9	Low	Lease Register	Mgr Finance	Ongoing	In Progress
EAMR	10	Low	Grants Register	Mgr Finance	31/12/2022	Pending
EAMR	11	Low	Waiving of Fees and Charges – Delegations of Authority	Mgr Finance	31/12/2023	Pending

* Shaded items to be deleted

6.1   **Corporate**
6.1.1   **Risk Management Update**

Audit Committee Meeting:	18 July 2022		
Author's Title:	Manager Governance	**File No.:**	5-5
	Coordinator Governance		
Director:	Corporate		

Annexures

A – Risk Management Action Plan & Monitoring Tool

B - Risk Management Policy

C – Risk Management Framework

D - Risk Appetite Statements

Officer Direct or Indirect Conflict of Interest:		**Status:**	
In accordance with Local Government Act 1999, Section 120		*Information classified confidential under Section 90(2) of the Local Government Act*	
☐ Yes	✓ No	☐ Yes	✓ No

Reason – not applicable

PURPOSE

To provide an update to the Audit Committee of work being undertaken on Council's Risk Management program and present the updated Risk Management Action Plan & Monitoring Tool, Risk Management Policy and Framework and Risk Appetite Statements.

SUMMARY

Council in conjunction with the Local Government Association of South Australia Mutual Liability Scheme prepared a strategic risk management register and an operational risk management register during a consultative process in 2019/2020. COVID-19 and significant employee and structural change within Council played a role in the interruption of this work.

RECOMMENDATION

The Audit Committee:
1. **accepts this report and endorses the proposed risk management engagement process**
2. **notes the Risk Appetite Statements; and**
3. **recommends the updated Risk Management Policy and Framework to Council for adoption**

6.1.1   Risk Management Update

<u>REPORT</u>

BACKGROUND

Council's previous Risk Management Policy, Strategic and Operational Risk Registers and Action Plan were presented to the 25 May 2020 Audit Committee meeting. These followed significant engagement and support from Local Government Risk Services (LGRS).

As the Risk Management Policy and Framework have a two-yearly review cycle, they are now due to be reviewed.

DISCUSSION

As a matter of good governance, it is necessary for Council to ensure its policies, monitoring tools and action plans continue to be up to date and relevant. The governance team have commenced a review of all previous documentation created with support from LGRS in 2019 and 2020.

Presented in this report is an updated evaluation of the Risk Management Action Plan and Monitoring Tool (Annexure A) across the five strategic areas (three core and two elective areas). The review identified multiple achievements which had not been reported back to the monitoring tool by Council risk owners.

The Risk Management Policy is due for review, this policy forms part of a wider body of risk management work which will be presented to the Audit Committee on an ongoing basis. This policy was previously presented to the May 2020 Audit Committee meeting with a two-yearly review cycle. The Local Government Association of South Australia Mutual Liability Scheme (LGAMLS) upgraded its Risk Management Template as of 20 January 2022. Council's updated Risk Management Policy (Annexure B) has been drafted using this template, which is considered a best practice model.

The Risk Management Framework (Annexure C) has also been drafted using an updated LGAMLS best-practice template. The framework has been customised to reflect our circumstances and personalised to Whyalla City Council specifications.

It was identified that staff engagement and ownership is a crucial component of Council's internal controls, as such a risk management workshop was held on Thursday 16 June. Our regional Risk and Safety Advisor, Paul Rogers, co-facilitated this workshop with the governance team. This workshop provided an opportunity to meet with Council leadership and re-commence the risk management engagement process.

In order to build on the momentum of the workshop, a series of targeted reviews by department will be scheduled, focusing on internal controls and reporting with the following objectives:

- Council's risk management policy and framework is updated to reflect Council's requirements

- A customised program for implementation of Council's risk framework is developed and agreed
- Appropriate tools and reporting mechanisms are developed to support implementation of the risk management framework
- Elected members and Council staff understand their roles in identifying, evaluating and managing risk
- Strategic risks are identified via a workshop with executive managers and leaders
- Operational risks are identified via a series of regional workshops. Operational Risks are identified and managed through the development, implementation and maintenance of an operational risk register
- To support and mentor key staff on an "as needs" basis, (as requested by the Council and within the Scheme's resource capacity)

The following table outlines core activities over the ensuing months:

Month	Action	Completed
June	Introductory workshop with council leadership team EMT review and socialisation, workshop feedback	16 June 2022 23 June 2022
July	Report to Audit Committee	18 July 2022
	Present the operational risk register to Directors to identify risk owners & socialise risk report format • Acting Director Corporate • Director City Growth • Director Infrastructure	4 July 2022 6 July 2022 4 July 2022
	Report to Council	18 July 2022
	Operational risk register workshops (in conjunction with regional Risk and Safety Advisor)	21 & 22 July 2022
	Introduce monthly leadership meeting risk update – verbal	27 July 2022
	Workshop with leadership to develop strategic risk register co-facilitated with the regional Risk and Safety Advisor and Strategic Risk Consultant.	27 July 2022
August	Leadership meeting risk update – verbal	10 August 2022
	Update the operational risk register	
	Leadership - workshop best ways of ongoing engagement and reporting. Format to be determined.	End August
September	Leadership meeting risk update – verbal	7 September 2022
	Update EMT on strategic risk register progress	13 September 2022

	Finalise risk report format	
October	Report to Audit Committee	4 October 2022
	Report to Council	17 October 2022
	Leadership meeting risk update – verbal	19 October 2022

The Risk Appetite Statements (Annexure D) are also presented to the Audit Committee. This document was created as part of the scope of works for strategic risk services in partnership with the Mutual Liability Scheme.

The LGRS undertake a risk evaluation review on a two-yearly cycle. This review was last undertaken in 2019 and deferred in 2021 due to COVID-19. The new risk evaluation review is anticipated to commence late 2022.

Financial Implications

Adequate risk management systems and controls are required to reduce and maintain Council's insurance premiums.

Inadequate risk management systems and controls may result in financial detriment to Council.

Legislation

Local Government Act 1999
Work Health and Safety Act 2012
Civil Liabilities Act 1936
State Records Act 1997

Officer Direct or Indirect Interest – Nil

Risk Assessment

Non-compliance with these items, may expose Council to a number of risks.

Social Considerations - Nil

Community Engagement – Nil

Environmental Implications – Nil

Communication

Any relevant matters or changes will be communicated through reports to EMT, Council and the Audit Committee. Interactive workshops will be held with staff.

Conclusion

That the Audit Committee receive and note this report and the Risk Appetite Statements and recommend the Risk Management Policy and Risk Management Framework to Council for adoption.

That the Audit Committee support the assessment, consultation, and engagement plan to reaffirm risk and responsibility for the Whyalla City Council risk management practice.

Risk Management Action Plan & Monitoring Tool

Risk Evaluation Q or Source	Action Agreed	Due	Responsible Officer	Progress 2020	Progress June2022
Risk Management Systems					
1a	Review & update risk management policy in line with model LGRS policy or AS/NZS ISO 31000:2019, taking into account the current organisation structure & responsibilities. Adapt and endorse the model LGRS risk management framework to reflect Council's risk criteria & organisation structure. Develop a risk management implementation plan that includes identification, evaluation & treatment of strategic & operational risks within a structured reporting	Aug 20	Manager Governance	Underway. Consultation with Executive Management undertaken in April 2020. Expected workshops with Executive Management Team, Elected Members and the Independent Members of the Audit Committee in June 2020. See 'Revised Scope of Works for Whyalla' for timeline.	Consultation with Executive Management and workshops completed in April/ June 2022. Updated Risk Management Policy to Audit Committee 11 July 2022 and ordinary Council meeting 18 July 2022. Reengagement with the developed Risk Management plan to commence with Paul Rogers the regional Risk and Safety Advisor from Local Government Risk Services.
1b	Develop workable risk register/investigate risk management software options. Identify & evaluate strategic risks (executive/managers). Identify & evaluate operational risks (managers/supervisors). Record & monitor treatments for unacceptable risks.	Aug 20	Manager Governance	Strategic Risk Register to be developed in or around July 2020 after Risk Management Framework and Policy established (see Revised Scope of Works for Whyalla'). Council staff participating in regional monthly workshops with LGRS in establishing Operation Risk Register (see Revised Scope of Works for Whyalla' for further details).	A review of the Risk Register during a meeting with Paul Rogers the regional Risk and Safety Advisor on Friday 27th April 2022, articulated the need for a relaunch and reengagement framework for all risk owners to review the strategic and operational risks, the recording and treatment of these risks
1c	Customise risk assessment template to reflect risk management framework.Identify opportunities for integration of risk management into existing processes.Develop reporting templates/structures to enable reporting and monitoring of risks, (including implementation and effectiveness of controls,) at appropriate levels within the organisation.	Dec 20	Manager Governance		Reporting templates were developed for operational and strategic risk. A review of these templates indicate limited reporting back and recording of information. A meeting with risk owners across council was held 16 May 2022.

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Risk Evaluation Q or Source	Action Agreed	Due	Responsible Officer	Progress 2020	Progress May 2022
Roads and Footpaths					
2a	Review and update procedures that reference Section 221 of the LG Act &/or use of permit. Identify suitable contingency personnel to process S221 Permit applications. Update sub-delegations to provide appropriate authorisation to contingency personnel. Provide contingency personnel with training in updated procedure, assessment process and use of database.	May 20	Manager Assets	Updated access data base to include unduly obstruct the use of road, interfere with construction of road and have adverse effect on road safety. Officers are being trained to update applications, review team establishment and separate to officer receiving. Request send for delegations to be updated as part of the next review. Procedure formed and upskilling existing officers.	A review of Leases Licences and Permits is currently underway with new templates provided for this work
2c	Include requirement for applicant to indemnify Council in the S221 application form.	May 20	Manager Assets	Application Permit updated to include the following declaration: "As the applicant I acknowledge the above information and understand that I am required to obtain all relevant service locations and take responsibility for any damage caused to Council land or public utilities as a result of this proposed work."	This task was completed in 2020 but will be reviewed in line with other s221 assessments
2d	Verify current status of Asset Management Plans (AMPs) for specific asset classes. Update AMPs to reflect required/long term budgeted expenditure. Check for consistency between over-arching strategy and plans, (e.g. service standards, prioritisation,) and that these are consistent with methodology used in modelling asset maintenance/renewal. Endorse 10 year asset management plans for each asset class, (as per Asset Management Strategy 2018-2027.)	June 20	Manager Assets	Individual AMP's still under review. Review of each plan likely to be done in the first half of the new financial year. Asset Management Strategy current 2021-2030. AMP's to be individually updated to reflect updates from Asset Management Strategy 2021-2030 Document. To be done in the review (as mentioned above). Transport AMP base level data is under review – works on prioritisation & categorisation has been done. Continuing for incorporation into	Review of Council Asset Management Plans at a detail level is currently under development

Risk Management Action Plan & Monitoring Tool

			the AMP. Asset Management Strategy 2021-2030 document was endorsed by Council on 16th March 2020. This is based on 10-year renewal plans for each asset class. Noting that this is a high-level document and data to be further refined in each individual AMP review.	

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	Procurement and Contracts				
Risk Evaluation Q or Source	**Action Agreed**	**Due**	**Responsible Officer**	**Progress 2020**	**Progress May 2022**
3a	Undertake a review of the currency and relevance of policies and procedures relating to procurement and asset disposal, including: - Disposal policy (due for review July 2019) - Prudential management policy (due for review January 2018) - Simple procurement procedure (due for review January 2018) - Request for Tender procedure (due for review January 2018) - Procurement framework (version 1, January 2016) to ensure consistency with the current policy, process and delegations.	Nov 20	Senior Procurement Officer/ Manager Finance		The Disposal Policy was adopted in March 2021 with a follow up review planned for March 2023. The Prudential Management Policy is the responsibility of the Director Corporate and belongs to Finance although referred to in the Procurement process. This policy was last reviewed Feb 2021 and due for review in February 2023. Simple Procurement Procedure, Request for Tender Procedure and Procurement Framework – refer notes review notes below.
3b	Review and update procurement and project risk identification and evaluation process and tools, with a view to embedding risk management within the procurement and project planning process. Provide training to all staff who are involved in procurement and project management. Monitor effectiveness and application of the updated tools and process.	Nov 20	Senior Procurement Officer/ Manager Finance		Currently undertaking a Procurement Framework Review in conjunction with Procurement Services SA (PSSA). The Procurement framework review will include processes and template documents. Interviews were undertaken between PSSA and selected Council staff in late March 2022. Council currently awaiting outcome this week of interviews from PSSA. Survey was sent out to local businesses asking them if they wanted to be involved and interviewed by PSSA for their input. Training will be undertaken with staff after the review is finished. Project Management staff undertook

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						Prince 2 Training in 2021 with selected staff. This will need to align with Project Management processes. Infrastructure are our main providers of project management in our contracts.
3c	Based on pre-purchase risk assessment, determine evaluation weightings prior to issuing go-to-market documentation and include in information provided to bidders.	Nov 20	Senior Procurement Officer/ Manager Finance			Items are being addressed in Procurement Framework review.
3f	Review usage of purchase orders to confirm that they are issued for acquisition of goods only. If purchase orders be issued for services. review and update of the terms & conditions to capture indemnity, public liability and sub-contracting requirements.	Nov 20	Senior Procurement Officer/ Manager Finance			Purchase orders are only required under $33,000 GST inc for services, works and goods. Contract required over $33,000. Current works and services contract templates have clauses re required insurances and we have a return schedule where the contractor lists any sub-contractors they will be using and for what services/works. A note is at the bottom of the return schedule asking for insurances for sub-contractors at time of tendering/quoting. Contractor Selection, Induction and Monitoring template lists any sub-contractors being used in the project and requires project superintendent to chase up sub-contractor insurances, check they are in date and insert them into the monitoring template.

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	Tree Management				
Risk Evaluation Q or Source	**Action Agreed**	**Due**	**Responsible Officer**	**Progress 2020**	**Progress May 2022**
E4a	Update Tree Management policy & procedure to reflect current practice, available guidance materials and templates. Develop a roll-out plan, (which may include training, supporting documentation, etc.) for the Street Tree Master Plan.	Jun 20	Manager Operations	Tree Management Directive prepared for June Council meeting and June EMT for adoption	Revocation of the Tree Management Policy occurred at the 15 June 2020 Council meeting, replacing the policy with a directive. The review date on the Tree management directive is June 2023.
E4b	Review & update Tree Management policy & procedure, (as above,) noting current roles & responsibilities. Update position descriptions to reflect current roles. Develop internal guidance, (or incorporate into revised tree/vegetation management procedure,) around maintenance of trees/vegetation adjacent DPTI roads.	Jun 20	Manager Operations	Position descriptions still ongoing – arborist position has been allocated and should be finalised prior to the end of June. Internal procedure review underway including DPTI roads ensuring trees are included.	Update pending
E4c	Consider outlining process for native vegetation clearance in an updated tree/ vegetation management procedure.	Jun 20	Manager Operations	In consideration.	Update pending

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Risk Evaluation Q or Source	Action Agreed	Due	Responsible Officer	Progress 2020	Progress May 2022
Emergency Management					
E6a	In conjunction with LGA Emergency Management team, undertake a review of current status of community emergency management policies, plans and/or procedures and other potential system gaps. Review and update policies, plans and/or procedures to reflect current arrangements.	Aug 21	Manager Governance	Underway.	Emergency Management Plan and Emergency Management policy endorsed by Council 28 June 2021 Policy to be reviewed in June 2025.
E6b	Revisit risks relating to community emergencies, (including where staff attend nearby Council areas) and update risk register. Finalise & endorse community emergency risk management plan Verify that controls listed are in place and effective, (consider building resilience rather than focus on response.)	Aug 21	Manager Governance	Underway.	Paul Rogers, regional Risk and Safety Advisor, and the governance team co-facilitated a re-launch and re engagement opportunity with leadership 16 June 2022.
E6c	Identify appropriate personnel to undertake training in LGFSG Council command role and record in training needs analysis. Identify who requires i-Responda training (either as refresher or new) and record in training needs analysis. Provide training to relevant personnel.	Aug 21	Manager Governance/ LGRS Regional Risk Coordinator/ Manager Operations/WHS Officer	Underway.	Refresher course will need to be identified and well as appropriate staff to attend the i-Responda training. Paul Rogers to be consulted.
	The Business Continuity Plan is reviewed an updated annually	Mar 20	Executive Management Team	Postponed incorporating emergency management plan details and post COVID-19 learnings.	COVID 19 Risk management plan completed December 2021 and implemented. The Council Business Continuity Plan needs to be reviewed.
	Conduct annual testing of the Business Continuity Plan	Jun 20	Executive Management Team		This work has been postponed due to COVID and Council employee and structure change. The governance

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					team met with Paul Rogers, regional Risk and Safety Advisor, on 25 May 2022.
	Incorporate any corrective actions or opportunities for improvement arising from the BCP review or testing process into the CAPA register or other mechanism to ensure they are completed	Aug 20	Manager People and Culture		BCP Plan reviewed in the context of COVID with Manager Governance. An additional review of the BCP plan will be undertaken with Risk Managers and LGRS engagement

WHYALLA CITY COUNCIL

Risk Management Policy

Type	Governance
GDS Category	Governance – Public
Responsible Officer	Manager Governance
Policy Adopted	May 2022 *subject to endorsement*
Review Period	Two Years
Last Reviewed	May 2020 (now archived)
Next Review Date	May 2024
Policy Version Number	9
Applicable Legislation	Local Government Act 1999 Work Health and Safety Act 2012 Civil Liabilities Act 1936 State Records Act 1997
Related Documents	AS ISO 31000:2018 Risk Management - Guidelines Whyalla City Council Risk Management Framework Risk Appetite Statement LGAMLS Scheme Rules as gazetted July 2020
Public Consultation Required	Yes
Purpose	To facilitate an integrated approach to risk management.

1. Purpose

1.1 Whyalla City Council recognises that effective management of risk will support successful achievement of its vision and strategic objectives.

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

- Articulating Whyalla City Council's commitment to core risk management principles;

- Supporting the implementation and maintenance of a Risk Management Framework ("the Framework") that comprises the tools and processes that underpin the organisation's risk management approach.

2. Policy statement

2.1. The management of risk will be integrated into governance and leadership structures, including decision-making at all levels.

2.2. Whyalla City Council is committed to developing and maintaining structured and comprehensive risk management processes that are dynamic and based on best available information.

2.3. Engagement with Whyalla City Council employees and stakeholders is integral to the success of risk management processes and, as such, structures to facilitate consultation and communication will be developed and maintained.

2.4. Whyalla City Council will monitor and review its strategic, operational and project risks and apply learnings to continually improve efficiency and effectiveness.

3. Performance measures

The performance of the risk management program will be measured through the following performance indicators:

a) Number of strategic objectives achieved, (as a percentage of total)

b) Percentage of strategic risks within risk appetite

c) Tangible improvement in risk maturity modelling

d) Percentage achievement of risk evaluation action plan actions

4. Legislative requirement and policy context

4.1. Section 48 of the Local Government Act 1999 ('LG Act') requires Councils to identify risks associated with a project and take steps to manage, reduce or eliminate those risks, (including by provision of periodic reports to the CEO and to the Council.)

4.2. Section 125 of the LG Act requires Whyalla City Council to ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the organisation to carry out its activities in an efficient and orderly manner to achieve its objectives.

4.3. Section 132A of the LG Act requires Whyalla City Council to ensure that appropriate policies, practices and procedures are implemented and maintained in order to ensure compliance

with statutory requirements and achieve and maintain standards of good public administration.

4.4. Section 134(4) (b) of the LG Act requires Whyalla City Council to adopt risk management policies, controls and systems by a resolution passed by at least a two thirds majority of the members of Elected Members prior to entering into financial arrangements for the purpose of managing, hedging or protecting against interest rates or other costs of borrowing money.

4.5. As a member of the Local Government Association Mutual Liability Scheme, Whyalla City Council is bound by the Scheme Rules, which include an obligation to ensure that adequate risk management and prevention strategies are put in place so as to absolutely minimise the risk of any incident, circumstance or matter that may give rise to a claim.

5. Definitions

Definitions are outlined within the Framework.

6. Roles & responsibilities

6.1. Council

The Council is responsible for:

a) Setting the organisation's risk appetite and policy for managing risk;

b) Giving adequate consideration to risks when setting objectives and making decisions;

c) Fostering a culture that is consistent with the organisation's appetite for risk;

d) Ensuring the organisation has the structures and processes in place to support decision making and management of risk;

e) Setting an appropriate governance structure for risk and risk management including Audit Committee and delegations;

f) Requiring the CEO to demonstrate that the framework for managing risk is effective and appropriate; and

g) Requiring the CEO to provide information to allow the Council to understand the risks that may have material impacts on achievement of the organisation's objectives; and

h) Considering recommendations from the Audit Committee relating to strategic risks or any other risk matter.

6.2. Audit Committee

The Audit Committee is responsible for:

a) Reviewing and endorsing the criteria contained within the Risk Management Framework;

b) Reviewing reports from the Management Team and auditors to ascertain the adequacy of controls that have been implemented; and

c) Monitoring strategic risks on a quarterly basis.

6.3. Chief Executive Officer (CEO)

The CEO has the responsibility for:

a) Promoting a strong risk management culture by providing firm and visible commitment to risk management including ensuring appropriate accountability for the management of risk;

b) Reviewing and endorsing the Risk Management Framework;

c) Developing and implementing a framework that delivers a consistent approach to risk management by allocating resources and assigning authority, responsibility & accountability at appropriate levels within the organisation;

d) Allocating and upholding accountability for managing risk;

e) Ensuring the Executive Management Team have the necessary knowledge and skills to effectively fulfil their risk management responsibilities;

f) Regularly reviewing strategic and operational risks and maintaining an understanding of the environment in which the organisation operates, the risks it faces and the effectiveness of its controls;

g) Ensuring compliance with legislative and contractual obligations and policy requirements;

h) Providing reliable information about risks, controls and their effectiveness to the Council; and

i) Escalating all strategic risks that exceed the organisation's risk appetite to the Audit Committee or Council, as required

6.4. Executive Management Team

Members of the Executive Management Team are responsible for:

a) Commitment to, and promotion of, this Policy and the Framework;

b) Monitoring the organisation's overall risk profile and mitigation strategies;

c) Ensuring that risk management is embedded into all functions and activities, including decision making;

d) Ensuring that risks that cannot be treated immediately are recorded on the risk register and that there is ongoing and regular review of the risk register, (including follow up and close out of overdue risk treatments);

e) Incorporating risk treatments into departmental plans;

f) Ensuring that staff, contractors, volunteers and other relevant stakeholders have the appropriate skills to be actively be involved in managing risk;

g) Providing incentives and performance management arrangements that support the desired approach to managing risk;

h) Promoting a proactive risk culture in accordance with business management initiatives;

i) Collectively reviewing strategic risks and considering emerging risks, (prior to Audit Committee)

j) Ensuring compliance with legislative and contractual obligations and policy requirements

6.5. **Risk Manager**

The Manager Governance is responsible for:

a) Providing guidance and assistance to the Executive Management Team and employees in relation to the application of this framework;

b) Ensuring relevant risk information is recorded in the Risk Register and reported and escalated to the Executive Management Team or cascaded to employees, as relevant;

c) Maintaining this Risk Management Policy and the Framework to ensure their currency and relevance; and

d) Maintaining the Risk Register and reporting timeframes as required.

6.6. Employees, Volunteers and Contractors (Workers):

All Workers are responsible for:

a) Understanding the risk management processes that apply to their area of work; and

b) Identifying, evaluating, reporting and managing, (or escalating,) risks relating to daily activities and projects.

7. Review

This policy will be reviewed every 2 years, or more frequently if legislation, relevant standards or organisational needs change.

8. Availability

8.1. This Policy will be available on the Whyalla City Council's website with hard copies supplied on request.

8.2. The Framework is available to all employees on Council's intranet.

WHYALLA CITY COUNCIL

RISK MANAGEMENT FRAMEWORK	
Type	Governance
GDS Category	Governance – Internal
Responsible Officer	Manager Governance
Policy Adopted	*to be confirmed*
Review Period	Two years
Last Reviewed	June 2022
Next Review Date	June 2024
Policy Version Number	4
Applicable Legislation	Local Government Act 1999
	Local Government (Financial Management Regulations) 2011
	Work Health and Safety Act 2012
	Civil Liabilities Act 1936
	State Records Act 1997
	Commonwealth Privacy Act 1988
	Freedom of Information Act 1991
Related Documents	AS ISO 31000:2018 - Risk Management Guidelines
	SA HB:436.1:2020 Risk Management Guidelines – companion to AS ISO 31000:2018, Part 1: Boards and executives
	Whyalla City Council Risk Management Policy
	Return to Work SA Code of Conduct for Self-Insured Employers Work Health Safety and Return to Work Policy
	Risk Appetite Statements
Public Consultation Required	No
Purpose	This Framework outlines the requirements and processes supporting Council's Risk Management Policy in order to create and protect value by improving performance, encouraging innovation and supporting the achievement of Council's objectives

Review History

Contents

1 Introduction

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

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

Council's *Vision* states:

> *Whyalla will be a vibrant, attractive city offering the community a diverse range of sustainable economic, social, environmental and cultural opportunities.*

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

2 Purpose

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

This Framework:

a) Aligns with the objectives of the Risk Management Policy;

b) Establishes roles and responsibilities for managing risk;

c) Documents a standardised, formal and structured process for assessment, evaluation, treatment and monitoring of identified risks;

d) Encourages innovation by integrating risk management into the strategic and operational processes throughout the organisation;

e) Will assist Whyalla City Council in maximising its opportunities, whilst minimising negative impacts identified during the risk management process;

f) Establishes the process for all risks outside the defined risk appetite to be escalated to the appropriate level and for additional treatment options to be implemented;

g) Sets out reporting protocols for relevant risk information to be provided to Council, Audit Committee, Executive Management Team and throughout the organisation; and

h) Will support the development of a continuous improvement culture by integrating risk management processes throughout the organisation.

3 Local Government Risk Services (LGRS)

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

a) Local Government Association Mutual Liability Scheme (LGAMLS) for the purposes of Civil Liability coverage & claims management;

b) Local Government Association Workers Compensation Scheme (LGAWCS) for the purposes of workers compensation coverage & claims management; and

c) Local Government Association Asset Mutual Fund (LGAAMF) for the purposes of asset and fleet coverage and claims management.

As a Member of the above Schemes and Fund, Whyalla City Council must ensure that it has developed, endorsed and implemented WHS, asset and risk management protocols.

LGRS provides a range of fully funded and subsidised programs and support services to assist in managing risk across the organisation.

4   Risk Management Principles

The Australian standard for Risk Management Guidelines (AS ISO 31000:2018) describes risk as:

"…the effect of uncertainty (either positive, negative or both) on objectives…"

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

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

Integrated	An integral part of all organisational processes
Part of decision-making	Aids decision-makers in making informed choices and identifying the most effective course of action
Structured and comprehensive	Contributes to efficiency and to consistent and comparable results
Best available information	Based on historical and current information, as well as on future expectations, taking into account any limitations associated with such information and expectations.
Customised	Aligns with the internal and external context related to our objectives
Human and cultural factors	Recognises that the behaviour and culture can significantly influence the achievement of objectives
Inclusive	Requires appropriate and timely involvement of stakeholders to enable their knowledge, views and perceptions to be considered
Dynamic	Anticipates, detects, acknowledges and responds to changes in Member's internal and external contexts that result in new risks emerging and others changing or disappearing
Continual improvement	Learning and experience drives continuous improvement

5   Risk Management Framework

5.1   Leadership and commitment

The Council and its Executive Management Team will demonstrate a clear commitment to managing risks throughout the organisation by:

a) Developing and implementing a risk management policy, framework and supporting tools and processes;

b) Allocating appropriate resources to implement, monitor and improve the effectiveness of risk management;

c) Ensuring that staff, contractors, volunteers and other relevant stakeholders have the appropriate skills and knowledge to deal with risk;

d) Allocating and upholding accountability with respect to risk management and ensuring it is understood; and

Ensuring compliance with legislative and contractual obligations and policy requirements.

5.2   Integration

This Framework provides the methods and processes Whyalla City Council use to manage risks and identify opportunities throughout the organisation.

Governance guides the direction of the organisation and provides the rules, processes and practices necessary to achieve objectives. Management structures that define risk management accountability and oversight roles across the organisation are critical to achieving sustainable performance and long-term viability.

Risk Management is not just about the risk assessment process nor is it a stand-alone discipline. In order to maximise benefits and opportunities, it requires integration throughout the organisation, as follows:
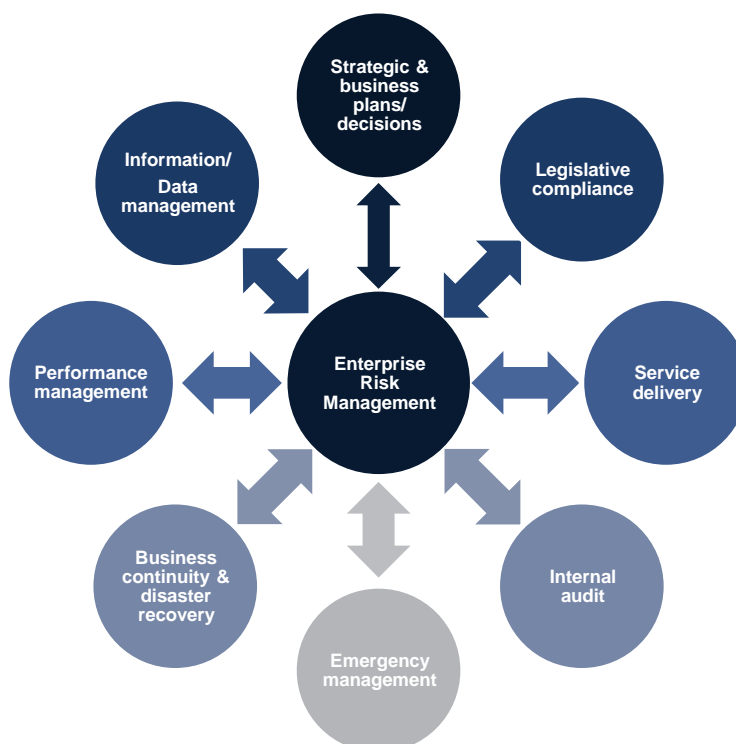
5.2.1 Enterprise Risk Management

Enterprise risk management encompasses strategic, operational and project risk management.

Strategic risks are identified by reference to both the external environment and Council's strategic objectives. Strategic risks are monitored by the Executive Management Team and, Audit Committee, with all risk assessments captured in the Risk Register and recorded within the record management system.

Operational Risks arise from day-to-day functions and operations to deliver core services. Operational risks are monitored by Council's Executive Management Team and Departmental Managers.

Project Risks are the uncertain events or conditions that have potential to impact either positively or negatively on project objectives. Project risks are monitored by the project manager and reported to the Executive Management Team and Council (where the project is of strategic significance.)

5.2.2 Strategic planning and decision making

Strategic and business planning, (which includes long-term financial planning and annual budgeting,) must adequately consider the risks inherent in setting and pursuing objectives and the effectiveness of systems that are in place to manage and communicate those risks.

Risk management is integrated into governance structures, including decision making, which is supported by incorporating risk analysis into Council and committee reports, where there is a potential impact on the achievement of strategic objectives or on the wider community.

Council members are expected to:

a)   give adequate consideration to risks when setting Council's objectives;

b)   understand the risks facing Council in pursuit of its objectives;

c)   oversee the effectiveness of systems implemented by the organisation to manage risk;

d)   accept only those risks that are appropriate in the context of Council's objectives; and

e)   consider information about such risks and make sure they are properly communicated to the appropriate stakeholder or governing body.

5.2.3 Legislative compliance

The Local Government Act (SA) 1999 applies to the functions of Councils and Prescribed Bodies in South Australia, however, due to the diversity of functions provided, a range of other Acts, Regulations and Codes of Practice and Standards also apply.

Council has implemented a Work Health and Safety (WHS) management system to manage hazards and risks to workers and members of the public, in accordance with the WHS Act (SA) 2012 and Return to Work SA's Performance Standards for Self-Insurers.

5.2.4 Service delivery

Risk exposures vary according to the functions, facilities and services provided and these will inevitably change over time. Council's planning processes address both the risks associated with provision of functions, facilities and services, (such as capacity and resources,) and risks arising from their delivery, (such as public safety and community reaction).

5.2.5 Internal controls audit

Internal audit is an independent, objective assurance activity designed to add value and improve the organisation's operations. It provides a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes. The process of internal audit may result in the identification of new risks or more effective treatments for existing risks.

5.2.6 Emergency Management

Council plans for, and undertakes, prevention, preparedness, response and recovery activities to support its community in the event of emergencies and natural disasters. This process includes alignment and co-operation with lead agencies and other Councils in the state as well as providing information and training for workers to protect them from harm whilst responding to emergencies and natural disasters.

5.2.7 Business Continuity Plan & Information Technology Disaster Recovery Plan

Council is committed to ensuring that critical business functions continue after a business interruption and has the following plans, taking into consideration reasonably foreseeable risks and their potential impact on achievement of objectives:

a)   The Business Continuity Plan (BCP), which is designed to manage risk by limiting or reducing the impact of a disruption, (such as severe weather event or loss of key personnel), and enable the resumption of critical business functions/services following a disruption; and

b)   The Disaster Recovery Plan (DRP), which is intended to protect and recover information technology infrastructure and data in the case of a disruptive event, (such as cyberattack

or damage to/loss of infrastructure,) by defining actions to be taken before, during and after an event.

5.2.8 Performance Management

Both risk management and performance management start with the establishment and communication of corporate goals and objectives and development of strategies which are then cascaded throughout the organisation. Appropriate measures and reporting structures will be put in place to monitor the effectiveness of risk management processes, (at an individual and organisational level), which will in turn assist in identifying gaps and emerging risks.

The performance of Whyalla City Council's risk management program will be measured through three distinct categories:

Measure	Frequency
Compliance with the policy and related documentation	Annual
Foreseeable risks are identified and controlled within risk appetite and tolerances, where reasonably practicable	Biannual
Tangible improvement in risk evaluation outcomes and risk maturity modelling	Biennial

5.2.9 Information/Data Management

Not only is it critical to the achievement of objectives that data and corporate knowledge is retained, there are regulatory requirements to do so, (e.g. compliance with the State Records Act 1997, Commonwealth Privacy Act 1988 and Freedom of Information Act 1991.)

Council's records may be vulnerable to cyberattack, malicious intent or unauthorised release, should appropriate risk mitigation strategies not be in place.

5.3 Design

5.3.1 Understanding the organisation and its context

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

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

The external environment may include a range of factors such including (but not limited to):

a) increased legislative and compliance requirements;

b) reduced funding from State Government;

c) community expectations; and

d) social, cultural, political, technological, economic, natural and built environment.

5.3.2 Roles and responsibilities

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

Roles	Responsibilities
Council	• Set the organisation's risk appetite and policy for managing risk; • Give adequate consideration to risks when setting objectives and making decisions; • Foster a culture that is consistent with the organisation's appetite for risk; • Ensure the organisation has the structures and processes in place to support decision making and management of risk; • Set an appropriate governance structure for risk and risk management including Audit Committee and delegations; • Require the CEO to demonstrate that the framework for managing risk is effective and appropriate; and • Require the CEO to provide information to allow the Council to understand the risks that may have material impacts on achievement of the organisation's objectives. • Consider recommendations from the Audit Committee relating to strategic risks or any other risk matter

Roles	Responsibilities
Audit Committee	• Review and endorse the criteria contained within the Risk Management Framework, following endorsement from the Executive Management Team. • Review reports from Executive Management Team and auditors to ascertain the adequacy of controls that have been implemented • Monitor strategic risks bi-annually.
Chief Executive Officer (CEO)	• Promote a strong risk management culture by providing firm and visible commitment to risk management including ensuring appropriate accountability for the management of risk • Review and endorse the Risk Management Framework • Develop and implement a framework that delivers a consistent approach to risk management by allocating resources and assigning authority, responsibility & accountability at appropriate levels within the organisation • Allocate and uphold accountability for managing risk • Ensure Executive Management Team have the necessary knowledge and skills to effectively fulfil their risk management responsibilities • Regularly review strategic and operational risks and maintain an understanding of the environment in which the organisation operates, the risks it faces and the effectiveness of its controls • Ensure compliance with legislative and contractual obligations and policy requirements • Provide reliable information about risks, controls and their effectiveness to Council. • Escalate all strategic risks that exceed the organisation's risk appetite to the Audit Committee or Council, as required
Executive Management Team	• Commitment to, and promotion of, the risk management policy and framework • Monitor the organisation's overall risk profile and mitigation strategies • Ensure that risk management is embedded into all functions and activities, including decision making • Ensure that risks that cannot be treated immediately are recorded on the risk register and that there is ongoing and regular review of the risk register, (including follow up and close out of overdue risk treatments) • Incorporate risk treatments into departmental plans • Ensure that staff, contractors, volunteers and other relevant stakeholders have the appropriate skills to be actively be involved in managing risk • Provide incentives and performance management

Roles	Responsibilities
	arrangements that support the desired approach to managing risk
	• Promote a proactive risk culture in accordance with business management initiatives
	• Collectively review strategic risks and consider emerging risks, prior to Audit Committee.
	• Ensure compliance with legislative and contractual obligations and policy requirements
Manager Governance	• Provide guidance and assistance to Executive Management Team and staff in relation to the application of this framework
	• Ensure relevant risk information is recorded in the Risk Register and reported and escalated to the Executive Management Team or Audit Committee or cascaded to staff, as relevant
	• Maintain the Risk Management Policy and Framework to ensure its currency and relevance
	• Maintain the Risk Register and reporting timeframes as required
Employees, Volunteers & Contractors	• Understand the risk management processes that apply to their area of work
	• Identify, evaluate, report and manage, (or escalate,) risks relating to daily activities and projects

5.3.3 Implementation

This risk management framework will be supported by an implementation plan that includes timeframes and resource requirements and processes for engagement with, and provision of information to, relevant stakeholders.

5.4 Evaluation

Council will undertake periodic reviews of this risk management framework and the implementation plan to evaluate their effectiveness and determine whether they remain suitable in supporting the achievement of strategic and operational objectives.

5.5 Improvement

To maintain and improve the value of risk management to the organisation, Council will monitor and adapt this risk management framework, with a view to continually improve the suitability, adequacy and effectiveness of its risk management process.

6   Risk Management Process

Having good risk management practices in place provides Council with assurance that measures are in place to maximise the benefits and minimise the negative effect of uncertainties in pursuit of its strategic objectives. Risk management involves both the management of potentially adverse effects as well as the fulfilment of potential opportunities. The risk management process is an integral part of management and decision-making and will be integrated into the organisation's structure, operations and processes.

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

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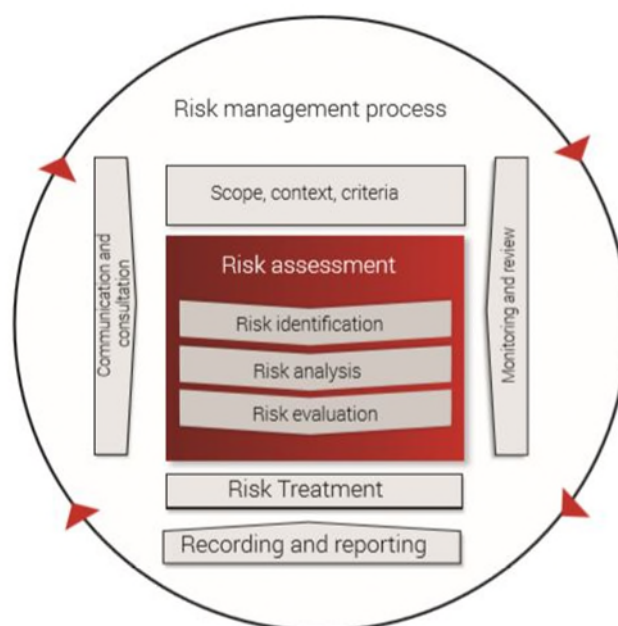

Diagram source: Standards Australia Limited, AS ISO 31000:2018 Risk management – guidelines, SAI Global Limited, Sydney, 2018. © Standards Australia Limited. Copied by JLT Risk Solutions Pty Ltd with permission of Standards Australia and Standards New Zealand under Lincence 1811-c079.

6.1   Communication and Consultation

Establishing a communication and consultation plan with internal and external stakeholders is critical to the success of the risk management process. Effective communication and consultation throughout the process is essential to ensure that those responsible for implementing risk management, and those with a vested interest, understand the basis on which risk management decisions are made and why particular actions are required.

Council will engage with stakeholders throughout the risk management process to:

a)   Correctly identify risks and understand context;

b)   Gain a better understanding of the views and interests of stakeholders and how their expectations may be managed;

c)   Capitalise on the diversity of knowledge, opinions and experience to enhance identification and management of risks and opportunities; and

d)   Build a sense of inclusiveness and ownership amongst stakeholders.

6.1.   Scope, context and criteria

6.1.1 Defining the scope

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

a)   Goals and objectives of risk management activities;

b)   Proposed outcomes and timing;

c)   Responsibilities and accountabilities for the risk management process;

d)   Risk management methodologies;

e)   Processes, activities and projects and how they may interact with other processes, activities and projects;

f)   How effectiveness and/or value will be measured and monitored; and

g)   Availability of resources to manage risk.

6.1.2 Defining the context

Defining the context is important because

a)   Risk management takes place in the context of achieving objectives and undertaking activities; and

b)   Organisational factors can be a source of risk.

The context should reflect the specific environment of the activity to which the risk management process is to be applied, and consider the factors outlined in 5.3.1.

6.1.3 Defining risk criteria

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

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

6.2   Risk Assessment

6.2.1 Risk Identification

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

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

Strategic	Risks associated with high-level strategic objectives that are articulated in Strategic, Annual Business and Asset Management Plans. Strategic risks may affect the achievement of Member's corporate objectives. They are key issues for the Council/Board and Executive Management Team and impact the whole organisation rather than a department. These risks can originate from within the organisation or externally. In other words, they may prevent the organisation from achieving its strategic objectives.

Operational	Risks associated with departmental functions and daily operations to deliver core services. Often the risks relate to cost overruns, supply chain/logistic issues, employee issues, fraud, WHS, non-compliance to policies and procedures.
Project	Risks associated with Project Management that will affect milestones or outcomes connected to delivering a specific project.

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

The Executive Management Team will undertake a regular review of current and emerging strategic risks, giving consideration to political, economic, social, technological, legal & environmental factors.

The aim is to generate a list of risks based on those impacts or events. During the identification process, there are a number of questions that need to be asked to capture the information required:

a)   What might happen/ what could go wrong?

b)   What is the cause?

c)   How does this affect the objective?

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

People & Culture (includes WHS)	Financial	Assets & Infrastructure	Customer Service Delivery	Environment
Information Technology	Governance & Compliance	Community Health & Wellbeing	Cultural Heritage	City Growth

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

Capturing an additional level of detail with regards to risk areas assists in reporting and analysing trends. An example of this can be found in appendix E.

6.2.2 Risk Analysis

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

6.2.2.1 Risk ratings

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

a)   Inherent risk rating, being the level of risk at time of risk assessment with no controls;

b) Current risk rating, being the level of risk with the controls that are currently in place, operating as they are; and

c) Residual risk rating, being the level of risk once further and additional controls are added to reduce the consequence and/or likelihood, (i.e. the forecast level of risk remaining after risk treatment).

6.2.2.2 Risk appetite

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

In arriving at its risk appetite, Council Members will give consideration to:

a) The degree to which decision makers are permitted to expose Council to the consequences of an event or situation;

b) Aggregated and interlinked risks to determine whether the cumulative level of risk is acceptable or not;

c) Allowing for flexibility to adapt, given changing environment and circumstances to be built in; and

d) Whether decisions are made with full consideration of potential risk and reward.

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

6.2.2.3 Risk tolerance

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

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

6.2.3 Risk Evaluation

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

When a risk has been identified or reassessed, the following table provides guidance on the action to be taken for each risk rating level:

Risk level	Managing risk – priority rating
Extreme	Add risk to Risk Register
	Escalate risk issue immediately to CEO
	CEO to:
	• Refer risk to risk owner
	• Identify and develop treatment strategies for immediate action
	• Monitor and review actions/strategies

Risk level	Managing risk – priority rating
(Red)	• Provide direction and information to relevant stakeholders • Inform the next meeting of the Audit Committee of the risk issue, the actions taken to mitigate the risk and the outcome (or current status) • Consider cessation/suspension of the activity giving rise to the risk until such time as CEO/Management Team authorises its continuation and/or whilst other risk treatment strategies are being developed/implemented For WHS related risks, the following applies: • Operation of item or activity shall not be allowed to continue until the risk level has been reduced • Will commonly be an unacceptable level of risk • May include both short and long term control measures
High	Add risk to Risk Register Escalate risk issue to Executive Management Team Executive Management Team to: • Refer to relevant risk owner • Identify and develop treatment strategies with appropriate timeframes • Monitor and review actions/strategies to manage risk to an acceptable level • Provide direction and information to relevant stakeholders • Inform the next meeting of the Audit Committee of the risk issue, the actions taken to mitigate the risk and the outcome (or current status) For WHS related risks, the following applies: • Reduce the risk rating so far as is reasonably practicable • Should only be an acceptable level of risk for 'Major' or 'Catastrophic' consequences
Moderate	Add risk to Risk Register Escalate risk to Department Manager Department Manager to coordinate with relevant work group to: • Identify and develop treatment strategies with appropriate timeframes • Monitor and review actions/strategies to manage risk to an acceptable level For WHS related risks, the following applies: • Reduce the risk rating so far as is reasonably practicable. • May be an acceptable level of risk
Low	Add to Risk Register Undertake localised risk management & actions (if required) Review within the department parameters and routine procedures For WHS related risks, the following applies: • Reduce the risk rating so far as is reasonably practicable. • Commonly is an acceptable level of risk

6.3   Risk Treatment

Risk treatment can be conducted using a variety of methods. When looking at negative risks, treatments are aimed at reducing or removing the potential for consequences occurring.

However when looking at positive risks, (opportunities,) treatments look at ensuring that consequences are realised.

Risk treatment involves selecting one or more options for modifying the likelihood and/or consequence of risks, and implementing those options. Once implemented, treatments provide or modify the controls. An action should be implemented to treat certain risks.

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

6.3.1 Risk treatment priorities

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

a) Strategic risks that exceed risk appetite

b) Strategic risks that exceed risk tolerance

c) Operational risks that are rated Extreme or High

d) Operational risks that are rated either Moderate or High that exceed risk appetite.

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

6.3.2 Risk treatment options

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

Eliminate	Remove an asset or discontinue an activity or service completely so as to eliminate the risk altogether
Share	Allocate risk to a third party, such as through appropriate contactor management, (noting however that S272 of the WHS Act voids any agreement or contract that purports to transfer any duty owed under the Act.)
Mitigate	Implement a type of treatment control to reduce or remove the risk. This may include but is not limited to options such as substitution (swapping), isolation (barricade), engineering (modify by design) or administration (policy/process)
Accept	Risk can be accepted for a number of reasons including:

- no extra treatments being available;

- meets the stated target risk appetite for the type of risk;

- informed decision has been made about that risk; and

- the cost of risk treatment significantly outweighs the potential risk exposure.

For positive risks, options may include:

Exploit	Implement strategies to capitalise on the likelihood of the risk eventuating and ensure that the organisation is able to respond quickly to the opportunities as they arise
Share	Partnering with another organisation that is able to add skills or value not currently available within Council

Enhance   Influence the factors that will improve the likelihood of the opportunity arising

Accept   Maintain status quo by informed decision

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

6.3.3 Control characteristics

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

a) Documented (e.g. Policies, procedures, task lists, checklists)

b) Systems-oriented (e.g. integrated and/or automated)

c) Preventative (e.g. system controls) or detective

d) Consistent and regular (including during staff absence)

e) Performed by competent and trained individuals

f) Clear responsibility and accountability

g) Create value (i.e. benefits outweigh costs)

h) Achievable for the organisation (based on available resources)

i) Evidenced (i.e. documented or electronic audit trail)

j) Confirmed independently

6.3.4 Preparing and implementing risk treatment plans

Risk treatment plans specify how the risk treatment options will be implemented, so that those involved understand what arrangements are in place and to allow progress against the plan to be monitored. Risk treatment plans are documented within the risk register and project management plans and provide the following information:

a) Rationale for selection of treatment options;

b) Responsibilities and accountability for approving and implementing the plan;

c) Proposed actions and timeframes;

d) Resourcing requirements;

e) Constraints and contingencies; and

f) Required reporting and monitoring.

6.4 Monitoring and Review

6.4.1 Review of risks and controls

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

A monitoring and review process will:

a) Ensure that implemented controls are effective and adequate;

b) Provide further information to improve risk assessment and treatment plans;

c) Allow for the identification of emerging risks;

d) Identify any new factors that may influence established strategies to mitigate risks.

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

Monitoring and review guidelines and timeframes are captured in the Risk Reporting structure, (see section 7.)

6.4.2 Project risks

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

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

6.4.3 Internal audit

The audit process plays an important role in evaluating the internal controls (and risk management processes) currently employed by Council. Our internal audit program is 'risk based' and provides assurance that we are managing our risks appropriately. In developing the Internal Audit Plan, consideration is given to the extreme, high and moderate risks identified by the risk assessment process. Internal audits assess the adequacy of selected controls identified.

The internal audit process will measure risk by:

a) **Measuring compliance** – has the organisation met its Policy objectives

b) **Measuring maturity** – measuring against best practice and sector benchmarking

c) **Measuring value add** – has the framework and risk culture added to the achievement of Council's strategic objectives

Information is shared between the risk management and internal audit functions. Changes in our risk profile are reflected in our Internal Audit Plan. Similarly, control issues identified through internal audit will inform our Risk Management Framework. The internal audits are conducted to provide assurance that key risks have been identified and the controls in place are adequate and effective, as per the following table.

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

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

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

7   Recording and reporting

7.1   General

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

a)   Communicate risk management activities and outcomes;

b)   Provide information for decision making;

c)   Provide opportunities for continuous improvement;

d)   Assist interaction with stakeholders, including those with responsibility and accountability for risk management activities.

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

7.2   Risk register

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

7.2.1   Strategic risks

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

Recording and reporting of strategic level risks is the responsibility of the Manager Governance via Executive Management Team and Audit Committee.

7.2.2   Operational risks

Operational risks will be recorded in the risk register, and be reviewed at least bi-annually by Department Managers. Recording operational risks in the risk register and reporting of implementation and effectiveness of controls is the responsibility of department managers and workers.

7.2.3   Project risks

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

7.3   Risk reporting

Purpose

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

a)   Understanding Council's risk exposure;

b)   Identifying risks that require increased attention and action;

c)   Providing relevant information to the Council about risks likely to impact upon achievement of strategic objectives;

d)   Dissemination of information to workers at all levels to support them in making risk informed decisions; and

e)   Improving the risk culture and awareness throughout the organisation.

7.3.1   Content

Risk reporting will include:

Report content	Reported to	Frequency
Council and Committee reports to include	Council and	All Council and Committee

Report content	Reported to	Frequency
discussion of potential risks, based on completed risk assessment and treatments, (with the exception of routine administrative matters)	Committee members	meetings
Review and update of the risk register by Department Managers	Executive Management Team	Bi-monthly to Executive Management Team, (or as otherwise required, e.g. organisational structure change/ process change/ new project)
Report by CEO on extreme and high strategic risks, including actions taken to mitigate the risk and outcomes or current status	Audit Committee	Each meeting, (as required)
Report of strategic risks (to verify that current risks are controlled within Council's risk appetite & tolerances & that there are strategies to address or monitor any emerging risks that have been identified)	Audit Committee	Biannual
Report on compliance with policy and related documents	Audit Committee	Annual
Risk evaluation outcomes and risk maturity modelling progress/ summary report	Executive Management Team – detail Audit Committee - summary	Biennial

8 Training

8.1 Workers

The risk management policy and framework, together with supporting tools will be made available to all workers through the intranet.

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

Risk management awareness training is captured on the training needs analysis (TNA), to ensure the effective implementation of this Framework.

8.2 Council Members

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

Risk management awareness training will be scheduled for all Council members.

8.3 Audit Committee

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

9   Review of Risk Management Framework

This risk management framework and processes will be scheduled for review within 4 years from endorsement.

10 Appendices

Appendix A: Definitions

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

Risk Management Framework	Set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.
Risk Owner	Staff member with the accountability and authority to manage a risk
Risk Tolerance	The acceptable variation in outcomes related to specific performance measures linked to objectives the organisation seeks to achieve
Risk	The effect of uncertainty on objectives
Stakeholder	Person or organisation that can affect, be affected by, or perceive themselves to be affected by, a decision or activity

Appendix B: Consequence Tables

Qualitative Measures of Consequence (excluding Project Risks)

Rank	People	Financial/ Infrastructure	Service Delivery	Reputation	Environmental/ Cultural site disturbance	Legal/ Regulatory/ Policy
Insignificant	No or minor injuries not requiring first aid treatment, or near miss Annual staff turnover of <10%	Financial – low financial loss <$100,000 impact on operating result Minor failure of infrastructure – no inconvenience to stakeholders	Insignificant interruption to a service – no impact to customers/business	Little community interest, low profile, no media items	Minor instance of environmental (e.g. soil, vegetation, coastal) damage. can be reversed immediately Minimal (but discernible) disruption to Aboriginal site. Minimal spill or litter able to be removed immediately	No noticeable statutory or regulatory impact Fines < $10,000

Rank	People	Financial/ Infrastructure	Service Delivery	Reputation	Environmental/ Cultural site disturbance	Legal/ Regulatory/ Policy
Minor	First aid treatment. Negligible impact on morale Annual staff turnover of <20%	Financial – medium financial loss 1% of rate revenue ($187,000) Minor failure that cannot be rectified immediately – minor inconvenience to stakeholders	Minor interruption to a service with minimal impact to customers/business	Low impact, some passing interest, low media profile	Minor impact to environment, e.g. on-site chemical release, spill or sand/soil movement that can be immediately contained. Can be reversed in the short term Minor disruption to Aboriginal site Litter able to be removed in a short time frame, (e.g. same day)	Minor/temporary non-compliance with statutory requirements Fines less than $50,000 for the organisation
Moderate	Medical attention required. Short Term effect on morale and business Annual staff turnover of >20% of entire workforce or 30% of a work group Loss of member of Executive Management Team Loss of up to 4 Council members more than 12 months out from LG Elections	Financial – high financial loss 2.5% of rate revenue ($467,500) Significant failure of infrastructure that will require work-arounds - moderate inconvenience to stakeholders	Moderate Interruption to service delivery. Customer impact up to 48 hrs. Partial BCP action may be needed	Moderate impact, moderate public interest, public embarrassment, moderate media profile	Moderate impact to environment. Localised damage or chemical release that has potential to spread but can be contained or reversed with intensive efforts or outside assistance Noticeable disruption to Aboriginal site Litter removal requires outside assistance, (e.g. contractor or government agency)	Short-term non-compliance with moderate statutory requirements Fines < $50,000 for an individual or < $500,000 for the organisation

Rank	People	Financial/ Infrastructure	Service Delivery	Reputation	Environmental/ Cultural site disturbance	Legal/ Regulatory/ Policy
Major	Extensive injuries - serious long term injury. Temporary disablement. Annual staff turnover of 30% - <75% Significant impact on morale and business Loss of 2 members of Executive Management Team Temporary loss of 5 or more Council Members	Financial – major financial loss 5% of rate revenue ($935,000) Major failure of infrastructure that severely limits functionality – significant inconvenience to stakeholders	Major interruption to service delivery or production capability, Customer impact > 7 days. Component of BCP action may be needed.	Sustained public interest, high negative media profile, Premier/Cabinet publicly involved, third party action	Off-site chemical release, severe loss of environmental amenity or danger of continuing environmental damage. Significant disruption to Aboriginal site(s)	Significant non-compliance with essential statutory requirements Fines <$300,000 for an individual or < $1,500,000 for the organisation
Catastrophic	Death. Long term effect on morale and performance of business Annual staff turnover of > 75% Loss of entire/majority of Executive Management Team Permanent loss of 5 or more Council Members	Financial – huge/ catastrophic financial loss/exposure 5% of rate revenue ($935,000) Total failure of infrastructure	Major interruption to delivery of all or most services for more than 14 days. Full BCP action required.	Widespread public agitation, Government censure, high multiple impacts, widespread negative media profile	Toxic off-site chemical release with detrimental effect, major loss of environmental amenity or irrecoverable environmental damage Irreversible disruption to Aboriginal site	Long term or indefinite non-compliance with essential statutory requirements and may result in criminal charges Fines > $300,000 for an individual or > $1,500,000 for the organisation

Consequence Table for Project Risks

Rank	Cost	Schedule	Performance	Reputation	Safety
Insignificant	< 2.5% of total Project Budget	< 2.5% of total Project Schedule	Would cause the delivered capability to be functionally fit for all desired missions or tasks, but there may be some qualification to the level to which it would perform non-critical elements of the mission or task. Few such qualifications would exist.	Little community interest, low profile, no media items	Minor injuries not requiring first aid treatment, or near miss
Minor	2.5-10% of total Project Budget	2.5-10% of total Project Schedule	Would cause the delivered capability to be functionally fit for all desired missions or tasks, but there would be some qualification to the level to which it would perform non-critical elements of the mission or task. Several such qualifications would exist.	Low impact, some passing interest, low media profile	Minor Medical attention. Negligible impact on morale
Moderate	10-14% of total Project Budget	10-14% of total Project Schedule	Would cause the delivered capability to be partly functionally fit for purpose (i.e. degraded ability to perform all desired missions or tasks; however, there are known workarounds). There would be some qualification to the level to which it would perform (e.g. due to issues of relationships, concurrency, etc.). Several such qualifications would exist.	Moderate impact, moderate public interest, public embarrassment, moderate media profile	Medical attention required. Short Term effect on morale and project outcome.
Major	15-19% of total Project Budget	15-19% of total Project Schedule	Would cause the delivered capability to be only partly functionally fit for purpose (i.e. degraded ability to perform some core missions or essential tasks or unable to perform non-core missions or tasks, and there are no known workarounds).	Sustained public interest, high negative media profile, Premier/Cabinet publicly involved, third party action	Serious Long Term Injury. Temporary disablement. Significant impact on morale and project outcome.

Rank	Cost	Schedule	Performance	Reputation	Safety
Catastrophic	>20% of total Project Budget	>20% of total Project Schedule	Would cause the delivered capability to be functionally unfit for its intended purpose (i.e. unable to perform core missions or essential tasks).	Widespread public agitation, Government censure, high multiple impacts, widespread negative media profile	Death. Long term effect on morale and project outcome.

Appendix C: Likelihood Table

Likelihood	Explanation – Operations	Explanation – Projects/ Business Case	Probablility
Certain to occur	It is **expected to occur** in most circumstances, immediately or within a short period – at least once a year	Could be expected to occur more than once during the study or project delivery	Expected to occur in most circumstances
Very likely	**Will probably occur** in most circumstances – Around 1 – 5 years	Could easily be incurred and has generally occurred in similar studies or projects.	Probably will occur
Possible	**Might occur at some time -** within a 5 - 10 year period.	Incurred in a minority of similar studies or projects	Moderate probability of an incident
Unlikely	**Could occur at some time -** in a 10 – 20 year time frame.	Known to happen, but only rarely.	Low probability of an incident
Rare	**May occur only in exceptional circumstances**. Could be incurred in a greater than 20 year timeframe.	Has not occurred in similar studies or projects. Conceivable but in extreme circumstances.	Extremely low probability. Will only occur in exceptional circumstances

Appendix D: Risk matrix

Consequence / Likelihood	Insignificant	Minor	Moderate	Major	Catastrophic
Certain to occur	High	High	Extreme	Extreme	Extreme
Very likely	Medium	High	High	Extreme	Extreme
Possible	Low	Medium	High	Extreme	Extreme
Unlikely	Low	Low	Medium	High	Extreme
Rare	Low	Low	Medium	High	High

Appendix E: Detailed Risk Areas

Aerodromes	Includes all land at the Whyalla Airport for regular passenger transport and general aviation
Animal Management	Dog and cat management, control of feral/pest animals
Arts & Culture	May include performing arts, (e.g. theatre productions) but does not include events – refer Event Management
RV Facilities	Includes camping facilities and RV parking
Cemeteries/Crematoria	Regional facility and includes cemetery and crematoria
Child Care	68 place long day care centre
Coastal & Inland Waterways	Includes: Beachfront, Boat Ramps; Jetties, Marinas, Whyalla Marina swimming enclosure
Community Development	Includes youth services and sports
Land & Buildings	Includes: Building Safety; Hire of Facilities; Leasing Arrangements. Includes community facilities, toilets etc
Economic Development	Includes business support
Emergency Management	Includes BCP, workplace emergencies, community emergencies
Event Management	Includes events organised by Council and third party events on Council's land
Financial Management	Borrowings and other financial arrangements, debtors, creditors, rates and other revenue
Governance	Includes: special committees; Council members
Health – Communicable disease	Including pandemic
Health - Inspections	Food and other health inspections (proactive and reactive)
Health - Provision of clinical services	e.g. Immunisation
Human Resources	Includes: recruitment and retention
Information Technology	Including IT infrastructure, cyber security and data protection
Library Services	Including home library, mobile library etc.
Planning & Development	Includes: Planning Development & Infrastructure Act, issues arising from past development approvals, certification & inspections
Playgrounds/Outdoor Gym Equipment	Includes: nature play. Whyalla has 28 playgrounds.
Procurement, Contracts, Tenders	also covers contract/contractor management
Regulatory	Includes: parking enforcement and fire prevention
Roads & Footpaths	Roads & footpath management
Smart Technology	Includes: Drones; driverless vehicles; CCTV; electric vehicle charging stations

Sport/Recreation/Leisure	Includes: Leisure facilities/services; recreational reserves - sport & non-sport
Strategy/reputation	Not meeting community expectations
Swimming Pools	Does not include jetty pools or swimming enclosures – refer coastal and inland waterways, Whyalla Recreation Centre
Tree Management	Includes: arboratorial services
Tourism	Tourism - visitor centre, information bays
Volunteers	Includes: volunteers across all departments
Waste Management	Includes: rubbish collection, recycling and waste transfer stations
Water Management	Includes: aquifer storage reserves, wetlands, drainage, stormwater management and recycled water

CITY OF WHYALLA

Risk Appetite Statements
2 May 2022

WHYALLA

The Local Government Association Mutual
Liability Scheme (LGAMLS) provides Councils in
South Australia with a sector based alternative
option to purchasing individual commercial
public liability and professional indemnity policies.

The LGAMLS is a Local Government indemnity
scheme established under the Local Government
Act 1999 and membership is compliance in
accord with s142 of the Act (Duty to insure for
Civil Liability). While not mandatory the LGAMLS
maintains 100% Council membership as the self-
managed concept provides Councils with fully
integrated claim and risk management services,
resulting in greater control across the sector of its
financial viability relating to civil liability risks.

The proactive risk and financial management of
the LGAMLS benefits from the annual collection
of claim and risk profiling data – historically
collected prior to each membership renewal period.
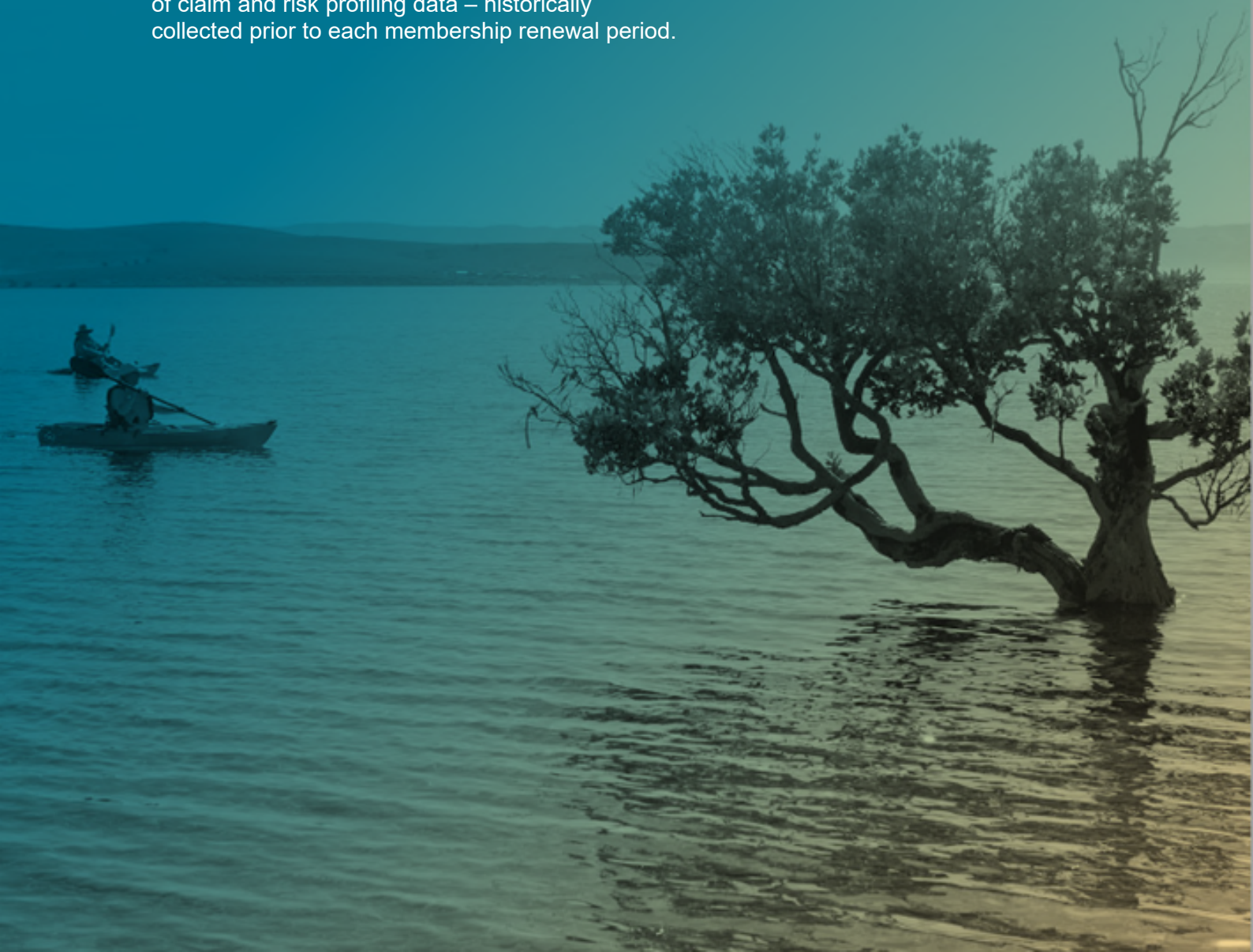
Contents

Executive Summary

The City of Whyalla ('Council') has articulated its appetite for taking or retaining risk through the use of qualitative risk appetite statements that are based on its nominated risk categories.

Council has chosen to identify its risks within seven Risk Categories, and has a Primary and Secondary risk appetite for each category.

Through a workshop exercise involving Council's executive leadership team, risk appetite levels have been determined for each risk category.

These positions include a Primary and a Secondary level for each category, and are based on an ordinal scale of the four risk appetite levels: avoiding, resistant, accepting and receptive.

In this order, the risk appetite levels provide an indication of an increasing willingness to take on or retain risk.

Council has a primary risk appetite position that is reasonably conservative, with four of the seven risk Categories have a primary risk appetite of avoid (2) or resistant (2), which represents 57% of all categories.

The three (43%) remaining risk categories are all in the accept level.

The secondary risk appetite levels are far less conservative with four out of the seven (57%) risk categories evenly split between accept and receptive, and the remaining three at the resistant level.

The distribution of primary and secondary risk appetites for City of Whyalla is indicative of a reasonably conservative overall appetite towards taking risk, whilst recognising that in some instances, risk-taking will be necessary to achieve better outcomes for Council and the community.

The distributions of primary and secondary levels of Risk Appetite for Council are illustrated in the charts below.
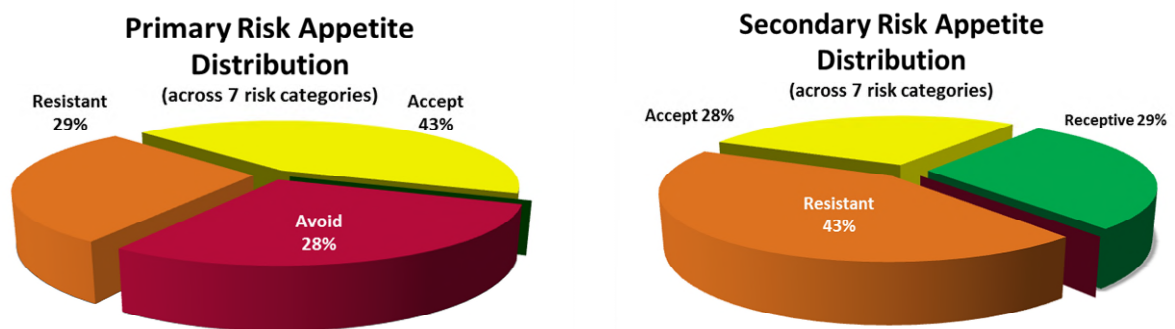
An important caveat to well-articulated qualitative risk appetite statements is that they are, by their nature, not readily measurable (quantitative).

However, they do support conscious and informed risk taking and will increase transparency of decision making.

City of Whyalla – Risk Appetite Report
DRAFT

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Page 1

Risk Appetite Summary

The risk appetite statements for City of Whyalla are based on the amount of risk that Council is willing to take or retain in pursuit of its objectives over the life of the current Long Term Financial Plan (2021 - 2030.)

Council has four themes in its strategic plan, (being Our People, Our Places, Our Economy and Our Image), and undertakes a diverse range of projects and ongoing operations to support the objectives and strategies that sit under each of the themes. As such, appetites for taking risk can vary according to their nature and potential impact on achievement of Council's long-term objectives.

Instead of attempting to align the risk appetite statements to these themes, objectives or strategies, risk appetites have been developed against each of Council's risk categories, using achievement of Council's long-term objectives as a focusing lens. For each risk category, a four-level ordinal scale (as illustrated in Table 1), has been used to indicate the amount of risk Council is willing to take or retain for each category.

Table 1: Risk Appetite Levels and Definitions

AVOID	RESISTANT	ACCEPT	RECEPTIVE
(little-to-no appetite)	(small appetite)	(medium appetite)	(larger appetite)
Avoidance of adverse exposure to risks even when outcome benefits are higher	A general preference for safer options with only small amounts of adverse exposure	Options selected based on outcome delivery with a reasonable degree of protection	Engagement with risks based more on outcome benefits than potential exposure

Within each category, it is recognised that, whilst there is a primary risk appetite, (being the generally accepted position,) from time to time there will be situations where the risk appetite differs - either due to exceptional circumstances or in order to achieve the best outcomes for the community – and, as such, a secondary risk appetite has been defined.

Table 2: Summary of Council's Risk Appetite positions

Risk category	Avoid	Resistant	Accept	Receptive
Financial		Primary ➤	Secondary ⋀	
People (including WHS)	Primary ➤	Secondary ⋀		
Service Delivery			Primary ➤	Secondary ⋀
Infrastructure			Primary ➤	Secondary ⋀
Legal & Compliance	Primary ➤	Secondary ⋀		
Health		Primary ➤	Secondary ⋀	
Information Technology		Secondary ⋀	◄ Primary	

Risk Appetite Statements

The tables below contain the Risk Appetite Statements for each of Council's risk categories. These statements are qualitative in nature and designed to provide an indication of Council's general position when deciding to take or retain risk in pursuit of its objectives.

Note that achievement of objectives will often be subject to consideration of more than one risk appetite, (eg. environmental health programs may require consideration of public health, service delivery and legal and compliance risk appetites.)

FINANCIAL & ACCOUNTING		
	Level	Risk Appetite Statement
	Resistant	As a general position Council will be **Resistant** to taking risks in its financial and accounting activities to achieve its objectives and will seek to operate within the parameters of its long term financial plan. ⚠ Council will, however, increase its risk appetite to **Accept** potential risks that have insignificant consequences, in order to ensure achievement of its strategic objectives.

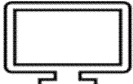| PEOPLE (INCLUDING WHS)		
	Level	Risk Appetite Statement
	Avoid	In consideration of Council's commitment to its staff, stakeholders and the wider community, it will seek to **Avoid** putting the health, safety or wellbeing of any person at risk. ⚠ In some very specific circumstances, (such as in response to emergencies or unforeseen events,) Council's appetite for taking risk in this category will be less conservative, however Council will remain **Resistant** to risk and will require reasonable protections to be in place for the ongoing wellbeing and resilience of Council staff and the community.

SERVICE DELIVERY		
	Level	Risk Appetite Statement
	Accept	Council is willing to **Accept** appropriate levels of risk with regard to the delivery of services, provided that the focus remains on our values of integrity, transparency, accountability, respect, commitment to community, good governance, innovation, fairness and equity and safety and that delivery of critical services are maintained. ▲ However, Council recognises that it is unlikely to achieve all of its strategic objectives without some degree of innovation and, in some circumstances, will be **Receptive** to risks relating to provision of services where there are demonstrable long-term benefits to our community.

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INFRASTRUCTURE		
	Level	**Risk Appetite Statement**
	Accept	As a general position Council will **Accept** risk relating to its infrastructure and assets, provided that compliance with Australian or industry standards and legislative compliance can be met. ▲ However, Council will consider all options with regard to the use of new technology and materials and innovative work methods in this area and will be **Receptive** to taking risks where the potential benefits warrant the risk exposure.

LEGAL & COMPLIANCE		
	Level	**Risk Appetite Statement**
	Avoid	Council is cognisant of the fact that the legal and regulatory environment requires solid compliance, good governance and constant monitoring. As such, Council is cautious with regard to its legal and regulatory activities and will seek to **Avoid** risk exposures in this area. ⚠ However, in specific circumstances, Council may consider a more **Resistant** appetite for legal and compliance risk, provided that any non-compliance is inconsequential with no harm to people.

PUBLIC HEALTH		
	Level	**Risk Appetite Statement**
	Resistant	Council recognises that there are other agencies and organisations with responsibility for public health but is **Resistant** to taking risks in this area and will seek at all times act to put community wellbeing first. ⚠ Nevertheless, Council will at times **Accept** risks in order to achieve the best possible outcomes for the broader community.

INFORMATION TECHNOLOGY		
	Level	**Risk Appetite Statement**
	Accept	Recognising that risks are inherent in adopting and adapting to technology and innovation, Council will **Accept** risk relating to information technology, particularly in improving efficiencies and engaging with its stakeholders. ▼ Council has a more conservative **Resistant** appetite for risks relating to security of its corporate information, ICT infrastructure, support systems and cyber security. As such, Council is cautious with regard to this area.

City of Whyalla – Risk Appetite Report
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Mutual Liability Scheme
Local Government Association
of South Australia

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6.1   CORPORATE SERVICES

6.1.2   Interim Management Report

Audit Committee Meeting:	18 July 2022		
Author's Title:	Manager Finance	**File No.:**	0-159
Directorate:	Corporate Services		

Annexures:

A – Interim Management Report

Officer Direct or Indirect Conflict of Interest:	**Status:**
In accordance with Local Government Act 1999, Section 120	*Information classified confidential under Section 90(2) of the Local Government Act*

☐	Yes	✓	No	☐	Yes	✓	No

Reason – not applicable

PURPOSE

To provide the Audit Committee with the Interim Management Report from Council's external auditor.

SUMMARY

The report does not list any items that would require the auditor to issue a qualified audit opinion. Instead, these are a list of improvements that will move Council towards a position of best practice. Only two of the items listed are classified as high priority.

Some of the identified items have already been actioned and some of the others relate to processes already under review, such as Procurement.

RECOMMENDATION

The Audit Committee receive and note the Interim Management Report.

6.1.2   Interim Management Report

<u>**REPORT**</u>

BACKGROUND

Council's external auditor Dean Newbery undertook a site visit from Tuesday 19 April to Thursday 21 April 2022. This interim visit was primarily to form an opinion on Council's internal controls for 2021/22.

DISCUSSION

Refer **Annexure "A"** – Interim Management Report

The Interim Management Report lists a total of 13 items, 2 related to last year's audit process and 11 newly identified for this year. Each item includes management's response.

The report does not list any items that would require the auditor to issue a qualified audit opinion. Instead, these are a list of improvements that will move Council towards a position of best practice. Only two of the items listed are classified as high priority.

All the items have been included on the listing of outstanding external review items as part of the Audit Committee Work Program. This shows that a total of 4 items from the list have now been completed. These items will be removed from this list prior to the next meeting.

The remaining 7 items can be broken down as follows:

- Items that were originally planned to be completed by the end of June, but are now being completed in July instead:
  - ➢ A review of the system access for the Finance Services Officer
- Items that will be completed as part of the Procurement Review:
  - ➢ Improvements to documentation process for procurement evaluation.
  - ➢ Improvements to Contractor Management.
- Other items that are planned to occur as time permits:
  - ➢ Adding additional controls related to receipting access for the Rates Officer
  - ➢ Review of Council's leases.
  - ➢ Development of a Grant Register.
  - ➢ Delegations to waive fees and charges.

Financial Implications

It is considered likely that Council can undertake the majority of actions highlighted by the report using internal resources. The major external cost relates to the implementation of the Procurement Review, but this amount has already been included within Council's adopted budget.

Strategic Plan

Objective 1.1 – Unearth community pride within the city

Strategy 1.1.1 – Take a proactive, collaborative approach to the revitalisation of council services to ensure that they adapt to the changing needs and expectations of the community

Legislation

The external auditor must provide an opinion on the operation of Council's internal controls under S 129(1)(b) of *the Local Government (Financial Management) Regulations 2011*.

Officer Direct or Indirect Interest – Nil

Risk Assessment

The auditor has not identified any issues that would require them to issue a qualified audit opinion. This means that no items listed are considered to create significant risk for Council. By implementing the identified improvements Council will continue to move towards best practice.

Social Considerations – Nil

Community Engagement – Nil

Environmental Implications – Nil

Communication - Nil

Conclusion

The implementation of process improvements identified by Council's External Auditors will help to improve Council's internal financial control environment, which is already operating in a satisfactory manner.

DeanNewbery

City of Whyalla

Interim Management Report

2021/22 Financial Year External Audit

June 2022

DeanNewbery

1 June 2022

Mr Alan Rushbrook
Independent Chairperson - Audit Committee
City of Whyalla
PO Box 126
Whyalla SA 5600

Dear Mr Rushbrook

We have recently completed our interim audit component of Council's 2021/22 financial year external audit. We have prepared this Report summarising our findings, observations and recommendations for Council's consideration.

As a result of work undertaken to date, there are no matters identified which would have an adverse impact on our internal control audit opinion for the financial year. Please note that we still have further testing of controls to complete as well as further sample substantive testing prior to us being in a position to be able to finalise an audit opinion on the internal controls of the Council for the full financial year.

I would like to take this opportunity to thank Council's Administration for their valued assistance to date.

Should you require any further information, please contact me on the details provided below.

Yours sincerely,

DEAN NEWBERY

Samantha Creten
Partner

P. +61 8 267 4777
E. sam@deannewbery.com.au

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1. Prior Year Audit Matters Update

An update on prior financial year's outstanding audit matters reported has been provided below. Updated responses from the Administration to each matter have been provided.

Description of Audit Matter	Report Date	Audit Comments Previously Raised	Management's Comments	Status of Matter
System Access Review - User Access Levels	May 2021	Given the importance of having appropriate segregated duties and system access levels, from an internal control environment perspective, we strongly recommend that Council now undertake a comprehensive review of all staff access and permission levels (including for terminated employees no longer have system access). Particular attention should be given to the following areas: • General Ledger • Payroll • Rates • Creditors • Asset Maintenance Review of staff system access levels should also extend to a review of network folders and files, to ensure that staff do not have inappropriate access to information that is not required for their role(s) (e.g. payroll data, confidential documents, supplier details, etc.). As a general rule, access levels across all employees should be formally reviewed annually.	A review was undertaken, and access levels updated as required. As mentioned, an annual review should be undertaken, which is now due. This will be undertaken in the near future.	Completed

DeanNewbery

Description of Audit Matter	Report Date	Audit Comments Previously Raised	Management's Comments	Status of Matter
Completeness of Timesheet data	May 2021	Discussions with the Administration identified that a number of timesheets are being presented without appropriate plant numbers/job codes and/or approval signatures by the employee's supervisor/manager. We identified this as a control breakdown as timesheets should include all appropriate information and approvals to accurately record employee costings based on work undertaken during the time period. As each timesheet is amended after the pay run has been processed, we were unable to obtain sufficient appropriate audit evidence to justify the level of control breakdown. We recommend that Council investigate this control breakdown to gain an understanding of the prevalence/extent to which this is occurring. Council should also consider implementing appropriate training/compensating controls to rectify this situation where appropriate.	Action on this item was deferred until such time as the proposed Electronic Payroll system could be implemented. This system went live on 23 May 2022 and addresses the issues outlined.	Completed

2. Detailed Audit Findings – Interim Audit FY21/22

We have highlighted below key audit matters which have been identified for further consideration and/or action as a result of audit work recently completed.

Audit Matter Reference	Audit Priority Rating	Audit Matter	Audit Finding & Recommendation	Management's Response	Expected Completion Date
1.	High	Finance Services Officer – System Access Levels & Segregation of duties	A review of the User Access Report and through discussions with the Administration it was identified that the Finance Services Officer (FSO) has the following system access and control responsibilities: - Full access to Rates - Full access to Debtors - Full access to the General Ledger (which affords the ability to post General Journals) - Full access to Cash Receipting (including receipt reversals) - Responsible for the end of month review of General Journals posted At the time of our attendance, the FSO was responsible for posting and reviewing General Journals (as detailed below in this report). This presents a significant weakness to segregation of duties given the ability to raise debtor invoices, receipt/reverse payments, process journals and be responsible for their review. To strengthen the internal control environment and improve segregation of duties, we strongly recommend that Council Administration undertake a comprehensive review of the FSO system access levels in conjunction with the internal control responsibilities of the role. If segregation of duties is impractical under this role, we request that Council Administration implement effective compensating controls.	It is agreed that the scope of access for this position needs review. The removal of receipting access and an update to the review process for Journals will address this weakness.	30 June 2022

Audit Matter Reference	Audit Priority Rating	Audit Matter	Audit Finding & Recommendation	Management's Response	Expected Completion Date
2.	High	General Journals – Independent Review	Discussions with Administration identified that General Journals are currently being posted and reviewed by the Finance Services Officer (FSO). To strengthen internal controls and segregation of duties, we strongly recommend that in all instances the sample review of General Journals should be undertaken by an Officer who does not have the ability to process journals. Alternatively, if this segregation cannot be achieved, we recommend the sample review be undertaken by Officers who were not responsible for posting the General Journals under review.	A process has been put in place for the review of Journals by a second officer. Also, Journal posting duties have been reassigned to a different officer, to ensure that segregation of duties occurs.	30 June 2022
3.	Moderate	Rates Officer - Cash Receipting & Payroll access	A review of the User Access Report identified that the Rates Officer has full cash receipting ability as well as full access to Payroll. We acknowledge, that after discussions with Administration, the cash receipting access was granted in line with the job description to undertake the monthly Bank Reconciliation & Payroll access was historically granted as the Officer was being trained in the payroll function, which has since ceased. To strengthen internal controls and improve segregation of duties, we strongly recommend that Council Administration remove the Rates Officers access to the payroll function and the ability to receipt cash within the system. Alternatively, if it is impractical to remove the cash receipting access, appropriate compensating controls should be implemented to increase monitoring of manual cash receipting.	This function is necessary to allow for the efficient rolling of the system between different periods. The Rates Officer does not generate receipts, only posts batches containing data from third party payment providers, or receipts entered by others, which cannot be edited. Investigation will be undertaken into a report which can show that only the receipt types above are being posted.	31 August 2022
4.	Moderate	Conflict of Interest Declarations	Through a review of Council's procurement controls it was identified that Council does not currently prepare conflict of interest declarations for those employees that are involved in the evaluation/acceptance of procurement proposals. For good governance and to strengthen Council procurement practices, we strongly recommend that Council implement a Conflict-of-Interest Declaration Form to be completed by each Officer involved in the Procurement of Tenders and/or Request for Quotes to ensure there is formal documentation retained indicating any conflict/non-conflict of interest in relation to the procurement activity.	A conflict of interest declaration form will be implemented. A Procurement Review is currently being undertaken in conjunction with the State Government with improvements in documentation identified as an area that requires improvement.	30 June 2022 31 December 2022

DeanNewbery

Audit Matter Reference	Audit Priority Rating	Audit Matter	Audit Finding & Recommendation	Management's Response	Expected Completion Date
5.	Moderate	Credit Card Purchases – Procurement Credit Cards	A review of Council Credit Cards identified that Council utilises two "Procurement Credit Cards" which are held by the Procurement Administration Officer (PAO) and the Procurement Co-ordinator (PC) (formerly the Senior Procurement Officer). As per Council's Financial Delegations the PAO and PC have delegation to "Process Credit Card payment where a Purchase Order (PO) exists". As such, Councils Credit Card Procedure states: *"All purchases made via the Procurement Credit Card must have an approved Purchase Order."* For the two months tested as part of the Procurement Credit Card testing, a total of 76 transactions were made. Testing of those transactions identified the following: - 40 transactions had no evidence of a PO provided; and - A further 7 more transactions did not have a PO raised, as these transactions were exempt per the Procurement Policy. In summary, 47 transactions of the total 76 had no evidence of a PO having been raised which is a requirement per the Credit Card Procedure and the Financial Delegations related to the PAO and PC. To ensure compliance with Council procedures and adopted Financial Delegations, we recommend the following: 1. Review the compliance of transactions and general practice related to the Procurement Credit Cards; and 2. As part of the month end review of the Cardholder Reconciliation, ensure that each transaction is supported by an approved PO that was raised prior to the transaction having been entered into.	Purchase Orders are raised for all transactions processed through the Procurement Credit Card, except where the transaction is exempt under the policy. Currently it can be hard to data match this after the fact if a copy of the purchase order is not included in the paperwork, but management confirm that purchase orders are being raised as required. The credit card template will be updated to include a field for the applicable PO number to be included, rather than requiring a large number of POs to be physically included.	30 June 2022

Audit Matter Reference	Audit Priority Rating	Audit Matter	Audit Finding & Recommendation	Management's Response	Expected Completion Date
6.	Low	Tender Documentation - Evaluation Panel Members	As per Council's "Request for Tender Procedure – Version 1 – January 2016" section 7.10.1: *Once tenders have been submitted, the tender evaluation team will need to make an assessment. The evaluation team should be comprised of at least three people, with a single person appointed as a Chair.* As at the time of our attendance, the total population of tenders/Request for Quotes administered via Tenders SA was 8, of which we selected a sample of 3 tenders to review as part of our testing. We identified that, in all three instances, there was insufficient documented evidence of whom was responsible for undertaking the evaluation and subsequently, how many Officers undertook the evaluation of the tender information. We acknowledge, after further discussions with the Administration, that in all three instances, there were 3 Officers that undertook the evaluation of the tender information per 7.10.1 under the procedure. As a matter of good governance and to strengthen the transparency around procurement evaluation practices, we recommend that those Officers who are responsible for undertaking the evaluation of tender information be formally documented and retained.	The Proposal Acceptance Form template has been updated to include the names of panel members making the recommendation.	Completed

Audit Matter Reference	Audit Priority Rating	Audit Matter	Audit Finding & Recommendation	Management's Response	Expected Completion Date
7.	Low	Tender Documentation – No Evaluation	Audit testing of the 3 sample selected tenders from Tenders SA identified 1 instance whereby Council had received 13 responses to the tender advertisement however only 5 were evaluated. A review of the Council tender documentation related to this instance identified there was no formal documentation around the reasoning for the 8 suppliers that were not evaluated.

We acknowledge, after further discussions with the Administration, that the reasoning for not evaluating those suppliers was adequate – but not documented.

As a matter of good governance and greater transparency around the procurement process, we recommend that formal documentation be retained as to the reasoning for Council not undertaking the evaluation of any supplier tender information provided. | Conversations will be held with key project personnel on the importance of submitting all evaluation documentation when finalising a tender.

A Procurement Review is currently being undertaken in conjunction with the State Government and this has been identified as an area that requires improvement. | 30 June 2022

31 December 2022 |

DeanNewbery

Audit Matter Reference	Audit Priority Rating	Audit Matter	Audit Finding & Recommendation	Management's Response	Expected Completion Date
8.	Low	Contract Management Policy	Our internal control review of Council External Services identified that Council does utilise a "WHS Contractor Management – Selection, Induction and Monitoring Template" form to manage/monitor contractor performance however, does not maintain any formal documented policy/procedure for position responsibilities when managing contracts. Whilst our audit testing to date has not identified any instances of contractor non-compliance from the testing undertaken, as a preventative measure and to strengthen controls around the management of Council contracts, we recommend that Council consider the implementation of a formal documented policy/procedure for contract management. By way of example, this may include the following, to ensure a consistent approach to contract management: - Development of monitoring/inspection programs based on assessed risks in order to monitor contractor performance (WHS Contractor Management – Selection, Induction and Monitoring Template form already in place), - How Council will intervene if performance is not up to standard, - Council responsibilities when there is a variation to a Contract with consideration for delegation of authority; and - Project finalisation and inspection procedures.	A Procurement Review is currently being undertaken in conjunction with the State Government and this has been identified as an area that requires improvement.	31 December 2022
9.	Low	Lease Register	A review of the Council Lease Register identified of the 129 leases held on the register, 37 lease agreements were past their expiry date as at 31/12/2021. We acknowledge, after discussions with Administration, that Council are currently having their lease agreement template reviewed and updated by a Legal firm, and were waiting for this template to be finalised prior to renewal of the expired leases identified. We raise this as a reminder of the work to be completed relating to expired Lease Agreements and recommend this is done as soon as possible to ensure all lease agreement terms and charges are up-to-date. Subsequently, the Lease Register should be updated where appropriate once new agreements are entered into.	This is an issue that administration is aware of and is actively looking to appropriately resource, noting that it is a large undertaking.	Ongoing

Audit Matter Reference	Audit Priority Rating	Audit Matter	Audit Finding & Recommendation	Management's Response	Expected Completion Date
10.	Low	Grants Register	Discussions with Administration identified that Council does not maintain a centralised Grants Register which includes the relevant information for all active grant agreements throughout Council. Given the growing number of Grant agreements held by Council and the increasing number of Grant opportunities, we recommend that Council consider developing a Grants Register which includes, but is not limited to, the following: - Name of Grant Agreement - Responsible Body - Responsible Officer within Council - Agreement amount - Amounts paid year to date - Relevant performance obligations - Acquittal due date (if applicable)	This advice is noted and will be actioned when resources allow. Council has included a Grants Officer within its current structure, but has not yet found the right skill set to fill this.	31 December 2022
11.	Low	Waiving of Fees and Charges – Delegations of Authority	A review of the internal controls and through discussions with Administration it was identified that the Delegations of Authority fails to delegate any authority towards the waiving of fees and charges. We acknowledge that the practice of waiving fees and charges is not a common occurrence within Council. However, we recommend that upon the next review of the Delegations of Authority that Council consider delegating such authority to an appropriate Officer to ensure that, if required, Council Administration are able to authorise the waiving of fees or charges. As a matter of good governance, we further recommend that any updated delegation of authority relating to the waiving of fees and charges be reflected within Council's Debt Management Policy.	It is agreed that this is a weakness in the current delegations and should be updated when the delegations are reviewed after the next Council Elections.	31 December 2023

Audit Matter Reference	Audit Priority Rating	Audit Matter	Audit Finding & Recommendation	Management's Response	Expected Completion Date
12.	Low	Credit Card Reconciliations	As per Council's Credit Card Policy (Policy), Cardholders are required to complete their reconciliation of expenses (including appropriate tax invoices) and forward to the Finance Department within 14 days of the Statement being available. As per Council's Corporate Credit Card Agreement (Agreement), the Cardholder Reconciliation is to be completed within 7 days of the date of the Statement being issued. There is an inconsistency of the reconciliation requirements between the Policy and the Agreement. Assuming the Policy is the prevailing document and the Reconciliations are required within 14 days, our testing of 2 months of corporate credit card statements for each Cardholder identified 5 instances (of a total 9 statements) whereby the Reconciliation was not completed until after the 14 days had lapsed. To strengthen internal controls, we recommend the following: 1. Review and update the Policy and Agreement to ensure consistency related to the requirements from the Cardholder; 2. Consider expanding the timeframe for which Cardholder Reconciliations are required to be presented to the Finance Department to bring the Policy and Agreement in line with current practices; and 3. Have all Cardholders re-sign the updated Agreement to ensure they are made aware, and confirm their understanding, of the updated requirements.	The Agreement will be updated to be consistent with the policy and be re-signed by users. The review of processes to assist users to meet the required timeframes is ongoing, and circumstances do sometimes arise that make them hard to meet.	Ongoing

4. Assessment of Audit Findings

We have provided ratings against each audit matter raised in Section 2 of this Report to assist the Council with prioritising and assessing what corrective actions to undertake to address recommendations made.

The ratings provide Council with an assessment of the level of importance placed by us in relation to the work we undertake and the potential impact of non-corrective actions may have on the work we undertake (i.e. our final audit opinions to be issued) or where we perceive there to be a risk to Council which may result in stated strategic objectives or compliance not being met.

The ratings provided are not to be applied for any other purposes than as stated within this Report.

Audit Priority Rating Guide	Detailed Description
High	The matter identified, if left uncorrected or not adequately addressed, may result in a material misstatement and/or non-compliance with the *Local Government Act 1999* and applicable Regulations. Depending on the material nature and severity of the matter, this may result in a modified audit opinion. Audit expectation is that immediate action is taken to address the matter.
Moderate	The matter identified does not presently represent a risk of material misstatement and/or non-compliance with the *Local Government Act 1999* and applicable Regulations. If the matter is not adequately addressed, this may result in a weakness in overall assessed compensating controls which could result in material misstatement and/or non-compliance with the *Local Government Act 1999* and applicable Regulations. Audit expectation is that Council takes action to address the matter to further strengthen the internal control environment.
Low	The matter identified present no risk of material misstatement and/or non-compliance with the *Local Government Act 1999* and applicable Regulations. The matter raised is to assist Council with further strengthening its internal practices and controls so as to further strengthen its processes and procedures.

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6.1   CORPORATE SERVICES

6.1.3   Review of Finance Policies

Audit Committee Meeting:	18 July 2022		
Author's Title:	Manager Finance	**File No.:**	0-159
Director:	Corporate		

Annexures

A – Budget Management and Review Policy with track changes

B – Financial Hardship Policy with track changes

C – Asset Accounting Policy with track changes

Officer Direct or Indirect Conflict of Interest:	**Status:**
In accordance with Local Government Act 1999, Section 120	*Information classified confidential under Section 90(2) of the Local Government Act*

	Yes	✓	No		Yes	✓	No

Reason – not applicable

PURPOSE

To inform the Audit Committee of the minor changes made to a number of Financial Policies that were due for review, as well as changes made to the Asset Accounting Policy to reflect an updated useful life for a component of Buildings.

SUMMARY

Minor changes are suggested to a number of financial policies, to ensure that they are reflective of current practice.

RECOMMENDATION

The Audit Committee:
1. **recommends the updated Budget Management and Review Policy to Council for adoption;**
2. **recommends the updated Financial Hardship Policy to Council for adoption; and**
3. **recommends the updated Asset Accounting Policy to Council for adoption.**

6.1.3   Review of Finance Policies

REPORT

BACKGROUND

The Budget Management and Review Policy and Financial Hardship Policy are due for review and while no major updates are considered to be required, some minor wording changes are suggested to align them with current practice.

The Asset Accounting Policy is not currently due for review, however a change to the useful life has been made to one of the components of Council's Building assets during the year, so this is being reflected in the document.

DISCUSSION

Refer **Annexure A – Budget Management and Review Policy with track changes**

The suggested changes to the Budget Management and Review Policy focus around two areas:
- Including the updated practice of Council adopting a set of parameters early in the planning process, which set the framework for the development of the Annual Business Plan and Budget; and
- Updating the wording for the budget review process to reflect that there is flexibility to offset related budgets to achieve required outcomes, where this doesn't impact on service or project delivery.

Refer **Annexure B – Financial Hardship Policy with track changes**

The suggested changes to the Financial Hardship Policy are designed to ensure that the delegation to the Chief Executive Officer to remit rates due to Financial Hardship is clearly articulated and consistent.

Refer **Annexure C – Asset Accounting Policy with track changes**

Council performed a full revaluation of Building assets during the 2019-20 financial year, which resulted in a large increase in annual depreciation due to the recognition of shorter-lived components for the first time. During the 2020-21 financial year, Council received a detailed renewal schedule based on this information.

Now that there has been sufficient time to digest and analyse all this data, is has become evident that there was some discrepancy within the data, relating to the Services component. This component had been given a weighted useful life of 35 years during the revaluation process, on the advice of the consultant undertaking the process. However, when comparing against the renewal schedule, it became evident that there are portions of Services that are not renewed until the Superstructure is, and that a higher weighted useful life was necessary.

Based on the calculations undertaken, 50 years was suggested as a more representative average useful life for the Services component, which the consultant accepted.

The age range of the Services component has been updated to be between 10 and 100 years, with 50 years calculated as the most appropriate weighted age for depreciation purposes.

<u>Green Assets</u>

Last year, there was a proposal to update the Asset Accounting Policy in relation to the capitalisation of green assets. At the time the Audit Committee asked for additional information to be presented before making these changes.

However, after further conversations with the External Auditors during the end of year process last year, it became apparent that the level of capitalised green assets was immaterial, as the majority of costs incurred during planting relate to irrigation systems, which are already a separate asset class within Council's system.

Therefore, this matter is no longer considered to be of relevance.

Financial Implications

The change in useful life for the Services component of Buildings will result in a reduction in annual depreciation of $150,000, which was built into Council's projections during the recent budget process.

Legislation

Local Government Act 1999
Local Government (Financial Management) Regulations 2011

Officer Direct or Indirect Interest – Nil

Risk Assessment

Reviewing Council's financial policies on a regular basis ensures that they reflect current best practice and are addressing the issues that they need to be.

The Asset Accounting Policy outlines that all material asset classes will be held at fair value, reducing the risk that the reported value of Council's assets is materially incorrect and also ensuring that the calculation of annual depreciation in accurate. As Local Government operations are so asset intensive, it is important that long term asset costs are understood, to ensure that revenue and resource decisions made by Council are well informed.

Social Considerations

The Financial Hardship Policy is an important part of protecting the vulnerable members of our community. The current policy framework is considered to be flexible enough to ensure that this can occur.

Community Engagement – Nil

Environmental Implications – Nil

Communication - Nil

Conclusion

Minor changes are suggested to a number of financial policies, to ensure that they are reflective of current practice.

Whyalla City Council

Budget Management and Review Policy	
Type	Financial
GDS Category	Financial Management – Public
Responsible Officer	~~Business Performance Manager~~Manager Finance
Policy Adopted	~~19 October 2020~~August 2022
Review Period	Two years
Last Reviewed	~~September 2015 *(now archived)*~~October 2020
Next Review Date	~~October 2022~~August 2024
Policy Version Number	~~6~~5
Applicable Legislation	Local Government Act 1999; Section 123 Local Government (Financial Management) Regulations 2011; Sections 7, 9 and 10
Related Documents	• Annual Business Plan and Budget Process Procedure • Budget Monitoring and Review Procedure
Public Consultation Required	No
Purpose	This policy covers the key principles to consider when developing the annual budget and when making subsequent amendments to, and measuring performance against that budget

1.   Policy Objective

To provide clear direction to Management and staff in the management, review and reporting of performance against Council's adopted Budget and to increase the accountability of responsible officers by providing a framework to operate within in regard to the following:

- content, timing and process to be followed for development and presentation for adoption of the Annual Budget;

- content, timing and process to be followed for reporting to Council on its performance against budget;

- mechanism for the process of approval of budget variations;

- the scope and conditions associated with the Chief Executive Officer approving variations in activity before obtaining Council approval; and

- the process required to be followed and general guidelines in relation to carry forward of expenditure associated with projects included in the budget for the previous year.

2.   Scope

This policy covers the presentation of Annual Budget documents and the review of documents for both Operating and Capital Budgets.

3.   Risk Management

Refer Control Track.

4.   Definitions – Nil

5.   Policy Statement

5.1   Annual Budget

The Annual Budget will be developed through consultation with senior staff, Elected Members and the community and must be consistent with the objectives of Council's Strategic Plan and Council's Long Term Financial Plan.

The budget should be prepared with the aim of operating within the Key Financial Indicator targets within Council's Long Term Financial Plan. Where this is not the case, commentary shall be included as to why this is not the case and the impact on Council's long-term financial sustainability.

When commencing the Annual Business Plan process, Council will consider and adopt a list of parameters that will form the framework for development of the plan. These would be expected to cover at a minimum the following areas:
- Financial sustainability
- Rating increases
- Service delivery
- Asset management

~~The ultimate goal of the budgeting process is to sustainability fund all operating~~ ~~activities, while balancing with the desire to provide stability and certainty in rate~~ ~~increases over time. Any consideration of expanded service delivery must take these~~ ~~goals into consideration, including the decision to deliver of new assets.~~

The budget will be adopted in a format consistent with the Model Financial Statements.

5.2   Timing and Content of Budget Review Reporting

Each year, Council receives a total of four Budget Review Reports in the following formats.

5.2.1   *2 x Budget Update Reports*

These are to be prepared for the periods ending 30 September and 30 April each year and included in the Agenda of the Ordinary Meeting of Council for Council review as soon as reasonably practical after these dates. The report will include the following for both operating and capital activities:

- original budget;

- revised budget;

- latest revised forecast of expected result for the year; and

- an explanation of any proposed budget variations that have not previously been approved.

This report will at a minimum present this information in a format consistent with the Uniform Presentation of Finances (Note 16 of the Financial Statements) but ideally will be in the format of a Budget Review, outlined below.

The impacts of the update on Council's Long Term Financial Plan will be discussed.

5.2.2   *1 x Mid-year Budget Review Report*

This is to be prepared for the period ending 31 January each year and included in the Agenda of the Ordinary Meeting of Council for Council review as soon as reasonably practical after this date. The report will include the following:

- Four principal financial statements showing a revised full year forecast compared to estimates set out in the original budget.

- Revised forecast of key performance indicators compared with targets established in the original budget.

- original budget;

- revised budget;

- latest revised forecast of expected result for the year; and

- an explanation of any proposed budget variations that have not previously been approved.

This report will present this information in a format consistent with the Model Financial Statements as well as the Uniform Presentation of Finances (Note 16 of the Financial Statements).

The impacts of the update on Council's Long Term Financial Plan will be discussed.

5.2.3   Report on Financial Results

This is an accountability document that compares audited information on financial results and compares this to results set out in the original budget for the previous year, including written explanation of material variances between actual and budgeted in the form of the Model Financial Statements as well as the Uniform Presentation of Finances (Note 16 of the Financial Statements). Variances in the Key Financial Indicators must also be presented.

5.3   Approval of Variations outside the Scope of the Budget

Council approval must be sought and obtained before commitments are made that would result in activity outside of the budget limits. Where administration can identify offsetting funds within existing business units without impacting on service or project delivery, Council approval is not required.

In considering a request for a revision to its budget, Council will consider the impact the approval would have on the achievement of the targets for financial indicators established in Council's original budget. It will also consider the capacity to increase revenue or reduce other expenditure (either of a corresponding operating or capital nature as appropriate) to off-set the variation and the merit of doing so.

Where circumstances warrant (e.g. for reasons of urgent necessity), the Chief Executive Officer may, authorise variations in activity. Whenever such variations are made, the following Budget Review or Update Report must include from the Chief Executive Officer a statement of changes and rationale for the decisions. Changes can only be those that do not:

- materially impact on the quantity, frequency, range and level of service previously provided for or implicitly intended in the original allocation; and

- impact on any explicit proposals Council has included in its Annual Business Plan or has otherwise publicly committed to and accommodated in its budget.

5.4   Guidelines in Relation to the Carry Forward of Expenditure included in the Budget for the Previous Financial Year

- Funding approved for non-project budget activity not completed at the end of any budget year is forfeited unless approval to carry-over the activity and remaining budget allocation is granted by Council either separately or as part

of a budget update/review, except where that activity is covered by funding already received from an external source.

- Operational and Capital projects that will not commence in the year that they have been budgeted for, will be re-evaluated and considered against competing priorities and where warranted included in the budget for the following year. This will be completed as part of the final Budget Update of the year, unless known earlier.

- The scope and funding requirements of capital and operating activities that are underway or committed but not completed at the end of the financial year must be reviewed and considered for carry forward as part of the first annual Budget Update report.

5.5   Project Managers will report, at a minimum, at the mid-year budget review on all Council approved major projects, in detail providing a full review of the status of projects, current expenditure and revenue and current stage of completion.

5.6   Finance is responsible for providing timely and accurate budget reports to Directors and Managers each month to assist them to manage financial performance in accord with Council's budget.

5.7   Budget savings arising as a result of works and other planned expenditure activities costing less than estimated shall be used in the first instance to offset any over-expenditure against ~~approved~~ related budget lines ~~once approved by Council~~ and thereafter to improve Council's operating result and reduce the amount of loan borrowings required.

5.8   In any year an increase in the scope of budgeted activities or the addition of new budget items or activities must be approved by Council ~~and are to be funded by deletion or reduction in the scope of budgeted activities to an equivalent value where possible~~.

5.9   Requests from the community for works and other activities not in the current budget may be added to the budget if of sufficient priority in accordance with 5.3 above. All other requests for additional works and activities will be considered during the planning process for the following year's budget.

5.   Authority

Adopted by Council – ~~19 October 2020~~August 2022

6.   History

Version 5: adopted by Council – October 2020
Version 4: adopted by Council – September 2015
Version 3
Version 2: adopted by Council – October 2012
Version 1: adopted by Council – September 2008

Whyalla City Council

Financial Hardship Policy	
Type	Financial
GDS Category	Financial Management – Public
Responsible Officer	~~Director Corporate~~Manager Finance
Policy Adopted	~~April 2020~~August 2022
Review Period	Two years
Last Reviewed	~~June 2018 *(previously Debt Management Policy)*~~April 2020
Next Review Date	~~April 2022~~August 2022
Policy Version Number	~~5~~4
Applicable Legislation	• Local Government Act 1999 – Chapter 10
Related Documents	• Rating Policy • Debtor Management Guidelines/Procedure
Public Consultation Required	No
Purpose	To outline the options that Council can provide to assist debtors who are experiencing genuine financial hardship whilst ensuring that Council can sufficiently funds services and comply with the Local Government Act 1999 (the "Act")

1. Introduction

Council depends on income from rates and fees and charges to fund services and facilities for the community. The purpose of this policy is to outline the options that Council can provide to assist debtors who are experiencing genuine financial hardship whilst ensuring that Council can sufficiently funds services and comply with the Local Government Act 1999 (the "Act").

2. Policy Objective

Council undertakes recovery action for overdue rates and debtors to ensure the fair, equitable and consistent collection of outstanding monies in an effective and timely manner. Council will attempt to recover all costs, interest and expenses incurred by Council, while recognising the need to identify and consider individual cases of genuine financial hardship.

The Act allows Council to remit or defer a whole or part of any rate or charge or interest if a person is suffering financial hardship. Council will only consider remittance of rate charges (excluding fines and interest) in exceptional circumstances and only by a decision of Council.

Council aims to:

- provide the community with assistance and options to pay their accounts in a timely manner;
- provides equitable treatment to all members of the community; and
- maintain legislative compliance.

3. Scope

The Hardship Policy is mainly concerned with the collection of General Rates, Waste Service Charges and NRM Levy, but will consider flexible payment arrangements for other classes of Debtors, including but not limited to:

- General Debtors;
- Landfill Debtors;
- Library Debtors;
- Animal Management Debtors;
- Child Care Centre Debtors; and
- Cemetery and Crematorium Debtors.

4. Definitions

Debtor – any person, corporation, business or other entity owing money to Council.

Provision for Doubtful Debts – an estimate of the amount of debt raised that is unlikely to be collected.

Financial Hardship – means a circumstance of experiencing a lack of financial means, which may be either on going or temporary, but does not include circumstances where a person chooses not to meet a liability for an unpaid debt.

A "deferment" of payment can be provided in whole or in part and be for a specified period and subject to any conditions determined by Council. When rates are deferred, payment is not required until the Council sends the person a notice requiring payment.

A "remission" removes the liability to pay and may be offered to include the whole or part of any interest or where applicable part of rates and charges. The variance between a remission and a deferral is that a deferral suspends payment for a period of time whereas a remission permanently excuses payment.

The interest referred to is in accordance with the Act.

The "Prescribed Percentage" is the percentage rate advised by Local Government Finance Authority each financial year.

5.   Policy Statement

Council rates become overdue when not paid in accordance with a rate notice that is issued pursuant to Section 180 of the Act. Debtors become overdue when not paid in accordance with the terms on the invoice issued by Council. Councils' standard payment terms for debtors is 30 days.

Council may apply interest and penalty for rates that are overdue.

Council may commence its legal recovery process through a debt collection agent on all overdue amounts for rates or debtors.

Where Council incurs legal costs, the legal costs may be recoverable from the ratepayer or debtors.

Payment plans and flexible payment arrangements will be made available to ratepayers and debtors for overdue amounts upon application.

The Council may, at its discretion, under delegated authority, remit penalties and related expenses for late payment of rates and debtors, including where genuine hardship can be substantiated.

Writing-off debts will only be considered when all reasonable attempts have been made to recover the outstanding amount. Writing-off of rates (excluding rates and interest) requires a decision of Council, except where delegated to the Chief Executive Officer in relation to Financial Hardship.

Where rates on a property become more than three years in arrears, Council may commence proceedings to sell the property in accordance with Chapter 10, Section 184 of the Local Government Act 1999.

Assisting the Community

Where customers are experiencing difficulty in making payments, Council will make available flexible payment plans, including setting up Centrepay arrangements for customers receiving Centrelink payments. These flexible payment arrangements may be short term in nature to handle a cash flow shortage, with a maximum extension of one month, but any ongoing arrangements will need to be sufficient to cover current year rates over a 12-month period. Fines and interest raised under the Local Government Act 1999 will be waived only if the arrangement is made before the due date and the account was current.

It should be noted that customers are able to set up recurring BPAY payments through their online banking to make rate payments on periodic basis. Council staff can provide assistance in calculating the amount required to keep up to date with payment due dates.

Assessing genuine financial hardship

Where the flexible arrangements provided above are not sufficient for the customers circumstances, Council will rely on the advice of an accredited financial counsellor or recognised welfare agency to identify if a person/s is experiencing genuine financial hardship.

An individual who is experiencing financial hardship is someone who is identified by an accredited financial counsellor, or by a welfare agency as having the intention, but not the financial capacity, to make required payments in accordance with our payment terms.

There are two types of financial hardship: ongoing and temporary. Depending on the type of hardship being experienced, individuals will have different needs and will require different solutions.

Individuals who are identified as experiencing ongoing hardship are generally those on low or fixed incomes. These individuals may require ongoing assistance and management.

Individuals who may be identified as experiencing temporary hardship are those who have experienced a short-term change in circumstances, such as serious illness, disability or death in the family, loss or change in income, separation, divorce or other family crisis, a loss arising from an accident, or some other temporary financial difficulty. These customers generally require flexibility and temporary assistance, such as an extension of time to pay or an alternative payment arrangement.

Where we assess an individual's eligibility for hardship assistance, we will consider indicators including (but not limited to) whether the individual:

- is on a Centrelink income and holds a Pensioner Concession Card or holds a Centrelink Low Income Health Care Card;

- is eligible for a South Australian Government concession;

- advises they have previously applied for emergency relief (irrespective of whether or not their application was successful);

- payment history indicates that they have had difficulty meeting their rates bills in the past; and

- through self-assessment, has identified their position regarding their ability to pay.

Customers can access free financial Counselling through a number of different organisations, including but not limited to;

Anglicare SA - Outreach Centre
34-36 Galpin St, Whyalla Stuart, 5608 SA
(08) 8649 3267

Centacare Catholic Country SA – Whyalla Office
28 Head St, Whyalla Stuart, 5608 SA
(08) 8645 8233

Affordable SA Helpline
1800 025 539

National Debt Hotline
1800 007 007

Customers will need to sign an Authority to Act form to allow the financial counsellor to deal with Council on their behalf.

Where an individual has been identified as experiencing financial hardship, we will work with the individual's financial counsellor to determine a hardship payment arrangement will take into account the customers current ability to pay. The arrangement may include the waiving of fines for late payment and will be one of the following payment options:
- payments lower than what is required to keep up with quarterly payments; or
- an extended period where payments are not required.

It should be noted that any arrears are still payable in the future.

For customers who receive a Centrelink payment, approved hardship payment arrangements can be set up through Centrepay if requested. Council will assist with this process.

Any arrangements made on the recommendation of a financial counsellor will need to be reviewed after 12 months, with a further recommendation being required to extend the arrangement.

Postponement of Rates

In accordance with provisions of Section 182A of the Local Government Act 1999, persons who hold a current Seniors Card may apply to postpone any rate amount in excess of $500 ($125 per quarter) less any concession entitlement for their principal place of residence. Interest will accrue at the prescribed rate on postponed balances, with the accrued debt being payable on the disposal or sale of the property. Interest on postponed rates will be levied in accordance with the Act.

Seniors Card holders do not have to prove financial hardship to access this provision, but do need to meet the following requirements:

- the rates are payable on land that is the principal place of residence of the applicant; and
- the land is owned by—
  (i) the applicant; or
  (ii) the applicant and his or her spouse or domestic partner (and no other person has an interest (as owner) in the land).

Remission of Rates

Remission of rates (excluding fines and interest) will only be considered in extenuating circumstances relating to Financial Hardship. Delegation for decisions on remission of rates for up to two financial years is delegated to the Chief Executive Officer and shall not be sub-delegated. Any remission of rates other than this will be presented to Council for consideration in a confidential report.

Any remission is a one-off remission in response to circumstances presented at the time.

Failure to meet payment arrangement

Customers on a payment arrangement should contact Council if at any time they are not able to meet the conditions of the arrangement, to make alternative plans. If the conditions of a payment arrangement are not met, Council will proceed with normal debt collection processes.

6. Delegations

Council acknowledges that the Chief Executive Officer may sub-delegate matters related to this policy to staff or other persons employed or engaged by Council.

Contact details for further information

Phone: 08 8640 3444
Fax: 08 8569 1931
Email: council@whyalla.sa.gov.au

Where an individual believes that the Council has failed to properly apply this policy, it should raise the matter with the Council. In the first instance, contact our Rates Officer on 8640 3444 to discuss the matter. If, after this initial contact, a ratepayer is still dissatisfied they can write and explain the nature of their concern to:

The Chief Executive Officer
Whyalla City Council
PO Box 126
WHYALLA SA 5600

Availability of Policy

This policy will be available for inspection at Council's Principal Office as per the contact details above during ordinary business hours and on the Council's web-site
www.whyalla.sa.gov.au.

Copies will also be provided to interested members of the community upon request, and upon payment of a fee in accordance with Council's Schedule of Fees and Charges.

7.   Authority

Adopted by Council – April 2020August 2022

Whyalla City Council

Asset Accounting Policy	
Type	Financial
GDS Category	Financial Management – Public
Responsible Officer	Finance Coordinator
Policy Adopted	August 2022~~1~~
Review Period	Two years
Last Reviewed	~~July 2020~~August 2021
Next Review Date	~~July 2023~~August 2024
Policy Version Number	7~~6~~
Applicable Legislation	• Australian Accounting Standards • Local Government Act 1999
Related Documents	• Accounting Procedure
Public Consultation Required	No
Purpose	To ensure Councils' non-current assets are recognised, capitalised and revalued in accordance with Australian Accounting Standards and this policy.

1. Introduction

Council has an obligation to ensure its assets are recognised, capitalised and revalued in accordance with relevant legislation and to efficiently manage new, existing and surplus assets.

2. Policy Objective

To provide a framework that ensures Councils' assets are recognised and accounted for in accordance with Australian Accounting Standards and the Local Government Act and Regulations.

3. Scope

This policy covers the acquisition and accounting treatment of non-current assets to ensure they are managed in an efficient and financially responsible manner. Financial information relating to non-current assets is to be presented consistently to enable users of Councils' financial information to make informed decisions.

4. Definitions

Asset – a resource controlled by Council, as a result of past events, from which future economic benefits are expected to flow.

Asset Class – a group of non-current assets having a similar nature or function in the operations of Council.

Capitalisation Threshold – sets the expenditure limit. Amounts below this limit are expensed as and amounts equal to or above are capitalised.

Capital Expenditure – amounts spent to acquire, renew or upgrade assets which is expected to provide benefits for a period greater than 12 months.

Capital Renewal – expenditure on an existing asset, or on replacing an existing asset, without enhancement of the service capability (except where this is incidental and unavoidable).

Capital New – in additional to Councils' existing asset base.

Capital Upgrade – replaces a previously existing asset with enhanced capability or functionality.

Carrying Amount – the value of the asset after deducting any accumulated depreciation and accumulated impairment losses.

Fair Value – the price that would be received if an asset was sold.

Residual Value – the estimated amount to be obtained when an asset is disposed of to another party at the end of its useful life.

5.   **Policy Statement**

Recognition of an Asset

An asset is recognised in the balance sheet when it is probable that the future economic benefits will flow to the entity and the asset has a cost that can be measured reliably.

Council has elected not to recognise land under roads in accordance with AASB 1051 Land Under Roads, as it is not possible to attribute a value reliably for these assets to qualify for recognition. Land acquired for road purposes during the year, is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

Assets with a useful life of less than 12 months will not be capitalised.

Capitalisation thresholds have been determined to provide a guide on minimum asset capitalisation levels.

Asset	Capitalisation Threshold
Office furniture and equipment	$2,000
Other plant and equipment	$5,000
Buildings – new construction/extensions	$10,000
Open space structures	$10,000
Street furniture and playground equipment	$5,000
Road construction and reconstruction	$10,000
Paving and footpaths, kerbs and gutters	$5,000
Drains and culverts	$5,000
Reticulation extensions	$5,000
Sidelines and household connections	$5,000
Irrigation	$5,000
Artworks	$5,000

Some segmented assets may be treated as network assets where appropriate to ensure capital expenses are appropriately recognised throughout the capitalisation process.

Measurement at Recognition

The initial valuation basis for an asset is its cost. Cost is determined as the fair value of the asset given as consideration, plus costs incidental to the acquisition and all other costs incurred in getting the asset ready for use.

Where an asset is acquired at no, or a nominal cost, the cost is its deemed fair value at the date of acquisition.

The cost of an asset constructed by Council includes the cost of all materials, direct labour and an appropriate portion of overhead costs.

Library books are written-off in the year of purchase / receipt.

AASB 113 requires the use of a Fair Value hierarchy where assets are reported as Level 1, Level 2 or Level 3 inputs. This refers to how the value of the asset has been determined. The following table outlines the fair value hierarchy disclosure classification by asset class for Council.

Hierarchy	Description
Level 1 Inputs	**Quoted Prices – Active Markets**
Financial Assets	A Level 1 input will be available for many financial assets and financial liabilities, some of which might be exchanged in multiple active markets (e.g. on different exchanges).
Level 2 Inputs	**Observable Inputs**
Land Council Buildings on non-community land and are able to be used commercially (e.g. offices, libraries and shops, plant, furniture and equipment	Level 2 inputs include the following: a) Quoted prices for similar assets or liabilities in active markets b) Quoted prices for identical or similar assets or liabilities in markets that are not active c) Inputs other than quoted prices that is observable for the asset or liability.
Level 3 Inputs	**Unobservable Inputs**
Buildings on community land, community land and all infrastructure assets	An adjustment to a Level 2 input that is significant to the entire measurement might result in a fair value measurement categorised within Level 3 of the fair value hierarchy if the adjustment uses significant unobservable inputs such as the entity's own forecasts. An entity shall develop unobservable inputs using the best information available in the circumstances, which might include the entity's own data and shall adjust that data if reasonably available information indicates that other market participants would use different data.

Asset depreciation

All non-current assets, with the exception of land, are depreciated over their determined useful lives. Depreciation of an asset commences when the asset is available for use and is calculated on a straight-line method using the standard estimates for useful lives below. The actual useful life for specific assets may be varied where asset quality, environmental and/or operational conditions warrant.

Plant, Furniture and Equipment	Useful Life
Office equipment	5 to 10 years
Office furniture	10 to 20 years
Vehicles and road-making equipment	5 to 8 years
Other plant and equipment	5 to 15 years
Building and Other Structures	**Useful Life**
Buildings – masonry (overall)	50 to 100 years
Buildings – other construction	20 to 40 years
Buildings – roofing	40 to 60 years
Buildings - Services	1~~2~~0 to 4~~10~~0 years
Buildings - Interior	20 to 40 years
Buildings – Sub Structure	50 to 120 years
Buildings - Super Structure	50 to 100 years
Open Space Structures – masonry	50 to 100 years
Open Space Structures – other construction	20 to 40 years
Playground equipment	5 to 20 years
Transport Infrastructure	**Useful Life**
Sealed Roads – Surface	15 to 30 years
Sealed Roads – Pavement Base	65 to 100 years
Sealed Roads – Pavement Sub-Base	100 to 400 years*
Unsealed roads	10 to 20 years
Paving and footpaths, kerb and gutters	25 to 65 years
Stormwater Infrastructure	**Useful Life**
Drains	70 to 100 years
Culverts	70 to 100 years
Flood control structures	70 to 100 years
Dams and reservoirs	70 to 100 years
Bores	20 to 40 years
Reticulation pipes – PVC	70 to 80 years
Reticulation pipes – other	25 to 75 years
Pumps and telemetry	15 to 25 years
Irrigation	**Useful Life**
Primary Supply Lines	80 years
Secondary Supply Lines	50 years
Sub-Surface Supply Lines (Tertiary)	25 years
Pump Stations & Controls	15 to 20 years
Sprinklers, Drippers and Valves	15 to 20 years
Miscellaneous	25 to 50 years

Other Assets	Useful Life
Artworks	indefinite
Street furniture	10 to 20 years

*Useful life for Pavement Sub-Base renewal is projected based on renewal occurring after approximately every 2-3 Pavement Base renewals. This projection will be cross-checked at the time of transport condition assessment.

Asset revaluation

Non-current assets are revalued regularly to ensure that the carrying amount does not differ materially from that which would be determined using fair value at reporting date in accordance with Australian Accounting standards and Regulations under the Local Government Act 1999.

Plant, furniture, equipment and other assets are not revalued and will remain at cost.

Land held for development and/or resale is valued at the lower of cost and net realisable value.

Asset Revaluation Condition Assessment Schedule

Asset Class	Upcoming	Subsequent
Land & Buildings	2025	2030
Open Space	2025	2030
Irrigation	2021	2026
Transport	2024	2029
Stormwater	2024	2029

Residual Values

The residual value of vehicles and plant that are traded at the end of their useful lives can be calculated via AASB 13 Fair Value Measurement.

Residual values are not recognised for all other asset classes.

Asset Impairment

Assets that have an indefinite life are not subject to depreciation and are reviewed annually for impairment.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the assets carrying value exceeds its recoverable amount in accordance with AASB 136 impairment of Assets.

Disposal or Sale of Assets

The disposal or sale of Council assets must be made in accordance with Councils' "Disposal Policy".

Asset Management

Council is committed to implementing asset management decisions based upon the following key principles:

• assets meet the needs of the community needs and support the service level delivery adopted by Council;

• legislative, political, social, environmental and economic requirements are considered in asset management decision making;

• new asset investments consider public value, benefits, risks, life cycle and costs;

• asset renewals are identified in Councils' Asset Management Strategy; and

• the Long Term Financial Plan aligns with the adopted Asset Management Strategy to ensure adequate funding is set aside to meet forecast asset management requirements.

6. Authority

Adopted by Council – August 202~~2~~1

7. History

• Version 6: Asset Accounting Policy – adopted August 2021
• Version 5: Asset Accounting Policy – adopted July 2020
• Version 4: Asset Accounting Policy – adopted July 2018
• Version 3: Asset Accounting Policy – adopted June 2016
• Version 2: Asset Accounting Policy – adopted June 2014
• Version 1: Asset Accounting Policy – adopted May 2012

6.1   CORPORATE SERVICES

6.1.4   Procurement Review Update

Audit Committee Meeting:	18 July 2022		
Author's Title:	Manager Finance	**File No.:**	0-159
Directorate:	Corporate Services		

Annexures:

A – Proposed Procurement Framework

Officer Direct or Indirect Conflict of Interest:	**Status:**
In accordance with Local Government Act 1999, Section 120	*Information classified confidential under Section 90(2) of the Local Government Act*

☐ Yes	✓ No		☐ Yes	✓ No

Reason – not applicable

PURPOSE

To provide the Audit Committee with an update on the Procurement Review currently being undertaken.

SUMMARY

Council appointed Procurement Services South Australia (PSSA) to undertake the review of Council's overall Procurement processes.

Much of the work for this project is still to be undertaken, but it was considered timely to update the Audit Committee on progress made and the path moving forward.

RECOMMENDATION

The Audit Committee receive and note the Procurement Review Update.

6.1.4   Procurement Review Update

REPORT

BACKGROUND

Council appointed Procurement Services South Australia (PSSA) to undertake the review of Council's overall Procurement processes. They are a Government Department and recently completed a review of the Procurement Framework for the South Australian Government who have started operating under this new model.

This provides PSSA with significant background knowledge on procurement within the government sphere, but PSSA also see value in working more closely with Local Government and learning about the unique pressures that we face.

DISCUSSION

Work has been underway since early in the year on the Procurement Review, with some periods of inactivity caused by pressures on PSSA affected by additional procurement activity relating to both COVID-19 and the new incoming State Government.

PSSA undertook an extensive Stakeholder engagement process, covering both internal system users as well as suppliers. The information gathered has assisted them to highlight the areas that needed the most attention and a roadmap for moving forward.

Refer **Annexure "A"** – Proposed Procurement Framework

The attached document outlines a high-level framework that is proposed to be put into place and highlights the key documents that PSSA are planning to develop. The key areas for improvement are:
- Simplification – both within individual documents and a reduction in the number of overall documents
- Improvements in the initial planning stage
- Improvements in the documentation for the evaluation stage
- Improvements in Contractor Management

Some additional recommendations/actions worth mentioning are discussed below.

Thresholds

It is proposed to increase some of the thresholds for purchase method, as follows:
- The Quick Purchase limit from $5,500 to $11,000
- The requirement for a full Request for Quote from $33,000 to $44,000
- The requirement for a full Request for Tender from $220,000 to $275,000

These thresholds have not increased in a number of years, and it is considered that these updated figures strike a good balance between probity and efficiency.

It is also proposed that Directors be given discretion to not undertake a tender process where only Goods and Services are involved, i.e. the purchase of a large piece of plant.

Another area for review is what value needs to come to the Chief Executive Officer, with the potential to add a level where two Directors could sign off, but this has not yet fully been explored.

<u>Contract Documents</u>

The State Government now uses much simpler and shorter contract documents for purchases compared to Council, despite the value of their purchases being substantially higher. The intention is to implement similar templates for Council where possible, however we will liaise with Local Government Risk on this matter, as they have had a lot of input in the past with these documents. We will also seek our own legal advice.

The review will continue over the coming months, and we will look to implement many of the change to documents and process as soon as we are able to. Changes such as the thresholds will require an update to the Procurement Policy, which will need to wait until the new elected body can review this document.

Any feedback from the Audit Committee is welcomed

Financial Implications

The change to procurement processes should not have any direct financial implications themselves but should promote greater efficiency within the organisation.

The Procurement Review is a project that Council have already allowed for within the budget.

Strategic Plan

Objective 1.1 – Unearth community pride within the city

Strategy 1.1.1 – Take a proactive, collaborative approach to the revitalisation of council services to ensure that they adapt to the changing needs and expectations of the community

Legislation

Local Government Act 1999

Officer Direct or Indirect Interest – Nil

Risk Assessment

Procurement is always a balancing act between probity and efficiency, with any movement too far in one direction creating risk for Council. The aim of the review is to increase efficiency of process, with only minor changes in any issues relating to probity that should not materially increase the risk profile of Council.

Social Considerations – Nil
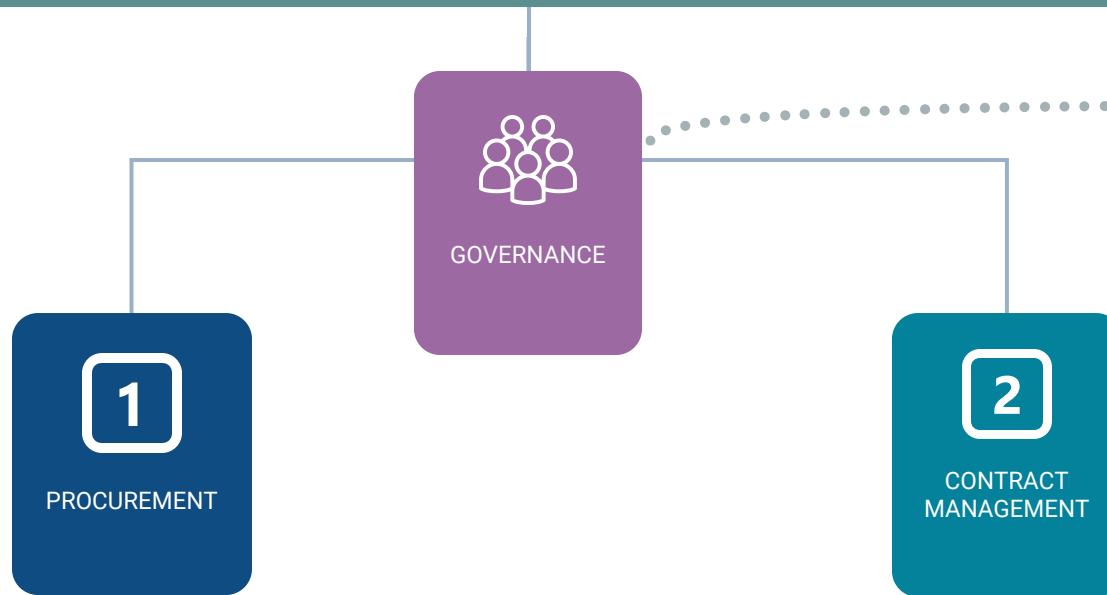
Community Engagement – Nil

Environmental Implications – Nil

Communication - Nil

Conclusion

The review of Council procurement processes is well overdue and expected to improve the experience of all those undertaking these important tasks in the future.

WHYALLA

PROCUREMENT FRAMEWORK

SUPPLEMENTARY POLICIES

GOVERNANCE

1 PROCUREMENT

2 CONTRACT MANAGEMENT

OH&S

Prudential Management

Disposal of Land & Other Assets

Corporate Credit Card Policy

Complaints Handling Policy

Procurement Policy and Procedure incl. workflow

Templates
Simple Acquisition Plan
Simple Purchase Recommendation Report
Evaluation Plan
Risk Management Plan
Request for Quote
Request for Tender
Expression of Interest

Contract Management Policy and Procedure incl. workflow

Templates
Contractor Management Template (incl. Contract Monitoring)
Contractual Agreements
(Minor works + Goods & Services)

Guidelines & Tools
to be discussed and agreed once Policies are drafted.

6.1   CORPORATE

6.1.5   Quarterly Report – Procurement

Audit Committee Meeting: 18 July 2022
Author's Title: Procurement Co-ordinator   **File No.:**   0-159
Director: Corporate

Annexures – Nil

Officer Direct or Indirect Conflict of Interest: **Status:**

In accordance with Local Government Act 1999,   *Information classified confidential under*
Section 120   *Section 90(2) of the Local Government Act*

	Yes	✓	No			Yes	✓	No

Reason – not applicable

PURPOSE

The purpose of this report is to provide information regarding Council's procurement activities during the period 1 April to 30 June 2022.

SUMMARY

Clause 7 of the Procurement Policy requires quarterly reporting on procurement exemptions to the Audit Committee.

This report also provides a snapshot of the following procurements which have been undertaken by Council during the quarter:

- Tenders undertaken;
- use of local vs non-local goods, works and services; and
- comparison of purchase orders and local vs non-local spend to same quarter of the previous year

All figures included in this report are GST exclusive, in line with the budget.

RECOMMENDATION

The Audit Committee receive and note the Procurement Quarterly report.

6.1.5   Quarterly Report – Procurement Department

REPORT

BACKGROUND

In adopting better governance practices, this report is prepared to ensure Audit Committee and Elected Members are informed about procurement outcomes achieved by the Council.

In addition to this, Council's Procurement Policy requires the following to be reported quarterly to the Audit Committee and Council:

- Clause 7 requires exemptions from the policy to be appropriately approved and are to be recorded and reported to the Audit Committee quarterly.

DISCUSSION

1.   TENDERS (greater than $200,000):

The following tenders were undertaken or in progress for the period 1 April to 30 June 2022:

PROCUREMENT	TENDERS REQUESTED	TENDERS RECEIVED	STATUS
Jubilee Park Changerooms	LGA Procurement facilitating tender via Tenders SA website	-	Tenders currently being evaluated

2. POLICY EXEMPTIONS:

From 1 April to 30 June the following 7 procurement exemptions were made:

PROJECT TITLE	VALUE (GST EX)	NATURE & REASON FOR EXEMPTION (Clause 7 of Procurement Policy)	HOW COUNCIL IS RECEIVING VALUE FOR MONEY FROM THIS PROCUREMENT
Foreshore Sand Replenishment Program 2022	$50,400.00	Contractors completing these works must have a license to dredge issued by the EPA. Contractor is the only local company that has this license.	There has only been a slight increase in cost per m3 of relocation of beach material, due to current price of diesel. The cost to purchase, fill and place the sandbags is also what is to be expected, based on a quote we received for the sandbags alone in previous months.
Executive Team Leadership Workshop and GROW Session	$19,500.00	Specialised services required to collaborate with the Executive Management Team on Leadership Alignment and Cultural shift following the finalisation of the Organisational realignment and outcome of the UniSA culture survey of 2021.	Provider has prior experience working Local Government and has spent time with the Executive Management team to understand the needs and expected outcomes prior to designing a tailored program that is cost effective.
Enabling Works for Airside Upgrade Works	$60,752.00	Contractor has been the electrician at the airport for the past 10 years and was the only contractor with expertise to undertake the enabling works to ensure project success.	Works have allowed Council to capture knowledge of the current system and allow future streamlining of maintenance budgets. It has also ensured success of the $7 million dollar project.
Inspections/ Maintenance Whyalla Jetty for 3 year period	$60,000.00	Contractor is a local company who has extensive experience in inspecting and maintaining marine structures. Their engagement will ensure the new jetty structure is inspected periodically as required, that Council will receive ongoing condition reports and maintenance activities in relation to the surface protection of the jetty structure above the low water line.	There are no other local companies that can provide this service. Contractor undertakes this work around the Spencer Gulf on other jetties and wharves for industries and Councils.
Service Provision for Foreshore Café Pod (gas, waste and potable water supply)	$64,644.52	Required due to a service provider revoking their commitment to undertake the works at late notice. Other local contractors were not able to commit to the works due to current workload.	Contractor who is capable of preparing an alternate plan, undertaking the works at short notice and is familiar with the locality has been engaged with limited time. Required as part of commencement of installation of the Foreshore Café Pod project on time and ensures there is now gas, waste and potable water connection to the pods and area.

Policy Exemptions continued…

PROJECT TITLE	VALUE (GST EX)	NATURE & REASON FOR EXEMPTION (Clause 7 of Procurement Policy)	HOW COUNCIL IS RECEIVING VALUE FOR MONEY FROM THIS PROCUREMENT
Executive Team Leadership Workshop and GROW Session 2	$17,697.00	Specialised services required to collaborate with the Executive Management Team on Leadership Alignment & Cultural shift following the finalisation of the Organisational realignment and outcome of the UniSA culture survey of 2021. EMT had a further face to face workshop session with service provider on 26-27 May 2022.	Supplier has prior experience working Local Government and has spent time with the Executive Management team to understand the needs and expected outcomes prior to designing a tailored program that is cost effective.
Labour Hire of Engineer for Project Delivery	$55,328.00	Recent departure of a senior level staff member has required backfilling of the role using existing staff resources. This was necessary to ensure current projects and planning of pending works were able to continue and not left in abeyance. In order to maintain delivery or projects and maintain planning for future projects to ensure Council does not breach funding conditions, Council requires an additional staff member in the role of Project Delivery. Given the need to be proficient in Project Management and having a level of engineering understanding being a key skill set for these works, and the time sensitive nature, Council approached a previously used source for labour hire of an Engineer/Project Manager.	Council negotiated with the consultant to ensure that both parties were successful in achieving their goals with Council's expenditure being within a preconceived budget. Without having this service provided, Council would potentially not have capacity to meet grant funding obligations and would be significantly impacted. Impacts would be expected in areas of finance and image. Numerous capital project delivery roles have been advertised in recent months with no suitable applicants. Service provider has previously provided short term labour hire while Council advertises to fill roles. The hourly rate for the current role in 2022 is less than that achieved in 2019.

Note that only the Chief Executive Officer can authorise exemptions from undertaking procurement processes as specified in Council's Procurement Policy.

The following is a summary of Policy exemptions for the 2021/2022 year:

Exemptions by Department	Amount	Percentage
City Growth	2	6.90%
Corporate	14	48.27%
Infrastructure	13	44.83%
Executive	0	0.00%
Total	**29**	**100.00%**

Exemptions by Procurement Thresholds ($)	Amount	Percentage
0 – 5,000	1	3.45%
5,001 – 30,000	6	20.69%
30,001 – 200,000	20	68.96%
200,001 +	2	6.90%
Total	**29**	**100.00%**

3. **LOCAL PURCHASES:**

As a contributor to Whyalla's economy, Council is committed to purchasing from local suppliers where possible, as well as ensuring value for money procurement outcomes.

Out of a total of 746 purchase orders raised for goods, works or services for the quarter

- 428 were local; and
- 318 were non-local

There was an overall spend of $3,105,346 broken down as follows:

- Local spend $1,350,445; and
- Non-local spend $1,754,901

A total of 57.37% were local purchases and 42.63% were non-local purchases for goods, works or services. Non-local purchases for this period were reviewed and were for the following reasons:

- Specialised products or services
- Training/Conferences/Meetings/Accommodation
- Membership/Subscription/Contribution renewals
- Tendered works/services
- Advertising
- Tendered Contracts
- Software Maintenance
- PLAN SA online lodgement fees
- Employment screenings
- Vehicle Registration Searches

The following tables represent local vs non-local purchase order number and value comparison for 1 April to 30 June and includes a comparison with the previous year.

2022	April	May	June	Total
Local Purchases	101	169	158	428
Non-Local Purchases	85	126	107	318
Value Local Purchases	$178,783	$693,329	$478,334	$1,350,446
Value Non-Local Purchases	$390,869	$610,273	$753,758	$1,754,901

2021	April	May	June	Total
Local Purchases	174	196	164	534
Non-Local Purchases	112	111	114	337
Value Local Purchases	$630,750	$197,394	$198,396	$1,026,540
Value Non-Local Purchases	$513,134	$988,347	$296,953	$1,798,434

Local vs Non Local Spend April to June 2022
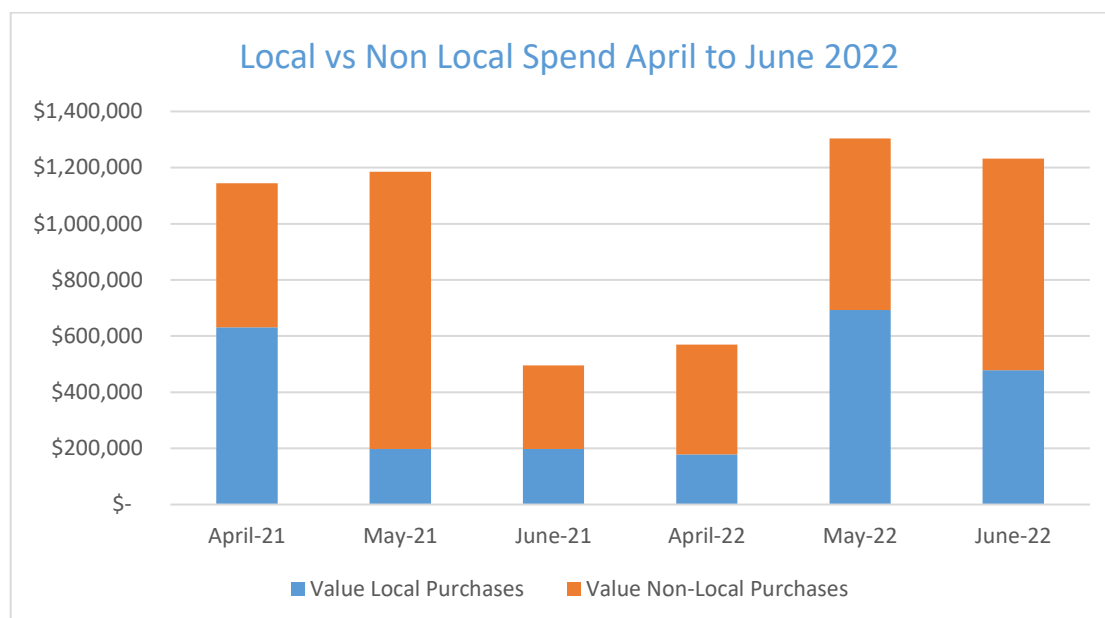
Non-local spend for the quarter were higher than usual due to the following tendered works:

- Design Works – Memorial Oval Redevelopment
- Whyalla Airport Design and Installation of Apron and Taxiway Lighting
- Whyalla Airport Airside Upgrade Works - Project Management and Quality Assurance Services
- Provision of an Economic Development Strategy for Whyalla Council
- Contribution towards 2022 SA Country Football Championships
- Supply/Install 3 Solar WIFI Nodes – Cuttlefish Drive Dive Site, Fitzgerald Bay Campground and Douglas Point North Campground
- Enabling Works for Whyalla Airport Airside Upgrade Works Whyalla Airport
- Aviation Fuels
- Other Contributions
- Memberships
- Alterations and additions to the State Heritage Point Lowly Lighthouse Cottages
- Recruitment Services
- Legal Advice

Legislation

Local Government Act (SA) 1999

Officer Direct or Indirect Interest – Nil

Risk Assessment

Non-compliance with the Procurement Policy and Local Government Act (SA) 1999 may expose Council to reputation and financial risks.

Social Considerations – Nil

Community Engagement – Nil

Environmental Implications – Nil

Communication - Nil

Conclusion

57.37% of purchase orders raised during the period 1 April to 30 June 2022 were for goods and services from local suppliers.

7.1   CORPORATE SERVICES

7.1.1   2022 Cyber Security Assessment - CONFIDENTIAL

Audit Committee Meeting: 18 July 2022
Author's Title: Information Technology   **File No.:**   0-159
                                               Coordinator
Directorate: Corporate Services

Annexures:
A – External Network Penetration Test
B – Internal Network Penetration Test
C – Microsoft 365 Security Configuration Review
D – Work plan

Officer Direct or Indirect Conflict of Interest: **Status:**

In accordance with Local Government Act 1999,   *Information classified confidential under*
Section 120   *Section 90(2) of the Local Government Act*

| ☐ **Yes** | ☑ **No** | ☑ **Yes** | ☐ **No** |

Reason – not applicable

RECOMMENDATION

Pursuant to Section 90(2) of the Local Government Act 1999, the Council orders that the public be excluded from the meeting with the exception of Justin Commons; Chief Executive Officer, Kristen Clark; Director City Infrastructure, Sue King; Acting Director Corporate Services, Jade Ballantine; Director City Growth, Grant Jennings; Manager Finance, Sandra Vigar; Finance Coordinator, Irene Adair; Manager Governance, David Poyner; Information Technology Coordinator and Lisette Fisher; Executive Co-ordinator – Corporate for Agenda Item 7.1.1 – 2022 Cyber Security Assessment.

The Council is satisfied that, pursuant to Section 90(3)(e) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is related to matters affecting the security of the Council, Council property and employees in that details of the process attached to the security of Council's technology services will be discussed.

The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because of the security risk to Council's information technology services if the abovementioned details are disclosed publicly.